Barclays PLC
Annual Report 2021
Part 1

BARCLAYS

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

Growing. Together.

Our Purpose

We deploy finance responsibly to support people and businesses, acting with empathy and integrity, championing innovation and sustainability, for the common good and the long term.

Read more on why and how we are growing together on page 2

... influences our strategy ...

Our diversification, built to deliver double-digit returns

+

Strategic priorities to sustain and grow

Read more on our strategy on page 10

... which we will deliver through the Power of One Barclays ...

The Power of One Barclays

Read more on our business model on page 12

... creating positive outcomes for our stakeholders.

- Customers and clients
- Colleagues
- Society
- Investors

See our Key Performance Indicators on page 20

Which in turn helps us fulfil our Purpose

Contents

Parts 1 and 2 of the Barclays PLC 2021 Annual Report together comprise Barclays PLC's annual accounts and report for the purposes of Section 423 of the Companies Act 2006.

Inside this book

The Barclays PLC Strategic Report 2021 was approved by the Board of Directors on 22 February 2022 and signed on its behalf by the Chairman.

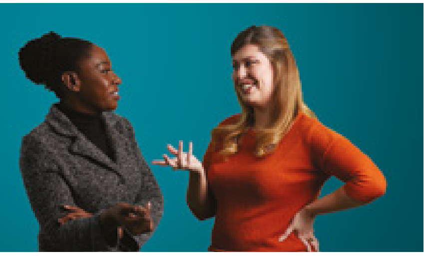
Please note that throughout the document, graphical representation of component parts may not cast due to rounding.

Inside Part 2

Report of the auditor
The Auditor's report on the Financial statements of Barclays PLC for the year ended 31 December 2021 was unmodified, and its statement under Section 496 of the Companies Act 2006 was also unmodified (see page 314 of Part 2 of the Annual Report 2021).

Our experience, insight and adaptability help unlock opportunities.

See our back cover for an example of how we are growing, together.



Our value proposition.

Strong economies need strong banks. This is true not only because finance is the lifeblood of economic prosperity, but also because the way banks facilitate that finance can have positive effects for society too.

Growing. Together.

We deploy finance responsibly to support people and businesses, acting with empathy and integrity, championing innovation and sustainability, for the common good and the long term.

We are able to do so because of our diversification. As a British universal bank, we have diversity in the types of customers and clients we serve – from individuals and small businesses to global corporations to governments – as well as the geographies we operate in and the types of income we generate. This diversity gives us resilience through economic cycles and gives us the platform to deliver a consistent level of financial performance.

That, in turn, means we can better serve our stakeholders. We aim to deliver for our customers and clients, create a great place to work for colleagues, support society and provide consistent returns to shareholders. As we target sustainable growth for our Company, our stakeholders will be able to grow with us.

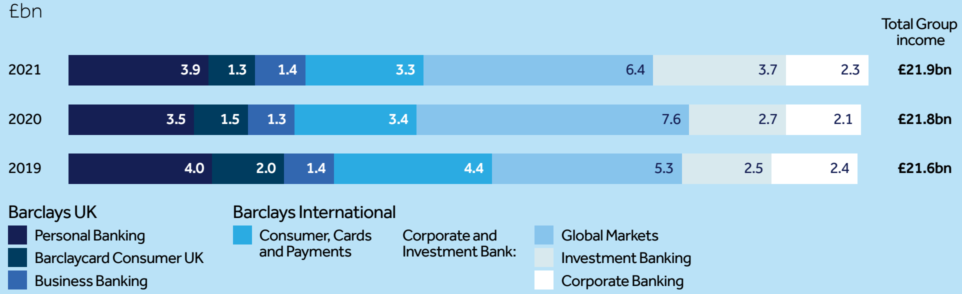
Read about our Purpose at home.barclays/purposeandvalues

Read about our business model on page 12

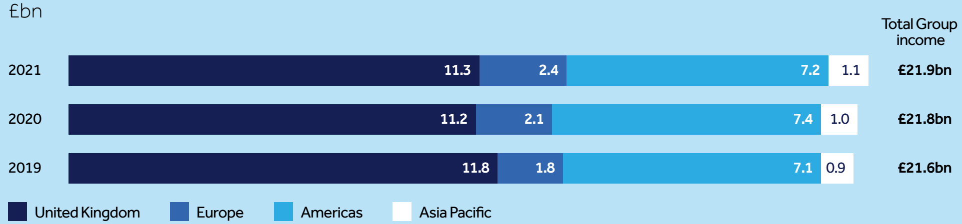
Left: **Pranee Laurillard**
Co-Founder, Giggling Squid
Right: **Philip Richardson**
Barclays Director, Hospitality & Leisure

Demonstrating the benefits of diversification

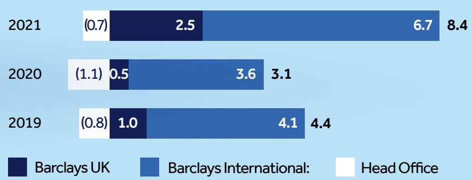
Group income by business
£bn



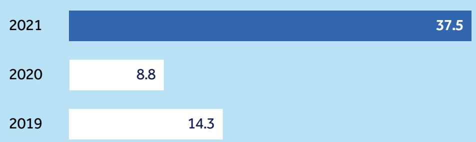
Group income by region
£bn



Group profit before tax
£bn



Basic earnings per share
p



Our value proposition continued

Barclays' two divisions – Barclays UK and Barclays International – are an important combination providing breadth of insight and reach across our markets.

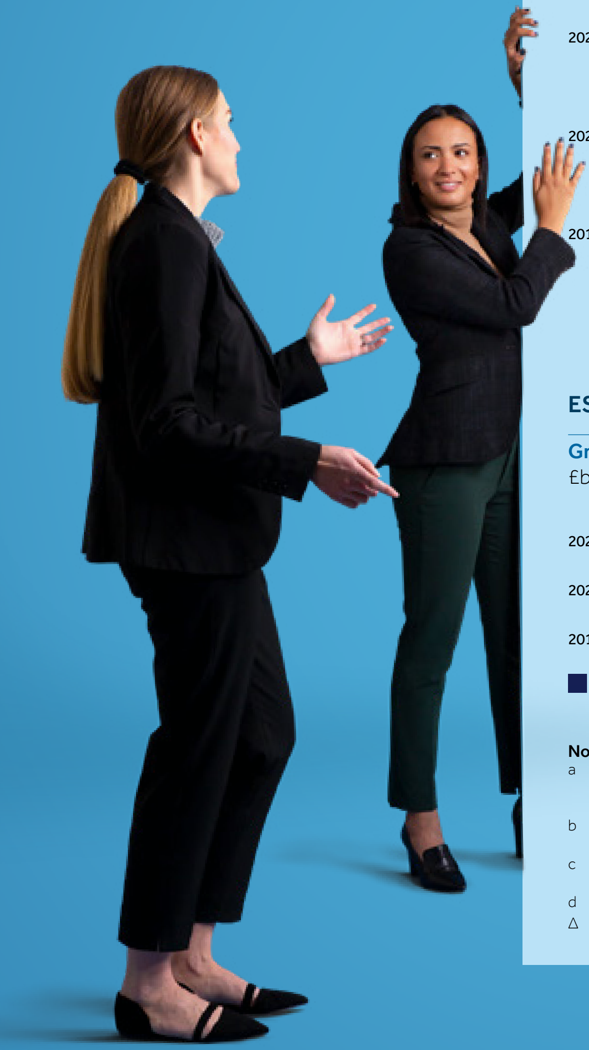
Adapting at scale to support

Our UK retail and business bank, combined with our international consumer lending, cards and payments franchise, gives us breadth in consumer financial services. The depth and quality of our customer data helps us understand the ever-changing needs and expectations of consumers and small businesses, meaning we can adapt our business to deliver next-generation, digitised products and services. This scale and versatility also meant we could support the UK Government's COVID support programmes.

Experience and insight

As one of the few global diversified banks outside of the US, and a scale corporate and investment bank in the US, we can support our CIB clients with a different perspective. We offer expertise in a wide range of services, including financial advisory, capital raising, financing and risk management services. These services help facilitate corporations, financial institutions, and governments worldwide. As the capital markets become an increasingly important source of finance for these clients, our capability in this area is critical to support their needs and economic growth, and to grow our business. Using our experience and insight, we can deliver growth for our stakeholders and make a real contribution to societal challenges.

Read about our market overview in the CEO introduction on page 6
Read about our strategy on page 10



Left: **Kristina Sullivan**
Assistant Vice President,
US Partnerships, Barclays

Right: **Hanan Sofiane**
Senior Analyst, Cobrand and
Loyalty Marketing, JetBlue Airways

Progress of consumer digital adoption

Number of registrations on the Barclays app

10m

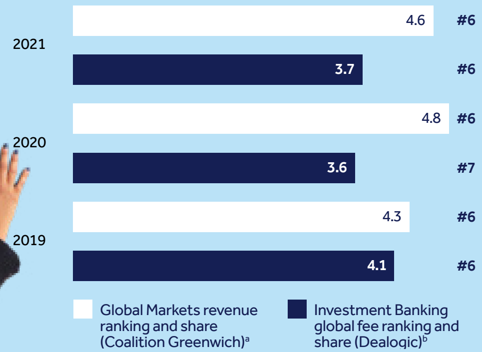
Number of logins on the Barclays app

3bn+

Capital market position of Barclays and the opportunity presented from growing markets

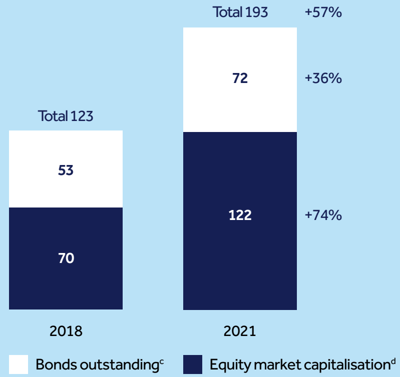
Corporate and Investment Bank revenue ranks and market shares

%,#



Growth in public capital markets since 2018

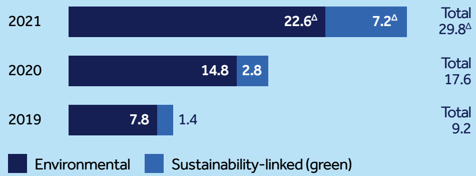
$trn



ESG financing growth

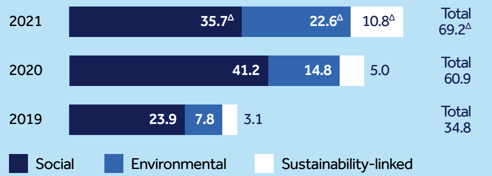
Green financing facilitated (2018-2030)

£bn



Social, environmental and sustainability-linked financing facilitated (2018-2025)

£bn



Notes

a Coalition Greenwich, Preliminary FY21 Competitor Analysis. Market share represents Barclays share of the Global Industry Revenue Pool. Analysis is based on Barclays' internal business structure and internal revenues. Rank result is against the Coalition Index Banks. FY20 market share has been restated from last year's published value based on latest analysis.

b Dealogic for the period covering 1 January 2019 to 31 December 2021. FY19 market share has been restated from last year's published value based on latest analysis.

c Bonds represent debt issuance outstanding for Investment Grade (Source: Bloomberg Barclays Global Aggregate Index LEGATRUU) and high yield (Source: Bloomberg Barclays Global High Yield Index LG30TRUU).

d Source: Bloomberg WCAUWRLD Index representing the market capitalisation from all shares outstanding. Data does not include ETFs and ADRs.

Δ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG Resource Hub for details: home.barclays/sustainability/esg-resource-hub/.

Chairman's introduction

2021 was a challenging year in many respects, but Barclays responded well. All of our colleagues can be very proud of their achievements during the year.

Optimism for the future

> "Colleagues should be very pleased with the strong results this year and the high degree of capital and operational resilience achieved against this backdrop.

The defining backdrop to 2021 was the continuation, and evolution, of the COVID-19 pandemic, together with the associated economic uncertainties. Our colleagues have continued to work hard, adapting well to the mixed home/office environment, while also confronting the dreadful reality of the various COVID-19 waves, such as we saw in India in Q1 2021. Ensuring compliance with government guidance has been a priority, and of course the rules have varied from location to location. Barclays has tried to be as flexible as possible, recognising that there are colleagues nervous of a return to crowded transportation just as much as there are those who feel better by being in the office.

We hope to settle into a clearer working pattern in 2022 and fully expect that to encompass a greater degree of choice and flexibility than in the past, a welcome development. Consistent with our Purpose, 'to deploy finance responsibly to support people and businesses', we expect to be able to adjust the nature of work in such a way that it enhances our ability to serve customers and clients properly.

Performance

While the Group benefited from extraordinary levels of activity in Investment Banking and Global Markets during the COVID-19 pandemic, it also faced declines in consumer spending and card balances. The welcome policy responses of governments to the pandemic brought considerable relief to individuals, households and companies, as well as a prolongation, at least until recently, of the low interest rate environment. All in all, colleagues should be very pleased with the strong results this year and the high degree of capital and operational resilience achieved against this backdrop. We are also pleased to have been able to distribute returns, through a resumption of dividends and a commencement of share buy-backs, to our shareholders. Their understanding and support during the current health and economic crisis has been much appreciated.

This performance was in no small way a credit to Jes Staley, who left Barclays as Chief Executive towards the end of the year, and the team he assembled. It is obviously not appropriate for me to comment at the moment, further than has been done already, on the circumstances of Jes's departure. It is important to let the regulatory and related processes take their course and, at the time of writing this letter, they have not completed. It is appropriate, however, to recognise that under the leadership of Jes, Barclays established a clear strategy, built up a secure capital base, improved its operational resilience and developed its business-leading franchises. We are therefore grateful for the hard work that he put in for the Company.

As a consequence of having an effective succession plan in place, the Board had no hesitation about asking CS Venkatakrishnan (known as Venkat) to take on the leadership of the Company. Venkat has been with Barclays for six years, first as Chief Risk Officer and latterly, and in anticipation of succeeding Jes Staley in due course, running Global Markets. The Board is confident that Venkat will be a great leader of the business.

Tushar Morzaria has informed the Board of his intention to retire and the Board is delighted to have, in Anna Cross, such a strong internal successor. Anna was identified over a year ago as the Board's preferred successor, following a review of potential internal and external candidates. Tushar has been an outstanding Finance Director and colleague, as well as playing broader roles inside and outside Barclays; the Board is both grateful for his immense hard work and delighted that he will have a continuing role with Barclays.

Chairman's introduction continued

Looking ahead

2022 will also be a challenging year, albeit mainly for different reasons compared to 2021. In Venkat's letter to shareholders he paints a picture around three major themes which will shape much of Barclays' evolution – the opportunities and threats of digitisation, the continuing growth of the public and private global capital markets and the overarching importance of our environmental and other societal responsibilities. The Group's strategy will be largely unchanged but, building on the strengths that he has inherited, I am sure that Venkat, with the rest of the management team, will ensure that its implementation rigorously focuses on the impact of these three material themes. They all bring challenges and choices. Perhaps I can illustrate this in a couple of cases, each of which has enjoyed considerable focus by the Board through the year.

Our UK retail business continues to adapt to a world in which over 90% of interactions undertaken through bank branches no longer require a branch visit and many of our new customers do not visit one at all. This is a major opportunity to make financial services faster, more accessible and cheaper for people. At the same time, there is a large number of people who really benefit from personal interaction, and under some definitions, over half of the UK population will be classified as 'vulnerable' in one way or another in their lifetime. It is central to Barclays' strategy that we adjust our footprint without neglecting the needs of society. We are one of the driving forces behind the current initiatives to share bank infrastructure across the major banks and thereby provide physically present services to communities that can no longer support one individual bank branch, let alone several. We are very conscious of the important part we play in providing banking services for people everywhere. While we may close branches we will not be cutting off those communities and remain committed to the provision of basic banking services.

I believe that our commitment to society as a whole is well reinforced by our community and charitable activities. Going forward these will more clearly focus on unlocking both skills and employment, especially for historically under-represented groups, and sustainable growth for young businesses in particular. To take one example, our LifeSkills programme has now reached more than 15 million people and we aim to reach 2 million more in 2022. Another example is the £100m COVID-19 Community Aid Package launched in the first few months of the pandemic. This has now supported more than 370 charity partners around the world, including in India at the height of the Delta variant, getting much needed food, hygiene and PPE kits to those in need.

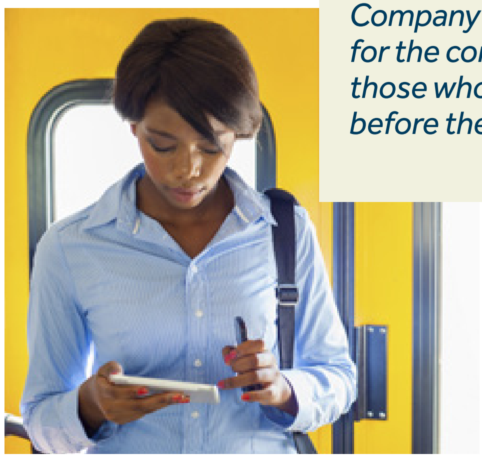
There are important issues ahead on the environment as well. Barclays remains focused on its net zero ambition and committed to Paris alignment across all of its financing activities. At the same time, we firmly believe in supporting transition and ensuring that those companies that are committed to a Paris journey receive the financing they need in order to fund that business and environmental shift. This shift will not be achieved by driving the banks out of financing all major energy and power companies but by recognising the complexity of the energy transition and continuing to work with market participants on shifting both supply and demand to accelerate an orderly and just transition. The wrong response could push ownership and financing away from responsible stewards of those assets and activities. It is a measure of the weight we attach to the wider ESG framework that we have integrated our ESG report into this year's Annual Report; ESG is no 'add-on' and it should be at the heart of any company's strategy and operations. Our Purpose statement deliberately stresses 'for the common good and the long term' and we believe that the actions we are taking are a responsible long-term approach to the climate crisis.

Our work to do more to embrace the Race at Work agenda has also made progress. This year, we are on track to achieve our goal of doubling the number of Black Managing Directors working for Barclays, although we must be frank with ourselves that we are building from a low base in this regard. We aim to increase the number of under-represented minority employees by 25% in the UK and 20% in the US by the end of 2025. We recognise we have much further to go before our workforce can become properly reflective of the world we live in.

Thank you

I would like to end by thanking all my Board colleagues for their contributions this last year. The Board has responded well to the issues we have faced. We welcomed Julia Wilson in April 2021 and Robert Berry in February 2022. We go forward in 2022 with a new Chief Executive and Finance Director and I am as optimistic for the future stewardship of the Company as I am grateful for the contribution of those who held office before them.

Nigel Higgins
Chairman



> *"We go forward in 2022 with a new Chief Executive and Finance Director and I am as optimistic for the future stewardship of the Company as I am grateful for the contribution of those who held office before them.*

Chief Executive's introduction and market overview

Banking is undergoing a deep transformation driven by a number of major forces of change. Each brings challenge and opportunity for Barclays. It is essential that our strategy reflects these challenges and opportunities, and that we adapt and innovate to grow

Challenge and opportunity

"Banking is undergoing a deep transformation driven by three major forces of change: technology, the growth of capital markets, and climate transition. Each brings challenge and opportunity for Barclays.

It is a great honour to be the Chief Executive of Barclays.

I am deeply conscious that I succeed a three-century long line of stewards of this Company. It is my turn, with this generation of colleagues, to provide the Group with the financial strength and business capability for continued prosperity.

In this brief letter, I will address our recent financial performance, the current business and operating climate, and how we aim to adapt and grow our products and services, particularly digitally, to meet the needs of our customers. It is a statement of strategy and approach, paying close heed to our role in society.

A Universal bank, based in Britain

We are a British bank with a universal model, offering a range of services to clients worldwide. We are a large consumer bank, managing an excellent credit card franchise, a leading corporate bank, and one of the largest global investment banks. Each is a successful business in its own right, but together they comprise a resilient and balanced Group, which has delivered record levels of profitability in 2021.

Group Profit Before Tax for 2021 is £8.4bn and Group Return on Tangible Equity for the year is 13.4%, with both our operating divisions – Barclays UK and Barclays International – delivering double-digit returns. We also remain highly capitalised, with a CET1 ratio of 15.1% as at year end.

Given this strength, we have been able to announce a return of over £2.5bn of excess capital to shareholders for 2021, comprising a dividend of 6p per share and £1.5bn in share buy-backs. This is equivalent to a total payout of 15p per share. Continuing to return capital to shareholders remains an important priority and, as we end the year with a CET1 ratio above 15%, I am confident in our ongoing ability to do so.

Our diversification has been an essential feature of the resilience of the Group through the ongoing COVID-19 pandemic. In 2020, strong profitability in our Corporate and Investment Bank (CIB) helped us withstand a severe downturn in our consumer businesses. This year, the robust performance of the CIB continued while our consumer businesses also recovered, in line with the broader economy.

Over the last five years, Barclays' share price has declined by 16%, but this is less than the 26% decline in the FTSE 350 UK Bank Index over the same timeframe. In stark contrast, we have meaningfully underperformed our US peers, who are up 66% on a combined basis over the same period. This underscores the necessity of producing steadily improving financial performance, maintaining commitment to our business model and clients, explaining it well to our investors and overcoming the particular challenges of our local economic circumstances.

Our performance over the last two years, certainly compared to UK banks, is evidence that the universal bank strategy has provided strength and stability. I am grateful to my predecessor, Jes Staley, and to our Group Finance Director, Tushar Morzaria, for forging this path. I have no doubt that this diversified model will remain the bedrock of our success for many years.

I would also take this opportunity to acknowledge Tushar Morzaria's enormous contribution to Barclays over the past 8 years, and to thank him personally for this and for his support. I am delighted that Tushar will continue with Barclays as Chairman of Global Financial Institutions Group in our Investment Bank. Our clients will be able to benefit further from his deep knowledge of our industry. I strongly endorse the appointment of Anna Cross as Group Finance Director and am delighted that the Board has asked her to succeed Tushar. I look forward to working closely with Anna as we continue to deliver our strategy.

Chief Executive's introduction and market overview continued

Winds of change, and opportunity

The universal banking model informs the collection of businesses in which we engage – wholesale and consumer; trading and lending; payments and cards. However, it does not tell us how to run each business to its full potential and over time.

Banking is undergoing a deep transformation driven by three important forces of change: technology, the growth of the public and private capital markets, and the climate transition. Each brings challenge and opportunity for Barclays.

1. Next-generation consumer financial services

Digitisation has liberated finance, providing our customers and clients with an explosion of cheaper and better products and services, and a more seamless and efficient user experience. This applies equally in wholesale and consumer finance, but is more easily observed in the transformation that has taken place in retail financial services over the last 20 years. Today, I deposit, withdraw, pay, and transfer funds, domestically and internationally, at any time day, anywhere, on a phone. This is a very different world from the 1970's in India, when I first opened a bank account.

Nothing exemplifies these changes better than the growth of newer, non-bank, entities. Today, the market capitalisation of the largest UK banks and the major non-bank financial technology firms (Fintechs) operating in the UK is roughly the same, around £250bn. 20 years ago the latter group barely existed.

Our challenge and opportunity is to provide customers with equal, and possibly better, convenience and functionality than they receive from these firms. On the one hand, I am gratified with the progress already made on this journey – over the last decade, we have given millions of customers the power to open accounts, identify themselves electronically and securely, access products, view digital receipts and earn loyalty points, all in the palm of their hand, day and night.

On the other hand, the road ahead is long and steep.

We must continue to advance technology, of course, but we must also have an innovative mindset to bring to market new products and services, just as the pioneers of Barclaycard did in the past. To take one example, 'Buy Now Pay Later' (BNPL) allows customers to split purchases into smaller payments, or to defer them. The concept is not new – shopkeepers have been offering their customers credit for hundreds of years – but the implementation is innovative and represents a different lending product alongside credit cards and personal loans.

We have collaborated with the world's largest retailer, Amazon, to bring a digital BNPL product to users in Germany and the UK. We provide customers with accessible financing, backed by the consumer protection and trustworthiness of engaging with a regulated lender. This exemplifies for me how we should be operating: innovation, founded in trust and responsibility.

Digitisation of finance has also created new forms of old dangers. Financial scams are a growing menace for banks and for customers, with criminals exploiting the ease with which funds may be accessed and transferred. This threat requires much greater cooperation between business, legislators and regulators to increase customer education and improve their protections. Barclays is committed to help lead that new approach.

The dominant business challenge for the next decade will be to continue to transform our Company to deliver services digitally, with ease, flexibility and adaptability. This will get harder as we compete not just with other banks for talent and ideas, but with well-funded, superbly equipped and lightly regulated – therefore more fleet-footed – technology firms that attract the brightest graduates from top universities.

> *"We must provide the same ease and flexibility for our customers that they get from technology firms, and invest not only to keep pace but to stay ahead.*

Indeed, as technology continues to transform consumer financial services, so too are our businesses changing. Across Barclays UK and Consumer, Cards and Payments, we will continue to invest heavily in our digital capabilities as a means of delivering better products and services, more efficiently, and with higher profitability. Indeed, we expect our investment in payment capabilities to yield an additional £900m of income between 2020 and 2023.

Facts and figures

Profit before tax
£8.4bn
2020: £3.1bn

Return on Tangible Equity
13.4%
2020: 3.2%

CET1 capital
15.1%
2020: 15.1%

Total payout per share
15p
2020: 5p

Chief Executive's introduction and market overview continued

2. Growth of the public and private global capital markets

Barclays is the sixth-largest global investment bank[a], and the largest not domiciled in the US. Our relative position has improved in the last five years as other European banks have exited from some or all of this business. In Investment Banking, we rank sixth globally, up from seventh last year, while our Global Markets business maintained its sixth place for global revenue, up from seventh in 2018. The capital, infrastructure, talent and regulatory requirements of being a global investment bank have steadily increased since the financial crisis. It is therefore a competitive strength for us that we are one of the few firms that can afford to offer these services and also be successful at it.

The value of our franchise depends on the growth and health of the global capital markets. These are the venues – increasingly electronic – where companies, institutions and governments issue securities, underwritten by banks, and where they are traded. Combining the total market capitalisation of those securities around the world, we have seen roughly 50% growth in the value of equities and bonds outstanding over the last four years alone, increasing from $123trn in 2018 to over $193trn today[b].

As the public markets have grown, so too have the private ones, at a greater pace. Since 2018, the total assets under management in the private markets have grown 65%, from $6.0trn to $9.8trn[c]. The largest Private Equity and Credit funds dominate the list of asset managers by size and profitability. They are now among our biggest clients, requiring innovative financial structures to support their own sophisticated needs. We help them devise their transactions, identify assets to purchase and sell, connect them to counterparts with whom they transact, provide financing to support their trades, and investments to employ their proceeds.

The capital markets business is cyclical and can be volatile. The cyclicality can be a blessing, as demonstrated in recent years when performance in Investment Banking and Global Markets helped offset a downturn in the consumer banking cycle. Equally, our business requires scale to sustain earnings in weaker times, and versatility to adapt to them. I am happy to report that, through 2021, we have been able to grow our revenues across Investment Banking fees and Equities[d]. Our performance has benefited, not just from higher market activity, but because of a steady accumulation of talented traders and bankers, investment in systems and technology, and a consistent commitment to Investment Banking after a period of wavering a decade ago. Building on our culture of innovation and quality, we want to sustain and grow our market share, to protect earnings even during weaker periods in the cycle.

> *The value of our franchise depends on the growth and health of the global capital markets.*

Volatility is an ever-present opportunity and risk. Our trading businesses transact in, and lend against, vast amounts of securities, of different types and varying credit quality. These are denominated in many currencies, and sometimes have great structural complexity. We engage with a variety of counterparts, from governments, to corporations to private investment vehicles. This activity yields considerable financial reward, but is subject to market price uncertainty, counterparty weakness and operational imperfections. Barclays invests deeply in the systems, controls and culture to protect against large or surprising losses. These controls have protected us in the last many years, but we remain ever vigilant.

As in the consumer business, broad technological prowess is essential to competing effectively in the Corporate and Investment Bank. We want to be a best-in-class electronic bank to our Global Markets clients. We will continue to expand in Prime Financing, to grow our share in Securitised Products and take our Investment Banking strength into new economy sectors like Technology and Healthcare. In the Corporate Bank, we want to diversify our revenue by growing our market share in Europe and the US, and by growing Transaction Banking.

3. Transition to the low-carbon economy

Most forms of technological innovation, particularly after the industrial revolution, have been driven by the urge to hasten travel and communication, to automate and mass-produce, to make life more comfortable, efficient and healthy, and in the internet-era, to connect, compute and to disseminate. However, we may now be on the threshold of an era of innovation that aims to halt and negate the deleterious effects on our planet of previous inventions. This is the drive to net zero, limiting the use of fossil fuels, emphasising renewable energy and reversing the post-industrial growth in greenhouse gas emissions.

Financial firms have a central role to play in this transition, providing credit and intermediating investment. We are unlikely to create new green technologies ourselves, but we can help channel resources into them, and transmit market-based incentives for individuals and companies to change, and penalties for resistance. The scale of the investment needed is vast, estimated to be between $3-5trn per year over the next 30 years[e].

Barclays must have a constructive role in managing the transition. As this fundamental re-organisation of the global economy takes place, affecting every business in every sector, we want to capture opportunity for our Company in meeting the demand for climate change related financing. That means being the trusted partner for our customers and clients as they transition, advising and supporting as they adapt their business models and lifestyles to become more sustainable. It requires us to use our investment banking and capital markets expertise to help build low-carbon energy capacity, including facilitating £100bn of green finance by 2030. It necessitates developing banking products that help consumers and small businesses make greener choices, and it requires investing our own equity capital in the young companies that are inventing the low-carbon emission technologies of tomorrow.

Notes

a Top 6 Global Investment Bank supported by #6 ranking in Investment Banking (Source : Dealogic) and #6 ranking in Global Markets (Source : Coalition Greenwich, FY21 Preliminary Competitor analysis.

b Bonds represent debt issuance outstanding for Investment Grade (Source: Bloomberg Barclays Global Aggregate Index LEGATRUU) and high yield (Source: Bloomberg Barclays Global High Yield Index LG30TRUU) Equities source: Bloomberg WCAUWRLD Index representing the market capitalisation from all shares outstanding

c Source: Preqin "Future of Alternatives 2025" data excluding Hedge Funds, period covering 2018 – H121.

d On a comparable basis, period covering 2014 – 2021. Pre 2014 financials were not restated following re-segmentation in 2016

e $3-5trn as estimated in the GFMA/BCG (Global Financial Markets Association/Boston Consulting Group) Climate Finance Markets and the Real Economy report, December 2020

Chief Executive's introduction and market overview continued

While we whole-heartedly embrace the net zero ambition, for ourselves and the world, we must be mindful of the risks, especially at this early stage, of pursuing simplistic solutions that create undesired consequences. We know we must reduce the emissions of greenhouse gases per capita without undermining the ambition of developing countries to improve their standards of living. We need to curtail, and eventually eliminate, use of the most polluting fossil fuels, without creating energy shortages amid growing global demand for power. We must also answer questions about how to support the best and most innovative new technologies, and how to encourage individuals to adopt them. Lastly, we must have a robust approach to assessing and managing our own financial exposure to climate change risk.

The economic environment

We pursue our business priorities conscious that we are in more than usually uncertain times. The pandemic has deeply affected global economic activity, depressing some sectors and boosting others, requiring vast amounts of government monetary and fiscal stimulus to support employment and fight inequality, and leading to levels of capital markets activity and volatility seen rarely in a generation. Perhaps most notably, we have seen a rise in both UK and US inflation to heights not seen since the 1980s and early 1990s.

As we look to the future, we know that a new generation of our citizens will have to learn to invest and save in a manner that their parents have typically not done, while a new class of political and economic leaders may have to use tools that have long lain dormant in their institutions. Risks of rapid change in economic performance, and sentiment are high during changes in the economic cycle, and they can be amplified by the inescapable corrections to policy formulation and implementation. The economic cycle is changing at the same time as a shifting geo-political environment, with re-aligning super-power balances and trade and economic tensions heightened by the pandemic. Countries are having to make difficult choices relating to trade protection, addressing income inequality, managing climate change, and funding defence.

The banking business, both wholesale and retail, is inexorably tied to these trends. As we pursue our strategic priorities to sustain and grow our Company, we will also need to be mindful of the external landscape in which we are operating. The decisions about investment and expansion must be aligned to our Purpose, and in the areas where we see the highest, and safest, expectation of reward.

Supporting inclusive growth

The experience of the pandemic underlined the importance of finance to society. As a tool used sensitively and sincerely to support individuals and business, it has been an anchor for economic and social stability.

I believe strongly in the role of a bank like Barclays to support inclusion in all its forms. Inclusion fosters political and social stability; it facilitates equitable economic growth; it nurtures talent and discovers potential; it makes us care for the vulnerable; it reduces inequality; it realises the contribution – financial, social, creative, intellectual, cultural – of all of our citizens; and it creates common bonds and understanding between individuals and groups, the very essence of society.

In the move to digitise finance, we must make provision for those who are not using technology to access services. That includes access to banking and cash in the UK, where our active participation has helped the Cash Action Group create shared solutions to this social challenge. Financial inclusion, from the cradle to the grave, is built on a strong foundation of education, which we are already supporting with our ground-breaking programmes, like LifeSkills. As we go through the transition to a low-carbon economy, we need to help people and businesses finance the expensive adjustment to fuel-efficient products and services. And, of course, there is a need for our economic to confront the old challenge of regional and racial inequalities.

As we look forward, there remains a continuing need for Barclays to support inclusion in all its forms, educating and employing the disadvantaged, improving financial literacy, protecting the vulnerable from financial exploitation, and sustaining the economic life of the societies we serve.

The principles of our Quaker founders in 1690 included integrity, community and stewardship. Our own stewardship of Barclays seeks to remain faithful to that ethos.

Thank you

None of the success we achieved this year could have taken place without the dedicated effort of colleagues all across the organisation. Culture is important, and having the right culture, aligned to our Purpose and our Mindset is critical to delivering a sustainable performance for our customers and clients, shareholders and wider stakeholders. I am deeply grateful to my colleagues, who nourish our centuries old corporate culture, and enormously proud to be at Barclays.

C. S. Venkatakrishnan
Group Chief Executive, Barclays

See our strategy on pages 10 to 11
See our approach to managing risk on pages 44 to 46
See how we act in our society and environment on pages 35 to 39

Go online at home.barclays/annualreport

"I believe strongly in the role of a bank like Barclays to support inclusion in all its forms. Inclusion supports political and social stability, and sustainable economic growth.

Our strategy
Our universal bank model provides us with strength and stability, and we have priorities to sustain and grow our business.

Sustaining and growing...

Our Purpose informs our strategy

We deploy finance responsibly to support people and businesses, acting with empathy and integrity, championing innovation and sustainability, for the common good and the long term.

Our diversification, built to deliver double-digit returns

Our diversification means we are resilient through economic cycles and can deliver double-digit returns.

- A large scale retail and business bank in the UK.
- An international bank containing:
  – a top tier global corporate and investment bank
  – a broad international consumer lending, cards and payments franchise.

Strategic priorities to sustain and grow

Deliver next-generation, digitised consumer financial services.

Deliver sustainable growth in the CIB.

Capture opportunities as we transition to the low-carbon economy.

Our strategy continued

Deliver next-generation, digitised consumer financial services

As technology transforms consumer financial services, we are building and delivering improved products and services for our customers, leveraging our payments interconnection and improving our efficiency.

- Investing in digital capabilities to improve service for customers and unlock new sources of income:
  - accelerating digital access and adoption, while ensuring we do not leave customers behind
  - building more cost-effective infrastructure
  - using the quality and scale of our data to better understand customer needs, anticipate trends and deliver more competitive products and services.
- Realising value from investment in Payments across the Group, delivering £900m of additional income between 2020 and 2023.
- Expanding unsecured lending in the UK, US and Europe through Corporate partnerships.
- Create a competitive Wealth franchise to efficiently service our customers' evolving needs.

Deliver sustainable growth in the CIB

As the capital markets grow, we will seek to maintain our market position as a top six[a] global investment bank while investing in new capabilities for our clients.

- Building consistent strength in investment banking, expanding in new economy sectors, Equity business and M&A.
- Prioritising digital investment to ensure we are an electronic first markets business, while growing our share in Securitised Products and Macro Rates, FX, and EM.
- Capture greater client flow in Equities and disrupt Prime financing.
- Broaden corporate banking product capability, particularly in Europe and US.
- Selectively expand the CIB internationally, including in the Middle East and China.

Capture opportunities as we transition to a low-carbon economy

We want to be alongside customers and clients as they transition to a low-carbon economy, using our advisory and financial expertise to help them navigate this period of extraordinary change.

- Using our financial and capital markets expertise to support the scale-up of low-carbon technologies, infrastructure and capacity.
- Supporting clients to decarbonise by providing advice and finance, including supporting transition away from fossil fuels.
- Continuing to develop green and sustainable banking products, including green mortgages, bonds, loans and investment funds.
- Investing equity capital in sustainability-focused start-ups with growth potential.
- Continuing to make progress to achieve our ambition to become a net zero bank by 2050, including aligning all of our financing to the goals of the Paris Agreement.

Notes

a Top 6 Global Investment Bank supported by #6 ranking in Investment Banking (Source : Dealogic) and #6 ranking in Global Markets (Source : Coalition Greenwich, FY21 Preliminary Competitor analysis)

Our business model

We deliver our strategy through the Power of One Barclays which brings our organisation closer together to create value.

Creating synergies

We deploy our resources…

We can draw on a set of intangible factors and tangible assets that drive value creation.

People, values and mindset

Our people are our organisation. We deliver success through a purpose-driven and inclusive culture.

Our brand

Our brand equity instils trust, lowers the cost of acquiring customers and clients and helps retain them for longer.

Technology and infrastructure

Our deep technology and infrastructure capabilities drive customer experiences and support strong resiliency.

Operations and governance

Our risk management, governance and controls help ensure customer and client outcomes are delivered in the right way.

… serving our diversified customer base across all of their financial needs…

Thanks to our wide range of products and services across markets, we define ourselves as a 'Universal bank'.

Move

We facilitate transactions and move money around the world.

Lend

We lend to customers and clients to support their needs.

Connect

We connect companies seeking funding with the financial markets.

Protect

We ensure the assets of our clients and customers are safe.

Invest and advise

We help our customers and clients invest assets to drive growth.

Our business model continued

...delivered through The Power of One Barclays...

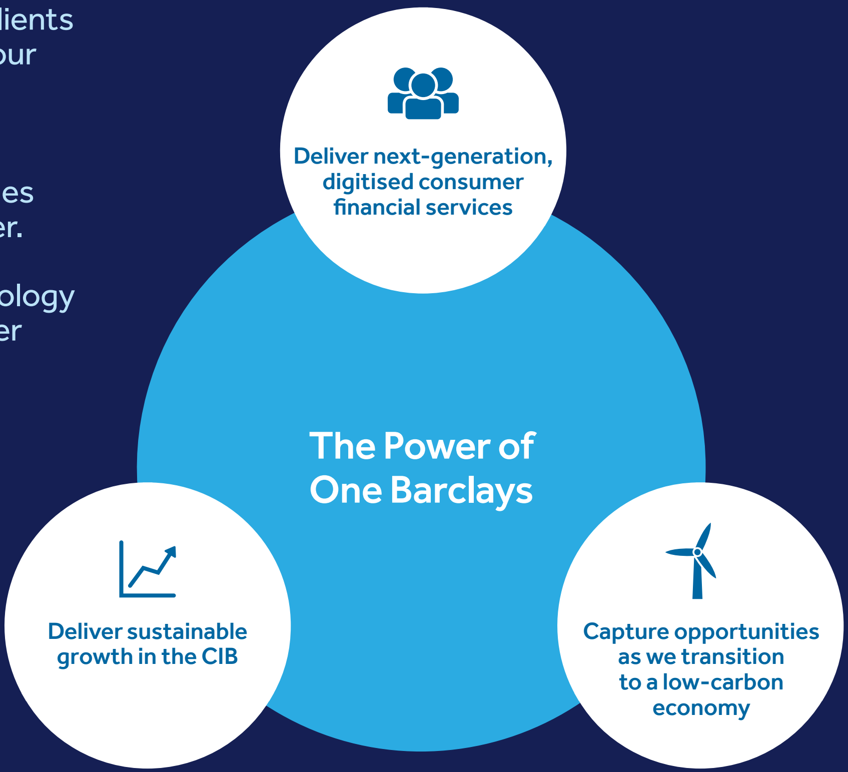
We bring our organisation closer together to create synergies and deliver more value.

Provide customers and clients with the fullest range of our products and services.

Join up different parts of the Group so capabilities in one can benefit another.

Apply Group-wide technology platforms to deliver better products and services.

Make the Group more efficient and cut costs.



... providing clear outcomes for our stakeholders.

The resilience and consistency provided by our diversified model, means we can grow together.

Customers and clients

Supporting our customers and clients to achieve their goals with our products and services.

Colleagues

Helping our colleagues across the world develop as professionals.

Society

Providing support to our communities, and access to social and environmental financing to address societal needs.

Investors

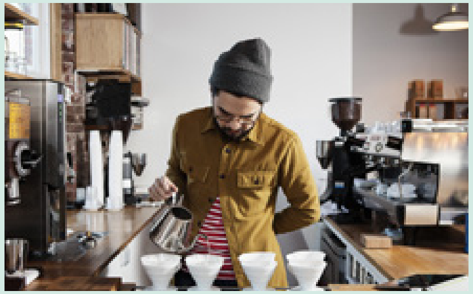
Delivering attractive and sustainable shareholder returns on a foundation of a strong balance sheet.

Engaging with our stakeholders

Barclays aims to create value for everyone we serve, balanced across the short and the long term. We think about our core stakeholders as belonging to four groups: customers and clients, colleagues, society, and investors.

Better engagement to grow together

Customers and clients



Our customers and clients are at the heart of everything we do. We are committed to their best interests and endeavour to serve them better, and engage with them regularly to help us achieve that.

What do they tell us?

We engage with customers and clients in a wide variety of ways, including running regular surveys, analysing customer complaints, and drawing on data from millions of individual transactions and personal customer interactions.

Customers told us:

- they want to engage with banking differently, reflecting the change in society, with guidance and a comprehensive product set to support their plans for the future
- customers want us to take steps to being more green
- they want continued support through the pandemic and environment of low interest rates and rising inflation.

How we responded?

We continued to play a role in supporting customers and clients impacted by the pandemic.

We continued to invest in enhancing our digital propositions and electronic trading-driven business to drive efficiency and scale.

Barclays Digital Eagles and Money Mentors helped customers use our digital platforms to build financial confidence and plans.

We facilitated £29.8bn$^{\Delta}$ of green financing in 2021, up 69% from £17.6bn in 2020, and continue to develop our sustainable product set.

We have completed over £1bn in Green Home Mortgages since 2018, extended our eligibility criteria this year and helped 48,000 first time buyers onto the property ladder.

We are collaborating with SaveMoneyCutCarbon (SMCC) to provide Corporate Banking clients with access to SMCC's marketplace and tools to guide them through ways to reduce their carbon, energy and water use, making their operations more sustainable

over £1bn

Green Home Mortgages completed since 2018

Colleagues

Our people are our most valuable asset. They make a critical difference to our success, and our investment in them protects and strengthens our culture.

What do they tell us?

Our long established approach of regularly engaging with colleagues, Unite, the Barclays European Forum and other colleague forums, ensures we listen and take different perspectives into account.

In 2021, we ran regular Here to Listen surveys in addition to our annual Your View survey to gain regular feedback.

- 83% of colleagues believe they are able to balance personal and work demands (2020: 78%).
- 75% of colleagues say the stress levels at work are manageable (2020: 74%) .

We launched the Barclays Mindset, capturing positive improvements in ways of working.

- 83% of colleagues tell us they believe it is the right Mindset to drive success at Barclays.
- 89% of colleagues believe their teams do a good job of role modelling the Mindset every day.

Our overall Inclusion Index score for 2021 is 79%, with 88% of colleagues saying they feel included in their team.

How do we respond to them?

In 2021, our Be Well programme continued to provide support for colleagues to look after their physical and mental health. We focused on three key areas in particular; commitment to make Barclays a 'Mental Health Confident' organisation, further development of our supportive culture and a renewed emphasis on sustainable working.

We launched a new partnership with LinkedIn Learning providing extensive digital development to all colleagues globally.

89% of colleagues completed e-learning on Developing our supportive culture.

88%

of colleagues believe their line manager supports their wellbeing

Engaging with our stakeholders continued

Society

Delivering long-term value depends on deep and thoughtful engagement with the numerous individuals and interest groups that represent wider society.

What do they tell us?

We engaged with a wide range of stakeholders, including non-governmental organisations (NGOs) and others. We participated in multiple sustainability forums and global and regional industry initiatives.

- Major themes we heard from them included:
- continued development of the global climate agenda
- transparency and harmonisation of data
- the increasing focus on biodiversity and nature
- societal impact and responsibility.

How do we respond to them?

We have published detailed climate disclosures in a separate TCFD Report. For further details on our work on climate, see our TCFD Report in our ESG Resource Hub at home.barclays/sustainability/esg-resource-hub/

We continued to encourage and support initiatives that promote further harmonisation and consistency in the reporting of ESG and sustainability topics, including the work of the International Sustainability Standards Board (ISSB) under the auspices of the IFRS Foundation.

We initiated a targeted review of clients operating in sectors and geographies exposed to forced labour risks, and engaged with clients in the agricultural commodity sector on their exposure to deforestation risks in their supply chain.

We have increased our focus on nature and biodiversity, including engaging with a number of emerging methodologies to assess nature-related risks and opportunities and signing-up to the Get Nature Positive commitment.

£100bn

Committed to facilitating £100bn green finance by 2030

Investors

Engaging with our shareholders and other market participants helps us to understand their priorities and drive better outcomes for all stakeholders.

What do they tell us?

We engaged extensively throughout the year with our institutional equity and fixed income investors, as well as our private shareholders. We also continued our collaborative and transparent dialogue with our regulators, working together to ensure we meet prudential and conduct-based regulatory standards and contributing to a safe and robust banking system.

Important topics for our stakeholders included:

- the impact of the COVID-19 pandemic on Barclays, including macroeconomic effects of higher inflation and interest rates
- opportunities arising from the subsequent reopening of global economies, and the recovery in consumer and corporate activity
- CEO succession and its impact on the Group's strategic priorities and targets in the medium term
- approach to capital allocation and increase in shareholder distributions
- advancement of Barclays' climate strategy.

How do we respond to them?

- Our CEO, C.S. Venkatakrishnan held introductory discussions with a number of our largest institutional shareholders following his appointment at the start of November.
- At the 2021 AGM, we committed to table a Say on Climate vote at the 2022 AGM.
- We established a dedicated ESG Investor Relations team to articulate our long-term strategic narrative and interact with a wider range of stakeholders.
- Investor Relations continued to refine its comprehensive engagement programme, facilitating discussions on all key topics. This resulted in being shortlisted for Best overall Investor Relations team for 2021 as voted by investors and analysts.

650+

Meetings with investors across equity, debt and ESG

Section 172(1) statement

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.

Considering the interests of stakeholders as we continue to evolve our strategic priorities

Section 172(1) statement

The Directors provide this statement setting out how they have had regard to the matters set out in Section 172(1)(a) – (f) of the Companies Act 2006 when performing their duty to promote the success of the Company under Section 172. Our Section 172(1) statement provides details of how the Directors have engaged with and had regard to the interests of our key stakeholders.

For further details of the Key Activities of the Board in 2021, refer to our Governance Report on pages 120 to 123.

How does the Board engage with stakeholders?

The relevance of each stakeholder group may differ depending on the particular decision the Board is taking, as may the method of engagement used by the Board. The Board engages directly with stakeholders on certain issues, but the number and distribution of the Group's stakeholders and the size of Barclays overall means that stakeholder engagement often takes place at an operational level. The Board also receives regular reports from individual business areas and from key Group functions through reports sent in advance of each Board meeting and through in-person or video-conference presentations. This assists the Board to understand the impact of the Group's operations on, and the interests and views of, the Group's key stakeholders.

As a result of its direct interactions and discussion of the reports and information received, 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(1). In doing so, the Board has to balance different and, sometimes, competing perspectives which means that it is not always possible to deliver everyone's desired outcome or necessarily achieve a positive outcome for all stakeholders.

You can find out more about how Barclays engages with its priority stakeholders on the previous pages.

Engagement in action: Evolving our Strategy

It is the Board's responsibility to establish the Company's strategy. Given its fundamental importance, the Directors considered matters relevant to both the Company's and the wider Group's strategy at every scheduled Board meeting in 2021. As noted in the Chairman's letter, our strategy is aligned to the themes which the Board considers will shape much of the Group's evolution – the opportunities and threats of digitisation, the continuing growth of the capital markets, and the overarching importance of our environmental and other societal responsibilities. Each of these areas has been discussed in detail by the Board with senior management. The Board strongly believes that it is important to have regard to the views of our key stakeholder groups as we evolve our strategy.

You will find below further details of how the Directors have had regard to the matters set out in Section 172 when discharging their duties, and the effect of those considerations in reaching certain decisions taken by them, in the context of how during 2021 the Board approved some key elements of the Group's strategic priorities to sustain and grow our business.

Section 172(1) statement continued

Deliver next-generation, digitised consumer financial services

As set out in our 2020 Annual Report, the COVID-19 pandemic together with a low interest rate environment inevitably brought challenges for our consumer-facing businesses in Barclays Bank UK PLC, and our Consumer, Cards and Payments business. It also accelerated a number of existing trends in customer and client behaviour which we have seen continue during 2021, including in the context of the number of transactions undertaken by our customers and clients which do not require a physical branch visit or in person engagement. Together with a continued significant shift towards digital adoption and demand for digital financial services to meet day-to-day needs, this has further accelerated our digital agenda and our focus on creating new business models built around digital customer and client engagement. Against this background, as set out in further detail in the Group Chief Executive's Review, one of our core priorities is to deliver next-generation, digitised consumer financial services to ensure we remain competitive and continue to meet the needs of our customers and clients, while maintaining our societal commitment to provide access to banking. Further details of this can be found on pages 11 and 62.

In overseeing the evolution of this core priority, the Board has sought to ensure, and satisfy itself, that the views of a range of stakeholders have been taken into account as well as maintaining oversight of how the strategy is implemented within Barclays, including:

- engaging with management on the evolution of our UK business, including to ensure customer interests remain at the centre of our plans
- reviewing the investment priorities of the Group to ensure that they support the further digitisation of our consumer businesses
- since his appointment as Group Chief Executive, Venkat spending time engaging closely with colleagues in Barclays Bank UK PLC, and our Consumer, Cards and Payments business, looking at how we are evolving our retail bank and building next-generation products and services
- considering a broad range of financial and non-financial measures such as the Net Promoter Score where we have seen an improvement in the US Consumer Bank scores with respect to our digital servicing model
- discussing the importance of resiliency of our technology platforms, which continues to be an area of focus for our regulators and for the Group as we further digitise our engagement with our customers and clients.

To ensure we deliver sustainable long-term returns for our investors, the Board and management have discussed throughout the year the importance of operating a service model which is responsive to evolving customer and client expectations and which enables Barclays to remain competitive. In this context, during 2021 the Board has spent time reviewing and considering customer and client insight analysis – including hearing from management the views of customers and clients at Board meetings on areas such as access to cash and to basic banking services and support and the importance of ensuring customers, particularly those that are vulnerable, can continue to readily access help. These discussions have helped the Board to ensure that as we evolve our consumer businesses and take on new partnerships in our Consumer, Cards and Payments business, our strategy puts meeting the needs of our customers and clients at the centre. This is done in a way which actively considers areas of potential conduct and execution risk as we leverage technology developments and digital engagement channels as a means of making things simpler, more transparent and more secure for our customers and clients.

Barclays has also continued to play an important role in using technology and our monitoring capabilities to help address fraud and has engaged with its wider stakeholder group, including the government, in regard to online safety and financial scams. Read more about our investments in security systems that protect against fraud and scams on page 63.

Key to successful delivery of this priority will be creating the workforce of the future. We are committed to attracting, developing and retaining a diverse and inclusive workforce embedding key skills (such as digital and technology) and capabilities needed to succeed. The Board has sought and listened to the views of colleagues, through direct engagement at Board meetings, comprehensive reporting of the results from Your View and Here to Listen surveys, attendance at leadership events and roadshows. The Board also held dedicated discussions on matters including talent and development, wellbeing and the new hybrid way of working arrangements and the ongoing impact of the COVID-19 pandemic on Barclays' colleagues (such as the additional support provided in India at the start of 2021). More detail on our work across all pillars of the diversity and inclusion agenda is set out in our Diversity & Inclusion Report.

The Board recognises that success over the long term is tied inextricably to the progress of our communities and we are committed to investing in the communities in which we live, work and serve.

The Board will continue to oversee our evolving consumer businesses as this priority is driven forwards, ensuring we maintain focus on meeting consumer demand and responding to changing behaviour while at the same time ensuring the Group becomes more efficient in its operations.

Section 172(1) statement continued

Deliver sustainable growth in the CIB

In our 2020 Annual Report, the Board set out the Group's strategic pillars which highlighted our intention to continue to strengthen our diversification by business, geography and income type to ensure that we were more resilient to economic headwinds and future trends. This formed the basis of our strategy through 2021 and, as noted on the previous pages, remains consistent for 2022.

The Board continues to believe that the diversification of the Group's business model is a core strength and has also been an essential feature of the resilience of the Group through the ongoing COVID-19 pandemic. As such, delivering sustainable growth in the CIB, within the Board-approved risk appetite, is one of the key priorities set by the Board. Further details of our strategy for the CIB can be found on page 11.

In developing the strategy for the CIB, the Board has taken into account the views of a wide range of stakeholders, considering in Board discussions matters including the contribution the business makes to the Group's returns, feedback from our shareholders on ensuring the CIB is right-sized in the context of the Group to deliver sustainable returns, and from a colleague perspective ensuring support for the growth and investment plans of the business. During 2021, our Directors met with a number of customers and clients to discuss our strategy to deliver sustainable growth in the CIB. Most notably:

- our Chairman held strategically focused meetings and events on this topic with a range of our largest global CIB customers and clients during 2021
- our Group Chief Executive was involved in key client pitches which assisted in securing new client business, including one of the largest IPOs within the Financial Institutions Group in 2021
- our Group Chief Executive participated in a significant number of direct client meetings with a strong focus on discussing the growth of our CIB businesses, with Venkat recently hosting a number of C-Suite level meetings with key Barclays India clients.

Mindful of Barclays' ambition to be a net zero bank by 2050 and as part of the evolution of Barclays' climate strategy, the Board has also overseen the development of CIB's strategy to both:

- deliver financial support to help our clients transition their businesses to the low-carbon economy
- develop green and sustainable banking products, including bonds, loans and investment funds.

You can read more about our climate strategy on pages 35 to 37.

As well as meeting with clients and customers directly, which allows the Board to hear their views, the Board also analyses a broad range of financial and non-financial measures.

During 2021, the Board received an update on the performance of Barclays International, including the CIB at every Board meeting. This covered engagement with clients and key transactions, as well as financial metrics which form an important component of the Group's results. In September and November, the Board held detailed strategy discussions on the CIB, particularly looking at significant trends impacting banking over the medium to long term and considering the implications for both Barclays and the wider industry. The Board considered the optimum geographical scope of the activities, products and scale of these important businesses and the investment required to support this, in particular from a technology and people perspective.

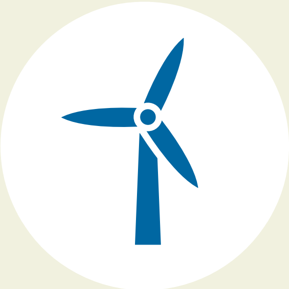
The Board has overseen the development of a robust investment plan which is reflected in the Group's Board-approved Medium Term Plan. This works to ensure that the level of investment to support the delivery of consistent and sustainable returns, including in relation to the technology investment which is key to our operational resiliency, matched Barclays' ambitions in this important area of the business. The Board has carefully monitored the governance and risk management framework for the CIB to ensure that growth opportunities are subject to appropriate controls, in line with risk appetite and sustainable. The Board also considered key conduct and customer elements of the strategy which supported effective risk management and oversight.

During the course of 2021, the Board and senior management met with investors to ratify the strategy and discuss Barclays' performance, and notably the benefits of the diversified model. The strength of the CIB through 2020 continued into 2021, enabling constructive engagement with investors on the strategic opportunities available to Barclays. Throughout the year, representatives of the Board, senior executives and Investor Relations held discussions with investors focused around:

- market positioning and market share opportunities presented through the strengthened performance of the CIB
- the expansion of our client base, and therefore the additional services and geographies to complement the current offerings
- discussions on the appropriate level of risk appetite for both investors, and for Barclays as a whole.

The feedback from these informative discussions helped to inform the strategic considerations discussed at the Board meetings in September and November.

Section 172(1) statement continued



Capture opportunities as we transition to a low-carbon economy

Barclays' climate ambition, set by the Board, is to be a net zero bank by 2050 and Barclays has committed to align all of its financing activities to the goals of the Paris Agreement.

Within this context, the Board is focused on the delivery of this ambition, while at the same time capturing new opportunities to deepen client relationships during the transition and new growth opportunities for Barclays' business. The Board is clear on the need for transition to happen in a co-ordinated and orderly way that preserves jobs, living standards, social cohesion and energy security.

Reflecting the importance of our environmental and other social responsibilities, our climate strategy sits at the heart of the Group's strategy and is reviewed regularly by the Board. Further details of this strategic priority, capturing opportunities as we transition to a low-carbon economy, can be found on page 11, and on pages 35 to 37.

In continuing the development of Barclays' climate strategy through the course of 2021, the Board has engaged with a range of stakeholders.

Barclays was an active participant at COP26 in November 2021, with the Group Chief Executive participating in an event to showcase some of the ways in which the financial sector is working to support a nature positive future. Ahead of COP26, in October 2021, Barclays participated in the UK Government's Global Investment Summit with the Group Chief Executive addressing attendees about the scale of the investment required to address the climate challenge and the critical role that financial institutions have to play in directing that investment.

The Executive Directors engage with colleagues on a regular basis through a range of colleague engagement forums and colleagues are kept abreast of Barclays' ambitions and actions in relation to climate strategy through regular updates.

From a customer and client point of view, the Board reiterated its support for helping customers and clients execute their sustainability strategies, including de-carbonising their business models. For Barclays, support for customers and clients will include:

- advising clients as they adapt their business models to make them more sustainable
- using our investment banking and capital markets expertise to help build low-carbon energy capacity, through facilitating green finance against our target of £100bn by 2030
- continuing to develop innovative green and sustainable banking products such as Green Mortgages that help consumers and small businesses make their own individual transitions
- our Sustainable Impact Capital Initiative: investing up to £175m of our own capital in innovative companies that are developing the green technologies of tomorrow.

Progress will continue to be made in the coming months and beyond, with the recent introduction of the Barclays Climate and Sustainable Finance Council (to be chaired by the Group Chief Executive). This Council will help to identify, accelerate and promote the development of Barclays' climate and sustainable finance growth opportunities for the benefit of our customers and clients across all our businesses, products and services.

Over the course of 2021 through our Board, senior management and Investor Relations team we met over 70% of our institutional shareholders by share ownership to discuss Barclays' climate strategy and understand their views.

During the year, the Board reviewed the Group's climate strategy as a whole, including its further evolution, progress made to date and future focus areas. The feedback the Board has received from stakeholders about our policies and their expectations with respect to our climate strategy, together with evolving industry trends and public discourse on net zero, helped to inform the Board's review.

Ahead of the 2021 AGM, Barclays received a requisitioned resolution from a group of shareholders co-ordinated by Market Forces seeking to direct Barclays to adopt a climate strategy different to that which had been approved by shareholders at our 2020 AGM. As part of our ongoing engagement, the Chairman and senior management were able to discuss with shareholders the implications of this requisitioned resolution (if passed) and the reasons why the Board did not support it. The requisitioned resolution was not passed by shareholders, and the AGM itself provided a further opportunity to engage with all shareholders on our climate strategy. The Board particularly valued the opportunity that the AGM afforded to hear from our retail shareholders. In advance of the AGM, much of our direct engagement with individual shareholders was focused on climate-related matters. Specifically, in the month immediately preceding the 2021 AGM, a large number of the questions we received from our retail shareholders related to climate matters, and we responded to them all individually. The Board also engaged with shareholders in relation to a number of climate-related questions raised by shareholders at the AGM itself.

Reflecting the level of importance which Barclays and its stakeholders place on the issue of climate and Barclays' role in supporting a transition to a low-carbon economy, the 2021 AGM saw the announcement by the Chairman of a 'Say on Climate' vote to be put to shareholders at our 2022 AGM. Further details will be set out in our 2022 Notice of AGM.

Key performance indicators

We analyse a broad range of financial and non-financial measures to support the execution of our strategy.

Growing together as the measure of success

We use a number of sources to assess the success of our strategy and provide a balanced review of our performance during the year, taking into consideration financial and non-financial metrics across all stakeholder groups.

A number of these performance measures are also linked to the way we pay our colleagues, including at executive management level. For more information, please see the Directors' Remuneration Report in Part 2 of the Annual Report.

In order to reflect our strategic priorities, we have further refined the performance metrics we use, most notably with respect to our societal stakeholders.

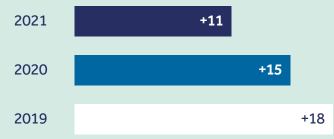
Key measures used in our 2021 assessment include the metrics reported on this page, as well as the broader discussion of our performance on the subsequent pages of this report.

Customers and clients

We aim to build trust by offering innovative products and services, with an excellent customer and client experience, such that customers and clients are happy to recommend us to others.

See our divisional reviews on pages 22 to 28

Barclays UK Net Promoter Score (NPS®)[a]
%



The NPS is a view of how willing customers are to recommend our products and services to others.

Colleagues

We promote and maintain a diverse and inclusive workforce in which colleagues of all backgrounds are treated equally and supported to achieve their potential within a positive, values-based culture.

See our people and culture on pages 29 to 34

Colleague engagement
%

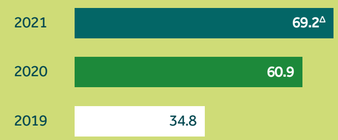
This is a measure derived from our nine engagement questions in the Your View survey.

Society

We strive to manage the environmental and societal impact of our business, making decisions that provide all our stakeholders with access to a prosperous and sustainable future.

See our society and environment on pages 35 to 39

Social, environmental and sustainability-linked financing facilitated
£bn



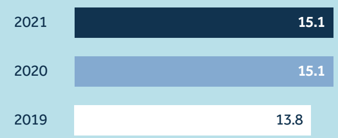
Financing in select social and environmental segments aligned to Barclays Sustainable Finance Framework.

Investors

Our ambition is to generate attractive and sustainable returns through the economic cycle. We measure our progress through our Group financial targets.

See our summary financial review on pages 40 to 43

Common Equity Tier 1 (CET1) ratio
%



Group target: CET1 ratio in the range of 13-14%.

Key performance indicators continued

Notes

a ®Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

b Coalition Greenwich, Preliminary FY21 Competitor Analysis. Market share represents Barclays share of the Global Industry Revenue Pool. Analysis is based on Barclays internal business structure and internal revenues. Rank result is against the Coalition Index Banks. FY20 market share has been restated from last year's published value based on latest analysis.

c Dealogic for the period covering 1 January 2019 to 31 December 2021. FY19 market share has been restated from last year's published value based on latest analysis.

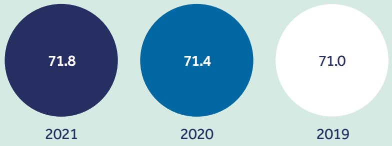
d Includes litigation and conduct, 2021: £177m, 2020: £153m and 2019: £1,849m, of which £1,400m relates to Payment Protection Insurance.

e In line with the GHG Protocol Guidelines we have re-baselined our historic emissions to 2018 and reallocated the emissions for our third-party data centres under Scope 3.

f 2019 and 2020 numbers reported in Barclays' corresponding ESG Reports under the programme's previous name, 'Connect with Work'.

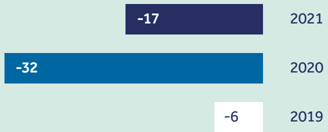
Δ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG Resource Hub for details: home.barclays/sustainability/esg-resource-hub/.

Consumer, Cards and Payments US customer digital engagement
%



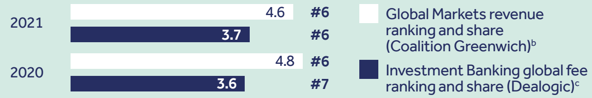
Metric shows percentage of digitally active Consumer, Cards and Payments (CC&P) US consumers.

Barclays UK complaints excluding PPI
% movement year on year



We received a significant volume of PPI-related claims leading up to the FCA deadline of 29 August 2019. As such, the underlying trend provides a more meaningful comparison.

Corporate and Investment Bank revenue ranks and market shares
#,%



Demonstrating our performance vs peers.

Females at Managing Director and Director level
%

Metric reflects % of females at Managing Director and Director level within Barclays.

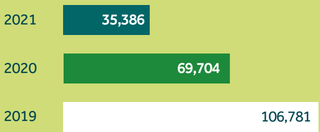
"I would recommend Barclays as a good place to work"
%

A question in the Your View employee survey that measures colleague advocacy.

"I believe that my team and I do a good job of role modelling the Values every day" %

A question from the Your View employee survey showing colleagues' connection to the Barclays Values which underpin the desired culture.

Operational GHG emissions[e]
Metric tons CO_2e



Emissions generated from Barclays' branches, offices and data centres, including all indirect emissions from electricity consumption.

LifeSkills – Number of people upskilled
million

Number of people participating in the Barclays LifeSkills programme focused on employability skills.

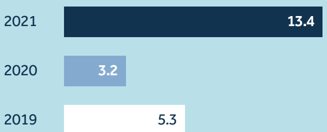
LifeSkills – Number of people placed into work[f]

77,100Δ

2020: 49,700
2019: 66,600

Number of people placed into work following training provided by Barclays LifeSkills partner organisations.

Group return on tangible equity (RoTE)
%



RoTE was 13.4% due to record profit before tax including a net credit impairment release and increased income, partially offset by higher operating expenses. The Group targets RoTE of greater than 10% over the medium term.

Total operating expenses[d]
£bn

Group total operating expenses increased 4% to £14.4bn, including £0.6bn of structural costs actions, higher performance costs, and continued investment and business growth, partially offset by FX favourability, efficiency saves and a lower bank levy charge.

Cost: income ratio[d]
%

The Group targets a cost: income ratio below 60%.

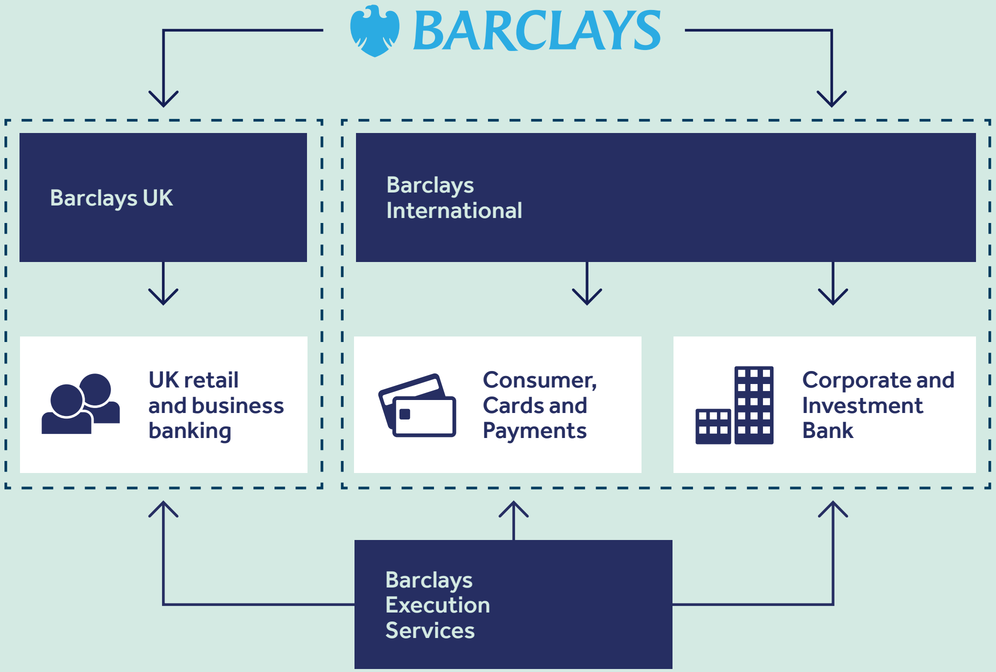
Growing with customers and clients

We are diversified by business, geography and income type. Our operations include consumer banking and payments services in the UK, US and Europe, as well as a global corporate and investment bank.

Resilience, consistency and growth

Our structure

Barclays operates as two divisions, Barclays UK and Barclays International, supported by our service company, Barclays Execution Services.



Barclays UK

Barclays UK (BUK) consists of our UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by our UK ring-fenced bank (Barclays Bank UK PLC) and certain other entities within the Group.

UK Personal Banking offers retail solutions to help customers with their day-to-day banking needs. UK Business Banking serves business clients, from high growth start-ups to small and medium enterprises (SMEs), with specialist advice for their business banking needs. Barclaycard Consumer UK is a leading credit card provider, offering flexible borrowing and payment solutions, while delivering a leading customer experience.

Barclays International

Barclays International (BI) consists of our Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses operate within our non-ring-fenced bank (Barclays Bank PLC) and its subsidiaries, and certain other entities within the Group.

BI is focused on delivering for customers and clients around the world. It's diversified business portfolio provides balance, resilience and growth opportunities. The division has strong global market positions and continues to invest in people and technology with the aim of delivering sustainable returns. BI offers customers and clients a range of products and services spanning consumer and wholesale banking.

Barclays Execution Services

Barclays Execution Services (BX) is the Group-wide service company providing technology, operations and functional services to businesses across the Group.

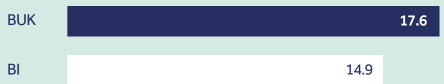
Profit before tax (PBT) by business[a]
£bn

BUK and BI PBT for 2020 were £0.5bn and £3.6bn respectively.

Risk weighted assets (RWAs) by business
£bn

BUK and BI RWAs for 2020 were £73.7bn and £222.3bn respectively.

Return on tangible equity (RoTE) by business[a]
%



BUK and BI RoTE for 2020 were 3.2% and 7.1% respectively.

Note

a Includes litigation and conduct, 2021: £177m, 2020: £153m, 2019: £1,859m, of which £1,400m relates to Payment Protections Insurance.

Barclays UK

Barclays UK consists of our UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses exist within our UK ring-fenced bank, Barclays Bank UK PLC, as well as certain other entities within the Group

- UK Personal Banking offers retail solutions to help customers with their day-to-day banking needs.
- UK Business Banking serves business clients, from high growth start-ups to SMEs, with specialist advice for their business banking needs.
- Barclaycard Consumer UK is a leading credit card provider, offering flexible borrowing and payment solutions, while delivering a leading customer experience.

Measuring where we are

Income
£6.5bn
2020: £6.3bn

Operating expenses
£4.4bn
2020: £4.4bn

Profit before tax
£2.5bn
2020: £0.5bn

Return on tangible equity
17.6%
2020: 3.2%

Barclays UK NPS
+11
2020: +15

Barclaycard NPS
+4
2020: +8

Market and operating environment

The COVID-19 pandemic and low interest rate environment continued to have a significant impact on Barclays UK. It accelerated a number of existing trends in customer behaviour, including a declining use of cash for transactions, lower footfall across our branch network and consumers saving more and paying down existing debt.

There continues to be a significant shift towards digital adoption and demand for digital financial services to meet day-to-day needs, including for online shopping and contactless payments. This significant shift towards digital, combined with the effect of the COVID-19 pandemic restrictions, has unfortunately attracted more criminal behaviour and there has been a consequent increase in fraud and scams in 2021. We are committed to combatting this.

While we have seen an increase in the number of customers moving to digital, there remains a cohort of customers where we continue to observe more traditional forms of engagement.

Strategic priorities

We aim to provide customers with banking services in new and innovative ways, embracing technology as a means of making things simpler, more transparent and more secure.

- Providing exceptional service and insights to customers: We aim to provide simple, relevant and prompt services and propositions for our customers so they have greater choice and access to money management capabilities. Using the quality and scale of our data insights, our ambition is to help customers better manage their finances and make informed financial decisions.
- Driving technology and digital innovation: We continue to invest in our digital capabilities, upgrading our systems, moving to cloud technology and implementing automation of manual processes. This is intended to allow delivery of a more personalised digital experience, reduce cost and create additional capacity to support more of our customers. It aims to provide capability to unlock new sources of income, drive service and improve financial inclusion.

Growing with customers and clients continued

- Continuing to grow our business: We are pursuing partnership opportunities to build and deliver better propositions and services for our customers. We aim to use the Barclays platform to provide better service to Barclays customers and open up new income streams.
- Evolving our societal purpose: We are working to support the communities we serve. We are focused on financial inclusion and recognise our role in supporting people and businesses make the transition to a low-carbon economy. We also seek to preserve access to cash for consumers and businesses over the long term.

Year in review

- We helped 48,000 first time buyers onto the property ladder, up 92% on 2020, and the highest number we have seen in recent history. We have continued to support customers with their home buying needs and have had a record performance in Mortgage completions. We have delivered 7% growth in mortgage balances this year.
- We remain focused on bringing customer complaints down, recognising we still have a long way to go. With that said, we were encouraged to see complaints were lower than in the previous year, decreasing 17% even as volumes of customer transactions and interactions grew. Unfortunately, we also saw a disappointing four point decline in the Net Promoter Score (NPS) for both Barclays UK and Barclaycard throughout 2021, resulting in a full year score of +11 and +4 respectively. The decline in our NPS score is attributed to changes to our service model which have impacted how we serve our customers. We recognise that we need to do more to balance our customer's service expectations whilst we execute our strategic priorities.
- We continued to build strategic partnerships, including launching a new collaboration with British Airways and Avios, allowing eligible Barclays customers to link their Barclays accounts to their British Airways Executive Club membership to earn more Avios through everyday banking.
- We launched a new payment option, known as Instalments for Amazon, allowing UK consumers to access a line of credit for their Amazon purchases following a simple and quick, one-time application process.
- We continued to make strides to enhance the Barclays app. This year, we reached 10m registrations on the Barclays app and exceeded over 3 billion logins. We introduced an in-app self-serve feature for customers in financial difficulty who require assistance with making repayments on their credit card. We launched our first in-app subscription product, allowing new and existing customers to subscribe to the Telegraph via the Barclays app.
- As part of our aim to deliver a leading money management experience, we delivered more tools and features to educate customers on managing their money. Through the use of our digital platforms, Barclays Digital Eagles and Money Mentors helped customers build financial confidence and plans, and save more money through our budgeting tools.
- We made progress on our digital on-boarding proposal, automating the procedure to enable our customers to open new accounts with minimal fuss. This created additional capacity for branch colleagues and made it simple and easy for the over 800,000 new-to-bank customers who visit our branches each year to complete the required on-boarding steps.
- We were one of the first major UK lender to launch a Green Home Mortgage in 2018, and to date we have completed over £1bn in Green Home Mortgages. In 2021 we expanded the eligibility criteria to include any new build properties meeting energy efficiency requirements.
- We extended the expiry date on our cards from every three years to every five years, saving virgin plastic. We have expanded our offering of environmentally friendly materials to all Barclays debit cards and Barclaycard credit cards in the UK.
- Led by our Business Bank, we joined the Banking for Impact on Climate and Agriculture (B4ICA), an inter-bank group focused on developing a means for the measurement and disclosure of the greenhouse gas emissions of banking portfolios in the agricultural sector.
- In the Business Bank, we launched a proposition to support the development and growth of the Social Business sector, comprising a combination of access to finance, skills and networks to help social entrepreneurs build their impact.

Barclays Eagle Labs

Barclays Eagle Labs is now a network covering 28 ecosystems across the UK. New partnerships have been developed in Manchester, Whitehaven and Kilmarnock, with a new site planned at our Glasgow campus.

This year we have supported over 600 businesses through our Funding Readiness and Global Connect programmes.

We received >340 applications for our second Black Founders Accelerator, which will support 40 ambitious founders of high growth businesses develop and scale their business.

For further information go online at labs.uk.barclays

Looking ahead

Our aim remains putting customers and clients at the heart of the decisions we make, helping to ensure good customer outcomes for every customer and client. We are endeavouring to reinvent our service model for customers, creating a more efficient, more resilient and seamless service at a pace that suits our customers' expectations.

More interactions are moving to digital and virtual channels and fewer customers are using our branch network. Where traditional branches may have been the most appropriate point of engagement in the past, we will increase the range of more flexible options for our customers; while ensuring we continue to support customers who are less digitally capable. This will continue to include physical branches, complemented with flexible banking pop-ups in community spaces and the introduction of mobile banking vans. We will continue to play a leading role collaborating with the Access to Cash Group and plans are underway to help retailers supply cashback without purchases, ensuring greater accessibility of cash in local and remote areas.

We continue to build partnerships in the open market and work across Barclays to deliver additional value for our customers and businesses through our size and scale. We will continue to invest in digital platforms, remove unnecessary processes and costs and make it seamless for customers to self-serve.

We are acutely aware of increasing consumer expectations on climate and sustainability. We are committed to inspiring and supporting our customers to live and act more sustainably through our propositions. We're developing a consumer-focused Sustainability Hub, bringing together insights, resources and information about Green products and how Barclays can support them in making the transition to a more sustainable future.

For more information go online at home.barclays

Barclays International: Corporate and Investment Bank

Within Barclays International, the Corporate and Investment Bank is comprised of the Investment Banking, Corporate Banking and Global Markets businesses, aiding money managers, financial institutions, governments, supranational organisations and corporate clients to manage their funding, financing, strategic and risk management needs.

- Our Global Markets business provides a broad range of clients with market insight, execution services, tailored risk management and financing solutions across equities, credit, rates and foreign exchange products.
- Investment 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 issuance services.
- Corporate Banking provides GBP and EUR working capital, transaction banking (including trade and payments), and lending for multinational, large and medium corporates, and for financial institutions.

Measuring where we are

Income
£12.3bn
2020: £12.5bn

Operating expenses
£7.0bn
2020: £6.9bn

Profit before tax
£5.8bn
2020: £4.0bn

Return on tangible equity
14.9%
2020:9.5%

Investment Banking global fee ranking
6th
(2020: 7th) Dealogic ranking[a]

Global markets revenue rank
6th
Largest non-US bank (2020: 6th) Coalition Greenwich ranking[b]

Market and operating environment

The year in the global financial markets was characterised by heightened volatility early on due to COVID-19, with activity decreasing as volatility stabilised. Equity markets remained buoyant through the year, as a number of indices rallied to record highs. There were significant levels of investment banking activity, with M&A announced volume up over 65% on the prior year[a]. Similarly, volumes in the initial public offering (IPO) market increased by over 85% compared with 2020[a].

Across our CIB businesses, the opportunities presented by climate change and the broader ESG agenda continued to grow, as demonstrated by the record levels of green bond issuance in the market, with over £340bn for the year[a].

Corporate lending activity declined versus 2020 given the significant amounts of borrowing undertaken at the outset of the pandemic, while Transaction Banking activity grew steadily in conjunction with improved economic conditions.

Strategic priorities

Our aim is to provide comprehensive and integrated services to clients, delivering solutions across Investment Banking, Corporate Banking and Global Markets.

- Becoming an electronic-first Global Markets business, growing in targeted areas: In Global Markets, we will prioritise simplification of our systems architecture, while seeking to close gaps in our intermediation businesses. We are focused on growing our financing capabilities to build a more diversified portfolio that better performs across the economic cycle.
- Investing in high growth sectors and maintaining high returns in Investment Banking: We are continuing to invest in high growth sectors such as Technology and Healthcare, and we aim to sustain the investment we have made in our high returning, fee-driven M&A and Equities businesses.

Notes

a Dealogic for the period covering 1 January 2020 to 31 December 2021.

b Coalition Greenwich, Preliminary FY21 Competitor Analysis. Analysis is based on Barclays internal business structure and internal revenues. Rank result is against the Coalition Index Banks.

Growing with customers and clients continued

- Capturing opportunities as we transition to a low-carbon economy: We are focused on opportunities to deepen relationships. We aim to support clients who want to make their business models more sustainable, and, in Global Markets and Investment Banking, using our scale and capital markets expertise to mobilise capital for green and social infrastructure.
- Diversifying Corporate Banking income: We remain focused on diversifying our Corporate Bank by growing the business in Europe and the US, growing Transaction Banking and optimising the use of loan capital. We aim to continue the build out of our full service Corporate Banking digital proposition and other significant multi-year strategic investment programmes for trade, payments and wholesale lending.
- Improving integration: Across our businesses we are focused on serving clients in an integrated way. Our efforts to broaden and deepen our CIB offering across Europe will form an important part of this effort.

Year in review

- Our Global Markets business acted as a market-maker and liquidity provider to clients across the globe, playing an important role in helping them find opportunities and manage risk during a continued period of heightened market volatility. In the context of a year in which trading market conditions changed materially, we had an overall share of 4.6% (2020: 4.8%), maintaining our global revenue ranking at 6th[a]. Gains in Equities were offset by a reduction in FICC revenues, which were down in comparison with a very strong 2020.
- We continued to invest in enhancing our Global Markets digital proposition, including our electronic trading capabilities and our digital self-service platform; and our financing platforms across Fixed Income and Equities.
- 2021 was a record year for our Investment Banking business on a revenue basis, with significant revenue improvement in target growth areas. This included Advisory, where revenue was up 64% on prior year and Equity Capital Markets, up 72%. We regained our position of 6th in overall global fee share, having slipped to 7th in 2020[b].
- We continued to invest in our Investment Banking coverage of high growth sectors, including expanding our Sustainable Impact Banking (SIB) Group. SIB advised on or raised capital for companies in over 50 transactions representing over £18bn, a five-fold increase in financing volumes from 2020 and a more than doubling in the number of strategic advisory transactions for clients whose businesses are addressing environmental or social challenge.
- Our Research team continued to deliver differentiated insights through a mix of thematic and single-name content, high touch interactions, and events. We have continued to further the ESG agenda for Barclays by strengthening our cross-asset ESG team, which oversees the integration of ESG into our fundamental research. We leveraged the investments made in our data science platform by producing more than 300 reports tied to our data-science insights in 2021. We also played a critical role in driving our thought leadership, for example with the launch of the Eagle Eye newsletter and the ongoing Flip Side podcast to our clients.
- Our Corporate Banking business acted as a major provider of green and sustainable lending, and continued developing our sustainable product set, growing the number of products from 6 in 2020 to 15 in 2021, including trade, lending and deposits. We collaborated across CIB to deliver financial support to help our clients meet their crucial ESG targets.
- Our Corporate Banking business continued to play a role in supporting clients impacted by COVID-19 through the UK Government lending schemes as well as supporting businesses to accelerate growth with the introduction of the new General Export Facility (GEF) in collaboration with UK Export Finance. Since GEF was made available, Barclays has approved more than £95m of UK Export Finance backed finance accounting for over 40% of the total value of facilities to date. In the UK, Corporate Banking deposit balances grew by 7% during the year.
- We continued monetising our investments in our international footprint of our Corporate Banking business. Despite the challenging environment, we on-boarded nearly 600 new clients across nine EU countries where our Transaction Banking offering is now live.

Looking ahead

Across our Corporate and Investment Bank, we will remain focused on maintaining our client-centric approach and 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.

In Global Markets we are focused on further developing our electronic trading-driven business, driving efficiency and scale and serving the needs of our investor base. We will continue to invest in market share growth in Securitised Products, Emerging Markets, and parts of our Rates and Foreign Exchange businesses.

Investment Banking will continue its investment in high-priority sectors, particularly in Healthcare, where we have more to do to improve fee share, and in Technology in the US and Europe. More broadly, we aim to build on our established momentum and improve revenue contribution from our equity and advisory offerings. We will continue to build our SIB offering, with a particular focus on developing our capabilities in Europe and Asia. We are also looking to broaden the range of ESG capital market product types we offer and to deliver across more client segments.

In Corporate Banking, we will continue to monetise investments in our European and US offering with an emphasis on growing our Transaction Banking business. Our focus will remain on steadily improving our credit portfolio returns by reallocating risk weighted assets to higher-returning opportunities. We will keep investing in our trade, payments and wholesale lending offering and we will look to further enhance our digital proposition.

For more information go online at home.barclays

Integrated products and services increasing efficiency for Checkout.com

Checkout.com is a rapidly growing cloud-based global payments provider valued at $40bn following its fundraising round in January 2022.

The company offers a payment services application programme interface (API) in more than 150 currencies, which is used by some of the world's largest enterprise merchants.

In December 2020, Checkout extended its working relationship with Barclays Europe to leverage our integrated Transaction Banking products and services.

This collaboration is founded on a strong attachment to — and mutual drive for — increased efficiency, transparency and reliability of payment transactions and the need for constant digital innovation.

Our work together has brought a new level of trust and appreciation, and has put clients at the heart of everything we do.

For further information go online at barclayscorporate.com

Notes

a Coalition Greenwich, Preliminary FY21 Competitor Analysis. Analysis is based on Barclays internal business structure and internal revenues. Rank result is against the Coalition Index Banks.

b Dealogic for the period covering 1 January 2020 to 31 December 2021.

Barclays International: Consumer, Cards and Payments

The Consumer, Cards and Payments division of Barclays International is comprised of our International Cards and Consumer Bank, Private Bank and Unified Payments businesses.

- As part of our International Cards and Consumer Bank, in the US we have a partnership-focused business model, offering credit cards to consumers through our relationships, including with American Airlines and AARP. We also offer online retail savings products, instalment payments and personal loans. In Germany, we offer multiple consumer products, including own-branded and co-branded credit cards, online loans, electronic Point of Sale (ePOS) financing and deposits.
- Unified Payments enables businesses of all sizes to make and receive payments.
- 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.

Measuring where we are

Income
£3.3bn
2020: £3.4bn

Operating expenses
£2.4bn
2020: £2.1bn

(Loss)/profit before tax
£0.8bn
2020: £(0.4)bn

Return on tangible equity
15.0%
2020: (7.5)%

US Consumer Bank NPS
+37
2020: +35

CC&P US customer digital engagement
71.8%
2020: 71.4%

Market and operating environment

The COVID-19 pandemic and low interest rate environment continued to have a significant impact on Consumer, Cards and Payments. It accelerated a number of existing trends in customer behaviour, including consumers saving more and paying down existing debt.

As cash use declined and online transactions grew, the shift towards digital services and payments continued. In Payments, we also saw a continuing trend towards e-commerce versus in-store transactions, with an accelerating number of SMEs in particular pivoting their businesses online and accepting digital payments.

Strategic priorities

We strive to deliver next-generation consumer financial services, offering best-in-class finance, private banking and payment solutions.

- Responding to changing consumer behaviour: We continue to invest in the digitisation of our businesses, delivering new products and capabilities to reflect growing trends. This includes focusing on scaling our existing e-commerce solutions to add further value to our digitally engaged customers, small businesses and corporates.
- Building a more efficient and seamless business: We are accelerating our automation agenda to drive operational efficiency and create a more seamless digital customer experience.
- Winning new partnerships: We are focused on broadening relationships with our existing partners and pursuing new partnerships, particularly in the US. We are also building capabilities to offer new financing solutions across all our markets.

Growing with customers and clients continued

Year in review

- We established new partnerships across our businesses, notably in the US, where we signed a long-term agreement with Gap Inc., the largest specialty apparel company in the US[a], to issue both co-branded and private label credit cards. We also renewed our existing partnership agreement with JetBlue Airlines, among other partners. We maintained our position as a top 10 credit card issuer[b] in the US.
- We continued to invest in our digital servicing model, reaching a digital active user rate of 71.8%. We have seen an improvement on the Net Promoter Score in the US Consumer Bank, reaching +37 vs +35 in 2020.
- Our Payments business maintained its position as one of the largest payment processors in Europe[c]. We secured new client relationships, and retained others, including with Center Parcs, Musgrave and the Ministry of Defence. We also launched iPortal, our Payments servicing platform to Corporate clients, enabling the management of merchant services accounts alongside bank accounts and other Corporate services in a single location.
- In Germany, we continued to be a leading provider of consumer finance[d] through our credit cards and personal loans business. We have scaled the business through collaborations with e-commerce providers, including Amazon, providing customers with financial flexibility at the Point of Sale.
- Our Private Bank continued to work towards becoming a leading investments house for Ultra High Net-Worth (UHNW) and High Net-Worth (HNW) clients and Family Offices, by offering more tailored and sustainable solutions as well as providing access to our Corporate and Investment Bank.

Looking ahead

Within Consumer, Cards and Payments, we will continue to invest in building our technology and digital capabilities, meeting consumer demand and responding to changing behaviour.

We aim to drive further scale in our Payments business. Our goal is to deliver a world-class unified payments experience for customers, combining payments and banking technology, to contribute to the Barclays' growth ambition of delivering an additional £900m of income from payments activity between 2020 and 2023. In support, we will continue to drive the uptake of our e-commerce solutions.

We will continue to deepen our relationships with corporates by collaborating with the CIB; strengthening our offerings to small businesses and targeting continued growth in our European footprint.

In Germany, we will continue to grow and seek to utilise the capabilities built with Amazon to further penetrate the market, as well as pursue new commercial partnerships that further expand our co-branded cards portfolio.

As we focus on our partnership-centric business model in the US, we are extending our product set further to include private label credit cards. We will also scale our existing proposition to deliver more value to our partners across a broader range of sectors, diversifying our business. We hope the launch of our Gap Inc. partnership in the middle of 2022 will accelerate our entry into the US retail sector.

The Private Bank remains focused on targeted markets, including the UK and offering on-ground coverage in Europe and Asia. We hope to enhance product capabilities and drive better client experiences by improving automation and delivering our digital agenda. Over the coming 12 to 18 months we will also integrate our Wealth and Investment Management business from Barclays UK with our Private Bank to provide a more integrated proposition (subject to regulatory approval).

For more information go online at home.barclays

Supporting a mainstream news media client during the Afghanistan crisis

Barclays Payments' colleagues provided expert help and support to a mainstream media client's employees during the crisis in Afghanistan in 2021. Within 24 hours of receiving a request for help, colleagues across Barclays Payments worked together to set up a Precisionpay Go account to facilitate hardship payments to approximately 600 workers and their families who were in the process of evacuating from Afghanistan. We continued to monitor and respond to the fluid situation, ensuring the first batch of payment cards were in the hands of our customers by the end of the week, and Barclays Payments colleagues continued to provide much needed support beyond the initial crisis phase.

For further information on Precisionpay Go, go online at barclaycard.co.uk/business/cards/corporate-solutions/virtual-payments

Notes
a Gap Inc., 2020.
b Nilson Report #1204.
c Nilson Report #1197.
d Deutsche Bundesbank, Advanzia Bank S.A, plus own calculations.

Our people and culture

We want to recruit, retain and engage the talented people that Barclays needs to succeed, providing an environment that enables them to build their careers and achievements.

A culture of togetherness

Our colleagues are critical to our success. We know that the past two years have been challenging for a lot of our people, in different ways, impacting both our personal and professional lives. We are proud of the way colleagues responded to these challenges, and for the way they have continued to support our customers and clients around the world. We have learnt a lot about ourselves over this period, and we have invested in supporting people in a number of ways. In particular, our focus has been on culture, mindset, wellbeing and development. As ever, our approach is informed by the latest thinking in behavioural and data science, and our ability to track effectiveness and progress over time.

Measuring where we are

Colleague engagement

82%

2020: 83%

Females at Managing Director and Director level

28%

2020: 26%

"I would recommend Barclays as a good place to work"

83%

2020: 87%

"I believe that my team and I do a good job of role modelling Values every day"

92%

2020: 94%

"I believe my team and I do a good job of role modelling our Mindset every day"
September 2021:

89%

April 2021: 88%

The Barclays Mindset

At the beginning of the COVID-19 pandemic, we observed a number of improvements in the way people were working at Barclays. We reflected on how we could capture these positive developments for the long term and responded this year by launching the Barclays Mindset.

Our Mindset acts as an operating manual for how to get things done at Barclays. It focuses on three key elements that are core to our success – Empower, Challenge and Drive. Our research shows that when we demonstrate behaviours aligned to these three elements, outcomes are better, colleagues are more engaged and they are more likely to stay longer to build their career at Barclays.

We have worked hard to encourage this new way of thinking across our organisation, including in the way we hire people, manage performance and recognise success. We have established a global network of over 330 Mindset Champions, working to support its rollout and communicate with colleagues. We have also developed a Mindset Dashboard to measure impact and to help leaders identify where we need to do more to embed this way of thinking.

Initial findings suggest our Mindset resonates with colleagues, with 83% telling us they believe it is the right Mindset to drive success at Barclays, and 89% of colleagues saying they believe their teams do a good job of role modelling our Mindset every day.

Hiring great people

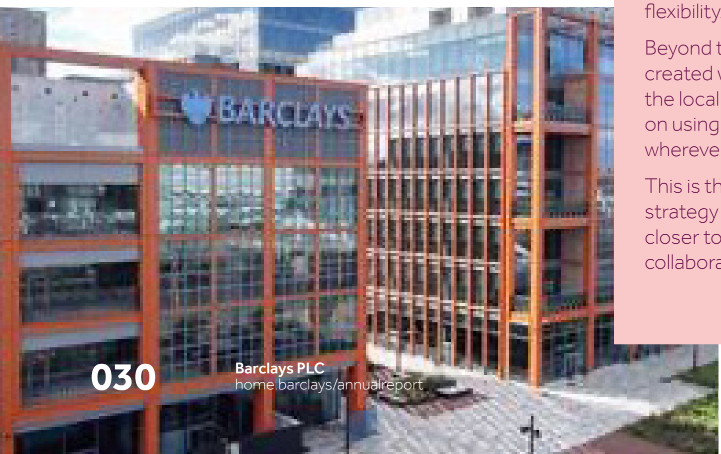
We are focused on hiring people with the skills and capabilities to support our strategy. At the heart of our hiring approach is a focus on strengthening our relationships with local talent pools in the areas within which we are hiring, including reaching out to local communities and upskilling local students. For example, our partnerships with universities in Glasgow have been important in developing a robust pipeline of apprentices and graduates at the global campus we officially opened there this year. Our other global campuses in Whippany and Pune leverage similar local hiring arrangements.

Our people and culture continued

The COVID-19 pandemic has required us to adapt to changes in hiring demands and volumes. This has been particularly important in customer-facing areas where we know it is critical that we are providing support to our customers. We have also taken steps to enhance our candidate assessment processes, including factoring in the new Barclays Mindset so we can ensure we're attracting and hiring candidates with the capability to Empower, Challenge and Drive.

People with different perspectives and life experiences make our organisation stronger, so we are committed to attracting, developing and retaining a workforce that is as diverse and inclusive as possible. We are an equal opportunities employer and give full and fair consideration to all populations based on their competencies, strengths and potential. You can find more information in our Diversity & Inclusion Report at home.barclays/annualreport.

We retain an emphasis on hiring from within. This year, we filled 39% of vacancies internally and added a further 851 graduates to our internal pipeline of future leaders. We also continue to invest in our flagship career development programmes, including our AFTER programme to support those who have been in the armed forces. After a period of in-depth research, we launched new global programmes this year, managing 2,039 graduates, interns and apprentices.



Our Glasgow campus

Our Glasgow campus is a 500,000 square foot site on the banks of the river Clyde. This is a brownfield area transformed into a new city centre park and is the first Barclays campus to implement a zero waste strategy.

The campus will house Technology, Operations, and Functions teams – bringing new high-value roles to the city. Barclays has grown its workforce in Glasgow by over 90% in the last four years and is on track to have around 5,000 employees on campus by 2023.

One of the top priorities while developing the site was to create a world class accessible workspace. We wanted to create a welcoming, inclusive environment for people with physical, cognitive and sensory disabilities, incorporating design for neurodiversity and including people on the autism spectrum. The project team commissioned accessible design specialists, Motionspot, and embarked upon a two-year partnership with Scottish Autism to ensure they met this crucial objective.

As the world of work transforms in the wake of the pandemic, the Glasgow campus will enable a hybrid approach to office working, striking the right balance between collaboration and flexibility.

Beyond the highly-skilled new roles being created within Barclays, the campus is rooted in the local community and economy, with a focus on using local suppliers and contractors wherever possible.

This is the latest step in Barclays' global location strategy which is focused on bringing teams closer together to drive innovation and collaboration.

Developing people for the future

At Barclays, we believe that everyone has the potential to continuously grow. We are committed to cultivating a culture of lifelong learning and our development proposition is designed to support colleagues at every stage of their career.

A wide range of development opportunities are available to help colleagues build their careers, delivered through our digital learning platform, Learning Lab.

This year we launched a new partnership with LinkedIn Learning, providing extensive digital development to all colleagues globally. We also have a number of corporate memberships with industry experts, allowing our colleagues to remain up to date with the latest developments and trends. In line with our professional qualification guidance, Barclays encourages colleagues to study for degree programmes and professional qualifications that benefit the business and support their development.

We are also committed to cultivating leadership skills among colleagues, whether they are in a leadership role or not. The Barclays Leadership Framework provides a guide to support colleagues with their own leadership development, and applies across all levels – from new line managers to our Group Executive Committee. We also continue to operate three flagship leadership development programmes: our Enterprise Leaders Summit, our Strategic Leaders Programme and Aspire.

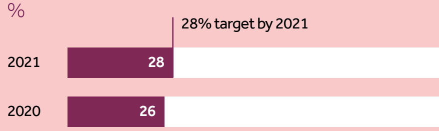
We measure the success of our development offering through our colleague surveys, Your View and Here to Listen, tracking the progression of participants from our leadership development programmes, as well as tracking our levels of retention, and internal mobility. These measures feed into our training and development approach, enabling us to focus action on the right areas for our workforce.

Notes

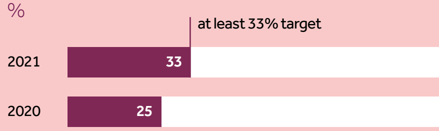
a With the appointment of Robert Berry (effective 8 February 2022), the percentage of females on the BPLC Board of Directors decreased to 31%. You can read more about gender diversity on the Board in the report of the Board Nominations Committee on page 124 of Part 2 of the Annual Report.

Female colleagues

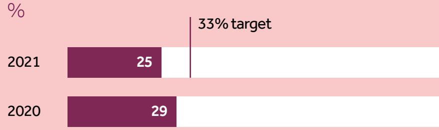
Females at Managing Director and Director level
%



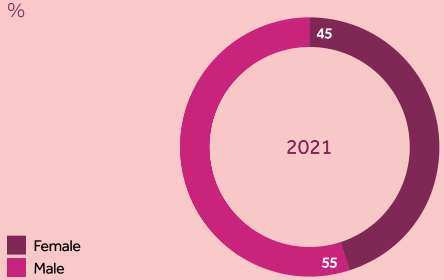
Females on Board of Directors[16]
%



Females on Group ExCo and ExCo direct reports
%



Females in Barclays
%



Our people and culture continued

Highlights

Graduate hires

851

2020: 961

Average training days per annum per employee (payroll)

2

2020: 1.7

Average training hours per annum per employee (payroll)

15

2020: 13

Voluntary employee turnover

11%

2020: 6%

Employee turnover

14%

2020: 9%

We promote a culture of continuous feedback, encouraging all colleagues to have regular performance conversations with their line manager throughout the year. This happens in addition to the annual performance review process that applies to all permanent employees. In these conversations, both 'what' has been achieved as well as 'how' it has been achieved are reviewed. This ensures our colleagues are able to keep broadening their skills, emphasising their personal development and working in a way that reflects our Values and Mindset.

We also want to help colleagues balance their work life with their personal commitments, supporting career development opportunities at each life stage. We offer enhanced maternity, paternity, adoption and shared parental entitlements in all our major jurisdictions.

NOTE:
Under the Companies Act 2006 (the 'Companies Act'), Barclays is required to report on the gender breakdown of our employees, 'senior managers', and the Board of Barclays PLC's Directors. The Group's global workforce was 88,565 (48,453 male, 40,058 female, 54 unavailable), with 434 senior managers (342 male, 92 female), and the Board of Barclays PLC had 12 directors (8 male, 4 female) as at 31 December 2021. This is on a headcount basis, including colleagues on long-term leave. Unavailable refers to colleagues who do not record their gender in our systems. The 'male' and 'female' gender splits disclosed in this paragraph are based on Companies Act disclosure requirements and numbers are taken from our employee records which are maintained pursuant to applicable rules and regulations on employee record keeping. For further information on the Group's approach to building a more inclusive company, including a broader range of gender data and characteristics please see our voluntary disclosures included in our Diversity & Inclusion report, published on our website at home.barclays/annualreport. 'Senior managers' is defined by the Companies Act, and is different to both our Senior Managers under the FCA and PRA Senior Managers regime, and our Director and Managing Director corporate grades. It includes Barclays PLC Group Executive Committee members, their direct reports and directors on the boards of undertakings of the Group, but excludes Directors on the Board of Barclays PLC. Where such persons hold multiple directorships across the Group they are only counted once. The definition of 'senior managers' within this disclosure has a narrower scope than the Managing Director and Director female representation data provided.

Building a supportive and inclusive culture

Building a supportive and inclusive culture is not only the right thing to do, but also what is best for our business. It creates a sense of belonging and enables colleagues to perform to their highest capability.

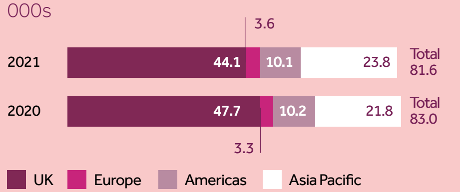
We focus on six areas of diversity and inclusion: disability, gender, LGBT+, multicultural, multigenerational and socioeconomic inclusion. We have Employee Resource Groups in place across each of these areas to provide support and advice, create development opportunities and raise awareness of issues and challenges. Membership of our Employee Resource Groups is at an all-time high, with over 25,000 colleagues now involved in one or more. Their insight and experiences help influence our people policies and inform the commitments and actions we take as an organisation to give our people the support they need to succeed.

We strive to embed a culture of inclusion through our allyship initiatives, encouraging colleagues to become allies and to focus on understanding and eliminating barriers faced by underrepresented groups. We provide a toolkit for these colleagues to help them take conscious, positive steps to make everyone feel that they belong. In our Your View survey, 79% of colleagues told us they believe we are all in this together at Barclays, while 82% say they believe leaders are committed to building a diverse workforce.

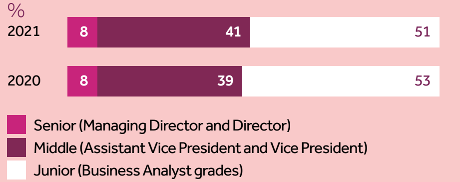
We remain committed to improving the diversity of our leaders and to closing pay gaps at Barclays. We aim for diverse promotion assessors and panels, helping us to ensure the widest available pool of talent is considered for promotion. We actively provide development opportunities for leaders of the future such as ex-officio roles and places on our development programmes. As of the end of 2021, 28% of our global Managing Directors and Directors were female, and 30% of our UK Managing Directors and Directors were female.

Employee statistics

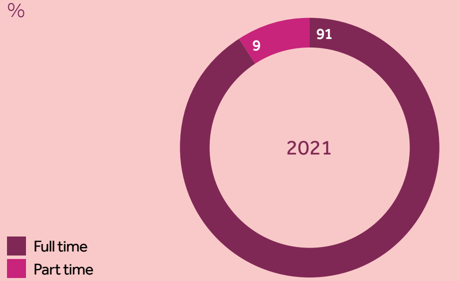
Number of employees split by region
000s



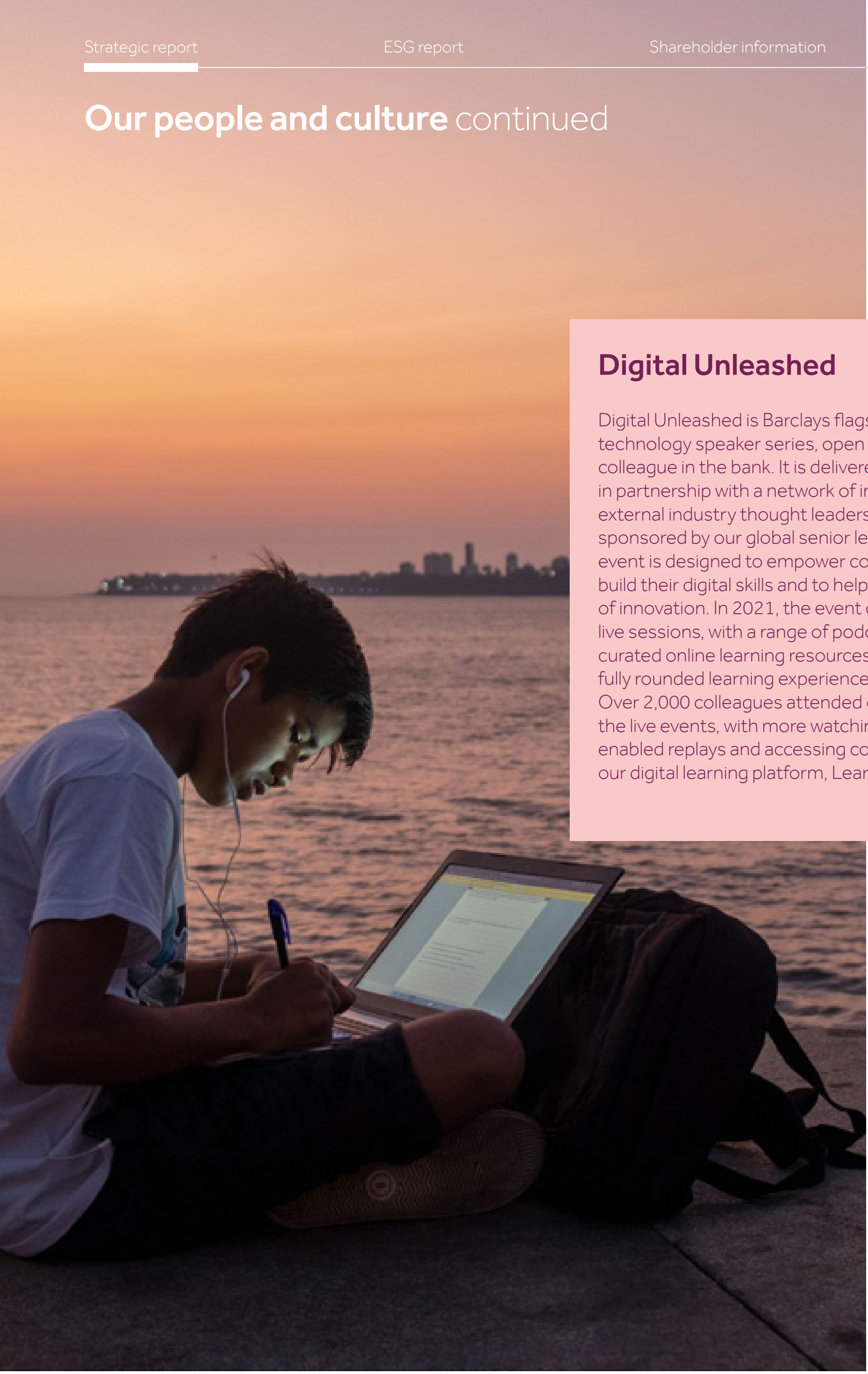
Number of employees split by grade
%



Split by full time/part time
%



Our people and culture continued



Digital Unleashed

Digital Unleashed is Barclays flagship digital and technology speaker series, open to every colleague in the bank. It is delivered virtually and in partnership with a network of internal and external industry thought leaders, and is sponsored by our global senior leadership. The event is designed to empower colleagues to build their digital skills and to help drive a culture of innovation. In 2021, the event combined 11 live sessions, with a range of podcasts and curated online learning resources, delivering a fully rounded learning experience for colleagues. Over 2,000 colleagues attended one or more of the live events, with more watching mobile enabled replays and accessing content through our digital learning platform, Learning Lab.

We closely track the ever-changing composition of our people through online dashboards that make sure our senior leaders understand the diverse makeup and needs of the organisation they lead. Our Inclusion Index, launched in 2020, continues to allow us to measure colleagues' experience of how inclusive the Barclays culture is and gives us a benchmark for monitoring progress year on year. Our overall Inclusion Index score for 2021 is 79%, up from 76% last year. 88% of colleagues say they feel included in their team.

Through our Race at Work Action Plan, we are working to close the gaps in the UK and US where some ethnicities are significantly underrepresented at Barclays. We are focusing our efforts across four areas: increasing the number of underrepresented minority employees we hire; providing access to career and development opportunities; creating a culture of allyship across the organisation; and being transparent and measuring our outcomes, allowing us to see the impact our actions are having over time.

In the UK, we aim to increase the number of underrepresented minority employees by 25% by the end of 2025. This will take us to 5% overall. In the US, we aim to increase the number of underrepresented minority employees by 20% by the end of 2025. This will take us to 21% overall. In the UK and the US, we aim to at least double the number of Black employees at Managing Director and Director level by the end of 2022, which we are on track to meet.

This year, we continued to review the provision of Workplace Adjustments for colleagues with disabilities to further our strategy for a more globally consistent and supportive experience. We encourage managers to check in regularly with their teams and to emphasise the importance of safe working and appropriate workstation setup. As part of the UK Government Disability Confident scheme, we encourage applications from people with a disability, or a physical or mental health condition. 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.

Mental health and wellbeing continues to be a major focus, with 88% of colleagues telling us their manager supports their efforts to maintain wellbeing. Through our Be Well 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 2021, we focused on three key areas in particular: a continued commitment to make Barclays a 'mental health confident' organisation, further development of our supportive culture and a renewed emphasis on sustainable working.

This year, we launched a new Wellbeing Index, with a starting score of 84%, giving us a metric for measuring the wellbeing of colleagues and informing the Be Well programme. We are very pleased to see colleagues' ability to balance their personal and work demands has improved from 78% in 2020 to 83% in 2021. In time, it will mean we can better understand the impact of particular activities on colleagues wellbeing and continue to evolve the Be Well programme offering.

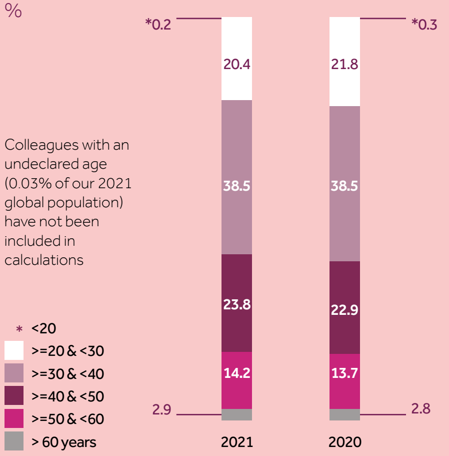
We continue to promote our wellbeing offerings, including the global Be Well portal, with 43% of colleagues registered. Throughout the year, we executed leader-led campaigns to offer practical guidance on looking after physical and mental health, enhancing wellbeing and resilience and a continued focus on safe working. We also focused on stress manageability through ongoing campaigns, and the promotion of Health and Wellbeing workshops. We launched Developing our supportive culture e-learning with 89% completion. We were one of the first businesses to sign up to the Mental Health at Work Commitment and we continue to deploy Mental Health Awareness as required e-learning.

You can find more information in our Diversity and Inclusion Report available at home. barclays/annualreport

Our people and culture continued

Multi-generational split

Age of employees



Beyond the pandemic

We continue to follow government guidance relating to COVID-19 in all the jurisdictions we operate in, taking a prudent and considered approach to return to office that prioritises the health, safety and wellbeing of colleagues.

Where possible, and in line with local government guidance, we have undertaken a programme to gradually increase the number of colleagues returning to working in the office at least some of the time.

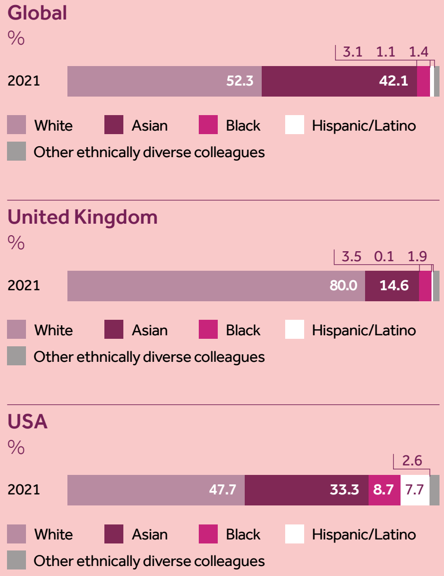
Throughout the pandemic, we have kept our buildings operating safely for key workers by maintaining health and safety measures. In advance of colleagues returning, we risk-assessed all our buildings and provided training to colleagues on the safety measures that would be in place as they returned. We continue to evaluate and adjust these measures in accordance with government guidance and the latest epidemiology.

In the early stages of the pandemic, Barclays put in place a set of global principles to ensure we were doing as much as possible to support our colleagues. We have kept these principles in place and evolved them with the changing nature of the pandemic. The principles and provisions have helped colleagues cope with some of the personal challenges the pandemic has created, including offering additional paid leave to support self-quarantine, isolation, vaccination, sickness or care for dependants and advice made available to help support physical and mental health. Colleagues who have returned to on-site working did so on a voluntary basis and we have worked closely with any colleagues who have concerns about returning, to understand those concerns and support them.

We are also thinking carefully about the future of work at Barclays. We want to balance the best of the past with the best of what we have proved possible during the pandemic. We have adopted the principle that the optimal physical location for a role is largely determined by the nature and requirements of that role. At the same time, it is important to us that everyone at Barclays, no matter what their role, maintains a strong connection to their colleagues at a Barclays site.

In support of our approach to future ways of working, we have revised and relaunched our principles, process and guidance on Working Flexibly. At Barclays, we encourage colleagues to work flexibly to balance and integrate their work and other life commitments, enhance their wellbeing and effectiveness at work and feel included, irrespective of personal circumstances. We have expanded the opportunity for many colleagues to work in a hybrid pattern, spending part of their time working from a Barclays site and part of their time working from home. Over the course of the year, colleagues have begun to transition to this new, hybrid way of working. We are taking a test and learn approach, and ways of working will continue to iterate into 2022 as we focus on balancing the benefits of working on site with more flexible solutions.

Ethnicity Representation



Other ethnically diverse colleagues category includes Mixed, Native Hawaiian or Other Pacific Islander and Native American. USA relates to Country. UK relates to Region. Colleagues with an undeclared ethnicity and/or are based in continental Europe and the Middle East (21% of our global population) have been excluded from all calculations

Our people and culture continued

Listening to colleagues and keeping them informed

We think colleague engagement should be a two-way exercise, with equal weight placed on listening to our people and 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 Your View survey is the primary mechanism for how we track engagement and monitor our culture. In addition, this year we continued to run regular Here to Listen surveys, first launched in 2020, to make sure we're staying abreast of colleague feedback during the COVID-19 pandemic. Results from these regular surveys are shared directly with leadership, so action can be taken to continue to provide the appropriate support for colleagues.

The results from our surveys are also an important part of the conversations our Board and Executive Committee have about our culture and how we run Barclays. These survey results help our Board and Executive Committee take into account our colleagues' views in their decision-making. We update the Board and its relevant sub-committees throughout the year and in addition, our leaders engage regularly with colleagues to hear what they think, visiting branches, trading floors and offices as well as hosting virtual forums. Direct engagement, a comprehensive reporting approach and dedicated time at Board meetings, enables the Board to determine that our workforce engagement approach is effective. We make sure we are keeping everyone up to date on the strategy, performance and progress of the organisation, through a combination of leader-led engagement, digital and print communication, blogs, vlogs and podcasts.

Our people are also encouraged to seek the views of colleagues with different perspectives and experiences via a series of monthly events and podcasts called Courageous Conversations that provides a platform for meaningful conversations on diversity, equity and inclusion topics.

We engage with our people collectively through a strong and effective partnership with Unite, as well as the Barclays Group European Forum, representing colleagues within the European Union, and other colleague forums. 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 84% of our UK workforce and 48% of our global 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, including through voluntary redundancy and redeployment, with a focus on reskilling.

We maintain an engagement approach that is in line with the UK's Financial Reporting Council (FRC) governance recommendations. This extends to those who work for us indirectly as well, such as contractors. As of 2021, the Barclays Third Party Supplier Code of Conduct states that all third parties with greater than 250 employees must demonstrate through annual reporting that effective workforce engagement mechanisms are in place to provide channels for the workforce to share ideas and concerns with senior management and the board.

Our policies

Our people policies are designed to recruit the best people, provide equal opportunities and create an inclusive culture, in line with our Values and in support of our long-term success. They also reflect relevant employment law, including the provisions of the Universal Declaration of Human Rights and International Labour Organisation (ILO) Declaration on the Fundamental Principles and Rights at Work.

We expect our people to treat each other with dignity and respect, and do not tolerate discrimination, bullying, harassment or victimisation on any grounds.

We are committed to paying our people fairly and appropriately relative to their role, skills, experience and performance – in a way that balances the needs of all our stakeholders. That means our remuneration policies reward sustainable performance that is in line with our Purpose and Values, as well as our risk expectations.

You can find more information in our Fair Pay Report at home.barclays/annualreport

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

You can find out more information in the Directors' Remuneration Report in Part 2 of this Report.

Growing with society

Our success is judged not only by commercial performance, but also by our contribution to society and how we act responsibly for the common good and the long term.

Together, sustainably

We believe that we can, and should, make a positive difference for society, globally and locally. We do that through the choices we make about how we run our business, and through the commitments we make to support our communities.

We prize sustainability, and recognise our role to play in leaving things better than we found them. We cannot be successful in the long term without recognising that we are at our best when our clients, customers, communities, and colleagues all progress.

Measuring where we are

Social, environmental and sustainability-linked financing facilitated

£69.2bn△

2020: £60.9bn

Green financing[a] facilitated

£29.8bn△

2020: £17.6bn

Scope 1 and 2 emissions reductions
(against a 2018 baseline)

-86%△

Against a target of -80% by the end of 2021
2020: -73%

Progress against Barclays' commitment to RE100

94%△

Against a target of 90% by the end of 2021 and 100% by the end of 2030
2020: 79%

Addressing climate change

Addressing climate change is an urgent and complex challenge. It requires a fundamental transformation of the global economy, so that society stops adding to the total amount of Greenhouse Gases (GHG) in the atmosphere.

The financial sector has a critical role to play in supporting the economy to reach this goal. It is estimated that at least $3-5 trillion[b] of additional investment will be needed each year, for the next 30 years, in order to finance the transition.

At Barclays, we are determined to play our part.

In March 2020, we announced our ambition to be a net zero bank by 2050, becoming one of the first banks to do so.

We have a strategy to turn that ambition into action:

1. Achieving net zero operations
Barclays is working to achieve net zero operations[c] and supply chain emissions, investing in the continued decarbonisation of our operations and in the development of a net zero pathway for the emissions from our supply chain.

2. Reducing our financed emissions
Barclays is committed to aligning its financing activities with the goals and timelines of the Paris Agreement.

3. Financing the transition
Barclays is providing the green and sustainable finance required to transform the economies we serve.

Our strategy is underpinned by the way we assess and manage our exposure to climate-related risk. From 2022, climate risk will be a Principal Risk under Barclays' Enterprise Risk Management Framework.

Notes
△ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG Resource Hub for details: home.barclays/sustainability/esg-resource-hub/

a. Further details on green financing can be found on page 69.
b. $3-5 trillion as estimated in the GFMA/BCG (Global Financial Markets Association/Boston Consulting Group) Climate Finance Markets and the Real Economy report, December 2020.
c. See our ESG report for further details on how we are defining our approach to net zero operations.

Growing with society continued

Achieving net zero operations

As part of our ambition to be a net zero bank by 2050, Barclays is working to achieve net zero operations and supply chain emissions. Barclays continues to remain been carbon neutral[a] for its Scope 1, Scope 2 and Scope 3 business travel[b] emissions. We intend to remain carbon neutral, while investing in the continued decarbonisation of our operations and in the development of a net zero pathway for the emissions from our supply chain.

We are defining net zero operations as the state in which we will achieve a GHG reduction of our Scope 1[c] and Scope 2[d] emissions of at least 90% against a 2018 baseline and use carbon removals to neutralise any limited operational emissions that we cannot yet eliminate.

More information on our approach, including our progress on the global renewable energy initiative, RE100 is set out in the ESG section of this report.

Reducing our financed emissions

Most of our emissions result from the activities of the clients that we finance and those generated in their respective value chains. These are so-called 'financed emissions' and fall within the general definition of Scope 3 emissions.

In November 2020, we published details of our strategy for measuring and managing alignment of our financing with the goals and timelines of the Paris Agreement. Our approach is underpinned by BlueTrack™[e], a methodology we have developed for measuring our financed emissions and tracking them at a portfolio level against the goals of the Paris Agreement. BlueTrack™ builds on and extends existing industry approaches to cover not only lending but ,also capital markets financing. This better reflects the breadth of our support for clients through our investment bank.

We are setting targets, informed by Paris-aligned benchmark scenarios, to reduce our financed emissions. We also have clear restrictions on financing certain energy sector activities, including relating to thermal coal, oil sands, hydraulic fracturing (commonly known as 'fracking') and projects in the Arctic Circle.

We have used BlueTrack™ to assess the financed emissions of our client portfolios in the Energy and Power sectors, prioritising these two sectors because they are responsible for up to three-quarters of all Greenhouse Gas (GHG) emissions globally and because Barclays has meaningful exposure to them. Therefore, they represented the most appropriate starting place from which to make a significant difference. In November 2020, we set a target for a 30% reduction in the CO_2 intensity of our Power portfolio by 2025, as well as a target for a 15% CO_2 reduction in absolute emissions of our Energy portfolio by 2025. Progress against both these targets is set out in the ESG report section of this report on pages 51 to 140.

ESG disclosures

Our approach to environmental and social issues is becoming increasingly integrated in the work we do across our business and is subject to the governance and oversight of our management and Board structures. Reflecting this trend, we have taken the decision to integrate our ESG reporting into this year's Annual Report.

The ESG report section sets out more information on our approach to ESG, including how we think about, and measure, our environmental and social impact. Our approach is informed by our engagement with our stakeholders, including with customers and clients, colleagues, investors, regulators and wider society.

You can read more about our approach to environmental, social and governance issues in the ESG report section on pages 51 to 104 of this report.

Say on Climate

In line with our commitment to offer shareholders a 'Say on Climate', we will be publishing an update on our climate strategy, targets and methodology in advance of the 2022 Annual General Meeting. This will include 2030 targets for two new sectors, Cement and Metals (Steel).

Notes

a. We are defining carbon neutral as first reducing carbon dioxide emissions then counterbalancing carbon dioxide emissions from Scope 1, Scope 2 and Scope 3 business travel with carbon offsets.
b. See our ESG section on pages 54 to 56 for further detail on how we are defining our approach to net zero operations.
c. Scope 1 emissions include our direct GHG emissions from natural gas, fuel oil, company cars and HFC refrigerants.
d. Scope 2 emissions include our indirect GHG emissions from purchased electricity and purchased steam and chilled water.
e. Further information and a detailed methodology white paper are available online, see home.barclays/sustainability/our-position-on-climate-change/

Growing with society continued

We believe that Barclays can make the greatest difference by supporting the transition to a low-carbon economy, rather than by simply phasing out support for some of the clients who are most engaged in it. We believe that banks, especially those like Barclays with a large capital markets business, are in a unique position to help accelerate the transition towards a low-carbon economy, as many of our clients have already begun to do so.

Financing the transition

The transition to a low-carbon economy is today's defining opportunity for innovation and growth. There is a significant opportunity for Barclays to play a leading role in helping to meet the demand for climate change related financing to support the transition.

We are directing investment, including our own capital, into new green technologies and infrastructure projects that will build up low-carbon capacity and capability.

Barclays continued to make significant progress in 2021 against our target to facilitate £150bn of social, environmental and sustainability-linked financing from 2018 to 2025. On a cumulative basis, by year-end 2021, we have facilitated £193.3bn[Δ] since 2018, exceeding our target four years early.

We also aim to facilitate £100bn of financing specifically focused on green activities by 2030. We facilitated £29.8bn[Δ] of green financing[a] in 2021, up 70% from £17.6bn in 2020 and comprised of:

- labelled, 'use of proceeds' and business mix financing in environmental categories (£22.6bn[Δ] in 2021), and
- sustainability-linked financing that incorporates environmental performance targets (£7.2bn[Δ] in 2021).

Since 2018, we have facilitated a total of £62.2bn[Δ] across these categories with significant momentum across our businesses, products and geographies.

Our Sustainable Impact Capital Programme, led by the Barclays Principal Investments team in Treasury, has a mandate to invest up to £175m of equity capital in sustainability-focused start-ups by 2025, helping to accelerate our clients' transition towards a low-carbon economy.

The Programme has made meaningful progress towards its five-year trajectory to meet our target by building a portfolio of strategic investments which have a focus on reducing carbon footprints and accelerating the net zero transition. £54m of the £175m overall target has been deployed since 2020, with £30m invested in 2021, up 25% from 2020.

More detail on our progress against these targets and our range of green and sustainable product solutions can be found in the ESG report section section between pages 51 to 104.

Managing climate-related risks

We broadly categorise climate risks into three types: transition risk, physical risk and connected risk. Within these broad categories, we identify a number of factors arising from climate change that we monitor over the short, medium and long term. We manage these risks through our Enterprise Risk Management Framework (ERMF), setting our strategic approach for risk management by defining standards, objectives and responsibilities for all areas of Barclays. The ERMF is complemented by a number of other frameworks, policies and standards, all of which are aligned to individual Principal Risks.

In 2020, the Board Risk Committee made the decision that climate risk would become a Principal Risk within the ERMF from 2022.

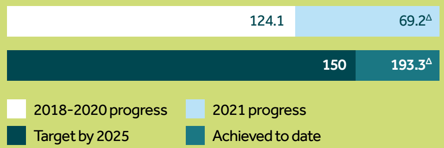
For more information, please see the Risk Management section of this report on pages 200 to 294.

Our Climate Change Statement sets out our approach to managing the impact of our climate-related activities. We have developed internal standards to reflect these positions in more detail, including for Forestry & Agricultural Commodities and for World Heritage and Ramsar Wetlands. These standards sit under the management of Reputation Risk in the ERMF.

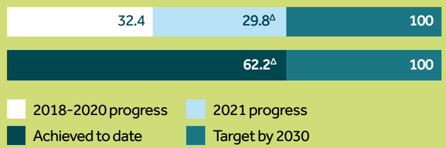
These standards determine our approach to climate change and relevant sensitive sectors and are enforced through an existing transaction origination, review and approval process.

Sustainable finance – performance against targets

£150bn social, environmental and sustainability-linked financing facilitated (2018-2025)
£bn



£100bn green financing facilitated (2018-2030)
£bn



Notes
Δ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG Resource Hub for details: home.barclays/sustainability/esg-resource-hub/
a. Further details on our green financing can be found on page 69.

Growing with society continued

Supporting our communities

Enhancing accessibility and safety for our customers

We want as many people as possible to benefit from access to financial services. We continue to see growing demand from many of our customers for more digital ways to bank. Our investment in technology means millions more customers, who have access to digital tools are able to use our online and mobile banking channels to take advantage of accessible features.

We aim to ensure that our digital services are easy to see, hear, understand and use for all customers, including those with disabilities. AbilityNet (a leading UK disability charity) has independently accredited for accessibility the key journeys of our online banking website and mobile app during 2021.

We are working to ensure that customers who rely on cash – including older and more vulnerable customers can still access it and get the support they need. Access to a transactional bank account enables consumers to benefit from bill reductions paid by direct debit and access to cheaper goods and services online. There were more than 642,000 Barclays Basic Current Accounts open at the end of 2021, serving the financial needs of those who would not otherwise qualify for an account. We also provide free banking to over 115,000 small, not-for-profit organisations through our Community Accounts.

Supporting our suppliers

Our engagement with suppliers is important and we engage with them regularly to ensure adherence to the Barclays' Third-Party Code of Conduct and Supply Control obligations. As part of the bank's ESG strategy, we are focused on environmental and social responsibility in our supply chain, initially across three pillars of Diversity and Inclusion, climate change and modern slavery.

More information on accessible retail products and services as well as our supply chain programmes can be found in the ESG report section between pages 51 to 104.

Tech Impact, Delaware and Nevada, Americas

Barclays made a target to support 250,000 people to get into work by the end of 2022. As we feel the full force of the social and economic crisis caused by the COVID-19 pandemic, it is more important than ever to partner with businesses and charities to break down barriers to work and support access to jobs.

Across Delaware and Nevada, Barclays has partnered with Tech Impact to support two employability programmes: ITWorks, focused on technology training and CXWorks, offering intensive customer service training.

These programmes are creating pathways into work for ethnically diverse and underserved people, equipping them with the knowledge, skills and confidence they need to start their careers in the technology and customer experience industries.

In October 2021, Barclays' donation enabled Tech Impact to establish a permanent location for ITWorks in Wilmington, Delaware, where students receive mentoring, certifications and internship placements. The new 'Tech Impact Opportunity Center' aims to continue the programme's success rate, with more than 80% of graduates securing an IT job within six months of completing the programme and achieving an average salary of $40,000, often a 100% increase over pre-programme salaries.

Programmes that make a difference

Barclays' £100m COVID-19 Community Aid Package has been delivering vital relief to vulnerable communities throughout the COVID-19 pandemic. We have supported more than 370 charity partners around the world who are getting support to where it's needed most. Since April 2020, we've matched £8.1m raised and donated by colleagues for COVID-19 relief efforts – which has meant a total of more than £16.2m for 2,000 charities around the world.

Through our LifeSkills programme, Barclays has a target to help a further 10m[a] people to develop the skills and confidence they need to succeed, as well as place 250,000[b] people into work by the end of 2022. Against this target, the programme has upskilled 9.8m people and placed 193,400 into work. Since LifeSkills first began in 2013, it has reached 15.3m$^{\Delta}$ people.

Through the Unreasonable Impact programme, Barclays aims to support 250 entrepreneurs by 2022, whose ventures have the potential to create jobs of the future while solving the world's most pressing challenges. In 2021, Barclays and Unreasonable celebrated five years of partnership, with Unreasonable Impact now reaching 216[c] companies who collectively support thousands of jobs across the world.

Notes

Δ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG Resource Hub for details: home.barclays/sustainability/esg-resource-hub/

a. Over a five-year period, 2018-2022.
b. Over a four-year period, 2019-2022.
c. Cumulative ventures supported since 2016.

Supporting our communities

LifeSkills – Overall participation since launch in 2013
15.3m$^{\Delta}$
2020: 12.4m

LifeSkills – No. of people upskilled
2.89m$^{\Delta}$
2020: 2.33m

LifeSkills – No. of people placed into work
77,100$^{\Delta}$
2020: 49,700

Businesses engaged to help provide job placements for the people placed into work
9,681
2020: 1,193

Unreasonable Impact – ventures supported since 2016
216
2020: 163

Growing with society continued

Charitable giving and investment in our communities

Alongside these high-impact programmes, we also help our employees to make a difference to the causes that matter most to them personally through our matching programmes. In 2021, we supported more than 5,900 colleagues around the world to fundraise and give to their chosen charities, including those delivering COVID-19 relief, with a total of £10.1m raised, with Barclays matching. We also supported over 12,900 colleagues to donate via our UK Payroll Giving programme, which saw us match more than £950,000 in 2021.

We also support communities directly by investing money and skills in partnerships with respected non-governmental organisations, charities and social enterprises. Our investment amounted to £43.8m in 2021, including charitable giving, management costs and monetised work hours of Barclays colleagues.

For more information on our role in communities, please see the ESG section between pages 51 to 104.

Age UK

This year, as the impact of the pandemic continued to be felt in our communities, Barclays delivered support to charities through its £100m COVID-19 Community Aid Package. Across the UK, Barclays' 100x100 Programme has helped 250 grassroots charities to get support into the heart of local communities, and reach people that most need it.

Age UK saw a near doubling of calls to its National Advice Line at the start of the pandemic, as older people turned to the charity for support. Older people needed help understanding the fast-moving position of coronavirus rules and vaccinations, and how to safely access health and social care, as well as food and prescriptions. Demand for Age UK's Telephone Friendship service increased by almost 300% as older people turned to the charity to overcome feelings of loneliness.

Support from Barclays has helped Age UK meet soaring demand for its services and to find new ways to support people where meeting in-person was no longer an option.

Barclays partnership with Age UK has enabled the charity to answer thousands of calls to its National Advice Line and increase the number of friendship calls through its Telephone Friendship service, offering companionship and emotional support, which more than 100 Barclays colleagues are helping them to make.

Our partnership also provided vital funds to local Age UKs, enabling them to respond to the specific needs of local communities in response to the crisis. Funding has also enabled Age UK to launch its online Coronavirus Hub, which quickly became an essential source of information for millions of people.

Summary financial review

We continue to develop a strong, diversified business that delivers attractive and sustainable returns.

Built to deliver double-digit returns

Barclays demonstrated a clear and sustainable path to growth over the course of 2021, delivering double-digit RoTE across our operating businesses. We will continue to develop the diversified business model that we have established, investing in advanced technology capabilities in our consumer businesses, delivering sustainable growth across our global corporate and investment bank, and reinforcing our role in aiding the transition to a low-carbon economy.

Measuring where we are

Income
£21.9bn
2020: £21.8bn

Cost: income ratio
66%
2020: 64%

Profit before tax
£8.4bn
2020: £3.1bn

Return on Tangible Equity
13.4%
2020: 3.2%

Financial performance in 2021

Barclays' diversified business model delivered a record profit before tax of £8.4bn (2020: £3.1bn), attributable profit of £6.4bn (2020: £1.5bn), a RoTE of 13.4% (2020: 3.2%) and EPS of 37.5p (2020: 8.8p), resulting in a meaningful increase in capital distributions to shareholders equivalent to 15p per share.

Total income increased 1% to £21.9bn versus prior year due to the following:

Barclays UK income of £6.5bn, increased 3% versus prior year reflecting robust mortgage lending, balance growth in deposits and the non-recurrence of COVID-19 customer support actions, partially offset by lower interest earning lending (IEL) balances. However, IEL balances began to stabilise throughout the second half of 2021.

Within Barclays International, CIB income of £12.3bn was down 1% versus prior year, as strong performance in Equities, representing the best full year on a comparable basis[a] was more than offset by FICC, resulting in Global Markets income being down 16% to £6.4bn, partially offset by strong Investment Banking fees, increasing by 34% to £3.7bn, representing the best full year on a comparable basis[a]. CC&P income of £3.3bn was down 3%, reflecting lower average cards balances while balances increased during the second half of 2021.

Note
a Period covering 2014–2021. Pre 2014 financials were not restated following re-segmentation in 2016.

Summary financial review continued

Credit impairment net release of £0.7bn (2020: £4.8bn charge). The net release included a reversal of £1.3bn in non-default charges, primarily reflecting the improved macroeconomic outlook. Excluding this reversal, the charge was £0.7bn, reflecting reduced unsecured lending balances and low delinquency. Economic uncertainty adjustments have been maintained firstly in respect of customers and clients who may be more vulnerable to the withdrawal of support schemes and emerging economic uncertainty, and secondly, model uncertainty which does not capture certain macroeconomic and risk parameter uncertainties. The reduction in unsecured lending balances and growth in secured balances have contributed to a decrease in the Group's loan coverage ratio to 1.6% (December 2020: 2.4%). Coverage ratios in unsecured loan portfolios remained elevated compared to pre-COVID-19 pandemic levels.

Group total operating expenses increased 4% to £14.4bn due to structural cost actions of £0.6bn, higher performance costs and continued investment and business growth. This was partially offset by FX favourability, efficiency savings and a lower UK bank levy charge. This resulted in a cost: income ratio of 66% (2020: 64%).

Excluding structural cost actions and performance costs, Group total operating expenses were flat at £12.0bn, as efficiency savings were reinvested to drive income growth.

Our CET1 capital ratio was stable at 15.1% (2020: 15.1%) and TNAV per share increased 9% to 292p.

Barclays announced a total payout equivalent to 15p per share, comprising a total dividend of 6.0p per share and total share buy-backs announced in relation to 2021 of £1.5bn.

Financial metrics

CET1 ratio

The CET1 ratio is a measure of the capital strength and resilience of Barclays. The Group's capital management objective is to maximise shareholder value by prudently managing the level and mix of its capital. This is to ensure the Group and all of its subsidiaries are appropriately capitalised relative to their minimum regulatory and stressed capital requirements, and to support the Group's risk appetite, growth, and strategic options while seeking to maintain a robust credit proposition for the Group and its subsidiaries.

The ratio expresses the Group's CET1 capital as a percentage of its RWAs. RWAs are a measure of the Group's assets adjusted for their associated risks.

Group RoTE

RoTE measures our ability to generate acceptable returns for shareholders. It is calculated as profit after tax attributable to ordinary shareholders as a proportion of average shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.

This measure indicates the return generated by the management of the business based on shareholders' tangible equity. Achieving a target RoTE demonstrates the organisation's ability to execute its strategy and to align management's interests with those of its shareholders. RoTE lies at the heart of the Group's capital allocation and performance management process.

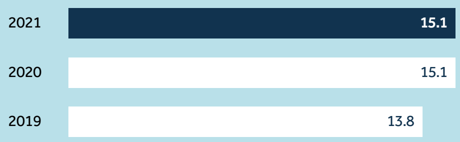
Total operating expenses

Barclays views total operating expenses as a key strategic area for banks; those which actively manage costs and control them effectively will gain a strong competitive advantage.

Cost: income ratio

The cost: income ratio measures total operating expenses as a percentage of total income and is used to assess the productivity of our business operations.

CET1 ratio
%

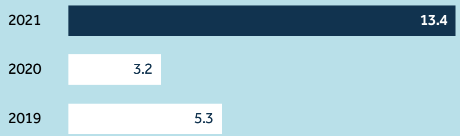


The Group targets a CET1 ratio in the range of 13-14%.

Total operating expenses[a]
£bn

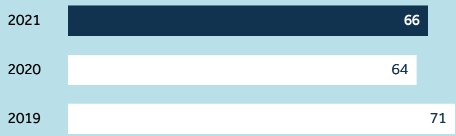
The Group will continue to drive efficiencies while investing in its franchise where appropriate.

Group RoTE
%



Barclays continues to target RoTE of greater than 10% over the medium term.

Cost: income ratio[a]
%



Cost discipline remains a priority and we continue to target a cost: income ratio below 60%.

Note

a Includes litigation and conduct, 2021: £177m, 2020: £153m and 2019: £1,849m, of which £1,400m relates to Payment Protection Insurance.

Summary financial review continued

Our performance in 2021

CET1 ratio

The CET1 ratio was stable at 15.1% (2020: 15.1%).

CET1 capital increased by £1.2bn to £47.5bn as profit before tax of £8.4bn was partially offset by share buy-backs, 2021 dividends and equity coupons paid and foreseen, as well as pensions deficit contribution payments.

RWAs increased £7.9bn to £314.1bn primarily resulting from the recalibration of the modelled market risk stress period, increased client and trading activity within CIB and growth in mortgages within Barclays UK, partially offset by lower unsecured balances.

Group RoTE

RoTE was 13.4% (2020: 3.2%) due to record profit before tax including a net credit impairment release and increased income, partially offset by higher operating expenses.

The Group continues to target RoTE of greater than 10% over the medium term.

RoTE based on a CET1 ratio of 13.5%, excluding litigation and conduct, structural cost actions and the re-measurement of UK DTAs was 15.3% (2020: 4.4%)[a]. Pro-forma RoTE adjusts tangible equity to be consistent with a CET1 ratio of 13.5%, which is the mid-point of the target range of 13-14%.

Total operating expenses

Total operating expenses increased 4% to £14.4bn, due to structural cost actions of £0.6bn, higher performance costs, and continued investment and business growth. This was partially offset by FX favourability, efficiency savings and a lower UK bank levy charge. This resulted in a cost: income ratio of 66% (2020: 64%).

Excluding structural cost actions and performance costs, Group total operating expenses were flat at £12.0bn, as efficiency savings were reinvested to drive income growth.

The Group will continue to drive efficiency savings across its businesses.

Cost: income ratio

The Group cost: income ratio was 66% (2020: 64%), as increased income was offset by higher operating expenses, including £0.6bn of structural cost actions.

Excluding structural cost actions of £0.6bn (2020: £0.4bn), operating expenses would have been £13.8bn (2020: £13.5bn), resulting in a cost: income ratio of 63% (2020: 62%).

Cost discipline remains a priority and management continues to target a cost: income ratio below 60%.

For further detailed analysis of our financial performance in 2021, please see our full Financial review and our Financial statements on pages 295 to 312, and pages 313 to 426 respectively of Part 2 of the Annual Report

For more information on our global tax contribution as well as our approach to tax, please see our Country Snapshot report available at home.barclays/annualreport

Note

a 2020 based on a 13.0% CET1 ratio, excluding litigation and conduct, structural cost actions and COVID-19 community aid package. Refer to the Non-IFRS performance measures section for further information and calculations.

Summary financial review continued

Consolidated summary income statement

For the year ended 31 December	2021 £m	2020 £m
Net interest income	**8,073**	8,122
Net fee, commission and other income	**13,867**	13,644
Total income	**21,940**	21,766
Credit impairment releases/(charges)	**653**	(4,838)
Net operating income	**22,593**	16,928
Operating costs	**(14,092)**	(13,434)
UK bank levy	**(170)**	(299)
Litigation and conduct	**(177)**	(153)
Total operating expenses	**(14,439)**	(13,886)
Other net income	**260**	23
Profit before tax	**8,414**	3,065
Tax charge	**(1,188)**	(604)
Profit after tax	**7,226**	2,461
Non-controlling interests	**(47)**	(78)
Other equity instrument holders	**(804)**	(857)
Attributable profit	**6,375**	1,526
Selected financial statistics		
Basic earnings per share	**37.5p**	8.8p
Diluted earnings per share	**36.6p**	8.6p
Return on average tangible shareholders' equity	**13.4%**	3.2%
Cost: income ratio	**66%**	64%

Consolidated summary balance sheet

As at 31 December	2021 £m	2020 £m
Assets		
Cash and balances at central banks	**238,574**	191,127
Cash collateral and settlement balances	**92,542**	101,367
Loans and advances at amortised cost	**361,451**	342,632
Reverse repurchase agreements and other similar secured lending	**3,227**	9,031
Trading portfolio assets	**147,035**	127,950
Financial assets at fair value through the income statement	**191,972**	175,151
Derivative financial instruments	**262,572**	302,446
Financial assets at fair value through other comprehensive income	**61,753**	78,688
Other assets	**25,159**	21,122
Total assets	**1,384,285**	1,349,514
Liabilities		
Deposits at amortised cost	**519,433**	481,036
Cash collateral and settlement balances	**79,371**	85,423
Repurchase agreements and other similar secured borrowings	**28,352**	14,174
Debt securities in issue	**98,867**	75,796
Subordinated liabilities	**12,759**	16,341
Trading portfolio liabilities	**54,169**	47,405
Financial liabilities designated at fair value	**250,960**	249,765
Derivative financial instruments	**256,883**	300,775
Other liabilities	**13,280**	11,917
Total liabilities	**1,314,074**	1,282,632
Equity		
Called up share capital and share premium	**4,536**	4,637
Other equity instruments	**12,259**	11,172
Other reserves	**1,770**	4,461
Retained earnings	**50,657**	45,527
Total equity excluding non-controlling interests	**69,222**	65,797
Non-controlling interests	**989**	1,085
Total equity	**70,211**	66,882
Total liabilities and equity	**1,384,285**	1,349,514
Net asset value per ordinary share	**340p**	315p
Tangible net asset value per share	**292p**	269p
Number of ordinary shares of Barclays PLC (in millions)	**16,752**	17,359
Year-end USD exchange rate	**1.35**	1.37
Year-end EUR exchange rate	**1.19**	1.12

Managing risk

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

Enterprise Risk Management Framework

At Barclays, risks are identified and overseen through the ERMF, which supports the business in its aim to embed effective risk management and a strong risk management culture.

The ERMF governs the way in which Barclays identifies and manages its risks.

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

Given the increasing risks associated with climate change, and to support the Group's ambition to be a net zero bank by 2050, it was agreed that climate risk would become a Principal Risk from 2022.

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

The Group sets its risk appetite in terms of performance metrics as well as a set of mandate and scale limits to monitor risks. A Group level climate risk appetite was introduced in line with the Group's risk appetite approach. During 2021, the Group's performance remained within its risk appetite limits.

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 limits, rules and constraints on their operations, consistent with the risk appetite.

The third line of defence is comprised of Internal Audit, providing independent assurance to the Board and Executive Committee on 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 Group. 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 Group level Risk Committees as well as Board level forums, the Board receives regular information in respect of the risk profile of the Group, and has ultimate responsibility for Group risk appetite and capital plans. Information received includes measures of risk profile against risk appetite as well as the identification of new and emerging risks.

During 2021, Barclays ran a range of stress tests to assess its capital adequacy and resilience under severe but plausible macroeconomic scenarios. The internal stress test scenario was based on current economic imbalances such as supply chain issues and labour shortage deteriorating further due to post COVID-19 heightened demand and climate transition pressures. This resulted in high inflation and unexpected increases in base rates (both in the UK and the US) causing an affordability stress for retail customers and corporates along with hindering the post COVID-19 recovery in term of GDP and unemployment. In addition, Barclays participated in the Bank of England (BoE) Solvency Stress Test which was a reverse stress test modelling a pessimistic view of the aftermath of the 2020 COVID-19 crisis with more severe shocks (GDP, Unemployment, and HPI) than prior stress exercises. The results of these tests met the Group risk appetite and capital adequacy.

We believe that our structure and governance supports us in managing risk in the changing economic, political and market environments.

For further detailed analysis of approach to risk management and risk performance, please see our full Risk review on pages 200 to 294 of Part 2 of the Annual Report

> *"To support the Group's ambition to be a net zero bank by 2050, it was agreed that climate risk would become a Principal Risk from 2022.*

Managing risk continued

The Enterprise Risk Management Framework defines nine Principal Risks

Principal Risks	*Risks are classified into Principal Risks, as below*	*How risks are managed*
Credit risk	The risk of loss to the Group from the failure of clients, customers or counterparties (including sovereigns), to fully honour their obligations to the Group, including the whole and timely payment of principal, interest, collateral and other receivables.	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 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, limited and monitored by market risk specialists.
Treasury and Capital risk	**Liquidity risk:** The risk that the Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. **Capital risk:** The risk that the Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the Group's pension plans. **Interest rate risk in the banking book:** The risk that the Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.	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; and stress testing.
Climate Risk	The impact on Financial and Operational Risks arising from climate change through, physical risks, risks associated with transitioning to a lower carbon economy and connected risks arising as a result of second order impacts on portfolios of these two drivers.	The Group assesses and manages its climate risk across its businesses and functions in line with its net zero ambition by monitoring exposure to elevated risk sectors, conducting scenario analysis and risk assessments for key portfolios. Climate risk controls are embedded across the Financial and Operational Principal Risk types through the Barclays Group's Frameworks, Policies and Standards.

Managing risk continued

Principal Risks	*Risks are classified into Principal Risks, as below*	*How risks are managed*
Operational Risk	The risk of loss to the Group from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.	The Group assesses and manages its operational risk and control environment across its businesses and functions with a view to maintaining an acceptable level of residual risk.
Model Risk	The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.	Models are evaluated for approval prior to implementation, and on an ongoing basis.
Conduct Risk	The risk of poor outcomes for, or harm to customers, clients and markets, arising from the delivery of the Group's products and services.	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, event, decision, or business relationship will reduce trust in the Group's integrity and/or competence.	Reputation risk is managed by embedding our purpose and values, and maintaining a controlled culture within the Group, with the objective of acting with integrity, enabling strong and trusted relationships to be built 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 Group to meet its legal obligations, including regulatory or contractual requirements.	The Legal function supports colleagues in identifying and limiting legal risks.

Viability statement

The financial statements and accounts have been prepared on a going concern basis.

Provision 31 of the 2018 UK Corporate Governance Code requires the Directors to make a statement in the Annual Report regarding the viability of the Group, including an explanation of how they assessed the prospects of the Group, the period of time for which they have made the assessment and why they consider that period to be appropriate.

Time horizon

In light of the analysis summarised below, the Board has assessed the Group's current viability, and confirms that the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years. This time frame is used in management's Working Capital and Viability Report (WCR), prepared at the start of February 2022. The WCR is a formal projection of capital and liquidity based upon formal profitability forecasts. The availability of the WCR gives management and the Board sufficient visibility and confidence on the future operating environment for this time period.

The three-year time frame has also been chosen because:

- it is within the period covered by the formal medium-term plans approved by the Board which contain projections of profitability, cash flows, capital requirements and capital resources
- it is also within the period over which internal stress testing is carried out
- it is representative of the period and level of anticipated regulatory change in the financial services industry.

The Directors are satisfied that this period is sufficient to enable a reasonable assessment of viability to be made.

Considerations

In making its assessment the Board has:

- carried out a robust and detailed assessment of the Group's risk profile and material existing and emerging risks (see material existing and emerging risks section), in particular those risks which senior management believes could cause the Group's future results of operations or financial condition to differ materially from current expectations or could adversely impact the Group's ability to meet regulatory requirements
- reviewed how those risks are identified, managed and controlled (further detail provided on pages 44 to 46)
- considered the WCR which provides an assessment of forecast CET1, leverage, Tier 1 and total capital ratios, as well as the build-up of MREL up to the end of 2024
- considered the Group's Medium Term Plan
- reviewed the Group's liquidity and funding profile, including forecasts of the Group's internal Liquidity Risk Appetite (LRA) and regulatory liquidity coverage ratios
- considered the Group's viability under specific internal stress scenarios
- considered the stability of the major markets in which it operates, supply chain resilience and regulatory changes
- considered the sustainability of any future capital distributions
- considered scenarios which might affect the operational resilience of the Group
- considered factors that may inform the impact of the COVID-19 pandemic, including (among other things), further waves of the COVID-19 pandemic, effectiveness of vaccines, the emergence of new strains of COVID-19, inflationary pressures and global supply chain disruptions
- considered the impact of the Group's ambition to be a net zero bank by 2050 and support its clients' transition to a low-carbon economy, including the need to incorporate climate considerations into its strategy, business model, the products and services it provides to customers and its financial and non-financial risk management processes
- reviewed the draft statutory accounts and the in-depth disclosure of the financial performance of the Group
- reviewed the possible impact of legal, competition and regulatory matters set out in Note 26 to the financial statements on pages 388 to 392.

The Group's Medium Term Plan is based on assumptions for macroeconomic variables like interest rates, inflation, unemployment, which have been consistently applied for the purpose of forecasting the Group's capital and liquidity position and ratios, as well as any credit impairment charges or releases.

Assessment

Risks faced by the Group's business, including in respect of financial, conduct and operational risks, are controlled and managed within the Group in line with the ERMF. Executive management sets a risk appetite for the Group, which is then approved by the Board. Risk and Compliance set limits, within which businesses are required to operate.

Management and the Board then oversee the ongoing risk profile. Internal Audit provides independent assurance to the Board and Executive Committee over the effectiveness of governance, risk management and control over current and evolving risks.

A full set of material risks to which the organisation is exposed can be found in the material existing and emerging risks on pages 204 to 215 in Part 2 of the Report.

Certain risks are additionally identified as key themes and monitored closely by the Board and Board Committees. These are chosen on the basis of their potential to impact viability over the time frame of the assessment but in some instances the risks exist beyond this time frame.

These particular risks include:

- the potential impact of the combination of the COVID-19 pandemic, further trading disruption between the UK and the EU and general supply chain disruption which could lead to UK economic weakness and further rises in UK inflation. These risks may result in an adverse impact on profitability and capital through increased costs and increased expected credit losses
- embedding climate risk into the Group's risk framework in line with regulatory expectations, and adapting the Group's operations and business strategy to address both the financial risks resulting from: (i) the physical risk of climate change; and (ii) the risk from the transition to a low-carbon economy

Viability statement continued

- legal proceedings, competition, regulatory and conduct matters giving rise to the potential risk of fines , loss of regulatory licences and permissions and other sanctions, as well as potential adverse impacts on our reputation with clients and customers and on investor confidence and/or potentially resulting in impacts on capital, liquidity and funding
- sudden shocks or geopolitical unrest in any of the major economies in which the Group operates which could impact credit ratings, alter the behaviour of depositors and other counterparties and affect the ability of the firm to maintain appropriate capital and liquidity ratios
- evolving Operational risks (notably cyber security, technology and resilience) and the ability to respond to the new and emerging technologies in a controlled fashion.

As a universal bank with a diversified and connected portfolio of businesses, servicing customers and clients globally, the Group is impacted in the longer term by a wide range of macroeconomic, political, regulatory and accounting, technological, social and environmental developments. The evolving operating environment presents opportunities and risks which we continue to evaluate and take steps to appropriately adapt our strategy and its delivery.

Stress tests

The Board has also considered the Group's viability under specific internal stress scenarios. The latest macroeconomic internal stress test, conducted in Q4 2021, considered the potential impact of:

- high peak inflation (UK: 6.5%) underpinned by high energy prices, supply chain issues and climate transition resulting in central banks increasing base rates rapidly (UK 4% / US 3.5%), depressing demand and slowing the economy
- central banks' liquidity being withdrawn causing downward pressure on asset prices and high volatility. Higher borrowing costs impacting businesses which lay off workers (unemployment UK: 9.2% / US 9.5%) and impact consumer spending
- the sharp increase in mortgage servicing costs seeing a significant decrease in house prices, given already stretched valuations
- intensified climate transition through government policy, shareholder pressure and shifting public opinion. A push to 'green' drove costs higher which amplified inflationary pressures and depressed demand. This aggravated the stress and dampened the recovery.

All of the above could result in, among other things, a loss of income or increased impairment. The stress test outcome for macroeconomic tests shows our full financial performance over the horizon of the scenario and focuses on the CET1 capital ratio.

The Group-wide stress testing framework also includes internal reverse stress testing assessments, which aim to identify the circumstances under which the Group's business model would no longer be viable, leading to a significant change in business strategy and to the identification of appropriate mitigating actions. Examples include extreme macroeconomic downturn ('severely adverse') scenarios, or specific idiosyncratic events, covering both operational risk and capital/ liquidity items. Reverse stress testing is used to help support ongoing risk management and is an input to the Group's recovery planning process.

Legal proceedings, competition, regulatory and remediation/redress conduct matters are also assessed as part of the stress testing process. Capital and LRA are set at a level designed to enable the Group to withstand various stress scenarios. As part of this process, management also identified actions, including cost reductions and withdrawal from lines of business, available to restore the Group to its desired capital flight path. These internal stress tests informed the conclusions of the WCR.

The results of the internal stress test were approved by the Board Risk Committee and allowed the Board to approve the Medium Term Plan as being able to sustain a severe but plausible scenario and remain within Risk Appetite.

Based on current forecasts, incorporating key known regulatory changes to be enacted and having considered possible stress scenarios, the current liquidity and capital position of the Group continues to support the Board's assessment of the Group's viability.

Non-financial information statement

We use a variety of tools to track and measure our strategic delivery, and collect both quantitative and qualitative information to get the full picture of our performance.

Certain of the non-financial information required pursuant to the Companies Act 2006 is provided by reference to the following locations:

Non-financial information	*Section*	*Pages*
Business model	Business model	12-13
Policies	Non-financial information statement	49-50
Principal Risks	Risk review	44-46
	Principal risk management	218-223*
	Risk performance	224-288*
Key performance indicators	Key performance indicators	20-21

*in Part 2 of the Report

The Non-Financial Reporting requirements contained in Sections 414CA and 414CB of the Companies Act 2006 are addressed within this section by means of cross reference in order to indicate in which part of the strategic narrative the respective requirements are embedded. We have used cross referencing as appropriate to deliver clear, concise and transparent reporting.

We have a range of policies and guidance (also available at home.barclays/esg) that support our key outcomes for all of our stakeholders. Performance against our strategic non-financial performance measures, as shown on pages 20 to 39, is one indicator of the effectiveness and outcome of policies and guidance.

Across Barclays, policies and statements of intent are in place to ensure consistent governance on a range of issues. For the purposes of the Non-Financial Reporting requirements, these include, but are not limited to:

Environmental matters

Policy statement	*Description*
Climate Change statement	The Barclays Position on Climate Change sets out our approach to energy sectors with higher carbon-related exposures or emissions from extraction or consumption, or those which may have an impact in certain sensitive environments or on communities, namely thermal coal, Arctic oil and gas, oil sands and hydraulic fracturing. The statement outlines the important role Barclays plays in ensuring that the world's energy needs are met, while helping to limit the threat that climate change poses to people and to the natural environment.
World Heritage Site and Ramsar Wetlands statement	We understand that certain industries, and in particular mining, oil and gas, and power, can impact areas of high biodiversity value including UNESCO World Heritage Sites (WHS) and Ramsar Wetlands (RW). Our WHS and RW statement outlines our client due diligence approach to preserving and safeguarding these sites.
Climate Change Financial and Operational Risk Policy	In 2019, we published a 'Climate Change Financial Risk and Operational Risk Policy'. This introduced climate change as an overarching risk impacting certain Principal Risks: Credit risk, Market risk, Treasury and Capital risk and Operational risk. The policy is jointly owned by the relevant Principal Risk Leads with oversight by the Board Risk Committee. With Climate risk becoming a Principal Risk, the policy has been updated accordingly and is still in effect. For more information, please see the Risk section on pages 200 to 294 in Part 2 of the Report
Forestry and Agricultural Commodities statement	We recognise that forestry and agribusiness industries are responsible for producing a range of commodities such as timber, palm oil and soy that are often associated with significant environmental and social impacts, particularly in relation to biodiversity loss, tropical deforestation and climate change. Our Forestry and Agricultural Commodities Statement outlines our due diligence approach for clients involved in these activities, ensuring that we support clients that promote sustainable forestry and agribusiness practices while respecting the rights of workers and local communities.

Colleagues

Policy statement	*Description*
Board Diversity Policy	The Board Diversity Policy confirms that the Board Nominations Committee will consider candidates on merit against objective criteria with due regard to the benefits of diversity when identifying suitable candidates for appointment to the Board.
Code of Conduct	The Barclays Code of Conduct outlines the Values and Behaviours which govern our way of working across our business globally. It constitutes a reference point covering all aspects of colleagues' working relationships, specifically (but not exclusively) with other Barclays employees, customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community.

Non-financial information statement continued

Social matters

Policy statement	*Description*
Donations	Barclays works in partnership with non-profit organisations, including charities and NGOs, to develop high-performing programmes and volunteering opportunities that harness the skills and passion of our employees. Barclays has chosen to partner with a small number of organisations, allowing us to have deeper relationships and ultimately enabling us to have the greatest impact on our communities in which we operate. Barclays does not accept unsolicited donation requests.
Tax	Our Tax Principles are central to our approach to tax planning, for ourselves or on behalf of our clients. Since their introduction in 2013 we believe our Tax Principles have been a strong addition to the way we manage tax, ensuring that we take into account all of our stakeholders when making decisions related to our tax affairs. The same applies to our Tax Code of Conduct.
Sanctions	Sanctions are restrictions on activity with targeted countries, governments, entities, individuals and industries that are imposed by bodies such as the United Nations (UN), the EU, individual countries or groups of countries. The Barclays Group Sanctions Policy is designed to ensure that the Group complies with applicable sanctions laws in every jurisdiction in which it operates.
The defence industry	The Barclays Statement on the Defence Sector outlines our appetite for defence-related transactions and relationships. We provide financial services to the defence sector within a specific policy framework. Each proposal is assessed on a case-by-case basis and legal compliance alone does not automatically guarantee our support.

Human rights

Policy statement	*Description*
Human rights	Barclays operates in accordance with the International Bill of Human Rights and takes account of other internationally accepted human rights standards, including the UN Guiding Principles on Business and Human Rights (UNGPs). We respect and promote human rights in our own operations through our employment policies and practices and our supply chain through screening and engagement.
Modern slavery	Barclays recognises its responsibility to comply with all relevant legislation including the UK Modern Slavery Act 2015. In accordance with the requirements of the Act, we release an annual Barclays Group Statement on Modern Slavery, which outlines the actions we have taken in seeking to identify and address the risks of modern slavery and human trafficking in our operations, supply chain, and customer and client relationships.
Supply chain	Our supply base is diverse, including start-ups, SMEs, and businesses owned, controlled and operated by under-represented segments of society as well as multinational corporations. We recognise that these partnerships have significant direct and indirect environmental and social impacts. We actively encourage our supplier partners to meet Barclays' requirements in order to meet our obligations to our stakeholders.
Data protection	Across Barclays, the privacy and security of personal information is respected and protected. Our Privacy Statement governs how we collect, handle, store, share, use and dispose of information about people. We regard sound privacy practices as a key element of corporate governance and accountability.

Anti-bribery and anti-corruption

Policy statement	*Description*
Bribery and corruption	We recognise that corruption can undermine the rule of law, democratic processes and basic human freedoms, impoverishing states and distorting free trade and competition. Our statement reflects the statutory requirements applicable in the UK as derived from the UN and Organisation for Economic Co-operation and Development conventions on corruption.
Anti-money laundering and counter-terrorist financing	Barclays' Anti-Money Laundering Policy is designed to ensure that we comply with the requirements and obligations set out in UK legislation, regulations, rules and industry guidance for the financial services sector, including the need to have adequate systems and controls in place to mitigate the risk of the Group being used to facilitate financial crime.

Our approach to environmental and social issues is subject to governance and oversight of our management and Board structures.

Environment Social Governance report 2021

Our approach to ESG disclosures

Introduction

Our approach to environmental and social issues is becoming increasingly integrated in the work we do across our business and is subject to the governance and oversight of our management and Board structures. Reflecting this trend, we have taken the decision to integrate our ESG reporting into this year's Annual Report. The following pages set out more information on our approach to ESG, including how we think about, and measure, our environmental and social impacts. Our approach is informed by our engagement with our stakeholders, including with customers and clients, colleagues, investors, regulators and wider society.

Although there is no globally accepted regulatory framework for ESG disclosures, Barclays supports efforts to further enhance ESG reporting and improve consistency across the industry. For example, we were one of the founding signatories of the United Nations Principles for Responsible Banking (PRB) and we continue to support the work of the International Sustainability Standards Board (ISSB) and the Sustainable Markets Initiative. We are also pleased to report under the framework set out by the Task-Force on Climate-related Financial Disclosures (TCFD); our report is available to read alongside this document as well as our high-level summary on pages 100 to 101 for further details. We participate in a range of regional and global industry efforts to promote increased harmonisation on data, taxonomies and disclosures. As reporting standards develop and begin to be implemented across jurisdictions, we will continue to evolve our approach to ESG disclosures in line with regulatory guidance and market practice.

Beyond the information included in these pages, additional disclosures can be found online via our ESG Resource Hub.

KPMG LLP Limited Assurance

Barclays appointed KPMG LLP to perform limited independent assurance over selected ESG content, which have been marked with the symbol Δ.

The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (UK) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the International Standard on Assurance Engagements 3410 Assurance of Greenhouse Gas Statements. A limited assurance opinion was issued and is available at the website link below. This includes details of the scope, reporting criteria, respective responsibilities, work performed, limitations and conclusion. No other information in this section of the Annual Report has been subject to external assurance or audit.

Further details can be found on the ESG Resource Hub at: home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/

ESG Resource Hub

The Resource Hub provides detailed technical information, disclosures and our position statements on environmental, social and governance matters. It is intended to be relevant for analysts, ESG investors, rating agencies, suppliers, clients and all other stakeholders.

home.barclays/sustainability/esg-resource-hub/

ESG Data Hub

This year, we have launched a new online ESG Data Hub located within the ESG Resource Hub, providing access to key ESG related metrics in a single place.

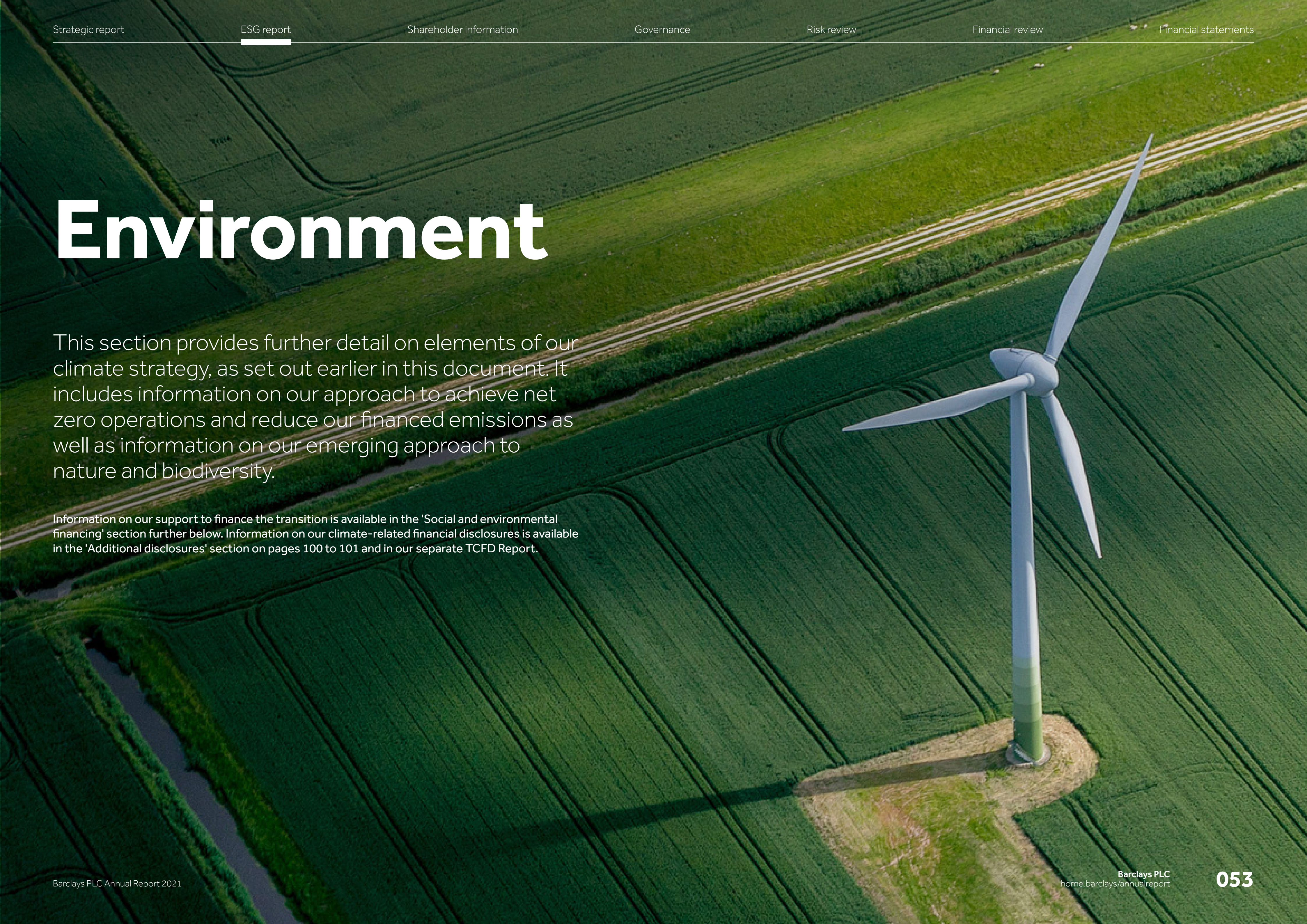
home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/

ESG Additional Reporting Disclosures

We have published detailed climate disclosures, consistent with the guidance given by the Task-Force on Climate-related Financial Disclosures, in a separate TCFD Report. Please refer to our summary of climate-related financial disclosures on pages 100 to 101 for further details.

We also provide additional information online. including progress reporting through our membership of initiatives such as the Principles for Responsible Banking (PRB), as well as reporting indices with reference to the relevant sector guidelines from the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI).

home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/



Environment

This section provides further detail on elements of our climate strategy, as set out earlier in this document. It includes information on our approach to achieve net zero operations and reduce our financed emissions as well as information on our emerging approach to nature and biodiversity.

Information on our support to finance the transition is available in the 'Social and environmental financing' section further below. Information on our climate-related financial disclosures is available in the 'Additional disclosures' section on pages 100 to 101 and in our separate TCFD Report.

ESG: Environment continued

To help support our ambition to be a net zero bank by 2050, Barclays is working to achieve net zero operations.

Our operational footprint

Net zero operations

As part of our ambition to be a net zero bank by 2050, Barclays is working to achieve net zero operations[a] and supply chain emissions. Barclays has been carbon neutral for its Scope 1[b], Scope 2[c] and Scope 3 business travel[d] emissions since 2020. We intend to remain carbon neutral, while investing in the continued decarbonisation of our operations and in the development of a net zero pathway for the emissions from our supply chain.

We are defining net zero operations as the state in which we will achieve a GHG reduction of our Scope 1 and 2 emissions by at least 90% against a 2018 baseline and use carbon removals to eliminate any residual operational emissions that we cannot yet abate.

We are defining carbon neutral as first reducing carbon dioxide emissions then counterbalancing carbon dioxide emissions from Scope 1, Scope 2 and Scope 3 business travel with carbon offsets.

In 2020, we disclosed that we were already net zero from our own operations, based on the common understanding at that time, that net zero and carbon neutral were interchangeable terms. To reflect the most recent interpretations of both of these terms in public disclosure, we will make a distinction between net zero operations and carbon neutral in our disclosures from now on.

The standards available to understand and define net zero are rapidly evolving. We will continue to review and develop our own approach to net zero operations as this subject area matures.

We continue to remain carbon neutral, by reducing or eliminating sources of carbon dioxide emissions associated with our operations and business travel and by compensating any remaining emissions by purchasing carbon credits under the Verified Carbon Standard (VCS).

Decarbonising our operations

In 2019, we joined the global corporate renewable energy initiative, RE100 with a commitment to source 100% renewable electricity for our global property portfolio by 2030, with an interim goal of 90% by 2021.

In 2021, we met our target with 94%[Δ] of the electricity used across our global property portfolio coming from renewable sources. This transition to renewable sources of energy contributed to Barclays exceeding its target of 80% GHG emissions reduction for Scope 1 and Scope 2 (market based) emissions by achieving an 86%[Δ] reduction in 2021. Over the coming years, in addition to using green tariff[e] and energy attributes certificates[f] to achieve our RE100 commitment, we aim to sign Power Purchase Agreements[g] and increase on-site renewable energy generation. We intend to generate 10% of our key campuses total operational energy from on-site renewables by 2035. For example, we have installed a solar panel power plant in our Pune campus that has reduced our emissions by 80tCO_2e from February to September 2021 and we are building a Sustainability Centre in our Glasgow campus that will provide self-generated solar energy for our Glasgow campus.

At the same time as continuing our transition to renewable electricity, we intend to decarbonise our global property portfolio by progressively eliminating the use of fossil fuels currently used to heat and cool our buildings. We will continue removing the use of natural gas in our buildings, replacing gas boilers with carbon-free heating technologies when feasible. We will also continue to embed circular economy principles to reduce waste in our buildings and support the regeneration of natural systems.

Notes

Δ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG Resource Hub for details: home.barclays/sustainability/esg-resource-hub/

a. Operations include company cars, offices, retail branches and data centres where Barclays have operational control.
b. Scope 1 emissions include our direct GHG emissions from natural gas, fuel oil, company cars and HFC refrigerants.
c. Scope 2 emissions include our indirect GHG emissions from purchased electricity and purchased steam and chilled water.
d. Scope 3 business travel emissions are our indirect emissions from commercial air travel and other transport.
e. Green tariffs are programmes in regulated electricity markets offered by utilities that allow large commercial and industrial customers to buy bundled renewable electricity from a specific project through a special utility tariff rate.
f. EAC is the official documentation to prove renewable energy consumption. Each EAC represents proof that 1 MWh of renewable energy has been produced and added to the grid. Global EAC standards for renewable claims are primarily Guarantees of Origin in Europe, RECs in North America and International RECs (I-RECs) in a growing number of countries in Asia, Africa, the Middle East and Latin America.
g. A Power Purchase Agreement (PPA) for renewable electricity is generally defined as a contract for the purchase of power and associated renewable energy credits (RECs) from a specific renewable energy generator (the seller) to a purchaser of renewable electricity (the buyer).

ESG: Environment continued

Improving the energy efficiency of our operations

In 2021, we launched an Energy Optimisation Programme to help improve the energy efficiency of our global property portfolio. The programme aims to improve our building management system (BMS) controls, including our use of air conditioning units and energy efficient technologies such as LED lighting, as well as our ability to adjust to changing occupancy requirements and weather conditions. To align with the UK Green Building Council net zero building pathway recommendations, we intend to achieve a 70% energy intensity reduction across our key campuses by 2035.

Making our operations more environmentally sustainable

We continue to work to ensure our facilities consume fewer resources, maximise the re-use of our materials and improve indoor environmental quality.

In 2021, we produced 4,014 tonnes of waste across our key sites; while this is a 76% reduction in comparison to 2018; we recognise that we need to do more. The reduction in waste was largely driven by our new hybrid working model accelerated by the COVID-19 pandemic and the investment in our digital capabilities. For example, we reduced the volume of purchased paper by 91% compared to 2018.

Our ambition is to achieve and maintain TRUE (Total Resource Use and Efficiency) zero waste certified projects across our key campuses by 2035, which means we must divert a minimum of 90% of solid, non-hazardous wastes from the environment, landfill, incineration (waste-to-energy) to recycling facilities or locations where the waste can be reused.

To support our waste reduction strategy, our Glasgow campus has already partnered with Soulriders to redistribute surplus food to local charities and started to replace single use items with reusable items and repurposed the onsite compost for our landscaping needs.

We continue to work to improve the efficiency of our water consumption across our key campuses by investing in water saving infrastructure. For example, Pune was our first campus to have a fully integrated rainwater harvesting system to store and repurpose 50,000 litres of rainwater.

To support our efforts to design and operate sustainable buildings, we aim to follow sustainability best practices, including the US Green Building Council's Leadership in Energy and Environmental Design (LEED) certification programme and international green building standards, such as Building Research Establishment Environmental Assessment Method (BREEAM), National Australian Built Environment Rating System (NABERS) and GreenMark. In 2021, 45% of our global property portfolio had green building certifications, and 35% buildings remain certified to ISO 14001, the international standard for designing and implementing an Environmental Management System (EMS). Our ambition is to roll out ISO 14001 certifications across our key campuses by 2025.

Minimising our travel emissions

Even though employee travel is a relatively small source of our carbon emissions, we intend to minimise travel emissions where we can. We do this by leveraging digital technology where possible as an alternative to face-to-face meetings, adjusting our travel policy to promote low-carbon solutions and avoid non-essential business trips and using our booking and reporting platforms to improve colleagues' awareness of their individual carbon footprint.

In 2021, total colleague air travel emissions were 1,797 tCO_2e, with a 97% reduction against a 2018 baseline, accelerated by travel restrictions arising from the COVID-19 pandemic. As we move to more normalised business travel levels after the pandemic, we recognise we may see an increase in travel emissions in future years. All emissions related to our business travel are offset.

Engaging our colleagues

We want to engage our colleagues and help them upskill as we all transition to a low-carbon economy and try to lower their personal carbon footprint. We partner with a number of community programmes for colleagues to take part in, and raise awareness on global environmental campaigns such as the World Environment Day and Earth Hour, as well as operating 11 employee-led environmental networks globally. In 2021, we piloted a colleague app where users earn 'green points' for completing sustainable actions such as avoiding single-use plastic and switching off monitors when they are not being used. This resulted in more than 850 employees in the UK taking more than 6,000 actions, helping to avoid an estimated 15,000 kg CO_2e.

Carbon offsetting

We purchase carbon offsets, under the VCS to compensate for any remaining emissions in our operations and business travel.

We conduct due diligence as part of our procurement of carbon offsets. We have invested in a portfolio of credits, under the VCS, that come from approved methodologies. In addition to internal reviews, we also undertake third-party review of the project portfolio from an independent voluntary carbon markets advisory firm, which is not directly involved in the sourcing process. All final projects must pass independent due diligence screening based on risk assessment in five key areas: location, technology, additionality, environmental and social impacts as well as environmental and social benefits.

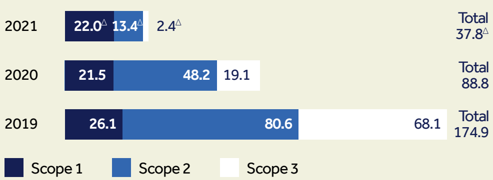
As part of our operational and business travel carbon offsetting strategy, we maintain support for nature-based climate solutions. This includes the purchase of carbon credits from REDD+ (reducing emissions from deforestation and forest degradation) avoided deforestation projects, as well as a project by Indigo which seeks to enhance soil carbon in agricultural land. We recognise the importance of ensuring the integrity of natural capital and we screen nature-based offsets against established methodologies and where possible, have additional environmental and social co-benefits.

We firmly support initiatives to enhance the integrity and quality of the voluntary carbon markets including the work of the Taskforce on Scaling Voluntary Carbon Markets.

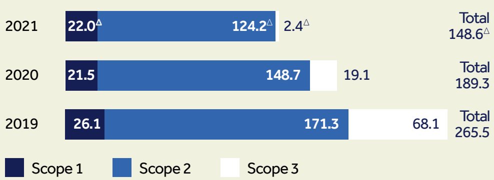
ESG: Environment continued

Operational footprint dashboard

Total GHG emissions by scope (market based)
'000 tonnes CO_2e



Total GHG emissions by scope (location based)
'000 tonnes CO_2e



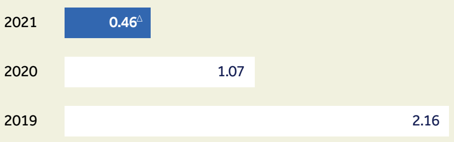
Scope 1 and 2 (marked based) GHG emission reductions(against a 2018 baseline)

-86%Δ

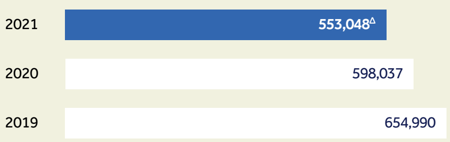
Against a target of -80% by the end of 2021

2020: -73%

GHG emissions intensity (market based)
tonnes CO_2e / FTE



Total energy use
GWh



Progress against Barclays' commitment to RE100

94%Δ

Against a target of 90% by the end of 2021 and 100% by the end of 2030

2020: 79%

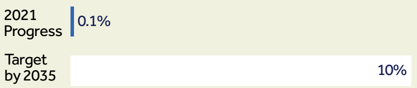
ESG Data Hub

See the ESG Data Hub for further details on our annual operational Greenhouse Gas emissions since 2018, including our Scope 1, Scope 2 and Scope 3 business travel location based and market based emissions. We further provide insights on our annual waste production, energy and water consumption and renewable electricity consumption by country.

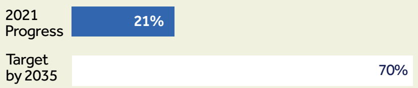
Further details relating to our operational footprint can be found at: home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/

Campus sustainability measures

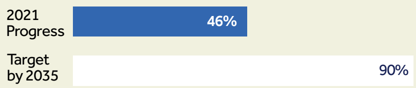
On-site renewable electricity generation



Energy intensity reduction (kWh/m²) (against a 2019 baseline)



Waste diverted



Improve water efficiency

89%

recycled water used at our Pune campus

Notes

1 Emission reductions and intensities have been reported using the market based methodology.

2 The reporting year for our GHG emissions is 1 October to 30 September. The methodology used for emissions calculation is the WRI/ WBCSD Greenhouse Gas (GHG) Protocol. We have adopted the operational control approach on reporting boundaries. For more information, see the Barclays ESG Reporting Framework 2021 on our ESG Resource Hub.

3 For 2021, we have applied the latest emission factors available at the time of reporting. We continuously review and update our performance data based on updated carbon emission factors, improvements in data quality and updates to estimates previously applied. We have recalculated this information from our previous 2020 reporting year. Where the recalculation of our performance using updated carbon emissions factors and improvements in data quality and estimates has resulted in a change of more than 5% we have represented these figures in the table above. In 2021, we conducted a review of our GHG emissions inventory for Scope 1 and Scope 2 to improve the transparency of our public emissions disclosure. Historically, Barclays have chosen to account for third party managed data centres under Scope 1 and Scope 2. Based on our review, and with due regard to the GHG Protocol Guidelines and Operational Control definitions, we have updated our GHG accounting policy and reallocated the emissions of third party managed data centres under Scope 3 'downstream leased assets', which will be reported in future. This reallocation is reflective of our limited control over energy sources at third party managed data centres. We have therefore re-baselined our historic emissions for 2018 and updated our reported figures for subsequent years. The previously reported Scope 2 (location based) emissions were: 2018 (203,100 tCO2e), 2019 (182,000 tCO2e) and 2020 (159,500 tCO2e). In addition, a correction to underlying fugitive consumption data was identified, which has resulted in an adjustment to 2018-2020 fugitives emissions. The previously reported Scope 1 emissions were: 2018 (25,900 tCO2e), 2019 (23,800 tCO2e) and 2020 (18,800 tCO2e).

Δ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG Resource Hub for details: home.barclays/sustainability/esg-resource-hub/

Further details of the data provided, including further granularity of decimal points can be found in the ESG Data Hub located within the ESG Resource Hub at home.barclays/sustainability/esg-resource-hub/

ESG: Environment continued

Barclays is committed to aligning its financing with the goals and timelines of the Paris Agreement.

Reducing our financed emissions

In 2020, we set an ambition to be a net zero bank by 2050 and committed to align all of our financing to the goals and timelines of the Paris Agreement.

In order to meet this ambition, we need to reduce the client emissions that we finance, not just for lending but for capital markets activities as well. To help us achieve that, we developed BlueTrack™[a], our methodology for measuring financed emissions and tracking them at a portfolio level against the goals of the Paris Agreement. BlueTrack™ builds on and extends existing industry approaches to cover not only lending but also capital markets financing. We believe our approach to measuring financed emissions better reflects the breadth of our provision of financing for clients through our investment bank.

We started by setting targets for the Energy and Power sectors because they are responsible for up to three-quarters of all Greenhouse Gas (GHG) emissions globally. As a founding member of the Net-Zero Banking Alliance (NZBA), we intend to use science-based decarbonisation scenarios to set targets for a number of high emitting sectors by 2024.

When we developed BlueTrack™, we acknowledged it was a first generation methodology and we would continue to enhance and refine it.

In 2021, we continued to develop our methodology including adding granularity and updating external client and industry data as these become available over time. We have re-performed the 2020 year-end estimates (as reported in 2020) by enhancing those estimates with the improved data that became available during 2021.

On a net basis, these changes had no notable impact on our baseline data as reported. As our methodology evolves we will continue to review the impact on our reported baselines and we will re-perform estimates from time to time with available data.

There is no consistent industry-wide approach to measuring emissions and approaches continue to evolve. We are actively involved in industry-wide initiatives to build consensus on carbon accounting and portfolio alignment, for example through our membership of the Partnership for Carbon Accounting Financials (PCAF).

We continue to evolve our approach and welcome the continuing industry efforts to converge on a common standard.

Say on Climate

In line with our commitment to offer shareholders a 'Say on Climate', we will be publishing an update on our climate strategy, targets and methodology in advance of the 2022 Annual General Meeting. This will include 2030 targets for two new sectors, Cement and Metals (Steel).

Further details can be found at: home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/

Energy and Power

In November 2020, we set a target for a 30% reduction in the CO_2 intensity of our Power portfolio by 2025, as well as a target for a 15% reduction in absolute CO_2 emissions of our Energy portfolio by 2025.

In 2021, we reduced our absolute financed emissions in Energy by 22%, exceeding our 2025 Energy target. This reflects year-on-year reductions in borrowing and capital markets volumes across the market to more normalised levels, as well as conscious changes to our lending portfolio, where we have re-evaluated credit risk limits in segments of the Energy sector which could be most adversely affected by climate change. In 2022, a post COVID-19 pandemic rebound of the markets may result in increased issuance volumes which in turn may reverse some of our progress achieved to date. However, we also expect to see further reduction in our clients' emissions as they implement their transition plans.

Our Power portfolio has seen an 8% net decrease in emissions intensity during 2021, reflecting changes in both our lending and capital markets activity. We have supported our Power clients in transitioning their business models in 2021, across all sectors, we facilitated £29.8bn$^{\Delta}$ of total green financing, up 70% from £17.6bn in 2020. This includes £2.5bn used to directly fund renewable power generation projects. This increase in green financing[b] across the Power sector reflects the increased emphasis both issuers and investors are placing on accelerating the transition to a low-carbon economy, which is reflected in the reduction in emissions intensity of our financing.

While we have seen solid progress against our targets in 2021, it is important to note that progress towards our targets will likely be volatile and non-linear. The transition to a low-carbon economy will be reflective of the specific pathways companies take. For some sectors progress can occur in the short term while for others, the technologies required to transition are not yet fully available meaning they are likely to transition at a later point in time.

Achieving our targets will largely depend on our clients' progress on their individual transition pathways. Many of our clients have published their own transition plans and report on their progress; other clients have not yet made their transition plans public. We expect that, over time, more clients will publish plans and also that many of our clients will be able to accelerate their plans beyond what is known today. In the short term, we may experience significant decreases or increases in our metrics, partly due to the volatility of the mix and volume of capital markets financing (included in our metrics) which is generally beyond our control and due to the pace of our clients' emission reductions.

Notes

a. Further information as well as a detailed methodology white paper will be made available online, see: home.barclays/sustainability/our-position-on-climate-change/

b. Further details on our green financing can be found on page 69.

ESG: Environment continued

We continue to focus on understanding our Power and Energy clients' transition plans. There has been a notable acceleration in clients' targets and climate commitments, particularly as they look to decarbonise their own operations (Scope 1 and 2) with some clients also now including Scope 3 emissions in their climate targets. In our Energy portfolio, approximately three quarters of our financing is with Energy producers that have published decarbonisation targets; over half of our financing is to clients that have committed to becoming net zero in their Scope 1 and 2 emissions by 2050. We have also seen an increase in decarbonisation commitments from our Power utilities clients. As companies release their annual reported metrics for 2021 in the coming months, we expect to see further details and evidence of their progress against their commitments, which will be reflected in our metric over time.

Just Transition

Barclays recognises the need to sustain and support livelihoods and communities in the UK and around the world as we support our clients to transition to a low-carbon economy. A Just Transition is essential for achieving the goals of the Paris Agreement. The Paris Agreement envisages that appropriate financial resources, new technology and an enhanced capacity building framework are put in place to support action by those countries most vulnerable to the impacts of climate change. Governments and the private sector each have roles to play in ensuring that the transition to a low-carbon economy is not carried out at the expense of vulnerable communities, social welfare, and access to decent work and quality jobs. Financial institutions have a role to play in integrating social considerations into their supply chains, policies, and decision-making as part of their participation in the transition towards a low-carbon economy.

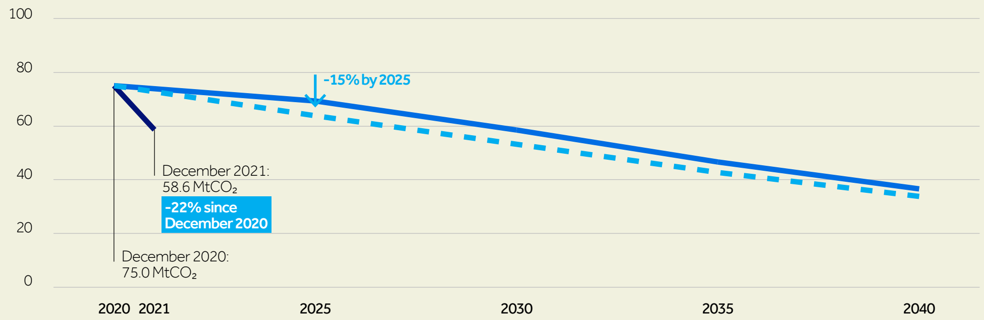
In 2021, Barclays joined over 40 financial institutions and stakeholders to form the Financing a Just Transition Alliance (FJTA), coordinated by the Grantham Research Institute on Climate Change and Environment at the London School of Economics (LSE). The Alliance aims to translate the concept of a Just Transition into tangible steps and outcomes. In 2021, Barclays contributed to the report, 'Just Zero: 2021 Report of the UK Financing a Just Transition Alliance', which sets out requirements for a Just Transition in the UK, while highlighting potential applications in an international context.

The report featured a Barclays case study, focusing on Barclays' Rebuilding Thriving Local Economies (RTLE) programme. The RTLE is a five-year initiative, launched in 2018, that aims to boost local economies across the UK through cooperation with local authorities, academics, schools and business groups. The coastal community of Great Yarmouth was announced as a RTLE pilot area in March 2021; its large offshore wind sector represents a growing industry key to the decarbonisation of the UK's energy supply. While in the early stages of this pilot, Barclays began to scope out ways to help facilitate a Just Transition, focusing on two areas – supporting local businesses and addressing the local skills gap. Barclays will work directly with businesses, business groups and local business leadership to help them find opportunities for growth and job creation from the transition.

Our current estimate of our clients' activity based on our disclosed methodology

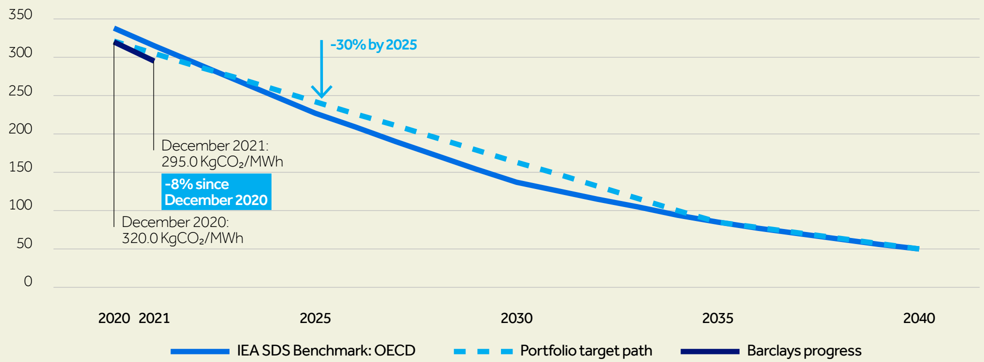
BlueTrack™ financed emissions – Energy

Absolute emissions $MtCO_2$



BlueTrack™ financed emissions – Power

Emissions intensity $KgCO_2/MWh$



The 2021 Benchmark OECD data provided is interpolated i.e. As the IEA 2019 SDS OECD report only provides data for certain time points, the years in between these time points are linearly interpolated to generate estimated values, including the value used for 2021.

ESG: Environment continued

Banks have a critical role to play in stewarding nature-positive finance and managing their nature-related risks.

Our approach to nature and biodiversity

Nature and biodiversity are intrinsically connected to efforts to mitigate and adapt to the effects of climate change and are vital to ensuring a sustainable economy and healthy society. The financial sector will have an important role to play in stewarding responsible finance and in supporting new financial flows for a nature-positive future. As a financial services institution, this includes understanding and evaluating the ways in which our financing activities impact on nature. It also includes the ways in which the organisation is dependent on nature and functioning ecosystems.

Barclays has relationships with customers and clients across a wide range of sectors and geographies, who face risks to their operations, supply chains and markets from biodiversity loss and land-use change. Recognising the importance of this agenda, we are developing our understanding and evaluating the Group's environmental impacts and dependencies as well as where we can support our clients through the transition to a nature-positive economy.

Collaboration both within and across industries is essential to this transition. Barclays is pleased to be a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum. We also joined the Get Nature Positive initiative alongside other businesses to identify opportunities to take nature-positive action. Recognising deep interlinkages across environmental and social themes, it is necessary to view our work on nature and biodiversity, which includes our approach to deforestation and human rights on page 78, in tandem with our work on climate as summarised on pages 100 to 101.

Nature-related risk in financing

We intend to do more to assess and minimise negative impacts of our financing activities on nature. We have included financing restrictions that seek to address biodiversity risk within our position statements on Forestry and Agricultural Commodities, World Heritage Sites and Ramsar Wetlands, and Climate Change.

Barclays has engaged with a number of emerging methodologies to assess nature-related impacts and dependencies at a portfolio level. In 2021, Barclays contributed to initial developments of the Natural Capital Finance Alliance's ENCORE biodiversity module which supports financial institutions to better understand biodiversity-related impacts of their portfolios and we are part of an industry user group working to develop an approach to assess nature-related risks and opportunities relevant to financial institutions.

Further to the work that began in 2020 in relation to identifying biodiversity and ecosystems as a critical area within our PRB pilot impact assessment, we continue to assess any associated impacts within our portfolio.

For further details, see our position statements on the Barclays ESG Resource Hub at: home.barclays/sustainability/esg-resource-hub/

Further details on our position statements can be found in the non-financial information statement on pages 49 to 50.

Get Nature Positive

In 2021, Barclays joined Get Nature Positive, an initiative led by the UK Government's Department for Environment, Food and Rural Affairs and the Council for Sustainable Business. Get Nature Positive is a commitment by businesses to advance on their journey towards nature positive action. Through the initiative, businesses agree to continuously enhance their understanding of nature-related business impacts and to identify new opportunities.

Barclays joined other businesses at the 2021 United Nations Climate Change Conference (COP26) for Nature Day to promote the newly launched initiative, and to showcase what the financial sector is doing to protect and preserve nature and biodiversity.

Further details on Get Nature Positive can be found at: getnaturepositive.com/

ESG: Environment continued

Nature-related financing

Biodiversity and nature-related financing present significant opportunities for the financial sector given the large requirement for capital to protect and restore biodiversity and natural ecosystems. Barclays can contribute to meeting this gap through our green and sustainable finance targets. These targets include financing related to biodiversity, such as 'sustainable food, agriculture, forestry, aquaculture and fisheries' in addition to financing that tracks against Sustainable Development Goal (SDG) 14, Life Under Water as well as SDG 15, Life on Land.

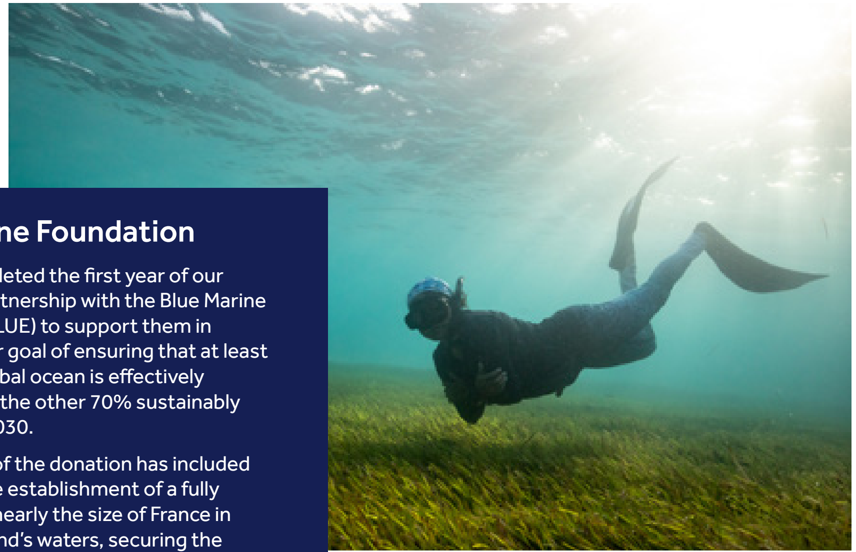
Barclays' operational and business travel carbon offsetting strategy includes support for nature-based climate solutions. This includes the purchase of carbon credits from REDD+ projects and support for an innovative early-stage project by Indigo, which focuses on measurably enhancing soil carbon levels in agricultural land through the promotion of regenerative farming practices. We recognise the importance of the integrity of natural capital and we aim to ensure any nature-based offsets we purchase are issued under high quality standards and certifications and where possible, have additional environmental and social co-benefits.

In addition to accounting for our own operations and recognising the critical role of natural systems in combating climate change, Barclays' partnership with the Blue Marine Foundation is helping to support the protection and sustainable management of the world's ocean, the planet's largest natural carbon sink.

For further details on Nature-related financing, see our 'Sustainable financing' section on pages 69 to 72.

For further details on our approach to SDGs can be found in the ESG Resource Hub at: home.barclays/sustainability/esg-resource-hub/

For further details on Barclays' approach to environmental impacts in our operations, see the 'Managing our operational footprint' section on pages 54 to 56.



BLUE's Maldives Project Manager, Shaha, swimming above seagrass. Credit: Matt Porteous

Blue Marine Foundation

Barclays completed the first year of our three-year partnership with the Blue Marine Foundation (BLUE) to support them in delivering their goal of ensuring that at least 30% of the global ocean is effectively protected and the other 70% sustainably managed by 2030.

The first year of the donation has included supporting the establishment of a fully no-take zone nearly the size of France in Ascension Island's waters, securing the protection of 300km² of seabed and kelp forests on the south coast of the UK, developing a new online educational platform to communicate the link between ocean health and climate change, and developing thought leadership in conservation finance, blue carbon and oceanic climate change.

Recognising the critical links between the ocean and the issues of climate change and biodiversity loss, this partnership is an example of how collaboration between NGOs and the corporate sector can bring together new opportunities for nature-positive action and seek to make progress against the gap in financing for climate and biodiversity solutions.

Further details on the Blue Marine Foundation can be found at: bluemarinefoundation.com/

Social

This section describes our approach to social matters within our business, such as accessible retail product and service offerings, understanding our customers and clients expectations and aspirations, and the way we look to manage ESG matters in our supply chain. Information on our people and culture is available in our dedicated Diversity and Inclusion Report. We support our communities through a range of initiatives and partnerships, with additional information available in the Strategic Report.

Supporting our colleagues

Our colleagues are our most valuable assets. They make a critical difference to our success, and investment in them protects and strengthens our culture. For more details about how we support our people, please see below:

- The 'Our people and culture' section of our Strategic Report 2021, see pages 29 to 34
- Our Diversity and Inclusion Report, which covers our wellbeing programme and the six intersectional pillars of our diversity and inclusion agenda
- Our Group Health and Safety Statement of commitment
- Our UK Pay Gaps disclosure
- Our Fair Pay Report
- Our Statement on Human Rights

For further details, see the ESG Resource Directory on page 103.

ESG: Social continued

We are determined to understand our customers' and clients' expectations and aspirations, and develop products and services that support them.

Accessible retail products and services

Access to banking

The banking services we provide and the manner in which they are delivered continue to evolve, driven by the changing needs of our customers. How we bank today is unrecognisable from 50 years ago. Customers are demanding more convenient, simpler ways to bank that fit their lives. We are continuing to help deliver these solutions at pace.

As a part of these changes, it is not just the number, but also the role of the physical branch that is evolving from a place where a significant number of transactions are completed manually, to one in which customers can be supported to be more financially empowered and self-sufficient over simple transactions. Using technology, with assistance for vulnerable customers and those that need help, we are creating space and time for more complex financial conversations.

This ongoing change in behaviour means that as the number of bricks and mortar branches has reduced over time, we are also investing in new, more flexible ways of serving customers better in the long run. These include temporary and flexible banking pop-ups in community spaces, libraries and companies, and the introduction of mobile banking vans.

Alongside our investment in technology enabling close to 11 million digital customers to access tools and products whenever they need them, these new destinations will transform everyday banking by making it easier and more convenient, while keeping Barclays at the heart of the community, on a long-term sustainable basis.

We are working to ensure that customers who rely on cash; in particular, older and more vulnerable customers can still access it and get the support they need. This is why we have joined forces with our competitor banks and consumer groups, the Post Office and LINK, in an agreement on shared services helping to ensure long-term cash availability across the UK.

In the future, as branch closures are announced, LINK will independently assess remaining cash provision against agreed industry standards, and where required, in conjunction with local communities, will propose new shared services.

The industry will work together to deploy these services on a shared cost basis, which will include shared Banking Hubs and ATMs. In this way we will help to ensure that no one is left behind, with every person and small business being guaranteed reasonable access to cash in a sustainable manner.

Alongside these changes, we are continually investing in multi-skilled training for our colleagues so they are better able to serve customers in ways that meet their needs today as well as breaking down internal barriers to enable more queries to be resolved by the first person a customer speaks to at Barclays, whichever way the customer chooses to contact us.

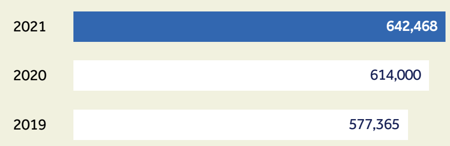
Basic current account

Since 2015, we have been offering our basic current account, which meets HM Treasury's Memorandum of Understanding on basic bank accounts. There were over 642,000 Barclays basic current accounts open at the end of 2021.

Our basic current accounts provide individuals who may not be eligible for a standard account access to banking including; over the counter services, access to ATMs, and digital banking and free text alerts to manage finances.

Access to a transactional bank account enables consumers to benefit from bill reductions through paying by Direct Debit and access to cheaper goods and services on the internet, which goes some way towards alleviating the poverty premium. If their circumstances change, customers on the basic current account are able to apply for a standard Barclays current account at any time.

Number of basic current accounts



Community accounts

We also provide free banking to over 115,000 small not-for-profit organisations through our community accounts.

Digital accessibility

We aim to ensure that our digital services are easy to see, hear, understand and use for all customers, including those with disabilities. AbilityNet (a leading UK disability charity) has independently accredited for accessibility the key journeys of our online banking website and mobile app during 2021.

We have strengthened accessibility requirements within our procurement processes, recognising the importance of partnering with suppliers and giving clear expectations.

We seek to deliver digital services and workplace tools that promote disability inclusion and meet accessibility requirements set out in the Web Content Accessibility Guidelines (WCAG) 2.1 AA level.

ESG: Social continued

Barclays mortgages and first-time buyers

In 2021, we helped over 150,000 customers take out a mortgage or further borrowing on their property. This included over 48,000 first time buyers who we helped get onto the property ladder, up 92% from 2020, and the highest number in our history. We have continued to support customers with their home buying needs and have had a record performance in mortgage completions during 2021.

In April 2021, we launched new mortgage products under the government's Mortgage Guarantee Scheme, enabling us to offer 95% loan to value mortgages to customers buying their first property or looking to move home.

Our Family Springboard Mortgage allows homebuyers to secure a mortgage with the help of family or friends, while allowing the 'helper' to earn interest at the same time. Homebuyers can obtain a mortgage with only a small deposit or even no deposit. This helps them buy their property sooner than they would otherwise be able to, provided that their helper (typically parents) deposit 10% of the property purchase price in a Helpful Start account for five years. Subsequently the funds are released back to the helper.

2021 Highlights

UK Mortgages issued or further borrowing on their property

£33.9bn

150,000

Number of First Time Buyers

48,000

(2020:) 25,000

Financial inclusion in our US consumer business

The Community Reinvestment Act (CRA) is a US federal law designed to encourage commercial banks and savings associations to help meet the needs of borrowers in all segments of their communities, including low and moderate-income neighbourhoods. Congress passed the Act in 1977 to reduce discriminatory credit practices against low-income neighbourhoods, a practice known as red-lining.

The Act instructs the appropriate federal financial supervisory agencies to encourage regulated financial institutions to help meet the credit needs of the local communities in which they are chartered, consistent with safe and sound operation (Section 802).

To enforce the statute, federal regulatory agencies examine banking institutions for CRA compliance, and take this information into consideration when approving applications for new bank branches or for mergers or acquisitions (Section 804).

Barclays meets the CRA requirement by supporting and investing in local small businesses and non-profits. The success of the small businesses and non-profits are key to a thriving community.

Barclays has predefined goals with specific performance targets that we must meet each year in order to be considered in compliance with CRA guidelines. Barclays in the US has not only met their respective requirements but exceeded the goals for 2021. Exceeding the CRA performance goals is evidence that Barclays is continuing to invest in the communities in which we live, work and serve.

The Barclays Bank Delaware (BBDE) Compliance function operates and maintains a comprehensive Fair Lending Compliance Management System (CMS).

As part of the CMS, BBDE employees and Board members receive Fair Lending training annually. The BBDE Board reviews and approves BBDE's Fair Lending Statement which communicates zero tolerance on discriminatory practices in BBDE. Upon Board approval, this Statement is communicated annually to all BBDE employees.

BBDE including Barclays US Consumer Bank (USCB) is committed to fair and equitable treatment of all prospective and existing customers without regard to race, sex, colour, national origin, religion, age, marital status, disability, sexual orientation, military status, gender identity, familial status, limited English proficiency, receipt of public assistance income, and good faith exercise of rights under the Consumer Credit Protection Act. We believe Barclays' core values of Respect, Integrity, Service, Excellence, and Stewardship reflect our commitment to fair lending and fair treatment principles and practices. We strive to develop long-term relationships by providing products and services that meet customer needs, avoid causing customer detriment or harm, and place our customer's interests at the heart of our strategy, planning, and decision-making processes.

Economic crime and scams

In what has been a particularly tough year for economic crime and scams across the industry, as scammers have exploited the COVID-19 pandemic; we have increased our efforts to tackle economic crime at all levels. We have supported UK Finance with their national Take Five campaign, to help keep the public safe through a multi-stage educational campaign, with content across our social media, email, in-app notifications and media outreach, we are working to arm our customers with the knowledge they need to spot a scam and prevent themselves from becoming a victim.

Additionally, to help keep our customers safe, we've continued to invest millions of pounds in multi-layered security systems that protect against frauds and scams and implemented functionality across our channels to stop scams before our customers become victims. This includes 'Confirmation of Payee', an account name checking service that helps to make sure payments aren't sent to the wrong bank or building society account, helping to prevent fraudulent or scam payments, and App ID, which allows Barclays colleagues to verify to customers that they're a legitimate caller and not an impersonator by sending push notifications to the customer's Barclays App which includes the call handler's name.

ESG: Social continued

In addition, we are part of the 'Do not originate' scheme, created in partnership with the telecommunications industry, UK Finance and Ofcom, to prevent our most common in-bound helpline phone numbers from being used in a scam.

Participating telephone companies are provided with phone numbers that we use only for in-bound customer calls and never for out-bound. These numbers are then blocked should the telephone companies see them being spoofed by fraudsters.

We are also proud initial signatories of the Contingent Reimbursement Model Code, providing measures to help prevent Authorised Push Payments scams taking place and increased consumer protection standards for customers of signatory firms.

However, the ultimate objective must be to stop scams at source, before the criminals can even reach their victims. As such we are playing a leading role in facilitating greater collaboration across the 'scams ecosystem' (including financial services, telecommunications, online commerce, social media, and other sectors) to deliver a comprehensive and collaborative solution to this urgent societal challenge.

This is why we are founding members of Stop Scams UK, a cross-industry group made up of banks, telecoms and tech firms that have come together to put an end to scams by collaborating, sharing best practices and engaging with the government and regulators to make it harder for scammers to operate.

We are also part of a new dedicated hotline for customers to call if they think they are being called by a scammer. The 159 hotline, created through Stop Scams UK, is a collaboration between nine leading banks that represents 70% of the UK's current account customers and telecoms firms representing 80% of UK mobile phones and landlines.

If you suspect that you have been approached by fraudsters please tell the FCA using the share fraud reporting form at fca.org.uk/scams. You can also call the FCA Helpline on 0800 111 6768 or through Action Fraud on 0300 123 2040.

Social Innovation Facility

The Barclays Social Innovation Facility (SIF) is an internal initiative that incubates ideas for financial products and services which seek to address specific environmental or social challenges in a commercial way.

Social Business case study

The SIF has provided funding and support to the social business proposition, an initiative designed to enhance our existing support for the social business sector within Barclays' Business Bank. Through this proposition, launched in November 2020, we are able to offer social businesses the support they need to grow their impact with specialist expert support, access to finance, practical business mentoring and project delivery, enabling us to proactively promote products and services, further support this sector, and build our reputation by driving positive impact.

Social businesses are created to make a positive impact against some of the key social and environmental challenges the world faces, best outlined by the UN SDGs. They aim to represent a dynamic, ethical and more sustainable way of doing business, with impact driving their business models. These types of businesses reinvest their profits back into creating the impact they're striving to achieve. A rapidly-growing sector, social businesses have diverse business models that range from purely charitable to strongly commercial, from local enterprises to scale-ups with UK-wide and often global potential.

As part of the social business proposition, we supported the launch of a flagship publication in the social business sector from Social Enterprise UK (SEUK).

The SEUK State of Social Enterprise Report 2021 in provides insight as to the state of the social enterprise sector in the UK. The report notes key points including the record-breaking 12,000 social enterprises founded during the COVID-19 pandemic; and the contribution social enterprises in the UK bring to the economy and employment, contributing £60bn and employing two million people.

SIF Highlights

Ventures supported since 2015

32

Products launched since 2015

10

ESG: Social continued

With nearly 7,000 companies from more than 26 countries supplying us, our supply chain helps our businesses deliver for our customers, clients and colleagues.

Our supply chain

2021 Highlights

Global spend with diverse suppliers

8%

(2020: 8%)

Prompt payment rate

90%

(2020: 88%)

With nearly 7,000 companies[a] from more than 26 countries supplying us, our supply chain helps our businesses deliver for our customers, shareholders and colleagues. Though our businesses are geographically diverse, nearly 90% of our third-party spend is concentrated in the UK and the US with many of our suppliers having their own extensive supply chains, we connect to thousands more businesses and employees worldwide.

Our supply base is diverse across scale, ownership type and structure from privately-held start-ups to publicly-listed multinational corporations.

Although Barclays has sought to reduce the size of its supply chain over recent years which resulted in a reduction of our supplier numbers in 2021, our focus has been on establishing a preferred supplier list for products and services that ensures adequate geographical coverage and at the same time, creates opportunities for our diverse suppliers[b] which encompass small or medium-sized enterprises and diverse-owned[c] businesses.

ESG in the supply chain

As part of the Group's ESG strategy, we are focused on environmental and social responsibility in our supply chain, initially across three pillars of diversity and inclusion, the environment and modern slavery.

We aim to encourage transparency and inclusive cultures, without the opportunity for modern slavery to exist while reducing the environmental impact of our business.

Third-party operational and reputational risk management

Barclays' expects our suppliers to comply with all applicable laws, regulations and standards within the geographies in which they operate.

Supplier relationships are assessed and managed based on the inherent risk posed to Barclays through provision of the services. We expect higher risk categories of suppliers to operate in accordance with our Third Party Code of Conduct (TPCoC). The Barclays Supplier Control Obligations (SCOs) and TPCoC are published on the Barclays website for all new and existing suppliers to view and are refreshed regularly to meet Barclays' current standards and the latest regulatory requirements.

Additionally, on an annual basis, suppliers categorised as higher risk must attest to their ongoing aim to meet the expectations placed upon them within the TPCoC and, where they are unable to meet these expectations, remediation must be progressed in order for the relationship with the supplier to remain in good standing.

The Barclays SCOs set forth expectations of suppliers considered Material Outsourcing, Important, High or Limited risk across several risk categories including Complaints, Data Privacy, End-User Developed Applications, Health and Safety, Information and Cyber Security, Payments Processing, People Screening, Physical Security, Records Management, Resilience and Technology risk, Data Management, Digital Accessibility and Transaction Operations.

The Barclays TPCoC is informed by the Global Reporting Initiative, an international set of voluntary standards, and sets forth our minimum expectations with regard to environmental management, human rights, diversity and inclusion, societal responsibility, product responsibility, whistleblowing and working in accordance with the Barclays Values. In instances where standards outlined in the TPCoC differ from local laws and customs, we expect suppliers to respect these standards within the context of the customs and the local laws of their specific geography.

Notes

a. Includes non-addressable spend and One Time Vendors (OTV).

b. Spending between Barclays and diverse suppliers is considered first-tier spending. Spending between Barclays' first-tier suppliers that can trace subcontracted spend with diverse suppliers on Barclays-specific work is considered second-tier direct spending.

c. For Barclays, a diverse supplier is either diverse by size – a micro, small or medium-sized business – or diverse by ownership – generally 51% owned, controlled and operated by ethnic minorities, women, LGBT+, military veterans, persons with disabilities or social enterprises.

ESG: Social continued

For our higher risk suppliers, their adherence to the SCO and TPCoC is captured pre-contractually via a Pre-Contract Supplier Assurance Attestation (Pre-SAA). Any control gaps or weaknesses are captured in the Sourcing Risk Log which is submitted to the relevant subject matter expert who will opine on the appropriate course of action, based on the level of risk associated with the control gaps. Some of the gaps will be remediated before contract, some will be conditions of the contract and others will be accepted within the Barclays risk appetite and approved by the subject matter expert. Post-contractually, on an annual basis, Barclays seeks ongoing assurance from the supplier that SCO controls continue to be designed and operating effectively.

The assurance approach used is agreed based on the inherent risk associated with the supplier or service(s) provided and may take the form of on-site testing, remote desktop testing or a supplier attestation, or any combination of these approaches.

Any control gaps or weaknesses identified are reviewed with the relevant Barclays Executive accountable for the supplier relationship and subject matter experts and remediation actions are agreed, monitored and tracked to completion.

In 2022, we will be strengthening our TPCoC for our higher risk ESG service providers. We are also evaluating how to strengthen the ESG requirements in our contractual and purchase order terms and conditions to be applied to all service providers regardless of risk rating.

Prompt Payment Code UK

Prompt payment is critical to the cash flow of every business, and especially to smaller businesses within the supply chain as cash flow issues are a major contributor to business failure. Barclays is a signatory to the Prompt Payment Code in the UK. We aim to pay our suppliers within clearly defined terms, and to help ensure there is a proper process for dealing with any issues that may arise. We measure prompt payment globally by calculating the percentage of third-party supplier spend paid within 45 days following invoice date, or receipt date if the invoice is received late (45 days from the invoice date and where a purchase order was raised ahead). The measurement applies against all invoices by value over a three-month rolling period for all entities where invoices are managed centrally.

The need to promptly pay our diverse suppliers became even more important during the COVID-19 pandemic. Barclays established a process to expedite the payments for diverse suppliers at this critical time. In 2021, Barclays made payments to them within an average of eight days from receipt of their invoice.

In 2021, we achieved 90% (2020: 88%) on-time payment to our suppliers (by invoice value), exceeding our public commitment to pay 85% of suppliers on time (by invoice value).

The Duty to Report on Payment Practices and Performance UK Legislation requires reporting on a six-month rolling average, by volume, where we measure percentage of payments made in line with contractual payment terms. Under this definition we paid 89% of UK invoices on time during 2021.

Climate change initiatives in our supply chain

As part of our ambition to be a net zero bank by 2050, we are aiming to reduce emissions associated with the products and services we purchase. That starts with aligning our suppliers with the goals of the Paris Agreement.

We are adopting a staged approach to achieving this ambition, working with key service providers to establish and disclose GHG[a] emissions and help to set science-based GHG reduction targets[b]. Given the extent and diversity of our supply base, we will prioritise our work and will focus our efforts initially with those suppliers with more significant GHG emissions. By 2025, it is our aim that service providers covering 70% of Barclays' addressable spend will be reporting their GHG emissions and will have science-based plans in place.

Since 2016 we have been working with the Carbon Disclosure Project (CDP) to obtain greenhouse gas emissions data from our suppliers. In 2021 we achieved a 90% response rate from those suppliers invited to report their greenhouse gas emissions through CDP, which represents 48% of our addressable spend.

Diversity and inclusion in our supply chain

Barclays believes that diversity and inclusion within the supplier portfolio expands our ability to attract and harness innovative, disruptive solutions in the market that complement our own capabilities, while simultaneously creating economic opportunities for wider, under-represented segments of society. It's why we launched our first Global Supplier Diversity and Inclusion (GSDI) initiative in 2013.

As part of our GSDI initiative, in 2021, 8% of our global addressable spend was placed with small and medium-sized enterprises and diverse-owned businesses as measured by first- and second-tier direct spending. Ownership-diverse businesses are majority owned, controlled and operated by protected class groups, as defined by local governments, such as women, ethnic minorities, LGBT, veterans, service-disabled veterans, persons with disabilities and for-profit social enterprises.

In support of the GSDI, Barclays is a corporate member of, and plays a leading role with, some of the most prominent domestic and international diverse supplier certification organisations including National Minority Supplier Development Council (nmsdc.org), Women's Business Enterprise National Council (wbenc.org), WeConnect International (weconnectinternational.org), National LGBTQ Chamber of Commerce (nglcc.org), National Veteran Owned Businesses Association (NaVoba.org), Minority Supplier Development UK (msduk.org.uk), Disability:IN (disabilityIn.org) and Social Enterprise UK (socialenterprise.org.uk).

In an effort to increase the amount of private and public growth capital made available to diverse-owned businesses, Barclays awarded $100,000 to the National Minority Supplier Development Council to assist in the creation of a new system of capital-access.

By 2025, we are aiming to double our spend with Black and Women majority owned businesses, with overall spend with diverse-owned businesses growing to 10% of Barclays annual global addressable spend. In addition, the aim is for service providers which make up 70% of our addressable spend, to have a diversity and inclusion policy or standard in place by 2025.

Notes

a. The Greenhouse Gas Protocol Initiative is a multi-stakeholder partnership of businesses, non-governmental organisations (NGOs), governments, and others convened by the World Resources Institute (WRI) and the World Business Council for Sustainable Development. Launched in 1998, its mission is to develop internationally accepted greenhouse gas accounting and reporting standards for business and to promote their broad adoption.

b. Science-based targets are a set of goals developed by a business to provide it with a clear route to reduce greenhouse gas emissions. An emissions reduction target is defined as 'science-based' if it is developed in line with the scale of reductions required to keep global warming below 2°C from pre-industrial levels and pursuing efforts to limit warming to 1.5°C (Paris Agreement). 2,000+ companies work with the Science Based Targets initiative.

ESG: Social continued

Modern slavery in our supply chain

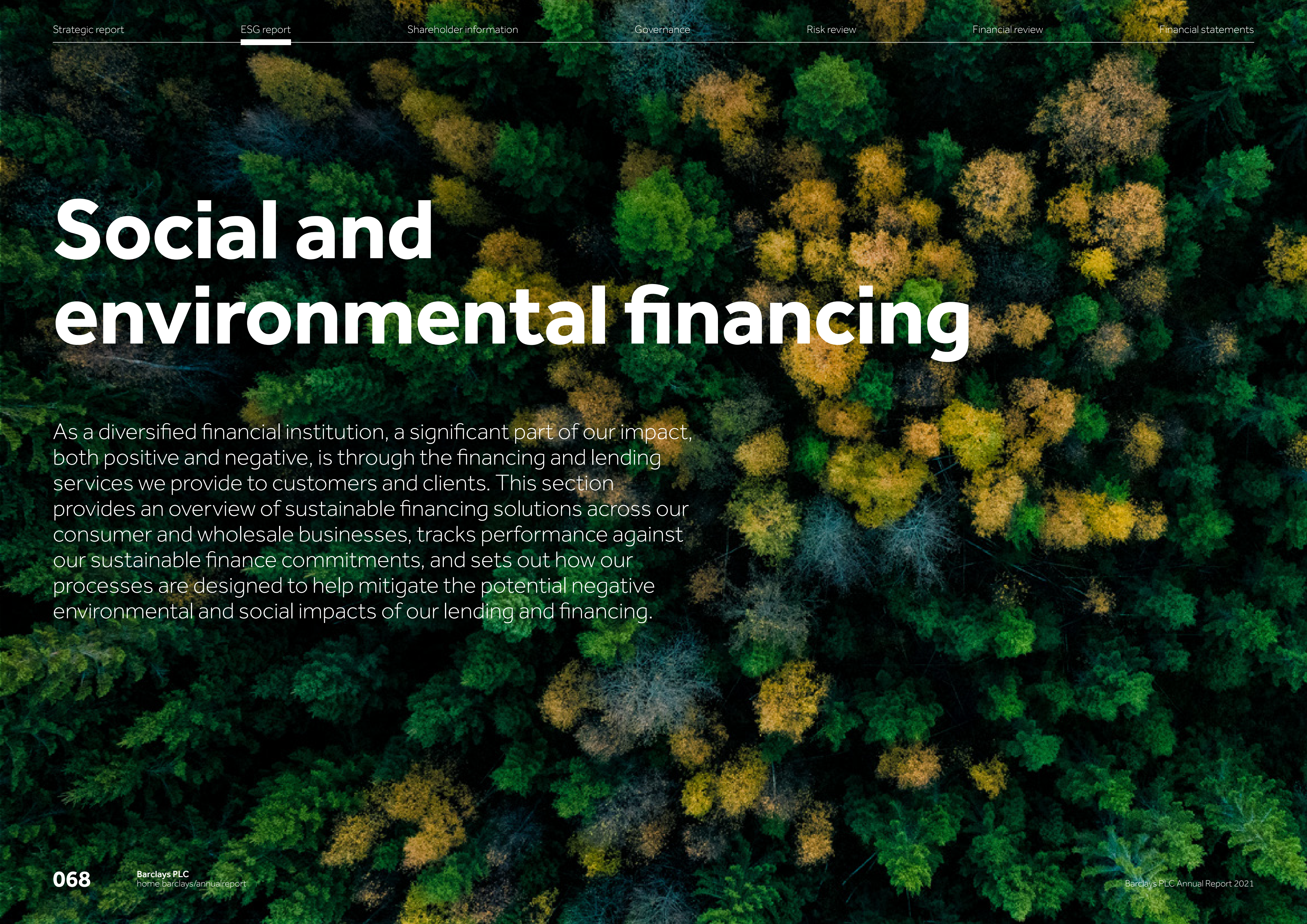
We believe we are at our most effective when we deploy finance to support people and businesses in a way that is responsible, transparent and makes a real and lasting difference to the lives of those we serve, our colleagues, and the communities in which we live and work. We understand that the nature of our business means we may be exposed to modern slavery risks across our operations, supply chain, and customer and client relationships. Barclays does not tolerate modern slavery, human trafficking or forced labour. We are committed to trying to identify and seeking to address these risks across our value chain.

We have a robust process that aims to ensure we only work with appropriate suppliers who can meet the standards that we expect. Our contracts expect all suppliers to comply with all applicable laws and regulations and in addition, we expect higher risk categories of suppliers to operate in accordance with our TPCoC. This outlines how we manage human rights in our supply chain by encouraging behaviours and practices consistent with our own policies and is owned by Barclays' Chief Procurement Officer.

In 2021, in accordance with the recommendations from the Independent Anti-Slavery Commissioner in relation to the role of the financial sector in eradicating modern slavery, we have undertaken a review of our IT manufacturing supply chain. We will seek to identify any risks or issues arising from this review and consider whether any further action is required.

By 2025, we aim to have service providers that make up 70% of our addressable spend[a] to have a Modern Slavery policy or standard in place.

Notes:
a. Addressable spend is defined as external costs incurred by Barclays in the normal course of business where Barclays has influence over where the spend is placed. It excludes costs such as regulatory fines or charges, exchange fees, taxation, employee expenses or litigation costs.



Social and environmental financing

As a diversified financial institution, a significant part of our impact, both positive and negative, is through the financing and lending services we provide to customers and clients. This section provides an overview of sustainable financing solutions across our consumer and wholesale businesses, tracks performance against our sustainable finance commitments, and sets out how our processes are designed to help mitigate the potential negative environmental and social impacts of our lending and financing.

ESG: Social and environmental financing continued

Continued progress against our sustainable financing commitments.

Sustainable financing

Barclays continued to make significant progress in 2021 against our target to facilitate £150bn of social, environmental and sustainability-linked financing from 2018 to 2025. On a cumulative basis, by year-end 2021, we have facilitated £193.3bn^Δ of social, environmental and sustainability-linked financing since 2018, exceeding our target four years early.

Social and environmental financing consists of labelled issuances, dedicated 'use of proceeds' financing, and financing for clients with an eligible business mix in relevant environmental and social categories. In contrast, sustainability-linked financing refers to general-purpose funding linked to specific sustainability performance metrics. Further details on our social and environmental criteria is available in the Barclays Sustainable Finance Framework within the ESG Resource Hub.

We have also accelerated progress against our target to facilitate £100bn of green financing from 2018 to 2030, which is a sub-set of our target to facilitate £150bn of social, environmental and sustainability-linked financing, focused on environmental use of proceeds and sustainability-linked criteria.

We continue to expand our sustainable finance offering through our specialist teams and to integrate sustainability into our service offering. There remains a very significant opportunity for Barclays across social and environmental financing, both through lending from our balance sheet and origination through the capital markets.

Facilitate £150bn of social, environmental and sustainability-linked financing

We facilitated £69.2bn^Δ of social, environmental and sustainability-linked financing in 2021, up 14% from £60.9bn in 2020.

Debt issuance was the largest product category again this year accounting for 74% of the total (2020: 81%). Loans and equity accounted for 19% (2020: 15%) and 7% (2020: 4%) respectively. The remaining 0.3% consisted of investments and contingent.

52% of our financing in 2021 was for clients in the UK and Europe (2020: 47%), 39% was in the US (2020: 49%) and 9% in Asia and the rest of the world (2020: 4%).

Social financing

Raising finance for supranational, national and regional development institutions continued to be a key driver of the £35.7bn^Δ in social financing facilitated in 2021 contributing 52% of the total social and environmental financing. Issuers continued to access the sustainable capital markets during 2021, with increased growth in the labelled social bond market.

Although relatively new, we have seen issuers aligning their financing commitments with their social targets, such as gender diversity, affordable housing and access to essential services. For example, we have seen significant growth in the sustainable capital markets with regard to the UK social housing sector, with supply supported by global capital flows, as well as increased domestic investor appetite.

Environmental financing

Our environmental financing consists of labelled, 'use of proceeds' and business mix financing in environmental categories. In 2021, it grew by 53% to £22.6bn^Δ versus £14.8bn in 2020 reflecting the strong increase in demand for environmental financing and our strategy to work with our clients and customers to help facilitate their transitions towards a low-carbon economy. We helped the UK Government issue its £10bn green gilt and acted as lead manager on seven out of eight inaugural syndicated green bonds issued by European sovereigns since 2017[a].

Sustainability-linked financing

In addition to dedicated 'use of proceeds' transactions where financing is allocated to specific eligible green, social or sustainable activities, projects or assets, sustainability-linked bonds (SLBs) and sustainability-linked loans (SLLs) are forward-looking, performance based debt instruments issued with specific key performance indicators and sustainability performance targets at the level of an entire entity.

Our sustainability-linked financing totaled £10.8bn^Δ in 2021, up 118% from £5.0bn in 2020. The SLB market grew significantly in 2021[b]. Investors and issuers alike are using these instruments to embed their sustainability targets into financing commitments.

Facilitate £100bn of green financing

We facilitated £29.8bn^Δ of green financing in 2021, up 70% from £17.6bn in 2020 and comprised of:

- labelled, 'use of proceeds' and business mix financing in environmental categories (£22.6bn^Δ in 2021), and
- sustainability-linked financing that incorporates environmental performance targets (£7.2bn^Δ in 2021).

Since 2018, a total of £62.2bn^Δ has been facilitated across these categories, with significant momentum across our businesses, products and geographies.

Breaking down our green financing by product type, the largest product category was debt, accounting for 63% (2020: 70%) of the total. Loans and, equity made up 21% (2020: 21%) and 15% (2020: 9%) respectively, while the remaining 1% (2020: 0%) consisted of investments and contingent.

49% of our financing in 2021 was for clients in the UK and Europe (2020: 51%), while 43% was in the US (2020: 45%) and 8% in Asia and the rest of the world (2020: 4%).

Notes

Δ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG Resource Hub for details: home.barclays/sustainability/esg-resource-hub/.

a. Sourced via Bond Radar.

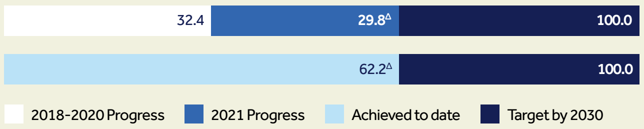
b. Sourced via Dealogic.

ESG: Social and environmental financing continued

Sustainable financing dashboard

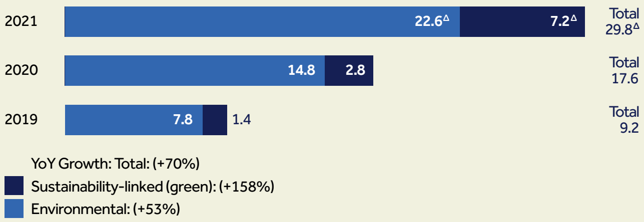
£100bn green financing facilitated (2018-2030)

£bn



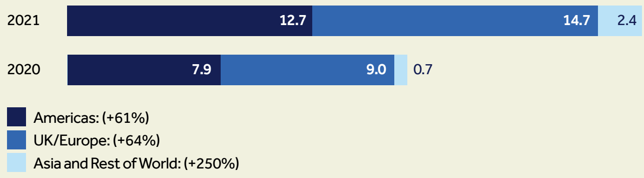
Green financing facilitated

£bn



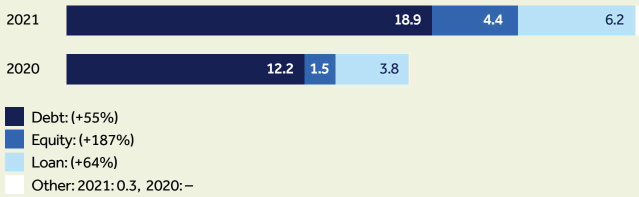
By region

£bn



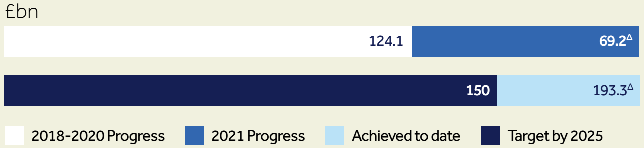
By product

£bn



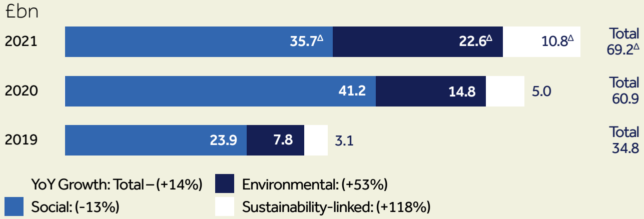
£150bn social, environmental and sustainability-linked financing facilitated (2018-2025)

£bn



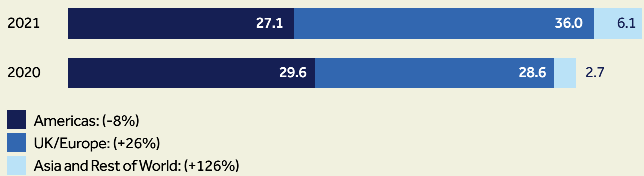
Social, environmental and sustainability-linked financing facilitated

£bn



By region

£bn



By product

£bn

Δ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG Resource Hub for details: home.barclays/sustainability/esg-resource-hub/.

Further details of the data provided, including further granularity of decimal points can be found in the ESG Data Hub located within the ESG Resource Hub at home.barclays/sustainability/esg-resource-hub/.

ESG: Social and environmental financing continued

Sustainable financing methodology

Our sustainable financing is tracked using the methodology set out in the Barclays Sustainable Finance Framework. The Framework provides clear green and social eligibility criteria and covers 'dedicated purpose' green and social financing, 'general purpose' financing based on eligible company business mix and sustainability-linked financing. As innovation in sustainable finance continues to accelerate, we will keep our Framework under review.

It should be noted that the methodology is reliant on a range of data sources including Dealogic and Bloomberg transaction listings and league tables, as well as other third-party data sources including company disclosures to aid the classification of financing into eligible green and social categories. We recognise that the quality of the data relied upon is not yet of the same standard as more traditional financial metrics and presents an inherent limitation to the performance reported. We will continue to review available data sources and enhance our methodology and processes to improve the robustness of the performance disclosed.

The legal and regulatory landscape relating to sustainable financing, including the naming and categorisation of products as 'green', 'social', 'sustainability-linked' and otherwise, is rapidly evolving and there are differing approaches across jurisdictions. We continue to review and develop our approach to sustainable finance as this subject area matures.

For further details on Barclays Sustainable Finance Framework, see the ESG Resource Hub at: home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/.

Barclays green home mortgages

Barclays was one of the first UK lenders to launch a green mortgage product in 2018, and to date we have completed over £1bn in green home mortgages.

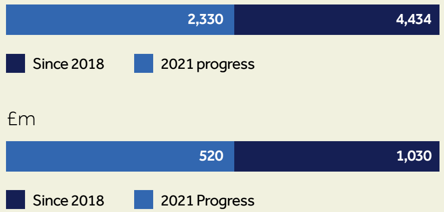
The Barclays green home mortgage offers residential homebuyers lower interest rates for new-build properties with an energy efficiency EPC band of A or B, compared to our standard products. In April 2021, we expanded the eligibility criteria of our green home mortgage to include any new build properties meeting energy efficiency requirements. Previously the proposition was available for properties built by a panel of 14 house builders. In January 2022, we expanded our green home mortgages further extending the eligibility to customers purchasing a new build energy efficient buy-to-let property.

Following the significant growth in green mortgages, we continue to look at ways we can give customers more options to make sustainable choices when it comes to their home. Green mortgages are currently only available for the purchase of new build homes, so older homes are not eligible for a Barclays green home mortgage. We know that, for the UK to achieve its ambition of becoming net zero by 2050, the residential housing stock needs to be made more energy efficient, and this means homeowners need to retrofit their homes with energy efficient measures. We are working to explore how we can best help our customers take steps towards making their homes more energy efficient.

Further details on Barclays Green Home Mortgages can be found at: barclays.co.uk/mortgages/green-home-mortgage/

Further details on Barclays Buy-To-Let Mortgages can be found at: barclays.co.uk/mortgages/green-buy-to-let-mortgage/

Green mortgage completions



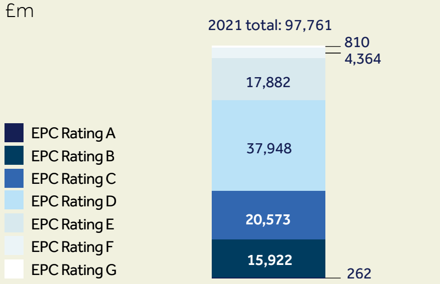
ESG: Social and environmental financing continued

Our UK mortgages by EPC rating

Barclays UK regularly monitors the Energy Performance Certificate (EPC) rating of its mortgage portfolio, to support our management of climate risk and our understanding of the impact of our financing on the environment. As of the end of Q3 2021, a valid EPC rating was available for 62% of our mortgage book by value. Of which, 38% were rated EPC C or better.

For further details on our mortgage scenario analysis on EPC ratings, see the scenario analysis section of the TCFD Report at: home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/

Balance of mortgages by EPC Rating
£m



EPC A & B Mortgages against the total book

17%

Sustainable Impact Capital Programme

Our Sustainable Impact Capital Programme, led by the Barclays Principal Investments team in Treasury has a mandate to invest up to £175m of equity capital in sustainability-focused start-ups by 2025, helping to accelerate our clients' transition towards a low-carbon economy.

From the acceleration of innovative carbon-efficient technologies and supply chains to supporting the development of viable markets for carbon capture and sequestration, the Programme is seeking out and supporting clear, scalable propositions that deliver both environmental benefits and economic returns.

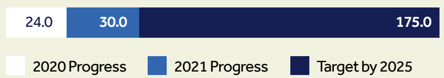
Through the Programme, we aim to fill growth stage funding gaps to help accelerate and scale catalytic and strategic solutions to environmental challenges.

The Programme has made meaningful progress towards its five year trajectory to meet our target by building a portfolio of strategic investments which have a focus on reducing carbon footprints and accelerating the transition towards a low-carbon economy. £54m of the £175m overall target has been deployed since 2020, with £30m invested in 2021, up 25% from 2020.

In 2022, the Programme will continue deploying capital to foster innovation to support Barclays' net zero ambition.

Further examples of our green innovation financing can be found at: home.barclays/sustainability/our-position-on-climate-change/accelerating-the-transition/sustainable-impact-capital/

Sustainable Impact Capital Programme
£m



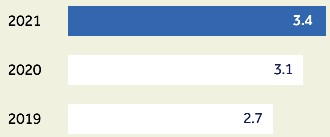
Achieved to date

£54m

Green Bond Investment Portfolio

As an investor, we have continued to expand our ESG portfolio during 2021. Issuance volume within the market grew strongly and was driven by sovereign names, with notable debut issuances from the European Union and the UK Government, both of which Barclays' Treasury invested in. With increasing focus on the environmental agenda, we see very strong growth opportunities for the green bond market, and we aim to reach our £4bn target portfolio size in the near term.

Green bond investment portfolio size by year
£bn

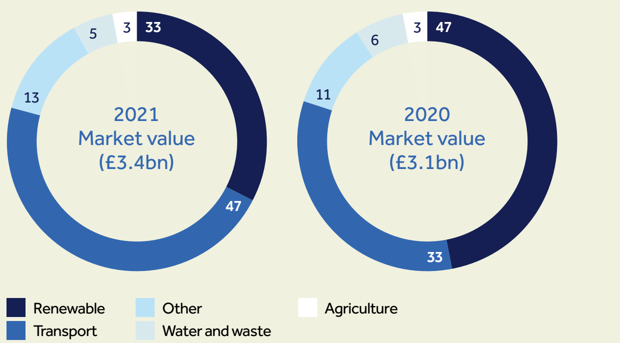


Increase in green bond portfolio in 2021

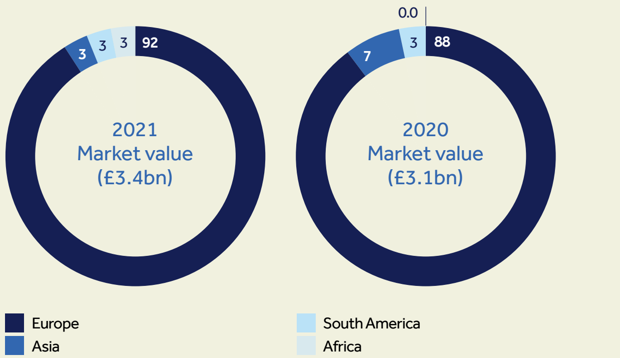
9%

against a target of £4bn over time

Green bond investment portfolio impact by sector
%



Green bond investment portfolio impact by region



Further details of the data provided, including further granularity of decimal points can be found in the ESG Data Hub located within the ESG Resource Hub at home.barclays/sustainability/esg-resource-hub/

ESG: Social and environmental financing continued

We are supporting clients across the spectrum, expanding our sustainable finance offering through our specialist teams.

Developing and deploying finance solutions

Corporate and Investment Bank

We are blending the existing expertise and relationships in our coverage groups with new, specialised teams focused on sustainable finance growth areas, providing enhanced and integrated solutions for our clients.

The transition to a low-carbon economy is today's defining opportunity for innovation and growth. There is a significant opportunity for Barclays to play a leading role in helping to meet the demand for climate change related financing. The financial sector has a critical role to play in supporting the economy to reach this goal. It is estimated that at least $3-5 trillion[a] of additional investment will be needed each year, for the next 30 years, in order to finance the transition.

Our Corporate and Investment Bank supports the renewable energy and clean technology sector, offering strategic advice and facilitating access to finance for renewables including wind and solar energy storage solutions and other innovations that will support the transition towards a low-carbon economy. We also continue to enhance our focus on the development of green product structuring capabilities in the capital markets, including green 'use of proceeds' bonds and sustainability-linked financing instruments.

Supporting clients across the spectrum

Consumer | Growth stage companies | Mid-size corporates | Large corporates and governments | Investors

ESG Research
Spanning thematic research on sustainability mega-trends, full integration of material ESG consideration in fundamental research, systematic quantitative analysis, as well strategy research on ESG investing trends

Sustainable and Impact Banking
Strategic advisory, capital raises for growth companies and collaboration across the firm to support ESG integration for corporate and investor clients

Green Home and Buy-to-Let Mortgages
Mortgage offering lower interest rates for new build properties meeting minimum energy efficiency requirements

Sustainable Investing Solutions
Dedicated sustainable products, such as Sustainable Discretionary Strategies and Barclays Multi-Impact Growth Fund

Sustainable Impact Capital Programme
Investing £175m of equity capital in sustainability-focused start-ups, helping to accelerate our clients' transition to a net zero future

Sustainable Capital Markets
Origination, structuring and execution of Green, Social and Sustainability Debt products for our global clients including governments, public sector, corporates and financial institutions

Sustainable Product Group
Origination and structuring of green and sustainability-linked corporate banking products across lending, trade and renewable project finance

Unreasonable Impact
International network of accelerators to support businesses solving social and environmental challenges

Treasury Green Activities
Treasury plays a key role in ensuring Barclays meets its climate goals by allocating, managing and governing its financial resources sustainably. This includes partnering with and encouraging business areas to advance strategic climate objectives and executing principal transactions to promote environmental financing.

Notes

a. $3-5 trillion as estimated in the GFMA/BCG (Global Financial Markets Association/Boston Consulting Group) Climate Finance Markets and the Real Economy report, December 2020.

ESG: Social and environmental financing continued

Sustainable Capital Markets

The Sustainable Capital Markets team is embedded into Barclays' wider capital markets team within the Investment Bank. This global team offers a broad range of ESG capital market product types and delivers across multiple client segments to help clients finance their sustainability journeys and formalise their sustainability commitments. The team focuses on underwriting and structuring green, social and sustainability use of proceeds bonds, and sustainability-linked bond issuance. The team continued to execute a range of landmark transactions in 2021 such as helping the UK Government issue its £10bn green bond.

Sustainable and Impact Banking

The Sustainable and Impact Banking team is a dedicated sector coverage team focused on advising and raising capital for emerging climate technology companies across four key verticals: clean energy, sustainable materials and recycling, food and agriculture tech and water. The team also advises our existing banking clients on their energy transition via our ESG advisory. Regular interaction with ESG funds and other stakeholders inform our client dialogue.

Corporate Bank Sustainable Product Group

The Sustainable Product Group focuses on increasing sustainability related dialogue with our Corporate Bank clients as well as delivering a broad range of green and sustainable banking products. In addition to corporate and project financing in 2021, the team has expanded our Corporate Bank's offering to include green and sustainability-linked trade, debt and fund financing products. The Sustainable Product Group offer Corporate Bank clients connectivity with other teams in the Corporate and Investment Bank and wider Group.

ESG across our Research teams

Barclays Research has made significant investments to grow its ESG research capabilities and thought leadership. We hired a Global Head of Cross Asset ESG Research at the beginning of year who built a new ESG Research team of subject matter experts to support the consistent integration of ESG and sustainability considerations across all our research and investment recommendations. Our approach to ESG research is differentiated in two ways, yielding much broader-based engagement with ESG issues and higher quality insights for our investor clients.

The team aims to combine their existing deep understanding of sectors and businesses to help drive forward-looking ESG investment insights, deliver expertise and that the latest technical sustainability knowledge is informing our research in conjunction with the wider global research department.

This aims to enable the critical assessment and sourcing of the most appropriate ESG information and data and drives in-depth materiality assessments in collaboration with coverage analysts. There have been around 350 ESG-focused research reports published in 2021, and also over 650 bottom-up, company-specific ESG profiles published to date.

Our expectation that topics such as climate change, biodiversity as well as other sustainability themes and specific ESG attributes will continue to grow in importance, and that the global momentum behind ESG investing will continue at pace, making it an essential requisite for a large and growing number of investors.

Treasury green activities

Barclays Treasury plays a key role in enabling Barclays to meet its climate goals by allocating, managing and governing its financial resources effectively.

We believe that integrating environmental considerations into our financial resource management by partnering with, and encouraging business areas to advance strategic climate objectives is a key lever in the transition towards a low-carbon economy. For example, Treasury currently provides funding incentives for green asset origination, and is also developing our approach to incorporating green considerations in our capital management and stress testing.

In partnership with the Sustainability and ESG team, Treasury supports the development and management of ESG governance frameworks. For example, Treasury structured the Barclays Green Issuance Framework and organises the day-to-day implementation such as facilitating the Barclays International and Barclays UK Green Bond Committees, the bodies with delegated authority for approving green liability programmes and associated issuance allocation.

Strategic green transactions

Treasury partners with businesses to originate, structure and execute strategic green transactions in order to support climate objectives. This includes strategic investments into innovative companies developing new technologies which can support our customers and clients in adapting to climate change challenges through the Sustainable Impact Capital Programme; for further details see page 72. We also invest in and hold green bonds within our liquid asset buffer, and have issued MREL from Barclays PLC where the proceeds of issuance are used to support Eligible Assets as defined in the Barclays Green Issuance Framework.

Other examples include the structuring of innovative liability programmes and bespoke transactions such as the Green Structured Notes (GSN) and the StatECA Repack Platform to provide differentiated green investment opportunities for our investors.

Further details on our treasury green activities can be found at: https://home.barclays/greenbonds/

Green Structured Notes

The GSN Programme was launched in 2021 as a partnership between Equities and Treasury to expand our green product offering for clients.

- GSN combines a derivative style payoff (equity-linked to green indices) with the proceeds of issuance being used to support Eligible Assets as defined in the Barclays Green Issuance Framework,
- the proceeds of the GSNs will be used to support a portfolio of Eligible Assets which are originated by Barclays Bank PLC in the ordinary course of its business, and will be verified by a third-party verification agent. Any GSN proceeds in excess of the amount of available Eligible Assets from time-to-time will be invested in cash and short-term, liquid investments until additional Eligible Assets become available,
- the indices utilised in the GSN have been selected in accordance with the Barclays Green Index Selection Principles,
- the main benefit of the GSN is the ability to offer Investors a differentiated green investment opportunity whereby both the embedded derivative (on the equity-linked underlying indices) and use of proceeds of the issuance meet environmental objectives, and
- the offering leverages Barclays' existing Green Bond issuance capability and Barclays' experience in equity derivatives.

ESG: Social and environmental financing continued

StatECA Repack Platform

The StatECA Repackaging Platform is a partnership between the Corporate Bank and Treasury which promotes sustainable lending in CIB by reducing the cost of funding for Export Credit Agency guaranteed green loans. Eligible loans are repackaged into tradable notes; generally highly rated by credit rating agencies which are used as eligible collateral for other transactions.

Private Bank

Responsible Investing

We view responsible investing as an important part of our investment strategy. This involves engagement and voting, as well as incorporating ESG factors (amongst others) into investment analysis and decisions. This assists us with our efforts in managing and mitigating ESG risks which can materially impact long-term company and portfolio returns.

Discretionary Portfolio Management

Our Discretionary Portfolio Management[a] offering sits at the core of the Private Bank's long-term strategy. The analysis of ESG factors forms an important part of our investment due diligence for all of our Private Bank discretionary investment strategies globally[b]. We believe that ESG provides insights into the operational quality of a business and its ability to mitigate against risks to future cash flow, and thereby helps us to make better investment decisions.

Launched in 2018, our Sustainable discretionary strategy invests in companies that generate revenues from products and services that help to address the United Nation's SDGs.

Engagement and voting

Through our partnership with EOS at Federated Hermes (EOS) since Q2 2021 in the UK, Barclays Private Bank has been embedding a comprehensive approach to stewardship, engaging and voting globally with corporates and key stakeholders, such as policymakers and regulators. EOS is a stewardship leader that helps long-term institutional investors around the world to meet their fiduciary responsibilities and become active owners of public companies.

Our engagement with corporates takes place through our partnership with EOS at board and senior executive level, covering a range of topics such as climate change, executive pay, human rights and labour rights including modern slavery. We seek to highlight key ESG issues of concern, engaging investee companies on matters relevant to shareholder value and the wellbeing of stakeholders.

During the peak voting season in Q2 2021, through our partnership with EOS, we voted at 28 shareholder meetings, supporting management on 85% of the resolutions we voted on. This reflects our approach of promoting constructive dialogue with our investee companies by building long-term relationships to seek to influence ESG practices. We also engaged with companies held in our discretionary strategies on a range of ESG topics including strategy, risk and communication.

Wealth Management and Investments

Wealth Management and Investments factors responsible investing into our discretionary portfolio and fund investment solutions. We aim to assess every active investment manager that we research for its ESG credentials. Examples of the areas that we assess include how ESG is incorporated at the group level within the fund management firms, how ESG risks and opportunities are considered in their investment processes and which personnel are focused on this topic. Additionally, we will endeavour to review the underlying companies that the external funds invest in to look to check those holdings are consistent with what we would expect having made these assessments of the fund managers' philosophy and processes.

Ultimately, we award an ESG rating for every fund that we recommend or invest in. As a result of these steps and more, Barclays Asset Management Ltd (BAML) has served as our signatory to the UN supported Principles for Responsible Investment (PRI) for the last three years, and has achieved an 'A' score for investment modules in our last annual submission in relation to the PRI.

Leveraging our partnership with EOS, we engage with the underlying companies that we hold in our portfolios and we also exercise our proxy votes on the underlying equity holdings. Furthermore we support the aims of other ownership commitments, such as the UK Stewardship Code, of which we aim to become a signatory in 2022.

While our policy is to apply the measures above across our investment solutions, for those clients seeking a product that explicitly targets positive environmental and social outcomes, we manage and offer a retail fund called the Barclays Multi-Impact Growth Fund. It brings together a range of external funds, in both equities and bonds, each of which focuses upon holding companies that aim to have a positive impact on either the environment or society.

Retail banking

Sustainability is a key focus area for Barclays UK. We want to help customers by creating opportunities for them to implement green changes. We are actively engaging with our retail customers to better understand how we can provide greener solutions to meet their needs.

We are working closely with our partners such as Barclays Partner Finance on key focus areas to help customers on their journey from education to implementing solutions. We are focusing on creating and curating opportunities to enable customers to improve the energy efficiency of their homes, tracking and offsetting their carbon footprint and making more sustainable choices in their day-to-day spending. By working collaboratively under a unified strategy across Barclays UK, we aim to further expand our green products and propositions to meet customers' aspirations.

Further details on Barclays green home mortgages can be found on page 71.

Notes

a. Privatebank.barclays.com/what-we-offer/investments/discretionary-portfolio-management/.

b. With the exception of services provided in India.

ESG: Social and environmental financing continued

Appropriate management of environmental and social impacts helps to ensure the longevity of our business and our ability to serve our clients.

Managing impacts in lending and financing

We recognise that we have a responsibility to proactively identify and address the adverse impacts that we may be linked to through the provision of financial services to our customers and clients.

Our assessment of environmental and social risks not only helps safeguard our reputation, ensuring longevity of the business but also enhances our ability to serve our clients and support them in improving their own sustainability practices and disclosures.

Managing social and environmental risks

Social and environmental risks are governed and managed through our Enterprise Risk Management Framework (ERMF), setting our strategic approach for risk management by defining standards, objectives and responsibilities for all areas of Barclays. The ERMF is complemented by a number of other frameworks, policies and standards, all of which are aligned to individual Principal Risks.

Our Climate Change Statement sets out our approach to managing the impact of our climate-related activities. We have developed internal standards to reflect these positions in more detail, including for Forestry and Agricultural Commodities, World Heritage and Ramsar Wetlands and Defence and Security. These standards sit under the management of Reputation risk in the ERMF. These standards determine our approach to climate change and relevant sensitive sectors and are considered as part of our existing transaction origination, review and approval process.

Enhanced Due Diligence

Our standards include an enhanced due diligence approach for certain clients, including clients operating in energy sub-sectors covered by our Climate Change Statement. This includes all clients involved in thermal coal, oil sands, arctic projects and hydraulic fracturing ('fracking').

All in-scope clients in these sub-sectors must be assessed annually via a detailed due diligence questionnaire, which is used to evaluate their performance on a range of environmental and social issues, and may be supplemented by a review of client policies/procedures, further client engagement and adverse media checks as appropriate This annual review generates an Environmental and Social Impact (ESI) risk rating (low, medium, high), which in turn determines whether further review and client engagement may be required throughout the year.

For clients with a medium or high ESI rating further risk assessment is undertaken prior to execution of transactions with those clients.

This enhanced due diligence approach has been extended to clients in-scope of our Forestry and Agricultural Commodities standard and our Defence and Security standard.

We undertook 903 reviews in 2021, being a combination of annual due diligence reviews and individual transaction reviews, slightly less than the 912 we undertook in 2020. The number of reviews for 2021 reflects the extension of the annual review process to additional sectors, which is offset by a reduction in transaction referrals for lower risk clients.

Escalation and decision

Where client relationships or transactions have a high or medium ESI risk rating following an enhanced due diligence review, they are then escalated to the appropriate business unit review committee for consideration (and in relation to execution of a transaction with those clients, a decision on whether to proceed). Should the front office business team, the Sustainability and ESG team and/or Climate Risk team believe the issues are sufficiently material, these would be escalated to the Climate Transaction Review Committee (CTRC) or Group Reputation Risk Committee (GRRC) as appropriate, for more senior consideration and decision. Both of these Committees include representation from the Group Executive Committee. The CTRC or GRRC may make the following determinations:

- approve the transaction or relationship,
- reject the transaction or relationship,
- approve the transaction or relationship, subject to prescribed modifications, or
- escalate the review of the transaction or relationship to the Barclays Group CEO.

Monitoring

As part of our management of environmental and social risks, we may require further client engagement calls in relation to the specific environmental and social risks that we have identified as part of our enhanced due diligence process. We have used these calls as an opportunity to gain a more detailed understanding of the risks and challenges that the client is facing and to better understand any climate transition plan that they may have.

We intend to continue our work with clients in key sectors, believing it is better to be engaging with clients in relation to the transition, rather than simply walking away from financing for these sectors. We recognise there may be companies or particular activities that cannot transition over time, and in such cases we believe those clients will find it increasingly difficult to access markets for financing, including through Barclays.

Environmental credit risks

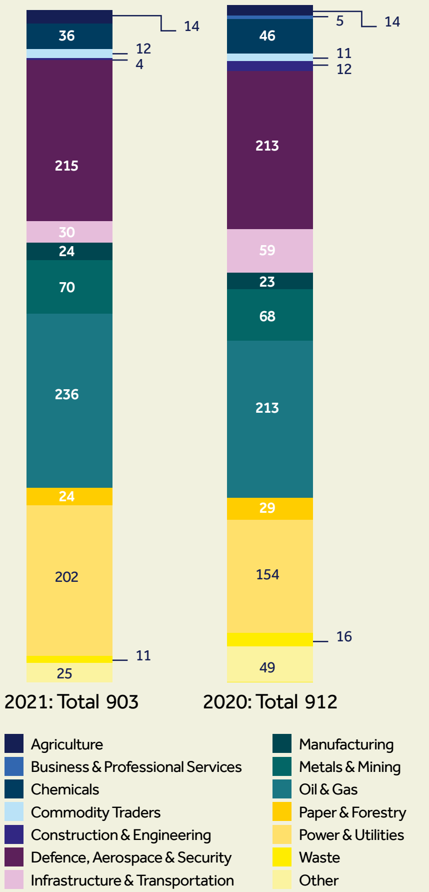
Environmental risk is regarded as a credit risk driver, and is considered within our in credit risk assessment process. The Climate risk team is responsible for advising on the environmental and climate-related credit risks to Barclays associated with particular transactions. Environmental risks in credit are governed under the Client Assessment and Aggregation Policy, Environmental Risk Standard and Nuclear Industry Risk Standards. These standards are embedded within the overall ERMF.

Over the years, we have developed detailed industry-specific risk guidance notes covering more than 50 environmentally and socially sensitive activities across 10 different sectors to inform our approach. Sectors covered include, for example, Agriculture and Fisheries, Oil and Gas, Mining and Metals, and Utilities and Waste Management.

These briefing notes are available to colleagues in business development and credit risk functions across the organisation, outlining the nature of environmental and social risks of which to be aware, as well as the factors which mitigate those risks.

ESG: Social and environmental financing continued

Transactions and client relationships subject to social and environmental risk review



Environmental risk identification in Barclays UK

Our property and land valuers can use our environmental screening product, Barclays SiteGuard; to assess the history of a piece of land and the operational implications of a site's current or intended commercial use. In 2021, 891 (2020: 3,122) commercial properties were screened using a Barclays SiteGuard Report, with 256 cases in the waste sector referred (2020: 1,332 cases). The difference in the number of referrals made in 2021 reflect enhancements to our assessment process.

Further details can be found at our environmental risk in lending at: home.barclays/citizenship/the-way-we-do-business/environmental-risks-in-lending/

Training

The Climate risk team provides training to banking and credit risk teams to raise awareness of the environmental credit risks in particular sectors and highlight their responsibilities in identifying these risks. In 2021, training was provided to 160 colleagues. We are also looking to expand the opportunity for our training in wider teams across the Group to further the awareness. In addition to climate risk becoming a Principal Risk, mandatory training for the Group will be introduced in 2022.

Equator Principles

For project-related finance, we apply our Environmental risk standard, which implements the Equator Principles and relevant IFC Performance Standards.

Barclays was one of the four banks which collaborated in developing the principles, ahead of their launch in 2003. We have aligned our policies and procedures to the fourth iteration of the Equator principles (EP4, 2020) now that it has been introduced.

During 2021, three of the 903 transactions which were reviewed for social and environmental risks fell in the scope of the Equator Principles.

Our Environmental risk standard is supported by a toolkit for employees comprising a range of practical guidance documents.

Further details can be found at: equator-principles.com/

Equator Principles transactions 2021

	Category		
Sector	**A**	**B**	**C**
Mining			
Infrastructure			
Oil & Gas			
Power	1	2	
Others			
Region	**A**	**B**	**C**
Americas			
EMEA		2	
APAC	1		
Country designation	**A**	**B**	**C**
Designated		2	
Non-designated	1		
Independent review	**A**	**B**	**C**
Yes	1	2	
No			
Finance type	**A**	**B**	**C**
Project finance	1	2	

Category A: Projects with potentially significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.

Category B: Projects with potentially limited adverse social and environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.

Category C: Projects with minimal or no social or environmental impacts.

Country Designation is based on the World Bank's income criteria. Projects in designated countries (High Income OECD members) are assessed only according to local laws. Projects in 'non-designated' countries are assessed according to local laws and the International Finance Corporation's standards.

ESG: Social and environmental financing continued

Deforestation and agricultural commodities

Barclays recognises that deforestation is a key driver of climate change and biodiversity loss and is frequently linked with significant adverse human rights impacts. We are a signatory to the New York Declaration on Forests and its objectives of ending deforestation by 2030. We seek to support clients that promote sustainable land management practices while respecting the rights of workers and local communities.

A major cause of deforestation is the production of agricultural commodities such as timber products, palm oil and soy and we have therefore established a position statement and due diligence approach that applies to clients involved in these activities. This year we augmented our due diligence approach for these clients by developing a detailed due diligence questionnaire against which we review these clients on an annual basis.

Clients engaged in forestry, palm oil or soy production are assessed for compliance with the requirements in our Forestry and Agricultural Commodities Statement and a number of other environmental and social issues, such as their zero deforestation commitments, sustainability certification coverage, and their adherence to the principles of Free, Prior and Informed Consent (FPIC); to better understand how they are appropriately managing their material environmental and social impacts.

In recognition of the growing concerns around the impact of soy and beef supply chains on deforestation and land conservation in South America, this year we have supplemented our enhanced due diligence reviews of relevant agribusiness clients to include client engagement calls specifically focused on this topic.

We have used these calls as an opportunity to gain a more detailed understanding of the risks and challenges in the region and better understand these clients' ongoing supplier traceability and monitoring activities. This engagement should allow us to better support these clients in addressing their supply chain deforestation risks and to encourage the improvement of these activities over time where together we have identified opportunities to do so.

Human rights

Barclays operates in accordance with the International Bill of Human Rights and takes account of other internationally accepted human rights standards, including the UN Guiding Principles on Business and Human Rights (UNGPs). We respect and promote human rights in our own operations through our employment policies and practices and our supply chain through screening and engagement.

In 2021, we have initiated a strategic exercise to identify the salient human rights risks associated with our client financing portfolio. Over time, this will enable us to focus our client due diligence efforts and disclosures on the issues that pose the greatest risk to people. We intend to provide more information on this assessment and our plan for enhancing our approach to identification and management of salient human rights risks in future reports.

We are working to embed human rights considerations into our position statements and related due diligence approach for clients operating in sectors with elevated environmental and social impacts. For example, we include specific questions around respect for Indigenous Peoples' rights, health and safety and provision of security into our due diligence questionnaires for clients in energy subsectors such as fracking and oil sands which are covered under our Climate Change Statement.

In 2021, we established a tailored due diligence questionnaire for clients covered by our Forestry and Agricultural Commodities Statement. In recognition of the potential impacts that the production of commodities such as timber products or palm oil may have on Indigenous Peoples, through this questionnaire we will assess each client's approach to consulting with these groups. We will evaluate whether their approach is consistent with the principles of free, prior and informed consent (FPIC) in order to gain assurance that the client will respect the rights of Indigenous People potentially impacted by its operations.

Outside of our established sector statements we are working to proactively monitor for events and developments globally that may present new human rights risks and work to investigate our potential exposure to these. For example, this year we identified renewable energy supply chains and the surveillance technology sector as two areas that are increasingly linked with human rights risks such as forced labour. In response, we initiated a portfolio review of our exposure to companies involved in these sectors in a region with heightened exposure to these risks. We subsequently conducted due diligence on identified clients and are engaging with a selection of prioritised clients to further assess their risk management approach and evaluate whether they are taking appropriate steps to address these risks.

Barclays does not tolerate modern slavery, human trafficking or forced labour. We are committed to trying to identify and seeking to address these risks across our value chain. We have previously identified the manufacture of ICT equipment as an area of elevated modern slavery risk in our supply chain, and this year we conducted an enhanced review of ICT suppliers to further understand and address this risk. We developed a bespoke labour rights due diligence questionnaire and sent this to 95% by spend of our ICT equipment suppliers. A number of suppliers were then prioritised for further review based on our assessment of their risk profile and risk management approach and in 2022, we will engage with these suppliers with a view to support them in improving their approach to addressing modern slavery risk.

Barclays Group Statement on Modern Slavery can be found at: home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/

Barclays' statements and policy positions

Our statements and policy positions include:

- Climate Change
- Forestry and Agricultural Commodities
- World Heritage Sites and Ramsar Wetlands
- Environmental Risk in Lending
- Soft Commodities
- Defence Sector
- Human Rights
- Modern Slavery
- Financial Crime
- Data Protection
- Donations
- Resilience
- Tax
- Code of Conduct (The Barclays Way)
- Third-Party Code of Conduct
- Health, Safety and Welfare

Further details on Barclays statements and policy positions can be found at: home.barclays/sustainability/esg-resource-hub/statements-and-policy-positions/

Governance

In accordance with how ESG ratings agencies and investors classify 'governance matters', this section provides an overview of how we do business and highlights our approach to a range of matters with links to additional detail in the Annual Report. This includes information on our Code of Conduct, our approach to managing conduct risk, financial crime, responsible banking, data privacy, public policy engagement and taxation.

This section does not discuss general corporate governance matters. Refer to our Governance Report from page 111 in Part 2 of the Annual Report for information relating to the Board, ExCo and Board Committees, our Board governance framework and how we complied with the requirements of the 2018 UK Corporate Governance Code during 2021.

ESG: Governance

The Barclays Way is our Code of Conduct. Together with more formal policies and practices, this provides a clear path towards achieving a positive and dynamic culture within the Group.

The Barclays Way

> *"In challenging times such as these, it is more important than ever that we conduct ourselves in the right way. The Barclays Way sets out the standards of behaviour we should all aspire to in our professional lives. It is a guiding light for everyone in Barclays, helping us to make the right decisions every day.*

Our commitment to being a responsible business includes ensuring that:

- we conduct ourselves in line with The Barclays Way, our Code of Conduct, to create the best possible working environment for our colleagues,
- that we treat our customers fairly and that the products and services we deliver are transparent and responsible,
- we operate in line with relevant laws and regulations including those applicable to financial crime, and
- we safeguard the data that has been entrusted to us.

Our Code of Conduct reflects the trust that millions of people place in us every day. We know that trust is earned by repeatedly doing the right thing. We believe the best way to build that trust is to invest in our culture and support our people in the choices they make every day, with guidance and policies that help them do this.

That starts with our Purpose, Values and Mindset, and is locked into our organisation through The Barclays Way, the touchstone for everyone in Barclays on the standard of conduct we expect, setting an unequivocal tone from the top about who we are and what we stand for.

The Barclays Way was launched in 2013, replacing a number of existing codes of conduct with a single document. It governs our way of working across our business globally and constitutes a reference point covering all aspects of colleagues' working relationships, specifically but not exclusively with other Barclays employees, customers and clients, governments, regulators, business partners, suppliers, competitors and the broader community.

It is aligned to the Code of Professional Conduct, published by the Chartered Banker Professional Standards Board, which sets out the ethical and professional attitudes and behaviours expected of bankers. Barclays subscribes to this code and is committed to embedding its broad principles into our business.

The Barclays Way includes information and guidance on how employees are expected to behave and take personal accountability for making decisions.

We apply a range of criteria, over and above financial considerations, aimed at building a sustainable, strong and profitable business for the long term and adding value to our business relationships and the broader communities in which we live and work. We provide guidance across all key stakeholder groups, including servicing our customers and clients, promoting respect, diversity and performance in the workplace, maintaining strong governance, robust controls and strict ethical standards.

The Barclays Way also includes advice and guidance on speaking up and raising concerns. It is important for the success of Barclays, and for the safety and wellbeing of our customers, clients and colleagues, that we encourage a culture that supports speaking up when things aren't as they should be. All colleagues are required to undertake training on the Barclays Way.

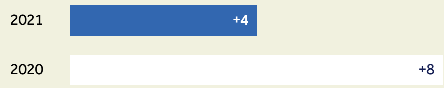
The Barclays Way Code of Conduct is available at: home.barclays/citizenship/the-way-we-do-business/code-of-conduct/

Notes
® Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Barclays UK Net Promoter Score®

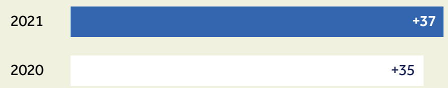
The NPS is a view of how willing customers are to recommend our products and services to others.

Barclaycard UK Net Promoter Score®



The NPS is a view of how willing customers are to recommend our products and services to others.

Barclays US Consumer Bank Net Promoter Score®

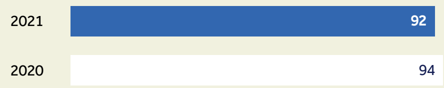


The NPS is a view of how willing customers are to recommend our products and services to others.

Employee survey results

%

"I believe that my team and I do a good job of role modelling the Values every day".



% of colleagues completing training on the Barclays Way

99%

ESG: Governance continued

By effectively managing Conduct risks, we can continue to strengthen the culture of Barclays.

Conduct

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

Conduct risk incorporates market integrity, customer protection, financial crime and product design and review risks.

Culture and conduct

We believe the stronger our culture, the better the choices our people will make; and the stronger our business will be for all our stakeholders. While our culture helps us reduce the impact of poor conduct on our customers, we also do not intend to repeat the errors of the past.

Our most senior leaders spend significant time setting the right tone at Barclays and our Purpose and Values are now deeply embedded in their messages. The Barclays Way sets out the standards and behaviour all employees must demonstrate and guides the execution of our business. We also strengthen our culture with clear and effective controls. We continue investing to enhance our controls to support our commitment to conducting all activities with integrity.

For details of the Board's role in embedding our Culture, Purpose, Values and Mindset, please refer to page 148 of the Directors' Report.

The Barclays Mindset

Our Mindset acts as an operating manual for how to get things done at Barclays. It focuses on three key elements that are core to our success – Empower, Challenge and Drive. Our research shows that when we demonstrate behaviours aligned to these three elements, outcomes are better, colleagues are more engaged and they are more likely to stay longer to build their career at Barclays.

For further details, see page 29 in the Strategic Report for more information on the Barclays Mindset.

Organisation and structure

The Conduct Risk Management Framework (CRMF) outlines how the Group manages and measures its Conduct risk profile. The Group Chief Compliance Officer is accountable for developing, maintaining and overseeing the CRMF. This includes defining and owning the relevant Conduct risk policies which detail the control objectives, principles and other core requirements for the activities of the Group. It is the responsibility of the first line of defence to establish controls to manage its performance and assess conformance to these policies and controls. A selection of tools are used to manage and assess Conduct risk, including: (i) the Risk and Control Self-Assessment (RCSA) is the Group-wide approach for businesses to identify and regularly assess material risks and their associated controls, in order to mitigate these risks and reduce the likelihood and/or severity of losses to Barclays; (ii) the Strategic Risk Assessment (SRA) focuses on non-financial risks and is the tool used to annually identify potential forward-looking Conduct risks that may arise due to a particular strategy, business model or activity, or any potential regulatory, market or industry changes; and (iii) the Delivered Risk Assessment (DRA) assesses the risks that a change initiative may create once delivered.

The governance of Conduct risk within the Group is fulfilled through management committees and forums operated by the first and second lines of defence, with clear escalation and reporting lines to the Board. Barclays Internal Audit (BIA) provides independent assurance on the effectiveness of Conduct risk management to the Board and senior management.

The governance of Conduct risk within the Group is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Board. The Barclays Group and Barclays Bank Group Risk Committee is the most senior executive body responsible for the oversight of the Conduct Risk Profile. The risk committees' responsibilities include the identification and discussion of any emerging Conduct risks exposures in their respective entities.

Managing Conduct risks

See pages 140 and 147 in the Directors' report in addition to pages 214, 223 and 288 in the risk review section for more information on how the Group defines, manages and mitigates Conduct risks.

Product design and review risk

It is important that the design of our products and services meets the needs of clients, customers, markets as well as being aligned with Barclays' policies. We do this by operating two processes, which together form our product design and review risk framework.

We have a process that supports the Group in the approval and implementation of New and Amended Products and Approval process (known as the NAPA Process, set out in the Barclays NAPA Policy and Standards). This process outlines the requirements and risk assessment standards that must be met to help ensure that new and amended products and services are appropriately designed prior to their launch.

In addition we have a complementary process that reviews the existing portfolio of products and services throughout their lifecycle (known as the Product Review Process, set out in the Barclays Product Review Policy and Standard). This process considers information about the performance and operation of the product or service through a conduct lens.

Wherever a product or service is found to be outside appetite, the product or service owner must seek to ensure actions are taken to address it. These actions are validated by functional areas, including Legal and Compliance.

ESG: Governance continued

Both processes have undergone significant review and enhancement over the last 18 months. The improvements covered both the design and operation of the process and have resulted in an enhanced product and design review control environment.

The BPLC, BBPLC and BBUKPLC Board Risk Committees review, on behalf of their respective Boards, the management of Conduct risk and the Conduct risk profile for their respective entities.

Please refer to the report of the BPLC Board Risk Committee on pages 202 to 203 and the reports of the BBPLC and BBUKPLC Board Risk Committees within the BBPLC and BBUKPLC 2021 Annual Reports available at home.barclays/investor-relations/reports-and-events/annual-reports/ for more information.

Customer communications

It is important that our engagement with our customers is open and honest and that we treat them fairly to avoid foreseeable harm and to make sure they are not exploited or misled. Barclays continues to take steps to ensure that our customers' needs and priorities are understood before making recommendations and that the communications we provide allow informed decisions to be made. We work to achieve this through a number of controls which focus on ensuring our customers receive clear information in order to understand the risks and benefits of the products we offer. For example:

- communications are sufficient, targeted and distributed to recipients whom Barclays knows or reasonably believes may stand to benefit from the communication, and are communicated in a manner and style that will be understood by the average recipient (or likely recipient),
- communications are withdrawn from further circulation when they are no longer accurate or fit for purpose, and
- customers do not receive inadequate advice, misleading information, unsuitable products or unacceptable service.

Our processes include a review of relevant communications which are supported by the Compliance, Privacy and Legal functions to help ensure we meet both internal customer engagement standards and we are compliant with external regulations. Furthermore annual mandatory training is completed by marketing colleagues. The training covers key customer and brand standards along with the role and key policies set by external regulators e.g. regulatory requirements may require communications to be provided that are accessible to customers, or provide customers with the option to 'opt out'.

Remediation and redress

Barclays recognises that customer detriment may occur as a result of our error, actions or inactions, and that we must undertake appropriate activity designed to ensure our customers are put back in the position they would have been in had the issue not occurred.

Remediation can be proactive, where we have identified the issue ourselves (for example through identifying a pattern in customer complaints), or reactive, where identified by a third party such as a regulator of Barclays.

Where it is appropriate, Barclays works to ensure the operation of consistent principles for remediation which includes timely notification to the relevant regulatory bodies.

Barclays International

Role modelling and driving a strong conduct culture is embedded throughout Barclays International (BI) from the senior leadership through to the businesses which comprise of Consumer, Cards and Payments and the Corporate and Investment Bank (CIB). The Barclays Way, Values and Mindset set out the standards and behaviour all employees must demonstrate and guides the execution of our business. Managing Conduct risk is an integral part of our strategic and financial planning, new business and product approval, risk assessments, performance management, promotion, remuneration and all other key decision-making processes. A CIB Balanced Scorecard is in place to measure how we are delivering for our four primary stakeholder groups: customers and clients, Shareholders, Colleagues and Society. The Scorecard is owned and reviewed by the CIB management team with regular updates published to all staff.

As well as business level controls and frameworks, individual accountability is also at the heart of the way that we manage our Conduct risk. Senior managers are individually accountable within their areas of responsibility for owning and managing Conduct risk, and any individual performing a role which requires certification, registration, permission or approval must have those in place before they engage in any regulated activities. In order to maintain these approvals, the individuals must undergo continuous education, additional mandatory training, fitness and propriety attestations, or additional requirements in their local jurisdictions, which are monitored in line with the individual accountability standard, in order to ensure that they carry out their role in line with the Barclays CRMF.

In these ways we look to ensure that customers and clients are put at the heart of everything we do; we recognise when customer detriment may have occurred and we undertake appropriate activity, including following complaints handling and redress procedures, designed to ensure our clients are put back in the position they should have been in. By doing these things we look to ensure that we deploy finance responsibly to champion sustainability and innovation across our businesses both now and in the future.

We operate a broad range of products in BI which include: investment products and advice for our Private Bank clients supported by sales quality standards to help ensure we understand our clients' risk profiles, circumstances, investment needs and objectives; Transaction Banking products which need to be built robustly and operate effectively to meet the needs of our Corporate Banking clients; and Markets, Banking or BI Treasury products tailored in line with our specific client base, considering conduct and suitability by focusing on product features, distribution strategies and governance frameworks.

While we apply the CRMF across all of our businesses, the broad range of markets, products, and clients around the world necessitates differing areas of focus for each business when managing its Conduct risk. For example, in addition to the group wide NAPA and Product Review processes, the CIB as well as the Private Bank operate enhanced Product Governance Frameworks, recognising the complex nature of our products and markets, in the businesses which review new and amended products and service proposals, ensuring changes are assessed from a client, conduct, operational and risk perspective.

Below are some further examples of how specific Conduct risks relevant to our different businesses, are managed as part of the CRMF, above and beyond the risk themes that apply across the Group.

The Barclays International businesses are carried on by BBPLC and its subsidiaries, as well as by certain other entities within the Group. For information regarding BBPLC Board governance and activities, please refer to the BBPLC Annual Report 2021 available at home.barclays/investor-relations/reports-and-events/annual-reports/ for more information.

ESG: Governance continued

Corporate and Investment Bank

Global Markets and Investment Banking

Examples of how both Markets and Banking manage product governance and suitability include the following:

The Markets, Banking and Barclays International Treasury Product Governance Forum oversees the Product Governance Framework. This provides an ongoing product review process, which promotes the delivery of products to compatible end investors on a direct and indirect basis.

In addition, the Forum has oversight of supplementary point of sale and post-sale processes and controls defined by each business and tailored in line with their specific client base and products offered. The Forum provides review, challenge and guidance and facilitates the consistent application and information sharing between the Markets, Banking and BI Treasury Businesses. This aims to improve governance in line with the organisation's overall risk management framework.

The Retail Distribution Forum (RDF) are regional forums that cover APAC, EMEA and the US that consider conduct and suitability by focusing on product features, distribution strategies and the governance frameworks that apply to Retail Structured Products. There are further quarterly mandatory meetings to review all approvals in the previous quarter, provide an upcoming view of future meetings and a regulatory update.

The Indirect Retail Distributor framework is part of the toolkit supporting issuance of Retail Structured Products and sets out requirements for initial and ongoing due diligence to help ensure the distributors have appropriate procedures and governance for their products and target market focusing on good end-customer outcomes.

Global Markets

Now in its sixth year of release, the Global Markets Code of Conduct (GMCC), an addition to our CRMF; is the annual re-statement of our continual commitment to promoting good conduct, strengthening our control environment and cultivating a strong ethical firm culture. The first half of 2021 saw the majority of our colleagues continue to work remotely due to the COVID-19 pandemic. Since then, colleagues are returning to offices in greater numbers. Attention to detail around the control environment during this period is of the utmost importance to managing risk. Markets' distributed architecture has been essential to our ability to operate effectively throughout this year and we have been mindful of the risks that this environment has created. The business has remained vigilant in identifying and mitigating Conduct risks as we navigate these challenging times.

The GMCC is an input from teams across Markets, spanning the Regulatory, Legal and Compliance functions. It is a collection of key conduct principles and ethical and legal behaviours to which all colleagues are expected to adhere to at all times. In this edition, there are updates taken from our Policies, Standards and Procedures that incorporate the industry standards and best practices that guide our Markets business globally. New content has been added relating to Sustainability, the LIBOR Transition, and Personal Relationships at work. The principles highlighted in the GMCC inform all our decisions and bolster our business by building and maintaining a reputation of dependability with clients and strengthening our ability to attract, retain and develop our colleagues.The GMCC outlines how Markets manages Conduct risks including, but not limited to, preserving confidentiality, managing market conduct, preventing financial crime and fraud, product governance and suitability and managing conflicts of interest.

The GMCC is a good example of how we are operating in line with the Barclays Purpose, Values and Mindset and will help ensure that we are best positioned to drive good outcomes for our stakeholders, including shareholders, colleagues, clients and society.

Corporate Bank

In 2021, the Corporate Bank continued to strengthen its overall Conduct risk governance. This has been achieved through quarterly risk reviews and reporting, enhancement of customer experience, ongoing enhancement of controls, robust product governance and specific action to serve the needs of vulnerable customers during the COVID-19 pandemic.

The Corporate Bank Controls Forum governs Conduct risk and control oversight. Additionally, to support our on-going Market Conduct obligations, Corporate Bank initiated a dedicated Market Conduct process optimisation initiative. This initiative enhances existing processes and establishes a dedicated Market Conduct Knowledge Centre for Corporate Bank colleagues.

The development of new propositions is done in collaboration with customers through research, insight, data analytics and data science. The goal is to help ensure customer needs are at the core of our design principles. By leveraging the new product approval process, customer needs are embedded in the final product design. Corporate Bank runs the Business Change Control Forum that sets and governs the principles and standards for managing material change impacting products globally and is a precursor to the Group-wide new product approval process.

Within the Transaction Banking business, we have simplified our payments, digital services and information tariffs. Our new tariff provides our customers with much clearer information allowing them to easily reconcile their charges. Relationship Bankers are able to guide clients where cheaper solutions may be available to them and can review pricing dependent on customer needs.

Consistency in product governance is provided through the Product Lifecycle Programme, which standardises how products are created, managed and changed within the Corporate Bank. The goal is that the relevant products and associated processes are robust and operate effectively. In addition, this provides Product Managers with greater end-to-end oversight and effective tools to manage products through each phase of maturity.

In matters relating to sustainable products in the Corporate Bank, the Sustainable Product Group has been established as a full-time team acting as a centre of excellence for sustainability-related topics, reputational risk, governance and reporting and product innovation and origination. A senior member of the Sustainable Product Group chairs the Corporate Bank Sustainability Council to provide oversight of these activities and direction on product development and innovation priorities. Colleague training and dedicated customer communication plans are also being led by the Sustainable Product Group and the Group Sustainability and ESG team, which includes training calls and other collateral.

A European Client Task Force (ECTF) was established to enhance the European client experience through a series of initiatives. The ECTF addressed a variety of client journeys in the European franchise with the aim of detecting and executing on efficiency opportunities within client support, digital propositions and product capabilities. As a result of this work, the Corporate Bank should be able to provide tangible uplift to the client experience with key improvements in onboarding and account opening through to payment processing. Corporate Bank will continue to apply these principles of continuous incremental improvement towards our wider business and customer footprint.

We feel the importance to address the needs of vulnerable customers and help to ensure that they are understood and staff have the right skills and capability to recognise and respond to their needs to make sure they are treated fairly, building on existing support for them. The Corporate Bank has reviewed FCA and other jurisdictional regulations and instigated annual training, best practice controls and processes. All of this is underpinned by a regular review of the control framework to help ensure that it remains fit for purpose and continues to respond to the needs of vulnerable customers. This further builds on existing Corporate Bank practices as a signatory to the Standards of Lending Practices, which provides protections for Small and Medium Enterprises.

ESG: Governance continued

Private Bank

Our Private Bank senior leaders spend significant time setting the framework designed to ensure our Purpose, Values and Mindset are now deeply embedded in our objectives and plans.

For business to succeed, we believe quality for every product, service, process, task, action or decision must be maintained at every level. Our sales quality standards are designed to ensure we understand our clients' risk profiles, circumstances, investment needs and objectives. Our Training & Competency (T&C) Scheme, Sales and Suitability process and Advice Quality Assessment processes are designed to ensure that our client advisers are qualified and trained in order to perform their regulated roles, alongside being able to provide suitable and appropriate investment advice to our clients.

In addition, we strengthen our culture with clear and effective controls by assessing conduct of in-scope frontline employees against key testing and metrics that are presented in a Conduct risk dashboard, ensuring conduct issues are captured, discussed and reviewed regularly. The Private Bank T&C scheme encompasses the responsibilities of a supervisor and helps to ensure that regulated or relevant employees' skills, knowledge and performance are regularly assessed, their competence is maintained and their skills are regularly developed. We work to ensure that clients are put at the heart of everything we do; monitoring processes are in place to identify when customer detriment may have occurred. In those potential circumstances, we undertake the appropriate activity, including following complaints handling and redress procedures, to help ensure our clients are put back in the position they should have been in should the detriment had not occurred. While things can and sometimes do go wrong, we have a formal root cause programme that allows us to learn from complaints and be proactive with clients on potential issues.

Our Client Experience Forum examines specific client journey reviews and detailed issue root cause analysis to improve our processes and the client experience. Our ongoing focus is to enhance the client journey for a superior and seamless omni-channel client experience that is platform agnostic, while supporting the drive for scalable growth.

Due to the COVID-19 pandemic and the increase of vulnerability across the population, it is paramount to ensure we understand the needs of vulnerable clients to make sure they are treated fairly building on our existing support for them. A Private Bank vulnerability programme was set up to help ensure applicable regulations and guidelines are adhered to, including the roll out of best practices on controls and processes, as well as, further training designed to ensure all our staff have the right skills and capability to recognise and respond to the needs of our vulnerable clients.

The services we provide and the manner in which they are delivered continue to evolve, driven by the changing needs of our clients and guided by the regulatory landscape in which we operate. The Private Bank Product and Proposition Committee (PPC) reviews new and amended product / service proposals from an end to end perspective. The PPC provides review, challenge and guidance, which is designed to ensure any changes to our products and/or services are assessed from a client, conduct and risk perspective. The PPC facilitates the progression of proposals through the NAPA process as applicable, ensuring the required governance process is followed prior to product launch. Our product and service families are reviewed on an annual basis to help ensure our products and services continue to meet the needs of our clients and mitigate the risk of foreseeable harm. Product Review outcomes are presented at the Private Bank Product Review Committee, aligned to the requirements of the Group Product Review Standard. We all have a responsibility to look to ensure that our clients are at the heart of every process, activity and decision, and that we have a clear understanding of the consequences of our actions.

Consumer, Cards and Payments

In 2021, Barclays Payments has continued to focus on a customer-led approach, simplifying our product offerings, reducing paper consumption, supporting colleagues as we have continued to work from home and transition back into the office. Barclays Payments continues to embed the Group's global diversity and inclusion agenda while continuing to take effective action to support clients through the COVID-19 pandemic.

In response to the COVID-19 pandemic, we introduced a range of forbearance measures across our issuing and acquiring businesses. In Issuing, additional support options implemented in 2020 were carried forward with payment holidays and interest and fee suspensions offered to support businesses experiencing payment difficulties. In Acquiring, businesses impacted by the COVID-19 pandemic could freeze fixed monthly payments for 3 or 6 months as well as waiving minimum billing was waived for all customers during each of the national lockdowns. This was extended in 2021 for some sectors that were unable to re-open immediately after the lockdown such as hospitality.

Consumer Bank Europe (CBE) continues to improve its payment and lending offering and responds to ever changing customer behaviour. While closely monitoring the effects of the COVID-19 pandemic on our customer base, CBE has continued to strengthen its 'Buy Now Pay Later' product features. These are giving customers the flexibility of a card in combination with structured repayment capabilities. This innovative financing solution was also embedded in a major e-commerce partnership solution with Amazon, offering customers a seamless experience with a fully digital onboarding and servicing process. With this partnership solution, CBE is now extending this offer to new partnerships.

Our US Consumer Bank (USCB) supported customers and partners, responding to changing customer and client needs as events have continued to unfold in 2021. We have built on the targeted action taken in 2020 to support customers who experienced financial disruption or hardship as a result of the COVID-19 pandemic, continuing to offer Hardship Assistance as well as dedicated Payment Relief Plans for both Cards and Consumer Loan customers up until May 2021.

As we continue to develop relationships with our clients and customers, we remain focused on automation and digitisation to further enhance the products and services we offer. Digital enhancements to our disaster relief process were made in 2021, initially developed to assist vulnerable customers during the COVID-19 pandemic, were also provided to card members impacted by Hurricane Ida enabling them to enrol online for relief, in addition to also being able to contact live call centre agents for assistance, further improving the customer experience.

ESG: Governance continued

Barclays UK

We are a customer-led business which aims (among other things) to provide good outcomes for our customers, clients and other stakeholders, while protecting the integrity of the market and promoting effective competition.

The Barclays Way sets out standards and behaviours that we must demonstrate and guides how we conduct our business across Barclays UK. Our CRMF incorporates four key risks: Market Integrity, Customer Protection, Financial Crime and Product Design and Review.

Aligning our culture to these standards is the key focus for Barclays UK. Leaders are expected to role model behaviours leading an effective 'tone from the top' in addition to driving good culture and conduct outcomes to embed a customer-focused culture throughout our business, which is comprised of Customer, Product, Business Banking, Wealth Management and Investments, Transformation, and our Chief Operating Office.

We review a range of topics to monitor both the risk and cultures set out in our strategic plans and operations, supported by Conduct risk assessments and key indicators. Working within the CRMF, we evaluate, respond and monitor Conduct risk.

We assess Conduct risk against key conduct controls set out in the CRMF and metrics and proactively look forward to identify new and emerging risks. Outputs are included in quarterly assessments and reported through the Barclays UK Conduct risk dashboards, culminating in an aggregated risk profile, which is reported to the appropriate Barclays UK Board Committee.

The BUK businesses are carried on by BBUKPLC and certain other entities within the Group. For information regarding BBUKPLC Board governance and activities, please refer to the BBUKPLC Annual Report 2021 available at home.barclays/investor-relations/reports-and-events/annual-reports/ for more information.

BUK conduct culture plan

Through 2021, Barclays UK took a number of actions to further improve its culture, which included delivery of improved tools and training on Conduct risk assessments. During 2021, over 23,500 of Barclays UK colleagues completed conduct culture training. This has helped us in identifying, mitigating and monitoring Conduct risks ahead of key decisions and supported increased visibility of Conduct risk assessments by the Barclays Executive Committee.

Our focus is now to fully embed and integrate conduct within our wider culture strategy. This will continue to embed as part of Barclays UK's people and culture transformation programme.

Responsible sales practices - reward and incentives

Our Barclays UK reward scheme is designed to incentivise all BUK colleagues to collaborate across the business, to better serve our customers. All colleagues receive an annual incentive payment related to one shared objective: to improve the customer experience. We measure our progress and define payment levels through the use of a brand-level Net Promoter Scores®. Our customer-facing colleagues receive the majority of their reward as base salary. This provides more financial security for colleagues, while reducing the risk of our reward structure being misaligned with the needs and desires of our customers.

Barclays UK has a well-established Performance Framework in place, that exists to protect the interests of our customers, colleagues and the Company through ensuring the right outcomes. The framework design does not include or permit the use of product sales targets for Customer Facing Teams.

Product design and review

Barclays UK conforms to the enhanced Barclays Product and Services Lifecycle governance, which is composed of two key processes: Product Approval; and Product Review, which help ensures that our products and services meet the needs of our customers by design and operation.

Product design

Barclays UK relies on two critical processes designed to ensure that our products and services meet the needs of our customers through their design. The NAPA process looks to ensure that the needs of our customers are met when new products are launched or existing products are amended, or that customer impacts are considered when products are withdrawn.

Wherever a product or service is found to be outside Appetite, the product or service owner must look to ensure that actions are taken to address this. The actions are validated by functional areas, including Legal and Compliance.

Both processes include, among other things, consideration of the product or service income generation approach; pricing structure complexity; fees or charges; the use of short-term promotions or offers; and features or add-ons that customers pay for as part of this product.

The Product Review process encourages greater product oversight by requiring that all existing products and services are reviewed annually, to help ensure that they continue to meet the needs of our customers.

This includes requirements that:

a. the product or service meets a clear, unique and genuine customer need,

b. customers are able to exit or downgrade from the product or product elements with minimal difficulty or cost,

c. an option to cancel without cost within a 'cooling off ' period is offered as standard, and there is minimal difficulty or cost to cancel or switch after this period has ended, and

d. customer vulnerability is considered and the risk of causing customer detriment, including adverse impacts on customer outcomes, customer harm, distress, inconvenience, reduced choice and loss of opportunity or benefit, is mitigated.

The product review process also covers matters including:

a. product parameters, including target markets, client segments, ongoing suitability and whether the product or service remains consistent with the needs, characteristics and objectives of the identified target market,

b. benefits versus best interests to customers and clients and the business,

c. features of the product or service,

d. distribution services and access channels

e. financial and non-financial risks as relevant to customers, clients, market integrity, effective competition or Barclays due to wilful misconduct,

f. post-sale transactional services where there is potential for customer, client or market detriment, and

g. relevant supporting infrastructure and controls including data, resilience and technology, and any potential issues identified.

Notes
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ESG: Governance continued

Transformation

The Transformation team oversees Barclays UK's multi-year Transformation Plan in line with the Group's strategic ambitions. The team work to design, sequence and track the plan at an aggregate level, ensuring effective mission control and a proactive culture of overall risk identification and mitigation. As part of this, the team has designed and embedded a series of controls and cultural interventions designed to ensure that conduct is an early and critical consideration of any new project in the plan (a project cannot be gated into delivery without this assessment being in place). The team also works to track and manage cumulative Conduct risk across the plan which may not be identified at an individual initiative level.

Customer

Customer-led design

We start from the principle that good design must be customer-led. We use a range of sources to understand our customers, in which immersive sessions, where we work together with customers to solve common issues, play a significant role. Other sources of customer insight include quantitative behavioural data, attitudinal data from social media, and feedback on customer experience from our NPS®[a] research programme. We also apply behavioural science principles to design journeys that feel intuitive to our customers.

Before any concept moves into development, we aim to test and iterate the design with different customer groups. Once ready for launch, we use 'test and learn' approaches and analysis to quantify how our customers react to product changes, and how they assess their value.

At any stage in this process, we can involve our LaunchPad digital community of Barclays customers, to provide us with an ongoing feedback loop. And our 'Colleagues as Customers' Community, Challenger, provides further insight.

Fair pricing

We are committed to treating customers fairly in everything we do, including in how we price our products and services, with a specific focus on vulnerable customers. We have developed a set of fair pricing principles to help ensure that our customers pay a fair price for the products and services they receive, and the principles are designed such that they do not cause foreseeable harm to customers.

Product

Product designs and manages the products that Barclays UK personal customers use. This encompasses current accounts, payments, savings, insurance, credit cards, loans, overdrafts and mortgage products. In common with the rest of Barclays UK, Product's goal is to make money work for our customers. A focus on good conduct, controls and risk management is at the heart of delivering this goal.

In 2021, we continued to focus on driving a Conduct risk mindset through the business, ensuring that conduct is considered at the outset of any new initiative, and as the core consideration in how we manage our products on an ongoing basis. All colleagues have defined performance objectives relating to risk and control and we remain focused on continued colleague education in order to enhance knowledge and reinforce a strong conduct culture. This culture is supported by the robust decision-making processes, and effective risk management and governance that are operated by Barclays UK.

The results of our focus on a Conduct risk mindset combined with strong conduct governance is visible in the actions the business has taken to support customers through the COVID-19 pandemic. This has been evidenced in our credit card business model reset, where we have refreshed and simplified our proposition. Product simplification and efficiency remain at the forefront of our customer-centric strategy and our products and propositions are subject to regular review and quality assurance to help ensure they remain fit for purpose and meet our customer needs.

Business Banking

The challenges our clients face have been magnified in recent times and as we continue to support them through this post pandemic environment, our social purpose is to support their recovery. We know that good conduct is at the heart of being a partner for growth for our clients. Product simplification and efficiency are at the forefront of our customer-centric strategy and our products and propositions are subject to regular review and quality assurance to help ensure they are fit for purpose and meet our client needs.

We believe it is critical to embed a controls mindset ensuring that robust decision-making processes are in place and enabling us to drive continuous improvements in our control environment. As such, all colleagues have defined performance objectives relating to risk and control and we remain focused on continued colleague education in order to enhance knowledge and reinforce a strong conduct culture.

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ESG: Governance continued

Wealth Management and Investments

Throughout the uncertainty of the COVID-19 pandemic, we have also supported customers with increased remote engagements by our Wealth Managers, investment content and virtual events while at the same time ensuring the stability of our Smart Investor investments platform during peak trading times.

The annual value assessments on our funds have concluded that our multi-asset and single-asset class funds deliver good value across all the different criteria. To deliver better outcomes for investors, we merged several of the single-asset class funds in 2021 resulting in an improved line-up of underlying managers and reduced costs to clients through economies of scale. All funds have been judged to have met their investment objectives and the qualitative assessment highlighted those steps we have taken in the recent past that have helped deliver performance, and value for investors.

We recognised the fiduciary need to vote and engage with the underlying companies within our portfolios and so commenced these activities in 2021 and aim to continue our progress into 2022.

COO and Functions

Chief Operating Office

The impact on the customer from our Operations and Technology strategy is at the forefront of our execution mindset. While it is our clear expectation that improvements in technology and operational capability will go a long way to improving the experience of our customers; we are aware that the design of strategies don't necessarily fit the needs of all. Execution of change across a complex technology estate brings resilience risks, that unless managed could impact our customers and their financial needs. As such, consideration of Conduct risks and appropriate mitigation is made across our strategy against all our customer base and significant care is undertaken to protect the resilience of our service provision as these changes are made.

Governance and reporting

Both Product Review and NAPA operate with robust governance in place with separate monthly committees that provide Senior Management oversight of the outputs from both processes.

The outputs from Product Reviews are rated according to the Group-wide standard Risks and Issues Classification Matrix; once the Committee has approved the risk assessment, any risks rated High or Exceptional are escalated to the Barclays UK Risk Committee. Product Review actions are managed through the Barclays Risk Acceptance and Issues Management Standard, with all associated issues and actions tracked by the Product Review Committees.

Quality Assurance testing is conducted across all customer facing functions, including sales practices, complaint handling and account servicing and support. Additional testing is conducted on vulnerability to determine whether frontline colleagues are correctly identifying vulnerable customers and then manage correctly. Testing is conducted against those customer processes that have been evaluated as high risk designed to ensure that customers receive appropriate and fair outcomes. Where customers have not received the correct outcomes, feedback is shared directly so that remediation can be provided swiftly.

ESG: Governance continued

We believe that transparency of information in our products and services is key to empowering consumers to make good financial decisions.

Responsible and inclusive banking

Our aim at Barclays is to offer an accessible, empathetic and inclusive service for our customers, including for those who may typically face barriers to accessing banking services, such as customers living with disabilities, complex needs or experiencing difficult life events. We have made significant progress, but we know there is more to do.

Following publication of the finalised FCA Vulnerability Guidance in February 2021, we took the opportunity to review key areas that underpin our treatment of customers in vulnerable circumstances. Barclays defines vulnerability as any existing or potential customers who, due to their personal circumstances e.g. financial difficulty, long term medical conditions, or other personal circumstances, are especially susceptible to detriment. To better support customers experiencing these circumstances we have begun the delivery of enhancements to our Barclays' tools, training, support and systems which will lay an important foundation for continuing to improve our on-going support when customers need us the most.

We seek to consider the requirements of all our stakeholders during the development of products and services. This includes the requirement to consider accessibility and inclusion, giving customers the ability to take control of their finances in a manner convenient to them and the promotion of financial capability.

Our unsecured borrowing solutions for consumers allow customers to borrow money without offering up a security based on a major asset. Customers of this business are protected by the Consumer Credit Act and the FCA's Consumer Credit Sourcebook, and all the safeguards that these afford, such as rules on point of sale disclosures, affordability assessments, and how we treat customers who are in financial difficulty, or in danger of falling into financial difficulty. This differs from some other forms of borrowing, for instance; unregulated 'buy now, pay later' and 'short term interest free' credit, where some providers operate outside of the regulatory perimeter with different levels of protection afforded to customers.

In line with regulatory requirements including those mentioned above, we strive to support our credit card customers in using their lending facilities in a sustainable way. We communicate with credit card customers deemed to be in persistent debt to support them to repay their balances faster and so reduce their overall interest charges. Customers who are unable to exit persistent debt within the regulatory mandated 36-month period are offered a bespoke Paydown Plan. This includes interest rate concessions to make it affordable for them to repay their balance within four years.

While regulation determines how we must treat customers who are already in persistent debt, we aim to go further and we have taken measures aimed at preventing customers from reaching this stage in the first place. To help customers avoid entering persistent debt in the future, we have changed customers' minimum payment structure. Since February 2021, all new credit card accounts are automatically put onto the new higher minimum payment calculation. In addition, a phased approach to increase minimum payments for existing customers started in January 2021 and will continue into 2022.

We have systems and processes in place to identify the signs of a customer encountering financial difficulty, and where required, we work with our customers with the objective of enabling their return to financial health.

We also have information available for customers through our Money Management Hub, providing tangible examples of how banks can support customers who are worried about their finances. The Money Management Hub has also been designed with a broader range of consumers in mind, containing guides on budgeting, saving and planning for the future, as well as advice on handling debt.

ESG: Governance continued

Within our retail business, the card controls within our mobile app enable customers to block payments to certain categories of retailer, such as gambling services and premium rate phone lines, as well as enabling daily cash machine withdrawal limits and controls on online and phone purchases. We have also recently introduced similar controls for our credit card customers.

To help customers who have fallen behind on payments and to enable them to self-cure in their channel of choice, we are digitising our Barclays Financial Assistance (BFA) support. We have simple repayment journeys available for use by early cycle arrears customers across all unsecured products, and a short-form Income and Expenditure form for those who need more complex support. Eligible Barclaycard customers also have the opportunity to set up a repayment plan in app. These tools increase accessibility by enabling customers to choose a time that suits them to address their arrears, promoting better customer engagement. Further strategic changes are anticipated to provide additional payment plans for customers with unsecured borrowing products who require BFA support.

The Barclays UK SME Portfolio, which includes the Education, Social Housing, Local Authorities and Income Producing Real Estate portfolio, is governed by policies and standards that are designed to comply with the relevant regulation, mitigate the risk of defaulting for customers experiencing challenging circumstances and provide a framework for impairment, provisioning and forbearance.

In order to make a credit decision a number of factors are considered including customer profile and management, business environment, financial performance, Barclays mandate and risk appetite for the sector. Regular monitoring is in place to ensure lending policies and procedures remain effective.

We seek to proactively engage and support Barclays UK SME customers who experience financial difficulty, through Barclays Business Support with the intention of delivering good customer outcomes.

Some of the other ways we seek to promote responsible and inclusive banking and increase accessibility are set out below.

The Barclays Accessibility statement is available at: barclays.co.uk/accessibility/statement/

Please refer to the Directors' Report on page 121 for details of how the BPLC Board continued to monitor Barclays' response to the impact of the COVID-19 pandemic on the Group's activities across the globe, making decisions to support customers and clients, during 2021.

Building financial wellbeing

As part of our aim to deliver a world-class money management experience and help money work for our customers, we are delivering more tools and features to educate them on managing their money. We are providing knowledge and expertise through our colleagues, whether that be helping customers to use our digital platforms via the Digital Eagles, or supporting customers in their understanding of financial products, to build financial plans, and save money through budgeting via our Barclays Money Mentors®. The Barclays Money Management Hub gives us the ability to provide proactive money management information directly to customers, giving them a better grasp on their spending behaviours and steps they can take to improve their financial wellbeing and provide customers greater control over their finances.

Gambling

Barclays understands that gambling and financial difficulty can often go hand in hand and that customers may sometimes, find it hard to ask for help. We continue to work in partnership with GamCare, a UK charity which provides information, advice and support for anyone affected by problem gambling. GamCare have provided additional training for our specialist financial assistance teams helping them have conversations with customers who are impacted by problem gambling, directly transferring those who need further support to trained GamCare advisers.

In April 2020, the Gambling Commission announced a ban on gambling businesses allowing consumers to use credit cards to gamble. This ban, which relies on gambling operators refusing credit card payments, we issued a Notice of Variation on 26 January 2021 to all Barclaycard customers which applies a block on gambling transactions at a card level. Any transaction classified as gambling will subsequently not be processed.

Further details can be found at: barclays.co.uk/gambling-support/

Domestic abuse

To support customers impacted by domestic abuse, we have worked closely with Refuge, a UK charity providing specialist support for women and children experiencing domestic abuse. This enables us to direct those impacted by domestic abuse to expert advice and assist survivors with the opening of bank accounts and gaining access to banking services in situations where they may not have the requisite documentation.

Economic difficulties

Many customers have been affected by the COVID-19 pandemic, as explained in our 2020 Annual Report, data analysis has been conducted across the Barclays UK customer base to identify specific cohorts of customers who were showing signs of potential financial difficulty in order to assess what support may be required. The help offered to customers has ranged from helping with budgeting, providing them with support directly (including the proactive campaign we ran in June 2021, reaching out to over 163,000 customers via a two-way SMS to offer support) or guiding them towards dedicated functions such as BFA or external agencies such as Step Change where appropriate.

Homelessness

Barclays has continued to work with ProxyAddress, a social enterprise service which enables the use of an alias address to be used for the purposes of connecting those facing homelessness with support, independent of location, to provide access to financial services for people facing homelessness.

Cancer diagnosis

We have worked with Macmillan, a UK-based cancer charity, to provide training to specialist teams to help them have discussions with customers who are impacted by a cancer diagnosis and have concerns over their financial position. This also includes referring customers, where appropriate, to Macmillan for further expert support.

ESG: Governance continued

Bereavement
We continue to work on supporting customers impacted by bereavement. We have seen a sustained improvement in both service levels and customer sentiment across the journey with improved metrics in both call answering times and our survey satisfaction scores since our 2020 Annual Report. Our recently created Online Document Upload portal has, supported thousands of customers in their journey since its creation and we have also updated our processes to allow at the time settlement of funeral bills for customers who visit us in branch. Work continues to improve and automate the process.

Further details can be found at: barclays.co.uk/what-to-do-when-someone-dies/notify-us/

Barclays UK complaints excluding PPI
%

We received a significant volume of PPI-related claims leading up to the FCA deadline of 29 August 2019. As such, the underlying trend provides a more meaningful comparison.

Barclays Bank PLC complaints
%

Reportable reflects the FCA's definition of a complaint which must be reported to the FCA on a half yearly basis and published externally on the Barclays Website.

Delegated authority
As a result of the COVID-19 pandemic, we have seen an increased need for those appointed to manage the finances of our customers to verify their identity with us digitally. To build on the introduction of the Office of the Public Guardian's digital 'Use a lasting power of attorney' service in 2020, we have introduced Barclays Verify capabilities to this area of the business; a secure identity verification tool accessible via our app. Barclays Verify enables new customers to verify their identity digitally without needing to visit a branch and has been implemented across a variety of other customer journeys.

Relationship support team
A specialist support team has been created to provide support for front line colleagues when handling cases of complex or extreme vulnerability. This ensures front line colleagues are better equipped to support customers in vulnerable circumstances.

Training for colleagues
38,527 Barclays UK colleagues completed the mandatory Customers in Vulnerable Circumstances annual e-learning modules. The training improves awareness and understanding of vulnerability for our frontline and head office colleagues. Four additional training modules were also updated ensuring greater depth of understanding for colleagues on the overarching drivers of vulnerability.

Banking Made Clearer brochure
Barclays partnered with the British Institute of Learning Disabilities to refresh our Banking Made Clearer brochure; an easier to read guide which uses simple, clear language and imagery.

Complaints
Barclays UK
In Barclays UK, we continue to be focused on improving the overall customer experience by identifying and supporting the removal of the root causes of customer complaints. Complaints across Barclays UK in 2021 have further reduced on those received in 2020, with volumes including PPI decreasing 23% YoY (-17% excluding PPI).

This is despite a 12% rise in transactions and interactions across the year as the economy recovered from the COVID-19 pandemic restrictions with the easing of lockdown driving up retail activity as well as monthly spending by customers. An important factor in the reduction in volume of complaints is improved IT stability and resilience with lower IT related outages, and improvements in the roll out of change, minimalising material impact.

Further details can be found at: home.barclays/citizenship/our reporting-and-policy-positions/UK-complaints-data

Barclays Bank PLC
BBPLC reportable[a] complaint volumes in 2021 continued a downward trend, with 21% fewer complaints received in comparison to 2020. As the dominant activity for BBPLC includes card issuing, payment acceptance, lending and investments for businesses, the COVID-19 pandemic, continued to affect activity. This in turn affected complaints with business restrictions or closures resulting in lower volumes of transactions and customer interactions (when compared with pre-pandemic levels), for significant periods of 2021 and most notably for those businesses deemed non-essential.

BBPLC businesses took action to protect colleagues and service to customers wherever possible, with particular focus being given to supporting customers in vulnerable circumstances and those facing financial difficulty during 2021.

BBPLC remains focused on improving the overall customer experience by identifying and supporting the removal of the root causes of customer complaints where possible.

Notes
a. Reportable reflects the FCA's definition of a complaint which must be reported to the FCA on a half yearly basis and published externally on the Barclays Website.

ESG: Governance continued

Barclays recognises that economic crimes have an adverse effect on individuals and communities wherever they occur. Endemic economic crime can threaten laws, democratic processes and basic human freedoms, impoverishing states and distorting free trade and competition.

Financial crime

Barclays recognises that economic crimes have an adverse effect on individuals and communities wherever they occur. Endemic economic crime (particularly when associated with organised crime and terrorist financing) can threaten laws, democratic processes and basic human freedoms, impoverishing states and distorting free trade and competition.

Barclays is committed to conducting its global activities with integrity and respecting its regulatory, ethical and social responsibilities to:

- protect customers, employees, and others with whom we do business, and
- support governments, regulators, and law enforcement in wider economic crime prevention.

We will not tolerate any deliberate breach of financial crime laws and regulations (e.g. bribery, corruption, and money laundering, sanctions, or tax evasion facilitation) that apply to our business and the transactions we undertake.

Barclays has a dedicated global Financial crime function, which sits within Compliance. The Financial crime function facilitates risk-based, effective and efficient financial crime risk management by providing expert support and oversight to the business and our legal entities (Barclays Bank UK PLC and Barclays Bank PLC operate alongside, but independently from one another as part of the Barclays Group under the listed entity, Barclays PLC).

We have adopted a holistic approach to Financial crime and have one group-wide Financial Crime Policy that sets the minimum control requirements in four key risk areas: anti-bribery and corruption (ABC); anti-money laundering and counter-terrorist financing (AML);

anti-tax evasion facilitation (ATEF) and sanctions. This combined approach allows us to identify and manage relevant synergies and connections between the key risk areas.

Eleven group-wide Financial Crime Standards and associated risk-based systems and controls support the Financial Crime Policy, which are:

- designed to help ensure that all Barclays employees, businesses and legal entities comply with all UK, extra-territorial and locally applicable legal and regulatory obligations,
- supported by the Barclays Board of Directors and applicable to all Barclays' legal entities and business dealings globally,
- approved by the Global Head of Compliance (member of the Executive Committee), and
- regularly reviewed for content and effectiveness, which provides senior executive management oversight committees and the Board Audit Committee with the necessary assurance regarding the operating effectiveness of the Barclays Financial Crime Control Framework.

Employees are made aware that failure to comply with the Financial Crime Policy and/or associated Standards may give rise to disciplinary action, up to and including dismissal.

Barclays conducts comprehensive financial crime risk assessments on a regular basis (minimum annually), incorporating bribery and corruption, money laundering, sanctions and tax evasion facilitation.

We have a comprehensive global financial crime training programme which includes mandatory general awareness training delivered via the Barclays learning management system. This training is further supplemented by role-specific enhanced financial crime training (online, paper-based or face to face) for areas of our business where we have identified increased financial crime risks.

Anti-Bribery and Corruption (ABC)

Barclays is subject to the provisions of the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act 1977, which have extra-territorial effect globally, as well as to applicable local anti-bribery and corruption laws.

The Barclays Financial Crime Policy and ABC Standards apply to all our employees, businesses and legal entities and are designed to ensure that Barclays' employees know how to identify and manage the legal, regulatory and reputational risks associated with bribery and corruption. In addition to the general prohibition against engaging in bribery and corruption (giving and receiving), the Standards contain the minimum risk-based control requirements (including ABC review and oversight) that all Barclays businesses, legal entities and employees must follow. The Standards address five key risk areas:

- employment and work opportunity – e.g. employees/prospective employees with connections to external stakeholders and/or Politically Exposed Persons,
- expenditure – e.g. how to deal with facilitation payment requests; gifts & entertainment recording/ review processes; charitable donations; commercial sponsorships and political donations,
- third parties – e.g. risk assessment, due diligence, contract clauses and review for suppliers of services who are paid to act for and on behalf of Barclays,
- introducers – e.g. enhanced risk assessment, due diligence, approval, contract clauses, monitoring and review for suppliers who are paid to introduce new customers/business to Barclays, and
- strategic and principal investments – e.g. risk assessment, due diligence and contract clause requirements for Barclays' proprietary investments.

These Standards also provide information about how to obtain guidance/advice and report incidents and form part of a robust ABC control framework, which has been developed to manage our legal, regulatory and reputational risks. This includes activities relating to: assignment of roles and responsibilities; risk assessment; employee training; employee screening; escalation processes; controls testing; assurance and audit.

We benchmark our ABC control framework by taking part in expert working groups and external surveys. For example, Transparency International's (TI) Corporate Anti-Corruption Benchmark, which measures and compares the performance of corporate ABC programmes in the UK using TI's extensive anti-corruption expertise and the input of experienced specialist practitioners. The Barclays ABC control framework currently holds an 'A' rating.

ESG: Governance continued

Anti-Money Laundering (AML)

Money laundering (including terrorist financing and the proliferation of nuclear, chemical or biological weapons) have been identified as major threats to the international financial services community and therefore to Barclays.

The UK, in common with many other countries, has passed legislation designed to prevent money laundering and to combat terrorism. This legislation, together with regulations, rules and industry guidance, form the cornerstone of AML obligations for UK firms and outline the offences and penalties for failing to comply.

The requirements of UK legislation apply to Barclays globally. Group companies may have additional local policies and procedures designed to comply with their local legislation, regulations and any government-approved guidance in the jurisdiction(s) in which they operate. The principal requirements, obligations and penalties currently in force, on which the Barclays AML prevention approach is based, are contained in:

- The Proceeds of Crime Act 2002 (POCA), as amended,
- The Terrorism Act 2000, as amended,
- The Terrorism Act 2006,
- The UK Money Laundering Regulations 2017, as amended, The FCA Handbook of Rules and Guidance (in particular, the 'Senior Management Arrangements, Systems and Controls' (SYSC) Sourcebook, which relates to the management and control of money laundering risk), and
- The Joint Money Laundering Steering group (JMLSG) guidance for the UK financial sector on the prevention of money laundering/combating terrorist financing.

The Barclays Financial Crime Policy and the four associated AML Standards are designed to ensure that all Barclays businesses and legal entities comply with the requirements and obligations set out in UK legislation, regulations, rules and industry guidance for the financial services sector. This includes the requirement to have adequate systems and controls in place to mitigate the risk of the firm being used to facilitate financial crime. As a transatlantic bank the Standards take account EU and US anti-money laundering requirements, as well as guidance issued by bodies such as the Wolfsberg Group and the European Banking Authority. The Standards focus on four key risk areas: the customer lifecycle; correspondent relationships; politically exposed persons; and wire transfers.

The Standards set out the minimum control requirements, which must be complied with by all Barclays businesses and legal entities, including:

- the appointment of an officer responsible for compliance with the UK Money Laundering Regulations 2017 (as amended), and the appointment of money laundering reporting officers of sufficient seniority, who have responsibility for oversight of business and legal entity compliance with relevant legislation, regulations, rules and industry guidance,
- establishing and maintaining a risk-based approach towards assessing and managing the money laundering and terrorist financing risks to the Group,
- establishing and maintaining risk-based customer due diligence, identification, verification and know your customer (KYC) procedures, including enhanced due diligence for those customers presenting higher risk, such as:
  - Politically Exposed Persons (PEPs),
  - business relationships and transactions with persons established in countries identified as having strategic anti-money laundering and counter-terrorist financing deficiencies ('high-risk third countries'), and
  - correspondent banking relationships.
- Barclays will not enter into or maintain a Business Relationship with, or on behalf of, shell banks or entities with bearer shares where these are prohibited under local law.

Anti-Tax Evasion Facilitation

Barclays takes a zero-tolerance approach to deliberate facilitation of tax evasion in any country and has procedures in place to prevent it. We also expect the same from our employees and third parties providing services for or on our behalf.

We comply with the UK Criminal Finances Act 2017 and all applicable tax evasion/tax evasion facilitation laws wherever we do business.

Tax evasion is a financial crime and a predicate offence to money laundering in the UK and in many other countries in which we operate. Barclays is committed to:

- dealing only with customers who have appropriately declared their assets to the relevant tax authorities, and
- preventing tax evasion facilitation by our employees or third parties acting for or on our behalf.

We have an Anti-Tax Evasion Facilitation Standard, which addresses the risks associated with employees and third parties who act for or on behalf of Barclays. This includes:

- prohibiting employees from facilitating tax evasion,
- ensuring that we take account of tax evasion/tax evasion facilitation as red flags for suspicious activity,
- subjecting third party and introducer/intermediary relationships to specific anti-tax evasion facilitation controls, including risk assessment, due diligence, contract clauses, monitoring and review, and
- information about how to obtain guidance/advice on tax-related matters and report incidents.

Sanctions

Sanctions are restrictions on activity with targeted countries, governments, entities, individuals and industries that are imposed by bodies such as the European Union (EU), the United Nations (UN), groups of countries, or individual countries, such as the United Kingdom and the US.

As a global financial institution, Barclays must comply with applicable sanctions laws and regulations in every jurisdiction in which it operates, or which apply to it because of its place of incorporation. In addition, in order to protect its reputation and other legitimate business interests, in certain circumstances, Barclays sanctions risk appetite may be stricter than its legal obligations.

The Financial Crime Policy and associated Sanctions Standard are designed to ensure that Barclays and its employees know how to identify and manage the risks associated with sanctions, including the risk that activity is undertaken through Barclays in breach of sanctions regulations.

To achieve this, the Sanctions Standard sets out the mandatory minimum control requirements, which must be complied with by all Barclays businesses and legal entities, including controls relating to: developing procedures; identifying applicable laws and regulations; risk assessments; transaction, customer and employee screening; escalation processes; and records retention.

The Barclays financial crime statement and more information on Barclays Tax Principles can be found at: home.barclays/sustainability/esg-resource-hub/statements-and-policy-positions/

ESG: Governance continued

We want to foster a culture where our colleagues feel safe to speak up.

Whistleblowing

Barclays is committed to providing a respectful and inclusive environment to work in. Colleagues are encouraged to speak up about actions and behaviours that have no place in the organisation. Through our YourView survey in 2021, 79% of global respondents said it was 'safe to speak up'. Individuals are encouraged to raise concerns directly to their management, Compliance, HR or Legal. However, sometimes employees do not feel comfortable using these avenues. To help them, Barclays has a dedicated independent Raising Concerns process, through which colleagues can report their concerns in the knowledge that the reports will be taken seriously, and managed sensitively and confidentially.

The Raising Concerns team will assess the concerns raised and refer them to the most appropriate team for review and, where appropriate, investigation. The Raising Concerns reporting channels are also available externally. Concerns assessed as whistleblowing will be directed to a dedicated team within Compliance. Whistleblowing is a core element of Raising Concerns at Barclays.

Whistleblowing relates to concerns which fall within the wider public interest, such as a breach of our policies and procedures; breaches of law and regulation; and behaviour that harms or is likely to harm the reputation or financial wellbeing of the Group. All whistleblowing reports are taken seriously and no-one should experience any form of overt or covert retaliation of any kind. Any confirmed instances of retaliation will be dealt with extremely seriously.

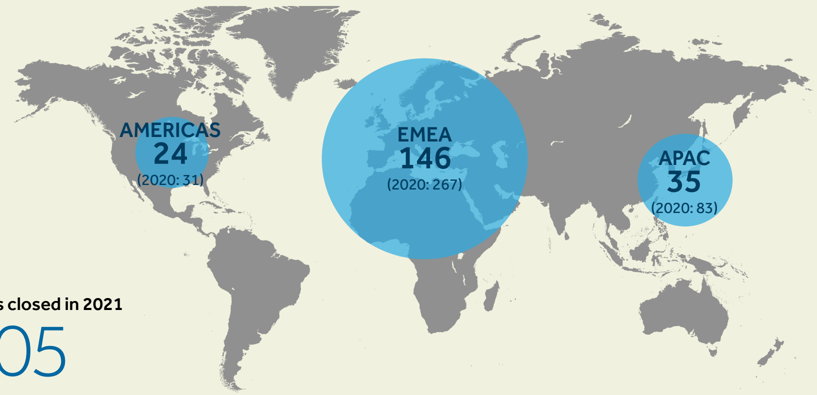
In 2021, the whistleblowing team opened a total of 134 whistleblowing concerns down 58% (2020: 319) including 32 retaliation concerns raised by 14 unique whistleblowers. 319 were opened in 2020 including, 129 COVID-19 concerns. The number of concerns raised anonymously during 2021 has also decreased in 2021 compared to 2020 which may suggest that colleagues are more comfortable raising concerns without fear of retaliation.

205 whistleblowing matters were closed in 2021, of which 19% were found to have some level of substantiation. None of the retaliation concerns closed in 2021 were substantiated.

The Chair of the Group Board Audit Committee has been appointed as the Group Whistleblowers' Champion and additionally, the Chair of the Barclays Bank UK PLC (BBUKPLC) Board Audit Committee has been appointed as the BBUKPLC Whistleblowers' Champion. They have responsibility for ensuring and overseeing the integrity, independence and effectiveness of Barclays' whistleblowing programme across their respective entities.

Please refer to pages 131, 133 and 137 and the BBPLC and BBUKPLC 2021 Annual Reports available at: home.barclays/investor-relations/reports-and-events/annual-reports/ for details of the BPLC, BBPLC and BBUKPLC Board Audit Committee oversight in relation to Barclays' whistleblowing policies and procedures.

Whistleblowing cases closed by region



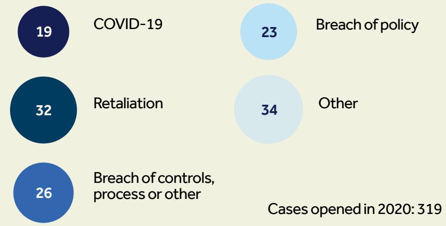
Cases closed in 2021

205

Whistleblowing cases opened by category

Cases opened in 2021

134



Cases opened in 2020: 319

ESG: Governance continued

We have strict policies to protect privacy and keep data secure.

Managing data privacy, security and resilience

Data privacy

Privacy and data protection laws vary across the jurisdictions in which we operate, but in general reflect a growing appreciation for the importance of privacy and transparency when we hold or process personal data. We operate in accordance with these standards and we recognise sound privacy practice is a key element of good corporate governance and responsibility.

Our Data Privacy governance framework provides a common set of requirements for processing personal data within Barclays. A core central privacy compliance team together with privacy leads in our key jurisdictions provide essential support and expertise for businesses across the Barclays Group. A Group Data Protection Officer (DPO) reports on data privacy issues and compliance to the highest level of management, ensuring there is appropriate awareness, accountability and oversight for privacy matters.

A comprehensive Group-wide Barclays Privacy Standard sets out for Barclays businesses and functions globally how we expect them to collect, handle, store, share, use and dispose of personal information. Colleagues must complete annual privacy training which is reviewed and refreshed each year. Additional tailored training is provided as necessary upon request to meet specific needs.

Through customer and employee Privacy Notices, we endeavour to explain clearly and openly how and why we use personal information, how it might be shared, and the legal grounds relied on for processing personal data. Customers and the public may raise any concerns with the Group DPO via a public mailbox. Several jurisdictions provide individuals with a right to request access to their personal data. To meet obligations in this respect Barclays provides dedicated secure means to enable individuals to make their requests and receive responses from a dedicated team.

We also maintain third-party controls and obligations to look to ensure any personal data handled by our suppliers is appropriately safeguarded and respected throughout our supply chain.

Data privacy is an important matter for our customers, employees and management of Barclays. When we receive complaints we seek to address them fairly and completely.

Data security

In 2021, we continued to strengthen our data security policies and controls to protect the Group's sensitive information and the data that has been entrusted to us by customers and clients.

In particular during 2021, we have introduced additional automated controls to discover data that is highly sensitive but not protected in line with our standards. This data is then either protected in line with its sensitivity or removed in line with our data retention requirements, if its continuing availability carries residual risk.

As Barclays accelerates the migration of digital services to the cloud, we apply the same design principles that underpin our existing control environment. We have strong controls and monitoring in place designed to ensure that cloud-hosted data is secure and maintains its integrity.

Barclays has also taken significant additional steps in 2021 to assure the security of data we share with third parties, including conducting on-site inspections with some suppliers to review their controls against contractual obligations and industry standards.

As we transition to a more hybrid working model we have augmented the education we provide to colleagues and strengthened the monitoring of how customer and client data is accessed and used to help minimise the risk of exploitation or leakage.

Chief Security Office

The Chief Security Officer for the Group heads the Chief Security Office, and they report directly to the Chief Operating Officer who sits on the Group Executive Committee.

The Group has an Information and Cyber Security Policy supported by ten Standards which define the minimum requirements for cyber security matters across the entire Barclays Group.

Data resilience

The Barclays Chief Security Office (CSO) has a set of preventative key controls that mitigate cyber-related risks. These focus on understanding internal and external threats and delivering our capability to counteract them. Large-scale data corruption is one cyber threat on which we are focused. Major risk events have been seen in other organisations and Barclays is focused on continuously reviewing and improving our response and recovery plans in preparation for these evolving threats. Our teams use intelligence to create plausible cyber security and data compromise scenarios which we simulate to help us focus on continuous improvement.

ESG: Governance continued

Operational resilience

Operational Resilience is a key priority for the Barclays Board and is the responsibility of everyone in Barclays. Customers and clients have increased expectations for us to be 'Always On' and the interconnectivity of the financial sector means the stability and resilience of our systems, workforce and continued provision of third-party services all have a direct impact on the quality of our service.

Barclays continues to invest in a multi-year Resilience Programme which is focused on our ability to recover from 'severe but plausible' scenarios which could cause detriment to our customers, clients and the broader financial market.

To enable this, we define Group-wide business services and their interdependencies across the Group including technology, third party services and our workforce and develop the recovery plans and business response plans required should a disruption event occur. We review and validate these mechanisms on an ongoing basis, through regular testing with the aim of reducing the volume and impact of operational incidents year-on-year. We also conduct regular assurance on third parties to assess the their capability.

Resilience and security is set as a priority from the BPLC Board and is the responsibility of everyone within the Group. Every colleague must complete mandatory training at regular intervals across the year.

Please refer to page 141, 143 and 147 for details of BPLC Board Risk Committee oversight relating to operational resilience.

Please refer to the 'Material existing and emerging risks' section in our Risk review on pages 204 to 215 for further details on cyberattacks, data management and information protection.

Please refer to the 'Supervision and regulation' section in our Risk review on pages 289 to 294 for further details on our regulatory approach to managing such risks.

Training

Barclays has adopted a 65-day window for Mandatory Training completion to allow colleagues sufficient time to complete training. The consequence of non-completion is a breach which can lead to disciplinary action and can impact compensation. The 65-day window covers many different colleague situations including new joiners, returners from sick leave, parental leave and internal movers. Some of these situations are required by law to have a reasonable adjustment time to enable the successful completion of training. This process is managed by Barclays HR and compliance.

Reporting phishing

The Chief Security Office performs a number of key activities related to identifying, investigating, responding to and containing phishing / malicious email incidents. The CSO have embedded an operational process that provides education and awareness content via email to colleagues who clicked a malicious link or attachment in a phishing email with escalating training exercises and management interventions for each repeated instance.

Colleagues can select within their mailbox to report any suspicious phishing emails to the Barclays Joint Operations Centre (JOC) for further investigation. All colleagues have a reporting tool integrated into their email account, enabling them to report suspected phishing mails for investigation and receive feedback on whether the reported mail was suspect, genuine or part of an educational campaign.

Certifications

Barclays holds three ISO27001 certifications (being the international standard on how to manage information security) and successfully renewed the Triennial Recertification for Barclays Corporate Banking (Government Banking Service). Barclays also has a UK certification for Digital Banking.

ESG: Governance continued

Barclays has a responsibility to engage with governments and policymakers appropriately, always remaining politically neutral.

Contributions, associations and memberships

Political contributions

Barclays is politically neutral and does not engage in party political campaigning or make party political donations as a Group. We engage with governments on issues relevant to our business, our customers and clients, and our employees, and we look to ensure that any communication undertaken is honest, comprehensive and accurate. Barclays does not give any money for political purposes in the UK, the EU or outside of the EU, nor does it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure.

In the US, in accordance with the Federal Election Campaign Act, Barclays provides administrative support to a federal Political Action Committee (PAC), which is funded by the voluntary and individual political contributions of eligible Barclays' employees. The PAC is not controlled by Barclays and all decisions regarding contributions are directed by a steering committee, which is comprised of employees eligible to contribute to the PAC.

The Federal Election Commission, in the US, publishes reports on PAC financial data, including individual contributions to the PAC and PAC disbursements throughout the year. Barclays also complies with applicable laws and requirements in relation to government engagement and lobbying, as well as the disclosure and publication of lobbying expenditure in all of the jurisdictions in which they are applicable. In the US, the Lobbying Disclosure Act (LDA) database publishes quarterly reports on our lobbying activity, including topics of discussion, Barclays' employees who are registered lobbyists, and government bodies engaged within that quarter.

For further details, see also our position on political contributions within the Director's Report on page 157.

Public policy engagement

As a major economic contributor – whether via the customers and clients we serve, the colleagues we employ, or the tax we pay – we believe it is important to contribute towards relevant public policy debates. To this end, we engage constructively with policymakers in jurisdictions where the firm operates, including with governments, legislatures, trade associations, consumer groups and other organisations like think tanks and NGOs.

In our discussions, we know we have a responsibility to be accurate, honest and evidence-based. We also believe that Barclays should only engage on issues where we have a legitimate interest (for example, where there is a direct consequence for our business, our customers and clients, or our colleagues).

We are committed to being transparent. On our Public Policy Engagement website, we publish material responses to public policy consultations, the agencies we work with in different jurisdictions, as well as key trade association memberships. (In the US, responses to public consultations are published on government websites.)

Responsibility for the coordination and oversight of public policy advocacy lies with the Group Head of Public Policy and Corporate Responsibility, working in partnership with the regional heads of government relations and regulatory relations via an internal Group Public and Regulatory Policy Steering Group.

Barclays retains the services of public affairs agencies in a number of locations. These agencies primarily assist with political monitoring and strategic advice. In order to meet our accountability and oversight commitments in relation to agencies, we work very closely with them on a day-to-day basis to help ensure the Government Relations team has oversight of the work being undertaken for the firm. In the US, third party advocacy engagement is also publicly reported, as required by the LDA.

Additionally, Barclays is a member of a number of trade associations globally. These associations work to represent their members, and for many this involves undertaking work to shape industry's collective response to various public policy issues. We seek to be an engaged and productive member of all associations in which the firm participates. The main mechanism for achieving this is through the committees and working group structures that exist within each trade association. To manage our major trade association engagement and meet our accountability and oversight commitments, the Government Relations team monitors who from the firm sits on which working group, and designed to ensure that there is a constant two-way flow of information in and out of those forums.

Further details can be found at: home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/public-policy-engagement/

Memberships and signatories

Barclays is a member of a number of associations (such as industry associations) and national or international advocacy organisations in which the organisation:

- holds a position on the governance body,
- participates in projects or committees, and
- provides substantive funding beyond routine membership dues, and views membership as strategic.

Sustainability memberships and initiatives

- Banking Environment Initiative
- Ceres
- Equator Principles
- Financial Services Taskforce (FSTF)
- Net-Zero Banking Alliance (NZBA)
- Partnership for Carbon Accounting Financials (PCAF)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Thun Group
- United Nations Environment Programme Finance Initiative (UNEP FI)
- United Nations Principles of Responsible Banking (PRB)
- UN Principles of Responsible Investment (UN PRI); Barclays Asset Management Ltd and Barclays UK Retirement Fund are signatories.

Further details can be found at: home.barclays/sustainability/esg-resource-hub/

ESG: Governance continued

Barclays supports a fair and transparent tax system.

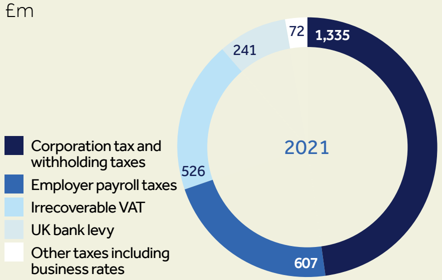
Tax

Taxes paid globally

£2,781m

Taxes paid globally

£m



2020 taxes paid globally £2,113m

Barclays has a responsible approach to tax, strong governance and risk management over tax risk and is committed to transparency around tax.

For further details, see our Country Snapshot Report at: home.barclays/investor-relations/reports-and-events/annual-reports/

Tax contribution

We continue to make substantial tax contributions across the jurisdictions in which we operate, both in terms of taxes paid and taxes collected. Our total tax contribution for 2021 was £5,792m. This includes taxes paid of £2,781m which represent a cost to us, and taxes collected on behalf of governments of £3,011m.

Barclays was ranked as the fourth-largest UK taxpayer, in terms of taxes paid, in the most recent PwC Total Tax Contribution survey of the One Hundred Group ('100 Group'). The 100 Group represents members of the FTSE 100 along with several large UK private companies. Over the last decade, we have consistently been ranked as one of the top five largest UK taxpayers, paying over £14bn of taxes in the UK alone.

Approach to tax

Barclays' Purpose is to deploy finance responsibly to support people and businesses, acting with empathy and integrity, championing innovation and sustainability, for the common good and the long term. Our approach to taxation, also known as our tax strategy, is aligned with this Purpose as well as our Values of Respect, Integrity, Service, Excellence and Stewardship.

Our approach to tax has three core objectives:

- responsible approach to tax,
- effective interaction with tax authorities, and
- transparency in relation to our tax affairs.

We manage our tax affairs in accordance with our Tax Principles and tax code of conduct, HMRC's Code of Practice on Taxation for Banks, and aim to file our returns on time and pay the correct amount of tax. We are committed to only dealing with customer or client assets that have been appropriately declared to the relevant tax authority.

We are committed to being a leader in tax transparency. We have published details of the taxes we pay by country and our approach to tax since 2013, and have chosen to expand external publications such as the Country Snapshot. We make clear disclosures to tax authorities.

Our Country Snapshot is publicly available and sets out our approach to tax in detail, including our Tax Principles. Our Country Snapshot including our UK tax strategy is reviewed and approved annually by the Barclays PLC Board Audit Committee.

> *Barclays was ranked as the fourth-largest UK taxpayer, in terms of taxes paid, in the November 2021 PwC Total Tax Contribution survey of the One Hundred Group.*

ESG: Governance continued

Key highlights on our approach to tax include:

- we follow clear Tax Principles that we have published. These allow us to balance the needs of all our stakeholders and make clear that tax planning must support genuine commercial activity,
- as a result of this approach, transactions which artificially transfer profits into a low tax jurisdiction would not be consistent with our Tax Principles,
- we seek to comply with the spirit as well as the letter of the law and we take account of established practice in the territories in which we operate. We are transparent in both the disclosure of our tax affairs to tax authorities as well as our tax reporting to other stakeholders, and
- we aim to comply with all of our tax obligations in the territories in which we operate and where there is uncertainty we may seek external tax advice in order to help ensure our tax filings are appropriate.

Tax governance, control and risk management

As a Globally Systemically Important Bank, our Group-wide risk and governance procedures are subject to continuous review and scrutiny. More details on our approach to tax governance, control and risk management can be found in our Country Snapshot, the key highlights of which include:

- our Board has ultimate responsibility for tax matters and the Board Audit Committee oversees our approach to tax,
- at Barclays, risks are identified and managed through our ERMF, which supports the business in its aim to embed effective risk management and a strong risk management culture. Under the ERMF risk, including tax risk is managed in accordance with a 'three lines of defence' model,
- as part of the 'first line of defence' the tax department identifies and manages tax risk by developing appropriate policies, standards and controls to apply across our organisation. Risk and Compliance comprise the 'second line of defence', and Barclays Internal Audit are the 'third line of defence', and these functions review, challenge and provide assurance to the Board in relation to the effectiveness of governance, risk management and controls including those relating to tax risk,
- we are subject to the Sarbanes-Oxley Act control requirements in relation to financial statements disclosures including those related to tax,
- our tax department comprises appropriately qualified in-house professionals who are subject to clear standards including that they uphold our Tax Principles and follow our tax code of conduct, which is an integral part of how we operate,
- our governance requires that suitably qualified people are involved in decisions related to tax, tax is fully taken into account when making business decisions and tax risk is identified, assessed and kept under review, and
- we have no tolerance for tax evasion and have well-established mechanisms for raising concerns about unethical or unlawful behaviour through our 'Whistleblowing' policy, which applies equally to tax matters.

The BPLC Board Audit Committee is responsible for considering the Group's tax strategy and overseeing compliance with the Group's Tax Principles.
Please refer to page 136 for details of BPLC Board Audit Committee oversight of tax related matters.

Stakeholder engagement and management of concerns related to tax:

Our reputation is very important to us and we take our external stakeholders' expectations into account when we make decisions in relation to our tax affairs. More details on our approach to stakeholder engagement and managing stakeholder concerns related to tax can be found in our Country Snapshot, and key highlights include:

- we believe that it is important to be transparent in the disclosure of our tax affairs both to tax authorities and stakeholders more broadly,
- our dealings with tax authorities are handled proactively, constructively and transparently, in real-time where possible,
- we recognise that early resolution of our tax affairs is in everyone's interest. We have ongoing engagement with tax authorities to discuss their inquiries and material issues in relation to our tax affairs, and we respond to feedback from tax authorities,
- where we face significant uncertainty in relation to the application of tax law, we may seek to agree with the tax authority how the tax law should apply,
- where relevant we seek to reach agreement with tax authorities using mechanisms available to all taxpayers including Advance Pricing Agreements and Mutual Agreement Procedures to clearly establish in which territories our profits should be taxed,
- we engage with governments, tax authorities and NGOs through public consultations and other discussions to assist with the development of tax policy and the improvement of tax systems, and maintain our transparency with these stakeholders, and
- we cooperate with tax authorities globally to reduce the scope for individuals and companies to evade tax, and have met all of our 2021 information reporting obligations under the Common Reporting Standard and Foreign Account Tax Compliance Act.

Additional disclosures

Clear, credible and accessible ESG information is critically important to enable effective investment decision-making, support company and investor engagement and underpin the growing range of products based on ESG factors.

ESG: Additional disclosures continued

A high-level summary of our climate-related disclosures. More detailed information about the climate related governance, strategy, risk management (including scenario analysis) and metrics and targets used by Barclays is available in our dedicated TCFD Report.

Summary of climate-related financial disclosures

Section	*Response to TCFD Recommendation in our TCFD Report*
Governance	a) We describe the board's oversight of climate-related risks and opportunities
	b) We describe management's role in assessing and managing climate-related risks and opportunities.
Strategy	a) We describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term
	b) We describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
	c) We describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
Risk management	a) We describe the organisation's processes for identifying and assessing climate-related risks.
	b) We describe the organization's processes for managing climate-related risks.
	c) We describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.
Metrics and targets	a) We disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
	b) We disclose scope 1, scope 2, and, if appropriate, scope 3 Greenhouse Gas (GHG) emissions, and the related risks.
	c) We describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Climate strategy

1. Achieving net zero operations

Barclays is working to achieving net zero operations and supply chain emissions, investing in the continued decarbonisation of our operations and in the development of a net zero pathway for the emissions from our supply chain.

2. Reducing our financed emissions

Barclays is committed to aligning its financing with the goals and timelines of the Paris Agreement.

3. Financing the transition

Barclays is providing green and sustainable finance required to help transform the economies we serve.

Our strategy is underpinned by the way we assess and manage our exposure to climate-related risk. From 2022, climate risk will be a Principal Risk under Barclays' Enterprise Risk Management Framework.

ESG: Additional disclosures continued

Governance

The Barclays PLC Board sets the strategic direction and risk appetite of the Group and is the ultimate decision-making body for matters of Group-wide strategic, financial, regulatory or reputational significance. The Board is also responsible for the oversight of social and environmental matters, including climate-related risks and opportunities.

Risk Management

In 2020, the Board Risk Committee made the decision that climate risk would become a Principal Risk within the ERMF from 2022. The elevation of climate risk to Principal Risk recognises that it is relevant and material enough to merit establishing a specific bank-wide framework, in line with other Principal Risks.

Scenario analysis

Scenario analysis forms a key part of Barclays' approach to assessing and quantifying the impact from climate change. We have developed our approach to scenario analysis through detailed quantitative and qualitative risk assessments of particular portfolios and activities.

Metrics and targets

We have developed metrics and targets to track progress against our climate strategy. The adoption of climate-related metrics are helpful for financial sector stakeholders seeking to try to price and manage climate-related risks. In developing our metrics and targets we continue to develop our methodology, including adding granularity and updating external client and industry data as these become available over time. These metrics and targets are used to measure and manage our climate-related risks and opportunities. We summarise progress against our existing set of targets aligned to our climate strategy: operational net zero; portfolio alignment (as shown using our BlueTrack™ methodology); and financing the transition towards a low-carbon economy.

UK Listing Rules statement of compliance

We are pleased to confirm that we have included in our TCFD Report climate-related financial disclosures consistent with the four recommendations and the eleven recommended disclosures set out in the June 2017 report entitled Recommendations of the Task Force on Climate-related Financial Disclosures.

This is our fifth TCFD report. For ease of review, and given the detailed and technical content of the TCFD Report, we have once again published this as a standalone report.

In October 2021, the TCFD released additional guidance implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (2021 TCFD Annex), which supersedes the 2017 Annex of the same name (2017 TCFD Annex). In line with the current UK Listing Rules requirements, our TCFD-aligned disclosures take into account the implementation recommendations in the 2017 TCFD Annex. In addition, we have considered the 2021 TCFD Annex and applied it where possible.

Some recommendations in the 2021 TCFD Annex will require more time for us to fully consider.

We will be working to implement the rest of the 2021 TCFD Annex recommendations over the course of 2022 and intend to apply these more fully in our next TCFD Report.

The TCFD Report is available within the Annual Report suite at: https://home.barclays/investor-relations/reports-and-events/annual-reports/

Further details on the TCFD Recommendations and Recommended Disclosures are available at: fsb-tcfd.org

ESG: Additional disclosures continued

We continue to enhance our disclosures and actively engage with ESG analysts and rating agencies. Barclays' strategy and performance on ESG factors is evaluated by a range of external agencies.

External ESG ratings and benchmarks

Across a set of key ESG ratings, our performance improved or remained stable for most ratings year-on-year, with methodology changes the primary drivers of scoring rather than underlying changes in approach or performance.

We continue to enhance disclosures on ESG factors and provide detailed information on our positions and policy statements. As disclosures are a significant driver of ESG ratings performance, we would expect this to continue to support our ratings and benchmarks over time.

We are further engaging with our stakeholders, including ratings agencies, investors and expert bodies, to improve transparency and enhance understanding of different assessment frameworks and ESG scoring models used by the various agencies.

There is currently some inconsistency in terms of what best practice looks like and how it is measured across different ratings agencies.This is reflected in the variance in methodologies, and therefore in the variance in Barclays' ESG rating across the different providers. There is limited consistency in the underlying data used both within and across sectors.

While this remains an unregulated area, we believe that it is important that these agencies, working with companies, investors and other market participants, continue to enhance consistency and transparency to support increasingly robust ESG data and ratings in the future.

We recognise that markets and stakeholders need clear, relevant and consistent information and we will continue to focus on enhancing our disclosures. This year, we have launched a new online ESG Data Hub on our ESG Resource Hub website, providing access to key ESG related metrics in a single place.

Please refer to pages 122,123 and 128 for details of BPLC Board consideration of matters relating to the reporting and monitoring of ESG related data.

Select ESG ratings and benchmarks

MSCI ESG Rating

AA

2020: A
2019: BBB

Scale (best to worst): AAA to CCC

Barclays' rating was upgraded to 'AA' in 2021.

ISS QualityScore Environment

1

2020: 1
2019: 1

Scale (best to worst): 1-10

ISS assigns environmental and social quality scores for corporate disclosures. Barclays' score represents the best possible score.

Sustainalytics ESG Risk Rating

25.1

2020: 23.9
2019: 31.7

Scale (best to worst): 0-100 with negligible (<10), low (10-20), medium (20-30), high (30-40) and severe (>40)

Barclays rating was stable at 'medium' risk year-on-year.

ISS QualityScore Social

1

2020: 1
2019: 1

Scale (best to worst): 1-10

ISS assigns environmental and social quality scores for corporate disclosures. Barclays' score represents the best possible score.

S&P Global CSA

78

92nd percentile

2020: 77
(88th percentile)

2019: 70
(77th percentile)

Scale (best to worst): 100-0

We saw an increase in our percentile score to the 92nd percentile for banks, up from 88th in 2020 and an increase in our score to 78, from 77.

ISS ESG Corporate Rating

C-

2020: C-
2019: C-

Scale (best to worst): A+-D

Our ISS ESG Corporate rating was stable at C-. In which, C+ is the best possible score for banks.

CDP Climate Change

B

2020: B
2019: A-

Scale (best to worst): A-D-

Barclays' performance was stable year-on-year with improvements in underlying scoring categories.

Moody's ESG Solutions[a]

55

2020: 49
2019: 48

Scale (best to worst): 100-0 with advanced (>60), robust (50-59), limited (30-49) and weak (0-29)

Barclays' rating improved from 'limited' to 'robust' year-on-year.

FTSE Russell ESG Rating

4.2

92nd percentile

2020: 4.7
(94th percentile)

2019: 4.8
(97th percentile)

Scale (best to worst): 5-0

Barclays' performance decreased from the 94th to the 92nd percentile in 2021 due to methodology changes.

Workforce Disclosure Initiative (WDI)

82%

2020: 77%
2019: 32%

Scale (best to worst): 100%-0%

Note

a This ESG assessment was originally provided by V.E, which is now part of Moody's ESG Solutions.

ESG: Additional disclosures continued

Additional information on key Environmental, Social, and Governance related topics across Barclays.

ESG Resource Directory

Barclays ESG Resource Hub

Reporting and Disclosures

Annual Report Suite

To view or download the latest, and archived annual reports.

- Barclays Climate-Related Financial Disclosures
- Barclays PLC Diversity and Inclusion Report
- Barclays PLC Fair Pay Report
- Barclays UK Pay Gaps Disclosure
- Barclays PLC Country Snapshot
- Barclays PLC Pillar 3 Report
- Globally Systematic Important Institutions (GSIIs) Disclosure

Additional ESG Disclosures

- ESG Data Hub
- ESG Investor Presentations
- Principles for Responsible Banking (PRB) Reporting and self-assessment template
- Sustainability Accounting Standards Board (SASB)
- Global Reporting Initiative (GRI) Index

KPMG LLP Limited Assurance Statement

Reporting and Measurement Methodology

- Barclays Sustainable Finance Framework
- Introducing BlueTrack™
- ESG Reporting Framework

Additional Resources

- ESG ratings and benchmarks
- Managing our operational footprint
- Postcode lending data
- Access to financial and digital empowerment
- UK complaints data
- UK branch closures
- Public policy engagement
- Environmental risks in lending

Partnerships

- BLUE Marine Foundation

Barclays' statements and policy positions

Our approach to Sustainable Finance

- Barclays Sustainable Impact Capital Initiative
- Barclays Green Bonds
- Corporate Investment Bank (CIB) – Solving Sustainable
- Barclays Research Impact Series
- Sustainable Green Solutions (Corporate Bank)
- Private Bank – Impact Investing
- Private Bank - Discretionary Portfolio Management
- Private Bank - Investing for Global Impact Report
- Sustainable, ESG and Impact investing (Wealth)
- Barclays Green Loans (Barclays UK)
- Barclays Green Home Mortgages (Barclays UK)
- Barclays Green Buy-to-Let Mortgages (Barclays UK)

Further details on our firm-wide initiatives can be found online within the ESG Resource Hub

ESG: Additional disclosures continued

Important information

- In preparing the ESG section within the Barclays PLC Annual Report, we have:
- made a number of key judgements, estimations and assumptions, and the processes and issues involved are complex. This is for example the case in relation to financed emissions, portfolio alignment, classification of environmental and social financing, operational emissions and measurement of climate risk.
- used ESG and climate data, models and methodologies that we consider to be appropriate and suitable for these purposes as at the date on which they were deployed. However, these data, models and methodologies are not of the same standard as those available in the context of other financial information, nor subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. There is an inability to rely on historical data as a strong indicator of future trajectories, in the case of climate change and its evolution. Outputs of models, processed data and methodologies will also be affected by underlying data quality which can be hard to assess.
- appointed KPMG LLP to perform limited independent assurance over selected ESG (including climate-related disclosures) content marked with Δ. The assurance engagement was planned and performed in accordance with the International Standard on Assurance Engagements (UK) 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the International Standard on Assurance Engagements 3410 Assurance of Greenhouse Gas Statements. A limited assurance opinion was issued and is available at the website link below. This includes details of the scope, reporting criteria, respective responsibilities, work performed, limitations and conclusion. No other information in this section of the Annual Report has been subject to external assurance or audit.
- the data, models and methodologies used and the judgements estimates or assumptions made are rapidly evolving and this may directly or indirectly affect the metrics, data points and targets contained in this section of the Annual Report. We continue to review and develop our approach to data, models and methodologies in line with market principles and standards as this subject area matures. Further development of accounting and/or reporting standards could impact (potentially materially) the performance metrics, data points and targets contained in this report. In future reports we may present some or all of the information for this reporting period using updated or more granular data or improved models, methodologies, market practices or standards. Such re-presented information may result in different outcomes than those included in this section of the Annual Report. Where information is re-presented from time to time, we will identify this and (where we think it is appropriate) include an explanation. It is important for readers and users of this report to be aware that direct like-for-like comparisons of each piece of information disclosed may not always be possible from one reporting period to another.

The limited assurance opinion is available at: home.barclays/sustainability/esg-resource-hub/reporting-and-disclosures/

Shareholder information

Annual General Meeting (AGM)

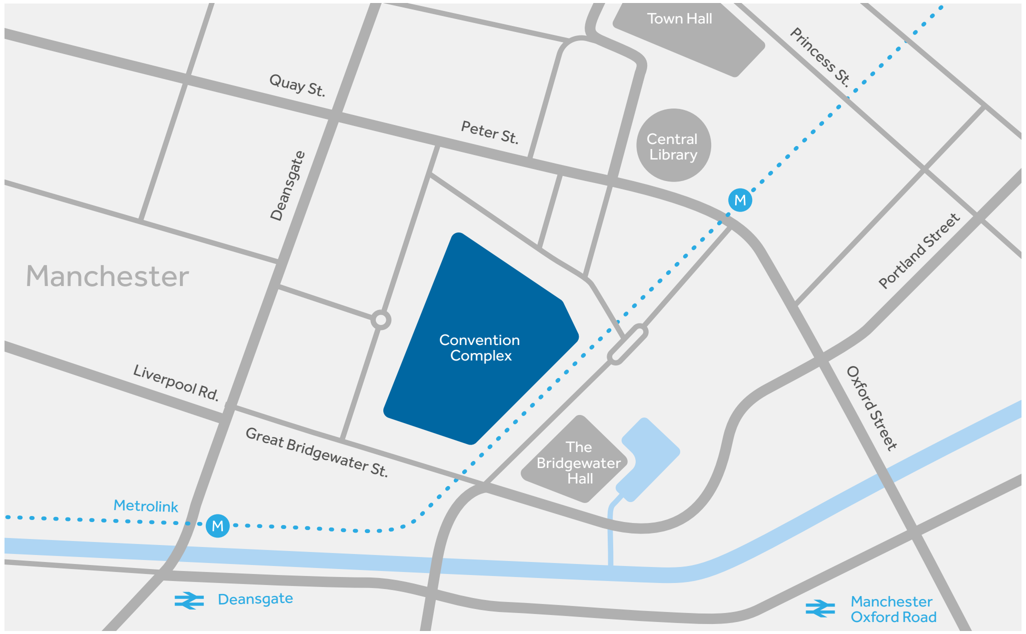
Location
Manchester Central Convention Complex, Petersfield, Manchester M2 3GX

And virtually via electronic platform

Date
Wednesday, 4 May 2022

Time
11.00am

The arrangements for the Company's 2022 AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on the Company's website (home.barclays/agm).



Key dates

5 April 2022
Full year dividend payment date

28 April 2022
Q1 2022 Results Announcement

4 May 2022
Annual General Meeting at 11.00am

Keep your personal details up to date

Please remember to tell Equiniti if:

- you move; or
- you need to update your bank or building society details.

If you are a Shareview member, you can update your bank or building society account or address details online. If you are not a Shareview member and you hold 2,500 shares or less, you can update details quickly and easily over the telephone using the Equiniti contact details overleaf. If you hold more than 2,500 shares you will need to write to Equiniti.

Dividends

The Barclays PLC 2021 full year dividend for the year ended 31 December 2021 will be 4.0p per share, making the 2021 total dividend 6.0p per share.

Save time and receive your dividends faster by having them paid directly into your bank or building society account

It is easy to set up payment directly to your bank account by completing a bank mandate, meaning your money will be in your bank account on the dividend payment date. If you hold 2,500 shares or less, you can provide your bank or building society details quickly and easily over the telephone using the Equiniti contact details overleaf. If you hold more than 2,500 shares, please contact Equiniti for details of how to change your payment instruction.

Dividend Re-investment Plan

Barclays offers a share alternative in the form of a dividend reinvestment plan (DRIP) for those shareholders who wish to elect to use their dividend payments to purchase additional ordinary shares, rather than receive a cash payment. The DRIP is provided and administered by Barclays' registrar, Equiniti.

Further details regarding the DRIP can be found at home.barclays/dividends and www.shareview.co.uk/info/drip

Dividend Payments

Barclays has made the decision that from February 2023, dividends will no longer be paid by cheque. All future dividends will be credited to a shareholder's nominated bank account or building society. We believe this decision is beneficial for our shareholders to safeguard dividends by using a more secure payment method, as well as removing our environmental impact of printing and posting cheques. We will be writing to shareholders with more information about our intention to cease payment of dividends by cheque when we send out our full year dividend stationery.

Shareholder information continued

Shareholder security

Shareholders should be wary of any cold calls with an offer to buy or sell shares. Fraudsters use persuasive and high pressure techniques to lure shareholders into high-risk investments or scams. You should treat any unsolicited calls with caution.

Please keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue. You should consider getting independent financial or professional advice from someone unconnected to the respective firm before you hand over any money.

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the share fraud reporting form at fca.org.uk/scams. You can also call the FCA Helpline on 0800 111 6768 or through Action Fraud on 0300 123 2040.

Reducing our Environmental Impact

In line with our targets to reduce our environmental footprint, as part of our Notice of AGM mailing we will be writing to those shareholders who currently receive a paper copy of our Annual Report to ask them to re-consider their shareholder communication preferences.

The Annual Report will continue to be available online at home.barclays/investor-relations/reports-and-events/annual-reports/

Managing your shares online

Shareview

Barclays shareholders can go online to manage their shareholding and find out about Barclays performance by joining Shareview. Through Shareview, you:

- will receive the latest updates from Barclays direct to your email;
- can update your address and bank details online;
- can vote in advance of general meetings.

To join Shareview, please follow these three easy steps:

Step 1	Go to portfolio.shareview.co.uk
Step 2	Register for electronic communications by following the instructions on screen
Step 3	You will be sent an activation code in the post the next working day

Returning funds to shareholders

Over 60,000 shareholders did not cash their Shares Not Taken Up (SNTU) cheque following the Rights Issue in September 2013. In 2021, we continued the tracing process to reunite these shareholders with their SNTU monies and any unclaimed dividends and by the end of the year, we had returned approximately £480,309 to our shareholders, in addition to the approximately £27,000 returned in 2020, £23,000 returned in 2019, £65,000 returned in 2018, £212,000 returned in 2017, £1.65m returned in 2016 and £2.2m in 2015.

Useful contact details

Equiniti

The Barclays share register is maintained by Equiniti. If you have any questions about your Barclays shares, please contact Equiniti by visiting **shareview.co.uk**

0371 384 2055
(in the UK)

+44 121 415 7004
(from overseas)

0371 384 2255
(for the hearing impaired in the UK)

+44 121 415 7028
(for the hearing impaired from overseas)

Aspect House
Spencer Road, Lancing, West Sussex BN99 6DA

To find out more, contact Equiniti or visit:
home.barclays/dividends

American Depositary Receipts (ADRs)

ADRs represent the ownership of Barclays PLC shares which are traded on the New York Stock Exchange. ADRs carry prices, and pay dividends, in US dollars.

If you have any questions about ADRs, please contact Shareowner Services:
StockTransfer@equiniti.com or visit adr.com

+1 800 990 1135
(toll free in the US and Canada)

+1 651 453 2128
(outside the US and Canada))

Shareowner Services
PO Box 64504, St Paul, MN 55164-0504, USA

Delivery of ADR certificates and overnight mail
Shareowner Services, 1110 Centre Point Curve, Suite 101, Mendota Heights, MN 55120, USA

Qualifying US and Canadian resident ADR holders should contact Shareowner Services for further details regarding the DRIP

Shareholder Relations

To give us your feedback or if you have any questions, please contact:
privateshareholderrelations@barclays.com

Shareholder Relations Barclays PLC
1 Churchill Place London E14 5HP

Share price

Information on the Barclays share price and other share price tools are available at:
home.barclays/investorrelations

Alternative formats

Shareholder documents can be provided in large print, audio CD or Braille free of charge by calling Equiniti.

0371 384 2055[a]
(in the UK)

+44 121 415 7004
(from overseas)

Audio versions of the Strategic Report will also be available at the AGM.

Note
a Lines open 8.30am to 5.30pm (UK time) Monday to Friday, excluding public holidays.

Growing. Together.

Supporting entrepreneurship

When childhood friends Irina Albita and Maria Tanjala decided to pool their expertise in the film and financing sectors, they created a product that is revolutionising the way that creative industries receive payment for their work. Their joint venture, FilmChain, is a fintech that uses blockchain technology to automate the process of channelling royalty payments to rights' holders in film and TV.

Barclays UK has been a crucial partner to FilmChain for four years providing them with the benefits of a globally recognised bank. Our capacity to open unique client bank accounts in any currency and offer competitive FX rates, as well as the customised support of our sector expertise has been crucial to the success of their business. Through the support of the Rise network and their participation in the Female Founders First programme, we have provided support to help them navigate complex business challenges, including fundraising, leadership, scaling and growth. This has been a key differentiator in FilmChain's ability to expand at pace.

Furthermore, with film clients around the globe, Barclays' international network continues to be invaluable to FilmChain as it continues to expand its own client base, with plans to open offices in Germany and the US this year and enter the enterprise market.

"

By automating processes and having the ability to open Barclays global client accounts with multi-currency access, FilmChain saves industry professionals millions of pounds in mismanaged funds, human errors and lack of data.

Maria Tanjala
Co-Founder, FilmChain

Barclays PLC Annual Report 2021
A detailed review of Barclays' 2021 performance with disclosures that provide useful insight and go beyond reporting requirements.

Barclays PLC Climate-related Financial Disclosures 2021
A report aligning to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in this, the fifth year of disclosure.

Barclays PLC Pillar 3 Report 2021
A summary of our risk profile, its interaction with the Group's risk appetite, and risk management.

Barclays PLC Fair Pay Report 2021
An overview of our approach to pay, including the principles and policies of our Fair Pay agenda.

Barclays PLC Diversity & Inclusion Report 2021
An overview of the Group's approach to building a more inclusive company, including a progress report on each of our six pillars of diversity and inclusion.

Barclays PLC Country Snapshot 2021
An overview of our global tax contribution as well as our approach to tax, including our UK tax strategy, together with our country-by-country data.

Left: **Rebecca Kolawole**
Barclays Business Manager, Moorgate
Right: **Maria Tanjala**
Co-Founder, FilmChain

Barclays PLC
Annual Report 2021
Part 2

BARCLAYS

Contents

Parts 1 and 2 of the Barclays PLC 2021 Annual Report together comprise Barclays PLC's annual accounts and report for the purposes of Section 423 of the Companies Act 2006.

Inside Part 1

The Barclays PLC Strategic Report 2021 was approved by the Board of Directors on 22 February 2022 and signed on its behalf by the Chairman.

Please note that throughout the document, graphical representation of component parts may not cast due to rounding.

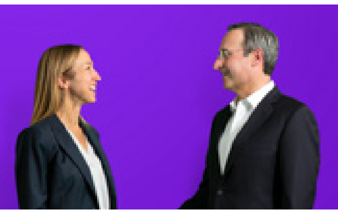
Inside this book

Report of the auditor

The Auditor's report on the Financial statements of Barclays PLC for the year ended 31 December 2021 was unmodified, and its statement under Section 496 of the Companies Act 2006 was also unmodified (see page 314 of Part 2 of the Annual Report 2021).

Our experience, insight and adaptability help unlock opportunities.

See our back cover for an example of how we are growing, together.




BARCLAYS

Our Governance

Welcome to our 2021 Governance report. In this report you can see the composition of our Board and our Executive Committee, and find out how our governance framework operates, along with information about the Board's key areas of focus in 2021.

Aim of our governance

The primary aim of our governance is that it:

- seeks to ensure that our decision-making is aligned to our Purpose, Values and Mindset
- creates long-term sustainable value for our shareholders, having regard to the interests of all our stakeholders
- is effective in providing constructive challenge, advice and support to management
- provides checks and balances and drives informed, collaborative and accountable decision-making.

Compliance with the Code and Regulations

Our Governance report reflects the requirements of the 2018 UK Corporate Governance Code (the Code) and the Companies (Miscellaneous Reporting) Regulations 2018 (the Regulations).

To view our specific compliance as against the Code, please see pages 148 to 155.

Certain additional information, signposted throughout this report, is available at home.barclays/corporategovernance

Directors' report

Directors' report: Our Board of Directors

Informed by our Purpose, responsible for setting our strategic direction

Nigel Higgins
Group Chairman

NC

C.S. Venkatakrishnan
Group Chief Executive

Brian Gilvary
Senior Independent Director

ReC NC RiC

Mike Ashley
Independent Non-Executive Director

AC NC RiC

Robert Berry
Independent Non-Executive Director

Tim Breedon CBE
Independent Non-Executive Director

RiC NC

Mohamed A. El-Erian
Independent Non-Executive Director

RiC

Dawn Fitzpatrick
Independent Non-Executive Director

ReC RiC

Mary Francis CBE
Independent Non-Executive Director

ReC

Crawford Gillies
Independent Non-Executive Director

NC

Tushar Morzaria
Group Finance Director

Diane Schueneman
Independent Non-Executive Director

AC NC RiC

Julia Wilson
Independent Non-Executive Director

AC

Stephen Shapiro
Group General Counsel and Group Company Secretary

Nigel Higgins
Group Chairman

Appointed:
March 2019 (Board), May 2019 (Chairman)

Skills, experience and contribution:
- Seasoned business leader with extensive experience in, and understanding of, banking and the financial services industry
- Strong track record in leading and chairing organisations
- Significant experience in providing strategic advice to major international organisations and governments
- Keenly focused on culture and corporate governance

Nigel spent 36 years at Rothschild & Co. where he was most recently Deputy Chairman. Prior to that he was Chairman of the Group Executive Committee and Managing Partner of Rothschild & Co.

Key current appointments:
Chairman, Sadler's Wells; Non- Executive Director, Tetra Laval Group

Board Committee membership

AC Audit Committee Member

RiC Risk Committee Member

ReC Remuneration Committee Member

NC Nomination Committee Member

Committee Chair

C.S. Venkatakrishnan
Group Chief Executive

Appointed:
November 2021

Skills, experience and contribution:
- Highly regarded leader with significant banking and financial services experience
- Extensive experience in risk management
- Deep understanding of the business and the markets within which the Group operates

Prior to his appointment as Group Chief Executive, Venkat served as Head of Global Markets and Co-President of Barclays Bank PLC from October 2020 and Group Chief Risk Officer from 2016 to 2020. Venkat is the executive sponsor for Embrace, the global multi-cultural network at Barclays. Prior to joining Barclays in 2016, Venkat worked at JPMorgan Chase from 1994, holding senior roles in Asset Management where he was Chief Investment Officer in Global Fixed Income, as well as in Investment Banking, and in Risk.

Key current appointments:
Board Member, Institute of International Finance; Advisory member to the Board, Massachusetts Institute of Technology Golub Centre for Finance and Policy

Brian Gilvary
Senior Independent Director (SID)

Appointed:
February 2020 (Board), January 2021 (SID)

Skills, experience and contribution:
- Extensive senior level experience of management, finance and strategy
- Deep experience of US and UK shareholder engagement
- Significant experience with, and understanding of, the challenges and opportunities inherent in advancing a sustainable energy future

Brian spent much of his career with bp p.l.c. in senior leadership roles, where he was most recently Chief Financial Officer. His other senior-level experience includes serving on the boards of various commercial and charitable organisations. Brian was Chair of the FTSE 100 Group of Finance Directors, a member of the UK Treasury Financial Management Review Board and has served on various HRH Prince of Wales' Business in the Community Leadership Teams.

Key current appointments:
Executive Chairman, INEOS Energy, an INEOS group company

Directors' report: Board of Directors continued

Mike Ashley
Independent Non-Executive Director

Appointed:
September 2013

Skills, experience and contribution:
- Specialised knowledge of accounting and audit related matters
- Extensive experience of auditing large international financial institutions
- Deep financial services and regulatory knowledge and experience

Mike previously worked at KPMG for over 20 years. Mike's former roles include acting as the lead engagement partner on the audits of large financial services groups including HSBC, Standard Chartered and the Bank of England, as Head of Quality and Risk Management for KPMG Europe LLP and as KPMG UK's Ethics Partner.

Key current appointments:
Member, Cabinet Office Board; Member, UK Endorsement Board; Member, ICAEW Ethics Standards Committee; Treasurer, The Scout Association

Robert Berry
Independent Non-Executive Director

Appointed:
February 2022

Skills, experience and contribution:
- Proven track record of management of risk exposure for a global financial institution and building a modern group-wide risk management organisation
- Strong record of integrating risk management with strategy
- Significant experience in finance, model development and trading

Robert was appointed to the Board on 8 February 2022 and, with effect from 1 March 2022, will take over the role of Chair of the Board Risk Committee (subject to regulatory approval) and become a member of the Board Audit Committee. Robert had a 28-year career at Goldman Sachs, where, most recently, he was the Co-Deputy Chief Risk Officer until 2018.

Key current appointments:
Board President, Alina Lodge

Tim Breedon CBE
Independent Non-Executive Director

Appointed:
November 2012

Skills, experience and contribution:
- Significant experience in strategic planning
- Extensive financial services experience
- Detailed knowledge of risk management and UK and EU regulation

Tim is a member of the Board and is also Chair of Barclays Bank Ireland PLC (also referred to as Barclays Europe). He had a distinguished career with Legal & General, where, among other roles, he was the Group Chief Executive Officer until June 2012. Tim also served as Chair of the Association of British Insurers. Tim will retire as a member and Chair of the Board Risk Committee and a member of the Board Nominations Committee with effect from 28 February 2022.

Key current appointments:
Chairman, Apax Global Alpha Limited; Non-Executive Director, Quilter PLC

Mohamed A. El-Erian
Independent Non-Executive Director

Appointed:
January 2020

Skills, experience and contribution:
- Highly respected economist and investor
- Extensive experience in the asset management industry and multilateral institutions
- Deep knowledge and understanding of international economics and financial services sector

Mohamed is Chief Economic Advisor at Allianz SE, the corporate parent of PIMCO (Pacific Investment Management Company LLC) where he formerly served as Chief Executive and Co-Chief Investment Officer. Mohamed is a regular columnist for Bloomberg Opinion and a contributing editor at the Financial Times. He spent 15 years at the IMF where he served as Deputy Director before moving to the private sector and financial services. He currently serves as President of Queens' College, Cambridge University.

Key current appointments:
Lead Independent Director, Under Armour Inc.; Chief Economic Adviser, Allianz SE; Chairman, Gramercy Funds Management; Senior Advisor, Investcorp Bank BSC

Dawn Fitzpatrick
Independent Non-Executive Director

Appointed:
September 2019

Skills, experience and contribution:
- Extensive management experience of international financial institutions
- Strong financial and strategic leadership experience
- Detailed knowledge of the markets in which the Group operates

Dawn holds the role of Chief Executive Officer and Chief Investment Officer at Soros Fund Management LLC. Her previous experience includes 25 years with UBS, most recently as Head of Investments for UBS Asset Management.

Key current appointments:
Chief Executive Officer and Chief Investment Officer, Soros Fund Management LLC; Member, The New York Federal Reserve's Investor Advisory Committee on Financial Markets; Member, Advisory Board and Investment Committee of the Open Society Foundations' Economic Justice Programme; Advisory Council Member, The Bretton Woods Committee

Mary Francis CBE
Independent Non-Executive Director

Appointed:
October 2016

Skills, experience and contribution:
- Extensive board-level experience across a range of industries
- Strong focus on reputation management and promoting board governance values
- Detailed understanding of the interaction between public and private sectors

Mary's previous appointments include Non-Executive Directorships at the Bank of England, Alliance & Leicester, Aviva, Centrica and Swiss Re Group. In her executive career, Mary held senior positions with both HM Treasury and the Prime Minister's Office and served as Director General of the Association of British Insurers.

Key current appointments:
Senior Independent Director, PensionBee Group PLC; Member, UK Takeover Appeal Board

Crawford Gillies
Independent Non-Executive Director

Appointed:
May 2014

Skills, experience and contribution:
- Extensive business transformation and management experience in international and cross-sector organisations
- Deep understanding and experience of stakeholder engagement
- Strong leadership qualities and expert at strategic decision-making

Crawford is a member of the Board having previously held the roles of Senior Independent Director and Chair of the Board Remuneration Committee. He is Chair of Barclays Bank UK PLC. Crawford has held a number of roles during his 30-year career including Managing Partner Europe of Bain & Company, Chair of Scottish Enterprise and the Confederation of British Industry London (CBI) and Non-Executive Director roles at both Standard Life and SSE.

Key current appointments:
Chairman, Edrington Group

Diane Schueneman
Independent Non-Executive Director

Appointed:
June 2015

Skills, experience and contribution:
- Significant experience of managing global, cross-discipline business operations and client services in the financial services industry
- Strong transformational programme experience
- Extensive technology and information security expertise

Diane is Chair of Barclays Execution Services Limited and a member of the Board of Barclays US LLC. Diane was previously Global Chief Infrastructure Officer of Merrill Lynch, where she was responsible for all technology and operations across retail, corporates and banking.

Key current appointments:
None

Tushar Morzaria
Group Finance Director

Appointed:
October 2013*

Skills, experience and contribution:
- Extensive knowledge of strategic financial management, investment banking and operational and regulatory relations
- Deep understanding of equity and debt capital management
- Significant financial leadership experience of international financial institutions

Tushar is a chartered accountant and Group Finance Director with responsibility for Finance, Tax, Treasury, Investor Relations and Strategy. Immediately prior to joining Barclays, Tushar was Chief Financial Officer of the Corporate and Investment Bank at JPMorgan Chase and before that, held various roles at SG Warburg, Credit Suisse and JPMorgan Chase.

Key current appointments:
Non-Executive Director bp p.l.c.; Member, 100 Group Main Committee; Chair, Sterling Risk Free Reference Rates Working Group

Julia Wilson
Independent Non-Executive Director

Appointed:
April 2021

Skills, experience and contribution:
- Significant board and executive-level strategic and financial leadership experience
- Extensive accounting, audit and financial services expertise
- Strong UK regulatory experience

Julia is a chartered accountant and is the Group Finance Director of 3i Group plc, having served on its board since 2008. Prior to joining 3i she was Group Director of Corporate Finance at Cable & Wireless where she also held a number of finance related roles. Julia was appointed as a Non-Executive Director at Legal & General Group PLC in 2011. She chaired L&G's Audit Committee between 2013 and 2016 and was Senior Independent Director from 2016 until she stepped down from L&G in March 2021.

Key current appointments:
Group Finance Director, Director, 3i Group plc; Chair, The 100 Group of FTSE 100 Finance Director

Stephen Shapiro
Group General Counsel and Group Company Secretary

Appointed:
November 2017

Relevant skills and experience
Stephen is an experienced lawyer and company secretary with a deep understanding of legal, corporate governance and regulatory matters. Holding the combined role of Group General Counsel and Group Company Secretary, he oversees Barclays' global Legal and Corporate Secretariat functions. Stephen is also a member of the Group Executive Committee (ExCo).

Career
Stephen previously served as the Group Company Secretary and Deputy General Counsel of SABMiller plc. Prior to this, he practised law as a partner in a law firm in South Africa, and subsequently in corporate law and M&A at Hogan Lovells in the UK. He was appointed as Group Company Secretary of Barclays in November 2017 and was subsequently appointed Group General Counsel in August 2020, in addition to his role as Company Secretary. Stephen is an active industry contributor and serves as a member of the GC100 Executive Committee, the association of General Counsel and Company Secretaries working in FTSE 100 companies, having previously served as Vice-Chair until January 2022. Stephen also previously served as Chairman of the ICC UK's Committee on Anti-Corruption.

*On 22 February 2022, Tushar notified the Board of his intention to retire from the Board and as Group Finance Director, and the Board has agreed that this will take effect on 22 April 2022.

Directors' report: Our Group Executive Committee

Barclays has a deep bench of senior leadership talent, with a balance of skills and experience to deliver our strategic ambitions.

Continuity in Barclays' strategy and leadership within ExCo

C.S. Venkatakrishnan (known as Venkat) was appointed as the Group Chief Executive on 1 November 2021, as detailed in the report of the Board Nominations Committee on pages 124 to 130. Shortly after his appointment, Venkat announced a series of changes to the roles of the existing members of the ExCo, with effect from 9 November 2021. These changes will ensure that, as our most senior management committee for the Group, ExCo is well-placed to support Venkat in his new role. ExCo will continue to have the right balance of skills and experience that we need in order to deliver for our stakeholders, and to not only maintain, but accelerate the Group's performance. The changes detailed below remain subject to regulatory approval where necessary.

Changes to ExCo in 2021

On Venkat's appointment as Group Chief Executive, Paul Compton became the sole President of Barclays Bank PLC (BBPLC) and the Global Head of the Corporate and Investment Bank. Paul joined Barclays in 2016, initially as the Chief Operating Officer, and was most recently a Co-President of BBPLC (alongside Venkat), and the Global Head of Banking. Paul has been the driving force behind our success with the Power of One Barclays initiative – bringing the whole organisation more closely together to deliver the best of Barclays to our clients.

Stephen Dainton stepped down from ExCo to take on the role of Co-Head of Global Markets alongside Adeel Khan, reporting into Paul Compton. We are grateful to Stephen for his continued contribution as he takes on his new role.

Ashok Vaswani, previously Chief Executive Officer, Consumer Banking and Payments, stepped down from ExCo in order to take on a new role as the Chief Digital Strategy Officer. We firmly believe that digital will be one of the defining opportunities for financial services in the coming years and Ashok has a huge depth of digital expertise, to help us capitalise on these opportunities. We are incredibly grateful for his continued contribution in his new role, which will help Venkat and ExCo to continue to explore, and take advantage of digital opportunities to reshape the Group.

Alistair Currie became Global Head of Consumer Banking and Payments, taking over from Ashok. Alistair defined and delivered a very successful strategy in his previous role as Head of the Corporate Bank, and created a fantastic platform for the business's future growth. His deep experience of digital transformation, in particular, is a major asset in his new role as Global Head of Consumer Banking and Payments.

C.S. Venkatakrishnan
Group Chief Executive

Tushar Morzaria
Group Finance Director

Mark Ashton Rigby
Group Chief Operating Officer and Chief Executive, BX

Paul Compton
Global Head of the Corporate and Investment Bank and President of BBPLC

Alistair Currie
Global Head of Consumer Banking and Payments

Matt Hammerstein
Chief Executive Officer, Barclays UK

Laura Padovani
Group Chief Compliance Officer

Tristram Roberts
Group Human Resources Director

Taalib Shah
Group Chief Risk Officer

Stephen Shapiro
Group General Counsel and Group Company Secretary

Sasha Wiggins
Group Head of Public Policy & Corporate Responsibility

Directors' report: Our Governance Framework
Governance is how the Board makes decisions and provides oversight.

A Group-wide governance framework to facilitate the effective management of the Group across its diverse businesses

Board Governance
At Barclays we think of governance as how the Board makes decisions and provides oversight in order to promote Barclays' success for the long-term benefit of our shareholders having regard to the interests of our other priority stakeholder groups – our clients, customers, colleagues and the society in which we operate.

The Barclays PLC (BPLC) Board sets the purpose and strategic direction and risk appetite of the Group and is the ultimate decision-making body for matters of Group-wide strategic, financial, regulatory or reputational significance. A bespoke corporate governance framework sets out those matters reserved solely to the decision-making power of the Board.

The *Matters Reserved to the Board* 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 Group's business on a day-to-day basis to the Group Chief Executive and his senior management team.

Individual roles on the Board and their responsibilities are set out in our *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 are responsible for providing effective oversight and scrutiny, strategic guidance and constructive challenge whilst holding the Executive Directors to account against their agreed performance objectives.

The membership of the BPLC and BBPLC Boards was partially consolidated and streamlined in 2019, leading to significantly improved coordination and efficiency and reducing complexity and unnecessary duplication.

The Board is supported in its work by its Committees, each of which has its own Committee terms of reference, which clearly set out its remit and decision-making powers. The principal Committees of the Board and their core responsibilities are set out in the 'Board Governance Framework' on page 118. This structure enables the Board to spend a significant proportion of its time focusing on the strategic direction of the Group.

The Chairs of each of the Board Committees provide a report on the work of the Committee at every Board meeting. In line with best practice, the Board Committees are comprised only of Non-Executive Directors. You can find out more about the Committees, their membership and their work during 2021 on pages 124 to 147 and 198 to 199.

We believe that an effective Board is one which delivers value for our four priority stakeholder groups – our customers and clients, colleagues, society and investors. We assess the effectiveness of our Board, its Committees and Board members annually. You can read about the 2021 effectiveness review, and progress against the 2020 review and recommendations carried forward, in the report of the Board Nominations Committee on pages 124 to 130.

Changes to our Board during 2021

In 2021, the Board welcomed the addition of two new Directors:

- Venkat, who was appointed as the Group Chief Executive and Executive Director on 1 November 2021
- Julia Wilson, who was appointed as a Non-Executive Director on 1 April 2021.

Brian Gilvary succeeded Crawford Gillies in the role of SID with effect from 1 January 2021.

Jes Staley stepped down as Group Chief Executive and Director of BPLC and BBPLC on 31 October 2021 and, as reported in our 2020 Annual Report, Sir Ian Cheshire stepped down from the Board on 5 May 2021.

You can read more about changes to Board composition during 2021, and succession planning for the Board, Board Committees and ExCo, including succession planning for the role of Group Chief Executive which led to Venkat's appointment as Jes Staley's successor and consideration of Non-Executive Director independence, in the report of the Board Nominations Committee on pages 124 to 130.

More recently, Robert Berry joined the Board as a Non-Executive Director with effect from 8 February 2022.

On 22 February 2022, Tushar Morzaria notified the Board of his intention to retire from the Board and as Group Finance Director, and the Board has agreed that this will take effect on 22 April 2022, with Anna Cross succeeding him as a member of the Board and as Group Finance Director on 23 April 2022.

Directors' report: Our Governance Framework continued

Our Board Governance Framework

Board of Barclays PLC
Responsible for the overall leadership of the Group (with direct oversight of matters relating to reputation, environment and culture)

Nominations Committee

- Reviews the composition of the Board
- Recommends the appointment of new Directors
- Considers succession plans for Board, Board Committee and ExCo positions
- Oversees the annual Board, Board Committee and Director effectiveness review

For more information see page 124

Audit Committee

- Assesses the integrity of the Group's financial statements
- Evaluates the effectiveness of the Group's internal controls
- Scrutinises the activities and performance of internal and external auditors
- Reviews and monitors the Group's whistleblowing policies

For more information see page 131

Risk Committee

- Monitors and recommends the Group's financial, operational and legal risk appetite
- Monitors the Group's financial, operational, conduct and legal risk profile
- Considers and reports on key financial and non-financial risk issues
- Oversees conduct and compliance and the leadership of the Risk and Compliance functions

For more information see page 140

Remuneration Committee

- Sets overarching principles and parameters of remuneration across the Group
- Considers and approves remuneration for the Chair, Executive Directors, other senior executives and certain Group employees
- Oversees remuneration issues

For more information see page 198

Group-wide Governance

BPLC, a premium listed company on the London Stock Exchange, is the parent company for the Group. The Group has a number of key operating entities, BBPLC, Barclays Bank UK PLC (BBUKPLC), Barclays Bank Ireland PLC (known as Barclays Europe), Barclays US LLC and Barclays Bank Delaware, each of which has its own board (comprising Executive and Non-Executive Directors) and board committees. Barclays Execution Services (known as BX) is our Group-wide service company and supports these main operating companies by providing technology, operations and functional services to businesses across the Group.

We have designed a Group-wide governance framework in order to facilitate the effective management of the Group across its diverse businesses by our Group Chief Executive and his ExCo, while preserving the constructive challenge, support and oversight of the Group's major subsidiary boards in the UK, Ireland and the US, consistent with their respective legal and regulatory responsibilities and in compliance with UK ring-fencing requirements.

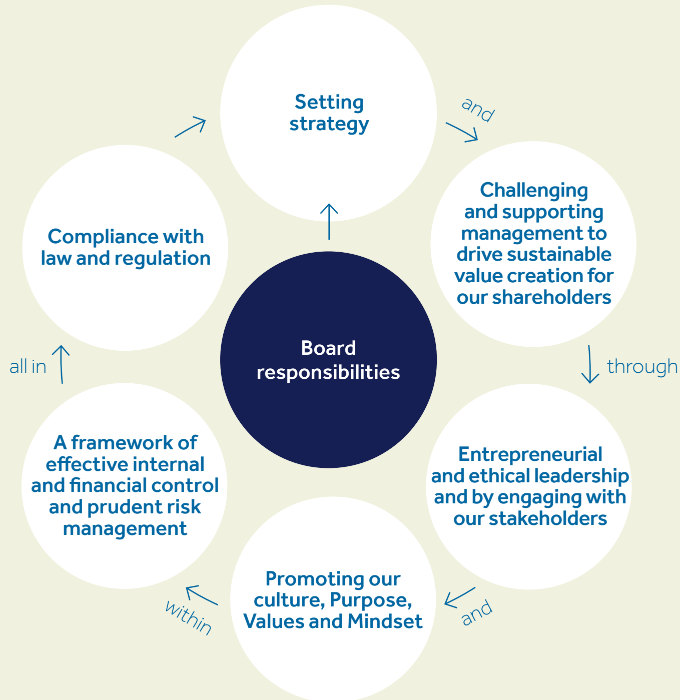
The Group's corporate governance manual clearly sets out guidelines as to how the Barclays Group entities and their respective Boards and Board Committees should interact, while also providing guidance and clarity for management and Directors as to how these relationships and processes should work in practice. It is a dynamic document that continues to evolve with the changing nature of the Group.

How the Board discharged its responsibilities in 2021

Please refer to the high-level flow diagram on page 119 for details of the framework within which the Board discharges its responsibilities. You can read about the key activities of the Board during 2021 on pages 120 to 123.

For further details of how the Board considered the interests of our stakeholders as we continue to evolve our strategic priorities, please refer to the Section 172 Statement on pages 16 to 19.

Board responsibilities

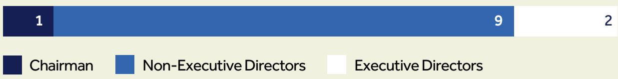


Board composition as at 31 December 2021

Balance of Non-Executive Directors – Executive Directors

No. of Directors

The Board considers all of the Non-Executive Directors to be independent.



Length of tenure (Chairman and Non-Executive Directors)

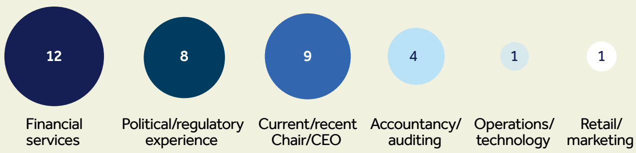
No. of Directors

Gender balance

No. of Directors

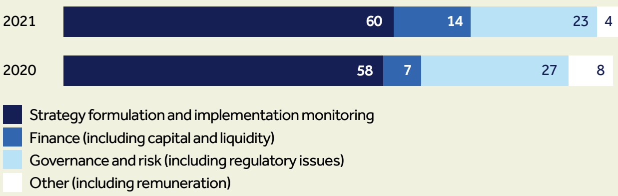
Industry experience[c]

No. of Directors



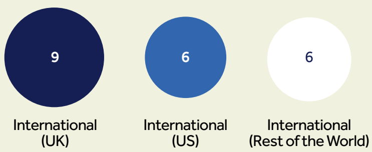
Board allocation of time[a]

%



International experience[d]

No. of Directors



Notes

a The percentages are subject to rounding and therefore may not equal 100% when rounded. Including ad hoc meetings.

b Please refer to the report of the Board Nominations Committee on page 124 to 130 in relation to the tenure and continued independence of Tim Breedon, who has served on the Board for more than nine years.

c Individual Directors may fall into one or more categories.

d In relation to board experience based on the location of the headquarters/registered office of a company.

Directors' report: Key Board Activities in 2021

Key Board Activities in 2021

As our Chairman mentioned in his introduction on pages 4 to 5, the continuation and evolution of the COVID-19 pandemic formed the defining backdrop to the year and consequently its impact on the Group constituted one of the Board's areas of focus for 2021. This theme ran through a wide range of areas, from the associated economic uncertainties to our future ways of working.

Against this backdrop, the Board retained its focus on our strategy, including in the context of our refreshed Purpose and newly launched Barclays Mindset. In November, the Board appointed Venkat to take on the role of Group Chief Executive. Venkat is now driving forwards the implementation of the clear strategy that the Board has established.

Beyond its consideration of the COVID-19 pandemic and its impacts, the Board spent time discussing a broad range of financial and non-financial areas over the course of the year including a variety of ESG, and Diversity and Inclusion matters, as well as the Group's return to distributions. Alongside overarching strategy considerations, significant attention was given to consideration in detail of our climate strategy.

You can read more about some key areas of focus for the Board in 2021 in this section.

Embedding our Purpose and Mindset and continuing to build a supportive and inclusive culture

The Board recognises that business success cannot be separated from the culture of the Group and strongly believes that the Group should have a common Purpose and a single Mindset.

Following the work completed in 2020 on reinvigorating our Purpose, the Board oversaw the launch of the Group-wide Mindset – Empower, Challenge and Drive – in February 2021. Our Mindset defines the way in which we want to get things done at Barclays.

The Board reviewed the implementation and embedment of the Mindset, challenging management to ensure the global nature of the Group's footprint was taken into account. The Board discussed how the success of the Mindset would be tracked and measured, including the launch of a new recognition platform which enables the recognition of colleagues displaying the Barclays' Mindset (as well as our shared Values). The Board also reviewed the newly created Mindset Dashboard which highlights early insights and areas of focus, as well as management actions that are being taken to embed and enact the Mindset going forward.

Mindset is a core part of the Group's culture and a core focus for the Board. The Board receives feedback on our culture through a number of channels including:

- receiving reports on the outcome of colleague survey results (including measurement of progress against the Mindset), and colleague views on areas such as wellbeing and ways of working
- direct engagement with colleagues locally to hear their views through channels such as town hall meetings, listening sessions on our flagship talent programmes and office visits. In 2021, this included an inaugural Global Inclusion Summit for over 600 senior leaders including our Group Chief Executive.

At the end of 2021, the Board reviewed the multiple workforce engagement mechanisms employed which enable management and the Board to listen to colleagues, monitor organisational culture and take colleague feedback into account in our key decision-making processes. It also discussed the key insights that management had gained from those mechanisms and the actions that had been, and are planned to be, taken to address colleague feedback.

Our people and culture section on pages 29 to 34 includes more information on workforce matters, including the Barclays Mindset.

Continuing our support through the COVID-19 pandemic

During 2021, the Board continued to monitor Barclays' response to the impact of the COVID-19 pandemic on the Group's activities across the globe, making decisions to support each of the following key stakeholder groups:

Customers and clients

The Board discussed the difficulties that many of our customers and clients were experiencing such as making repayments on their mortgages and experiencing challenges with cash flow to ensure the adequacy of the support that Barclays was providing to its customers and clients.

This support included repayment holidays, as well as the UK Government support schemes for businesses, such as the Bounce Back Loan Scheme (BBLS).

Colleagues

The Board was keenly aware of the impact of the COVID-19 pandemic for our colleagues, closely overseeing the support provided to them, whilst also having regard to colleagues' health and wellbeing. The Board considered in particular the situation in India where it was clear that the impact of the COVID-19 pandemic differed from city to city, in order to ensure that there was an increased focus on colleague engagement and support during this difficult time.

One of the Board's key focus areas in 2021 was the consideration of our strategy regarding the return to office of our colleagues and how Barclays would move to a future way of working.

The Board was keen to ensure a balanced and flexible approach, which met both the needs of the business whilst also preserving the benefits of flexible working. It reviewed the plans for a phased return to office developed by the ExCo with the wellbeing, and health and safety of colleagues a key consideration. As a result, and as detailed in Our people and culture section on page 33, the opportunity to work in a hybrid pattern has been extended to many colleagues (spending part of their time working from a Barclays site and part of their time working from home).

Society

During the year, the Board discussed the extension of Barclays' 100x100 Programme to support communities impacted by COVID-19. This forms part of Barclays' £100m COVID-19 Community Aid Package and has been delivering vital relief to vulnerable communities throughout the COVID-19 pandemic.

In 2021, this included support in the form of donations to organisations providing emergency relief in India.

Investors

In 2021, Barclays held its first 'hybrid' Annual General Meeting (AGM); a combined physical and electronic meeting. The Board shared the frustration and disappointment of our shareholders that, like the 2020 AGM, the 2021 AGM was impacted by the COVID-19 pandemic preventing shareholders from attending in person. Recognising the value of the AGM as a means of engaging with our shareholders, the Board decided to hold a hybrid AGM in order to maximise engagement whilst respecting the Government restrictions and guidance in place at the time. The hybrid nature of the meeting meant that shareholders were able to attend remotely by means of electronic facilities and to vote and to raise questions (either via the electronic platform or by telephone) in real time.

For information about our 2021 AGM and our forthcoming 2022 AGM, please see the How we comply section on pages 148 to 155.

Given Barclays' financial position, the Board also considered it appropriate to approve the payment of a dividend and a share buyback programme at both the FY 2020 Results and the HY 2021 Results. For more details of this return to distributions, please see below.

For details of shareholder and investor (retail and institutional) engagement throughout the year, please refer to the How we comply section on pages 148 to 155.

Directors' report: Key Board Activities in 2021 continued

Strategy

The Board considered strategy matters at each of its Board meetings throughout 2021 continuing to deepen its understanding of the Group's business and the risks and opportunities Barclays and the wider banking industry faces with a prioritised series of 'deep dive' sessions. This enabled the Board to spend a good proportion of its time considering longer-term and strategic issues.

Deep dive topics were informed by discussions with our shareholders and other stakeholders, as well as formal and informal Board discussions. Deep dive topics discussed by the Board covered a broad range of topics, including Payments, Investments and Advice, Transaction Banking, US Consumer Bank, Risk areas including Cyber, Ransomware and Cloud, as well as Conduct risk. In addition, the Board received updates from individual business areas and from key Group functions including Legal, Compliance, Public Policy and Corporate Responsibility, Risk and HR.

For more information on our strategy, please refer to the Strategic report on pages 2 to 50 and, in particular, our Section 172 Statement on pages 16 to 19 to read about how the Board has considered the interests of stakeholders in this context.

Key decisions:

- Endorsement of strategy
- Approval of the Group's Medium Term Plan (MTP)

Succession

The Board approved Venkat's appointment as the new Group Chief Executive with effect from 1 November 2021. Succession planning for the Board, the Board Committees and ExCo is a key focus for the Board and the Nominations Committee. You can read more about Venkat's appointment and the succession planning for the role of Group Chief Executive which led to Venkat's appointment as Jes Staley's successor, and details of the work the Board Nominations Committee has undertaken with respect to succession planning for the Board, Board Committees and ExCo, in the report of the Board Nominations Committee on pages 124 to 130.

Key decisions:

- Appointment of Venkat as Group Chief Executive

Delivering on Diversity and Inclusion

The Board, together with management, remains focused on building a supportive and inclusive culture and driving measurable progress. One specific area of focus during 2021 was the Group's Race at Work ambitions and progress made against its Race at Work Action Plan. The Board reviewed and discussed the progress that had been made against these ambitions and oversaw the publication of our inaugural Diversity and Inclusion Report, as well as the appointment of the Group Chief Diversity officer and a new Global Head of Race at Work.

The Board discussed management's review of Barclays' workforce policies and practices which are designed to support Barclays' efforts to attract, develop and retain diverse talent, and embed an inclusive culture. The Board agreed with management that the workforce policies and practices remain consistent with Barclays' Values and support Barclays' long-term sustainable success.

In addition, the Board scrutinised the existing Board Diversity Policy which includes a gender diversity target (33% female) and adopted an updated Policy on 9 February 2021. The updated Policy includes a new ethnic diversity target aligned with the Parker Review (at least one Board member to be a Person of Colour). The Board reconfirmed its commitment to these targets on 9 February 2022. Further detail can be found in the report of our Board Nominations Committee on page 127.

The Board reviewed Barclays' response to the diversity consultation papers jointly issued by Barclays' regulators, the Prudential Regulation Authority (the PRA), the Financial Conduct Authority (the FCA) and the Bank of England (the BoE), and discussed the practical challenges to the implementation of the proposals.

Key decisions:

- Adoption of an updated Board Diversity Policy

Sustainability and ESG (including Climate)

Barclays' climate ambition, set by the Board, is to be a net zero bank by 2050 and Barclays is committed to Paris alignment across all of its financing activities. Within this context, the Board is focused on the delivery of this ambition. Towards the end of 2021, our Group Chief Executive addressed more than 1,500 clients, investors and corporates at Barclays' Investment Bank's flagship ESG conference 'Making the transition' to discuss Barclays' role in the transition.

During 2021, the Board:

- monitored and provided oversight of Barclays' climate strategy and policies and discussed in detail its progress and evolution
- considered the proposed scope of the 'Say on Climate' vote that was announced at the 2021 AGM and which will be put to shareholders at the 2022 AGM. Further details of the 'Say on Climate' vote will be set out in the 2022 Notice of AGM
- reinforced its strategic climate leadership ambition including Barclays' status as a founding member of the Net Zero Banking Alliance together with other banks across multiple countries
- reviewed the potential financial, operational, commercial and legal implications of Barclays' climate strategy
- considered climate-related data and reporting, and discussed how progress could be monitored
- agreed that the ESG report should form part of the Annual Report commencing with this Annual Report. Read more about ESG on pages 51 to 104
- reviewed and approved the updated ERMF which included Climate risk as a Principal Risk with effect from 1 January 2022.

The Board also recognises that the Group has a core social duty to execute its business well, efficiently, responsibly, and to a high quality. The Board accordingly received a deep dive presentation on social impact (the S Strategy), considering how the S Strategy linked to Barclays' Values and in particular considered the approach we take for our communities.

In 2021, a new Group Head of Sustainability was appointed to assist the Group Head of Public Policy and Corporate Responsibility in taking forward the Group's ESG agenda.

The Board received regular updates on Public Policy and Corporate Responsibility matters (together with Group Reputation Risk Reports) from the Group Head of Public Policy and Corporate Responsibility (PPCR). These updates covered matters such as key government and regulatory policy, regulatory engagement and ESG matters including climate and modern slavery. Four climate-specific updates were provided to the Board by the Group Head of PPCR and the Group Head of Sustainability, covering areas such as progress on our climate strategy, policy updates, industry trends, stakeholder engagement and target-setting.

In line with our commitment to offer shareholders a 'Say on Climate', we will be publishing an update on our climate strategy, targets and methodology in advance of the 2022 AGM. Read more about the Board's evolution of our climate strategy in our Section 172 Statement on pages 16 to 19.

Key decisions:

- Approval of the Group's ESG report for 2020
- Approval of the Group's 2020 Modern Slavery Statement
- Approval in principle of Barclays' approach to 'Say on Climate'
- Approval in principle of Barclays' climate strategy
- Approval of the Group's Taskforce on Climate-related Financial Disclosures Report for 2020
- Approval of the Group's Enterprise Risk Management Framework (ERMF) including Climate risk as a Principal Risk within the ERMF

Return to Distributions for 2021

In response to the impact of the COVID-19 pandemic, the PRA made a public statement in 2020 and wrote to the CEOs of a number of banks, including Barclays, requesting that dividend payments and buybacks be suspended temporarily. 2021 saw the PRA permit the resumption of capital distributions by UK financial institutions provided that boards operate within the PRA's framework.

The Board considered the Group's capital distributions strategy, having regard to the appropriate balance of dividends and share buybacks and considering other uses of excess capital as well as the longer-term approach to distributions.

Having undertaken this assessment, and noting the strength of our business, the Board decided for the FY 2020 Results to approve the payment of a dividend of 1p per share, coupled with a share buyback programme of up to £700m. Given Barclays' strong capital position and strong business performance at the HY 2021 Results, the Board approved a half year dividend for the period ended 30 June 2021 of 2p per share and a share buyback of up to £500m.

Following the withdrawal of the SCRIP dividend programme, the Board also approved the introduction of a dividend reinvestment plan (DRIP) for those shareholders who wish to elect to use their dividend payments to purchase additional ordinary shares, rather than receive a cash payment.

Key decisions:

- Approval of a full year dividend for the year ended 31 December 2020 of 1p per share and approval of a share buyback of up to £700m
- Approval of a half year dividend for the period ended 30 June 2021 of 2p per share and approval of a share buyback of up to £500m
- Approval of the introduction of a DRIP

Directors' report: Board Nominations Committee report
Balancing skills, experience and diversity to support the continued delivery of the Group's strategy.

Robust succession planning for the Board, Committees and ExCo

Having the right balance of skills, experience and diversity of background and opinion on the Board is key to supporting the continued delivery of the Group's strategy, and to providing, informed and constructive challenge to management whilst acting fairly and in the interests of all stakeholders. The Committee plays a vital role in ensuring we are able to achieve this, with its focus on effective Board, Board Committee and ExCo composition and robust succession planning for these and other critical senior management roles.

As reflected in the Committee's allocation of time, succession planning was an area of significant focus during the year, notably in the context of the Board's appointment of Venkat as our new Group Chief Executive. The Committee and the Board were pleased to have identified strong internal successors for the roles of Group Chief Executive, and Group Finance Director, following ongoing review of the succession planning for these roles during 2020 and 2021. At the time of his appointment, Venkat held the role of Head of Markets and Global Co-Head of the CIB, and had been identified by the Committee and the Board as the 'Ready Now' successor for the role of Group Chief Executive. As noted in the Chairman's letter on pages 4 to 5, the Board is confident that Venkat will be a great leader of Barclays.

The Chairman (with the support of the Committee) has overseen a significant refresh of the Board since his appointment, with the appointment of five new independent Non-Executive Directors, Dawn Fitzpatrick, Mohamed El-Erian, Brian Gilvary, Julia Wilson and Robert Berry since 2019, as well as reviewing succession planning for key Board roles including the role of Board Risk Committee Chair as outlined further below. These Board appointments have brought new and diverse perspectives to the Board, enhancing its effectiveness and also providing valuable input and support to the work of its Committees.

Nominations Committee

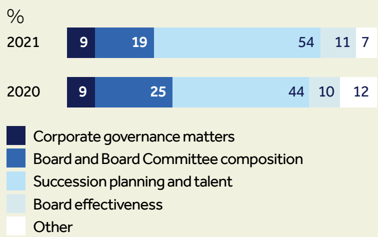
Board Nominations Committee

Committee members

Member	Meetings attended/eligible to attend (including ad hoc meetings)
Nigel Higgins	6/6
Mike Ashley	6/6
Tim Breedon	5/6
Crawford Gillies	6/6
Brian Gilvary	6/6
Diane Schueneman	6/6

Note
There were three scheduled meetings and three ad hoc meetings of the Committee in 2021. Owing to a prior commitment, Tim Breedon was unable to attend one ad hoc meeting of the Committee which had been scheduled at short notice.

Committee allocation of time



Note
Including ad hoc meetings.

During the course of 2021, the Committee considered and assessed the skills and experience required for the Board looking ahead over the next four years, taking account of the anticipated needs of the Board, its Committees and the business, as well as the ordinary course retirements of a number of long-serving Directors. The Committee agreed a series of priorities which will be considered and refreshed as it reviews potential additions to the Board and manages a robust and orderly succession plan. As ever, diversity remains a priority in all our searches.

As important as the 'who' is the 'how': a key part of the Board's effectiveness is how it operates in practice.

In 2021, we continued to strive for simplicity and clear focus in the Board's agendas, papers and presentations, building on the progress made in previous years. The Board continued to operate on the basis of a partial consolidation and streamlining of the BPLC and BBPLC Boards which was implemented in 2019, whereby the membership of the BBPLC Board became a subset of the BPLC Board, with all members of the BPLC Board, except the SID, the Chair of BBUKPLC and one other Non-Executive Director, also serving on the Board of BBPLC. In addition, having the Chairs of some of the Group's main subsidiaries as members of the BPLC Board, has continued to support significantly improved coordination and efficiency, whilst enabling appropriate focus on the matters relevant to each entity.

This year's Board Effectiveness Review specifically reviewed the effectiveness of the Board and Board Committee structure during the year, and the results of the review confirmed that our Board governance structure continues to deliver its intended benefits whilst respecting the spirit of the ring-fencing legislation in relation to decision-making affecting BBUKPLC.

Committee membership

The Committee is composed solely of Non-Executive Directors and is chaired by our Chairman. Details on Committee membership and meeting attendance are set out on page 124.

Principal activities

The Committee's allocation of time during 2021 is set out on page 124 and the Committee's principal activities during 2021 are set out on this page.

In discharging its responsibilities, the Committee takes into account feedback from key stakeholders and from Board discussions more widely.

Committee responsibilities

1. Ensuring the right individuals are appointed – in line with suitability criteria – who can discharge the duties and responsibilities of Directors.
2. Planning for effective ExCo, Board and Committee composition, through focusing on appointment and succession based on merit and skill, through a diversity lens.
3. Leading candidate search and identification.
4. Regularly reviewing succession planning and recommendations for key executive and non-executive roles.
5. Monitoring time commitments for incoming and existing Directors to ensure sufficient time for effective discharge of duties.
6. Monitoring compliance against corporate governance guidelines and the Diversity Policy, including yearly review and any recommendations for enhancements.
7. Ensuring compliance by the Board with legal and regulatory requirements.
8. Agreeing the approach to individual Director, Board and Committee effectiveness reviews and implementing any required actions.
9. Considering and authorising, subject to ratification by the Board, conflicts of interest.

Approval of the appointment of Venkat as Group Chief Executive.	1 2 3 4
Candidate evaluation for both executive and non-executive current and future roles including review of core skills and (for internal candidates) scrutiny of internal feedback.	1 2 3 4
Review of the balance of skills and diversity on the Board, and leading the search and recruitment process (including conflict analysis) for potential candidates. The Committee utilised external search consultants Spencer Stuart and Egon Zehnder to facilitate the targeted external mapping and search processes based on agreed and reviewed criteria.	1 2 3 4 6 9
Review of Directors' tenure and effectiveness, and identifying candidates for re-election at the AGM.	1 2 4 5 6 7 8
Approval of changes in Board Committee composition during the year, including the appointment of Dawn Fitzpatrick as a member of the Board Remuneration Committee.	1 2 3 4 5
Review and approval of the extension of Tim Breedon's tenure as a Non-Executive Director – refer to page 128 for further information.	1 2 4 6 7
Review of ExCo composition and succession planning for strengths and diversity of the development of ExCo members and key successors.	1 3 4 6
Review of recommendations and suggested improvements arising from the 2020 Board effectiveness review.	1 2 7 8
Oversight of the externally facilitated 2021 Board Effectiveness Review undertaken by Christopher Saul Associates (CSA).	8
Consideration of Director training and development, including the Board briefing session.	7 8
Review and approval of size, composition and succession planning for the Board and the Board Committees, including updates on succession planning for the Group's main subsidiary company Boards.	1 2 4 6
Review and update of the Board Diversity Policy in February 2021, including re-affirming the existing gender diversity target (33% female) and adopting a new ethnic diversity target aligned with the Parker Review on the ethnic diversity of UK Boards (at least one Board member to be a Person of Colour) – refer to page 127 for further information.	2 6

Directors' report: Board Nominations Committee report continued

Changes to the Board in 2021: Group Chief Executive

With effect from 1 November 2021, Venkat took over as Group Chief Executive, and became an Executive Director of BPLC and BBPLC.

Venkat brings significant skills and experience to the Board, as set out in his biography on page 113. He has over 26 years of experience in financial services, and since joining Barclays in March 2016 has held the roles of Group Chief Risk Officer (from 2016 to 2020) and Global Head of Markets & Co-President of BBPLC (from October 2020 until his appointment as Group Chief Executive).

As part of the Board's oversight over long-term succession planning, the Committee reviewed succession planning for the role of Group Chief Executive in September 2020. This review included discussion regarding potential internal and external candidates, including an external market mapping review, which was refreshed again over the summer of 2021. Reflecting on the market mapping exercise, the Committee noted the likely challenges around the recruitment of an external candidate with the requisite skill set and experience, and also discussed development for Venkat as part of the approach to 'ready' key successors.

Venkat's appointment to the role of Global Head of Markets & Co-President of BBPLC in October 2020, which followed the Committee's discussions in 2020, was designed to build on and develop his commercial experience and to provide a potential internal candidate for Group Chief Executive succession. With regard to the latter, the Board put in place development for Venkat for the role of Group Chief Executive, and had been working to this for the 12-month period leading up to Venkat's appointment. This included Venkat attending regular meetings with the Chairman, the Chair of the Board Risk Committee, and through external mentoring.

In considering Venkat's appointment, the Committee – and the Board – took into account feedback on his development, and from ongoing discussions with Board members over the previous year which demonstrated broad support for Venkat as a possible internal successor as Group Chief Executive. The Committee and the Board also had regard to Venkat's significant strength as an enterprise leader as part of the Group ExCo, his expanded leadership and commercial experience through his appointment to the Global Head of Markets role, including leading Front Office personnel and engaging directly with clients and key stakeholders of the CIB, as well as his background in Risk.

The Committee and the Board also took into account the broader contributions Venkat had made to Group-wide areas such as Barclays' ESG agenda (through the development of Green Finance initiatives and the development of the BlueTrack™ methodology), and to Barclays' diversity agenda. The Committee and the Board had regard to the stability that his appointment as an internal candidate would bring to the Group's key stakeholder groups, in particular shareholders, colleagues, and customers/clients.

Jes Staley stepped down as Group Chief Executive and as a Director of BPLC and BBPLC with effect from 31 October 2021.

Changes to the Board in 2021: Non-Executive Directors

We welcomed a new Non-Executive Director in 2021, Julia Wilson, who was appointed as a Non-Executive Director and as a member of the Board Audit Committee with effect from 1 April 2021. Julia's appointment reflects our commitment to strengthening our Board through the addition of highly respected individuals with strong financial services expertise. She brings significant corporate finance, tax and accounting experience to the Board and to the Board Audit Committee, and the details of her skills and experience are set out in her biography on page 115.

The Board was also pleased to announce that Robert Berry (latterly Co-Deputy Chief Risk Officer of Goldman Sachs prior to his retirement in 2018) joined the Board as a Non-Executive Director on 8 February 2022, and will become Chair of the Board Risk Committee (subject to regulatory approval) and a member of the Board Audit Committee with effect from 1 March 2022.

As foreshadowed in our 2020 Annual Report, Sir Ian Cheshire stepped down from the Board at the conclusion of the 2021 AGM on 5 May 2021. We are grateful to Sir Ian for his contribution to Barclays, in particular as Chair of BBUKPLC until 31 December 2020 and the important role he played in establishing the Board of our ring-fenced bank.

In light of Crawford Gillies' appointment as Chair of the BBUKPLC Board on 1 January 2021, Brian Gilvary succeeded Crawford in the roles of SID (with effect from 1 January 2021) and Board Remuneration Committee Chair (with effect from 1 March 2021). As at the date of succeeding Crawford as Board Remuneration Committee Chair, Brian had served as a member of the Board Remuneration Committee for a period of 12 months as recommended by the Code.

In light of the time commitment associated with his appointment as Chair of Barclays Bank Ireland PLC in April 2021, during the year Tim Breedon stepped down as a member of the Board Remuneration and Audit Committees. Tim will also retire as a member and Chair of the Board Risk Committee, and as a member of this Committee, with effect from 28 February 2022. Tim has served as Chair of the Board Risk Committee since 2014 (and as a member since 2012). The Board is grateful to Tim for his valuable contribution to each of these Committees and the Board is pleased that he will remain part of the Group as Chair of Barclays Bank Ireland PLC and through his ongoing membership of the Board as a Non-Executive Director.

In addition, Dawn Fitzpatrick was appointed as a member of the Board Remuneration Committee with effect from 1 July 2021.

Board size

The appointment of Julia Wilson, effective 1 April 2021, temporarily increased the size of the Board from 12 to 13 before it reduced to 12 following the resignation of Sir Ian Cheshire on 5 May 2021. The size of the Board returned to 13, following the departure of Jes Staley on 31 October 2021, Venkat's appointment on 1 November 2021 and Robert Berry's appointment on 8 February 2022.

The Committee is confident that the size of the Board remains effective taking into account the need to be small enough to operate in an efficient and collaborative manner and the need to be large enough to have an appropriate mix of skills and diversity and to support succession planning and the additional roles and responsibilities of some of our Directors on Board Committees, and on the Boards of BBPLC, BBUKPLC, Barclays US LLC, BX and Barclays Bank Ireland PLC.

Non-Executive Director recruitment

In addition to discussions at formal meetings, the Board and the Committee have discussed succession in detail at regular points in 2021, as detailed on page 128. This included consideration of longer-term succession planning (looking ahead to the skills that may be required on the Board in the future) and medium-term succession planning to ensure the orderly refreshing of the Board and its Committees.

As a result of our long-term and medium-term succession planning in 2021, as noted on page 128, we have reviewed our search criteria to complement the current range of skills on the Board with additional Non-Executive Directors. The Committee approved a series of skills-based priorities for potential candidates which is now underpinning our searches going into 2022, with the aim of finding candidates with sufficient board experience and the relevant skills to make a meaningful contribution to Board deliberations, and enhance the Board's ability to provide informed and constructive challenge to management in the development of the Group's strategy, and therefore its effectiveness. As noted above, these priorities are reflective of the skills and experience anticipated to be required for the Board over the next four years, taking account of the needs of the Board, its Committees and the business, as well as ordinary course retirements of a number of long-serving Directors.

Our priorities include identifying potential candidates with technology experience, continuing our previous search as detailed in our 2020 Annual Report, as well as for a finance professional with recent and relevant financial experience.

The search for potential candidates with technology experience has remained challenging. Going into 2022, the Committee has discussed broadening the search base, including in regard to the particular nature of the technology experience that might be desirable.

Independent external search firms Spencer Stuart and Egon Zehnder have supported our search for potential Board candidates during the year. Capturing the clear benefits of diversity of background and opinion is at the forefront of that search. Spencer Stuart and Egon Zehnder do not have any connection to Barclays or any of the Directors other than to assist with searches for executive and non-executive talent.

The Committee has set rigorous criteria for the roles it is seeking to fill based on the strategic priorities identified in 2021, both in terms of experience and personal qualities. The Committee continues to review the search remit and give further consideration to the desired skills and experience, in order to ensure due consideration is given to strong potential candidates that would further enhance the effectiveness of the Board. Open advertising for Board positions was not used this year.

The Committee reviewed the Non-Executive Director selection and appointment process in 2021, which was refreshed in 2019, and concluded that no material changes were required to the current process. It was agreed that, where possible, all Board members should have the opportunity to meet potential candidates, and also that searches for potential candidates should be coordinated across the Group's significant subsidiaries where appropriate.

As referenced above, Robert Berry joined the Board as a Non-Executive Director on 8 February 2022, and will become Chair of the Board Risk Committee (subject to regulatory approval) and a member of the Board Audit Committee with effect from 1 March 2022.

Robert will bring to the Board robust risk management expertise and a proven track record of risk management for a global financial institution, as he takes on the important role of Chair of the Board Risk Committee. He will also bring an international perspective having worked and lived in the United States for much of his life. The Committee and the Board are confident that he will be a positive addition to the balance, skills and experience of the Board and the Board Risk and Audit Committees.

Diversity

Both the Committee and the Board recognise and embrace the benefits of diversity – of gender, ethnicity, cognitive and personal strengths and social backgrounds – at Board, ExCo and senior management level, and consider this an essential element of maintaining a competitive advantage and effective governance, as well as mitigating the risk of 'group think'.

Further to the Committee's recommendation, the Board adopted a revised version of the Board Diversity Policy on 9 February 2021, re-affirming the existing gender diversity target (33% female) and adopting a new ethnic diversity target aligned with the Parker Review on the ethnic diversity of UK Boards (at least one Board member to be a Person of Colour). The Board Diversity Policy confirms that the Committee will consider candidates on merit against objective criteria with due regard to the benefits of diversity when identifying suitable candidates for appointment to the Board. The Board reconfirmed its commitment to these targets on 9 February 2022. You can read more about the Board's consideration of diversity and inclusion related matters on page 122.

Following changes in Board composition in 2020, the Board's gender diversity was 25% female as at 31 December 2020. With the appointment of Julia Wilson to the Board, and Sir Ian Cheshire stepping down, as at 31 December 2021 Board gender diversity was 33% female, in line with both the Board Diversity Policy and the Hampton Alexander Review target.

Ensuring diversity at Board Committee level remains a priority for the Board and the Committee. As at 31 December 2021, the gender diversity of each of the Board Committees was as follows: Board Audit Committee - 67% female; Board Remuneration Committee - 67% female; Board Risk Committee - 33% female; and Board Nominations Committee - 17% female.

Whilst the appointment of Robert Berry as a Non-Executive Director (effective 8 February 2022) took us to 31% (as at the date of this report), just below the Board's gender diversity target of 33% female, the Committee remains committed to continuing to bring the very best, diverse talent we can attract to the Board.

Group-wide, Barclays remains committed to improving the diversity of its leaders and has set a number of targets focused on creating more gender diversity in its wider workforce, including its ambition to achieve 28% female Managing Directors and Directors by the end of 2021. You can read more about gender diversity at Barclays, including data on the percentage of females at Managing Director and Director level, on Group ExCo and within ExCo direct reports and in Barclays' wider workforce in Our people and culture section on pages 29 to 34.

As at 31 December 2021, 25% of the Board was from an ethnically diverse background, meeting the recommendations contained within the Parker Review Committee Report into the Ethnic Diversity of UK Boards and the ethnic diversity target in the Board Diversity Policy.

The Parker Review and Board Diversity Policy ethnicity targets continue to be met following the appointment of Robert Berry on 8 February 2022 (and as at the date of this report), although the percentage of Directors from an ethnically diverse background has reduced from 25% to 23%.

Alongside the Board, the Committee continues to champion the Group's Race at Work Action Plan, designed to increase the number of under-represented minority employees in our wider workforce; providing more Black and ethnically diverse colleagues with access to career and development opportunities; creating a culture of allyship; and being transparent and measuring our outcomes. Venkat, our Group Chief Executive, has made a significant contribution to Barclays' diversity agenda, and is the executive sponsor for Embrace, the global multicultural network at Barclays. As described on page 122, the Board received regular updates during the year on the Group's Race at Work ambitions and progress against its Race at Work Action Plan.

You can find more information on diversity and inclusion, including Barclays' Race at Work Action Plan and targets to increase the number of under-represented minority employees in the UK and US within our wider workforce by the end of 2025, in Our people and culture section on pages 29 to 34. You can also read more in our Diversity and Inclusion Report, which will be made available on our website.

Non-Executive Director Independence

The Committee reviewed the independence of the Non-Executive Directors and, in the cases of Mike Ashley, Crawford Gillies and Diane Schueneman, all of whom have served on the Board for more than six years, and Tim Breedon who has served on the Board for more than nine years, their independence was subjected to a more rigorous review. The Committee remains satisfied that the lengths of their tenure have no impact on their respective levels of independence or the effectiveness of their contributions. The Committee and the Board consider all of the Non-Executive Directors to be independent.

Directors' report: Board Nominations Committee report continued

For details of the Committee's review of the independence of Tim Breedon in the context of the extension of his tenure beyond a nine-year term, please refer to the Succession section below.

Succession

Robust succession planning for both the Board and the ExCo, taking into account current and anticipated future business needs and ensuring a good balance of skills, experience and effectiveness while recognising the benefits of diversity, is a key role of the Committee. In addition to formal meetings, as noted in further detail above, the Committee has discussed succession at regular points throughout 2021, including with the Board.

Effective succession planning should take into account contingency planning (for any unforeseen departures or unexpected absences), medium-term planning (orderly refreshing of the Board, Committees and the ExCo) and long-term planning (looking ahead to the skills that may be required on the Board and the ExCo in the future).

The succession planning for the role of Group Chief Executive is described in further detail on page 126 above.

On 1 November 2021, Tim Breedon had served on the Board for nine years. The Board considers that Tim's breadth of financial services sector experience and deep knowledge of risk and regulatory issues continues to bring significant value to Board discussions, and that his continued tenure as a Non-Executive Director will support a smooth transition of the role of Board Risk Committee Chair in March 2022 (as described on pages 126 to 127).

The Board also considers it advantageous to Group-wide decision-making and appropriate in the near term for the Chairs of the Group's significant subsidiaries to sit on the BPLC Board, considering that it brings important insight to Board discussions, and connectivity with our significant subsidiaries. Accordingly, given Tim's role as Chair of Barclays Bank Ireland PLC, the Group's principal European subsidiary, the Board believes it is appropriate for Tim to continue as an independent Non-Executive Director on the Board. This is consistent with the approach in respect of Crawford Gillies (who is also the Chair of BBUKPLC) and Diane Schueneman (who is also the Chair of BX).

Tim remains strongly independent and continues to provide effective challenge, advice and support to management on business performance and decision-making. Having undertaken a rigorous review of Tim's performance as a Non-Executive Director and taking into account other relevant factors that might be considered likely to impair, or could appear to impair, independence including as set out in Provision 10 of the Code, the Board considers Tim to be independent.

Tim stepped down as a member of the Audit and Remuneration Committees on 31 October 2021 as noted above.

Following Venkat's appointment as Group Chief Executive, a number of changes were made to the roles of the existing members of our ExCo with effect from 9 November 2021, to ensure that it continues to have the right balance of skills and experience that we need to deliver for our stakeholders and continue to accelerate our performance. The Committee reviews and discusses all ExCo changes prior to announcement, taking into account executive succession plans, and considers all the changes to ExCo composition during the year. You can read more about the changes made to the roles of the existing members of the ExCo on page 116.

Director training and development

In accordance with its Terms of Reference available at home.barclays/who-we-are/our-governance/board-committees, the Committee supports the Chairman in developing and monitoring effective induction, training and development for the Board.

Opportunities for in-person Director training remained limited in 2021 due to the impact of the COVID-19 pandemic and social distancing guidance. However, Directors continued to deepen their understanding of the business through Board deep dives, briefings for Board members on key risk topics, and Group function reviews, as described in more detail on page 122. Deep dive topics covered in 2021 covered many areas of the business including Payments, Investments and Advice, Transaction Banking, US Consumer Bank, and Risk areas including Cyber, Ransomware and Cloud, as well as Conduct risk.

In addition, the Board received updates from selected individual business areas and from key Group functions including Legal, Compliance, Risk and HR. The Board also continued to receive regular updates on Public Policy and Corporate Responsibility matters, as described on page 123, on Reputation Risk matters (for which the Board has direct oversight), as well as a broad range of topics including Barclays' government, industry and regulatory advocacy in addition to ESG matters including climate change. Board members were also invited to attend an Operational Resilience 'teach-in' session at the Board Risk Committee's October 2021 meeting, which focused on the Group's approach to resilience and evolving regulatory expectations in this area.

The Board also received an annual briefing on regulatory responsibilities, including the Senior Managers Regime and on Barclays' conduct and financial crime policies and standards.

Following his appointment as Group Chief Executive and Executive Director of BPLC and BBPLC, Venkat received a tailored Executive Director induction to the Board which included sessions covering Board governance key matters such as Directors' duties, Senior Managers Regime and Conduct rules, indemnity and insurance cover for Directors, conflicts of interest, disclosure requirements pursuant to the Market Abuse Regime and the Disclosure Guidance and Transparency Rules (DTRs), the Group Securities Dealing Code, US Corporate Compliance and the Code. Venkat has also had regular one-to-one meetings with the Chairman throughout his induction period, which also included attending one-to-one meetings with each of the Non-Executive Directors, and the Chairs of the Group's main subsidiary Boards (including the Chair of Barclays US LLC).

A comprehensive Non-Executive Director induction was completed for Julia Wilson, with sessions covering Board engagement and introductions, strategy, culture, finance, specific business areas, risk, sustainability and ESG, compliance, internal audit, governance matters and additional meetings with the business. A Non-Executive Director induction is currently in progress for Robert Berry, following his appointment to the Board on 8 February 2022.

Brian Gilvary received a briefing on his responsibilities as the Board Remuneration Committee Chair from the Group Reward and Performance director, and a briefing from Crawford Gillies (as outgoing Board Remuneration Committee Chair) by way of a formal handover meeting in accordance with the requirements of the Senior Managers Regime. He also received a briefing on his responsibilities under the Code as SID.

In addition, Dawn Fitzpatrick received an induction in relation to her appointment as a new member of the Board Remuneration Committee. The induction covered Barclays' remuneration philosophy and Fair Pay Agenda, governance, the regulatory environment, the Directors' Remuneration Policy, Barclays' incentive pools, risk adjustments and wider context relating to Fair Pay, Pay Gaps and Wider Workforce issues.

Board members who joined the boards of the Group's main subsidiary companies during 2021, including Crawford Gillies as Chair of BBUKPLC and Tim Breedon as Chair of Barclays Bank Ireland PLC, have also received comprehensive inductions in respect of these businesses which has further broadened their knowledge and understanding of the Group and brought helpful insight to the Board.

In 2022, we plan to reprise the bi-annual briefing sessions delivered to the Board prior to the onset of the COVID-19 pandemic. These sessions were intended to deepen and broaden the Board's understanding of some of the more complex and technical areas of the business, typically covering three or four topics per session. Subject to any changes in social distancing guidance, it is anticipated that these sessions will be conducted in person in the US and the UK, with Non-Executive Directors from our significant subsidiaries in attendance, and would be combined with a site visit which would also provide the Board with an opportunity for direct workforce engagement.

Review of Board, Committee and individual Director effectiveness

Progress against 2020 Board Effectiveness Review, including recommendations carried forward

As reported in our last Annual Report, we carried forward certain recommendations which had been partially addressed in light of disruption due to the demands of the COVID-19 pandemic. These included the following recommendations:

- schedule fewer deep dives and allocate more time to each of them in 2021, to allow for increased discussion and debate, and facilitate deeper discussion of complex issues without significantly increasing demands on the Board's time
- increase input to the Board from outside Barclays on a wider range of issues
- consider providing Board members with more opportunities to visit parts of the business in person (once COVID-19 pandemic-related restrictions are lifted), to gain a broader understanding of the business and to help facilitate direct workforce engagement
- add greater technology expertise to the Board, through greater external input or by looking to expand or adjust Board membership.

Whilst we made good progress against some of these recommendations, the ongoing restrictions arising from the COVID-19 pandemic, particularly the continued lack of opportunity for in-person engagement and informal interaction, made matters such as scheduling business site visits to facilitate greater business and colleague engagement challenging.

While good efforts have been made to provide opportunities for online engagement and our Chairman was able to travel to the US when the opportunity allowed, we hope that we will be able to enable more of these things in the year ahead.

As noted in further detail above, we are continuing to search for a suitable candidate with technology expertise, who also can contribute to the overall effectiveness and diversity of the Board.

The Board deep dives schedule provided the basis for a dynamic programme of strategic business reviews during 2021, and was updated throughout the year to take account of feedback from Board members and the Group's strategic priorities, as well as key developments. During the course of the year, the Chairman continued to invest a significant amount of time with management developing the key questions for the Board's consideration in the deep dive papers, and re-instituted an annual corporate strategy discussion which provides an important framework against which to set the deep dives, consolidates areas of strategic follow up, and which also provides opportunity for a more wide-ranging discussion regarding the challenges and opportunities for the business. Going into 2022, and with the Board now having considered the main business areas and strategic issues through the deep dives schedule, the Board has determined that it is now appropriate to revert to a more typical agenda cadence and approach to the consideration of strategy. Feedback from our 2021 Board Effectiveness Review also highlighted that there was merit in now refreshing these sessions.

2021 Board, Board Committee and Individual Director Effectiveness Reviews: Process

The 2021 evaluation of the performance of the BPLC Board, Board Committees and individual Directors was externally facilitated, as required by the Code.

Further to a selection process facilitated by the Committee to identify a suitable external facilitator, which involved consideration of a number of potential facilitators, CSA, an independent, external corporate governance advisory firm was chosen to facilitate the 2021 review.

CSA was chosen on the basis that it offered not only the relevant skills but also some prior knowledge of the Group in the context of past advisory roles of CSA and its Managing Director (as disclosed below), and thus the ability to provide more insightful feedback. CSA has no connection to the Group or any individual Director, save as disclosed below.

In 2017 to 2018 and February 2020, CSA was engaged by Barclays in an advisory capacity (alongside external legal counsel, Slaughter and May) in relation to certain legal and regulatory matters. From July 2019 to June 2021, CSA's Managing Director, Christopher Saul, provided mentoring support to a current member of the ExCo. Whilst acting in his capacity as a partner at Slaughter and May (from which he retired in April 2016), Christopher Saul gave legal advice to Barclays in relation to certain corporate law related matters. CSA and Christopher Saul have no current advisory or mentoring engagements relating to Barclays, its Board or ExCo.

The Committee considered CSA's independence prior to the firm's appointment and was confident that, notwithstanding that CSA and Christopher Saul had previously advised Barclays as outlined above, CSA would not be constrained in its ability to express an independent view as the external facilitator of the 2021 Board, Board Committee and individual Director effectiveness evaluation.

The Boards of each of BBPLC, BBUKPLC and Barclays Bank Ireland PLC also elected to appoint CSA to undertake an independent, external evaluation of their effectiveness, and CSA's review of the effectiveness of BBPLC's Board, Board Committees and individual Directors was conducted in parallel with the BPLC review given the partially consolidated structure of the BPLC and BBPLC Boards.

As part of the BPLC and BBPLC review, CSA conducted a structured one-on-one interview process with each member of the Board, all members of ExCo, certain members of the BBPLC ExCo, and the lead audit engagement partner of the Group's auditor, KPMG, to obtain feedback on the effectiveness of the Board, the Board Committees and individual directors throughout 2021. CSA also observed certain meetings of the Board and the Board Committees during September, October, November and December 2021. CSA issued its final reports on the findings of the effectiveness review to the Boards of BPLC and BBPLC in December 2021.

CSA's feedback provides an important input into the further development of the performance and effectiveness of the Board, in particular in identifying areas in which the Board could be more effective.

Feedback from the review indicated that the Board is operating effectively and that the Board is collegiate, positive, professional and supportive, yet challenging, and benefits from a strong mix of skills and experience with contributions by all Directors during meetings despite restrictions on physical attendance as a result of the continuing COVID-19 pandemic. Meetings were considered to be well and inclusively chaired, including in hybrid format.

Directors' report: Board Nominations Committee report continued

It was noted that the Board takes timely and well-informed decisions, and has a good understanding of the Group's business. Constructive challenge of management by Non-Executive Directors was observed, noting significant positive development in the Board's relationship with management which was observed as being constructive and respectful.

The size of the Board was considered to be effective, with a variety of skills and backgrounds. This enabled meaningful and stimulating diversity of thought and contribution, whilst acknowledging the potential benefits of appointing an additional Non-Executive Director with an understanding of digitally-led consumer-facing businesses. This would be given further consideration in the context of the current search for an additional Non-Executive Director with technology expertise. The Chairman's inclusive and thoughtful style, and progress made in refreshing the Board, were recognised.

Board succession planning was observed as being very much front of mind for the Non-Executive Directors, and the transition following Venkat's appointment as Group Chief Executive was seen to be progressing well.

Feedback from the review confirms that concurrent meetings of the BPLC and BBPLC Boards remain effective and work well in practice, with Board Committees operating effectively and being duly integrated into overall Board processes. In addition, the roles of Crawford Gillies, Diane Schueneman and Tim Breedon as the Chairs of BBUKPLC, BX and Barclays Bank Ireland PLC were felt to facilitate the sharing of additional perspectives relating to these significant subsidiaries.

2021 Board Effectiveness Review: Recommendations

The Committee has reviewed the Board Effectiveness Review report recommendations from CSA and will be giving further consideration to the implementation of the following matters during 2022:

- whilst feedback indicated that Board deep dive sessions were generally appreciated by members, consideration should be given to how the approach to these sessions might be refreshed
- since it had been necessary for the Board to devote a significant part of its agenda to immediate challenges and business strategy over the last two years through the COVID-19 pandemic, consideration should be given to how future Board agendas might be moved more towards important aspects of corporate strategy, including enhanced focus on capital allocation and issues presented by the external environment over the next three to five years
- further consideration should be given to increasing input to the Board from thought leaders, customers and others to provide relevant outside perspectives
- the process of making Board papers shorter and more focused should be continued.

The Board has already taken action to address some of these recommendations, including – as outlined above – reverting to a more typical agenda cadence and approach to the consideration of strategy. The other items will be subject to further consideration and discussion through the course of this year.

Review of Nominations Committee effectiveness

The 2021 Committee effectiveness review was externally facilitated, as required by the Code. The Board appointed CSA to facilitate the review. As part of its review, CSA conducted one-on-one interviews with each member of the Committee, the Group Human Resources Director and Group Company Secretary, and observed the December 2021 Committee meeting. The review is an important part of the way Barclays monitors and improves Committee performance and effectiveness, enabling the Board to build on areas of strength, and highlighting areas for further development.

Feedback from the review indicated that the Committee is operating effectively, with a good level of debate and clear decision-making. The Committee is considered well chaired, with a good level of engagement by other Committee members and constructive challenge of management observed. Succession planning for the Board and ExCo was recognised as having been at the core of the Committee's role during the year, noting that the Committee also considered matters relating to Board succession for its key subsidiaries such as BBUKPLC and Barclays Bank Ireland PLC.

The review recommended that there may be benefit in a further reflection upon Committee membership and the desired composition and scope of activities of the Committee, given that other Non-Executive Directors attended a number of Committee meetings in 2021 in light of there having been some important matters to be considered regarding succession planning and the desire to hear from all Non-Executive Directors on these matters. While routine matters were covered in line with the Committee's terms of reference, it was noted that the Committee may benefit from a more formalised meeting schedule and training sessions for members, as suggested in previous evaluations. It was acknowledged, however, that a more formalised meeting schedule might not always be possible in the context of the nature of the Committee's roles and responsibilities and that opportunities for in-person training had remained limited in 2021 as a result of the ongoing COVID-19 pandemic. Further consideration will be given to these points during the year.

Review of the effectiveness of the other Committees

In addition to facilitating the review of this Committee's effectiveness, CSA facilitated the effectiveness reviews of the Board Audit, Remuneration and Risk Committees, which were also conducted by way of one-on-one interviews with Committee members and relevant senior management, in the same manner as the review of the Board Nominations Committee. As part of its reviews, CSA also observed meetings of the Board Audit, Remuneration and Risk Committees. You can read about those reviews in the individual Committee reports elsewhere in this Governance report.

Following consideration of the findings of the 2021 Board and Board Committee effectiveness reviews facilitated by CSA, the Committee remains satisfied that the Board and each of the Board Committees are operating effectively.

Individual Director effectiveness

All Directors in office at the end of 2021 were subject to an individual effectiveness review as part of the external review facilitated by the Group Chairman with input and feedback from CSA. CSA considered each Director's individual contribution to the Board as well as any feedback received as part of the broader Board and Committee effectiveness review.

Based on the feedback obtained through the individual effectiveness reviews facilitated by CSA, the Board supported the view of the Nominations Committee that each Director to be proposed for election or re-election at the 2022 AGM continues to be effective and contributes to Barclays' long-term sustainable success.

In accordance with the Code, all of the current Directors of the Company who will be continuing in office, and Anna Cross in her capacity as a Director from 23 April 2022, intend to submit themselves for election or re-election at the 2022 AGM to be held on 4 May 2022 and will be unanimously recommended by the Board for election or re-election as appropriate.

Group Finance Director succession

Tushar Morzaria has informed the Board of his intention to retire as Group Finance Director and from the Board and the Committee recommended to the Board the appointment of a strong internal candidate, Anna Cross, as his successor. Anna was identified over a year ago as the Board's preferred successor, following a review of potential internal and external candidates.

Directors' report: Board Audit Committee report

Overseeing the integrity of our financial disclosures and the effectiveness of the internal control environment.

Keenly focused on the Group's internal control environment

Dear Fellow Shareholders

As the COVID-19 pandemic extended into 2021, the Committee continued to pay close attention to the reporting of the Group's financial performance as well as monitoring closely the impact on the internal control environment.

Although the macroeconomic environment remains challenging, more positive developments signal an improved growth and unemployment outlook in many economies. The path to recovery, however, is still uncertain as the impact of the withdrawal of the various government and central bank support measures as well as new inflationary pressures is not yet fully reflected in the macroeconomic consensus. As in 2020, the COVID-19 pandemic has increased the level of judgement that management has been required to exercise over the course of 2021 and to date. The Committee has considered in detail how management has applied COVID-19 specific adjustments to its expected credit losses (ECL) charge to ensure the full potential impacts of credit stress are provided for. These adjustments address the temporary nature of government support, the uncertain timing of an economic stress and reflect where economic consensus used in the ECL calculation may not yet have captured the range of economic uncertainty, particularly in the UK.

The Committee continued to oversee the ongoing evolution and enhancement of the internal control environment, noting that most of the Group's operations have now achieved a Satisfactory rating. The Committee also closely monitored the control issues, including in respect of a number of ongoing remediation programmes (particularly in the trading areas) and responses to regulatory findings in both the UK and US. Given the ongoing impact of the COVID-19 pandemic throughout 2021, the Committee has considered at length the impact of this both on our colleagues working arrangements and on our operational environment. It has overseen management's development and roll out of new 'hybrid' working arrangements for the Group with a focus on the control environment elements.

As part of its determination of whether any control issues required specific disclosure in this Annual Report, the Committee continued to apply similar concepts to those used for assessing internal financial controls for the purposes of the US Sarbanes-Oxley Act (SOx). The Committee reached the conclusion that there are no control issues that are considered to be a material weakness and which merit specific disclosure.

As in previous years, I held frequent meetings with the Chair of the BBUKPLC Board Audit Committee and I also had discussions with the Chairs of the Board Audit Committees of Barclays US LLC and Barclays Bank Ireland PLC during 2021. I have also recently attended a meeting of the Barclays Bank Ireland PLC Board Audit Committee, and I will be attending meetings of the BBUKPLC Board Audit Committee and the Barclays US LLC Board Audit Committee later in 2022. I also continued to meet frequently with members of senior management, including in particular the Group Finance Director and Group Chief Internal Auditor.

Barclays Internal Audit (BIA) is a key component in supporting the Committee's work. I am pleased with the way that the function has performed throughout the year, with respect to scoping, performing and reporting the outcomes of its work both to management and the Committee. I held regular meetings with the Group Chief Internal Auditor and members of her senior management team to ensure that I was aware of current work programmes and any emerging issues. I also agreed the Group Chief Internal Auditor's objectives and the outcomes of her performance assessment and remuneration. I was delighted to have the opportunity to meet some of the BIA team in person whilst in New York towards the end of 2021.

I have continued my regular engagement with the Group's regulators, both in the UK and US. This has encompassed not only my work as the Chair of the Committee, but also my role as the Group's Whistleblowing Champion. In that respect, I oversaw the production of the third and final annual report which we had agreed to submit to the FCA and PRA in the UK and to the New York Department of Financial Services regarding our whistleblowing programme.

Barclays' climate strategy has been a key area of focus for the Group during 2021 and you can read more about it on pages 2 to 50 of the Strategic report. The impact of climate change on the Group's financial statements continues to be limited at this time, but this is an area that the Committee will continue to monitor.

Directors' report: Board Audit Committee report continued

Committee effectiveness

The 2021 Committee effectiveness review was externally facilitated, as required by the Code. The review is an important part of the way Barclays monitors and improves Committee performance and effectiveness, maximising strengths and highlighting areas for further development.

The Board appointed CSA to facilitate the review. As part of the review, CSA conducted one-on-one interviews with each member of the Committee, the Group Finance Director, Group Chief Operating Officer, Group Chief Compliance Officer, Group Chief Risk Officer and Group Chief Internal Auditor. CSA also observed the September and October 2021 Committee meetings.

Feedback from the review confirms that the Committee is operating effectively, with constructive engagement with management observed in meetings and appropriate challenge. The appointment of Julia Wilson as an additional member of the Committee in April 2021 was noted as a very positive addition to the balance of skills and experience of the Committee, particularly in light of her significant corporate finance, tax and accounting expertise.

The review also confirms that concurrent meetings of the BPLC and the BBPLC Board Audit Committees continue to be effective, with reporting of Committee proceedings at Board meetings pitched at an appropriate level of detail. A good level of interaction with the BBUKPLC Board Audit Committee was also reported.

It was noted that the Board's strategic priorities for Non-Executive Director recruitment included those with recent and relevant financial experience, which would be of benefit to the Committee.

The review recommended that consideration be given to how the Committee's future agendas might be shaped more towards 'bigger picture' issues, whilst acknowledging the Committee's broad remit, the complexity of Barclays and the expectations of the Group's regulators. A continued focus on the split of work between the Board and the Committee, and potential overlap between the work of the Committee and the subsidiary Board Audit Committees, was considered to be beneficial.

Changes to Committee composition

As noted above, Julia Wilson joined the Committee at the time of her appointment as a Director of BPLC in April 2021. The Committee has benefited from her expertise and her previous audit committee experience at Legal & General Group PLC. On 31 October 2021, Tim Breedon stepped down from the Committee. I would like to extend both my personal thanks and the Committee's gratitude to Tim for his valuable insights and contribution to the work of the Committee during his tenure. I also look forward to welcoming Robert Berry as a new member of the Committee on 1 March 2022, further to his recent appointment to the Board.

Looking ahead

In 2022 it is anticipated that the Committee's main focus in respect of financial reporting will continue to be on the ECL charge. I noted last year the intention of management to simplify the models used for ECL forecasting which should make them more readily responsive to major changes in the economic environment as well as providing greater flexibility to run different scenarios to support sensitivity analysis. This development is underway, but given the ongoing disruption caused by the COVID-19 pandemic is inevitably taking longer than might have been hoped. Nonetheless the first new models are projected to be deployed during 2022 and the Committee will be monitoring this closely. Also in 2022, the Committee will increase its review of the Group's regulatory reporting processes which is an area of increasing regulatory focus both in the UK and US, not just for Barclays but for the industry as a whole. To support this, the Committee will continue to receive regular reports from the Regulatory Management Oversight Committee on the more significant and judgemental interpretations applied in the Group's regulatory reporting.

With respect to internal audit, the Committee has recently commissioned Ernst and Young to perform the independent External Quality Assessment (EQA) review of BIA which is required every five years.

As regards internal controls, the Committee will look to assure itself that management continues to make progress on the various remediation programmes and is also positioned to meet the various commitments given to regulators on issues they have raised. It is also likely that there will be continuing developments in relation to new ways of working, the control implications of which the Committee will wish to be assured about.

Mike Ashley
Chair, Board Audit Committee

22 February 2022

Committee composition and meetings

The Committee is composed solely of independent Non-Executive Directors. Membership of the Committee is designed to provide the breadth of financial expertise and commercial acumen that the Committee 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. Mike Ashley, the Committee Chair, who is the designated financial expert on the Committee for the purposes of SOx, is a former audit partner who, during his executive career, acted as lead engagement partner on the audits of a number of large financial services groups. Having joined the Committee in April 2021, Julia Wilson has brought to the Committee significant financial, tax and accounting experience, coupled with strong financial services expertise. You can find more details of the experience of the current Committee members in their biographies on pages 112 to 115.

During 2021, the Committee met 11 times including one ad hoc meeting (2020: 10 times) and the chart opposite shows how the Committee allocated its time. Attendance by members at Committee meetings is also shown opposite. Committee meetings were attended by representatives from management, including the Group Chief Executive, Group Finance Director, Group Chief Internal Auditor, Group Chief Controls Officer, Group Chief Risk Officer, Group Chief Operating Officer, Group General Counsel and Group Chief Compliance Officer, as well as representatives from the businesses and other functions, and from BBPLC senior management reflecting the partially consolidated operation of the BPLC and BBPLC Committee meetings.

The lead audit engagement partner of KPMG, Michelle Hinchliffe, also attended Committee meetings. The Committee held a number of separate private sessions with each of the Group Chief Internal Auditor and the lead audit engagement partner during 2021, which were not attended by management.

Michelle Hinchliffe is standing down as lead audit engagement partner following the conclusion of the audit. The Committee has approved the appointment of Stuart Crisp of KPMG as the new lead engagement partner. The Committee would like to take this opportunity to express its thanks to Michelle for her work on behalf of shareholders and her contribution to the Committee's deliberations during her tenure as lead audit engagement partner.

Role of the Committee

The role of the Committee is to review and monitor, among other things:

- the integrity of the Group's financial statements and related announcements
- the effectiveness of the Group's internal controls
- the independence and effectiveness of the internal and external audit processes
- the Group's relationship with the external auditor
- the effectiveness of the Group's whistleblowing procedures.

The Committee's terms of reference are available at home.barclays/who-we-are/our-governance/board-committees

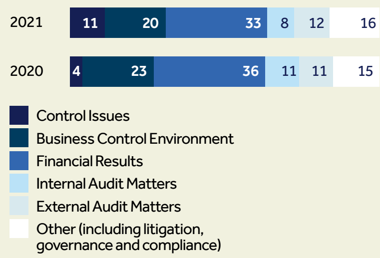
Board Audit Committee

Committee members

Member	Meetings attended/eligible to attend (including ad hoc meetings)
Mike Ashley	11/11
Tim Breedon (until 31 October 2021)	10/10
Diane Schueneman	11/11
Julia Wilson (from 1 April 2021)	8/8

Committee allocation of time

%



Note
Including ad hoc meetings.

Directors' report: Board Audit Committee report continued

Primary activities

The Committee has diligently discharged its responsibilities in 2021, reviewing the effectiveness of internal control environment, and internal and external audit processes, as well as the integrity of financial statements and related announcements having regard to the current macroeconomic environment.

Areas of focus	*Matters addressed*	*Role of Committee*	*Conclusion/action taken*
Fair, balanced and understandable reporting (including Country- by-Country Reporting and Modern Slavery Statement)	In light of the Board's obligation under the Code, the Committee assesses external reporting to ensure it is fair, balanced and understandable.	In addition to this Annual Report and associated year-end reports, the Committee also reviewed the Group's quarterly reports and the presentations to analysts. The Committee informed these reviews by: – consideration of reports of the Disclosure Committee which included views on content, accuracy and tone – direct questioning of management, including the Group Chief Executive and Group Finance Director, on the transparency and accuracy of disclosures – consideration of management's response to letters issued by the Financial Reporting Council (FRC) and other industry reporting guidance – evaluation of the output of the Group's internal control assessments and SOx s404 internal control process – consideration of the results of management's processes relating to financial reporting matters and evidencing the representations provided to the external auditors.	In light of the ongoing effects of the COVID-19 pandemic during 2021, the Committee continued to closely scrutinise the Group's disclosures regarding the impact of the COVID-19 pandemic, both in relation to the impact on the financial statements and the actions taken and support provided by the Group to ensure they met the required standard. With regard to the Group's financial disclosures, the Committee paid particular attention to the ECL judgements and related IFRS 9 disclosures, having regard to guidance issued by regulators as part of their response to the COVID-19 pandemic. Having evaluated all of the available information, the assurances by management and underlying processes used to prepare the published financial information, the Committee concluded and advised the Board that the 2021 Annual Report and financial statements are fair, balanced and understandable.
Distributions and return of capital to shareholders	The Committee assesses the distributable reserves position.	In 2021, the PRA permitted the resumption of capital distributions by UK financial institutions provided that boards operate within the PRA's framework. The Committee considered management's proposals for distributions (dividends and share buy-backs) for the full year ended 31 December 2020 and for the 2021 half-year ended 30 June 2021.	Having regard to the distributable reserves available to the Company, the Committee reviewed and reported to the Board on proposals for (1) a dividend for the financial year ended 31 December 2020 of 1p per share along with a share buyback of up to £700m; and (2) a dividend for the half year ended 30 June 2021 of 2p per share, along with a share buy-back of up to £500m.
Going concern and long-term viability (refer to the Viability Statement on pages 47 to 48)	Barclays is required to assess whether it is appropriate to prepare the financial statements on a going concern basis. In accordance with the Code, Barclays must provide a statement of its viability.	The Committee considered both the going concern assumption and the form and content of the Viability Statement taking into account: ▪ the MTP and Working Capital Report ▪ the forecast capital, liquidity and funding profiles ▪ the results of stress tests based on internal and regulatory assumptions ▪ current risk and strategy disclosures.	The Committee recommended to the Board that the financial statements should be prepared on a going concern basis and that there were no material uncertainties that would impact the going concern statement which required disclosure. The Committee noted that forecast capital ratios remained above minimum mandatory requirements. The Committee agreed that the appropriate timeframe for the Viability Statement continued to be three years in line with the MTP and recommended the Viability Statement to the Board for approval.

Areas of focus	*Matters addressed*	*Role of Committee*	*Conclusion/action taken*
Impairment of Financial Instruments (refer to Note 7 to the financial statements)	ECLs are modelled using a range of forecast economic scenarios. They use forward-looking models which require judgements to be made over modelling assumptions, including: ▪ the determination of macroeconomic scenarios to be used ▪ the methodology for weighting of scenarios ▪ the criteria used to determine significant deterioration in credit quality ▪ the application of management adjustments to the ECL modelled output.	As part of its monitoring, the Committee considered a number of reports from management on: ▪ the economic impact of the ongoing COVID-19 pandemic ▪ the impact of the ongoing uncertain macroeconomic environment, the effectiveness of government support measures and the impact of the tapering and, ultimately, cessation of such measures ▪ model changes and model validation ▪ refresh of the macroeconomic variables and associated weighting ▪ adjustments made to the modelled output to reflect updated data and known model deficiencies, including in relation to the impact of government support ▪ comparisons between actual experience and forecast losses.	Having considered and scrutinised the reports, the Committee agreed with management's conclusion that the impairment provision (including specifically the £653m for credit impairment releases) was appropriate. The Committee reviewed closely the refreshed macroeconomic scenarios and the judgement exercised by management in determining post-model adjustments, in particular at the end of the year, the emerging risks associated with the Omicron variant of COVID-19 and the related ongoing economic uncertainty. The Committee discussed with management the modelled ECL outputs and reviewed the plans to redevelop and enhance the ECL model control environment.
Impairments of Goodwill and Intangibles (refer to Note 22 to the financial statements)	The carrying value of goodwill and intangible assets is assessed on the basis of discounted forecast future earnings. Given the significant component of earnings attributable to net interest income, such forecasts are particularly sensitive to the level of long-term interest rates and assumed levels of future lending. The period over which intangible assets are amortised appropriately reflects the useful economic life.	The Committee considered the allocation of goodwill and intangibles to the cash-generating units, ensuring consistency with the treatment adopted in prior years. The Committee discussed with management its amortisation policy with respect to intangible assets, particularly in light of the Group's strategy to further digitise and migrate applications to cloud-based technology. Finally, the Committee considered the sensitivity analyses prepared by management, which indicated what changes to assumptions would trigger any need for impairments.	The Committee was satisfied that the forecasts supported the recoverability of the goodwill and intangibles and no impairment was required. The Committee carefully reviewed the disclosures made to ensure that the key sensitivities and the potential impacts were appropriately highlighted, noting that the headroom on most businesses had increased compared to the previous year and, in particular, that given the improvement in macroeconomic outlook and forecast performance of the businesses in BBUKPLC, the impairment taken on the investment in BBUKPLC was reversed.
Conduct provisions (refer to Note 24 to the financial statements)	Barclays makes certain assumptions and estimates, analysis of which underpins provisions made for the costs of customer redress.	With a view to evaluating the adequacy of the provisions, the Committee analysed the judgements and estimates made with regards to Barclays' provisioning for legacy conduct issues.	The Committee agreed with management that the overall level of provision in relation to the various conduct matters was adequate and appropriate at £310m as at the end of 2021.

Directors' report: Board Audit Committee report continued

Areas of focus	*Matters addressed*	*Role of Committee*	*Conclusion/action taken*
Legal, competition and regulatory provisions (refer to Notes 24 and 26 to the financial statements)	Barclays is engaged in various legal, competition and regulatory matters which may give rise to provisioning based on the facts. The level of provisioning is subject to management judgement on the basis of legal advice and is, therefore, an area of focus for the Committee.	The Committee evaluated advice on the status of current legal, competition and regulatory matters. It considered management's judgements on the level of provision to be taken and accompanying disclosures.	The Committee discussed provisions and utilisation and, having reviewed the information available to determine what was both probable and could be reliably estimated, the Committee agreed that the level of provision at the year end was appropriate. The Committee reviewed the disclosures made in respect of legal, competition and regulatory matters and concluded that they provided the appropriate information for investors.
Valuations (refer to Notes 13 to 17 to the financial statements)	Barclays exercises judgement in the valuation and disclosure of financial instruments, derivative assets and certain portfolios, particularly where quoted market prices are not available.	The Committee: ▪ evaluated reports outlining the Group's material valuation judgements ▪ considered valuations in the light of benchmark reform, in particular the transition from interbank offered rates ▪ monitored the valuation methods applied and revisions to certain valuation approaches including for derivatives under Credit Support Annexes ▪ considered the Valuation Committee's report on the main assumptions underlying the valuation of the Group's main pension scheme as advised by the actuary.	The Committee noted that there were no new significant valuation judgements at the end of the year. The Committee was satisfied with the accounting treatment in respect of the various matters.
Tax (refer to Note 9 to the financial statements)	Barclays is subject to taxation in a number of jurisdictions globally and makes judgements with regard to provisioning for tax at risk and to the recognition and measurement of deferred tax assets.	The Committee is responsible for considering the Group's tax strategy and overseeing compliance with the Group's Tax Principles. To support this, the Committee received reports from the Tax Management Oversight Committee and, in particular, considered the substantial amount of tax and fiscal policy change that was underway both in the UK and elsewhere. The Committee reviewed the appropriateness of provisions made for uncertain tax positions, including VAT. The Committee also reviewed the estimates and assumptions used in assessing the recoverability of deferred tax assets which were supported by the MTP and consistent with those made in relation to the recoverability of goodwill and intangibles.	The Committee was satisfied that specific strategies were in line with the Group's Tax Principles and on behalf of the Board approved the UK Tax Strategy statement published as part of the Country-by-Country Report. The Committee noted that the uncertain tax positions covered a diverse range of issues and, as a consequence, agreed with management's view that there was not a significant risk of a material adjustment during the next year. The Committee was also satisfied that deferred tax assets recognition was appropriate.

Areas of focus	Matters addressed	Role of Committee	Conclusion/action taken
Internal controls and business control environment (read more about Barclays' internal control and risk management processes on pages 154 to 155)	The effectiveness of the overall control environment, including the status of any significant control issues and the progress of specific remediation plans.	The Committee: ▪ evaluated and tracked the status of the more significant control issues through regular reports from the Chief Controls Officer, including updates on the progress of remediation programmes, ongoing COVID-19 related issues and return to office planning ▪ discussed reports relating to individual Group entities, businesses and functions on the control aspects of key matters such as the COVID-19 related environment including Government loan schemes and return to office planning ▪ received an update on operational resilience, which included a review of the operational resilience planning framework ▪ received an annual update on data protection ▪ received independent evaluations from BIA and external auditors ▪ monitored Client Assets Sourcebook (CASS) updates and compliance with CASS.	Throughout 2021, the Committee has: ▪ scrutinised the pathway to 'Return to Satisfactory' in respect of internal controls (operated by the various functions and businesses) that were not already rated 'Satisfactory' ▪ reviewed the 2020 Risk and Control Self Assessment (RCSA) results and monitored the 2021 RCSA plan.
Raising concerns	The adequacy of the Group's arrangements to allow employees to raise concerns in confidence and anonymously without fear of retaliation, and the outcomes of any substantiated cases.	The Committee has received reports from management and monitored whistleblowing metrics and retaliation reports including consideration as to potential whistleblowing trends which might emerge.	The Committee received detailed semi-annual reports on whistleblowing from management, with a thematic review having been completed in connection with the Group's response to the COVID-19 pandemic.
Internal audit	The performance of BIA and delivery of the internal audit plan, including scope of work performed, the level of resources, and the methodology and coverage of the internal audit plan.	The Committee has during the year: ▪ scrutinised and agreed internal audit plans, methodology and deliverables for 2021 ▪ reviewed BIA's audit reports in relation to specific audits, key areas of focus and themes ▪ tracked the levels of adverse audits and issues raised by BIA and monitored related remediation plans ▪ received regular updates on resourcing, a deep dive into the audit team and the move to hybrid working ▪ discussed BIA's assessment of the management control approach and control environment in the Group companies and functions ▪ noted the appointment of the Chief Internal Auditor for BBPLC ▪ continued to monitor BIA's implementation of its three-year internal audit plan ending December 2022.	The Committee reviewed BIA's Audit Results and Performance Reports, and Quality Assurance reports. The Committee also reviewed and approved BIA's Audit Charter. At the end of the year, the Committee approved the 2022 Audit Plan, detailing the number of audits to be undertaken in 2022 and the focus areas. It noted the deliverables and level of resources to be allocated in respect of internal audit execution and delivery, data analytics, diversity and leadership as well as governance and management information.

Directors' report: Board Audit Committee report continued

Areas of focus	*Matters addressed*	*Role of Committee*	*Conclusion/action taken*
External audit	The work and performance of KPMG.	The Committee: ▪ met with key members of the KPMG audit team to discuss the 2021 Audit Plan and KPMG's areas of focus ▪ assessed regular reports from KPMG on the progress of the 2021 audit and any material accounting and control issues identified ▪ discussed KPMG's feedback on Barclays' critical accounting estimates and judgements ▪ discussed KPMG's draft report on certain control areas and the control environment ahead of the 2021 year end ▪ received a report on KPMG's audit quality initiatives and key interventions in the audit cycles ▪ considered the draft SOx control report and the draft audit opinion.	The Committee approved the 2021 Audit Plan and the main areas of focus for the year. The Committee approved the appointment of a new lead audit engagement partner. Read more about the Committee's role in assessing the performance, effectiveness and independence of the external auditor below.

External auditor

Following an external audit tender in 2015, KPMG was appointed as Barclays' Statutory Auditor with effect from the 2017 financial year. Michelle Hinchliffe of KPMG is Barclays' lead audit engagement partner and was appointed to this role with effect from the 2018 financial year. As noted above, Michelle Hinchliffe will be retiring from the role in 2022. Following detailed discussions with KPMG and the Committee's approval, Michelle's successor, Stuart Crisp, will be taking over from her as lead audit engagement partner with effect from February 2022.

Assessing external auditor effectiveness, objectivity and independence and non-audit services

The Committee is responsible for assessing the effectiveness, objectivity and independence of the Group's auditor, KPMG. This responsibility was discharged by the Committee throughout the year at formal meetings, during private meetings with KPMG and through discussions with key Group executives. In addition to the matters noted above, the Committee also:

- approved the terms of the audit engagement letter and associated fees, on behalf of the Board
- discussed the Group policy on the Provision of Services by the Group Statutory Auditor (the Policy) and reviewed regular reports from management on the non-audit services provided by KPMG to Barclays
- evaluated and approved revisions to the Group policy on Engagement of Employees and Workers of the Statutory Auditor and ensured compliance with the policy by regularly assessing reports from management detailing any appointments made
- was briefed by KPMG on critical accounting judgements and estimates and internal controls over financial reporting
- assessed any potential threats to independence that were self-identified and reported by KPMG.

In previous years, the FRC's Audit Quality Review (AQR) team had identified areas for improvement in KPMG's audit work, particularly in relation to its bank audits, and its documented audit approach and guidance for auditing the requirements of IFRS 9 including the minimum procedures to be performed. As noted last year, KPMG had invested significantly in this area and considered that, based on the steps it had already taken, it would be able to demonstrate improvements in its future year-end audits.

The AQR did not review KPMG's audit of Barclays for the year ended 31 December 2020 but the FRC did walk through certain elements of KPMG's IFRS 13 audit work in connection with an assessment of progress against audit quality improvement action plans. The FRC walkthrough was not graded and while some areas for further enhancement were identified, improvements were noted as compared to previous AQR inspections. We welcome this constructive engagement between the FRC and KPMG.

The Committee had been satisfied with the degree of work that KPMG had proposed to undertake, noting incremental testing, particularly in areas identified as key audit matters. Further to this, KPMG informed us that, as a consequence of the FRC's observations in the aforementioned walkthrough, they have made additional improvements to their firm methodologies which have been applied to the current year's audit of Barclays.

KPMG's performance, independence and objectivity during 2021 were also formally assessed at the beginning of 2022 by way of a questionnaire completed by key stakeholders across the Group, including the chairs of the Board Audit Committees of the Group's main operating companies (BBUKPLC, Barclays US LLC and Barclays Bank Ireland PLC). The questionnaire was designed to evaluate KPMG's audit process and addressed matters such as the quality of planning and communication, technical knowledge, the level of scrutiny and challenge applied and KPMG's understanding of the business.

In addition, as in 2020, KPMG nominated a senior partner of the audit team reporting to the lead audit engagement partner to have specific responsibility for ensuring audit quality. The Committee therefore met with the partner concerned, without the lead audit engagement partner present, to receive a report on his assessment of audit quality.

Taking into account the result of all of the above, the Committee considered that KPMG maintained its independence and objectivity and that the audit process was effective.

Non-audit services

In order to safeguard the auditor's independence and objectivity, Barclays has in place the Policy setting out the circumstances in which the auditor may be engaged to provide services other than those covered by the Group audit. 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 Group's auditor) should be performed by the auditor only in certain controlled circumstances. The Policy sets out those types of services that are permitted (Permitted services). A summary of the Policy can be found at home.barclays/who-we-are/our-governance/auditor-independence/

The Policy is reviewed on an annual basis to ensure that it is fit for purpose and that it reflects applicable rules and guidelines. The Policy is aligned with both the FRC's requirements and KPMG's own internal policy on non-audit services for FTSE 350 companies which broadly restricts non-audit work to services that are 'closely related' to the audit. During 2021, the Committee reviewed and approved the Policy in its current form on the basis it continued to reflect current applicable rules and guidelines and met the needs of the business. Any changes to the Policy are required to be approved at a Group level by the Committee. This is in accordance with laws applicable in the UK and FRC guidance, pursuant to which audit committees of Public Interest Entities (such as Barclays) are required to approve non-audit services provided by their auditors to such entities; and subsidiary Public Interest Entities in the UK – such as BBUKPLC and BBPLC – can rely on the approval of non-audit services by the ultimate parent's Board Audit Committee. Pursuant to the Policy, audit services and the fee cap are monitored by the relevant Board Audit Committee, as appropriate.

Under the Policy, except for specific categories of Permitted services that require explicit Committee approval, the Committee has pre-approved all Permitted services for which fees are less than £100,000. However, all proposed work, regardless of the amount of the fees, must be sponsored by a senior executive and recorded on a centralised online system, with a detailed explanation of the clear commercial benefit arising from engaging the auditor over other potential service providers. The lead audit engagement partner must also confirm that the engagement has been approved in accordance with the auditor's own internal ethical standards and does not pose any threat to the auditor's independence or objectivity. All requests to engage the auditor are assessed by independent management (who are not involved in any work to which the proposed engagement relates) before work can commence. Requests for Permitted service types in respect of which the fees are expected to meet or exceed the above threshold but expected to be less than £250,000 must be approved by the Chair of the Committee (or an appropriate alternate) before work is permitted to begin. Services where the fees are expected to be £250,000 or higher must be approved by the Committee as a whole. All expenses and disbursements must be included in the fees calculation.

During 2021, all engagements for which expected fees met or exceeded the above thresholds were evaluated by either the Committee Chair or the Committee members as a whole, who, before confirming any approval, assured themselves that there was justifiable reason for engaging the auditor and that its independence and objectivity would not be threatened. No requests to use KPMG were declined by the Committee in 2021 (2020: none). On a quarterly basis, the Committee scrutinised details of individually approved and pre-approved services undertaken by KPMG in order to satisfy itself that they posed no risk to independence, either in isolation or on an aggregated basis.

For the purposes of the Policy, the Committee has determined that any pre-approved service of a value of under £50,000 is to be regarded as trivial in terms of its impact on Barclays' financial statements and has required the Group Financial Controller to specifically review and confirm to the Committee that any pre-approved service with a value of between £50,000 and £100,000 may be regarded as such. The Committee undertook a review of pre-approved services at its meeting in December 2021.

The fees payable to KPMG for the year ended 31 December 2021 amounted to £62m (2020: £59m), of which £12m (2020: £12m) 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 40 of the financial statements. Of the £12m of non-audit services provided by KPMG during 2021, the significant categories of engagement, i.e. services where the fees amounted to more than £500,000, included:

- audit-related services: services in connection with CASS audits
- other services in connection with regulatory, compliance and internal control reports and specific audit procedures, required by law or regulation to be provided by the statutory auditor
- other attestation and assurance services, such as ongoing attestation and assurance services for treasury and capital markets transactions to meet regulatory requirements, including regular reporting obligations and verification reports.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014

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

Barclays 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.

As explained in previous Committee reports, provided that KPMG continues to maintain its independence and objectivity, and the Committee remains satisfied with its performance, the Group has no intention of tendering for an alternative external auditor before the end of the current required period of 10 years. Accordingly, any tender would be in respect of the 2027 financial year onwards and is likely to take place in 2025. The Committee believes it would not be appropriate to tender before this date as it recognises that whilst it is important to ensure the audit firm remains objective and does not become overly familiar with management, there is an important balance to be struck with the investment of time required both from management and any completely new audit team for them to gain sufficient understanding of such a large complex organisation to ensure a top quality audit. The Committee is also conscious that the lead engagement partner will have changed twice since KPMG's tenure and that there have also been significant changes of senior management – both of which serve to reduce any threat of overfamiliarity. The Committee will give further consideration over the next two years to its audit tendering strategy to take account, as appropriate, of the outcome of the UK audit reform proposals.

Directors' report: Board Risk Committee report

Remaining watchful of the wider global implications of the COVID-19 pandemic, alongside other macro themes.

Responsible risk management

Dear Fellow Shareholders

Much like 2020, 2021 has presented a number of challenges for risk management. 2021 started with the UK having just entered its second lockdown as cases of COVID-19 continued to rise, ahead of the vaccine roll-out which shifted sentiment towards a return to economic activity by the middle of 2021. Large stimulus measures such as UK furlough schemes and the corporate and SME loan schemes were extended into 2021, with the Committee keeping a close eye on the risks inherent with a tapering of these as well as the significant monetary stimulus provided by central banks. The Risk Committee remained watchful of the wider global implications of the COVID-19 pandemic, alongside other macro themes, including the consequences of the UK's withdrawal from the EU, the risk of a disorderly market correction, the evolving interest rate environment, US/China political tensions and other potential policy and geopolitical developments following the US Presidential election at the end of 2020.

Climate risk

The risks associated with climate change are increasingly well understood and, reflecting the importance of this global issue, Climate risk has been elevated to become a Principal Risk within our ERMF from 1 January 2022. The Committee began the year with a detailed training session on the financial and operational risks of climate change to enable the Committee to deepen its understanding of this complex and evolving risk. The training session covered Barclays' governance in this space, progress made over the preceding 12 months and areas of key focus for 2021 and beyond. The Committee considered both the scenarios and models used for the Climate Internal Stress Test. The training session assisted with the Committee's discussions around the methodology to be used for the BoE's industry-wide Climate Biennial Exploratory Scenario (CBES), the results of which were approved by the Committee in September.

Financial risk

The Committee continued to monitor closely developments related to the COVID-19 pandemic, including the changes in transmission of the virus and associated variants and the positive effects of the vaccine programme roll-outs. The extension of government support schemes and stimulus measures assisted with a return to economic activity but the Committee monitored their removal carefully noting that this would be a risk to growth.

The Committee considered a broad range of potential impacts including evolving inflation expectations, unemployment rates, delayed defaults as support measures were withdrawn, and longer- term structural risks, including the significant increase in global indebtedness in response to the COVID-19 pandemic. During the second half of the year, the Committee focused on the continued improvement in the global economic outlook while considering the risks to the recovery from supply chain constraints and bouts of rising infection rates amid new strains of the virus. The Committee reviewed and approved the Group's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) during the course of 2021, concluding that the Group was appropriately capitalised and had adequate liquidity resources. Economic conditions were such that no out-of-cycle refresh of either the ICAAP or the ILAAP was required.

The Committee monitored the risks associated with the Government loan schemes and the withdrawal of those schemes, including the potential for fraud and the risks linked to collection and recoveries.

The Committee continued to review the evolving interest rate environment on the Group, receiving detailed updates on the Group's preparedness both operationally and financially for the potential for negative interest rates in response to regulatory requests. As sentiment pivoted towards the recovery and whether rising inflation was transitory or more structural given the combination of pent-up corporate and consumer demand and supply bottlenecks, the Committee shifted its focus to the risks of a more disorderly normalisation of policy rates.

The Committee remained vigilant to the continued economic uncertainty of the UK's withdrawal from the EU following the end of the transition period on 31 December 2020. The Committee considered event risks that remained despite a trade deal being reached. It also considered the resulting fragility of the UK economy given the combination of macroeconomic factors, including the COVID-19 pandemic, as well as more idiosyncratic risks, including trade relations with the EU and beyond, as well as the potential for another independence referendum in Scotland.

The Committee continued to monitor geopolitical risks, including in the Eurozone, as well as in China, in particular the market implications for the deteriorating relations between the US and China. These risks present a threat to global growth recovery efforts.

Conduct risk

The Committee continued to focus on Conduct risk, with key areas of focus including the heightened inherent risk associated with the impact of the COVID-19 pandemic (for example, Markets traders working from home), the impact of the transition away from LIBOR and adapting the Group's practices to comply with regulatory change. In addition to focusing on the Conduct risk profile of the Group's core businesses, the Committee also received reports on 'Lessons Learned' as a result of industry developments and events.

Operational risk

Operational risk remained heightened in 2021 due to the impact of the COVID-19 pandemic. The Committee considered closely operational resilience, with a teach-in dedicated to the Group's approach to resilience and increased regulatory scrutiny and regulator expectations. The Committee also received briefings on the Group's approach to identifying important business services and their associated impact tolerances in advance of their final approval, expected in early 2022.

During the year, the Committee continued to monitor and challenge the progress being made in the identification, assessment and management of Operational risk. The primary risk management tools used by management are the RCSAs.

The RCSAs give 'day-to-day' coverage of the risk and control environment of the Group. They are built on a foundation of the actual processes the Group employs and the risks it faces from its activities. This approach enables management to improve identification and management of Operational risks going forward and also to review in detail risk events that have occurred in order to identify root causes.

During the year the Committee received detailed updates on key risk areas including cyber risk and the risk associated with the use of cryptocurrency to strengthen the Committee's understanding of the potential these risks pose and to understand how the Group continued to strengthen its oversight in these areas.

Risk appetite and risk models

One of the most important roles of the Committee is to recommend to the Board an appropriate risk appetite for the Group. This represents the amount of risk the Group is able to take to earn an appropriate return while meeting minimum internal and regulatory capital requirements in a severe but plausible stress environment. The Committee analyses Barclays' performance in both its internally generated stress tests and those developed externally by such bodies as the BoE and the Federal Reserve Board (FRB) in the US and, following such analysis, may recommend adjustments to the Group's overall risk profile.

For the Group's internal stress test, the Committee received a detailed briefing on the methodology approach and approved the internally generated scenario narrative theme and the macroeconomic projections that informed the scenario severity. The Committee was satisfied that the Group would meet internal and regulatory requirements for capital and liquidity in such a scenario.

The Committee continued to oversee model risk management and the ongoing validation of the Group's models. The Group's models are the core foundation upon which the majority of its internal assessment processes run. The Committee noted the continued progress made during 2021 to embed the Model risk management framework as evidenced by an increasingly stable model inventory and further improvements in documentation and control. However, models remain a key risk area for the Group and the Committee is closely monitoring the development of the Group's approach and its regulators' expectations in this regard.

Risk function

The Committee is responsible for ensuring the independence and effectiveness of the Risk function, whose primary role is the oversight and challenge of risk taking as the second line of defence. It accomplishes this by establishing the policies, limits, rules and constraints under which activities of the first line of defence shall be performed, consistent with the Group's risk appetite and through monitoring the adherence of the first line of defence against these policies, limits and constraints. The Committee's responsibilities include (i) designing a consistent classification of the risks faced by the Group in order to organise their management and reporting, (ii) designing and operating the process of setting risk appetite and material limits for the Group as a whole and its main entities, (iii) setting or approving strategies for approvals of transactions, and those significant individual agreements, as well as (iv) establishing key controls requirements to which customer-facing areas of Barclays must adhere in the conduct of their businesses.

The Committee reviewed the Risk function's own assessment of its capability in late 2021 which showed that the function continues to meet expectations in providing effective and independent oversight and identified areas for enhancement.

Compliance function

The purpose of the Compliance function is to strengthen the culture of Barclays by providing oversight of the management of Conduct risk. Compliance participates in the prevention, detection and management of breaches of applicable laws, rules, regulations and procedures and has a key role in helping Barclays achieve the right Conduct outcomes and evolve a conduct-focused culture. The Committee maintains oversight of the Compliance function, and supports the independence of the function from the operational functions to ensure that Compliance has sufficient authority, stature, resources and access to the management body.

The Committee monitored the delivery of, and approved updates to, the Compliance function's Annual Plan for 2021 and approved the Annual Compliance Plan for 2022.

Committee effectiveness

The 2021 Committee effectiveness review was externally facilitated, as required by the Code. The review is an important part of the way Barclays monitors and improves Committee performance and effectiveness, maximising strengths and highlighting areas for further development.

The Board appointed CSA to facilitate the review. As part of the review, CSA conducted one-on-one interviews with each member of the Committee, the Group Chief Risk Officer, Group Finance Director, Group Chief Operating Officer, Group Chief Compliance Officer and Group Chief Internal Auditor. CSA also observed the September and October 2021 Committee meetings.

Feedback from the review confirms that the Committee is operating effectively, considering Barclays' risk appetite and risk profile in a thoughtful and forensic way, with its core mandate well understood by its members and proactive challenge of management. It was noted that more recent additions to the Committee in 2019 and 2020 brought valuable markets insight and experience.

A continued focus on the split of work between the Board and the Committee, and potential overlap between the work of the Committee and the subsidiary Board Risk Committees, was considered to be beneficial. Feedback noted that there was no undue duplication between the Committee and the Board Audit Committee.

Directors' report: Board Risk Committee report continued

The review suggested that there may be benefit in the Committee taking time to reflect further upon likely major risk themes in the macro environment over the next three to five years, and how future Committee agendas might be shaped towards bigger picture issues.

Changes to Committee composition

Following his appointment to the Board on 8 February 2022, Robert Berry will succeed me as Chair of this Committee with effect from 1 March 2022 (subject to regulatory approval). Robert will bring to the Committee robust risk management expertise, and you can read more about his appointment on pages 126 and 127, and you can find details of his skills and experience in his biography on page 114.

Tim Breedon
Chair, Board Risk Committee

22 February 2022

Committee meetings

During 2021, the Committee met 11 times (including two ad hoc meetings) and the attendance by members at these meetings is shown on this page. As well as its members, Committee meetings were attended by representatives from management including the Group Chief Executive, Group Finance Director, Group Chief Internal Auditor, Group Chief Risk Officer, Group Treasurer, Group Chief Compliance Officer and Group General Counsel, as well as representatives from the businesses and additional members from the Risk function. The Committee held a number of sessions with the Group Chief Risk Officer and the Group Chief Compliance Officer, which were not attended by management. The lead audit engagement partner of KPMG, Michelle Hinchliffe, also attended all of the Committee meetings. Michelle Hinchliffe is standing down as lead audit engagement partner following the conclusion of the most recent audit. Stuart Crisp of KPMG has been appointed as the new lead engagement partner.

Committee roles and responsibilities

The Committee is responsible for reviewing on behalf of the Board management's recommendations on the Principal Risks as set out in the Group's ERMF with the exception of Reputation risk, which is a matter reserved to the Board, and in particular:

- reviewing, on behalf of the Board, the management of those Principal Risks in the ERMF
- considering and recommending to the Board the Group's risk appetite and tolerances for those Principal Risks
- reviewing, on behalf of the Board, the Group's risk profile for those Principal Risks
- commissioning, receiving and considering reports on key risk issues
- safeguarding the independence, and overseeing the performance, of Barclays' Risk and Compliance functions.

The Committee's terms of reference are available at home.barclays/who-we-are/our-governance/board-committees

Board Risk Committee

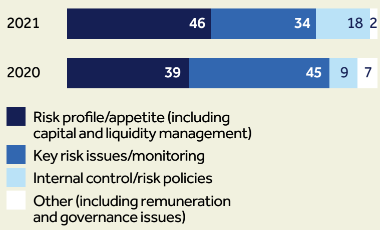
Committee members

Member	Meetings attended/eligible to attend (including ad hoc meetings)*
Tim Breedon	11/11
Mike Ashley	11/11
Mohamed A. El-Erian	10/11
Brian Gilvary	11/11
Dawn Fitzpatrick	11/11
Diane Schueneman	11/11

***Note**
Mohamed A. El-Erian was unable to attend the ad hoc meeting called at short notice.

Committee allocation of time

%



Note
Including ad hoc meetings.

Primary activities

The Committee has diligently discharged its responsibilities in 2021, reviewing Group exposures in the context of the current and emerging risks facing Barclays. The Committee has sought to promote a strong culture of disciplined risk management.

Areas of focus	*Matters addressed*	*Role of Committee*	*Conclusion/action taken*
Risk appetite and stress testing i.e. the level of risk the Group chooses to take in pursuit of its business objectives, including testing whether the Group's financial position and risk profile provide sufficient resilience to withstand the impact of severe economic scenarios.	The risk context to the MTP, the financial parameters and constraints and mandate and scale limits for specific business risk exposures; the Group's internal stress testing exercises, including scenario selection and financial constraints, stress testing themes and the results and implications of stress tests, including those run by the BoE.	■ To advise the Board on the appropriate risk appetite and tolerance for the Principal Risks, including the proposed overall Group risk appetite and limits. ■ To discuss and agree stress loss and mandate and scale limits for Credit risk, Market risk and Treasury and Capital risk. ■ To consider and approve internal stress test themes, and consider the financial constraints and scenarios, for stress testing risk appetite for the MTP. ■ To evaluate the results of the BoE's annual cyclical stress test and the BoE's Biennial Exploratory Scenario. ■ To consider the feedback from the FRB on the Barclays US LLC's Comprehensive Capital Analysis and Review (CCAR) following the submission of the CCAR stress test results.	In early 2021, the Committee reviewed and recommended the proposed operational risk appetite statement to the Board for approval. The Committee also discussed and approved the mandate and scale limits for the Group during 2021, with subsequent changes to these limits being reviewed and approved later in the year. In the first half of the year, the Committee received a briefing on Stress Tests, which provided an overview of the Stress Testing schedule for 2021. The Committee reviewed proposed enhancements to the Group's stress testing processes and models such as an update to Model risk tolerances. During 2021, Committee members attended briefings on stress testing and risk appetite and limit setting (which was also attended by Board members). In response to the COVID-19 pandemic, the BoE temporarily changed its approach to stress testing and introduced a 2021 Solvency Stress Test. The approach to this test, along with the final results were reviewed and approved by the Committee, along with the results of the Reverse Internal Stress Test. The Committee also reviewed an assessment of actual macroeconomic variables against the Internal Stress Test scenarios and reviewed the Internal Stress Test scenario theme and severity for 2021 to ensure that they remained appropriate for risk appetite and capital adequacy and approved the Internal Stress Test narrative theme. The Committee received and discussed the results of an internal Climate Stress Test. This assisted in deepening Barclays' understanding of climate risks, as did the Committee's discussion about the scenarios for the CBES and Barclays' approach to climate-specific modelling. The Committee subsequently discussed and approved the results of the CBES. The Committee received updates on the CCAR submission to the FRB, including an assessment of the models used and overlays applied in the 2021 CCAR submission. The updates covered both the quantitative and qualitative results of the submission. As part of the Group's strategic planning process, the Committee recommended to the Board for approval the risk appetite statement consisting of both quantitative and qualitative statements. This included a constraint and qualitative statement for Climate risk (which became a Principal Risk in 2022).

Directors' report: Board Risk Committee report continued

Areas of focus	*Matters addressed*	*Role of Committee*	*Conclusion/action taken*
Capital and funding i.e. having sufficient capital and financial resources to meet the Group's regulatory requirements and its obligations as they fall due, to maintain its credit rating, to support growth and strategic options.	The trajectory to achieving required regulatory and internal targets and capital and leverage ratios.	▪ To review, on a regular basis, capital performance against plan, tracking the capital trajectory, any challenges and opportunities and regulatory policy developments. ▪ To assess, on a regular basis, liquidity performance against both internal and regulatory requirements. ▪ To monitor capital and funding requirements.	The Committee received a preliminary assessment of the ICAAP and the ILAAP in January. This was followed by a series of individual meetings between management and Committee members. The Committee subsequently discussed and approved the Group's 2021 ICAAP and the Group's 2021 ILAAP prior to its submission to the PRA. The Committee continued to oversee improvements to the Liquidity Risk Appetite frameworks, as well as a review of the ICAAP framework with a focus on internal modelling approaches. Regulatory feedback on the ICAAP and ILAAP was noted throughout the year. During the course of the year, although monitored, no additional updates were required to the ICAAP and ILAAP following the changes that had been made in 2020. The Committee reviewed the forecast capital and funding trajectory and the actions identified by management to manage the Group's capital position, taking into account macroeconomic factors including the ongoing COVID-19 pandemic. The Committee challenged, reviewed and recommended to the Board for approval the Group Recovery Plan, which forms a part of the Group's capital and liquidity risk management framework. The Committee also discussed and recommended to the Board for approval its first Group Resolvability Self-Assessment which is the final major aspect to the BoE's resolution regime for banks. The Committee received updates on the progress of the global transition to alternative risk-free rates, including on preparations by the LIBOR Transition Programme to manage and mitigate the financial and non-financial risks associated with transition. The Committee also considered the structural hedge programme and reviewed and discussed management's hedging strategy proposals.
Political and economic risk i.e. the impact on the Group's risk profile of political and economic developments and macroeconomic conditions.	The potential impact on the Group's risk profile of geopolitical developments, as well as continuing to monitor the political and economic impact of post-Brexit transition period scenarios.	▪ To consider the ongoing impact of COVID-19 on the business directly and indirectly. ▪ To consider trends in the UK and US economies. ▪ To assess the geopolitical tensions in both the Eurozone and China. ▪ To review potential consequences of the BoE statement regarding negative interest rates. ▪ To review exposures to emerging markets. ▪ To review and discuss plans for the impacts of Brexit post-transition. ▪ To establish and examine key risk themes in order to monitor the evolving risk environment in which Barclays operates, the response of management, and the changing risk profile of the Group.	The Committee continued to monitor the Group's performance throughout the year with respect to the ongoing COVID-19 pandemic, taking into account the end of furlough in the UK, and the roll off of other UK government support schemes and the impact of other support measures from central banks and regulators. The Committee also received updates on the impact of vaccination roll-outs across the key markets in which the Group operates. Whilst the risk of negative rates has receded during the course of 2021, the Committee continued to have regard to the evolving interest rate environment, reviewing in particular operational readiness and any potential impact to the Group's capital and liquidity positions. The Committee monitored the Group's performance in light of geopolitical risks including tensions in the Eurozone related to both Brexit and COVID-19, and also in China in connection with technology, human rights and territorial claims and US/China political relations. The Committee also considered the risk management implications of growth initiatives in emerging markets. During the first part of the year, the Committee continued to monitor any potential post-Brexit risk impacts which might still remain even following the trade deal being reached, as well as monitoring the US political landscape following the Presidential election.

Areas of focus	*Matters addressed*	*Role of Committee*	*Conclusion/action taken*
Credit risk i.e. the potential for financial loss if customers, clients or counterparties fail to fully honour their obligations.	Conditions in the UK housing market; levels of UK consumer indebtedness; unemployment levels in the US and UK; and the performance of the UK and US cards businesses, including levels of impairment.	▪ To assess conditions in the UK property market and monitor signs of stress. ▪ To monitor management's tracking and responding to persistent rising levels of consumer indebtedness, particularly unsecured credit in both the UK and US. ▪ To monitor unemployment trends and COVID-19 pandemic financial support incentives, particularly in both the UK and US. ▪ To review leveraged finance portfolios in order to assess maintenance within risk appetite and manageable limits. ▪ To review business development activities in the CIB.	The Committee considered the risk with the Group's support of customers through the COVID-19 pandemic including the changes that were taking place to government schemes such as the end of payment holidays, replacement of existing loan schemes with the new Recovery Loan Scheme, and the launch of the new Help to Buy 2. The Committee monitored the key portfolio metrics including impairment as Barclays' key markets emerged from the COVID-19 pandemic, noting that the underlying portfolio performance remained resilient with limited migration to Watch List. The Committee discussed reports from management on the risks arising from Barclays' participation in Government loan schemes in the UK, including a deep-dive on the risk position of the BBLS. The Committee discussed the legal risk position of the BBLS, the probability of high levels of default as well as potential fraud, credit, conduct, reputational and operational risks. The Committee reviewed reports on the leveraged finance business, taking into account the overall risk profile of the business. The Committee received regular reports on the risks from the CIB and has continued to oversee improvements to the risk and control environment in the Markets business.
Operational risk i.e. the risk of loss arising from inadequate or failed processes and systems, human factors or due to external events.	The Group's operational risk capital requirements and any material changes to the Group's operational risk profile and performance of specific operational risks against agreed risk appetite.	▪ To track operational risk key indicators. ▪ To consider specific areas of operational risks, including fraud, conduct risk, cyber risk, execution risk, technology and data, including the controls that had been put in place for managing and avoiding such risks. ▪ To review Barclays' approach to scenario analyses as a risk management tool.	The Committee approved and recommended to the Board the 2021 Operational Risk Appetite Statement. The Operational risk profile of the Group remained heightened due to the ongoing COVID-19 pandemic. The Committee was briefed by management on a variety of topical Operational risks including those relating to transactional operations risk, climate change, colleagues and their wellbeing (particularly in light of the ongoing COVID-19 pandemic), fraud, erroneous payments, cybersecurity and the use of cloud platforms. The Committee continued to monitor enhancements that were made to the processes for new and amended product approvals for subsidiaries within the Group. The Committee also considered closely Operational resilience, with a teach-in dedicated to the Group's approach to resilience and regulatory expectations including with respect to identifying important business services and impact tolerances.

Directors' report: Board Risk Committee report continued

Areas of focus	*Matters addressed*	*Role of Committee*	*Conclusion/action taken*
Model risk i.e. the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.	Model risk governance.	■ To evaluate the appropriateness of the Model risk management framework and monitor progress on the implementation of an enhanced modelling framework, including receiving updates on findings in relation to specific modelling processes.	The Committee reviewed and approved changes to the Model risk tolerances which were described through a set of qualitative statements and associated metrics that would monitor the completeness and effectiveness of the Control Framework. In addition, the Committee reviewed and discussed regular updates on Model risk including progress made against the multi-year enhancement plan to the risk management framework, as well as details on the approach being taken to develop regulatory models. The Committee monitored and discussed the scope of the Model risk management implementation including scrutinising which models had been brought into governance and the rationale for exclusion of models. To support the regulatory requirements in this area, the Committee discussed the remit of the independent Model Strategy and Oversight Team which was being formed to provide oversight on strategic modelling decisions.
Risk framework and governance	The frameworks, policies and tools in place to support effective risk management and oversight.	■ To track the progress of significant risk management projects, achieving compliance with the Basel Committee for Banking Supervision (BCBS239) risk data aggregation principles and the RCSA process across the Group. ■ To assess risk management matters raised by Barclays' regulators and the actions being taken by management to respond. ■ To review the design of the ERMF.	The Committee discussed the annual refresh of the Principal Risk Frameworks as well as recommending the updated ERMF to the Board for approval. This year, the Committee reviewed the first Climate Risk Framework to support Climate risk becoming a Principal Risk within the ERMF in 2022. The Committee continued to oversee management's progress towards achieving full compliance with all aspects of BCBS239, receiving regular reports on levels of compliance and expected milestones. The Committee reviewed reports from management on guidance, letters and reviews received from regulators. The Committee examined management's responses to the matters raised and monitored remediation programmes.
Remuneration	The scope of any risk adjustments to be taken into account by the Board Remuneration Committee when making remuneration decisions for 2021.	■ To debate the Risk function's view of performance, making a recommendation to the Board Remuneration Committee on the financial and operational risk factors to be taken into account in remuneration decisions for 2021.	The Committee considered the report of the Group Chief Risk Officer and considered the 2021 ex-ante risk adjustment methodology.

Areas of focus	*Matters addressed*	*Role of Committee*	*Conclusion/action taken*
Conduct Risk i.e. the risk of poor outcomes to customers, clients and markets, arising from the delivery of the Group's products and services.	Conduct robust reviews of any current and emerging risks arising from the delivery of Barclays' products and services.	■ To receive updates from management on Conduct risk and consider performance against key Conduct risk indicators and the status of initiatives in place to address those risks to further strengthen the culture of the business. ■ To review the effectiveness of the Conduct risk framework. ■ To review the Compliance function's Annual Compliance Plan.	During 2021, the Committee was provided with regular updates on Conduct Risk, including a continued focus on COVID-19 and its impacts, and the assessments of potential risks to the Group following market events. The Committee also received updates on lessons learned reviews, undertaken in response to industry developments and events, and continued to monitor ongoing remediation activities. The Committee discussed with management the Conduct and Risk culture of the Group both in the context of the Barclays' Values and Mindset and from a colleague wellbeing perspective. During the year, the Committee reviewed the Compliance function's effectiveness and performance of activities against its Compliance Plan for 2021, and towards year end approved the Annual Compliance Plan for 2022.

Directors' report: How we comply

For the year ended 31 December 2021, and as at the date of this report, Barclays PLC has complied in full with the Code's principles and provisions.

Reporting against the Code's principles and provisions

The UK Corporate Governance Code

As a company listed on the London Stock Exchange, Barclays PLC applies the principles and provisions of the Code.

A copy of the Code can be found at frc.org.uk. For the year ended 31 December 2021, and as at the date of this report, we are pleased to confirm that Barclays PLC has complied in full with the requirements of the Code. This section sets out how we comply with the Code.

Disclosure Guidance and Transparency Rules

By virtue of the information included in this Governance section of the Annual Report, we comply with the corporate governance statement requirements of the FCA's DTRs. Certain additional information that is required to be disclosed pursuant to DTR7.2.6 can be found on pages 156 to 161.

New York Stock Exchange (NYSE)

Barclays is permitted by NYSE rules to follow UK corporate governance practices instead of those applied in the US. However, any significant variations must be explained in Barclays' Form 20-F filing, which can be accessed from the Securities and Exchange Commission's EDGAR database
or on our website, home.barclays.

Board leadership and company purpose

Role of the Board

Our governance is designed to deliver an effective and entrepreneurial Board which:

- is effective in providing challenge, advice and support to management
- provides checks and balances and encourages constructive challenge
- drives informed, collaborative and accountable decision-making
- creates long-term sustainable value for our shareholders, having regard to the interests of all our other stakeholders.

You can read more about our governance in the context of the Board, including our Group-wide governance framework and how the Board discharged its responsibilities during 2021, on pages 117 to 123.

Culture

The Barclays Way sets out our Purpose, Values and Mindset, and is the Code of Conduct for everyone working at Barclays, providing a clear path for achieving a dynamic and positive culture within the Group. You can read more about *The Barclays Way* in our ESG report on page 80.

The Board is fully supportive of *The Barclays Way* and our Purpose, Values and Mindset, and you can read more about Board's role in this area, including how the Board receives feedback on our culture through a number of channels to ensure it is aligned to our Purpose, Values and Mindset, on page 120.

Our Group Whistleblowing Standard enables employees to raise any matters of concern anonymously and is embedded into our business. You can read more about Whistleblowing in the ESG report on page 93, and the role of the Board Audit Committee in reviewing and monitoring the Group's Whistleblowing policies on page 137.

Relations with shareholders and stakeholders

Considering the views and interests of our stakeholders is an important part of the way in which the Board makes decisions and provides oversight and challenge. You can find more details about how the Board engages with stakeholders in our Section 172 Statement on page 16. You can also read more about how we engage with our stakeholders, including what they told us in 2021 and how we responded, in our Strategic report on pages 14 to 15.

Our comprehensive investor relations engagement helps to inform the Board about investors' views on Barclays, which are communicated regularly to the Board; and our Chairman engages with shareholders on governance and related matters. Our Investor Relations programme returned to a more normalised process in 2021, combining both virtual and in-person formats, as we adapted to new ways of working, allowing high-quality interaction in the ways our investors prefer.

Our shareholder communication guidelines are available on our website at home.barclays/investor-relations/shareholder-information/.

Institutional investors

In 2021, the Directors, in conjunction with the senior executive team and Investor Relations colleagues, were able to participate in investor meetings, seminars and conferences across many locations, increasingly in person. We held conference calls and webcasts for our quarterly results briefings for both our equity and fixed income investors, and look forward to continuing this engagement through 2022.

During 2021, discussions with investors included, but were not limited to:

- the impact of the COVID-19 pandemic on Barclays, including macroeconomic effects of higher inflation and interest rates
- opportunities arising from the subsequent reopening of global economies, and the recovery in consumer and corporate activity
- drivers of sustained double-digit Group return on average tangible shareholders' equity (RoTE) post-COVID-19 pandemic

- Group Chief Executive succession and its impact on the Group's strategic priorities and targets over the medium term
- capital allocation and shareholder distributions, while managing capital towards our target range
- the advance of the climate agenda and furtherance of the Barclays' climate strategy.

Private shareholders

During 2021, we continued to actively communicate with our private shareholders through shareholder mailings, information available on our website and at our AGM. Our Private Shareholder Relations team is also available to support with any feedback or questions from shareholders. You can read more about our 2021 AGM on this page.

The Group issues regulatory announcements via the Regulatory News Service (RNS) and shareholders can subscribe to receive notifications of such announcements via our website home.barclays/investor-relations/investor-news/regulatory-news-email-alerts/.

More information for shareholders is available on pages 105 to 106, which includes details on signing up to Shareview (which enables shareholders to easily manage their shareholdings and personal information online), receiving dividends electronically, how we return unclaimed funds to shareholders and useful contacts.

The 2021 AGM

The Board shared the frustration of our shareholders that, like our 2020 AGM, the 2021 AGM was impacted by the COVID-19 pandemic and shareholders were unable to attend in person. The Board and the senior executive team consider our AGM to be an important event in our corporate calendar, providing a key opportunity for shareholder engagement, particularly with our private shareholders, and for shareholders to ask questions of the Board.

In order to maximise shareholder engagement whilst respecting the COVID-19 restrictions and guidance in place at the time, in 2021 we held the AGM as a combined physical and electronic meeting (a 'hybrid' AGM) for the first time. This enabled shareholders to attend the 2021 AGM virtually using electronic facilities and to vote and raise questions in real time, either by telephone or using the electronic facilities. In addition to raising questions at the 2021 AGM itself, shareholders were able to submit questions to the Board in advance of the meeting, as in previous years. All questions received ahead of the 2021 AGM were answered individually and answers to frequently asked questions were published on our website ahead of the meeting.

Voting on all of the resolutions at the 2021 AGM was conducted by way of a poll, thereby giving weight to the number of shares held by shareholders rather than simply attributing a notional one vote to each shareholder voting. With the exception of the shareholder requisitioned Resolution 29, all resolutions were passed with votes 'For' ranging from 91.54% to 99.97% of the total votes cast.

Shareholders voted in favour of amending our Articles of Association (Articles) at the 2021 AGM to include, amongst other changes, specific provisions on how a hybrid general meeting can be conducted, to allow for maximum flexibility in how we might convene and conduct AGMs in future years.

A climate change resolution (Resolution 29) was requisitioned by a group of shareholders co-ordinated by Market Forces. The Board did not consider Resolution 29 to be in the best interests of BPLC and its shareholders as a whole, and recommended that shareholders vote against Resolution 29 for the following reasons (as detailed in the 2021 Notice of AGM available at home.barclays/investor-relations/reports-and-events/general-meetings/):

- firstly, our new climate change strategy was adopted in 2020 to align Barclays to the goals of the Paris Agreement
- secondly, meaningful progress in the 12 months leading to the 2021 AGM had been made to design, refine and embed our detailed approach across Barclays
- thirdly, the Board continued to believe that Barclays can make the greatest difference by supporting the transition to a low-carbon economy, rather than by simply phasing out support for some of the clients who are most engaged in it.

Resolution 29, which was not supported by the Board, was not passed, and the level of shareholder support for it fell well short of the 75% majority required for it to pass. Only 14.04% of the votes cast were cast 'For' Resolution 29, representing 8.92% of the register.

In line with Barclays' announcement at the 2021 AGM to offer shareholders a 'Say on Climate', shareholders will be asked to vote on Barclays' climate strategy at the 2022 AGM. Further details of the 'Say on Climate' vote will be set out in the 2022 Notice of AGM.

The 2022 AGM

Looking ahead to the 2022 AGM, the Board currently intends to hold the AGM in Manchester on 4 May 2022 at 11:00am as a combined physical and electronic meeting, to allow for shareholders to attend and vote in person or virtually using electronic facilities, should they prefer.

Our plans remain, of course, subject to the ongoing COVID-19 pandemic and any UK Government guidance or restrictions in place at the relevant time, but the Board very much hopes to be able to welcome shareholders to the 2022 AGM in person. Further details will be provided in our 2022 Notice of AGM.

As stated in our 2021 Notice of AGM, it is the Board's intention on an annual basis to alternate AGM venues between London and a venue other than London where Barclays has a significant business or customer presence.

Stakeholder engagement

Seeking to understand all stakeholders' views, and the impact of our behaviour and business on our customers and clients, colleagues, suppliers, communities and society more broadly, is a key part of how the Board makes decisions and provides oversight and challenge. Accordingly, the Board monitors key indicators across areas such as culture, citizenship, conduct, and customer and client satisfaction on an ongoing basis.

We engaged extensively with shareholders and other stakeholders (including proxy advisory agencies and investor associations) in 2021 on key topics including strategic priorities, governance and succession planning, as well as further engagement on Barclays' climate strategy.

Throughout 2021, we have engaged with our stakeholders through a variety of means including surveys, participation in forums and global and regional industry initiatives.

For further detail about how we engage with our stakeholders, including what they told us in 2021 and how we responded, please refer to our Strategic report on pages 14 to 15. You can read more about how the Board engages with stakeholders in our Section 172 Statement on pages 16 to 19.

Directors' report: How we comply continued

Colleague engagement

Our colleagues are critical to our success, and the Board recognises that our continued investment in them protects and strengthens our culture.

Barclays has a long-standing commitment to the importance and value of colleague engagement, and in 2021 we continued to listen to colleagues and keep them informed in a number of ways. This included conducting regular 'Here to Listen' employee surveys, first launched in 2020, to make sure we were staying abreast of colleague feedback during the COVID-19 pandemic, as well as our annual 'Your View' employee survey.

You can read more about our commitment to our colleagues and our workforce engagement, including survey results and how we continue to support our colleagues, in the Our people and culture section on pages 29 to 34 and in our Strategic report on pages 14 to 15.

Conflicts of interest

In accordance with the Companies Act 2006 and BPLC Articles, the Board has the authority to authorise conflicts of interest and this ensures that the influence of third parties does not compromise the independent judgement of the Board. Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the Group.

The Group Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts, together with any Board authorisation of the conflicts. The authorisations are for an indefinite period but are reviewed annually by the Nominations Committee, which also considers the effectiveness of the process for authorising Directors' conflicts of interest. The Board retains the power to vary or terminate these authorisations at any time.

Division of responsibilities

Roles on the Board

Executive and Non-Executive Directors share the same duties. However, in line with the principles of the Code, a clear division of responsibilities has been established.

The Chair is responsible for:

- leading the Board and its overall effectiveness
- demonstrating objective judgement
- promoting a culture of openness and constructive challenge and debate between all Directors
- facilitating constructive board relations and the effective contribution of all Non-Executive Directors
- ensuring Directors receive accurate, clear and timely information.

Responsibility for the day-to-day management of the Group is delegated to the Group Chief Executive, who is supported in this role by the ExCo. You can find further information on the membership of the ExCo on page 116.

As a Board we have set out our expectations of each Director in Barclays' *Charter of Expectations*. This includes role profiles and the behaviours and competencies required for each role on the Board, namely the Chair, Deputy Chair (to the extent one is required), the SID, Non-Executive Directors, Executive Directors and Committee Chairs.

Our Non-Executive Directors provide effective oversight and scrutiny, strategic guidance and constructive challenge, holding the Executive Directors to account against their agreed performance objectives. The Non-Executive Directors, led by the Nominations Committee, have primary responsibility for the appointment and removal of the Executive Directors.

The SID provides a sounding board for the Chair, acting as an intermediary for the other Directors when necessary. Our SID is available to shareholders should they have concerns that have not been addressed through the normal engagement channels.

The *Charter of Expectations* is reviewed annually to ensure it remains relevant and accurately reflects the requirements of the Code, the Regulations and industry best practice.

A copy of the *Charter of Expectations* can be found at home.barclays/who-we-are/our-governance/board-responsibilities

Information provided to the Board

It is the responsibility of the Chair to set the Board agenda, primarily focused on strategy, performance, value creation, culture, stakeholders and accountability, and to ensure that Board members receive timely and high-quality information to enable them to make sound decisions and promote the success of BPLC. Working in collaboration with the Chair, the Group Company Secretary is responsible for ensuring good governance and information flow, to ensure an effective Board.

Throughout the year, both the Executive Directors and senior executives kept the Board informed of key business developments through regular updates. These are in addition to the presentations that the Board and Board Committees receive as part of their formal meetings. Where required to enable them to fulfil their obligations as members of the Board, Directors are able to seek independent and professional advice at Barclays' expense.

Attendance

Directors are expected to attend every Board meeting. In 2021, attendance was very strong both at scheduled meetings and the *ad hoc* meeting (called at short notice), as reflected in the table below. The Chairman met privately, on a quarterly basis, with each Non-Executive Director. If, owing to exceptional circumstances, a Director was not able to attend a Board meeting, the relevant Director ensured that their views were made known to the Chairman in advance of the meeting. The attendance record of Directors at scheduled and *ad hoc* meetings during 2021 is a testament to the commitment of each of our current Directors.

Board attendance in 2021	*Independent/Executive*	*Scheduled Meetings eligible to attend*	*Scheduled Meetings attended*	*% attendance*	*Ad hoc Meetings eligible to attend*	*Ad hoc Meetings attended*
Chairman						
Nigel Higgins	On appointment[a]	14	14	100%	1	1
Executive Directors						
C.S. Venkatakrishnan	Executive Director	4	4	100%	0	0
Tushar Morzaria	Executive Director	14	14	100%	0	0
Non-Executive Directors[b]						
Mike Ashley	Independent	14	14	100%	1	1
Tim Breedon	Independent	14	13	93%	1	1
Mohamed A. El-Erian	Independent	14	14	100%	1	1
Dawn Fitzpatrick	Independent	14	14	100%	1	1
Mary Francis	Independent	14	14	100%	1	1
Crawford Gillies	Independent	14	14	100%	1	1
Brian Gilvary	SID[c]	14	14	100%	1	1
Diane Schueneman	Independent	14	14	100%	1	1
Julia Wilson	Independent	12	12	100%	1	1
Former Directors						
Jes Staley	Executive Director	10	10	100%	0	0
Sir Ian Cheshire	Independent	3	3	100%	0	0

Notes

a As required by the Code, the Chairman was independent on appointment.

b Robert Berry did not join the Board until 8 February 2022.

c Brian Gilvary succeeded Crawford Gillies as SID on 1 January 2021.

Board Committee cross-membership

The table below shows the number of cross-memberships of the Non-Executive Directors across the Board Committees as at 31 December 2021.

	Board Audit Committee	Board Nominations Committee	Board Remuneration Committee
Board Risk Committee	2	4	2
Board Remuneration Committee		1	
Board Nominations Committee	2		

Directors' report: How we comply continued

In line with the requirements of the Code, a majority of the Board is comprised of independent Non-Executive Directors. The independence of our Non-Executive Directors is considered by the Nominations Committee on an annual basis, having regard to the independence criteria set out in the Code. As part of this process, our Nominations Committee keeps under review the length of tenure of all Directors, which can affect independence, and makes any recommendations to the Board accordingly.

The independence of Mike Ashley, Crawford Gillies and Diane Schueneman, all of whom have served on the Board for more than six years, and Tim Breedon who has served on the Board for more than nine years, was subjected to a more rigorous review. The Nominations Committee remains satisfied that the lengths of their tenure have no impact on their respective levels of independence or the effectiveness of their contributions. The Nominations Committee and the Board consider all of the Non-Executive Directors to be independent.

In the case of Tim Breedon, having undertaken a rigorous review of his performance as a Non-Executive Director and taking into account other relevant factors that might be considered likely to impair, or could appear to impair, independence including as set out in Provision 10 of the Code, the Nominations Committee and the Board consider Tim to be independent.

During 2021, both Jes Staley and Sir Ian Cheshire stepped down from the Board. Neither raised any concerns about the operation of the Board or management.

You can read more about changes to Board composition and steps taken to further strengthen the Board and consideration of Non-Executive Director independence, including the Nomination Committee's review of Tim Breedon's independence and the appointment of Robert Berry in 2022, in the report of our Nominations Committee on pages 124 to 130.

Time commitment

All potential new Directors are asked to disclose their other significant commitments. The Nominations Committee then takes this into account when considering a proposed appointment to ensure that Directors can discharge their responsibilities to Barclays effectively. This means not only attending and preparing for formal Board and Board Committee meetings, but also making time to understand the business and to undertake training. The time commitment is agreed with each Non-Executive Director on an individual basis.

In addition, all Directors must seek approval (providing an indication of expected time commitments) before accepting any significant new commitment outside of Barclays. Prior to approving any significant new external commitment for a Director, the Board undertakes a review of all relevant facts and circumstances, including the role and time commitment involved and the nature of the external organisation. In 2021, all external appointment requests were approved on the basis that the Board was comfortable with any actual or potential conflicts and the Board was confident that the Director in question remained able to devote such time necessary to discharge their duties to Barclays effectively.

Set out on this page is the average time commitment expected for the role of Non-Executive Directors and the other Non-Executive positions on the Board.

Expected time commitment

Role	*Expected time commitment*
Chair	Equivalent of up to 80% of full-time position.
Senior Independent Director	As required to fulfil the role.
Non-Executive Director	35-40 days per year (membership of one Board Committee included, increasing to 50 days a year if member of two Board Committees).
Committee Chairs	At least 80 days per year (including Non-Executive Director time commitment) for Audit and Risk Committee Chairs and at least 60 days for the Remuneration Committee Chair.

Where circumstances require it, all Directors are expected to commit additional time as necessary to their work on the Board. The Group Company Secretary maintains a record of each Director's commitments. For the year ended 31 December 2021 and as at the date of publication, the Board is satisfied that none of the Directors is over-committed and that each of the Directors allocates sufficient time to their role in order to discharge their responsibilities effectively.

Composition, succession and evaluation

We have a Nominations Committee, the purpose and activities of which are contained in the report of our Nominations Committee on pages 124 to 130.

Board appointments

All Board and senior management appointments 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 Group strategy. Board appointments are made following a rigorous and transparent process facilitated by the Nominations Committee, with the aid of external search consultancy firms.

The Board adopted a revised version of the Board Diversity Policy on 9 February 2021, re-affirming the existing gender diversity target (33% female) and adopting a new ethnic diversity target aligned with the Parker Review on the ethnic diversity of UK Boards (at least one Board member to be a Person of Colour). The Board reconfirmed its commitment to these targets on 9 February 2022.

You can read more about diversity at Board level in the report of our Nominations Committee on page 127, and about Barclays' continued commitment to diversity and inclusion in Our people and culture section on pages 29 to 34.

The composition of the Board, Board Committees and the ExCo is regularly reviewed by the Nominations Committee. It frequently considers the skills required for the Board, Board Committees and the ExCo, identifying the core competencies, diversity and experience required. This, along with the annual effectiveness evaluation, helps to refresh the thinking on Board, Board Committee and ExCo composition and to determine a timeline for proposed new appointments. 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 minimum of six years but this period may be extended where the Nominations Committee considers it appropriate.

All Directors are subject to election or re-election (as appropriate) each year by shareholders at the AGM.

Each year, we carry out an effectiveness review in order to evaluate our performance, as a Board, as well as the performance of each of the Board Committees and individual Directors. You can read more about the 2021 Board, Board Committee and Individual Effectiveness review, which was externally facilitated (as required by the Code), in the report of our Nominations Committee on pages 129 to 130.

You can find biographies for each member of the Board, including details of their relevant skills, experience and contribution, Board Committee memberships and other principal appointments on pages 112 to 115. Details of changes to the Board in 2021 and up to the date of this report, together with details of Board appointments, tenure, independence and succession planning are disclosed in the report of our Nominations Committee on pages 124 to 130.

The service contracts for the Executive Directors and the letters of appointment for the Group Chairman and Non-Executive Directors are available for inspection at our registered office and at the AGM.

Induction

On appointment to the Board, all Directors receive a comprehensive induction that is tailored to the new Director's individual requirements. The induction schedule is designed to provide the new Director with an understanding of how the Group works and the key issues that it faces. The Group Company Secretary consults the Chair when designing a bespoke induction schedule, taking into account the particular needs of a new Director. When a Director is joining a Board Committee, the schedule includes an induction to the operation of that committee.

Following their appointments to the Board in 2021, Venkat and Julia Wilson each received tailored inductions. Robert Berry's induction is in progress, following his appointment to the Board on 8 February 2022. You can read more about their inductions, Dawn Fitzpatrick's induction to the Board Remuneration Committee and Brian Gilvary's briefings in relation to his role as Board Remuneration Committee Chair and responsibilities as SID in the report of our Nominations Committee on page 128.

Training and development

In order to support the effective contribution by Board and Board Committee members, we regularly provide Directors with the opportunity to take part in ongoing training and development. Directors can also request specific training, as required.

Whilst opportunities for in-person Director training remained limited in 2021 due to the impact of the COVID-19 pandemic and ongoing social distancing guidance, training and development was supported through the Board deep dives, briefings for Board members on key risk topics, and Function reviews described on page 122.

The Board also received an annual briefing on regulatory responsibilities, including the Senior Managers Regime and on Barclays' conduct and financial crime policies and standards.

The Nominations Committee supports the Chair in developing and monitoring effective induction, training and development for the Board, and you can read more on pages 128 to 129.

Directors' report: How we comply continued

Audit, Risk and Internal Control

Accountability

Internal governance processes have been developed to ensure the effective operation of the individual Boards and Board Committees of each of BPLC, BBUKPLC and BBPLC respectively, in recognition of the fact that this is key to the development and execution of the Group's strategy. Generally, there is one set of rules for the Group. Group-wide frameworks, policies and standards are adopted throughout the Group unless local laws or regulations (for example, the ring-fencing obligations applicable to BBUKPLC) require otherwise, or the ExCo decides otherwise in a particular instance.

The Board has a Board Audit Committee and a Board Risk Committee. The purposes and activities of the Board Audit and Board Risk Committees are contained within their respective reports on pages 131 and 140 respectively.

Internal and external audit functions

The Board, together with the Board Audit Committee, is responsible for ensuring the independence and effectiveness of the internal and external audit functions. For this reason, the Board Audit Committee members met regularly with the Group Chief Internal Auditor and the KPMG lead audit engagement partner, without management present. The appointment and removal of the Group Chief Internal Auditor is a matter reserved to the Board Audit Committee and the appointment, and removal, of the external auditor, is a matter reserved to the Board. Neither task is delegated to management. More detail is provided on pages 137 to 139 of the Board Audit Committee report.

Company's position and prospects

The Board, together with the Board Audit Committee, is responsible for ensuring the integrity of this Annual Report and that the financial statements as a whole present a fair, balanced and understandable assessment of our performance, position and prospects. This is explained in detail on page 134 of the Board Audit Committee report.

Risk management and internal control

The Directors are 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 only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group is committed to operating within a strong system of internal control. Barclays has an overarching framework that sets out the approach of the Group to internal governance, *The Barclays Guide*. This establishes the mechanisms, principles and processes through which management implements the strategy set by the Board.

Processes are in place for identifying, evaluating and managing the Principal Risks facing the Group in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', published by the FRC. A key component of *The Barclays Guide* is the ERMF. The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to the strategic objectives of the Group. There are nine Principal Risks under the ERMF: Credit risk, Market risk, Treasury and Capital risk, Operational risk, Climate risk, Model risk, Reputation risk, Conduct risk and Legal risk. The system of risk management and internal control is set out in the risk frameworks relating to each of our nine Principal Risks and the Barclays Control Framework, which details requirements for the delivery of control responsibilities. Group-wide frameworks, policies and standards enable Barclays to meet regulators' expectations relating to internal control and assurance.

Effectiveness of internal controls

Key controls are assessed on a regular basis for both design and operating effectiveness. Issues arising out of these assessments, where appropriate, are reported to the Board Audit Committee. The Board Audit Committee oversees the control environment (and remediation of related issues) and you can read more about its work on pages 131 to 139. The Board Audit Committee also reviews annually the risk management and internal control system, which includes the ERMF. It has concluded that, throughout the year ended 31 December 2021 and to date, the Group has operated a sound system of internal control that provides reasonable assurance of financial and operational controls and compliance with laws and regulations. For more details on that evaluation and its conclusions please see page 137.

The review of the effectiveness of the system of risk management and internal control is achieved through reviewing the effectiveness of the frameworks, principles and processes contained within *The Barclays Guide*, the ERMF and the Barclays Control Framework.

Regular reports are made by management to the Board Risk Committee and the Board covering significant risks, measurement methodologies and appropriate risk appetite for the Group.

Further details of risk management procedures and material existing and emerging risks are given in the Risk review and Risk management sections on pages 200 to 294.

Controls over financial reporting

A framework of disclosure controls and procedures is in place to support the approval of the financial statements of the 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.

Where appropriate, these committees report their conclusions to the Board Audit Committee, which debates such conclusions and provides further challenge. Finally, the Board scrutinises and approves results announcements and the 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 Group and other significant disclosures before they are made public.

Management's report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control 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 (a) UK-adopted international accounting standards; and (b) International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretations Committee.

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 at 31 December 2021. 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 at 31 December 2021.

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 pages 289 to 294.

Changes in internal control over financial reporting

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

Remuneration

We have a Board Remuneration Committee, the purpose and activities of which are described in the Remuneration report on pages 162 to 199.

The Board has delegated responsibility for the consideration and approval of the remuneration arrangements of the Chairman, the Executive Directors, other senior executives and certain Group employees to the Board Remuneration Committee. The Board Remuneration Committee, when considering the remuneration policies and practices, seeks to ensure that they support our strategy and promote the long-term success of the business and that they are aligned to the successful delivery of the Group's strategy.

All executive and senior management remuneration policies are developed in accordance with the Group's formal and transparent procedures (ensuring that no Director is involved in deciding their own remuneration outcome) and having regard to workforce remuneration and related policies and the alignment of incentives and rewards with culture.

All Board Remuneration Committee members 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.

You can find further information on the purpose of the Board Remuneration Committee and its activities in 2021 in the Remuneration report on pages 162 to 199.

Directors' report: Other statutory information

The Directors present their report together with the audited accounts for the year ended 31 December 2021.

Other statutory information

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

	Page
Remuneration policy, including details of the remuneration of each Director and Directors' interests in shares	170
Governance Statement	111
Risk review	200

Disclosures required pursuant to Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as updated by Companies (Miscellaneous Reporting) Regulations 2018 can be found on the following pages:

	Page
Engagement with employees (Sch. 7, Para 11 and 11A 2008/2018 Regs)	29 to 34
Policy concerning the employment of disabled persons (Sch. 7, para 10 2008 Regs)	34
Engagement with suppliers, customers and others in a business relationship (Sch. 7, Para 11 B 2008/2018 Regs)	14 to 24 and 35 to 39
Financial instruments (Sch. 7, para 6 2008 Regs)	358
Hedge accounting policy (Sch. 7, para 6 2008 Regs)	361

Disclosures required pursuant to Listing Rule 9.8.4R can be found on the following pages:

	Page
Long-term incentive schemes	172
Waiver of Director emoluments	199
Allotment for cash of equity securities	396
Waiver of dividends	156

Section 414A of the Companies Act 2006 requires the Directors to present a Strategic report in the Annual Report and Financial Statements. This report can be found on pages 1 to 50.

The Company has chosen, in accordance with section 414C (11) of the Companies Act 2006, and as noted in this Directors' report, to include certain matters in its Strategic report that would otherwise be disclosed in this Directors' report.

An indication of likely future developments may be found in the Strategic report.

The particulars of important events affecting the Company since the financial year end can be found in the Strategic report and Note 26 (legal, competition and regulatory matters) to the financial statements.

Profit and dividends

Statutory profit after tax for 2021 was £7,226m (2020: £2,461m). The 2021 full year dividend of 4.0p per ordinary share will be paid on 5 April 2022 to shareholders whose names are on the the Register of Members at the close of business on 4 March 2022. With the 2021 half year dividend totalling 2.0p per ordinary share, paid in September 2021, the total distribution for 2021 is 6.0p (2020: nil) per ordinary share. The half year and full year dividends for 2021 amounted to £512m (2020: nil). BPLC also completed share buy-back programmes during 2021, further details of which can be found on page 160.

Shareholders may have their dividends reinvested in Barclays by joining the Barclays DRIP. Further details regarding the DRIP can be found at home.barclays/dividends and shareview.co.uk/info/drip

The nominee company of certain Barclays' employee benefit trusts holding shares in Barclays in connection with the operation of our share plans has lodged evergreen dividend waivers on shares held by it that have not been allocated to employees. The total amount of dividends waived during the year ended 31 December 2021 was £1.02m (2020: nil).

Board of Directors

The names of the current Directors of BPLC, along with their biographical details, are set out on pages 112 to 115 and are incorporated into this Directors' report by reference. Changes to Directors during the year and up to the date of this report are set out below.

Name	*Role*	*Effective date*
Julia Wilson	Non-Executive Director	Appointed 1 April 2021
Sir Ian Cheshire	Non-Executive Director	Stepped down 5 May 2021
Jes Staley	Executive Director	Stepped down 31 October 2021
C.S. Venkatakrishnan	Executive Director	Appointed 1 November 2021
Robert Berry	Non-Executive Director	Appointed 8 February 2022

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by our Articles, the Code, the Companies Act 2006 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 among the Directors and any Director so appointed holds office only until the next AGM and may offer himself/herself for re-election. The Code recommends that all directors of FTSE 350 companies should be subject to annual re-election. All Directors, who will be continuing in office, and Anna Cross in her capacity as a Director from 23 April 2022, intend to offer themselves for election or re-election (as appropriate) at the 2022 AGM.

Directors' indemnities

'Qualifying third party indemnity' provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2021 for the benefit of the then Directors of the Company and the then Directors of certain of the Company's subsidiaries and, at the date of this report, are in force for the benefit of the Directors of the Company and the Directors of certain of the Company's subsidiaries in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. The Group also 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 Companies Act 2006) were in force during the course of the financial year ended 31 December 2021 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, and Barclays Executive Schemes Trustees Limited as Trustee of Barclays Capital International Pension Scheme (No.1) and Barclays PLC Funded Unapproved Retirement Benefits Scheme. The directors of the trustees are indemnified against liability incurred in connection with the trustees' activities in relation to the Barclays Bank UK Retirement Fund, Barclays Capital International Pension Scheme (No.1) and Barclays PLC Funded Unapproved Retirement Benefits Scheme.

Political donations

The Group did not give any money for political purposes in the UK or outside the UK, nor did it make any political donations to political parties or other political organisations or to any independent election candidates, nor did it incur any political expenditure during the year. In accordance with the US Federal Election Campaign Act, Barclays provides administrative support to a federal Political Action Committee (PAC) in the US, funded by the voluntary political contributions of eligible employees. The PAC is not controlled by Barclays and all decisions regarding the amounts and recipients of contributions are directed by a steering committee comprising employees eligible to contribute to the PAC. Contributions to political organisations reported by the PAC during the calendar year 2021 totalled $29,000 (2020 $113,500).

Country-by-Country reporting

The Capital Requirements (Country-by-Country reporting) Regulations 2013 require the Company to publish additional information in respect of the year ended 31 December 2021. This information is available on the Barclays website: home.barclays/annualreport.

Environment

As part of its ambition to be a net zero bank by 2050, Barclays is working to achieving net zero operations[1] and supply chain emissions. Barclays has been carbon neutral for its Scope 1[2,] Scope 2[3] and Scope 3 (business travel)[4] emissions since 2020. We are defining net zero operations as the state in which we will achieve a greenhouse gas (GHG) reduction of our scope 1 and scope 2 emissions by at least 90%, against a 2018 baseline, and use carbon removals to eliminate any residual operational emissions that we cannot yet abate. We are defining carbon neutral as first reducing carbon dioxide emissions then counterbalancing carbon dioxide emissions for scope 1, scope 2 and scope 3 business travel with carbon offsets.

In 2020, we disclosed that we were already net zero from our own operations, based on the common understanding at that time, that 'net zero' and 'carbon neutral' were interchangeable terms. To reflect the most recent interpretations of both of these terms in public discourse, we will make a distinction between net zero operations and carbon neutral in our disclosures from now on. The standards available to understand and define net zero are rapidly evolving. We will continue to review and develop our own approach to net zero operations as this subject area matures.

We have been carbon neutral since 2020 by reducing or eliminating sources of carbon dioxide emissions associated with our operations and business travel and by compensating any remaining emissions by purchasing carbon credits under the Verified Carbon Standard (VCS). We intend to remain carbon neutral, while investing in the continued decarbonisation of our operations and in the development of a net zero pathway for the emissions from our supply chain.

In line with our commitment to offer shareholders a 'Say on Climate', we will be publishing an update on our climate strategy, targets and methodology in advance of the 2022 AGM. This will include 2030 targets for two new sectors, Cement and Metals (Steel). Further details of the 'Say on Climate' vote will be set out in the 2022 Notice of AGM.

Progress to date

We are transforming the way we operate by switching to renewable energy sources, increasing energy efficiency, adopting new ways of working and removing fossil fuels from our campuses. In 2021, 94% of the electricity used across our global property portfolio came from renewable sources. The transition to renewable sources of energy contributed to Barclays exceeding its target of 80% GHG emissions reduction for scope 1 and scope 2 (market-based) emissions by achieving an 86% reduction in 2021. At the same time as continuing our transition to renewable electricity, we intend to decarbonise our global property portfolio by progressively eliminating the use of fossil fuels currently used to heat and cool our buildings. We will continue removing the use of natural gas in our buildings, replacing gas boilers with carbon-free heating technologies when feasible. We will also continue to embed circular economy principles to reduce waste in our buildings and support the regeneration of natural systems.

We have disclosed global GHG emissions and energy use data as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. See the ESG Data Hub for further details on our annual operational GHG emissions since 2018, including our scope 1, scope 2 and scope 3 business travel location-based and market-based emissions. We further provide insights on our annual waste production, energy and water consumption and renewable electricity consumption by country. You may find extensive information relating to how we track our operational footprint at: home.barclays/sustainability/esg-resource-hub/

1 Operations include company cars, offices, retail branches and data centres where Barclays have operational control.
2 Scope 1 emissions include our direct GHG emissions from natural gas, fuel oil, company cars and HFC refrigerants.
3 Scope 2 emissions include our indirect GHG emissions from purchased electricity and purchased steam and chilled water.
4 Scope 3 business travel emissions are our indirect emissions from commercial air travel and other transport.

Directors' report: Other statutory information continued

GHG Emissions Table and Notes

	Current Reporting Year 2021[a]		Previous Reporting Year 2020	
	UK & Offshore Area	Global GHG Emissions	UK & Offshore Area	Global GHG Emissions
Group GHG Emissions[b]				
Total CO2e (tonnes)	**85,313**	**148,618Δ**	107,157	189,304
Scope 1 CO2e emissions (tonnes)[c]	**15,684**	**21,986Δ**	15,339	21,512
Scope 2 CO2e emissions (tonnes)[d]	**68,710**	**124,226Δ**	83,252	148,658
Scope 3 CO2e emissions (tonnes)[e]	**919**	**2,406Δ**	8,566	19,134
Energy consumption used to calculate above Scope 1 and 2 emissions (kWh)	**370,497,921**	**553,048,003Δ**	396,436,272	598,036,644
Intensity Ratio				
Total Full-Time Employees (FTE)	**44,100**	**81,600**	47,700	83,000
Total CO2e per FTE (tonnes)[f]	**1.93**	**1.82Δ**	2.25	2.28
Market-based emissions				
Scope 2 CO2e market-based emissions (tonnes)[d]	**3,767**	**13,400Δ**	6,400	48,192
Total gross Scopes 1 and 2 (market-based) emissions (tonnes)	**19,451**	**35,386Δ**	21,739	69,704

Notes

a The carbon reporting year for our GHG emissions is 1 October to 30 September. The carbon reporting year is not fully aligned to the financial reporting year covered by this Directors' Report. Details of our approach to assurance over the data is set out in the 2021 Barclays Strategic Report.

b The methodology used to calculate our GHG emissions follows the 'Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard (Revised Edition)', defined by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD). We have adopted the operational control approach to define our reporting boundary. Emissions from leased buildings where Barclays do not manage the utility are excluded. Where Barclays is responsible for the utility costs, these emissions are included. Estimating the GHG emissions of working from home is a new activity with little or no precedent and with no common standard which is why we have not yet included it in our annual GHG inventory. We are evaluating different methodologies to estimate our remote working emissions moving forward. For 2021, we have applied the latest emission factors available at the time of reporting. We continuously review and update our performance data based on updated carbon emission factors, improvements in data quality and updates to estimates previously applied. We have recalculated this information from our previous 2020 reporting year. Where the recalculation of our performance using updated carbon emissions factors and improvements in data quality and estimates has resulted in a change of more than 5% we have represented these figures in the table above. In 2021, we conducted a review of our GHG emissions inventory for scope 1 and scope 2 to improve the transparency of our public emissions disclosure. Historically, Barclays have chosen to account for third party managed data centres under Scope 1 and Scope 2. Based on our review, and with due regard to the GHG Protocol Guidelines and Operational Control definitions, we have updated our GHG accounting policy and reallocated the emissions of third party managed data centres under scope 3 'downstream leased assets', which will be reported in future. This reallocation is reflective of our limited control over energy sources at third party managed data centres. We have therefore re-baselined our historic emissions for 2018 and updated our reported figures for subsequent years. The previously reported scope 2 (location based) emissions were: 2018 (203,100 tCO2e), 2019 (182,000 tCO2e) and 2020 (159,500 tCO2e). In addition, a correction to underlying fugitive consumption data was identified, which has resulted in an adjustment to 2018-2020 fugitives emissions. The previously reported scope 1 emissions were: 2018 (25,900 tCO2e), 2019 (23,800 tCO2e) and 2020 (18,800 tCO2e).

c Scope 1 emissions include our direct GHG emissions from natural gas, fuel oil, company cars and HFC refrigerants. In the case of company-owned vehicles, emissions are limited to UK vehicles only as this is the only country in which the Group owns vehicles.

d Scope 2 GHG emissions include our direct GHG emissions from purchased electricity, purchased heat, cooling and steam . Market-based emissions have been reported for 2020 and 2021. We have used a zero emission factor where we have green tariffs or energy attribute certificates in place in the UK, US, Hong Kong, Japan, India Singapore and Continental Europe. Where we are not consuming renewable electricity we have used the appropriate residual mix factor for the country in question.

e Scope 3 covers indirect emissions from business travel only. Business travel for these purposes compromises of: global flights and ground transport within the UK, US and India, however, in the case of the US and India ground transport covers onwards car hire only which has been provided directly by the supplier). Ground transportation data (excluding Scope 1 emissions from company-owned vehicles) covers only countries where robust data is available directly from the supplier.

f Intensity ratio calculations have been calculated using location-based emission factors only.

g Energy consumption data is captured through utility billing; meter reads or estimates. Principal measures we have undertaken in 2021 to improve energy efficiency include the following:
- we have reduced our Group energy consumption by 7.5% versus 2020 due to reduced operating hours of our offices as our global workforce continued to work remotely as a result of COVID-19 in addition to a number of energy optimisation and efficiency initiatives in 2021, achieving a total reduction of 1.4 GWh since implementation.
- our energy efficiency measures for 2021 can be broken down by principal categories such as end of life asset replacement projects saving 46 MWh; a 760 MWh saving from building optimisation projects; 397 MWh saving from adjusting our HVAC systems to align with reduced operational hours of our buildings globally; a 52 MWh saving from the installation of our brand new solar self-generation plant in Pune, India and installation of LED lighting together with power optimisation activities in select buildings which have achieved a combined 171 MWh saving.

Δ 2021 data subject to independent Limited Assurance under ISAE(UK)3000 and ISAE3410. Refer to the ESG resource hub for details: home.barclays/sustainability/esg-resource-hub/

Research and development

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

Share capital

Share capital structure

The Company has ordinary shares in issue. The Company's Articles also allow for the issuance of sterling, US dollar, euro and yen preference shares (preference shares). No preference shares have been issued as at 21 February 2022 (the latest practicable date for inclusion in this report). Ordinary shares therefore represent 100% of the total issued share capital as at 31 December 2021 and as at 21 February 2022 (the latest practicable date for inclusion in this report).

Details of the movement in ordinary share capital during the year can be found in Note 28 on page 396.

Voting

Every member who is present in person or represented at any general meeting of the Company, and who is entitled to vote, has one vote on a show of hands. Every proxy present has one vote. The proxy will have one vote for, and one vote against, a resolution if he/she has been instructed to vote for, or against, the resolution by different members or in one direction by a member while another member has permitted the proxy discretion as to how to vote.

On a poll, every member who is present or represented and who is entitled to vote has one vote for every share held. In the case of joint holders, only the vote of the senior holder (as determined by the order in the share register) or his/her proxy may be counted. If any sum payable remains unpaid in relation to a member's shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of the Company unless the Board otherwise determines.

If any member, or any other person appearing to be interested in any of the Company's ordinary shares, is served with a notice under section 793 of the Companies Act 2006 and does not supply the Company with the information required in the notice, then the Board, in its absolute discretion, may direct that that member shall not be entitled to attend or vote at any meeting of the Company. The Board may further direct that, if the shares of the defaulting member represent 0.25% or more of the issued shares of the relevant class, dividends or other monies payable on those shares shall be retained by the Company until the direction ceases to have effect and no transfer of those shares shall be registered (other than certain specified 'excepted transfers'). A direction ceases to have effect seven days after the Company has received the information requested, or when the Company is notified that an excepted transfer of all of the relevant shares to a third party has occurred, or as the Board otherwise determines.

Transfers

Ordinary shares may be held in either certificated or uncertificated form. Certificated ordinary shares may be transferred in writing in any usual or other form approved by the Group Company Secretary and executed by or on behalf of the transferor. Transfers of uncertificated ordinary shares must be made in accordance with the Companies Act 2006 and the CREST Regulations.

The Board is not bound to register a transfer of partly paid ordinary shares or fully paid shares in exceptional circumstances approved by the FCA. The Board may also decline to register an instrument of transfer of certificated ordinary shares unless it is (i) duly stamped, deposited at the prescribed place and accompanied by the share certificate(s) and such other evidence as reasonably required by the Board to evidence right to transfer, (ii) it is in respect of one class of shares only, and (iii) it is in favour of a single transferee or not more than four joint transferees (except in the case of executors or trustees of a member).

In accordance with the provisions of section 84 of the Small Business, Enterprise and Employment Act 2015, preference shares may be issued only in registered form. Preference shares shall be transferred in writing in any usual or other form approved by the Group Company Secretary and executed by or on behalf of the transferor. The Company's registrar shall register such transfers of preference shares by making the appropriate entries in the register of preference shares. Each preference share shall confer, in the event of a winding up or any return of capital by reduction of capital (other than, unless otherwise provided by their terms of issue, a redemption or purchase by the Company of any of its issued shares, or a reduction of share capital), the right to receive out of the surplus assets of the Company available for distribution among the members and in priority to the holders of the ordinary shares and any other shares in the Company ranking junior to the relevant series of preference shares and pari passu with any other class of preference shares (other than any class of shares then in issue ranking in priority to the relevant series of preference shares), repayment of the amount paid up or treated as paid up in respect of the nominal value of the preference share together with any premium which was paid or treated as paid when the preference share was issued in addition to an amount equal to accrued and unpaid dividends.

The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or voting rights.

Variation of rights

The rights attached to any class of shares may be varied either with the consent in writing of the holders of at least 75% in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights of shares shall not (unless expressly provided by the rights attached to such shares) be deemed varied by the creation of further shares ranking equally with them or subsequent to them.

Limitations on foreign shareholders

There are no restrictions imposed by the Articles or (subject to the effect of any economic sanctions that may be in force from time to time) by current UK laws which relate only to non-residents of the UK and which limit the rights of such non-residents to hold or (when entitled to do so) vote the ordinary shares.

Exercisability of rights under an employee share scheme

Employee Benefit Trusts (EBTs) operate in connection with certain of the Group's Employee Share Plans (Plans). The trustees of the EBTs may exercise all rights attached to the shares in accordance with their fiduciary duties other than as specifically restricted in the documents governing the Plans. The trustees of the EBTs have informed the Company that their normal policy is to abstain from voting in respect of the Barclays shares held in trust. The trustees of the Global Sharepurchase EBT and UK Sharepurchase EBT may vote in respect of Barclays shares held in the EBTs, but only as instructed by participants in those Plans in respect of their partnership shares and (when vested) matching and dividend shares. The trustees will not otherwise vote in respect of shares held in the Sharepurchase EBTs.

Special rights

There are no persons holding securities that carry special rights with regard to the control of the Company.

Directors' report: Other statutory information continued

Major shareholders

Major shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by substantial shareholders (holding voting rights of 3% or more in the financial instruments of the Company) pursuant to the DTRs are published via a Regulatory Information Service and is available on the Company's website. As at 31 December 2021, the Company had been notified under Rule 5 of the DTRs of the following holdings of voting rights in its shares.

Person interested	Number of Barclays Shares	% of total voting rights attaching to issued share capital[a]	Nature of holding (direct or indirect)
BlackRock Inc[b]	944,022,209	5.78	indirect
Qatar Holding LLC[c]	1,017,455,690	5.99	direct

Notes

a The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the DTRs.

b Total shown includes 6,687,206 contracts for difference to which voting rights are attached. Part of the holding is held as American Depositary Receipts. On 8 February 2022, BlackRock, Inc. disclosed by way of a Schedule 13G filed with the SEC beneficial ownership of 1,401,752,691 ordinary shares of the Company as at 31 December 2021, representing 8.4% of that class of shares.

c Qatar Holding LLC is wholly owned by Qatar Investment Authority. On 2 February 2022, Qatar Investment Authority disclosed by way of a Schedule 13G filed with the SEC beneficial ownership of 847,620,690 ordinary shares of the Company as at 31 December 2021, representing 5.06% of that class of shares.

Between 31 December 2021 and 21 February 2022 (the latest practicable date for inclusion in this report), the Company has not received any additional notifications pursuant to Rule 5 of the DTRs.

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

The powers of the Directors are determined by the Companies Act 2006 and the Company's Articles. 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 2021 AGM. It will be proposed at the 2022 AGM that the Directors be granted new authorities to allot and buy back shares.

Repurchase of shares

On 19 March 2021 and 2 August 2021 the Company commenced share buy-back programmes to purchase its ordinary shares of £0.25p each up a maximum consideration of £700m and £500m, respectively, The first share bu-yback programme concluded on 23 April 2021 and the second share buy-back programme concluded on 30 November 2021. The Company repurchased 377,356,751 ordinary shares at a volume weighted average price of 185.5008 pence per share during the first buy-back programme and 266,987,647 ordinary shares at a volume weighted average price of 187.2746 pence per share during the second buy-back programme. The purpose of the buy-back programmes was to reduce the Company's number of outstanding ordinary shares.

In aggregate, the Company purchased 644,344,398 ordinary shares during 2021 with a nominal value of £161m (this represented 3.84% of the Company's issued share capital as at 31 December 2021) for an aggregate consideration of £1,200m excluding taxes and expenses. All of the repurchased ordinary shares have been cancelled.

No further shares have been repurchased since the completion of the second share buyback programme on 30 November 2021. The maximum number of ordinary shares which could be repurchased by the Company as part of any share buy-back under the authority for on-market share buy-backs granted at the 2021 AGM is 1,469,543,259 ordinary shares (being 1,736,530,906 less the 266,987,647 shares repurchased as part of the second share buy-back programme).

Distributable Reserves

As at 31 December 2021, the distributable reserves of the Company were £20,750m (2020: £24,386m).

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.

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 our auditor is unaware and that each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that our auditor is aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 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 314 to 330, 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 Group's business activities and factors likely to affect its future development and performance are disclosed in the Strategic report and Risk Review sections of this report. The financial performance is disclosed within the Financial Review with funding, liquidity and capital details contained within the Risk Performance section. The Group's objectives and policies in managing the financial risks to which it is exposed are discussed in the Risk Management section.

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

In preparing each of the Group and Parent company financial statements, the Directors are required to:

- assess the Group and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use 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.

Preparation of accounts

The Directors are required by the Companies Act 2006 to prepare Group and Company accounts for each financial year and, with regard to Group accounts, in accordance with UK-adopted international accounting standards. The Directors have prepared these accounts in accordance with (a) UK-adopted international accounting standards; and (b) IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee. Pursuant to the Companies Act 2006, 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 Group and the Company and of their profit or loss for that period.

The Directors consider that, in preparing the financial statements, the 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 Group and Company's position and performance, business model and strategy.

The 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 Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 2006.

The Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration 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 our 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 Group and to prevent and detect fraud and other irregularities.

The Directors, whose names and functions are set out on pages 112 to 115, confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with (a) UK-adopted international accounting standards; and (b) IFRS as issued by the IASB, including interpretations issued by the IFRS Interpretations Committee, 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 6 to 50, 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.

Auditor's report

The Auditor's report on the Financial Statements of Barclays PLC for the year ended 31 December 2021 was unmodified and its statement under section 496 of the Companies Act 2006 was also unmodified.

By order of the Board

Stephen Shapiro
Company Secretary

22 February 2022

Registered in England. Company No. 48839
Registered office: 1 Churchill Place,
London E14 5HP

Remuneration report

Annual Statement from the Chair of the Board Remuneration Committee

Contents

Remuneration Committee

Member	Meetings attended/ eligible to attend (including ad hoc meetings)
Brian Gilvary	7/7
Crawford Gillies (1 Jan 2021–28 Feb 2021)	2/2
Dawn Fitzpatrick (from 1 July 2021 onwards)	3/3
Mary Francis	7/7
Tim Breedon (1 Jan 2021–31 Oct 2021)	5/5

Barclays PLC Fair Pay Report 2021 can be found online at home.barclays/annualreport

Barclays PLC UK Pay Gaps 2021 disclosure can be found online at home.barclays/diversity

Dear Fellow Shareholders

On behalf of the Board, I am pleased to present the Remuneration report for 2021, my first as Chair of the Remuneration Committee.

We have had a number of changes to the Committee since last year's Remuneration report. I would like to thank my predecessor, Crawford Gillies, for his significant contribution over almost seven years on the Committee. I would also like to thank Tim Breedon for his contribution over eight years on the Committee, and to welcome Dawn Fitzpatrick.

Thanks too to shareholders for the support shown at our last Annual General Meeting for how we implemented our Directors' remuneration policy (DRP) during 2020, under Crawford's leadership.

As the Group Chief Executive sets out in his review, we have a robust strategy in place. Our universal banking model and diversified income have provided resilience, despite the ongoing impact of the COVID-19 pandemic, and we have delivered a record profit before tax in 2021, enabling us to announce a return of over £2.5bn of capital[a] to shareholders.

As always, the Committee has taken a number of important considerations into account when making remuneration decisions in respect of 2021 performance. We have looked carefully at Barclays' financial and non-financial performance, in both absolute and relative terms. We have considered delivery of our strategy, as well as risk and conduct. We have also considered the competitive market for hiring and retaining talent. We have weighed the views and expectations of you as shareholders, of our customers and clients, of our colleagues and of our stakeholders in wider society. Our Fair Pay agenda continues to underpin all of our remuneration decisions. That means ensuring that we are recognising the contributions of all our colleagues, junior and senior, supporting and paying all colleagues fairly for the work they do. You can read more in our annual Fair Pay Report, published alongside this Annual Report. We have also published our UK pay gap figures and a narrative explaining them.

With these considerations in mind, allow me to set out the key decisions taken this year and our focus for 2022.

Jes Staley

As outlined in the Nominations Committee Report, the Board agreed with Jes Staley that he would step down from his role as Group Chief Executive and as an Executive Director of Barclays PLC (BPLC) and Barclays Bank PLC (BBPLC) with immediate effect on 31 October 2021. The treatment of his remuneration on stepping down was set out in the announcement of those Board changes on 1 November 2021 and is in line with the DRP. He is legally and contractually entitled to 12 months' notice, during which he continues to receive his Fixed Pay, pension allowance and other benefits, and to receive repatriation costs to the US.

Since Mr Staley was appointed, in 2015, only 16% of his variable remuneration has vested[b]. A similar portion has lapsed without vesting. The significant majority, almost 70%, remains unvested, comprising a combination of deferred bonus and Long Term Incentive Plan (LTIP) awards. Subsequent to the Board changes that were announced in November, in line with its normal procedures, the Committee exercised its discretion to suspend the vesting of all of Mr Staley's unvested awards, pending further developments in respect of the regulatory and legal proceedings related to the ongoing FCA and PRA investigation regarding Mr Staley.

No further remuneration decisions have been made in respect of Mr Staley. The Committee will consider these matters further, in conjunction with the BPLC and BBPLC Boards, as and when it considers appropriate but does not currently expect to make further decisions on this until the conclusion of those regulatory and legal proceedings. Any such decisions in the future will be disclosed in future remuneration reports.

Notes

a Includes total dividend for 2021 of 6.0p per share and total share buybacks announced in relation to 2021 of £1.5bn.

b At the Q4 2021 average share price.

Performance

Our commitment, as ever, is to a remuneration approach that rewards sustainable performance.

Our financial performance during 2021 continued to benefit from the diversification that is inherent in our universal banking model. The Corporate and Investment Bank continued to perform well, with record levels of profitability, offsetting some of the challenges brought by the COVID-19 pandemic and the low interest rate environment.

Barclays UK and Consumer, Cards and Payments benefited from the ongoing economic recovery, and are well positioned. Cost discipline kept Group base costs[a] flat, with efficiency savings reinvested to drive income growth.

We remain well capitalised, with a CET1 ratio of 15.1%, and have delivered a full year Return on Tangible Equity of 13.4%, meeting our greater-than-10% target. Consequently, we were able to meaningfully increase returns to our shareholders, announcing over £2.5bn of capital returned in respect of 2021, via a total dividend of 6p per share and £1.5bn of announced share buybacks. This is equivalent to a total payout of 15p per share. As the Group Chief Executive sets out in his review, continuing to return capital to shareholders on a consistent basis remains important to Barclays.

In parallel, the Committee continues to work on ensuring that we are rewarding performance that is sustainable. This year marked an important step forward in that effort, with the launch of the Barclays' Mindset. The Mindset acts as an operating manual for how to get things done at Barclays, focusing on three key elements that are core to our success – Empower, Challenge and Drive. These in turn help drive 'The Power of One Barclays', our effort to bring our organisation closer together to create synergies and deliver more value for our stakeholders. This way of thinking is embedded in the organisation and initial feedback suggests that it resonates with colleagues as a way of driving long-term success. Over time, we believe it will provide a means of helping us to continue delivering sustainable performance.

Colleague remuneration

Paying at least a living wage to all our colleagues is at the heart of our Fair Pay agenda. For all our locations, we continue to ensure that we at least meet living wage benchmarks for each country and we have also been cognisant of the inflationary pressures in many jurisdictions. We worked closely with Unite the Union to agree a 2022 UK pay deal for c.43,000 employees with a total salary increase budget of 4.25%, and in addition increased anyone paid below £11 per hour to that amount, or more in London, exceeding the benchmarks set by the Living Wage Foundation. In the US, we made increases to bring lower-paid colleagues at least into alignment with the MIT living wage[b], and in India our salary increase budget was over 10% in order to keep pace with local market pressures. Across our business, we targeted the salary spend so there are higher average increases for the most junior colleagues. Due to the pandemic, we accelerated the roll-out of remote access to medical support to colleagues in a number of our key locations during 2021. In India, we provided salary advances and supplemented medical cover to support colleagues through the devastating impact of the Delta variant of COVID-19. Our Fair Pay Report brings together the different ways we think about fair pay at Barclays and provides an update on our progress in putting fairness at the heart of the way we pay our people.

This year's incentive pool reflects the consideration of all the elements set out at the start of this statement, including financial and non-financial performance, delivery of our strategy, risk, conduct, expectations of stakeholders and our commitment to fair pay.

In particular, the Committee wanted to take into account that all three of our main lines of business – Barclays UK, Consumer, Cards and Payments and the Corporate and Investment Bank – have performed well in 2021, with all three demonstrating robust profitability and delivering double-digit returns on equity.

The Committee took into account the strong performance in the Corporate and Investment Bank, where our colleagues continued to make a significant contribution to the global recovery through the economic activity they have facilitated. Record Investment Banking fees and Equities income were achieved[c] and this has had a material impact on the overall success of the Group.

At the same time, the Committee recognised the progress made in the delivery of our strategic digital agenda, including the ongoing transformation of Barclays UK, with an acute focus on improving customer and client experiences. Consistent with our approach last year, we were also mindful of the fact that it is often more junior employees who have been on the front line, directly supporting customers and clients during the pandemic. The Committee felt it appropriate to continue to reward those efforts.

Group income
£21,940m
2020: £21,766m

Group profit before tax
£8,414m
2020: £3,065m

Group RoTE
13.4%
2020: 3.2%

Cost: income ratio
66%
2020: 64%

CET1 ratio
15.1%
2020: 15.1%

Group compensation to income ratio
34.7%
2020: 34.2%

Group incentive pool
£1,945m
2020: £1,580m

Notes

a Excluding performance costs and structural cost actions.

b Determined by Barclays using the Massachusetts Institute of Technology Living Wage Calculator, a well-established market-based approach for determining living wages in the US.

c On a comparable basis, period covering 2014-2021. Pre 2014 financials were not restated following re-segmentation in 2016.

Remuneration report
Annual Statement: Summary of 2020 pay outcomes continued

Finally, we felt it important to recognise the huge effort made across the firm to maintain operational resilience throughout the COVID-19 pandemic, to enable the continued support of our customers and clients, driven in particular by colleagues in Barclays Execution Services (BX).

Taking all of this into account, the Committee has approved a Group incentive pool of £1.945bn. This represents an increase that recognises the strong performance across all businesses, following reductions in the incentive pool across many areas of the Group last year.

This level of incentive funding has enabled us to respond to the extremely competitive global market for talent, as well as the need to ensure our pay remains competitive to help attract and retain the talent required to deliver against our near-term and longer-term objectives. In areas where we had concerns that compensation might be becoming uncompetitive in comparison with our peers, we were able to take steps to address that.

We believe that this level of incentive funding is appropriate given what has been delivered and that it is consistent with our philosophy of rewarding sustainable performance, which in turn supports our long-term strategy of delivering continued strong returns to shareholders. In considering the incentive pool, we sought to strike an appropriate balance between a range of complex and at times conflicting factors. We recognise the strong performance that has been achieved, and the need to appropriately reward the teams and individuals responsible for that performance. At the same time, we were cognisant of the importance of maintaining cost discipline and not paying more than is necessary. The importance of reflecting performance is key, and both the Committee and management are clear that if performance falls in future years then the pool will reduce as appropriate.

As always, a significant portion of the pool is delivered in shares, most of which will be deferred over a number of years, ensuring alignment with shareholders. Those deferrals are subject to malus conditions. For Material Risk Takers, including the Executive Directors, deferrals and the upfront elements of incentive awards are also subject to clawback conditions, which may apply in a broad set of circumstances including individual misbehaviour and/ or material failures of risk management.

Executive Director remuneration
Implementing Fixed Pay increases

The DRP that shareholders approved in May 2020 included plans to increase Fixed Pay for Tushar Morzaria and Jes Staley. As reported last year, at the request of the Executive Directors, those increases were postponed in light of the prevailing external environment at that time. As a result of improvements in the economic environment since then, in July 2021 the Committee implemented those delayed increases.

Setting Venkat's remuneration on his appointment as Group Chief Executive

C.S. Venkatakrishnan (known as Venkat) was appointed Group Chief Executive with effect from 1 November 2021. The remuneration arrangements that the Committee agreed on his appointment reflect his role and responsibilities and are in accordance with the DRP.

Venkat's Fixed Pay was set at £2.7m, delivered 50% in cash and 50% in shares. Fixed Pay shares are delivered quarterly, subject to a holding period with restrictions lifting over five years. This level of Fixed Pay was a reduction from that for his previous role as Head of Global Markets and Co-President of Barclays Bank PLC. Venkat also receives cash payments in lieu of pension in line with the DRP, equal to 5% of his Fixed Pay (equivalent to 10% of Fixed cash), which totalled £135,000 per annum on appointment. He receives standard benefits, including medical cover and life assurance, and is eligible to receive relocation support in line with our standard approach, including temporary accommodation in London, in accordance with the DRP. On an annual basis, Venkat is eligible to be considered for a discretionary incentive award and LTIP award in line with the DRP, up to a maximum value of 93% of Fixed Pay for bonus and up to 140% of Fixed Pay for the LTIP.

Determining Executive Director pay outcomes

In the context of the Group's strong performance in 2021, the Committee considered the Executive Directors' bonus and LTIP outcomes.

For 2021, Venkat was awarded a pro-rata discretionary incentive award for his part-year performance as Group Chief Executive, following his appointment. Although Venkat has started his new role as Group Chief Executive well, with real purpose, we did not consider it realistic to set strategic personal objectives and assess performance against those objectives after only two months in post. As a result, this bonus decision was based on the financial and non-financial measures only, scaling up the weighting of each to cover the entire bonus opportunity without any element based on personal objectives. Venkat received a separate discretionary incentive award in respect of the portion of 2021 when he was Head of Markets and Co-President of Barclays Bank PLC, which is not included within this report as it does not relate to his time as an Executive Director. For Tushar, his annual bonus was assessed against the financial, strategic and personal measures that were set out in the 2020 Remuneration report.

On the financial bonus measures, profit before tax significantly exceeded the level required to trigger a 100% outcome for that element of the bonus. Profit before tax for 2021 reached record levels, and higher than the top of the profit before tax target range for all previous bonus cycles. This, combined with a cost: income ratio also ahead of the maximum target and with good performance against the strategic non-financial measures, resulted in a 2021 bonus outcome equal to 94.4% of maximum for Venkat, and 94.5% of maximum for Tushar after factoring in his performance against his personal objectives. The outcome for the 2019-2021 LTIP was lower, at 55%, impacted by the performance challenges resulting from the COVID-19 pandemic, particularly during 2020.

The Committee reflected on the appropriateness of these outcomes, for both the 2021 bonus and 2019-2021 LTIP. We reviewed the underlying financial health of the Group, which is strong and well-capitalised. We considered the bonus outcomes in the context of the bonus outcomes for the wider workforce, ensuring appropriate alignment both this year and over a multi-year period, and also compared to historical outcomes for the Executive Directors in the context of performance each year. We concluded that the outcomes are appropriate in the context of the performance achieved and that no discretionary adjustment was warranted.

No changes were made to any in-flight LTIP awards and the performance measures and targets for those awards have not been altered.

The Committee decided to grant awards under the 2022-2024 LTIP cycle with a face value at grant of 140% of Fixed Pay for Venkat and 134% of Fixed Pay for Tushar, reflecting strong 2021 performance.

The Executive Directors' pay in 2022

An annual review of Fixed Pay for the Executive Directors, in the same way and at the same time as for the wider workforce, was introduced as a feature of the DRP in 2020 but had not been operated to date due to the COVID-19 pandemic. In February 2022, the Committee reviewed the level of Fixed Pay for Venkat and Tushar in line with that approach and we will do this annually in the future. The maximum total compensation opportunity for both Venkat and Tushar is driven by their level of Fixed Pay, and for both of them is materially behind market when compared to the equivalent opportunity for comparable roles at our international banking peers. Given this relative market positioning, the Committee agreed to increase Fixed Pay by 3% for Venkat and 3% for Tushar, resulting in Fixed Pay of £2,780,000 and £1,775,000 respectively from 1 March 2022. This percentage increase is lower than the average increase across the wider workforce, including the 4.25% 2022 UK pay deal agreed with Unite. Even after these Fixed Pay increases, the total compensation opportunity that results for each Executive Director remains well behind our international banking peers.

The Committee carefully considered the performance measures for the 2022 bonus and the 2022-2024 LTIP. The bonus measures for 2022 are in line with those for 2021, with one key amendment. For 2022, we have increased the weighting of the Strategic non-financial element from 20% to 25%, with a corresponding reduction to the weighting of the Personal objectives from 20% to 15%, to enable a greater focus on climate-related measures. Within the Strategic non-financial element, the Customers and clients and Colleagues sections are retained, and are each weighted at 7.5%, with a new Climate and sustainability section in place of the Society section, weighted at 10%. This section now primarily focuses on climate-related measures, including progress towards our green financing commitments and reducing our own carbon footprint, as well as delivering the strategy to achieve our ambition to be a net zero bank by 2050. This reflects the focus and importance that we attach to the Group's delivery on its climate objectives. The other bonus measures remain substantially unchanged.

For the 2022-2024 LTIP, changes have been made to align more closely with the evolution of the bonus measures. The strategic non-financial element of this LTIP cycle will include a Climate and sustainability category, in place of the standalone Climate measure, with a weighting of 10%. The other measures are largely unchanged.

Shareholder alignment

Total variable pay (annual bonus and LTIP) for the Executive Directors will be delivered primarily in shares that must be retained for a period of between one and eight years from award, aligning the Executive Directors' interests more closely to the shareholder experience. Venkat already has a significant shareholding and will continue building this over the coming years towards the level stipulated under the personal shareholding requirements, while Tushar continues to hold substantial shareholdings over and above the required level.

Group Finance Director succession

As indicated in the letters from the Chairman and Group Chief Executive introducing this Annual Report, on 22 February 2022 Tushar Morzaria informed the Board of his intention to retire from the Board and as Group Finance Director, and the Board has agreed that this will take effect on 22 April 2022. The remuneration details in connection with his retirement and for his successor, Anna Cross, will be set out in a separate announcement to the market on 23 February 2022, and are not reflected in this Remuneration report.

Looking ahead

Our current DRP, approved by shareholders at the 2020 AGM for a period of three years, is nearing its end. As we move into 2022, the Committee will be reviewing our DRP and considering how it should evolve. We will also discuss this with stakeholders, including our largest institutional shareholders, to understand their perspectives.

Beyond this, the Committee will continue its focus on rewarding sustainable performance. We are pleased with Barclays' performance this year and the progress made over recent years to transform the bank. We remain committed to making sure that the way we pay our people continues to support the long-term health and success of the Group.

Brian Gilvary
Chair, Board Remuneration Committee

February 2022

Executive Director remuneration outcomes at a glance

C.S. Venkatakrishnan

Annual bonus[a]

£395k

94.4% of maximum

94.4%

Annual bonus performance measures (% weighting)

Financial (75%)
Profit before tax (excluding material items) (62.5%)

100.0%

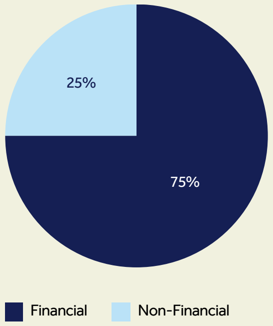
Cost: income ratio (excluding material items) (12.5%)

100.0%

Strategic non-financial (25%)

77.5%

Bonus weightings

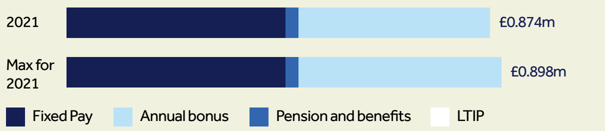


The Committee determined that it was not possible to set meaningful strategic personal objectives for the two months that he served as Group Chief Executive.

As a result, C.S. Venkatakrishnan's bonus in respect of that period was determined by increasing the weightings of the financial and strategic non-financial performance measures to cover the entire bonus opportunity, resulting in weightings of 75% and 25% respectively.

Total remuneration outcomes[b]

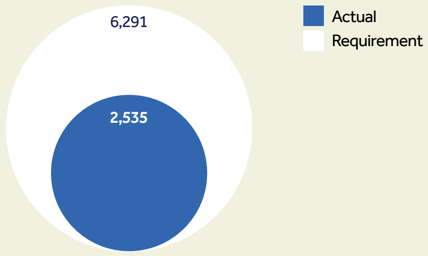
£m



Share ownership

Date of appointment 1 November 2021

£000



C.S. Venkatakrishnan has until 1 November 2026 (five years from the date of his appointment as Executive Director) to meet this shareholding requirement.

As at 31 December 2021 based on Q4 2021 average share price of £1.9144 and an annualised Fixed Pay of £2,700k for C.S. Venkatakrishnan.

Tushar Morzaria

Annual bonus

£1,467k

94.5% of maximum

94.5%

Annual bonus performance measures (% weighting)

Financial (60%)
Profit before tax (excluding material items) (50%)

100.0%

Cost: income ratio (excluding material items) (10%)

100.0%

Strategic non-financial (20%)

77.5%

Personal objectives (20%)

95.0%

2019-2021 LTIP

£1,902k

55.0% of maximum

55.0%

LTIP performance measures (% weighting)

Financial (70%)
Average RoTE (excluding L&C and other material items) (50%)

64.0%

Cost: income ratio (excluding L&C and other material items) (20%)

0.0%

Risk scorecard (15%)

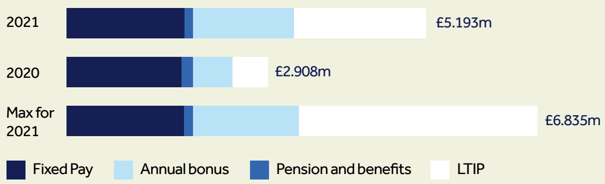
76.7%

Strategic non-financial (15%)

76.7%

Total remuneration outcomes

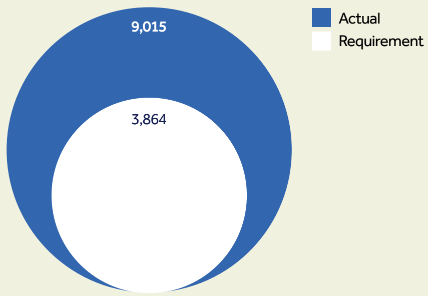
£m



Share ownership

Date of appointment 15 October 2013

£000



As at 31 December 2021 based on Q4 2021 average share price of £1.9144 and an annualised Fixed Pay of £1,725k for Tushar Morzaria.

a C.S. Venkatakrishnan was appointed as Group Chief Executive on 1 November 2021. The bonus included above for 2021 is in respect of his services provided as an Executive Director during 2021.
b Values for two months in respect of his services provided as an Executive Director for 2021, with part-year bonus eligibility and no participation in the 2019-2021 LTIP cycle vesting following the end of 2021.

Remuneration report

Remuneration philosophy

To attract and retain the people who can best deliver for our customers and clients, we must pay fairly and appropriately – balancing the interests of all our stakeholders. Our policies and practices are transparently communicated and enable us to reward sustainable performance in line with our Values, Mindset and risk expectations. This is our remuneration philosophy.

Philosophy	
Attract and retain talent needed to deliver Barclays' strategy	Long-term success depends on the talent of our employees. This means attracting and retaining an appropriate range of talent to deliver against our strategy, and paying the right amount for that talent.
Align pay with investor and other stakeholder interests	Remuneration should be designed with appropriate consideration of the views, rights and interests of stakeholders. This means listening to our shareholders, other investors, regulators, government, customers and employees and ensuring their views are appropriately represented in remuneration decision-making.
Reward sustainable performance	Sustainable performance means making a positive and enduring difference to investors, customers and communities, taking pride in leaving things better than we found them and playing a valuable role in society.
Support Barclays' Values and culture	Results must be achieved in a manner consistent with our Values. Our Values, culture and Mindset should drive the way that business is conducted.
Align with risk appetite, risk exposure and conduct expectations	Designed to reward employees for achieving results in line with the Group's risk appetite and conduct expectations.
Be fair, transparent and as simple as possible	We are committed to ensuring pay is fair, simple and transparent for all our stakeholders. All employees and stakeholders should understand how we reward our employees and fairness should be a lens through which we make remuneration decisions.

Our philosophy in action

Our remuneration philosophy applies to all of our employees globally, including our Executive Directors. The pay decisions set out in this report are a result of the application of our remuneration philosophy during 2021.

Our philosophy and the way that we approach remuneration is designed to be as simple and clear as possible, while ensuring strong alignment with risk and conduct as well as our Values and Mindset. It is closely aligned with Provision 40 of the FRC's UK Corporate Governance Code, as shown in the table that follows, and we have continued to be transparent on the resulting outcomes in this report.

We consider the views of all of our stakeholders in remuneration decision-making. In 2021, we achieved this by meeting with institutional shareholders to understand their views on our 2020 pay outcomes, engaging extensively with our regulators to ensure appropriate compliance with new regulatory requirements, and continuing our partnership with Unite the Union in the UK to understand the views of their members and agree a new pay deal. We used our 2020 Fair Pay Report and internal communication channels to share information on our approach to pay with colleagues, including how executive remuneration aligns with the wider company pay policy, and are now publishing our fourth Fair Pay Report to help do the same for 2021.

Specifically relating to our Executive Directors, we review the performance measures for the forward-looking incentives each year to ensure that we maintain alignment with our strategic priorities and KPIs, and to ensure that the measures we select continue to be appropriate in light of current circumstances and challenges. Alongside our key financial measures, our strategic non-financial performance objectives will ensure that the link between individual incentive outcomes and the delivery of our strategy, and the achievement of sustainable long-term performance, continues to be reinforced. The alignment of executive pay to our culture is further enhanced by the inclusion of the responsibility to embed our Mindset across the organisation and continue to develop a high-performing culture in line with our Values in the personal objectives for our Group Chief Executive.

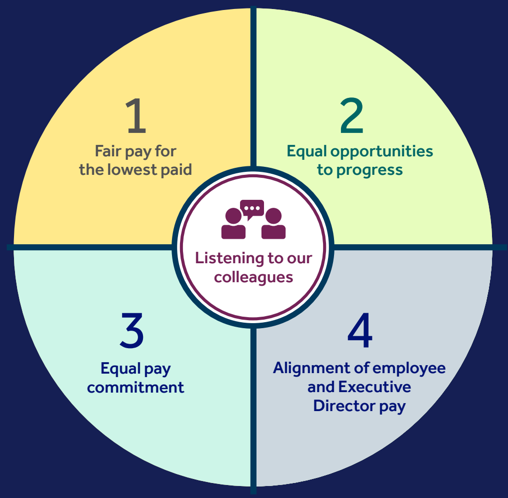
Remuneration report
Remuneration philosophy continued

Alignment with Provision 40 of the UK Corporate Governance Code

Code requirements	*How the Committee has addressed the requirement*
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	▪ Developed a clear remuneration philosophy with aligned policies and practices for Executive Directors and the wider workforce ▪ Our Fair Pay Report, which sets out how pay fairness is central to what we stand for, is used to engage with our shareholders and our colleagues ▪ Regular consultation on remuneration with our largest institutional shareholders
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand	▪ Clear disclosure of rationale for and operation of each element of the DRP ▪ Executive Directors incentivised via annual bonus with deferral and LTIP ▪ Prospective disclosure of bonus metrics and LTIP targets, and full retrospective disclosure of outcomes against financial and non-financial targets and criteria, with full supporting commentary
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	▪ Assessment of 'What' and 'How' performance is achieved ▪ Ex-ante and ex-post risk factored into the assessment of business performance ▪ Significant deferral into shares, to align with shareholder experience ▪ Committee discretion to adjust all variable remuneration outcomes ▪ Malus and clawback provisions apply to all elements of variable remuneration
Predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy	▪ Regulatory caps on incentive outcomes ▪ Scenario charts illustrate potential pay-outs under each element of the DRP ▪ Key areas of Committee discretion clearly outlined in the DRP
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance	▪ Annual bonus and LTIP measures reviewed each year to maintain alignment to strategic priorities / KPIs ▪ Significant deferral into shares, to align with shareholder experience ▪ Committee discretion, malus and clawback provisions apply to all elements of variable remuneration, to ensure risk-alignment for the Executive Directors
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy	▪ The Committee reviews all policies and practices, including incentive schemes, ensuring alignment to the Group's Purpose, Values, Mindset and conduct expectations ▪ Key aspect of remuneration philosophy is rewarding sustainable performance ▪ Executive Directors' bonus and LTIP based on a balanced scorecard of financial and non-financial measures, with financial measures aligned to external financial targets and non financial measures aligned to supporting Customers and clients, Colleagues and Society ▪ Commitment to pay fairness across the workforce ▪ Executive Director remuneration outcomes considered in the context of outcomes across the wider workforce

Fair pay at a glance

We have developed our approach over a number of years in making sure that fairness is a key, and explicit, consideration in the way we make all our pay decisions.



Barclays PLC Fair Pay Report 2021 can be found online at home.barclays/annualreport

Our approach to fair pay helped guide our remuneration decision- making in 2021.

We have developed our approach over a number of years. Since we first published our 'Fair Pay Agenda' in 2018, we have made good progress in making sure that fairness is a key, and explicit, consideration in the way we make all our pay decisions.

This year, we published additional fair pay communications material to our employees to explain how the pay and performance approach aligns to the Fair Pay agenda. The employee materials also include a description of the alignment between the wider workforce and Executive Directors' pay policies and practices. Colleagues can provide real-time feedback to help us identify if there is a need for additional information or explanation.

We also use our Fair Pay Report to engage with our shareholders and other external stakeholders on pay, explaining our approach to fair pay, including the alignment of the Executive Directors' and employee pay. We encourage you to read the full Fair Pay Report.

1 Fair pay for the lowest paid

Paying fairly for work done, in a simple and transparent way.

- Continued to progress our work on global living wages, reviewing all our locations around the world to ensure we pay a living wage, and increasing minimum pay in the UK and US above local living wage levels.
- Provided salary advances and supplemented medical cover to support colleagues in India through the devastating impact of the Delta variant of COVID-19.
- Simplified incentives for colleagues in US contact centres by replacing four historical plans with a single, consistent and more transparent approach.
- Enhanced medical benefits in the UK and US, and offered at a lower cost for junior colleagues in the US.

2 Equal opportunities to progress

Providing equal employment opportunities to all, so everyone can enjoy a successful career at Barclays.

- Published Race at Work Ambitions in the UK and US to increase the number of colleagues from underrepresented ethnic minorities.
- Introduced granular ethnicity pay gap reporting in the UK, separating out the differences in pay between Black, Asian and Multiracial colleagues compared to white colleagues.
- Achieved our 2021 female senior leadership (Managing Directors and Directors) target of 28%, up from 24% at the end of 2018 when the target was set.
- Published our new Gender Ambition to increase the proportion of female senior leaders to 33% by the end of 2025.

3 Equal pay commitment

Rewarding employees fairly for their contribution and making sure pay and performance decisions never take into account any protected characteristics.

- Explicit communication to managers that pay decisions must not take into account gender, age, ethnicity, disability, sexual orientation, religion, marital status, pregnancy, maternity, parental leave or any other protected characteristic.
- All grievances raised by employees, including any issues relating to pay, are investigated.

4 Alignment of employee and Executive Director pay

Linking both Executive and employee pay to sustainable business performance.

- Our pay policies are strongly aligned across the wider workforce, senior employees and Executive Directors of Barclays PLC.
- Where pay policies differ, this is aligned to differences in seniority and ability to influence business performance.
- Pay outcomes continue to be aligned with financial and non-financial performance .

Listening to our colleagues

Engaging with colleagues to understand their views on the culture of the organisation and enabling the representation of employees in remuneration decision-making.

- The Inclusion Index score measures how included our colleagues feel. For 2021 it is 79%, up from 76% in 2020.
- Launched our Wellbeing Index, to measure the wellbeing of colleagues and how it changes over time.
- Engaged with Unite the Union on a range of topics including fair pay, the UK pay deal and employee wellbeing.

Remuneration report

Employee remuneration policy summary

As outlined earlier, Barclays has a clearly articulated remuneration philosophy. This continues to drive our thinking in how we structure and determine remuneration for all employees from the most senior (including our Executive Directors) to our new apprentices and graduates. As part of our annual review we assessed our remuneration policies and practices for alignment with Barclays' Purpose, Values and Mindset, our remuneration philosophy and our Fair Pay agenda, including ensuring appropriate alignment between the Directors' remuneration policy and remuneration approaches for senior management and the wider workforce.

We continue to ensure that we comply with all prevailing regulations. We identify individuals whose roles may expose Barclays to material risk, and assess and structure their pay in a way which encourages alignment of their interests with those of Barclays and our shareholders.

The table below provides a summary of the remuneration approach for employees below Board level.

Summary remuneration policy – employees below Board level

Element	*Operation*
Salary	Salaries reflect individuals' skills and experience and are reviewed annually. They are increased where justified by role change, increased responsibility or a change in the appropriate market rate. Salaries may also be increased in line with local statutory requirements and in line with union and works council commitments. We have been a real living wage employer in the UK since 2013, and continue to work with the Fair Wage Network to complete an annual review of our pay levels against living wage benchmarks across locations globally.
Role Based Pay (RBP)	A small number of senior employees (c.1% UK employees) receive a class of Fixed Pay called RBP to recognise the seniority, scale and complexity of their role. This may change where justified by role or responsibility change or a change in the appropriate market rate.
Pension and benefits	The provision of a competitive package of benefits is important to attracting and retaining the talent needed to deliver Barclays' strategy. Employees have access to a range of country-specific company-funded benefits, including pension schemes, healthcare, life assurance and other voluntary employee-funded benefits. Employer pension contributions for the UK workforce are at least at the level of those for the Executive Directors, and are set at a minimum of 10% of salary (a minimum of 12% for more junior colleagues).
Annual bonus	Annual bonuses incentivise and reward the achievement of Group, business and individual objectives, and reward employees for demonstrating individual behaviours in line with Barclays' Values and Mindset. All employees are considered, subject to eligibility criteria. For senior employees, an appropriate proportion of their annual bonus is deferred to future years. Deferred bonuses are generally delivered in equal portions as deferred cash and shares. They are subject to either a three, four, five or seven-year deferral period (and for MRTs further holding periods of six or 12 months for deferrals in shares) in line with regulatory requirements. Consistent with regulation, the remuneration of MRTs is subject to the 2:1 maximum ratio of variable to fixed remuneration.
Share plans	We encourage wider employee share ownership through the all-employee share plans, with plans available to 99% of colleagues globally.
Performance management	Performance assessment is based on two core dimensions: 'what' has been delivered against agreed individual, team and business objectives, as well as 'how' this has been achieved in line with our Barclays' Values and Mindset. Both dimensions are assessed and rated independently of each other with no requirement to have an overall rating. This reinforces the equal importance of the 'what' and 'how'.
Risk and conduct	Risk and conduct is taken seriously at Barclays and the Committee ensures that there are in-year adjustments, malus or clawback applied to individual remuneration, where appropriate. In addition to individual adjustments, the Committee considers collective adjustments to the incentive pool for risk and conduct. For 2021, the total impact of risk and conduct-related collective adjustments is a reduction of c.£95m.

More information on our approach to performance management, and risk and conduct, as well as information in relation to Material Risk Takers (MRTs), including the number of MRTs by remuneration band paid over €1m, are set out in Appendix E of the Barclays PLC 2021 Pillar 3 Report.

Barclays PLC 2021 Pillar 3 Report can be found online at home.barclays/annualreport

Remuneration report

Directors' remuneration policy summary

The forward-looking remuneration policy for Executive Directors and Non-Executive Directors was approved at the AGM held on 7 May 2020 and applies for three years from that date. A summary of the policy, including key remuneration elements, is set out below and is provided for information only. The full policy can be found on pages 93 to 103 of the 2019 Annual Report.

Summary remuneration policy – Executive Directors

Element and purpose	*Operation*
Fixed Pay To reward skills and experience appropriate for the scale, complexity and responsibilities of the role and to provide the basis for a competitive remuneration package	Fixed Pay is determined based on the individual's role, skills and experience with reference to market practice and market data (on which the Committee receives independent advice). Delivered 50% in cash (paid monthly) and 50% in shares. The shares are delivered quarterly and are subject to a holding period with restrictions lifting over five years (20% each year). As the Executive Directors beneficially own the shares, they will be entitled to any dividends paid on those shares. Increases will normally be aligned to the annual increase for UK employees, and will take into account changes in responsibilities and market conditions.
Pension To enable Executive Directors to build long-term retirement savings	Delivered as an annual cash allowance in lieu of participation in a pension arrangement. The maximum annual cash allowance is 5% of Fixed Pay (equivalent to 10% of fixed cash).
Benefits To provide a competitive and cost-effective benefits package appropriate to the role and location	A number of benefits are provided including, but not restricted to, private medical cover, annual health check, life and ill health income protection, and use of a Company vehicle and driver when required for business purposes (including any tax liabilities that may arise from this benefit). The maximum value of benefits is determined by the nature of the benefit itself and costs of provision may depend on external factors, e.g. insurance costs.
All-employee share plans To provide an opportunity for Executive Directors to voluntarily invest in the Company through UK HMRC employee tax advantaged share schemes	Executive Directors are entitled to participate in: (i) Barclays Sharesave under which they can make monthly savings out of post-tax pay over a period of three or five years linked to the grant of an option over Barclays' shares which can be at a discount of up to 20% on the share price set at the start. (ii) Barclays Sharepurchase under which they can make contributions (monthly or lump sum) out of pre-tax pay (if based in the UK) which are used to acquire Barclays' shares.
Annual bonus To reward delivery of short-term financial targets set each year, the individual performance of the Executive Directors in achieving those targets, and their contribution to delivering Barclays' strategic objectives Delivery in part in shares with holding period increases alignment with shareholders Deferred bonuses encourage longer-term focus and retention	The maximum annual bonus opportunity is 93% of Fixed Pay (cash and shares) for the Group Chief Executive and 90% of Fixed Pay (cash and shares) for the Group Finance Director. Individual bonuses are entirely discretionary (any amount may be awarded from zero to the maximum value) and decisions are based on the Committee's judgement of Executive Directors' performance in the year, measured against Group and personal objectives. Delivered as a combination of cash and shares, a proportion of which may be deferred and/or subject to a holding period. Deferral proportions and vesting profiles will be structured so that, in combination with any LTIP award, the proportion of variable pay that is deferred is no less than that required by regulations (currently 60%). Non-deferred cash components of any bonus are paid following the performance year to which they relate, normally in March. Non-deferred share bonuses are subject to a holding period (after the payment of tax) in line with regulations and with release no faster than permitted by regulations (currently one year). Deferred share bonuses are structured so that no deferred shares vest faster than permitted by regulations. Vesting is also subject to the provisions of the plan rules including employment and the malus and clawback provisions. Any shares that vest are subject to an additional holding period (after payment of tax) in line with regulations and release no faster than permitted by regulations (currently one year). The Committee will consider the previously disclosed financial and non-financial (including personal objectives) measures in determining the annual bonus for the Executive Directors. Financial factors will guide at least 60% of the bonus opportunity. The Committee has the discretion to vary the measures and their respective weightings within each category. The measures and weightings will be disclosed annually as part of the annual report on Directors' remuneration, at the beginning of the performance year (typically February).

Barclays PLC 2019 Annual Report can be found online at home.barclays/annualreport

Remuneration report
Directors' remuneration policy continued

Element and purpose	*Operation*
Long Term Incentive Plan (LTIP) award To incentivise execution of Barclays' strategy over a multi-year period. Long-term performance measurement, deferral and holding periods encourage a long-term view and align Executive Directors' interests with those of shareholders	The maximum annual LTIP award for the Group Chief Executive is 140% of Fixed Pay (cash and shares) and 134% of Fixed Pay (cash and shares) for the Group Finance Director. LTIP awards are made by the Committee following discussion of recommendations made by the Chairman (for the Group Chief Executive's LTIP award) and by the Group Chief Executive (for other Executive Directors' LTIP awards) based on satisfactory performance over the prior year. LTIP awards are structured so that when combined with the annual bonus the proportion of variable pay that is deferred is no less than that required by regulations (currently 60%). No award vests before the third anniversary of grant and an award vests no faster than permitted by regulations (currently in five equal tranches with the first tranche vesting on or around the third anniversary of grant and the last tranche vesting on or around the seventh anniversary of the grant date). Any shares that vest are subject to an additional holding period (after payment of tax) in line with regulations, with restrictions lifting no faster than permitted by regulations (currently one year). Vesting is dependent on performance measures and service. Forward-looking performance measures will be based on financial performance and other long-term strategic measures. Measures and weightings will be set in advance of each grant. The Committee has discretion to change the weightings but financial measures will be at least 70% of the total opportunity. The Committee has discretion, and in line with the plan rules approved by shareholders, in exceptional circumstances to amend targets, measures, or the number of awards if an event happens (for example, a major transaction) that, in the opinion of the Committee, causes the original targets or measures to be no longer appropriate or such adjustment to be reasonable. The Committee also has the discretion to reduce the vesting of any award, including to nil, if it deems that the outcome is not consistent with performance delivered.
Risk and conduct adjustment, malus and clawback Malus and clawback provisions discourage excessive risk taking and inappropriate behaviours	Any bonus or LTIP awarded is subject to malus and clawback provisions. The malus provisions enable the Committee to reduce the amount of unvested bonus or LTIP (including to nil) prior to vesting in specified circumstances, including, but not limited to: ▪ a participant deliberately misleading Barclays, the market and/or shareholders in relation to the financial performance of the Barclays Group ▪ a participant causing harm to Barclays' reputation or where his/her actions have amounted to misconduct, incompetence or negligence ▪ a material restatement of the financial statements of the Barclays Group or any subsidiary, or the Group or any business unit suffering a material downturn in its financial performance ▪ a material failure of risk management in the Barclays Group ▪ a significant deterioration in the financial health of the Barclays Group. The clawback provisions enable amounts to be recovered after they have vested (for a period of seven years from grant/10 years in circumstances where a relevant investigation is ongoing at the end of the initial seven-year period) where (i) a participant's actions or omissions have amounted to misbehaviour or material error and/or (ii) Barclays or the relevant business unit has suffered a material failure of risk management.
Shareholding requirement To further enhance the alignment of shareholders' and Executive Directors' interests in long-term value creation	Executive Directors have a contractual obligation to build up a shareholding equivalent to the maximum variable pay opportunity within five years from the date of appointment as Executive Director. Executive Directors will have a reasonable period to build up to this requirement again if it is not met because of a significant share price depreciation. Executive Directors also have a contractual obligation to maintain their shareholding for two years following the last day of active service. Shares that count towards the requirement are beneficially owned shares including any vested share awards subject only to holding periods (including vested LTIPs, vested deferred share bonuses, Fixed Pay shares, and any legacy RBP shares). Shares from unvested deferred share bonuses and unvested LTIPs do not count towards the requirement during employment, but will count towards post-termination requirements (net of tax) provided that there are no remaining untested performance conditions. Shareholding requirement for the Group Chief Executive is a minimum of 233% of Fixed Pay and for the Group Finance Director is 224% of Fixed Pay.
Outside appointments To encourage self-development	Executive Directors may accept one Non-Executive Director Board appointment in another listed company. The Chairman's approval must be sought before accepting an appointment. Fees may be retained by the Executive Director.
Discretion	In addition to the various operational discretions that the Committee can exercise in the performance of its duties (including those discretions set out in the Company's share plans), the Committee reserves the right to make either minor or administrative amendments to the policy to benefit its operation or to make more material amendments in order to comply with new laws, regulations and/or regulatory guidance. The Committee would only exercise this right if it believed it was in the best interests of the Company to do so and where it is not possible, practicable or proportionate to seek or await shareholder approval in a General Meeting.

Summary remuneration policy – Executive Directors recruitment

Approval of the remuneration packages offered on appointment to any new Executive Director is a specific requirement of the Committee's Terms of Reference. The terms of such packages must be approved by the Committee in consultation with the Chairman and (except for the terms of his own remuneration) the Group Chief Executive. Any new Executive Director's package would include the same elements as those of the existing Executive Directors, as shown below. Where a senior executive is promoted to the Board, his or her existing contractual commitments agreed prior to his or her appointment may still be honoured in accordance with the terms of the relevant commitment, including the continued vesting of any pre-existing deferred bonus or long-term incentive awards.

Element	*Operation*
Fixed Pay Determined by skills, experience, market practice, market conditions and ability to recruit	Determined by skills and experience appropriate for the scale, complexity and responsibilities of the role, and by market practice, market conditions and ability to recruit. In line with financial regulations, Fixed Pay is a derivative of total compensation opportunity. Executive Directors' total compensation is benchmarked against comparable roles in the following banks: Bank of America, BNP Paribas, Citigroup, Credit Suisse, Deutsche Bank, HSBC, JP Morgan Chase & Co, Lloyds, Morgan Stanley, Standard Chartered and UBS. The Committee may amend the list of comparator companies to ensure it remains relevant to Barclays or if circumstances make this necessary (for example, as a result of takeovers or mergers). Fixed Pay will only exceed amounts paid to current Executive Directors, as considered reasonable by the Committee, by reference to these factors. Once appointed, increases will normally be aligned to the annual increase for UK employees, and will take into account changes in responsibilities and market conditions.
Pension	In line with policy.
Benefits	In line with policy.
Annual bonus	In line with policy.
LTIP award	In line with policy.

Summary remuneration policy – Executive Directors payment for loss of office

The Committee's approach to payments in the event of termination is to take account of the individual circumstances including the reason for termination, individual performance, contractual obligations and the terms of the deferred bonus plans and LTIPs in which the Executive Director participates.

Element	*Operation*
Notice period in Executive Directors' service contracts	For existing Executive Directors, 12 months' notice from the Company and six months' notice from the Executive Director. For new Executive Director hires, six months' notice from the Company and six months' notice from the Executive Director. Executive Directors may be required to work during the notice period or may be placed on garden leave or, if not required to work the full notice period, may be provided with pay in lieu of notice (subject to mitigation where relevant).
Pay during notice period or payment in lieu of notice per service contracts	Fixed Pay payable and continuation of pension allowance and other contractual benefits while an employee during notice period.
Treatment of annual bonus on termination	No automatic entitlement to bonus on termination, but may be considered at the Committee's discretion, pro-rated for service, and subject to performance measures being met. No bonus would be payable in the case of gross misconduct or resignation.
Treatment of unvested deferred bonus awards	In the case of death or if the Executive Director is an 'eligible leaver' the Executive Director would continue to be eligible to be considered for unvested portions of deferred awards, subject to the rules of the relevant plan, unless the Committee determines otherwise in exceptional circumstances. 'Eligible leaver' is defined as leaving due to injury, disability or ill health, retirement, redundancy, the business or company which employs the Executive Director ceasing to be part of the Group or the employer terminating employment, other than in circumstances which amount to gross misconduct or dismissal for cause. In addition, the Committee will apply its discretion to treat resignation on or after the fifth anniversary of the date of grant as 'eligible leaver' status. Outstanding deferred bonus awards would lapse if the Executive Director leaves by reason of resignation prior to the fifth anniversary, is terminated for gross misconduct or cause, or is otherwise not designated an 'eligible leaver'. Deferred awards are subject to malus provisions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) and once vested are subject to clawback provisions (as described above).

Remuneration report
Directors' remuneration policy continued

Element	*Operation*
Treatment of unvested awards under the LTIP	In the case of death or if the Executive Director is an 'eligible leaver' the Executive Director would continue to be entitled to be considered for an award. 'Eligible leaver' is defined as leaving due to injury, disability or ill health, retirement, redundancy, the business or company which employs the Executive Director ceasing to be part of the Group or for any other reason if the Committee decides at its discretion. In addition, the Committee will apply its discretion to treat resignation on or after the fifth anniversary of the date of grant as 'eligible leaver' status. In an 'eligible leaver' situation, awards may be considered for release on the scheduled release date. On death, awards are accelerated. In both cases, awards are pro-rated for time (over the whole performance period, including the assessment period prior to grant) and performance, subject to the Committee's discretion to determine otherwise, in accordance with the plan rules, as amended from time to time. After release, the shares are subject to an additional holding period to the extent required by regulations (currently a minimum 12-month holding period applies). Outstanding unvested awards under the LTIP would lapse if the Executive Director leaves by reason of resignation prior to the fifth anniversary, is terminated for gross misconduct, or is otherwise not designated an 'eligible leaver'. Awards are subject to malus provisions which enable the Committee to reduce the vesting level of awards (including to nil) and once vested, awards are subject to clawback provisions (as described above).
Repatriation	Except in the case of gross misconduct or resignation, where an Executive Director has been relocated at the commencement of employment, the Company may pay for the Executive Director's repatriation costs in line with Barclays' general employee mobility policy including temporary accommodation, payment of removal costs and relocation flights for the Executive Director, spouse and children. The Company will pay the Executive Director's tax on the relocation costs but will not tax equalise and will also not pay tax on his or her other income relating to the termination of employment.
Other	Except in the case of gross misconduct or resignation, the Company may pay for the Executive Director's legal fees and tax advice relating to the termination of employment and provide outplacement services. The Company may pay the Executive Director's tax on these particular costs.

Summary remuneration policy – Non-Executive Directors

Element and purpose	*Operation*
Fees Reflect individual responsibilities and membership of Board Committees and are set to attract Non-Executive Directors who have relevant skills and experience to oversee the implementation of our strategy	The Chair is paid an all-inclusive fee for all Board responsibilities. The Chair has a time commitment equivalent of up to 80% of a full-time role. The other Non-Executive Directors receive a basic Board fee, with additional fees payable where individuals serve as a member or Chair of a Committee of the Board and some Non-Executive Directors may also receive fees as directors of subsidiary companies of Barclays PLC. Fees are periodically reviewed by the Board against those for Non-Executive Directors in companies of similar size and complexity.
Benefits To provide a competitive and cost-effective benefits package appropriate to the role and location	The Chair is provided with private medical cover subject to the terms of the Barclays' scheme rules from time to time, and is provided with the use of a Company vehicle and driver when required for business purposes (including settlement of any tax liabilities that may arise from this benefit). Benefits which are minor in nature and in any event do not exceed a cost of £500 may be provided to Non-Executive Directors in specific circumstances. Non-Executive Directors are not eligible to join Barclays' pension plans.
Shareholding requirement	Per annum £100,000 of the Chair's and £30,000 for each of the Non-Executive Directors' gross fees (before deduction of tax and other statutory deductions) are used to purchase Barclays' shares which are retained on the Non-Executive Director's behalf until they retire from the Board.

Remuneration report

Annual report on Directors' remuneration

This section explains how our Directors' remuneration policy was implemented for 2021

Executive Directors
Single total figure for 2021 remuneration (audited)

The following table shows a single total figure for 2021 remuneration in respect of qualifying service for each Executive Director together with comparative figures for 2020.

		1) Fixed Pay £000	2) Pension £000	3) Taxable benefits £000	Total Fixed Pay £000	4) Annual bonus £000	5) LTIP £000	Total variable pay £000	Total £000
C.S. Venkatakrishnan[a]	2021	450	23	6	479	395	–[b]	395	874
	2020	–	–	–	–	–	–	–	–
Tushar Morzaria	2021	1,688	84	52	1,824	1,467	1,902[c]	3,369	5,193
	2020	1,650[d]	123	58	1,831	573	504[e]	1,077	2,908
Jes Staley[f]	2021	1,975	99	47	2,121	–[g]	–[g]	–[g]	2,121
	2020	2,350[d]	215	64	2,629	843[g]	748[e,g]	1,591[g]	4,220

Notes

a C. S. Venkatakrishnan was appointed as Group Chief Executive on 1 November 2021. The remuneration included in the table above for 2021 is in respect of his services as an Executive Director during 2021.

b The LTIP amount for 2021 relates to awards granted in 2019. No LTIP award was granted to C.S. Venkatakrishnan in 2019 as he was not an Executive Director at that time.

c The LTIP amount for 2021 relates to awards granted in 2019, with vesting based on performance measured over 2019 to 2021. The value shown includes a 56% share price appreciation between the date of grant and the vesting date of the first tranche, estimated based on the Q4 2021 average share price of £1.91, as the 2021 Annual Report was finalised prior to the vesting date.

d Fixed Pay for 2020 is shown before contributions made by Tushar Morzaria and Jes Staley to COVID-19 charitable causes, equal to one-third of Fixed Pay for six months.

e The LTIP amounts for 2020 relate to awards granted in 2018, with vesting based on performance measured over 2018 to 2020. The values shown include a 1% share price depreciation between the date of grant and the vesting date, based on the share price on the vesting date of the first tranche, which was £1.75. The 2020 LTIP values disclosed in the 2020 Remuneration report were estimates, based on the Q4 2020 average share price, as the 2020 Annual Report was finalised prior to the vesting date.

f Jes Staley stepped down as Group Chief Executive and an Executive Director on 31 October 2021. The remuneration included in the table above for 2021 is in respect of his services as an Executive Director during 2021.

g The Committee has made no decisions in respect of Mr Staley's remuneration for his performance during 2021, and has suspended the vesting of all of Mr Staley's unvested deferred remuneration awards, including the LTIP award granted to him in March 2019 that normally would have been shown in the table above, as explained earlier in this Remuneration report.

Additional information in respect of each element of pay for the Executive Directors (audited)

1) Fixed Pay

Fixed Pay is delivered 50% in cash, paid monthly, and 50% in shares, delivered quarterly. The shares are subject to a holding period, with restrictions lifting over five years, 20% each year.

During 2020, in response to the pandemic, Tushar Morzaria and Jes Staley asked to postpone increases to their Fixed Pay that shareholders had approved at the 2020 AGM as part of the new DRP. The economic environment improved in 2021 and the postponed Fixed Pay increases were implemented with effect from 1 July 2021. Fixed Pay for Tushar Morzaria increased from £1,650,000 to £1,725,000 and for Jes Staley increased from £2,350,000 to £2,400,000. On appointment as Group Chief Executive, Fixed Pay for C.S. Venkatakrishnan was set at £2,700,000, to deliver an appropriate starting total compensation opportunity, in line with the DRP. This is lower than his Fixed Pay in his previous role, as Head of Global Markets and Co-President of Barclays Bank PLC. More information on Fixed Pay is set out on page 186.

2) Pension

Executive Directors are paid cash in lieu of pension contributions equal to 5% of their Fixed Pay (equivalent to 10% of fixed cash). The pension cash allowance paid during 2021 was £22,500 for C.S. Venkatakrishnan and £98,750 for Jes Staley, for the respective periods they each served as Group Chief Executive during the year, and £84,375 for Tushar Morzaria. No other benefits were received by Executive Directors from any Barclays' pension plan.

3) Taxable benefits

Taxable benefits include private medical cover, life assurance, income protection, tax advice, car allowance and the use of a Company vehicle and driver when required for business purposes. For C.S. Venkatakrishnan, the benefits figure also includes the cost to the Company during 2021 of providing him with temporary accommodation in London, following his appointment as Group Chief Executive, which was c.£5,500. Under the terms of his relocation to London, temporary accommodation in London will be provided to him for a period of up to two years following his appointment, the annualised cost of which including tax gross up is expected to be c.£190,000.

4) 2021 annual bonus

The bonus amount included in the single total figure is the value awarded or scheduled to be awarded in Q1 following the financial year to which it relates.

In determining the bonus in respect of 2021 performance, the Committee considered the performance achieved against the Financial and Strategic non-financial performance measures that had been set to reflect Company priorities for 2021. A summary of the assessment of performance and resulting annual bonus outcomes for C.S. Venkatakrishnan and Tushar Morzaria is provided in the table that follows.

Remuneration report
Annual report on Directors' remuneration continued

For C.S. Venkatakrishnan, while he is considered to have performed well in his first two months as Group Chief Executive, the Committee determined that it was not realistic to set strategic personal objectives for those two months. As a result, his bonus in respect of that period was determined by increasing the weightings of the Financial and Strategic non-financial performance measures to cover the entire bonus opportunity, resulting in weightings of 75% and 25% respectively, while pro-rating the bonus opportunity for the proportion of 2021 that he served as Group Chief Executive. In 2022, the standard weighting to Personal objectives will apply.

For Tushar Morzaria, performance against the Personal objectives set for him, and the shared Personal objectives set for him and Jes Staley, was assessed in the normal way. Financial measures were weighted at 60%, Strategic non-financial weighted at 20% and Personal objectives weighted at 20%.

For Jes Staley, the Committee has not made any remuneration decisions at this stage and will consider these matters further as and when it considers appropriate but does not currently expect to make further decisions on this until the conclusion of the regulatory and legal proceedings related to the ongoing FCA and PRA investigation regarding Mr Staley.

2021 annual bonus outcomes

				C.S. Venkatakrishnan		Tushar Morzaria	
	Threshold	Maximum	2021 Actual	Weighting	2021 Outcome	Weighting	2021 Outcome
Profit before tax (excluding material items), with CET1 ratio underpin	£3.2bn	£6.0bn	£9.1bn[a]	62.5%	62.5%	50.0%	50.0%
Cost: income ratio (excluding material items)	68.0%	63.0%	62.9%[a]	12.5%	12.5%	10.0%	10.0%
Strategic non-financial	Performance against strategic measures, organised around three main categories: Customers and clients, Colleagues and Society			25.0%	19.4%	20.0%	15.5%
Personal	Individual performance against each of the Executive Director's personal objectives assessed by the Committee			n/a	n/a	20.0%	19.0%
Total				100.0%	94.4%	100.0%	94.5%
Final 2021 annual bonus outcome following Committee discretion					**94.4%**		**94.5%**

Notes

a £648m of structural cost actions treated as material items and excluded from 2021 profit before tax and cost: income ratio. Structural cost actions primarily relate to the real estate review in Q221 and Barclays UK transformation costs.

Based on the Financial and Strategic non-financial assessment outlined above, for C.S. Venkatakrishnan the Committee determined an overall formulaic bonus outcome of 94.4% of the maximum opportunity. This equates to £395,000, after pro-rating the bonus opportunity for the proportion of 2021 that he served as Group Chief Executive and an Executive Director, of which 83% will be deferred under the Share Value Plan. For Tushar Morzaria, the Committee also recognised his outstanding performance against his individual and shared Personal objectives during 2021, assessing that an outcome of 19% out of a maximum of 20% was appropriate in that respect, which resulted in an overall formulaic outcome for Tushar of 94.5%. This equates to £1,467,000, of which 73% will be deferred under the Share Value Plan.

The Committee reflected on the appropriateness of these outcomes for the 2021 bonus, in the context of the performance achieved against the Financial measures, Strategic non-financial measures and, where applicable, Personal objectives. The Committee considered the underlying financial health of the Group, which is strong and well-capitalised. The outcomes for the Financial measures adjust for structural cost actions, which include costs in support of the BUK transformation. The Committee satisfied itself that the portion of these costs relating to colleague redundancy was appropriate to be excluded, as this part of the transformation is in response to changing customer behaviours and the broader evolution of the UK retail banking environment and not a result of the COVID-19 pandemic (and similarly for the Financial measures for the 2019-2021 LTIP). Consideration was also given to the strong start that C.S. Venkatakrishnan made during 2021 as he commenced his new role as Group Chief Executive, and the performance of Tushar Morzaria during 2021 against the Personal objectives set at the beginning of the year. The bonus outcomes were considered in the context of the bonus outcomes for the wider workforce, ensuring appropriate alignment both this year and over a multi-year period, and also by comparing to historical outcomes for the Executive Directors in the context of performance year on year. The Committee believes that the overall 2021 bonus outcomes above are aligned appropriately with stakeholder considerations and with the performance achieved. Based on this, the Committee concluded that no discretionary adjustment was warranted.

In line with the DRP, and due to the regulations prohibiting dividend equivalents being paid on unvested deferred share awards, the number of shares awarded to each Executive Director under the Share Value Plan will be calculated using a share price at the date of award, discounted to reflect the absence of dividend equivalents during the vesting period. The valuation will be aligned to IFRS 2, with the market expectations of dividends during the deferral period being assessed by an independent adviser. The shares will vest in tranches over years one to seven (subject to the rules of the Share Value Plan as amended from time to time) such that vesting, in combination with the LTIP, is no faster than pro-rata. As a result, all of the shares for C.S. Venkatakrishnan and the majority of shares for Tushar Morzaria in respect of the 2021 performance year will vest in two equal tranches on the first and second anniversary of grant. All shares (whether deferred or not) are subject to a further one-year holding period from the point of release. 2021 bonuses are subject to clawback provisions and the deferred elements of 2021 bonuses are subject to malus provisions, which enable the Committee to delay or reduce the vesting of unvested deferred bonuses (including to nil).

Further detail follows on the assessment of the Strategic non-financial measures, and performance against Personal objectives where applicable.

Assessment of the Strategic non-financial measures for the 2021 annual bonus

Progress in relation to each of the Strategic non-financial measures, organised around three equally weighted categories, was assessed by the Committee. Within each of the three categories, the overall outcome was assessed based on the following scale: 0% to 1% Behind track on most measures, 1.5% to 3% Slightly behind track on most measures, 3.5% to 5.5% On track or slightly ahead of track for most measures, and 6% or 7% Ahead of track on most measures.

On this basis, the Committee agreed an overall outcome for the Strategic non-financial measures of 15.5% out of a maximum of 20%, which is the outcome reflected in the table above for Tushar Morzaria. The equivalent outcome for C.S. Venkatakrishnan, after scaling up the weighting of the Strategic non-financial measures from 20% to 25%, is 19.4% out of 25%. The detail supporting this assessment is provided in the table that follows.

The measures used in the Strategic non-financial assessment for bonus reflect key strategic priorities of the Bank. Most outcomes are either measured by an external provider (such as NPS or Investment Banking and Global Markets rank and fee share data) or are subject to independent 'limited assurance', including all Society measures with the exception of the Unreasonable Impact measure (which is delivered in partnership with the Unreasonable Group).

Customers and clients

Measure	*Criteria*	*Performance*	*Commentary*	*Outcome*
Investment Banking fee ranking and share	Maintain client rankings and market share	6th (up from 7th in 2020) Fee share increased to 3.7% (up from 3.6% in 2020)	▪ Improved position from 7th to 6th with a small improvement in global fee share ▪ Improved performance in both of key focus areas of M&A and ECM. Global M&A fee rank improved by two places to 8th, and gained 110bps in IPO fee share (Source: Dealogic for the period covering 1 January 2020 to 31 December 2021)	Ahead of track
Global Markets revenue ranking and share		6th (maintained since 2020) Revenue share decreased to 4.6% (down from 4.8% in 2020)	▪ Global revenue ranking maintained at 6th. Largest non-US bank (Source: Coalition Greenwich, Preliminary FY21 Competitor Analysis. Market share represents Barclays share of the Global Industry Revenue Pool. Analysis is based on Barclays internal business structure and internal revenues. Rank result is against the Coalition Index Banks. FY20 market share has been restated from last year's published value based on latest analysis)	On track
Net promoter scores® (NPS)	Improve	Barclays UK: +11 (2020: +15) Barclaycard UK: +4 (2020: +8) US Consumer Bank: +37 (2020: +35)	▪ NPS scores declined for Barclays UK and Barclaycard, driven partly by softening of NPS scores across the sector and partly through a decline in our service due to resource demand trade-offs ▪ Relative positioning in comparison to peers was maintained at 3rd for Barclaycard and reverted back to 2019 levels for BUK (2021: 7th; 2020: 5th; 2019: 7th) ▪ The NPS for the US Consumer Bank improved to +37 in 2021 from +35 in 2020	Slightly behind track
Complaints	Reduce BUK customer complaints and improve resolution time	BUK Total Complaints (Excl PPI): -17%	▪ Significant reduction in customer complaints, driven by robust management actions and increased customer preference to use digital channels. This is despite an increase in customer transactions and interactions in 2021 ▪ Improvement in the number of complaints resolved within 3 days (53% in 2020 to 60% in 2021)	Ahead of track
Digital	Increase digital engagement	Barclays App active users: 9.7m (2020: 9.2m) Consumer, Cards & Payments US digital engagement: 71.8% (2020: 71.4%)	▪ Barclays App registrations continue to increase. Reached 10m Barclays App registrations, 9.7m active users and exceeded 3 billion logins ▪ Made significant improvements to our Barclays App, including functionality enabling eligible Barclaycard customers in financial difficulty to set up a repayment plan within the app ▪ The US Consumer business continued to invest in the digital servicing model, partner app functionalities and expanding the product range. Digital active user rate increased slightly from 2020	On track
				Total Customers and clients: 5.0%

Refer to home.barclays/sustainability/esg-resource-hub/ for more information on the ESG measures

Remuneration report
Annual report on Directors' remuneration continued

Colleagues

Measure	*Criteria*	*Performance*	*Commentary*	*Outcome*
Diversity	28% females at Managing Director and Director level by 2021	28% in 2021, increasing from 26.5%[a] in 2020	▪ Achieved our target by the end of 2021 ▪ For the UK, the equivalent was 30% at the end of 2021	On track
Inclusion	Improve inclusion indicators	Inclusion Index from Your View survey 79% (2020: 76%)	▪ 88% of colleagues told us that they feel included in their team (2020: 89%) ▪ 82% of colleagues told us they believe that senior leaders are truly committed to building a diverse workforce (2020: 82%)	Slightly ahead of track
Engagement	Maintain engagement at healthy levels	Employee Engagement score from Your View survey 82% (2020: 83%) 83% of colleagues believe they have been able to balance their personal and work-life demands, up 5 percentage points on last year (2020: 78%)	▪ Overall Wellbeing Index score of 84% (new for 2021), while 88% of colleagues said that their line managers are supporting their efforts to maintain their wellbeing (2020: 88%) ▪ 83% of employees would recommend Barclays as a good place to work (2020: 87%)	On track
Conduct and Culture	Maintain culture and conduct indicators	92% of employees in Your View survey believe that they and their team role model the Values (2020: 94%) 89% of employees in Your View survey believe that they and their team role model the Mindset (new for 2021)	▪ Slight improvement in percentage of employees who said they feel it is "safe to speak up at Barclays", up one percentage point on 2020 ▪ Vast majority of colleagues believe that they and their teams role-model the Values and Mindset every day	On track
Supporting Colleagues during COVID-19	Put financial resilience to use in supporting colleagues	Supported colleagues with full pay for COVID-related absence and enhanced medical support	▪ Provided salary advances and supplemented medical cover to support colleagues in India through the impact of COVID-19 ▪ In the US, ensured that any treatments related to COVID-19 were 100% covered under medical insurance ▪ Enhanced medical benefits in the US, and offered medical insurance at a lower cost for junior colleagues in the US	Ahead of track
				Total Colleagues: 4.5%

Note
a Represented to 1 decimal place as per the 2020 Remuneration report. Rounded in the Strategic Report to 26%; actual outcome 26.46%.

Society

Measure	*Criteria*	*Performance*	*Commentary*	*Outcome*
Green financing	Progress towards our commitment to facilitate £100bn of green financing by 2030	£29.8bn (£17.6bn in 2020)	▪ Significant increase in green financing, up 69% from 2020, with a total of £62.2bn of green financing facilitated since 2018 against our 2030 target of £100bn ▪ Social, Environment and Sustainability linked financing commitment of £150bn for 2018-2025 delivered four years early in 2021. On a cumulative basis, £193.3bn facilitated from 2018 to the end of 2021 ▪ Invested £30m in sustainability-focused start-ups through our Sustainable Impact Capital programme	Ahead of track
Emissions financing	Deliver against our near-term financing emissions targets (2025) 30% reduction in power portfolio emissions intensity 15% reduction in energy portfolio absolute emissions	Power portfolio emissions intensity (in $KgCO_2$/MWh): 8% down versus 2020 Energy portfolio absolute emissions (in $MtCO_2$): 22% down versus 2020	▪ First year of measuring the reduction in client emissions that we finance using our BlueTrack™ methodology (launched in late 2020) ▪ Currently ahead of target for Energy and on-track for Power, though progress is likely to be non-linear and will be reflective of the specific pathways that companies take	On track
Global greenhouse gas (GHG) emissions reduction in our operations	GHG scope 1 and 2 emissions (market-based) reduced against 2018 baseline by 80% by 2021	86% reduction against 2018 baseline	▪ Exceeded our target of 80% reduction in our GHG scope 1 and 2 emissions (market-based) ▪ Carbon neutral since 2020, compensating any remaining emissions by purchasing carbon credits	Ahead of track
Renewable electricity	90% renewable electricity by 2021; 100% by 2030 at the latest	94% (2020: 79%)	▪ Surpassed our target of procuring 90% of our electricity from renewable sources by 2021	Slightly ahead of track
LifeSkills – people upskilled	10 million people upskilled (2018-2022)	2.9 million people upskilled in 2021 (2020: 2.3million)	▪ Strong progress in 2021. 9.8m people upskilled since 2018 against a 10m target by the end of 2022	Ahead of track
LifeSkills – people placed into work	250,000 people placed into work (2019-2022)	77,100 people placed into work in 2021 (2020: 49,700)	▪ Strong progress in 2021. 193,400 people placed into work since 2019 against a 250,000 target by the end of 2022	Slightly ahead of track
Unreasonable Impact (partnership with the Unreasonable Group)	250 businesses solving social and environmental challenges to be supported (2016-2022)	216 growth-stage ventures had joined the programme by end of 2021	▪ Good progress in 2021 ▪ Barclays and Unreasonable Group celebrated five years of partnership, with Unreasonable Impact now supporting 216 growth-stage ventures solving social and environmental challenges and collectively supporting thousands of jobs across the world	On track
				Total Society: 6.0%

Overall strategic non-financial outcome for C.S. Venkatakrishnan (scaled up to be out of a maximum possible 25%)	**19.4%**
Overall strategic non-financial outcome for Tushar Morzaria (out of a maximum possible 20%)	**15.5%**

Further details on our approach to Key Performance Indicators are included in the Strategic report.

Remuneration report
Annual report on Directors' remuneration continued

Assessment of performance against the Personal objectives set for the 2021 annual bonus (20% weighting for Tushar Morzaria)
The individual performance of Tushar Morzaria was assessed by the Committee, against both the Personal objectives set for him and the shared Personal objectives set for him and Jes Staley in early 2021 (as set out on page 131 of the 2020 Annual Report).

As stated earlier, for C.S. Venkatakrishnan the Committee determined his bonus in respect of the portion of 2021 that he served as Group Chief Executive by increasing the weightings of the financial and strategic non-financial performance measures to cover the entire bonus opportunity. As a result, personal objectives for this two-month period were not set and performance against such objectives was not assessed. For Jes Staley, the Committee has not made any remuneration decisions at this stage, as explained earlier in this Remuneration report.

The table below summarises performance against the Personal objectives that Tushar Morzaria shared with Jes Staley.

Shared objectives for Tushar Morzaria and Jes Staley	*Outcomes*
Deliver improving shareholder returns, with a focus on RoTE	▪ Benefits of Barclays' diversified business model continue to be demonstrated and all operating divisions delivered double-digit returns ▪ Delivered a record Group profit before tax of £8.4bn (2020: £3.1bn) and achieved a Group RoTE of 13.4% (2020: 3.2%) aligned with our medium-term target of greater than 10% ▪ Substantially increased returns to shareholders, equivalent to 15.0p per share, consisting of a total dividend of 6.0p per share and £1.5bn announced share buybacks in respect of 2021
Maintain robust capital ratios across the Group and within the main operating entities	▪ Strong capital position has been maintained, with the Group's CET1 ratio 15.1% at year end (2020: 15.1%) ▪ Similarly strong capital ratios prevail in all main operating entities: at 31 December 2021, Barclays Bank PLC's CET1 ratio was 13.0% and Barclays Bank UK PLC's CET1 ratio was 15.2%, in each case exceeding regulatory minimums
Seek opportunities for further cost efficiencies, enabling reinvestment into strategic priorities and growth initiatives	▪ Strong control of costs; total operating expenses were flat at £12.0bn excluding structural cost actions and performance costs. This has enabled investment spend on: strategic investments; technology and digital; cyber, fraud and regulatory controls; and amortisation of capitalised costs ▪ Efficiency savings were achieved in 2021 from: technology productivity; process optimisation; smart procurement; and the real estate strategy ▪ Structural cost actions in 2021 totalled £648m, with cost savings expected to be realised from 2023 onwards
Optimise partnerships within the Group to deliver the whole of Barclays to our clients	▪ The Power of One Barclays is about colleagues uniting across businesses to put our clients' needs, opportunities and experience first. For example, the Green Structured Notes programme, launched as a partnership between Equities and Treasury, embodies the Power of the One Barclays philosophy to expand our green product offering for clients ▪ The Group Chief Executive was involved in a number of key Power of One Barclays client meetings and client pitches, which assisted in securing new client business including one of the largest IPOs within the Financial Institutions Group in 2021
Continue to drive our technology agenda across the Group to support improving customer and client experience	▪ The continuing shift towards digital adoption and demand for digital financial services has helped accelerate our digital agenda, and our focus on creating new business models built around digital customer engagement ▪ We continued to enhance the Barclays App, reaching 10m registrations and over 3 billion logins. Customers cannot only transact and pay in the App but can complete hundreds of journeys end-to-end digitally, e.g. card management 'on-the-go' and 'in-app support' for those requiring assistance making credit card repayments ▪ During 2021, we launched a first-of-its-kind payment option, known as Instalments for Amazon, allowing UK consumers to access a line of credit for their basket of purchases following a simple and quick, one-time application process
Drive growth in fee-based, technology-led annuity businesses with lower capital intensity	▪ Good progress had been made in leveraging the investment we have made in our payments capabilities, and our aim is to deliver an additional £900m of income from payments activity by 2023 ▪ Successfully established new partnerships, including a long-term partnership agreement with Gap Inc., significant new client relationships, with Center Parcs and the UK Ministry of Defence, and expanded our relationship with Amazon

The table below summarises Tushar Morzaria's performance against the objectives specific to him.

Tushar Morzaria's objectives	*Outcomes*
Continue to optimise financial management and reporting (particularly through technology) to drive benefits across the Group	▪ Significant efficiency gains achieved by leveraging data science and advanced analytics, resulting in more resilient, scalable processes, strengthened controls and accelerated financial reporting ▪ Migration of key reporting to a leading cloud-based reporting platform, for production of external reports, system-based document editing and enhanced version control, driving efficiency and control ▪ Empowered and upskilled colleagues using streamlined reporting and innovative technology, e.g. digital dashboards
Further improve capital productivity through enhancing capital allocation and the measurement of capital returns	▪ Barclays' diversified business model delivered a record profit before tax of £8.4bn (2020: £3.1bn), attributable profit of £6.4bn (2020: £1.5bn), a RoTE of 13.4% (2020: 3.2%) and EPS of 37.5p (2020: 8.8p) ▪ The Group Capital Returns Forum was integrated into the Treasury Committee during the year, creating greater alignment and enabling further progress on our capital productivity, measurement and allocation goals
Oversee the effective management of the risk and controls agenda across Group Finance, Strategy, Tax and Treasury	▪ Control Environment and Management Control Approach overall rated satisfactory for 2021 ▪ Liquidity transformation programme on track and full BCBS compliance is planned for the end of 2022
Retain focus on colleague agenda across Group Finance, Strategy, Tax and Treasury	▪ High levels of colleague engagement were maintained across Finance, at 82% (2020: 82%) ▪ Strong progress again this year against three key areas of people focus: Skills for the Future; Wellbeing; and Diversity & Inclusion
Effectively manage relationships with key external stakeholders including regulators and investors	▪ Continued to maintain effective and open relationships with regulators and the investment community ▪ High level of credibility with regulators, investors, analysts and rating agencies

5) Vesting of the 2019-2021 LTIP cycle

The LTIP value included in the single total figure for 2021 for Tushar Morzaria is based on the amount that will be released on 9 March 2022 in relation to the 2019-2021 LTIP award granted in 2019. The value that will vest has been estimated using the Q4 2021 average share price of £1.9144. Release is dependent on, among other things, performance over the period from 1 January 2019 to 31 December 2021, with straight-line vesting applied between the threshold and maximum points for the financial measures.

The performance achieved against the performance targets is shown in the table that follows.

No LTIP award was granted to C.S. Venkatakrishnan in 2019 as he was not an Executive Director at that time. For Jes Staley, the Committee exercised its discretion to suspend the vesting of all of his unvested awards, including the LTIP award granted in 2019, as explained earlier in this Remuneration report. No decision has been taken as to any potential vesting of this award for Mr Staley.

Remuneration report
Annual report on Directors' remuneration continued

2019-2021 LTIP outcomes

Performance measure	*Weighting*	*Threshold*	*Maximum vesting*	*Actual*	*% of award vesting*
Average return on tangible equity (RoTE) (excluding litigation and conduct and other material items)[a, b]	50%	10% of award vests for RoTE of 8.5% A CET1 underpin also applied	50% of award vests for RoTE of 10.5%	9.6%	32.0%
2021 Cost: income ratio (excluding litigation and conduct and other material items)[c]	20%	4% of award vests for average cost: income ratio of 60%	20% of award vests for Cost: income ratio of 58.5%	62.1%	0.0%
Risk scorecard (detailed below)	15%	The Risk scorecard captures a range of risks and is aligned with the annual incentive risk alignment framework reviewed with the regulators. The current framework measures performance against three broad categories – Capital and liquidity, Control environment and Conduct – using a combination of quantitative and qualitative metrics			11.5%
Strategic non-financial (detailed on pages 183 and 184)	15%	Performance is measured against the Strategic non-financial measures. The Committee determined the percentage of the award that may vest between 0% and 15%. The measures are organised around three equally weighted categories: Customers and clients, Colleagues and Society			11.5%
Total					**55.0%**
Final 2019-2021 LTIP vesting outcome approved by the Committee					**55.0%**

Notes

a Based on adjusting tangible equity to be consistent with a CET1 ratio that aligns with the assumptions the Group uses for capital planning purposes (13.0% to 13.5% over the performance period and broadly in line with the Group CET1 ratio target).

b RoTE excludes material items and litigation & conduct. Material items for 2021 consist of structural cost actions (£648m, or £489m post-tax) and a tax benefit (£462m) due to the remeasurement of UK deferred tax assets. Material items for 2020 consist of structural cost actions (post-tax £268m) and Barclays' COVID -19 Community Aid package (post-tax £66m). Structural cost actions for 2021 primarily relate to the real estate review in Q221 and Barclays UK transformation costs.

c 2021 CIR excludes material items and litigation & conduct. Material items for 2021 consist of structural cost actions (£648m). Structural cost actions primarily relate to the real estate review in Q221 and Barclays UK transformation costs.

Assessment of the Risk scorecard for the 2019-2021 LTIP

A summary of the Committee's assessment against the Risk scorecard performance measure over the three-year performance period is provided below. Each category was equally weighted at 5%.

Category	*Performance*	*Outcome*
Capital and liquidity	▪ Group CET1 ratio grew from 13.2% to 15.1% over the period, and remained comfortably above the regulatory minimum throughout ▪ Stress tests show that the bank is positioned to withstand a period of deteriorating economic imbalances due to post COVID-19 heightened demand and climate transition pressures ▪ Our Liquidity Coverage Ratio was significantly above the 100% regulatory requirement throughout the period	4.5%
Control environment	▪ The internal control environment continued to be strengthened, with most of the Group's operations achieving a 'Satisfactory' rating ▪ Fraud, Transaction Operations, Information Security and Technology continue to be highlighted as key operational risk exposures	3.0%
Conduct	▪ Barclays overall operated within Conduct Risk tolerance throughout the period ▪ Trading Entity conduct risk dashboards continued to evolve, to allow effective oversight and decision-making ▪ The Group remains focused on the continuous improvements being made to manage risk effectively with an emphasis on enhancing governance and management information to identify risk at earlier stages	4.0%
Overall Risk scorecard outcome for the 2019-2021 LTIP		**11.5%**

Assessment of the Strategic non-financial measures for the 2019-2021 LTIP

A summary of the Committee's assessment against the Strategic non-financial performance measures over the three-year performance period follows. Each category was equally weighted at 5%.

Category	*Measure*	*Criteria*	*Performance*	*Outcome*
Customers and clients	Investment Banking ranking Investment Banking fee share	Maintain client ranking and increase market share	▪ There was an increase in our Global Banking Fee Rank from 7th in 2018 to 6th in 2021, although fee share was down over the period (Source: Dealogic for the period covering 1 January 2018 to 31 December 2021)	3.5%
	Global Markets ranking Global Markets revenue share		▪ Global Markets ranking has improved from 7th in 2018 to 6th in 2021 ▪ Fee share has increased across the performance period (Source: Coalition Greenwich, Preliminary FY21 Competitor Analysis. Market share represents Barclays share of the Global Industry Revenue Pool. Analysis is based on Barclays internal business structure and internal revenues. Rank result is against the Coalition Index Banks. FY20 market share has been restated from last year's published value based on latest analysis)	
	Barclays UK NPS® Barclaycard UK NPS® US Consumer Bank NPS®	Improve (consider both absolute and relative performance)	▪ Barclays UK and Barclaycard UK NPS rankings have remained relatively consistent over the period, between 5th and 7th for Barclays UK (ending at 7th) and between 3rd and 4th for Barclaycard UK (ending at 3rd) ▪ Although the absolute NPS score of BUK improved initially, it subsequently reduced in line with what has been observed for UK peers over the COVID-19 pandemic. Likewise, Barclaycard UK absolute NPS scores remained positive but reduced over 2020 and 2021 in line with peers ▪ US consumer NPS reduced at the beginning of the period, improving over 2020 and 2021	
	Barclays UK complaints reduction (ex PPI)	Reduce complaints	▪ Solid progress in complaints reduction in Barclays UK since 2018 ▪ In 2021, reduction in customer complaints despite increase in customer transactions and interactions	
	Active App users (Barclays & Barclaycard) Digitally active customers CCP US Customer Digital Engagement	Increase digital engagement	▪ Significant increase in number of Barclays App users over the period from 6.2m in 2018 to 9.7m in 2021, with new features introduced throughout this period ▪ Steady increase in BUK digitally active customers over the period ▪ CCP US Customer Digital Engagement increased to 71.8%	
Colleagues	Diversity % of females at Managing Director and Director level	2021 target of 28%	▪ Achieved our women in senior leadership (Managing Directors and Directors) target of 28% for 2021, with steady increases each year, from 24% in 2018 ▪ Equivalent figure for the UK is 30%	3.5%
	Inclusion "I would recommend Barclays as a good place to work"	Maintain at healthy levels	▪ The percentage of colleagues who would recommend Barclays as a good place to work has remained at healthy levels throughout the period, 80% or above in each year ▪ The Inclusion Index is at 79% for 2021 up from 76% in 2020, the first year it was introduced ▪ By 2021, 92% of colleagues believed that they and their teams do a good job of role-modelling the Barclays Values every day – above 90% scored throughout the period	
	Employee engagement	Maintain at healthy levels	▪ Engagement levels across Barclays are now at 82%, up 3% percentage points on 2018 ▪ 87% of colleagues believe strongly in the goals and objectives of Barclays	
	"My team actively seeks feedback to understand customer and client expectations"	Maintain at healthy levels	▪ The percentage of colleagues who believe that their team actively seeks feedback to understand customer and client expectations has been maintained at a strong level (above 80%) throughout the period	

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Category	*Measure*	*Criteria*	*Performance*	*Outcome*
Society	Social, environmental and sustainability-linked financing	Facilitate £150bn over 2018-2025	▪ On a cumulative basis, a total of £193.3bn of social, environmental and sustainability-linked financing facilitated between 2018 and the end of 2021, exceeding the target four years early ▪ Environmental financing increased year on year during the period	4.5%
	GHG emissions reduction in our operations	GHG scope 1 and 2 emissions (market-based) reduced by 80% by 2021 against a 2018 baseline Renewable electricity to 90% by 2021	▪ GHG scope 1 and 2 emissions (market-based) reduced each year of the performance period. The overall reduction exceeded the target for progress by 2021 ▪ Significant increase in renewable electricity use over the period, with 94% of electricity now coming from renewable sources, 4 percentage points above the 2021 target of 90%	
	LifeSkills	Upskill 10 million people from 2018-2022 Place 250,000 people into work from 2019-2022	▪ 9.8m people upskilled between 2018 and 2021, making excellent progress towards our aspiration of helping 10m people by 2022 ▪ Good progress toward LifeSkills – placed into work target, with more than 193,400 people placed into work since 2019, despite the challenges of the pandemic in 2020 and 2021. On track to achieve 2022 target	
Overall Strategic non-financial outcome for the 2019-2021 LTIP				**11.5%**

The LTIP award is also subject to a discretionary underpin whereby the Committee must be satisfied with the underlying financial health of the Group. The Committee was satisfied that this underpin was met, and accordingly determined that the award held by Tushar Morzaria should vest at 55% of the maximum number of shares under the total award, to be released in five equal tranches annually, starting from March 2022. After release, the shares are subject to an additional 12-month holding period.

LTIP awards granted during 2021

An award was granted to each of Tushar Morzaria and Jes Staley on 8th March 2021 under the 2021-2023 LTIP, based on a value per share of £1.43938, which was derived from the share price less a discount to reflect the absence of dividends or equivalents during the vesting period, in accordance with the DRP. This is the value used to calculate the number of shares below.

For Jes Staley, the Committee exercised its discretion to suspend the vesting of all of his unvested awards, including the LTIP award granted on 8 March 2021, as explained earlier in this Remuneration report. No LTIP award was granted to C.S. Venkatakrishnan in March 2021 as he was not an Executive Director at that time.

	% of Fixed Pay	*Number of shares*	*Face value at grant*	*Performance period*
Tushar Morzaria	134%	1,536,078	£2,211,000	2021-2023
Jes Staley	140%	2,285,706	£3,290,000	2021-2023

The performance measures for the 2021-2023 LTIP awards are as follows:

Performance measure	*Weighting*	*Threshold*	*Maximum vesting*
2023 return on tangible equity (RoTE) (excluding material items)[a]	25%	0% of award vests for RoTE of 6.0%, rising on a straight-line basis	25% of award vests for RoTE of 12.0%
Average cost: income ratio (excluding material items)	10%	0% of award vests for average cost: income ratio of 65.0%, rising on a straight-line basis	10% of award vests for average cost: income ratio of 62.0%
Maintain CET 1 ratio within the target range	10%	If CET1 is below MDA hurdle[b] +180bps during the period, the Committee will consider what portion of this element should vest, based on the causes of the CET1 reduction. If CET1 is above MDA hurdle +280bps but does not make progress towards the range over the period, the Committee will consider what portion of this element should vest, based on the reasons for the elevated levels of CET1 versus target range and the associated impacts.	CET1 ratio between 180bps and 280bps above MDA hurdle throughout the period, or CET1 ratio more than 280bps above MDA hurdle but making progress towards the target range during the period.
Relative Total Shareholder Return (TSR)	25%	6.25% of award vests for performance[c] at median of the peer group[d] rising on a straight-line basis	25% of award vests for performance at or above the upper quartile
Risk scorecard	10%	The Risk scorecard captures a range of risks and is aligned with the annual incentive risk alignment framework shared with regulators. The current framework measures performance against three broad categories – Capital and liquidity, Control environment and Conduct – using a combination of quantitative and qualitative metrics. The framework may be updated from time to time in line with the Group's risk strategy. Specific targets within each of the categories are deemed to be commercially sensitive. Retrospective disclosure will be made in the 2023 Remuneration Report, subject to commercial sensitivity no longer remaining.	
Climate	10%	The evaluation will focus on progress towards our ambition to be a net zero bank by 2050 including: ▪ our commitment to align our financing with the goals of the Paris Climate Agreement ▪ our commitment to facilitate £100bn of green financing by 2030. There will be detailed retrospective narrative on progress over the period, including consideration of progress towards other relevant targets. Performance will be assessed by the Committee to determine the percentage of the award that may vest, between 0% and 10%.	
Strategic non-financial	10%	The evaluation will focus on key performance measures from the Performance Measurement Framework, with a detailed retrospective narrative on progress throughout the period against each category. Performance against the strategic non-financial measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 10%. The measures are organised around three main categories: Customers and clients, Colleagues and Society (Citizenship). Each of the three main categories has equal weighting. Measures will likely include, but not be limited to, the following: **Customers and clients** Drive world-class outcomes for customers and clients and continue to support them through the pandemic: improve Net Promoter Scores, reduce BUK customer complaints and improve resolution time, maintain client ranking and market share within CIB, increase digital engagement. **Colleagues** Protect and strengthen our culture through our Purpose, Values and Mindset: continue to improve diversity in leadership roles, improve inclusion indicators, maintain engagement at healthy levels and maintain culture and conduct indicators. **Society (Citizenship)** Drive a focus on the sustainable impact of our business: continue investing in our communities, including LifeSkills – upskilled in the UK, LifeSkills – placed into work globally and Unreasonable Impact.	

Notes

a Based on an assumed CET1 ratio at the mid-point of the Group target range, 13-14%.

b Currently 11.1%.

c Performance assessed over the period from 1 January 2021 to 31 December 2023. Start and end TSR data will be the Q4 average for 2020 and 2023 respectively and will be measured in GBP for each company.

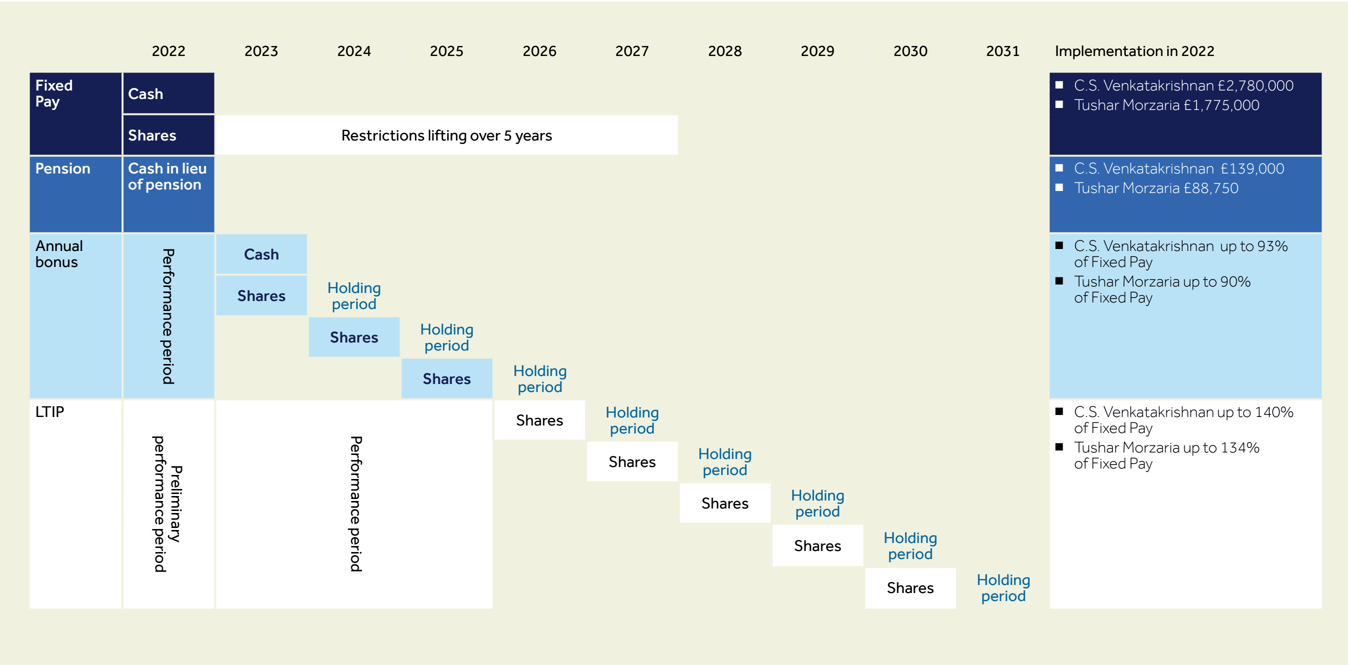
d The peer group is comprised of multinational banks in Europe and North America of comparable size to Barclays and whose weekly returns have a high degree of correlation with Barclays'. The constituents of the comparator group are reviewed annually, prior to each new LTIP grant. The peer group for the 2021-2023 LTIP award is: Banco Santander, Bank of America, BBVA, BNP Paribas, Citigroup, Credit Agricole, Credit Suisse, Deutsche Bank, HSBC, ING Groep, Lloyds Banking Group, Morgan Stanley, NatWest Group, Societe Generale, Standard Chartered, UBS, Unicredit.

Remuneration report

Annual report on Directors' remuneration continued

Executive Directors:
Statement of implementation of remuneration policy in 2022

An overview of how the DRP will be implemented for Executive Directors in 2022 is set out in the subsequent sections. The following chart illustrates how 2022 remuneration will be delivered to the Executive Directors.



2022 Fixed Pay and market competitiveness of the Executive Directors' total compensation opportunity

Immediately prior to C.S. Venkatakrishnan's appointment as Group Chief Executive, effective from 1 November 2021, the Committee considered the level of Fixed Pay he should receive, taking into consideration the role, his skills and experience and pay levels at other comparable firms (on which the Committee receives independent advice), in the context of wider workforce pay levels and the experience of our stakeholders. Pay benchmarking data is used as a reference point to ensure that the total compensation opportunity provided to the Executive Directors is competitive compared to other large and complex international banks. Banking regulation in the UK and Europe caps variable pay as a percentage of Fixed Pay for senior roles including the Executive Directors and so providing a competitive level of total compensation within the constraint of those regulations is a key driver of the Executive Directors' Fixed Pay levels.

The Committee determined the level of Fixed Pay for C.S. Venkatakrishnan on appointment as Group Chief Executive as £2,700,000 per annum. In doing so, they concluded that the total compensation opportunity that this provides was an appropriate starting point, while noting that it was low compared with international banking peers and that this should be kept under review each year. This level of Fixed Pay was lower than he received for his previous role, as Head of Global Markets and Co-President of Barclays Bank PLC, though it was more than his predecessor as Group Chief Executive received.

The regulatory limit on the level of variable pay relative to fixed pay in banks results in the need to provide both Executive Directors with a level of Fixed Pay that is higher than the Committee might otherwise choose, to ensure the total compensation opportunity is competitive. To mitigate some of the impacts of that higher Fixed Pay, it is delivered half in cash, paid monthly via payroll in a similar way to salary for other employees, and half in shares, which are granted quarterly and released in instalments over 5 years, creating significant alignment with shareholder interests over the longer term.

An annual review of the Executive Directors' Fixed Pay, in the same way and at the same time as for the wider workforce, is a feature of the DRP approved by shareholders in 2020, but was not undertaken in 2021 due to the COVID-19 pandemic. In February 2022, the Committee reviewed the Fixed Pay for each Executive Director as part of the year-end payround process for colleagues across the Group. The Committee considered the maximum total compensation opportunity of each Executive Director, driven by their respective levels of Fixed Pay, and noted that in each case the opportunity is materially less than that at most other comparable international banks. As a result, the Committee determined that Fixed Pay would be increased to £2,780,000 for C.S. Venkatakrishnan, a 3% increase, and to £1,775,000 for Tushar Morzaria, also a 3% increase, effective 1 March 2022. The Committee noted that these are lower percentage increases than the average fixed pay increase for the wider workforce, and in particular for other UK colleagues, given the 4.25% salary spend agreed as part of the 2022 UK pay deal with Unite.

Since the introduction of the DRP in the 2019 Annual Report, approved by shareholders at the AGM in 2020, Tushar's Fixed Pay has increased once, by 4.5% in July 2021 (the implementation of Fixed Pay increases postponed from 2020 at the request of the Executive Directors). Combining that with the 2022 payround increase, the total Fixed Pay increase he has received since 2019 is 7.6%. Across our Unite-recognised colleagues in the UK, the compound average salary increase over the same period was 9.1%. For C.S. Venkatakrishnan, the Committee also considered whether a Fixed Pay increase in March 2022, following the determination of his current level of Fixed Pay on his appointment as Group Chief Executive, was appropriate, and confirmed that this is not out of line with the treatment of other colleagues who were promoted during the year, if their pay rates are below the benchmark.

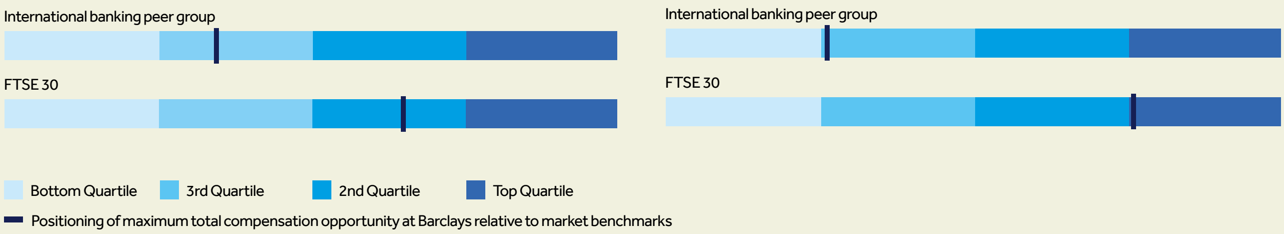
The charts that follow compare each Executive Director's maximum total compensation opportunity for 2022 against the equivalent opportunity across international banking peers. This shows that even after these Fixed Pay increases the maximum total compensation opportunity is significantly behind international banking peers, falling in the lower part of the third quartile for both C.S. Venkatakrishnan and Tushar Morzaria.

The charts also show a comparison of the maximum total compensation opportunity of each Executive Director with the equivalent roles at the companies that make up the FTSE 30 (i.e. the 30 largest FTSE 100 constituents by market capitalisation). This shows that the Executive Directors' maximum total compensation opportunity is more competitive, but not inappropriate, compared to the FTSE 30 group. The Committee noted that it would be unlikely for the Group to fill either of the Executive Director roles by recruiting from the other FTSE 30 companies, recognising the necessity for candidates for these roles to have the right breadth and depth of banking knowledge and experience, particularly given Barclays' diversified business model including significant corporate banking, investment banking and global markets businesses. However, this comparison is provided alongside the international banking peer group to provide additional UK context.

Executive Director total maximum compensation opportunity relative to market benchmarks

Group Chief Executive
C.S. Venkatakrishnan

Group Finance Director
Tushar Morzaria



Notes:
- Barclays and market benchmark data reflects maximum total compensation opportunity, excluding pensions and benefits
- Benchmark data for the international banking peer group and FTSE 30 was provided by Willis Towers Watson, based on publicly disclosed data in respect of each firm's 2020 or 2020/21 financial years, incorporating assumptions where companies do not disclose a maximum total compensation opportunity
- Barclays' current peer group comprises the following international banks: Bank of America, BNP Paribas, Citigroup, Credit Suisse Group, Deutsche Bank, HSBC Holdings, JP Morgan Chase & Co, Lloyds Banking Group, Morgan Stanley, Standard Chartered and UBS Group, which is unchanged from the group set out in the DRP

2022 annual bonus performance measures

Performance measures with appropriately stretching targets have been selected to cover a range of financial and non-financial goals that support the key strategic objectives of the Company. The bonus measures for 2022 are in line with those for 2021, with one key amendment. For 2022, the weighting of the Strategic non-financial element has been increased from 20% to 25%, with a corresponding reduction to the weighting of the Personal objectives from 20% to 15%, to enable a greater focus on climate-related measures. Within the Strategic non-financial element, the Customers and clients and Colleagues sections are retained, and are each weighted at 7.5%, with a new Climate and sustainability section in place of the Society section, weighted at 10%. This section primarily focuses on climate-related measures, including progress towards our green financing commitments and reducing our own carbon footprint, as well as delivering the strategy to achieve our ambition to be a net zero bank by 2050. This change in bonus measures reflects the focus and importance attached to the Group's delivery on its climate objectives. For the Group Chief Executive, although for 2021 the bonus was determined solely based on the Financial and Strategic non-financial elements, for 2022 assessment against Personal objectives will also apply, in the usual way.

Remuneration report
Annual report on Directors' remuneration continued

Performance measure	*Weighting*	*Metrics*
Profit before tax (excluding material items)	50%	A performance target range has been set for this financial measure, which will be disclosed in the next Remuneration report. Pay-out of this element will also depend on the CET1 ratio at the end of the performance year. In line with regulatory requirements, if the CET1 ratio is below the MDR hurdle at the end of the performance year, the Committee will consider what part if any of this element should pay out.
Cost: income ratio (excluding material items)	10%	A performance target range has been set for this financial measure, which will be disclosed in the next Remuneration report.
Strategic non-financial The evaluation will focus on a range of key metrics across stakeholder groups, with a detailed retrospective narrative on progress against each category throughout the period. Performance against the measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 25%. Each of the three main categories is weighted as shown.	25%	The measures are organised around three main categories and measures will likely include, but not be limited to, the following: **Customers and clients** (weighted 7.5%) – drive world class outcomes for customers and clients: ▪ Improve Net Promoter Scores ▪ Reduce BUK customer complaints and improve resolution time ▪ Maintain client ranking and market share within CIB ▪ Increase digital engagement **Colleagues** (weighted 7.5%) – protect and strengthen our culture through our Purpose, Values and Mindset: ▪ Continue to improve diversity in leadership positions ▪ Improve inclusion indicators ▪ Maintain engagement at healthy levels ▪ Maintain culture and conduct indicators **Climate and sustainability** (weighted 10%) – progress to be measured against four key objectives: ▪ Progress towards our green financing commitments ▪ Reduce operational and supply chain carbon footprint and increase use of renewable energy ▪ Deliver the strategy to achieve our ambition to be a net zero bank by 2050 and to align our financing with the Paris Agreement ▪ Continue to invest in our communities
Personal	15%	Joint personal objectives: ▪ Deliver improving shareholder returns, with a focus on RoTE ▪ Maintain robust capital ratios across the Group and within the main operating entities ▪ Actively deploy the range of Barclays' businesses and capabilities to support customers and clients as we collectively transition to a low carbon economy ▪ Continue to deliver sustainable growth in the Corporate and Investment Bank ▪ Continue to drive our technology agenda across the Group to support improving customer and client services and experience C.S. Venkatakrishnan: ▪ Ensure a continued focus on customer and client outcomes ▪ Continue to embed the Mindset across the organisation in support of our Purpose ▪ Continue to develop a high-performing culture in line with our Values, with a focus on employee engagement, succession planning, talent and diversity ▪ Empower the effective management of the risk and controls agenda ▪ Effectively manage relationships with key external stakeholders and society more broadly Tushar Morzaria: ▪ Continue to optimise financial management and reporting (particularly through technology) to drive benefits across the Group ▪ Continue to progress the transformation of the Treasury function, including strategic treasury and liquidity platforms ▪ Oversee the effective management of the risk and controls agenda across Group Finance, Strategy, Tax and Treasury ▪ Retain focus on the colleague agenda across Group Finance, Strategy, Tax and Treasury, driving employee engagement, continuing to improve diversity, developing senior talent and succession planning ▪ Effectively manage relationships with key external stakeholders including regulators and investors

2022-2024 LTIP awards and performance measures

The Committee decided to grant awards under the 2022-2024 LTIP cycle to C.S. Venkatakrishnan and Tushar Morzaria with face values at grant equal to 140% and 134% of Fixed Pay respectively, which will be based on Fixed Pay before applying the 1 March 2022 increases outlined earlier in this Remuneration report. Those maximum award multiples were determined following a detailed review of their individual performance throughout 2021 and recognising their significant personal contributions. This share-based award ensures alignment with future performance over the three-year assessment period, as well as shareholder alignment over the long release period (up to eight years from initial award).

For the 2022-2024 LTIP, changes have been made to align more closely with the evolution of the strategic non-financial measures. The strategic non-financial element of this LTIP cycle will include a 'Climate and sustainability' category, in place of the standalone Climate measure, with a weighting of 10%. The other measures are largely unchanged.

The 2022-2024 LTIP award will be subject to the following forward-looking performance measures.

Performance measure	*Weighting*	*Threshold*	*Maximum vesting*
Average return on tangible equity (RoTE) (excluding material items)[a]	25%	0% of award vests for RoTE of 7.0%, rising on a straight-line basis	25% of award vests for RoTE of 11.0% or higher
Average cost: income ratio (excluding material items)	10%	0% of award vests for average cost: income ratio of 65.0%, rising on a straight-line basis	10% of award vests for average cost: income ratio of 59.0% or lower
Maintain CET1 ratio within the target range	10%	If CET1 is below the MDA hurdle[b] + 190 bps during the period, the Committee will consider what portion of this element should vest, based on the reasons for the CET1 shortfall If CET1 is above MDA hurdle + 290bps but does not make progress towards the range over the period, the Committee will consider what portion of the element should vest, based on the reasons for the elevated levels of CET1 versus target range and the associated impacts	If CET1 is between 190bps and 290bps above the MDA hurdle throughout the period or If CET1 is above the MDA hurdle +290bps but making progress towards the target range
Relative Total Shareholder Return (TSR)[c]	25%	6.25% vests for performance at the median of the peer group[d], rising on a straight-line basis	25% of award vests for performance at or above the peer group upper quartile
Strategic non-financials	20%	The evaluation will focus on key performance measures from the Performance Measurement Framework, with a detailed retrospective narrative on progress against each category throughout the period. Performance against the strategic non-financial measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 20%. The measures are organised around three main categories and measures will likely include, but not be limited to, the following: **Customers and clients** (weighted 5%) – drive world class outcomes for customers and clients: Improve Net Promoter Scores; reduce BUK customer complaints and improve resolution time; maintain client rankings and market share within CIB; and increase digital engagement. **Colleagues** (weighted 5%) – protect and strengthen our culture through our Purpose, Values and Mindset: Continue to improve diversity in leadership roles; improve inclusion indicators; maintain engagement at healthy levels; and maintain culture and conduct indicators. **Climate and sustainability** (weighted 10%) – progress to be measured against four key objectives: Progress towards our green financing commitments; reduce operational and supply chain carbon footprint and increase use of renewable energy; progress towards achieving our ambition to be a net zero bank by 2050; and aligning our financing with the Paris Agreement, and continue to invest in our communities.	
Risk scorecard	10%	The Risk scorecard captures a range of risks and is aligned with the annual incentive risk alignment framework shared with the regulators. The current framework measures performance against three broad categories – Capital and liquidity, Control environment and Conduct – using a combination of quantitative and qualitative metrics. The framework may be updated from time to time in line with the Group's risk strategy. Specific targets within each of the categories are deemed to be commercially sensitive. Retrospective narrative on performance will be disclosed in the 2024 Remuneration report, subject to commercial sensitivity no longer remaining.	

Notes

a Based on an assumed CET1 ratio at the mid-point of the Group target range, 13-14%.

b Currently 11.1%.

c Performance assessed over the period from 1 January 2022 to 31 December 2024. Start and end TSR data will be the Q4 average for 2021 and 2024 respectively and will be measured in GBP for each company.

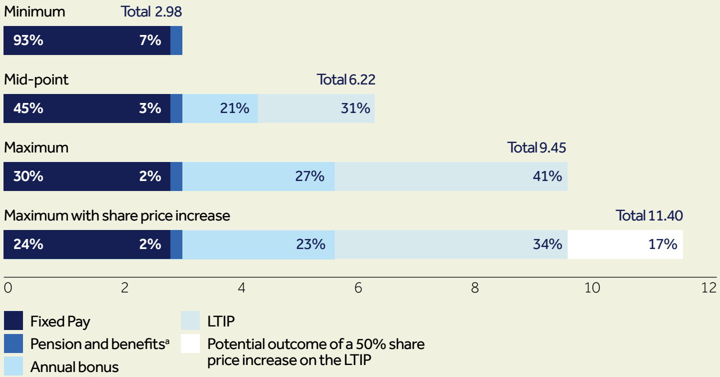
d The peer group is comprised of multinational banks in Europe and North America of comparable size to Barclays and whose weekly returns have a high degree of correlation with Barclays'. The constituents of the comparator group are reviewed annually, prior to each new LTIP grant. The peer group for the 2022–2024 LTIP award is: Banco Santander, Bank of America, BBVA, BNP Paribas, Citigroup, Credit Agricole, Credit Suisse, Deutsche Bank, HSBC, ING Groep, Lloyds Banking Group, Morgan Stanley, NatWest Group, Societe Generale, Standard Chartered, UBS, Unicredit.

Remuneration report
Annual report on Directors' remuneration continued

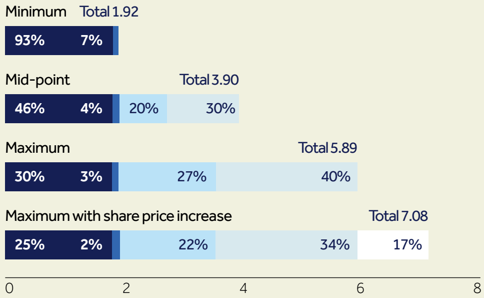
Illustrative scenarios for Executive Directors' total remuneration opportunity
The charts below show the potential value of the current Executive Directors' 2022 total remuneration in three main scenarios: 'Minimum' (i.e. Fixed Pay, pension and benefits only, with no annual bonus award or LTIP), 'Mid-point' (i.e. Fixed Pay, pension, benefits and 50% of the maximum variable pay that may be awarded) and 'Maximum' (i.e. Fixed Pay, pension, benefits and the maximum variable pay that may be awarded). For the purposes of these charts, the value of benefits is based on an estimated annual value for 2022 regular contractual benefits. Additional ad hoc benefits may arise, for example, overseas relocation of Executive Directors, but will always be provided in line with the DRP.

A significant proportion of the potential remuneration of the Executive Directors is variable and is therefore performance related. It is also subject to deferral, additional holding periods, malus and clawback. In line with reporting requirements, we have provided an indication of the maximum remuneration receivable, assuming share price appreciation of 50% on the LTIP.

Group Chief Executive
£m



Group Finance Director
£m



Note
a. Pension and benefits include the value of cash in lieu of pension and the anticipated value of taxable benefits. For C.S. Venkatakrishnan this does not include relocation costs to which he is contractually entitled but which might not be incurred during 2022. The relocation costs include temporary accommodation in London, the annualised cost of which including tax gross up is expected to be c.£190,000.

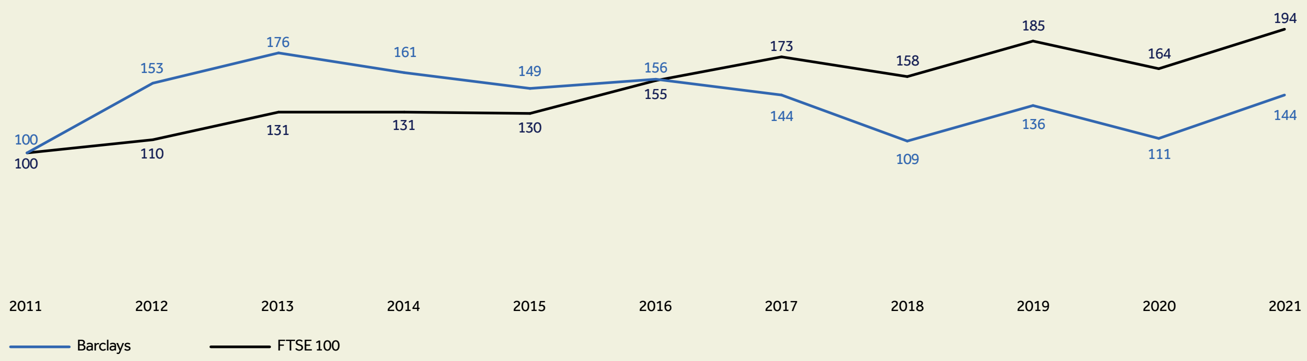
Group Finance Director succession
As indicated in the letters from the Chairman and Group Chief Executive introducing this Annual Report, on 22 February 2022 Tushar Morzaria informed the Board of his intention to retire from the Board and as Group Finance Director, and the Board has agreed that this will take effect on 22 April 2022. The remuneration details in connection with his retirement and for his successor, Anna Cross, will be set out in a separate announcement to the market on 23 February 2022, and are not reflected in this Remuneration report.

Additional remuneration disclosures

Group performance graph and Group Chief Executive remuneration

The performance graph below compares the total shareholder return of Barclays shares with the total shareholder return of the FTSE 100 index over the ten years ended 31 December 2021. The FTSE 100 index has been selected because it represents a cross-section of leading UK companies, of which Barclays is a long-standing constituent.

Total Shareholder Return – rebased to 100 in 2011
Year ended 31 December



Year		2012	2013	2014			2015	2016	2017	2018	2019	2020		2021
Group Chief Executive	Robert Diamond	Antony Jenkins	Antony Jenkins	Antony Jenkins	Antony Jenkins	John McFarlane	Jes Staley	Jes Staley	Jes Staley	Jes Staley	Jes Staley	Jes Staley	Jes Staley	C.S. Venkata-krishnan
Single total remuneration figure Group Chief Executive	1,892	529	1,602	5,467[a]	3,399	305	277	4,233	3,873	3,362	5,929	4,220[b]	2,121[c]	874[d]
Annual bonus award as a % of maximum	0.0%	0.0%	0.0%	57.0%	48.0%	n/a	n/a	60.0%	48.5%	48.3%	75.0%	38.6%	n/a[c]	94.4%
Long-term incentive plan vesting as a % of maximum	0.0%	n/a[e]	n/a[e]	30.0%	39.0%	n/a[e]	n/a[e]	n/a[e]	n/a[e]	n/a[e]	48.5%	23%	n/a[c]	n/a[e]

Notes

a Antony Jenkins' 2014 pay is higher than in earlier years since he declined a bonus in 2012 and 2013 and did not have LTIP vesting in those years.

b 2020 remuneration outcomes reflect 2018-2020 LTIP value restated for the actual share price on the date of vesting.

c Jes Staley stepped down as Group Chief Executive on 31 October 2021. The remuneration shown for 2021 is in respect of his services as an Executive Director between 1 January 2021 and 31 October 2021. This figure does not include variable remuneration as the Committee has made no decisions in respect of Mr Staley's variable remuneration in respect of performance during 2021, and has suspended the vesting of all of his unvested deferred remuneration awards including the LTIP award granted to him in March 2019, as explained earlier in this Remuneration report.

d C.S. Venkatakrishnan was appointed as Group Chief Executive on 1 November 2021. The remuneration shown for 2021 is in respect of his services as an Executive Director between 1 November 2021 and 31 December 2021.

e Not applicable as the individual was not a participant in a long-term incentive award that vested in the period.

Remuneration report
Annual report on Directors' remuneration continued

Group Chief Executive pay ratio

The table below shows the ratios of the Group Chief Executive's total remuneration to the total remuneration of UK employees since 2018. The change in the pay ratios for 2021 is explained in more detail below.

	Option	25th percentile	Median	75th percentile
2021[a]	**A**	**95 x**	**62 x**	**35 x**
2020[b]	A	144 x	95 x	53 x
2019	A	213 x	140 x	77 x
2018	A	126 x	85 x	45 x

Notes
a 2021 Group Chief Executive pay ratio figures are calculated using the sum of 2021 remuneration for C.S. Venkatakrishnan and Jes Staley (as per the single total figure for remuneration table) in respect of their periods of service as Group Chief Executive in 2021.
b 2020 Group Chief Executive pay ratio figures have been updated to reflect the restatement of the 2018-2020 LTIP value based on the share price at the time of vesting.

The regulations provide three options which may be used to calculate total pay for the employees at the 25th percentile, median and 75th percentile. Following guidance issued by some proxy advisers and institutional shareholders, we have selected Option A to calculate total pay for each calendar year, each year using the employee population on 31 December.

Option A calculates total pay for all employees on the same basis that the single total figure for remuneration is calculated for Executive Directors. Total pay for each employee includes earned fixed pay, which is made up of salary, Role Based Pay and relevant allowances, annual incentives awarded for the 2021 calendar year, and an estimate of pension and benefits for 2021. Other elements of pay such as overtime and shift allowances have been excluded. The estimate of pension for each employee is based on the percentage currently available to new hires in the UK (10% of salary for the more senior and 12% for the more junior corporate grades). The estimate of benefits is based on the cost of core benefits available at each corporate grade, including private medical insurance, income protection and life assurance. Calculations use full-time equivalent pay data taken from our HR systems for all UK employees.

Total pay and fixed pay for the employees at the 25th percentile, median and 75th percentile are set out in the table below.

	25th percentile		Median		75th percentile	
	Total pay	Fixed Pay	Total pay	Fixed Pay	Total pay	Fixed Pay
2021	**£31,404**	**£26,035**	**£48,253**	**£39,461**	**£85,407**	**£67,408**
2020	£29,380	£24,706	£44,631	£37,460	£79,324	£64,272
2019	£27,875	£23,348	£42,362	£35,158	£77,488	£62,263
2018	£26,587	£21,899	£39,390	£32,202	£74,685	£60,000

The Group Chief Executive pay ratios have decreased between 2020 and 2021, largely due to a decrease in the Group Chief Executive remuneration, which is calculated using the sum of 2021 remuneration for C.S. Venkatakrishnan and Jes Staley for their respective periods of service as Group Chief Executive in the year, as per the single total figure for 2021 remuneration table. Over the same time period, employee total pay increased by 7% at the lower quartile and by 8% at each of the median and upper quartile, also contributing to the decrease in pay ratios. The increases in median fixed pay and bonus between 2020 and 2021 are explained in more detail in the section that follows, which covers the annual percentage change in remuneration of Directors and employees.

The decrease in the Group Chief Executive single total figure for remuneration from 2020 to 2021 is due to two factors. Firstly, C.S. Venkatakrishan's remuneration for his two months of service as Group Chief Executive during 2021 does not include any value in respect of LTIP, as no 2019-2021 LTIP award was granted to him given that he was not an Executive Director at the time of grant. Secondly, Jes Staley's 2021 single total figure for the 10 months of 2021 that he served as Group Chief Executive does not include any bonus or LTIP value, as no remuneration decisions have been made in respect of Mr Staley, and his unvested LTIP and deferred bonus awards have been suspended, as explained earlier in this Remuneration report.

Barclays remuneration philosophy is set out earlier in this report, and all remuneration decisions for Executive Directors and the wider workforce are made within this framework. The Group Chief Executive pay ratio is one of the outcomes of all of these decisions, which are explained in more detail in the Committee Chair's annual statement.

Annual percentage change in remuneration of Directors and employees

The table below shows the percentage change in the Executive Directors' Fixed Pay, benefits and bonus each year between 2019 and 2021 compared with the percentage change in each of those components of pay for UK-based employees of Barclays Group and for employees of the Barclays PLC (BPLC), the parent company of the Group.

		Fixed pay	Benefits	Annual bonus
2020/2021	C.S. Venkatakrishnan[a]	n/a	n/a	n/a
	Tushar Morzaria	2%	-10%	156%
	Jes Staley[b]	1%	-12%	n/a
	Median UK employee	5%	6%	42%
	Median employee of BPLC[c]	11%	–	38%
2019/2020	Tushar Morzaria	–	9%	-49%
	Jes Staley	–	10%	-49%
	Median UK employee	7%	20%	-16%
	Median employee of BPLC[c]	7%	26%	-16%

Notes

a C.S. Venkatakrishnan was appointed as Group Chief Executive on 1 November 2021. No percentage change figures can be calculated for 2020/21 as C.S. Venkatakrishnan did not receive any remuneration in respect of services provided as an Executive Director in 2020.

b Jes Staley's remuneration figures for 2021 are pro-rated up for the purpose of this comparison. The Committee has not made any remuneration decisions at this stage, as explained earlier in this Remuneration report.

c The BPLC comparison is included because this is a statutory requirement, though BPLC employs only a very small number of Head Office employees (45 for 2021).

For the Executive Directors, percentage change figures for 2020 to 2021 are calculated using the single total figure for the 2021 remuneration table.

For Fixed Pay, the increases from 2020 to 2021 for Jes Staley and Tushar Morzaria reflect the increases approved by shareholders at the 2020 AGM, which were postponed at the request of the Executive Directors due to the COVID-19 pandemic, and only implemented with effect from 1 July 2021 as economic conditions improved. Their reductions in benefits over the same time period are largely due to reductions in tax compliance costs.

For bonus, in many parts of the Group bonuses were down in 2020 but the Committee chose to protect outcomes for junior colleagues, consistent with our Fair Pay agenda, and as a result the greatest reductions in incentives from 2019 to 2020 were seen for more senior colleagues. The incentive approach for the Executive Directors is significantly more structured than for most other employees, as required by institutional shareholders for Directors of UK-listed companies, and this more structured approach leads to greater year-on-year volatility in incentive outcomes, both up and down, for the Executive Directors compared to the norms for other colleagues. This can be seen in the much larger than average year-on-year reduction in bonus for Jes Staley and Tushar Morzaria from 2019 to 2020.

Moving from 2020 into 2021, the Group's performance was significantly stronger, with record profit before tax in 2021 and all three main lines of business delivering double-digit returns on equity. The significant increase in Tushar Morzaria's bonus reflects that stronger financial performance, which resulted in a maximum pay-out against the financial elements of the Executive Directors' 2021 bonus measures, alongside an outstanding personal performance in 2021 and outcomes for the Strategic non-financial measures that were strong, comparable with 2020. Tushar Morzaria's bonus paid out at 94.5% of maximum in 2021 and 38.6% of maximum in 2020.

In determining the 2021 bonus outcomes for the Executive Directors, the Committee considered the context of the bonus outcomes for the wider workforce, ensuring appropriate alignment both this year and over a multi-year period, and also compared to historical outcomes for the Executive Directors in the context of performance each year. They also reviewed the underlying financial health of the Group, which is strong and well-capitalised. They concluded that the outcomes were appropriate in the context of the performance achieved.

For the UK employees, the 5% increase in median fixed pay reflects increases awarded during 2021 in the normal course of business, and also a change in the make-up of the UK population. In 2021, as part of the broader BUK transformation, the profile of a number of customer facing roles changed. To support the new business model, over 2,000 branch colleagues developed new skills and were promoted to recognise their broader, more-complex customer support responsibilities. Their previous lower-graded roles were not replaced. This promotion of employees into more highly-skilled and more highly-paid roles also contributed to the upward shift in median fixed pay. The increase in median bonus for UK employees is driven in part by the same demographic shift in the population, but mainly as a result of the increase in bonus pool from 2020 to 2021, reflecting improved organisational performance.

BPLC only employs a very small number of Head Office employees (45 for 2021) and there is frequent movement of employees between BPLC and other entities within the Barclays Group. In order to make a meaningful year-on-year comparison, the figures are therefore based on all individuals employed by BPLC in both years (39 individuals). The fixed pay increase for this population of 11%, which is higher than that for the median UK employee Group-wide, is driven by a few market adjustments in this small population. The bonus increase is broadly in line with the increase for the median employee across the UK workforce and is largely due to the year-on-year increase in bonus pool reflecting business performance.

Remuneration report
Annual report on Directors' remuneration continued

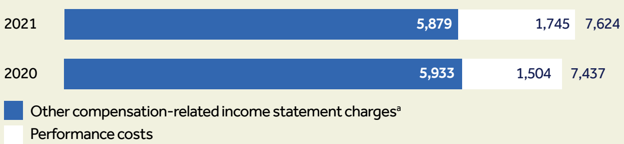
The table below shows the percentage change in fees each year between 2019 and 2021 for the Chairman and the Non-Executive Directors serving on Barclays' Board during 2021. Non-Executive Directors who joined on or after 1 January 2021 are not included. The percentage change in fees between 2020 and 2021 relate to set fees for additional responsibilities taken on by the Non-Executive Directors. Increases in fees between 2019 and 2020 are largely attributable to the increase in Non-Executive Director basic Board and Committee fees effective 1 January 2020, as set out in the 2019 Remuneration report.

	2020 / 2021 Fees	2019 / 2020 Fees
Nigel Higgins	0%	0%[a]
Mike Ashley	0%	19%
Tim Breedon	64%[b]	24%
Mohamed A. El-Erian	11%	n/a
Dawn Fitzpatrick	14%	36%[a]
Mary Francis	8%	-3%
Crawford Gillies	108%[c]	4%
Brian Gilvary	95%[a,d]	n/a
Diane Schueneman	-4%	3%
Sir Ian Cheshire	-82%[a,e]	2%

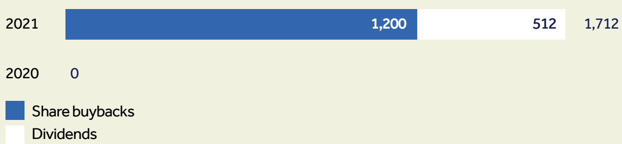
Notes
a For those who were appointed during 2019 or 2020 or those who stood down during 2021, fees are pro-rated up for the relevant year for the purpose of this comparison.
b The increase in fees from 2020 to 2021 is primarily due to Tim Breedon's appointment as Chair of Barclays Bank Ireland PLC with effect from 16 April 2021.
c The increase in fees from 2020 to 2021 is primarily due to Crawford Gillies' additional responsibilities following his appointment as Chair of Barclays Bank UK PLC with effect from 1 January 2021, for which he receives an annual fee of £400,000.
d The increase in fees from 2020 to 2021 is due to Brian Gilvary's additional responsibilities in 2021, including becoming Senior Independent Director with effect from 1 January 2021, Chair of the Remuneration Committee with effect from 1 March 2021 and joining the Risk and Nominations Committees with effect from 1 January 2021.
e Sir Ian Cheshire stepped down as Chair of Barclays Bank UK PLC with effect from 31 December 2020 but remained on the Board of Barclays PLC until the conclusion of the 2021 AGM on 5 May 2021. For his service in 2021, he received a fee of £90,000 pro-rata, which is reflected in his change in fees from 2020 to 2021.

Relative importance of spend on pay
A year-on-year comparison of Group compensation costs and of distributions to shareholders is shown below. The distributions shown relate to dividends paid and share buyback programmes completed during the year. The distributions for 2021 do not include the dividends and share buyback programme announced on 23 February 2022.

Group compensation costs
£m



Distributions to shareholders[b]
£m



Notes
a Relates to costs arising from salaries and other elements of fixed pay, social security costs, post-retirement benefits and other compensation costs.
b The chart shows dividends paid and share buyback programmes completed during the year, i.e. for 2021, the figure represents the 2020 full year dividend paid in April 2021, the share buyback programme announced with the 2020 results, which concluded on 23 April 2021, the 2021 half year dividend paid in September 2021, and the share buyback programme announced with the half year results, which concluded on 30 November 2021. The dividends and share buyback programme announced on 23 February 2022 are not reflected in this chart.

Chairman and Non-Executive Directors

Remuneration for Non-Executive Directors reflects their responsibilities, time commitment and the level of fees paid to Non-Executive Directors of comparable major UK companies. Fees are pro-rated for periods of service.

Non-Executive Directors are reimbursed expenses that are incurred for business reasons. Any tax that arises on these reimbursed expenses is paid by Barclays.

Chairman and Non-Executive Directors: Single total figure for 2021 remuneration (audited)

	Fees[a]		Benefits		Total	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Chairman						
Nigel Higgins[b]	**800**	800	**8**	6	**808**	806
Non-Executive Directors						
Mike Ashley	**265**	265	**–**	–	**265**	265
Tim Breedon[c]	**483**	295	**–**	–	**483**	295
Mohamed A. El-Erian	**150**	135	**–**	–	**150**	135
Dawn Fitzpatrick	**170**	150	**–**	–	**170**	150
Mary Francis	**162**	150	**–**	–	**162**	150
Crawford Gillies[d]	**502**	241	**–**	–	**502**	241
Brian Gilvary[e]	**234**	108	**–**	–	**234**	108
Diane Schueneman	**374**	390	**–**	–	**374**	390
Julia Wilson[f]	**90**	–	**–**	–	**90**	–
Former Directors						
Sir Ian Cheshire[g]	**31**	490	**–**	–	**31**	490
Total	**3,261**	**3,024**	**8**	**6**	**3,269**	**3,030**

Notes

a The annual fees received in 2021 by each Non-Executive Director include fees for Board Committee memberships and/or subsidiary Board positions. Fees shown in the table above are pro-rated (where appropriate) for periods of service. Key changes in appointments during 2021 are identified in notes c to g below.

b Nigel Higgins does not receive a fee in respect of his role as Chairman of Barclays Bank PLC.

c Tim Breedon was appointed Chair of Barclays Bank Ireland PLC with effect from 16 April 2021. The 2021 figure includes €330,000 (£284,000) for this appointment (pro-rata for service in 2021).

d Crawford Gillies was appointed as Chair of Barclays Bank UK PLC with effect from 1 January 2021. The 2021 figure includes £400,000 for this appointment.

e Brian Gilvary succeeded Crawford Gillies as Senior Independent Director with effect from 1 January 2021 and as Chair of the Remuneration Committee with effect from 1 March 2021. The 2021 figure includes £36,000 and £70,000 (pro-rata for service in 2021) respectively, for these appointments.

f Julia Wilson was appointed to the Board and as a member of the Audit Committee with effect from 1 April 2021. The 2021 figure includes £90,000 and £30,000 respectively, for these appointments (pro-rata for service in 2021).

g Sir Ian Cheshire stepped down as Chair of Barclays Bank UK PLC with effect from 31 December 2020, but remained on the Board of Barclays PLC until the conclusion of the 2021 AGM on 5 May 2021. The 2021 figure includes £90,000 for this appointment (pro-rata for service in 2021).

Chairman and Non-Executive Directors: Statement of implementation of remuneration policy in 2022

Fees for the Chairman and Non-Executive Directors for 2022 are shown below. The fees were last reviewed in 2019 and revised for 2020, since then there have been no subsequent amendments.

	1 January 2022 £000	1 January 2021 £000
Chairman[a]	800	800
Board member	90	90
Additional responsibilities		
Senior Independent Director	36	36
Chairman of Board Audit or Risk Committee	80	80
Chairman of the Board Remuneration Committee	70	70
Membership of Board Audit, Remuneration or Risk Committee	30	30
Membership of Board Nominations Committee	15	15

Note

a The Chairman does not receive any fees in addition to the Chairman fees.

Remuneration report
Annual report on Directors' remuneration continued

Directors' shareholdings and share interests

Interests in Barclays PLC shares (audited)

The table below shows the number of shares owned beneficially by each person who served as a Director during 2021 (including any shares owned beneficially by their connected persons). For the Executive Directors, it shows the number of shares over which each holds awards that are subject to either deferral terms or to deferral terms plus performance measures, and the number of shares owned outright includes shares purchased by the Director as well as shares received in relation to remuneration. The numbers shown for shares that are subject to performance measures represent the maximum number of shares that may be released if those performance measures were to be satisfied in full.

The total share interests at 21 February 2022 were the same as shown below for all Directors in service as at 31 December 2021.

	Owned outright as at 31 December 2021 (or date of retirement from the Board, if earlier)	Unvested		Total as at 31 December 2021 (or date of retirement from the Board, if earlier)
		Subject to performance measures	Not subject to performance measures	
Executive Directors				
C.S. Venkatakrishnan[a]	1,324,255	–	2,515,405	3,839,660
Tushar Morzaria	4,709,125	6,116,662	1,261,545	12,087,332
Chairman				
Nigel Higgins	1,580,995	–	–	1,580,995
Non-Executive Directors				
Mike Ashley	369,863	–	–	369,863
Tim Breedon	189,664	–	–	189,664
Mohamed A. El-Erian	129,881	–	–	129,881
Dawn Fitzpatrick	933,596	–	–	933,596
Mary Francis	55,696	–	–	55,696
Crawford Gillies	209,282	–	–	209,282
Brian Gilvary	173,080	–	–	173,080
Diane Schueneman	89,430	–	–	89,430
Julia Wilson[b]	12,094	–	–	12,094
Former Directors				
Jes Staley[c]	6,778,026	9,084,779	2,139,674	18,002,479
Sir Ian Cheshire[d]	122,449	–	–	122,449

Notes

a C.S. Venkatakrishnan was appointed to the Board with effect from 1 November 2021.

b Julia Wilson was appointed to the Board with effect from 1 April 2021.

c Jes Staley stepped down as an Executive Director with effect from 31 October 2021 and as a result his shareholdings are shown as at that date. The Committee has exercised its discretion to suspend the vesting of all of Mr Staley's unvested awards, as explained earlier in this Remuneration report.

d Sir Ian Cheshire stepped down as a Non-Executive Director with effect from 5 May 2021 and as a result his shareholdings are shown as at that date.

Executive Directors' shareholdings and share interests (audited)

The charts below show the value of Barclays shares held beneficially as at 31 December 2021 by C.S. Venkatakrishnan and Tushar Morzaria, or as at 31 October 2021 for Jes Staley, being his last day of active service, in each case using the Q4 2021 average Barclays' ordinary share price of £1.9144.

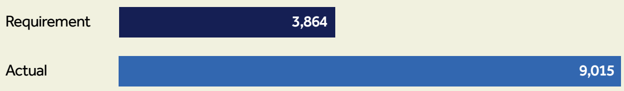
The shareholding requirement is 233% of year-end Fixed Pay for C.S. Venkatakrishnan and 224% of year-end Fixed Pay for Tushar Morzaria. C.S. Venkatakrishnan has five years from 1 November 2021, his date of appointment as Group Chief Executive, to meet this requirement. Barclays shares held beneficially by each Executive Director count towards the shareholding requirement.

For Jes Staley, the shareholding requirement is 233% of his Fixed Pay on his last day of active service as an Executive Director and the requirement continues to apply for two years following his last day of active service. As he has stepped down as an Executive Director, in addition to the shares that he beneficially owns counting towards the requirement, shares from unvested deferred share bonuses and unvested LTIPs (net of tax) can also be counted, provided that there are no remaining untested performance conditions. The chart below includes only the beneficially owned shares.

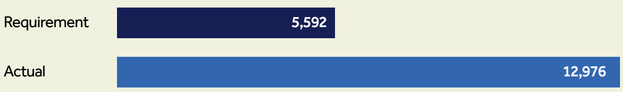
C.S. Venkatakrishnan
£000

C.S. Venkatakrishnan has until 1 November 2026, being five years from the date of his appointment as an Executive Director, to meet this shareholding requirement.

Tushar Morzaria
£000



Jes Staley
£000



Shareholding requirement is based on Jes Staley's Fixed Pay on 31 October 2021, being his last day of active service, which was £2.4m.

Service contracts and letters of appointment

Each Executive Director has a service contract, whereas the Chairman and Non-Executive Directors each have a letter of appointment. Copies of the service contracts and letters of appointment are available for inspection at the Company's registered office. The effective dates of the current Directors' appointments disclosed in their service contracts or letters of appointment are shown in the table below.

As stated in the letters of appointment, the Chairman and Non-Executive Directors are appointed for an initial term of three years and are subject to annual re-election by shareholders. On expiry of the initial term and subject to the needs of the Board, Non-Executive Directors may be invited to serve a further three years. Non-Executive Directors appointed beyond six years will be at the discretion of the Board Nominations Committee.

	Effective date of appointment
Chairman	
Nigel Higgins	1 March 2019 (as a Non-Executive Director) 2 May 2019 (as Chairman)
Executive Directors	
C.S. Venkatakrishnan	1 November 2021
Tushar Morzaria	15 October 2013
Non-Executive Directors	
Mike Ashley	18 September 2013
Robert Berry	8 February 2022
Tim Breedon	1 November 2012
Mohamed A. El-Erian	1 January 2020
Dawn Fitzpatrick	25 September 2019
Mary Francis	1 October 2016
Crawford Gillies	1 May 2014
Brian Gilvary	1 February 2020
Diane Schueneman	25 June 2015
Julia Wilson	1 April 2021

Remuneration report
Annual report on Directors' remuneration continued

Payments to former Directors (audited)

Former Group Chief Executive: Jes Staley
On stepping down from his role as Group Chief Executive and as an Executive Director of Barclays PLC, on 31 October 2021, Mr Staley was entitled to 12 months' notice from Barclays, under his contract of employment. During his notice period, he continues to receive his Fixed Pay (£2.4m per annum delivered half in cash, paid monthly, and half in Barclays shares, awarded each quarter), pension allowance (£120,000 per annum, paid monthly) and other benefits, in line with the DRP. The amounts that he received during 2021, after stepping down, amounted to Fixed Pay in cash of £200,000, Fixed Pay in shares of £200,000, pension allowance of £20,000 and other benefits with a value of approximately £6,000. He is also contractually entitled to receive repatriation costs to the US, in line with the DRP, though these have not yet been incurred. No decisions have yet been made in respect of any further remuneration payments to be made to Mr Staley, as outlined in the annual statement from the Chair of the Remuneration Committee.

Former Group Finance Director: Chris Lucas
In 2021, Chris Lucas continued to be eligible to receive life assurance cover, private medical cover and payments under the Executive Income Protection Plan (EIPP). Full details of his eligibility under the EIPP were disclosed in the 2013 Remuneration report (page 115 of the 2013 Annual Report). Chris Lucas did not receive any other payment or benefit in 2021.

Former Chairs or Non-Executive Directors
No payments were made to former Chairs or Non-Executive Directors during 2021.

Previous AGM voting outcomes

The table below shows the shareholder voting result in respect of our 2020 Remuneration report (approved by shareholders at the AGM held on 5 May 2021) and Directors' remuneration policy (approved by shareholders at the AGM held on 7 May 2020).

	For % of votes cast Number	*Against % of votes cast Number*	*Withheld Number*
Vote on the 2020 Remuneration Report at the 2021 AGM	99.25% 11,981,557,904	0.75% 90,709,782	222,296,011
Vote on the Directors' remuneration policy at the 2020 AGM	96.29% 11,308,670,932	3.71% 436,091,600	201,020,969

At the AGM held on 24 April 2014, 96.02% (10,364,453,159 votes) of shareholders of Barclays PLC voted for the resolution in respect of a fixed to variable remuneration ratio of 1:2 for 'Remuneration Code Staff' (now known as MRTs). On 14 December 2017, the Board of Barclays PLC as shareholder of Barclays Bank PLC approved the resolution that Barclays Bank PLC and any of its current and future subsidiaries be authorised to apply a ratio of the fixed to variable components of total remuneration of their MRTs that exceeds 1:1, provided the ratio does not exceed 1:2. On 15 November 2018, the Board of Barclays PLC as shareholder of Barclays Bank UK PLC approved an equivalent resolution in relation to MRTs within Barclays Bank UK PLC and any of its subsidiaries.

Barclays Board Remuneration Committee

The Committee is responsible for overseeing Barclays' remuneration as described in more detail below.

Terms of Reference
The role of the Committee is to:

- set the overarching principles and parameters of remuneration policy across the Group;
- consider and approve the remuneration arrangements of (i) the Chairman, (ii) the Executive Directors, (iii) members of the Barclays Group Executive Committee and any other senior executives specified by the Committee from time to time, and (iv) all other Group employees whose total annual compensation exceeds an amount determined by the Committee from time to time; and
- exercise oversight for remuneration issues.

The Committee considers the overarching objectives, principles and parameters of remuneration policy across the Group to ensure it is adopting a coherent approach in respect of all employees. In discharging this responsibility, the Committee seeks to ensure that the policy is fair and transparent, avoids complexity and assesses, among other things, the impact of pay arrangements in supporting the Group's culture, Values and strategy and on all elements of risk management. The Committee also approves incentive pools for each of the Group, Barclays Bank PLC, Barclays Bank UK PLC and BX, periodically reviews (at least annually) all material matters of retirement benefit design and governance, and exercises judgement in the application of remuneration policies to promote the long-term success of the Group for the benefit of shareholders. The Committee and its members work as necessary with other Board Committees, and the Committee is authorised to select and appoint its own advisers as required.

The Committee's terms of reference are available at home.barclays/who-we-are/our-governance/board-committees

Advisers to the Committee

The Committee appointed PricewaterhouseCoopers (PwC) as the independent adviser in October 2017. The Committee considered the advice provided by PwC to the Committee during the year and was satisfied that the advice is independent and objective. PwC is a signatory to the voluntary code of conduct in relation to executive remuneration consulting in the UK.

PwC was paid £125,000 (excluding VAT) in fees for their advice to the Committee in 2021 relating to the Executive Directors (either exclusively or along with other employees within the Committee's Terms of Reference). In addition to advising the Committee, PwC provided unrelated consulting advice to the Group in respect of strategic advice on business, regulation, operational models and cost, corporate taxation, technology, pensions and HR issues.

Throughout 2021, Willis Towers Watson (WTW) provided the Committee with market data on compensation as context when considering incentive levels and remuneration packages. WTW were paid £85,000 (excluding VAT) in fees for their services. In addition to the services provided to the Committee, WTW also provides pensions and benefits advice and insurance brokerage services to Barclays Group, and pensions advice and administration services to a number of the Group's pension funds.

In the course of its deliberations, the Committee also considers the views of the Group Chairman, the Group Chief Executive, the Group Human Resources Director and the Group Reward and Performance Director. The Group Finance Director and the Group Chief Risk Officer provide regular updates on Group and business financial performance and risk profiles, respectively. The Head of Corporate Communications attended when requested to advise on reward communications and disclosures. The Group General Counsel and Company Secretary advised on legal and governance-related matters.

No Barclays employee or Director participates in discussions with, or decisions of, the Committee relating to his or her own remuneration. No other advisers provided services to the Committee in the year.

Committee effectiveness in 2021

The 2021 Committee effectiveness review was externally facilitated, as required by the Code. The review is an important part of the way Barclays monitors and improves Committee performance and effectiveness, maximising strengths and highlighting areas for further development.

The Board appointed Christopher Saul Associates (CSA) to facilitate the review. As part of its review, CSA conducted one-on-one interviews with each member of the Committee and the Group Human Resources Director. CSA also observed the November 2021 Committee meeting.

Feedback from the review confirms that the Committee is operating effectively, with constructive engagement with management and appropriate challenge observed in meetings, coupled with balanced contributions from Committee members during meetings. Feedback also highlights that the Committee is able to make important decisions at pace. In addition, feedback noted that consideration was still being given to adding an additional member to the Committee in light of Crawford Gillies having stepped down in February 2021.

Committee activity in 2021

The following provides a summary of the Committee's activity during 2021 and at the January and February 2022 meetings at which 2021 remuneration decisions were finalised. The Committee is also provided with updates at each scheduled meeting on: operation of the Committee's Control Framework on hiring, retention and termination, headcount and employee attrition, and extant LTIP performance.

		January 2021	*February 2021*	*June 2021*	*November 2021*	*December 2021*	*January 2022*	*February 2022*
Overall remuneration	Finance and Risk updates	■	■	■	■	■	■	■
	Incentive funding proposals including risk adjustments	■	■		■	■	■	■
	2020 Remuneration Report		■					
	Group Fixed Pay budgets		■		■	■	■	■
	Wider workforce considerations	■	■	■	■	■	■	■
	Incentive funding approach			■				
	Barclays' Fair Pay agenda and Report		■	■	■	■	■	■
	2021 Remuneration Report					■	■	■
Executive Directors' and senior executives' remuneration	Executive Directors' and senior executives' bonus outcomes	■	■			■	■	■
	Annual bonus and LTIP performance measures and target calibration	■	■			■	■	
Governance	Regulatory and stakeholder matters	■	■	■	■	■	■	■
	Discussion with independent adviser		■	■	■	■	■	■
	Remuneration Review Panel update		■	■	■	■	■	
	Review of Committee effectiveness		■				■	

There were two additional Committee meetings, one each in April and October 2021, the first to consider remuneration for a number of senior positions and the second to consider the remuneration aspects related to the Group Chief Executive succession.

Risk review

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

		Annual Report	Pillar 3 Report
Risk performance **Credit risk:** The risk of loss to the Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Group, including the whole and timely payment of principal, interest, collateral and other receivables.	■ Credit risk overview and summary of performance	225	n/a
	■ Maximum exposure and effects of netting, collateral and risk transfer	225	n/a
	■ Expected Credit Losses	228	n/a
	■ Movements in gross exposure and impairment allowance including provisions for loan commitments and financial guarantees	232	n/a
	■ Management adjustments to models for impairment	237	n/a
	■ Measurement uncertainty and sensitivity analysis	239	n/a
	■ Analysis of the concentration of credit risk	248	n/a
	■ The Group's approach to management and representation of credit quality	250	n/a
	■ Analysis of specific portfolios and asset types	254	n/a
	■ Forbearance	257	n/a
	■ Analysis of debt securities	259	n/a
	■ Analysis of derivatives	260	n/a
Market risk: The risk of loss arising from potential adverse changes in the value of the Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	■ Market risk overview and summary of performance	261	125
	■ Balance sheet view of trading and banking books	n/a	126
	■ Review of management measures	261	127
	■ Review of regulatory measures	n/a	128
Treasury and capital risk – Liquidity: The risk that the Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.	■ Liquidity risk overview and summary of performance	263	n/a
	■ Liquidity risk stress testing	265	n/a
	■ Liquidity pool	267	n/a
	■ Funding structure and funding relationships	268	n/a
	■ Contractual maturity of financial assets and liabilities	271	n/a
	■ Asset encumbrance	n/a	221
Treasury and capital risk – Capital: The risk that the Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the Group's pension plans.	■ Capital risk overview and summary of performance	275	n/a
	■ Regulatory minimum capital and leverage requirements	275	8
	■ Analysis of capital resources	276	17
	■ Analysis of risk-weighted assets	278	25
	■ Analysis of leverage ratio and exposures	279	30
	■ Minimum requirement for own funds and eligible liabilities	280	n/a
	■ Foreign exchange risk	281	41
	■ Pension risk review	282	42
Treasury and capital risk – Interest rate risk in the banking book: The risk that the Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.	■ Interest rate risk in the banking book overview and summary of performance	284	43
	■ Net interest income sensitivity	284	43
	■ Analysis of equity sensitivity	285	44
	■ Volatility of the fair value through other comprehensive income (FVOCI) portfolio in the liquidity pool	285	44
Operational risk: The risk of loss to the Group from inadequate or failed processes or systems, human factors or due to external events (for example, fraud) where the root cause is not due to credit or market risks.	■ Operational risk overview and summary of performance	286	145
	■ Operational risk profile	286	147
Model risk: The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.	■ Model risk overview and summary of performance	288	n/a
Conduct risk: The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Group's products and services.	■ Conduct risk overview and summary of performance	288	n/a
Reputation risk: The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Group's integrity and/or competence.	■ Reputation risk overview and summary of performance	288	n/a
Legal risk: The risk of loss or imposition of penalties, damages or fines from the failure of the Group to meet its legal obligations, including regulatory or contractual requirements.	■ Legal risk overview and summary of performance	288	n/a
Supervision and regulation The Group's operations, including its overseas offices, subsidiaries and associates, are subject to a significant body of rules and regulations.	■ Supervision of the Group	289	n/a
	■ Global regulatory developments	289	n/a
	■ Financial regulatory framework	290	n/a
Pillar 3 Report Contains extensive information on risk as well as capital management.	■ Notes on basis of preparation	n/a	5
	■ Scope of application of Basel rules	n/a	6
Risk and capital position review: Provides a detailed breakdown of Barclays' regulatory capital adequacy and how this relates to Barclays' risk management.	■ Group capital resources, requirements, leverage and liquidity	n/a	15
	■ Analysis of credit risk	n/a	46
	■ Analysis of counterparty credit risk	n/a	109
	■ Analysis of market risk	n/a	125
	■ Analysis of securitisation exposures	n/a	132
	■ Analysis of operational risk	n/a	145

Risk review

Risk management

Barclays' risk management strategy

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

Enterprise Risk Management Framework (ERMF)

The ERMF outlines the highest level principles for risk management by setting out standards, objectives and key responsibilities of different groups of employees of the Group.

It is then approved by the Barclays PLC Board on recommendation of the Group Board Risk Committee and the Group Chief Risk Officer.

The ERMF sets out:

- principal risks faced by the Group which guides the organisation of the risk management function
- risk appetite requirements. This helps define the level of risk we are willing to undertake in our business
- Risk Management and Segregation of duties: The ERMF defines a Three Lines of Defence model
- Roles and responsibilities for key risk management and governance structure: The accountabilities of the Group CEO, Group CRO and other senior managers, as well as overview of Barclays PLC committees.

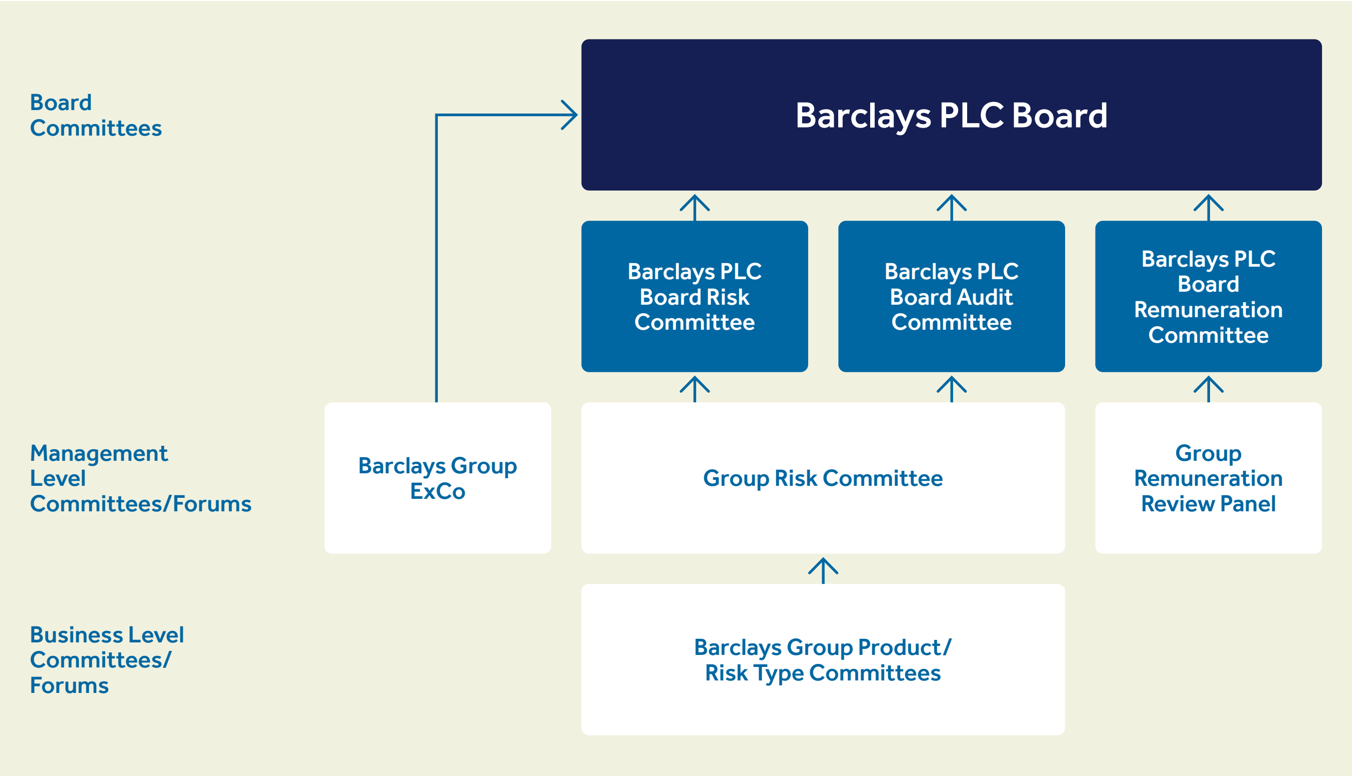
The ERMF is complemented by frameworks, policies and standards which are mainly aligned to individual principal risks:

- frameworks cover the management processes for a collection of related activities and define the associated policies used to govern them
- policies set out principles, control objectives and other core requirements for the activities of the Group. Policies describe 'what' must be done
- standards set out the key control requirements that describe 'how' the requirements set out in the policy are met.

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.

- The First line comprises all employees engaged in the revenue-generating and client-facing areas of the Group and all associated support functions, including Finance, Operations, Treasury, and Human Resources. The first line is responsible for identifying and managing the risks in which they are engaged in, developing a control framework, and escalating risk events to Risk and Compliance.
- The Second line is comprised of the Risk and Compliance functions. The role of the second line is to establish the limits, rules and constraints, policies and standards under which first line activities shall be performed, consistent with the risk appetite of the Group, and to monitor the performance of the first line against these limits, rules and constraints. Controls for first line activities, especially those related to operational risk, will ordinarily be established by the control officers operating within the control framework of the firm. These will remain subject to supervision by the second line.
- The 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 with respect to operational and conduct risks.



Principal risks

The ERMF identifies nine principal risks namely: credit risk, market risk, treasury and capital risk, climate risk, operational risk, model risk, conduct risk, reputation risk and legal risk. Note that climate risk was added in January 2022; see page 216 for more information.

Each of the principal risks is overseen by an accountable executive within the Group who is responsible for the framework, policies and standards that set out associated responsibilities and expectations and detail the related requirements around risk management. In addition, certain risks span across more than one principal risk .

Risk appetite

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

Risk appetite is approved by the Barclays PLC Board in aggregate and disseminated across legal entities and businesses, supported by limits to enable and control specific exposures and activities that have material concentration risk implications.

Risk committees

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

In addition to setting the risk appetite of the Group, the Board is responsible for approving the ERMF, and reviewing all reputation risk matters. It receives regular information on the risk profile of the Group, and has ultimate responsibility for risk appetite and capital plans.

Further, there are two Board-level committees which oversee the application of the ERMF and implementation of key aspects, the Barclays PLC Board Risk Committee (BRC) and the Barclays PLC Board Audit Committee (BAC). Additionally, the Barclays PLC Board Remuneration Committee oversee pay practices focusing on aligning pay to sustainable performance.

- The Barclays PLC Board Risk Committee (BRC): the BRC monitors the Group's risk profile against the agreed appetite. Where actual performance differs from expectations, the actions taken by management are reviewed to ascertain that the BRC is comfortable with them. The BRC also reviews certain key risk methodologies, the effectiveness of risk management, and the Group's risk profile, including the material issues affecting each business portfolio and forward risk trends. The committee also commissions in-depth analysis of significant risk topics, which are presented by the Group CRO or senior risk managers.
- The Barclays PLC Board Audit Committee (BAC): the BAC receives regular reports on the effectiveness of internal control systems, quarterly reports on material control issues of significance, quarterly papers 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 PLC Board Remuneration Committee (RemCo): the RemCo receives proposals on ex-ante and ex-post risk adjustments to variable remuneration based on risk management performance including events, issues and the wider risk profile. These inputs are considered in the setting of performance incentives.

The terms of reference and additional details on membership and activities for each of the principal Board committees are available from the corporate governance section of the Barclays website at: home.barclays/who-we-are/our-governance/board-committees/

The GRC is the most senior executive body responsible for reviewing and monitoring the risk profile of the Group. This includes coverage of all principal risks, and any other material risks, to which the Group is exposed. The GRC reviews and recommends the proposed risk appetite and relative limits to the BRC. The committee covers all business units and legal entities of the Group and incorporates specific coverage of Barclays Bank Group.

Barclays' risk culture

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

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

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

The Group CEO works with the Executive Management to embed a strong risk culture within the firm, with particular regard to the identification, escalation and management of risk matters, in accordance with the ERMF. Specifically, all employees regardless of their positions, functions or locations must play their part in the Group's risk management. Employees are required to be familiar with risk management policies which are relevant to their responsibilities, know how to escalate actual or potential risk issues, and have a role-appropriate level of awareness of the risk management process as defined by the ERMF.

Our Code of Conduct – the Barclays Way

Globally, all colleagues must attest to the 'Barclays Way', our Code of Conduct, and comply with all frameworks, policies and standards applicable to their roles. The Code of Conduct outlines the Purpose, Values and Mindset which govern our 'Barclays Way' of working across our business globally. It constitutes a reference point covering all aspects of colleagues' working relationships, and provides guidance on working 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 Group's future performance

The 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 Group's strategy, results of operations, financial condition and/or prospects to differ materially from expectations. Emerging risks are those which have unknown components, the impact of which could crystallise over a longer time period. In addition, certain other factors beyond the Group's control, including escalation of terrorism or global conflicts, natural disasters, pandemics and similar events, although not detailed below, could have a similar impact on the 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. Additionally, the impacts of the economic downturn resulting from the COVID-19 pandemic and post-recovery environment, from a commercial, regulatory and risk perspective could be significantly different to past crises and persist for a prolonged period. As a result, there are a number of factors associated with the COVID-19 pandemic and its impact on global economies that have had and could continue to have a material adverse effect on the profitability, capital and liquidity of the Group.

The COVID-19 pandemic has caused disruption to the Group's customers, suppliers and staff globally. Most jurisdictions in which the Group operates, implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. While a number of restrictions have been eased with the roll-out of COVID-19 vaccination programmes, others still remain in place and future developments are highly uncertain. In some jurisdictions, restrictions that had been previously lifted were re-imposed in response to a resurgence in cases. These decisions are being taken by the governments of individual jurisdictions (including through the implementation of emergency powers) and impacts (including any subsequent lifting, extension or reimposition of restrictions) may vary from jurisdiction to jurisdiction and/or within jurisdictions. It remains unclear how the COVID-19 pandemic will evolve through 2022 (including whether there will be further waves of the COVID-19 pandemic, whether COVID-19 vaccines continue to prove effective, 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 Group continues to monitor the situation closely.

However, despite the COVID-19 contingency plans established by the Group, the ability to conduct business may be adversely affected by disruptions to infrastructure and supply chains, 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 Group's customers, potential litigation costs (including regulatory fines, penalties and other sanctions), and reputational damage.

In many of the jurisdictions in which the Group operates, schemes were initiated by central banks, national governments and regulators to provide financial support to parts of the economy most impacted by the COVID-19 pandemic. The rapid introduction and varying nature of these support schemes, as well as customer expectations, required the Group to implement large-scale changes in a short period of time, leading to an increase in certain risks faced by the Group, including operational risk, conduct risk, reputation risk and fraud risk. These risks are likely to be heightened further as and when those government and other support schemes expire, are withdrawn or are no longer supported. Furthermore, the impact from participating in government and central bank-supported loan and other financing schemes may be exacerbated if the Group is required by any government or regulator to offer forbearance or additional financial relief to borrowers or if the Group is unable to rely on guarantees provided by governments in connection with financial support schemes.

As these schemes and other financial support schemes provided by national governments (such as job retention and furlough schemes, payment deferrals and mass lending schemes) expire, are withdrawn or are no longer supported, there is a risk that economic growth and employment may be negatively impacted which may, in turn, impact the Group's results of operations and profitability. In addition, the Group may experience a higher volume of defaults and delinquencies in certain portfolios which may negatively impact the Group's RWAs, level of impairment and, in turn, capital position, and may initiate collection and enforcement actions to recover defaulted debts. The inception of large-scale collections and recovery programmes (including the use of third party debt collection agents) may also create significant risk if (because of the complexity, speed and scale of these programmes) defaulting borrowers are harmed by the Group's conduct, which may also 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 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 Group's rights not being enforced as intended.

Changes in macroeconomic variables such as gross domestic product (GDP) and unemployment have a significant impact on the modelling of expected credit losses (ECLs) by the Group. As a result, the Group experienced higher ECLs in 2020 compared to prior periods though this trend was reversed in 2021 as economic conditions partially recovered. 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 continued 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 retail, airline, and hospitality and leisure sectors).

Furthermore, the 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 'vi) Model risk' below.

There can be no assurance that economic activity will return to pre-pandemic levels and, accordingly, there could be further adverse impacts on the Group's income and profitability caused by lower lending and transaction volumes due to volatility or weakness in the capital markets. 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 Group's business, results of operations, financial condition, prospects, liquidity, capital position and credit ratings (including potential credit rating agency changes of outlooks or ratings), as well as on the Group's customers, employees and suppliers.

ii) Business conditions, general economy and geopolitical issues

The 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 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 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 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 recovered in 2021 from the severe contraction in 2020 as a result of the COVID-19 pandemic. While government support packages, accommodative monetary policy and the lifting of certain restrictions on movement bolstered economic growth and confidence in 2021, the global outlook remains highly uncertain, especially regarding: (a) ongoing concerns about how the COVID-19 pandemic may develop; (b) the disruptive impact of the COVID-19 pandemic on supply chains; and (c) how long inflationary pressures will persist and whether central banks will succeed in normalising monetary policy. These factors could adversely affect economic growth, affect specific industries or countries or affect the Group's employees and business operations in affected countries. Refer to 'i) Risks relating to the impact of COVID-19' above for further details.
- In the UK, the UK Government's subsidised job retention and furlough schemes, which were implemented as a response to the COVID-19 pandemic, came to an end on 30 September 2021. Prior to the end of the job retention and furlough schemes, the UK labour market performed more favourably than initially predicted at the start of the COVID-19 pandemic, with low unemployment rates and the number of employees on UK company payrolls surpassing pre-pandemic levels. However, the end of the job retention and furlough schemes, exacerbated by further uncertainty arising from the impact of new strains of COVID-19 (including the Omicron variant), may cause upward pressure on unemployment which may result in higher impairment charges.
- Recent increases in inflation have been partly driven by a rebalancing of supply and demand, following the relaxation of restrictions on movement that were imposed during the COVID-19 pandemic. Monetary policy remains highly accommodative, increasing the risk that more abrupt government action will be necessary later if inflation does not prove transitory. A prolonged period of rising inflation may develop into slow or stagnant economic growth if combined with slowing economic expansion and elevated unemployment. Inflation may be further driven by supply chain disruptions and labour shortages, the imposition of further restrictions on movement due to the failure to contain the spread of COVID-19 and structural changes in the UK economy after the UK's exit from the European Union.
- A significant proportion of the 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 Group's associated portfolios. Stress in the US economy, weakening GDP and the associated exchange rate fluctuations, heightened trade tensions (such as between the US and China), an unexpected rise in unemployment and/or an increase in interest rates could lead to increased levels of impairment, which may have a material adverse effect on the Group's results of operations and profitability.
- An escalation in geopolitical tensions or increased use of protectionist measures may have a material adverse effect on the 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 manage growth appropriately during the transition from manufacturing towards services and the end of the investment and credit-led boom. Deterioration in emerging markets could have a material adverse effect on the Group's results of operations if contagion results in higher impairment charges via sovereign or counterparty defaults.
- Trading disruption between the EU and the UK 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 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 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 Group's trading book positions and affect the underlying value of assets in the banking book and securities held by the Group for liquidity purposes
  - a credit rating downgrade for one or more members of the Group (either directly or indirectly as a result of a downgrade in the UK sovereign credit ratings), which could significantly increase the Group's cost of and/or reduce its access to funding, widen credit spreads and materially adversely affect the Group's interest margins and liquidity position and/or
  - a widening of credit spreads more generally or reduced investor appetite for the Group's debt securities, which could negatively impact the Group's cost of and/or access to funding.

Risk review
Material existing and emerging risks continued

iii) The impact of interest rate changes on the Group's profitability

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

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

Interest rate rises could positively impact the Group's profitability as retail and corporate business income increases due to margin decompression. 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, combined with the impact interest rate rises may have on the affordability of loan arrangements for borrowers, could cause stress in the lending portfolio and underwriting activity of the 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 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 Group's liquid asset portfolio. Consequently, this could create more volatility than expected through the Group's Fair Value through Other Comprehensive Income (FVOCI) reserve.

iv) Competition in the banking and financial services industry

The 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 prevailing economic conditions. The Group expects that competition in the financial services industry will continue to be intense and may have a material adverse effect on the Group's future business, results of operations, financial condition and prospects.

New competitors in the financial services industry continue to emerge. Technological advances and the growth of ecommerce have made it possible for non- banks to offer products and services that traditionally were banking products such as electronic securities trading, payments processing and online automated algorithmic-based investment advice. Furthermore, payments processing and other services could be significantly disrupted by technologies, such as blockchain (used in cryptocurrency systems) and 'buy now pay later' lending, both of which are currently subject to lower levels of regulatory oversight. Furthermore, the introduction of Central Bank Digital Currencies could potentially have significant impacts on the banking system and the role of commercial banks within it by disrupting the current provision of banking products and services. It could allow new competitors, some previously hindered by banking regulation (such as FinTechs), to provide customers with access to banking facilities and increase disintermediation of banking services.

New technologies have required and could require the 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 and/or disintermediation of banking services may put pressure on the pricing for the Group's products and services, which could reduce the Group's revenues and profitability, or may cause the 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 Group's businesses to meet the expectations of clients and customers, whether due to general market conditions, underperformance, a decision not to offer a particular product or service, changes in client and customer expectations or other factors, could affect the Group's ability to attract or retain clients and customers. Any such impact could, in turn, reduce the Group's revenues.

v) Regulatory change agenda and impact on business model

The 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 Group's business, capital and risk management strategies and/or may result in the 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 considerable 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. This includes the upcoming implementation of the remaining Basel III reforms, as well as the expected incorporation of risks associated with climate change into the prudential framework and increased scrutiny of firms' governance and risk management frameworks (including in respect of climate change and Environmental, Social and Governance (ESG) risks). Such or similar changes to prudential requirements or additional supervisory and prudential expectations, as well as requirements imposed by the Group's regulators under the resolution framework, 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
  - 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 Group's business mix or exiting other businesses and/or
  - undertaking other actions to strengthen the Group's position or resolvability.
- 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 on-venue trading 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 could entail significant costs for market participants and may have a significant impact on certain markets in which the Group operates.

- The Group and certain of its members 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) 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 Group, could result in the Group or certain of its members being required to enhance their capital position, limit capital distributions or position additional capital in specific subsidiaries.
- As a result of the on-shoring of EU legislation in the UK, UK-based entities within the 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 to recast on-shored 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, the provision of cross-border banking and investment services across the Group may become more complex and costly which could have a material adverse effect on the Group's business and results of operations and could result in the 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 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.

For further details on the regulatory supervision of, and regulations applicable to, the Group, refer to the Supervision and regulation section.

vi) Impact of benchmark interest rate reforms on the Group

Global regulators and central banks in the UK, US and EU 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. These benchmark reforms have resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of alternative risk-free reference rates (RFRs), the discontinuation of certain reference rates (including LIBOR), and the introduction of implementing legislation and regulations. Specifically, regulators in the UK, US and EU directed that certain non-US dollar LIBOR tenors would cease at the end of 2021. Furthermore, certain US dollar LIBOR tenors are to cease by the end of June 2023, and restrictions have been imposed on new use of US dollar LIBOR. Notwithstanding these developments, given the unpredictable consequences of benchmark reform, any of these developments could have an adverse impact on market participants, including the Group, in respect of any financial instruments linked to, or referencing, any of these benchmark interest rates. Uncertainty associated with such potential changes, including the availability and/or suitability of alternative RFRs, the participation of customers and third party market participants in the transition process, challenges with respect to required documentation changes, and impact of legislation to deal with certain legacy contracts that cannot convert into or add fall-back RFRs before cessation of the benchmark they reference, may adversely affect a broad range of transactions (including any securities, loans and derivatives which use LIBOR or any other affected benchmark to determine the interest payable which are included in the Group's financial assets and liabilities) that use these reference rates and indices, and present a number of risks for the 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 RFRs, the Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the 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.
- **Litigation risk:** members of the Group may face legal proceedings, regulatory investigations and/or other actions or proceedings regarding (among other things): (i) the conduct risks identified above, (ii) the interpretation and enforceability of provisions in LIBOR-based contracts, and (iii) the Group's preparation and readiness for the replacement of LIBOR with alternative RFRs.
- **Financial risk:** the valuation of certain of the Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the 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 certain alternative RFRs (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 Group's cash flows.
- **Pricing risk**: changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative RFRs may impact the pricing mechanisms used by the Group on certain transactions.
- **Operational risk:** changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative RFRs may require changes to the 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 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.
- **Accounting risk:** an inability to apply hedge accounting in accordance with IAS 39 could lead to increased volatility in the Group's financial results and performance.

Any of these factors may have a material adverse effect on the Group's business, results of operations, financial condition, prospects and reputation.

For further details on the impacts of benchmark interest rate reforms on the Group, refer to Note 41.

Risk review

Material existing and emerging risks continued

vii) Change delivery and execution risks

The Group will need to adapt and/or transform the way it conducts business in response to changing customer behaviour and needs, technological developments, regulatory expectations, increased competition and cost management initiatives. Accordingly, effective management of transformation projects is required to successfully deliver the Group's strategic priorities, involving delivering both on externally driven programmes, as well as key business initiatives to deliver revenue growth, product enhancement and operational efficiency outcomes. The magnitude, complexity and, at times, concurrent demands of the projects required to meet these priorities can result in heightened execution risk.

The ability to execute the Group's strategy may be limited by operational capacity and the increasing complexity of the regulatory environment in which the Group operates. In addition, whilst the Group continues to pursue cost management initiatives, they may not be as effective as expected and cost saving targets may not be met.

The failure to successfully deliver or achieve any of the expected benefits of these strategic initiatives and/or the failure to meet customer and stakeholder expectations could have a material adverse effect on the Group's business, results of operations, financial condition, customer outcomes, prospects and reputation.

viii) Holding company structure of Barclays PLC and its dependency on distributions from its subsidiaries

Barclays PLC is a holding company and its principal sources of income are, and are expected to continue to be, distributions (in the form of dividends and interest payments) from operating subsidiaries which also hold the principal assets of the Group. As a separate legal entity, Barclays PLC relies on such distributions in order to be able to meet its obligations as they fall due (including its payment obligations with respect to its debt securities) and to create distributable reserves for payment of dividends to ordinary shareholders.

The ability of Barclays PLC's subsidiaries to pay dividends and interest and Barclays PLC's ability to receive such distributions from its investments in its subsidiaries and other entities will be subject not only to the financial performance of such subsidiaries and entities and prevailing macroeconomic conditions but also to applicable local laws, capital regulations (including internal MREL requirements) and other restrictions (including restrictions imposed by governments and/or regulators, which limit management's flexibility in managing the business and taking action in relation to capital distributions and capital allocation). These laws and restrictions could limit the payment of dividends and distributions to Barclays PLC by its subsidiaries and any other entities in which it holds an investment from time to time, which could restrict Barclays PLC's ability to meet its obligations and/or to pay dividends to ordinary shareholders.

ix) Application of resolution measures and stabilisation powers under the Banking Act

Under the Banking Act 2009, as amended (Banking Act), substantial powers are granted to the Bank of England (or, in certain circumstances, HM Treasury), in consultation with the PRA, the FCA and HM Treasury, as appropriate, as part of a special resolution regime (SRR). These powers enable the relevant UK resolution authority to implement resolution measures and stabilisation options with respect to a UK bank or investment firm and certain of its affiliates (currently including Barclays PLC) (each, a relevant entity) in circumstances in which the relevant UK resolution authority is satisfied that the resolution conditions are met.

The SRR consists of five stabilisation options: (i) private sector transfer of all or part of the business or shares of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a 'bridge bank' established by the Bank of England; (iii) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England; (iv) the cancellation, transfer or dilution of the relevant entities' equity (including Barclays PLC's ordinary share capital) and write-down or conversion of the relevant entity's capital instruments and liabilities (the bail-in tool); and (v) temporary public ownership (i.e. nationalisation).

In addition, the relevant UK resolution authority may, in certain circumstances, in accordance with the Banking Act require the permanent write-down or conversion into equity of any outstanding Tier 1 capital instruments, Tier 2 capital instruments and internal MREL prior to, or together with, the exercise of any stabilisation option. Any such action could result in the dilution of Barclays PLC's ordinary share capital, restrict Barclays PLC's ability to meet its obligations and/or to pay dividends to ordinary shareholders.

Shareholders should assume that, in a resolution situation, public financial support will only be available to a relevant entity as a last resort after the relevant UK resolution authorities have assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool (the Bank of England's preferred approach for the resolution of the Group is a bail-in strategy with a single point of entry at Barclays PLC). The exercise of any of such powers under the Banking Act or any suggestion of any such exercise could materially adversely affect the value of Barclays PLC ordinary shares and could lead to shareholders losing some or all of their investment.

In addition, any safeguards within the Banking Act (such as the 'no creditor worse off' principle) may not result in compensation to shareholders that is equivalent to the full losses incurred by them in the resolution and there can be no assurance that shareholders would recover such compensation promptly.

Material existing and emerging risks impacting individual principal risks

i) Climate risk

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 Group's risk framework in line with regulatory expectations and requirements, and adapting the Group's operations and 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 Group's business, results of operations, financial condition and prospects, the Group's customers and clients and the creditworthiness of the Group's counterparties.

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 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 Group's portfolios. In addition, the Group's premises and resilience may also suffer physical damage due to weather events leading to increased costs for the Group.

As the economy transitions to a low-carbon economy, financial institutions such as the Group may face significant and rapid developments in stakeholder expectations, policy, law and regulation which could impact the lending activities the Group undertakes, as well as the risks associated with its lending portfolios, and the value of the Group's financial assets. As sentiment towards climate change shifts and societal preferences change, the 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 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 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. For example, the Group's UK mortgage and agriculture portfolios are particularly exposed to both the physical and transition risks of climate change. The mortgage portfolio is affected by the risks of flooding, subsidence and energy efficiency performance requirements, all of which may impact property valuations, whilst the agriculture portfolio is exposed to flooding and drought, as well as the potential for legislative changes and changes in consumer behaviour. Furthermore, any subsequent increase in defaults and rising unemployment could create recessionary pressures, which may lead to wider deterioration in the creditworthiness of the Group's clients, higher ECLs, and increased charge-offs and defaults among retail customers.

With effect from 1 January 2022, climate risk became one of the principal risks within the Group's Enterprise Risk Management Framework. Failure to 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 failure to adapt the Group's strategy and business model to the changing regulatory requirements and market expectations on a timely basis, may have a material and adverse impact on the Group's level of business growth, competitiveness, profitability, capital requirements, cost of funding, and financial condition.

In March 2020, the Group announced its ambition to become a net zero bank by 2050 and its commitment to align all of its financing activities with the goals and timelines of the Paris Agreement. In order to reach these ambitions and targets or any other climate-related ambitions or targets the Group may commit to in future, the Group will need to incorporate climate considerations into its strategy, business model, the products and services it provides to customers and its financial and non-financial risk management processes (including processes to measure and manage the various financial and non-financial risks the Group faces as a result of climate change). The Group also needs to ensure that its strategy and business model adapt to changing national and international standards, industry and scientific practices, regulatory requirements and market expectations regarding climate change, which remain under continuous development and are subject to different interpretations. There can be no assurance that these standards, practices, requirements and expectations will not be interpreted differently than what was the Group's understanding when defining its climate-related ambitions and targets, or change in a manner that substantially increases the cost or effort for the Group to achieve such ambitions and targets. In addition, the Group's ambitions and targets may prove to be considerably more difficult or even impossible to achieve under such changing circumstances. This may be exacerbated if the Group chooses or is required to accelerate its climate-related ambitions or targets as a result of (among other things) UK or international regulatory developments or stakeholder expectations. Achieving the Group's climate-related ambitions and targets will also depend on a number of factors outside the Group's control, including (among other things) availability of data to measure and assess the climate impact of the Group's customers, advancements of low-carbon technologies and supportive public policies in the markets where the Group operates. If these external factors and other changes do not occur, or do not occur on a timely basis, the Group may fail to achieve its climate-related ambitions and targets and this could have a material adverse effect on the Group's business, results of operations, financial condition, prospects and reputation.

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

ii) Credit risk

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

a) Impairment

Impairment is calculated in line with the requirements of IFRS9 which results in recognition of loss allowances, based on ECLs, on a forward-looking basis using a broad scope of financial instruments. Measurement involves complex judgement and impairment charges are potentially volatile, particularly under stressed conditions, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

For further details, refer to Note 7.

b) Specific sectors and concentrations

The 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 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, which have been exacerbated due to restrictions imposed during the COVID-19 pandemic and changes in consumer behaviour, continue to pressurise 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 Group's UK corporate portfolio as a higher probability of default exists for retailers, hospitality providers and their landlords while this transition takes place.
- **Consumer affordabili**ty: this has remained a key area of focus, particularly in unsecured lending. Macroeconomic factors, such as unemployment, higher interest rates or broader inflationary pressures, that impact a customer's ability to service debt payments could lead to increased arrears in both unsecured and secured products.
- **UK real estate market:** UK property represents a significant portion of the overall Group retail and corporate credit exposure. In 2021, property prices rose, particularly in the residential property market where customers took advantage of temporary changes in stamp duty rates or sought more space as home working became more prevalent during the COVID-19 pandemic. However, there can be no assurance that house price growth will continue in 2022. House price growth and fewer new high loan-to-value (LTV) mortgages in 2020 and the beginning of 2021 have diluted the Group's high LTV stock to very low levels but there is potential for house prices to fall, especially in London and the South East of the UK where the Group has a high exposure. In addition, small segments of the housing market could be subject to specific valuation impacts (for example, certain properties within the Group's residential loan portfolio may be subject to remediation activities relating to fire safety standards). The Group's corporate 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 constrained by supply chain issues. The Group remains at risk of increased impairment from a material fall in property prices.

Risk review
Material existing and emerging risks continued

- **Leverage finance underwriting:** the Group takes on sub-investment grade underwriting exposure, including single name risk, particularly in the US and Europe. The 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 Group, or an increased capital requirement should there be a need to hold the exposure for an extended period.
- **Oil & Gas sector:** the Group's corporate credit exposure includes companies whose performance is dependent on the oil and gas sector. Whilst market prices have recovered in 2021, a sustained period of lower energy prices in recent years has led to the erosion of balance sheet strength, particularly for higher cost producers and those businesses which supply goods and services to the oil and gas sector. In the longer term, costs associated with the transition towards renewable sources of energy may place greater financial demands on companies that the Group has exposure to globally. These factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects through increased impairment charges.
- **Air travel:** the COVID-19 pandemic has caused a significant reduction in demand for air travel as both the willingness and ability to travel have reduced, impacting revenues of the Group's clients and their ability to service their debt obligations. While the situation is expected to improve as travel restrictions are eased, changes in consumer behaviour both due to COVID-19 and climate change create uncertainty for the sector. Furthermore, the possibility of further global and regional pandemics pose additional risks for the sector.

The 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 monetised, 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 Group's results due to, for example, increased credit losses and higher impairment charges.

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

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

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, a disruptive adjustment to monetary policy normalisation, 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 Group's portfolios.

In addition, the Group's trading business is generally exposed to a prolonged period of elevated asset price volatility, particularly if it adversely affects market liquidity. Such a scenario could impact the 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 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 Group's business, results of operations, financial condition and prospects.

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

iv) Treasury and capital risk
There are three primary types of treasury and capital risk faced by the Group:

a) Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. This could cause the Group to fail to meet internal and/or regulatory liquidity requirements, make repayments as they fall due or be unable to support day-to-day banking activities. Key liquidity risks that the Group faces include:

- **Stability of the Group's deposit funding profile:** deposits which are payable on demand or at short notice could be affected by the Group failing to preserve the current level of customer and investor confidence.
- **Ongoing access to wholesale funding:** the Group regularly accesses the money and capital markets to provide short-term and long-term unsecured and secured funding to support its operations. A loss of counterparty confidence, or adverse market conditions could lead to a reduction in the tenor, or an increase in the costs, of the Group's unsecured and secured wholesale funding.
- **Impacts of market volatility**: adverse market conditions, with increased volatility in asset prices can negatively impact the Group's liquidity position through increased derivative margin requirements and/or wider haircuts when monetising liquidity pool securities, and make it more difficult to execute secured financing transactions.
- **Intraday liquidity usage**: increased collateral requirements at payments and securities settlement systems could negatively impact the Group's liquidity position, as cash and liquid assets required for intraday purposes are unavailable to meet other outflows.
- **Off-balance sheet commitments**: deterioration in economic and market conditions could cause customers to draw on off-balance sheet commitments provided to them, for example revolving credit facilities, negatively affecting the Group's liquidity position.
- **Credit rating changes and the impact on funding costs:** any reductions in a credit rating (in particular, any downgrade below investment grade) may affect the Group's access to the money or capital markets and/or terms on which the Group is able to obtain market funding (for example, this could lead to increased costs of funding and wider credit spreads, the triggering of additional collateral or other requirements in derivative contracts and other secured funding arrangements, or limits on the range of counterparties who are willing to enter into transactions with the Group).

b) Capital risk

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

- **Failure to meet prudential capital requirements:** this could lead to the 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 Group's capital or leverage position.
- **Adverse changes in FX rates impacting capital ratios:** the 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 Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Group's balance sheet to take account of foreign currency movements could result in an adverse impact on the 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 technical provision and/or IAS 19 accounting basis. This could lead to the 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 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 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 Group's hedging programmes for interest rate risk in the banking book rely on behavioural assumptions and, as a result, the effectiveness of the hedging strategy cannot be guaranteed. A potential mismatch in the balance or duration of the hedging assumptions could lead to earnings deterioration. A decline in interest rates in sterling, US dollars or euros may also compress net interest margin on retail and corporate portfolios. In addition, the Group's liquid asset portfolio is exposed to potential capital and/or income volatility due to movements in market rates and prices which may have a material adverse effect on the capital position of the Group.

For further details on the Group's approach to treasury and capital risk, refer to the treasury and capital risk management and treasury and capital risk performance sections.

v) Operational risk

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

a) Operational resilience

The 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 Group and across the financial services industry, whether arising through impacts on the Group's technology systems, real estate services including its retail branch network, or availability of personnel or services supplied by third parties. Failure to build resilience and recovery capabilities into business processes or into the services of technology, real estate or suppliers on which the Group's business processes depend, may result in significant customer detriment, costs to reimburse losses incurred by the Group's customers, and reputational damage.

b) Cyberattacks

Cyberattacks continue to be a global threat that is inherent across all industries, with the number and severity of attacks continuing to rise. The financial sector remains a primary target for cybercriminals, hostile nation states, opportunists and hacktivists. The Group, like other financial institutions, experiences numerous attempts to compromise its cybersecurity.

The Group dedicates significant resources to reducing cybersecurity risks, but it cannot provide absolute security against cyberattacks. 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. Cyberattacks can originate from a wide variety of sources and target the Group in numerous ways, including attacks on networks, systems, or devices used by the Group or parties such as service providers and other suppliers, counterparties, employees, contractors, customers or clients, presenting the Group with a vast and complex defence perimeter. Moreover, the Group does not have direct control over the cybersecurity of the systems of its clients, customers, counterparties and third party service providers and suppliers, limiting the Group's ability to effectively defend against certain threats. Some of the Group's third party service providers and suppliers have experienced successful attempts to compromise their cybersecurity. These included ransomware attacks that disrupted the service providers' or suppliers' operations and, in some cases, had a limited impact on the Group's operations. Such cyberattacks are likely to continue.

A failure in the Group's adherence to its cybersecurity policies, procedures or controls, employee malfeasance, and human, governance or technological error could also compromise the Group's ability to successfully defend against cyberattacks. Furthermore, certain legacy technologies that are at or approaching end-of-life may not be able to maintain acceptable levels of security. The Group has experienced cybersecurity incidents and near-misses in the past, and it is inevitable that additional incidents will occur in the future. Cybersecurity 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 Group's employees, contractors, and third party service providers and suppliers and their subcontractors as a potentially long-term consequence of the COVID-19 pandemic. Bad actors have taken advantage of remote working practices and modified customer behaviours that have taken hold during the COVID-19 pandemic, exploiting the situation in novel ways that may elude defences.

Risk review
Material existing and emerging risks continued

Common types of cyberattacks include deployment of malware to obtain covert access to systems and data; ransomware attacks that render systems and data unavailable through encryption; denial of service and distributed denial of service (DDoS) attacks; infiltration via business email compromise; social engineering, including phishing, vishing and smishing; automated attacks using botnets; and credential validation or stuffing attacks using login and password pairs from unrelated breaches. A successful cyberattack of any type has the potential to cause serious harm to the 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 Group's brand and reputation, and other financial loss. The impact of a successful cyberattack is also 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 cybersecurity 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 cyberattacks. A successful cyberattack may, therefore, result in significant regulatory fines for the Group.

For further details on the Group's approach to cyberattacks, refer to the operational risk performance section. For further details on cyber security regulation applicable to the Group, refer to the Supervision and regulation section.

c) New and emergent technology
Technology is fundamental to the Group's business and the financial services industry. Technological advancements present opportunities to develop new and innovative ways of doing business across the 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 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 Group's cost base, it may, conversely, reduce the commissions, fees and margins made by the Group on these transactions which could have a material adverse effect on the 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 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 Group's business activities and exploit changes to customer behaviour and product and channel use (such as the increased use of digital products and enhanced online services) or exploit new products. Fraud attacks can be very sophisticated and are often orchestrated by highly organised crime groups who use ever more sophisticated techniques to target customers and clients directly to obtain confidential or personal information that can be used to commit fraud. The UK market has also seen significant growth in 'scams' where the Group takes increased levels of liability as part of a voluntary code to provide additional safeguards to customers and clients who are tricked into making payments to fraudsters. The impact from fraud can lead to customer detriment, financial losses (including the reimbursement of losses incurred by customers), loss of business, missed business opportunities and reputational damage, all of which could have a material adverse impact on the Group's business, results of operations, financial condition and prospects.

e) Data management and information protection
The Group holds and processes large volumes of data, including personal information, intellectual property, and financial data and the Group's businesses are subject to complex and evolving laws and regulations governing the privacy and protection of personal information of individuals. The protected parties can include: (i) the Group's clients and customers, and prospective clients and customers; (ii) clients and customers of the Group's clients and customers; (iii) employees and prospective employees; and (iv) employees of the Group's suppliers, counterparties and other external parties. The international nature of both the 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 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 (including as such new and existing regulations continue to be implemented, interpreted and applied), which could: (i) increase the Group's compliance and operating costs, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place; (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 Group's management; and (iv) require the Group to review some elements of the structure of its businesses, operations and systems in less efficient ways. Concerns regarding the effectiveness of the Group's measures to safeguard personal information, or even the perception that those measures are inadequate, could expose the Group to the risk of loss or unavailability of data or data integrity issues and/or cause the Group to lose existing or potential clients and customers, and thereby reduce the Group's revenues. Furthermore, any failure or perceived failure by the Group to comply with applicable privacy or data protection laws and regulations (and the evolving standards imposed by data protection authorities in connection therewith) may subject it to potential contractual liability, litigation, regulatory or other government investigation or action (including significant regulatory fines) and require changes to certain operations or practices which could also inhibit the 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 Group's reputation, subject the Group to material fines or other monetary penalties, make the Group liable to the payment of compensatory damages, divert management's time and attention, lead to enhanced regulatory oversight and otherwise materially adversely affect its business, results of operations, financial condition and prospects.

For further details on data protection regulation applicable to the Group, refer to the supervision and regulation section.

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 Group's pricing abilities, which could have a material adverse effect on the Group's business, results of operations, financial condition, prospects and reputation.

g) Processing errors

The 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 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 Group's control, such as a spike in transaction volume, could adversely affect the Group's ability to process transactions or provide banking and payment services.

Processing errors could result in the 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 Group's customers, clients and counterparties (including them suffering financial loss) and/or result in a loss of confidence in the Group which, in turn, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

h) Supplier exposure

The Group depends on suppliers for the provision of many of its services and the development of technology. Whilst the 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 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 Group's business, results of operations, financial condition and prospects.

i) Estimates and judgements relating to critical accounting policies and regulatory 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 provisions, taxes, fair value of financial instruments, goodwill and intangible assets, pensions and post-retirement benefits, and provisions including conduct and legal, competition and regulatory matters (refer to 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 Group, beyond what was anticipated or provided for. Further development of accounting standards and regulatory interpretations could also materially impact the Group's results of operations, financial condition and prospects.

j) Tax risk

The 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 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 Group. In addition, increasing tax authority focus on reporting and disclosure requirements around the world and the digitisation of the administration of tax has potential to increase the Group's tax compliance obligations further. For example, the OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting has announced plans to introduce a global minimum tax from 2023 which, if enacted, will increase the Group's tax compliance obligations. In addition, the proposed Build Back Better Act includes proposals to implement changes to US international tax provisions which may require systems and process changes if enacted. Any systems and process changes associated with these changes introduce additional operational risk.

k) Ability to hire and retain appropriately qualified employees

As a regulated financial institution, the Group requires diversified and specialist skilled colleagues. The 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 potential effects on employee engagement and wellbeing from long-term periods of working remotely. Failure to attract or prevent the departure of appropriately qualified and skilled employees could have a material adverse effect on the 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 Group's approach to operational risk, refer to the operational risk management and operational risk performance sections.

vi) Model risk

Model risk is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. The 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 representations of reality and have some degree of uncertainty because they rely on assumptions and inputs, and so are subject to intrinsic uncertainty, errors and inappropriate use affecting the accuracy of their outputs. 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 Group has a material impact on the accuracy and completeness of its risk and financial metrics. Model uncertainty, errors and inappropriate use may result in (among other things) the Group making inappropriate business decisions and/or inaccuracies or errors in the 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 Group's business, results of operations, financial condition and prospects.

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

Risk review

Material existing and emerging risks continued

vii) Conduct risk

Conduct risk is the risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Group's products and services. This risk could manifest itself in a variety of ways, including:

a) Market integrity

The 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 Group's business, results of operations, financial condition and prospects. Examples of employee misconduct which could have a material adverse effect on the Group's business include: (i) employees improperly selling or marketing the 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 Group, its customers or third parties. These risks may be exacerbated in circumstances where the 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 protection

The Group must ensure that its customers, particularly those that are vulnerable, are able to make well-informed decisions on how best to use the 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; (iii) handle and protect customer data appropriately; and (iv) undertake appropriate activity to address customer detriment, including the adherence to regulatory and legal requirements on complaint handling. The 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 Group throughout their life cycle, However, there is a risk that the design and review of the Group's products and services fail to reasonably consider and address potential or actual negative outcomes, which may result in customer detriment, enforcement action (including regulatory fines and/or sanctions), redress and remediation and reputational damage. Both the design and review of products and services are a key area of focus for regulators and the Group.

d) Financial crime

The 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 Group's regulators, including severe penalties, which may have a material adverse effect on the 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 Group with an increased focus on governance and rigour, with similar requirements also introduced in other jurisdictions globally. Failure to meet these requirements and expectations may lead to regulatory sanctions, both for the individuals and the Group.

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

viii) Reputation risk

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

Any material lapse in standards of integrity, compliance, customer service or operating efficiency may represent a potential reputation risk. Stakeholder expectations constantly evolve, and so reputation risk is dynamic and varies between geographical regions, groups and individuals. A risk arising in one business area can have an adverse effect upon the Group's overall reputation and any one transaction, investment or event (in the perception of key stakeholders) can reduce trust in the Group's integrity and competence. The 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 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 Group (including its employees, clients and other associations) conducts its business activities, or the 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 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 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 Group (refer to 'v) Operational risk' above).

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

ix) Legal risk and legal, competition and regulatory matters

The Group conducts activities in a highly regulated global 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/or conflict, 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 Group's businesses and business practices. In each case, this exposes the Group and its employees to the risk of loss or the imposition of penalties, damages or fines from the failure of members of the Group to meet their respective legal obligations, including legal or contractual requirements. Legal risk may arise in relation to any number of the material existing and emerging risks identified above.

A breach of applicable legislation and/or regulations by the Group or its employees could result in criminal prosecution, regulatory censure, potentially significant fines and other sanctions in the jurisdictions in which the Group operates. Where clients, customers or other third parties are harmed by the Group's conduct, this may also give rise to civil legal proceedings, including class actions. Other legal disputes may also arise between the 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 Group being liable to third parties or may result in the Group's rights not being enforced as intended.

Details of legal, competition and regulatory matters to which the Group is currently exposed are set out in Note 26. In addition to matters specifically described in Note 26, the Group is engaged in various other legal proceedings which arise in the ordinary course of business. The 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 Group is, or has been, engaged and may (from time to time) be subject to legal proceedings and other investigations relating to financial and non-financial disclosures made by members of the Group (including, but not limited to, in relation to ESG disclosures). Additionally, due to the increasing number of new climate and sustainability-related laws and regulations (or laws and regulatory processes seeking to protect the energy sector from any risks of divestment or challenges in accessing finance), growing demand from investors and customers for environmentally sustainable products and services, and regulatory scrutiny, financial institutions, including the Group, may through their business activities face increasing litigation, conduct, enforcement and contract liability risks related to climate change, environmental degradation and other social, governance and sustainability-related issues. Furthermore, there is a risk that shareholders, campaign groups, customers and other interest groups could seek to take legal action against the Group for financing or contributing to climate change and environmental degradation.

The outcome of legal, competition and regulatory matters, both those to which the Group is currently exposed and any others which may arise in the future, is difficult to predict. In connection with such matters, the Group may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the 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 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 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 Group's business, results of operations, financial condition and prospects.

Risk review

Climate change risk management

Climate risk management

The impact on Financial and Operational Risks arising from climate change through, physical risks, risks associated with transitioning to a lower-carbon economy and connected risks arising as a result of second order impacts on portfolios of these two drivers.

Overview

Given the increasing risks associated with climate change, and to support the Group's ambition to be a net zero bank by 2050, it was agreed that climate risk would become a principal risk from 2022. To support this decision, in 2021 the Group delivered a Climate Risk Integration Plan with three overarching objectives:

1. Governance Framework: Develop a Principal Risk Framework and Risk Appetite Statement and integrate climate drivers into limit setting.
2. Scenario Analysis: Refine methodologies used for the 2020 scenario analysis to support the Bank of England Biennial Exploratory Scenario on climate change, with specific focus on wholesale credit and physical risk modelling.
3. Carbon Modelling: Enhance the BlueTrack™ model to further develop the approach for the Energy sector, expand coverage to Cement and Metals and consider the overall net zero ambition of the Group.

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

Organisation and structure

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

In 2021 the Head of Climate Risk took the role of Climate Principal Risk owner, reporting directly to the Group Chief Risk Officer.

To support the oversight of Barclays Group climate risk profile a Climate Risk Committee (CRC) has been established. The CRC is a sub-committee of the Group Risk Committee (GRC), the most senior executive body responsible for review and challenge of risk practices and risk profile, for climate risk and other principal risk types. The authority of the CRC is delegated by the GRC. The management of climate risk is supported by working groups established by Barclays Bank Group and Barclays Bank UK Group.

Governance	Enterprise Risk Management Framework (ERMF)	
	Board Risk Committee	Board
	Credit, market, treasury & capital and operational risks	Sustainability matters and reputation risk associated with climate change
Ownership	Group Chief Risk Officer	Global Head of Public Policy and Corporate Responsibility

The Climate Risk Framework (CRF) was developed in 2021 to support the Enterprise Risk Management Framework and outlines the key principles for managing climate risk.

Climate risk across certain other Principal Risk types is managed via a 'Climate Change Financial Risk and Operational Risk Policy', which is embedded in each of the following Principal Risk Frameworks and contains key principles for identifying and quantifying climate risk, with supporting reporting and governance.

Risk Type	*Risk Identification*	*Risk Measurement*
Credit risk	Identified as part of sovereign, portfolio and obligor credit annual reviews.	Measured using a Credit Risk Materiality Matrix completed for obligor/obligee groups with elevated exposure to climate change risk. Retail portfolios are monitored through regular reporting of climate metrics and are assessed against mandate triggers where appropriate.
Market risk	Identified using stress tests, aggregate market risk exposures from climate-related risks.	Measured by using adverse multi-asset stress scenarios applied to individual risk factors reflecting climate change risks across sectors, countries and regions.
Treasury and capital risk	Identified using stress tests and analysis to assess the exposures which may be impacted by climate-related risks.	Measured as part of stress testing and key risk indicator monitoring.
Operational risk	Confirmed operational risks associated with climate change are included in the Bank's Operational Risk Taxonomy. Climate risk included within the Strategic Risk Assessment process.	Established reporting on internal and external climate related risk events to the Operational Risk Committee. Risk tolerances for premises and resilience risks are reviewed so these adequately capture climate-related risk drivers.

Risks resulting from climate change aligned to Model, Conduct, Reputation and Legal Principal Risks are out of the scope of the CRF and continue to be managed under their respective Principal Risk Frameworks. As climate risk continues to evolve, the effect upon these risks may change. Specific consideration of the impact of these changes will be covered as part of these frameworks.

A Climate Risk Appetite at Barclays Group level was introduced in line with the Barclays Group's risk appetite approach. It establishes a direct link between strategic plans and risk appetite, supporting Barclays' ambition to be a net zero bank by 2050.

Linking with ESG and Reputation Risk:
Barclays has published a Climate Change Statement, which sets out the strategic ambition to support economies and clients through the net zero transition, as well as appetite for conducting business with particularly sensitive energy sub-sectors. It is supported by an internal Climate Change Standard, which outlines the controls and approach to these sectors in more detail, including requirements for enhanced due diligence for restricted activities (such as outlined in the Group Forestry & Palm Oil Standard). These standards are enforced through an existing transaction origination, review and approval process.

A dedicated Sustainability team considers how the Group approaches wider sustainability and environmental, social and governance (ESG) matters, working closely with the Environmental Risk Management function.

Risk review

Principal risk management

Credit risk management (audited)

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

Overview

The credit risk that the Group faces arises from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts with clients; trading activities, including: debt securities, settlement balances with market counterparties, FVOCI (Fair Value through Other Comprehensive Income) assets and reverse repurchase loans.

Credit risk management objectives are to:

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

Organisation, roles and responsibilities

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

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 each legal entity are accountable to the relevant Legal Entity CRO, who reports to the 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 a legal entity Senior Credit Officer. For exposures in excess of the legal entity Senior Credit Officer's authority, approval by Group Senior Credit Officer/Board Risk Committee is also required. The Group Credit Risk Committee, attended by legal entity Senior Credit Officers, provides a formal mechanism for the Group Senior Credit Officer to exercise the highest level of credit authority over the most material Group single name exposures.

Credit risk mitigation

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

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

Netting and set-off

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

Collateral

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

- **home loans:** a fixed charge over residential property in the form of houses, flats and other dwellings
- **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 Group also often seeks to enter into a margin agreement (e.g. Credit Support Annex) with counterparties with which the Group has master netting agreements in place. These annexes to master agreements provide a mechanism for further reducing credit risk, whereby collateral (margin) is posted on a regular basis (typically daily) to collateralise the mark to market exposure of a derivative portfolio measured on a net basis
- **reverse repurchase agreements:** collateral typically comprises highly liquid securities which have been legally transferred to the Group subject to an agreement to return them for a fixed price
- **financial guarantees and similar off-balance sheet commitments:** cash collateral may be held against these arrangements.

Risk transfer

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

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

Detailed policies are in place to appropriately recognise and record credit risk mitigation. For more information, refer to pages 177 to 179 of the Barclays PLC Pillar 3 Report 2021 (unaudited).

Governance and oversight of ECLs under IFRS 9

The Group's organisational structure and internal governance processes oversee the estimation of ECL across several areas, including: i) setting requirements in policy, including key assumptions and the application of key judgements; ii) the design and execution of models; and iii) review of ECL results.

i) Impairment policy requirements are set and reviewed regularly, at a minimum annually, to maintain adherence to accounting standards. Key judgements inherent in policy, including the estimated life of revolving credit facilities and the quantitative criteria for assessing the significant increase in credit risk (SICR), are separately supported by analytical study. In particular, the quantitative thresholds used for assessing SICR are subject to a number of internal validation criteria, particularly in retail portfolios where thresholds decrease as the origination Probability of Default (PD) of each facility increases. Key policy requirements are also typically aligned to the Group's credit risk management strategy and practices, for example, wholesale customers that are risk managed on an individual basis are assessed for ECL on an individual basis upon entering Stage 3; furthermore, key internal risk management indicators of high risk are used to set SICR policy, for example, retail customers identified as high risk account management are automatically deemed to have met the SICR criteria.

ii) ECL is estimated in line with internal policy requirements using models which are validated by a qualified independent party to the model development area, the Independent Validation Unit (IVU), before first use and at a minimum annually thereafter. Each model is designated an owner who is responsible for:

- model maintenance: monitoring of model performance including backtesting by comparing predicted ECL versus flow into stage 3 and coverage ratios; proposing material changes for independent IVU approval; and recalibrating model parameters on more timely data
- proposing post-model adjustments (PMA) to address model weaknesses or to account for situations where known or expected risk factors and information have not been considered in the modelling process. All PMAs relating to model deficiencies, regardless of value are approved by IVU for a set time period. PMAs representing Expert Judgement are validated by Risk, as the second line of defence and approved for a set time period. The most material PMAs are also approved by the CRO.

Models must also assess ECL across a range of future economic conditions. These economic scenarios are generated via an independent model and ultimately set by the Senior Scenario Review Committee. Economic scenarios are regenerated at a minimum twice annually but more frequently if deemed appropriate, and also to align with the Group's medium term planning exercise. Each model used in the estimation of ECL, including key inputs, are governed by a series of internal controls, which include the validation of completeness and accuracy of data in golden source systems, documented data transformations and documented lineage of data transfers between systems.

i) The Group Impairment Committee, formed of members from both Finance and Risk and attended by both the Group Finance Director and the Group CRO, is responsible for overseeing impairment policy and practice across the Group and will approve impairment results. Reported results and key messages are communicated to the BAC, which has an oversight role and provides challenge of key assumptions, including the basis of the scenarios adopted. Impairment results are then factored into management decision making, including but not limited to, business planning, risk appetite setting and portfolio management.

Market risk management (audited)

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

Overview

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

Organisation, roles and responsibilities

Market risk in the businesses resides primarily in Barclays International 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 supports 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 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.

Risk review
Principal risk management continued

The BRC recommends market risk appetite to the Board for their approval. The Market Risk Principal Risk Lead (PR Lead) is responsible for the Market Risk Control Framework and, under delegated authority from the Group CRO, agrees with the business CROs a limit framework within the context of the approved market risk appetite.

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

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

The head of each business is accountable for all market risks associated with its activities, while the head of the market risk team covering each business is responsible for implementing the risk control framework for market risk.

For more information on market risk management, refer to the Barclays PLC Pillar 3 Report 2021 (unaudited).

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 one-year equally weighted historical period, at the 95% confidence level is used for all trading books and some banking books.

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

See the market risk performance section for a review of management VaR.

Treasury and capital risk management

This comprises:

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

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

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

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

Liquidity risk management (audited)

Overview

The efficient management of liquidity is essential to the Group in order to retain the confidence of the financial markets and maintain the sustainability of the business. Treasury and Capital Risk have created a framework to manage all liquidity risk exposures under both normal and stressed conditions. The framework is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to remain within the liquidity risk appetite as expressed by the Barclays PLC Board. The liquidity risk appetite is monitored against both internal and regulatory liquidity metrics.

Organisation, roles and responsibilities

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

The framework established by treasury and capital risk is designed to deliver the appropriate term and structure of funding, consistent with the liquidity risk appetite set by the Board. The framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Group's balance sheet, contingent liabilities and the recovery plan. Limit setting and transfer pricing are tools that are designed to control the level of liquidity risk taken and drive the appropriate mix of funds. Together, these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet Group's obligations as they fall due.

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

Capital risk management (audited)

Overview

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

Organisation, roles and responsibilities

Treasury has the primary responsibility for managing and monitoring capital adequacy. The Treasury and Capital Risk function provides oversight of capital risk. Production of the Barclays PLC Internal Capital Adequacy Assessment Process (ICAAP) is the responsibility of Treasury.

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

The Board approves the Group capital plan, internal stress tests and results of regulatory stress tests, and the Group recovery plan. The Group Treasury Committee is responsible for monitoring and managing capital risk in line with the Group's capital management objectives, capital plan and risk frameworks. The Treasury and Capital Risk Committee monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk. The BRC reviews the risk profile, and reviews risk appetite at least annually and the impact of stress scenarios on the Group capital plan/forecast in order to agree the Group's projected capital adequacy.

Local management assures compliance with an entity's minimum regulatory capital requirements by reporting to local Asset and Liability Committees (ALCOs) with oversight by the Group Treasury Committee, as required. In 2021, Barclays complied with all regulatory minimum capital requirements.

Pension risk

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

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

Interest rate risk in the banking book management (IRRBB)

Overview

Interest rate risk in the banking book is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. As per the Group's policy to remain within the defined risk appetite, hedging strategies are executed to mitigate the various IRRBB risks that result from these activities. However, the Group remains susceptible to interest rate risk and other non-traded market risks from the following key sources:

- **Interest rate and repricing risk:** the risk that net interest income could be adversely impacted by a change in interest rates, differences in the timing of interest rate changes between assets and liabilities, and other constraints on interest rate changes as per product terms and conditions.
- **Customer behavioural risk:** the risk that net interest income could be adversely impacted by the discretion that customers and counterparties may have in respect of being able to vary their contractual obligations with Barclays. This risk is often referred to by industry regulators as 'embedded option risk'.
- **Investment risks in the liquid asset portfolio:** the risk that the fair value of assets held in the liquid asset portfolio and associated risk management portfolios could be adversely impacted by market volatility, creating volatility in capital directly.

Organisation, roles and responsibilities

The entity ALCOs and/or treasury committees, together with the Group Treasury Committee, are responsible for monitoring and managing IRRBB risk in line with the Group's management objectives and risk frameworks. The GRC and Treasury and Capital Risk Committee monitors and reviews the IRRBB risk profile and control environment, providing second line oversight of the management of IRRBB. The BRC reviews the interest rate risk profile, including review of the risk appetite at least annually and the impact of stress scenarios on the interest rate risk of the Group's banking books.

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

Operational risk management

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

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
- deliver a consistent and aggregated measurement of operational risk that will provide clear and relevant insights, so that the right management actions can be taken to keep the operational risk profile consistent with the Group's strategy, the stated risk appetite and stakeholder needs.

The Group operates within a 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 BRC or the BAC. In addition, specific reports are prepared by Operational Risk on a regular basis for the GRC and the BRC.

Risk review
Principal risk management continued

Legal entities, businesses and functions are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks that may threaten the achievement of their objectives and the effectiveness of key controls, operational risk events and a review of scenarios.

The Group Head of Operational Risk is responsible for establishing, owning and maintaining an appropriate group-wide Operational Risk Framework and for overseeing the portfolio of operational risk across the Group.

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

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

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

For definitions of the Group's operational risk categories and risk themes, refer to the management of operational risk section in the Barclays PLC Pillar 3 Report 2021.

Model risk management

The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.

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

Organisation, roles and responsibilities
The Group has a dedicated Model Risk Management (MRM) function that consists of four teams: (i) Independent Validation Unit (IVU), responsible for model validation and approval; (ii) Model Governance (MG), responsible for model risk governance, controls and reporting, including ownership of the Model Risk Framework, the Group Model Risk Policy and the associated standards; (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 measure and, where possible, quantify model risk. It is also responsible for the strategic Validation Centre of Excellence (VCoE), which is an independent quality assurance function within MRM with the mandate to review and challenge validation outcomes.

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

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

The key model risk management activities include:

- Correctly identifying models across all relevant areas of the Group, and recording models in the Group Models Database (GMD), the Group-wide model inventory.
- 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 used 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 poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Group's products and services.

Overview

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

Conduct risk incorporates market integrity, customer protection, financial crime and product design and review risks.

Organisation, roles and responsibilities

The Conduct Risk Management Framework (CRMF) outlines how the Group manages and measures its conduct risk profile. The Group Chief Compliance Officer is accountable for developing, maintaining and overseeing the CRMF. This includes defining and owning the relevant conduct risk policies which detail the control objectives, principles and other core requirements for the activities of the Group. It is the responsibility of the first line of defence to establish controls to manage its performance and assess conformance to these policies and controls.

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

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

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

Reputation Risk management

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

Overview

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

Organisation, roles and responsibilities

Barclays PLC Board is the most senior body responsible for reviewing and monitoring the effectiveness of the Group's management of reputation risk.

The Group Chief Compliance Officer is accountable for developing a Reputation Risk Management Framework (RRMF), and the Group Head of Public Policy and Corporate Responsibility is responsible for developing a reputation risk policy and associated standards, including tolerances against which data is monitored, reported on and escalated, as required. The RRMF sets out what is required to manage reputation risk across the Group.

The primary responsibility for identifying and managing reputation risk and adherence to the control requirements sit with the business and support functions where the risk arises.

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

The Group Reputation Risk Committee is a sub-committee of the Group Executive Committee, authorised to manage material reputation risks and issues as they are brought to the attention of the committee via relevant reputation risk assessment and escalation processes.

Legal Risk management

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

Overview

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

Organisation, roles and responsibilities

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

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

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

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

Risk review: Credit risk

Risk performance

Credit risk: summary of contents

Credit risk

All disclosures in this section are unaudited unless otherwise stated.

Overview

Credit risk represents a significant risk to the 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 disclosures include many of the recommendations of the Taskforce on Disclosures about Expected Credit Losses (DECL) and it is expected that relevant disclosures will continue to be developed in future periods.

The continued impact of the COVID-19 pandemic has meant that management was required to monitor economic uncertainty judgement over the course of 2021. Customer and client default rates have remained relatively stable despite the impact of the pandemic and volatile macroeconomic environment.

In retail cards, credit profiles did not show material deterioration due to continued government support measures in some geographies and customer deleveraging. In wholesale, watch list balances continue to improve. However, the degree of economic uncertainty remains relatively high: credit deterioration may still occur when support measures are fully withdrawn across geographies; emerging supply chain disruption and inflationary pressures may challenge economic stability. Given this backdrop, management has maintained economic uncertainty adjustments to modelled outputs to address these sources of uncertainties and ensure that the potential impact of stress are provided for. This uncertainty continues to be captured in two distinct ways: firstly, the identification of customers and clients who may be more vulnerable to the withdrawal of support and emerging economic instability and secondly, model uncertainty which does not capture certain macroeconomic and risk parameter uncertainties which are applied at a portfolio level. Refer to the Management adjustment to models for impairment section on page 237 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.

Key metrics

Decrease in impairment allowances of

£3,115m

Impairment allowances on loans and advances at amortised cost including off-balance sheet elements of the allowance, decreased by £3,115m to £6,284m (2020: £9,399m). The decrease is driven by Barclays International £1,801m, Barclays UK £1,252m, and Head Office £62m. Refer to the Expected Credit Losses section for further details.

Summary of performance in the period

Credit impairment release of £(653)m (2020: £4,838m charge) due to the improved macroeconomics outlook and reduced unsecured lending balances and low delinquency. Economic uncertainty adjustments have been maintained in respect of customers and clients considered to be potentially more vulnerable as government and other support schemes have started to reduce.

Refer to the credit risk management section for details of governance, policies and procedures.

Maximum exposure and effects of netting, collateral and risk transfer

Basis of preparation

The following tables present a reconciliation between the Group's maximum exposure and its net exposure to credit risk, reflecting the financial effects of risk mitigation reducing the 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 Group would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure is the full amount of the committed facilities.

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

The Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on the Group's policies to each of these forms of credit enhancement is presented on pages 177 to 179 of the Barclays PLC Pillar 3 Report 2021 (unaudited).

Overview

As at 31 December 2021, the Group's net exposure to credit risk, after taking into account credit risk mitigation, increased 4% to £912bn (2020: £877bn). Overall, the extent to which the Group holds mitigation against its total exposure slightly decreased to 44% (2020: 46%).

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 Group's net exposure to credit risk is mainly driven by increases in cash held at central banks and off-balance sheet loan commitments. 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. Further analysis on the credit quality of assets is presented in the approach to management and representation of credit quality section.

Risk review: Credit risk
Risk performance continued

Collateral obtained
Where collateral has been obtained in the event of default, the 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 Group as at 31 December 2021, as a result of the enforcement of collateral, was £22m (2020: £6m).

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

As at 31 December 2021	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	238,574	—	—	—	—	238,574
Cash collateral and settlement balances	92,542	—	—	—	—	92,542
Loans and advances at amortised cost:						
Home loans	169,205	—	(339)	(168,627)	(146)	93
Credit cards, unsecured loans and other retail lending	41,793	—	(1,050)	(4,560)	(252)	35,931
Wholesale loans	150,453	(5,001)	(128)	(42,691)	(23,104)	79,529
Total loans and advances at amortised cost	361,451	(5,001)	(1,517)	(215,878)	(23,502)	115,553
Of which credit-impaired (Stage 3):						
Home loans	1,725	—	(11)	(1,714)	—	—
Credit cards, unsecured loans and other retail lending	828	—	(29)	(229)	(3)	567
Wholesale loans	2,161	—	(1)	(717)	(765)	678
Total credit-impaired loans and advances at amortised cost	4,714	—	(41)	(2,660)	(768)	1,245
Reverse repurchase agreements and other similar secured lending	3,227	—	—	(3,227)	—	—
Trading portfolio assets:						
Debt securities	50,864	—	—	(461)	—	50,403
Traded loans	12,525	—	—	(268)	—	12,257
Total trading portfolio assets	63,389	—	—	(729)	—	62,660
Financial assets at fair value through the income statement:						
Loans and advances	38,667	—	—	(31,263)	—	7,404
Debt securities	2,305	—	—	(319)	—	1,986
Reverse repurchase agreements	145,014	—	(1,428)	(143,057)	—	529
Other financial assets	111	—	—	—	—	111
Total financial assets at fair value through the income statement	186,097	—	(1,428)	(174,639)	—	10,030
Derivative financial instruments	262,572	(202,519)	(34,598)	(5,887)	(5,738)	13,830
Financial assets at fair value through other comprehensive income	60,851	—	—	(53)	(1,164)	59,634
Other assets	1,212	—	—	—	—	1,212
Total on-balance sheet	1,269,915	(207,520)	(37,543)	(400,413)	(30,404)	594,035
Off-balance sheet:						
Contingent liabilities	21,346	—	(906)	(1,367)	(256)	18,817
Loan commitments	345,711	—	(141)	(44,777)	(1,668)	299,125
Total off-balance sheet	367,057	—	(1,047)	(46,144)	(1,924)	317,942
Total	1,636,972	(207,520)	(38,590)	(446,557)	(32,328)	911,977

Off-balance sheet exposures are shown gross of provisions of £542m (2020: £1,064m). See Note 25 for further details. In addition to the above, the Group holds forward starting reverse repos with notional contract amounts of £39.3bn (2020: £34.6bn). These balances are fully collateralised. Wholesale loans and advances at amortised cost include £11.4bn (2020: £12.2bn) of BBLs, CBILs and CLBILs supported by UK government guarantees of £11.0bn (2020: £11.7bn), which are included within the Risk transfer column in the table. For further information on credit risk mitigation techniques, refer to the Credit risk management section.

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

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	191,127	—	—	—	—	191,127
Cash collateral and settlement balances	101,367	—	—	—	—	101,367
Loans and advances at amortised cost:						
Home loans	159,647	—	(284)	(159,203)	(85)	75
Credit cards, unsecured loans and other retail lending	40,813	—	(967)	(3,825)	(195)	35,826
Wholesale loans	142,172	(6,988)	(62)	(37,103)	(23,963)	74,056
Total loans and advances at amortised cost	342,632	(6,988)	(1,313)	(200,131)	(24,243)	109,957
Of which credit-impaired (Stage 3):						
Home loans	1,813	—	(14)	(1,796)	—	3
Credit cards, unsecured loans and other retail lending	921	—	(14)	(237)	(2)	668
Wholesale loans	2,525	—	(4)	(872)	(232)	1,417
Total credit-impaired loans and advances at amortised cost	5,259	—	(32)	(2,905)	(234)	2,088
Reverse repurchase agreements and other similar secured lending	9,031	—	—	(9,031)	—	—
Trading portfolio assets:						
Debt securities	56,482	—	—	(391)	—	56,091
Traded loans	8,348	—	—	(374)	—	7,974
Total trading portfolio assets	64,830	—	—	(765)	—	64,065
Financial assets at fair value through the income statement:						
Loans and advances	30,879	—	(9)	(23,677)	—	7,193
Debt securities	1,693	—	—	(292)	—	1,401
Reverse repurchase agreements	137,616	—	(672)	(136,537)	—	407
Other financial assets	343	—	—	—	—	343
Total financial assets at fair value through the income statement	170,531	—	(681)	(160,506)	—	9,344
Derivative financial instruments	302,446	(233,080)	(43,291)	(4,773)	(6,409)	14,893
Financial assets at fair value through other comprehensive income	77,927	—	—	(106)	(1,385)	76,436
Other assets	850	—	—	—	—	850
Total on-balance sheet	1,260,741	(240,068)	(45,285)	(375,312)	(32,037)	568,039
Off-balance sheet:						
Contingent liabilities	21,609	—	(1,095)	(2,135)	(282)	18,097
Loan commitments	333,049	—	(128)	(40,714)	(1,520)	290,687
Total off-balance sheet	354,658	—	(1,223)	(42,849)	(1,802)	308,784
Total	1,615,399	(240,068)	(46,508)	(418,161)	(33,839)	876,823

Risk review: Credit risk
Risk performance continued

Expected Credit Losses

Loans and advances at amortised cost by stage
The table below presents an analysis of loans and advances at amortised cost by gross exposure, impairment allowance, impairment charge and coverage ratio by stage allocation and business segment as at 31 December 2021. Also included are off-balance sheet loan commitments and financial guarantee contracts by gross exposure and impairment allowance and coverage ratio by stage allocation as at 31 December 2021.

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.

Loans and advances at amortised cost by stage (audited)

	Gross exposure				Impairment allowance				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m
Barclays UK	**160,695**	**22,779**	**2,915**	**186,389**	**261**	**949**	**728**	**1,938**	**184,451**
Barclays International	**25,981**	**2,691**	**1,566**	**30,238**	**603**	**795**	**858**	**2,256**	**27,982**
Head Office	**3,735**	**429**	**705**	**4,869**	**2**	**36**	**347**	**385**	**4,484**
Total Barclays Group retail	**190,411**	**25,899**	**5,186**	**221,496**	**866**	**1,780**	**1,933**	**4,579**	**216,917**
Barclays UK	**35,571**	**1,917**	**969**	**38,457**	**153**	**43**	**111**	**307**	**38,150**
Barclays International	**92,341**	**13,275**	**1,059**	**106,675**	**187**	**192**	**458**	**837**	**105,838**
Head Office	**542**	**2**	**21**	**565**	**—**	**—**	**19**	**19**	**546**
Total Barclays Group wholesale[a]	**128,454**	**15,194**	**2,049**	**145,697**	**340**	**235**	**588**	**1,163**	**144,534**
Total loans and advances at amortised cost	**318,865**	**41,093**	**7,235**	**367,193**	**1,206**	**2,015**	**2,521**	**5,742**	**361,451**
Off-balance sheet loan commitments and financial guarantee contracts[b]	**312,142**	**34,815**	**1,298**	**348,255**	**217**	**302**	**23**	**542**	**347,713**
Total[c]	**631,007**	**75,908**	**8,533**	**715,448**	**1,423**	**2,317**	**2,544**	**6,284**	**709,164**

	Coverage ratio				Loan impairment charge and loan loss rate	
	Stage 1	Stage 2	Stage 3	Total	Loan impairment charge/(release)	Loan loss rate
As at 31 December 2021	%	%	%	%	£m	bps
Barclays UK	**0.2**	**4.2**	**25.0**	**1.0**	**(227)**	**—**
Barclays International	**2.3**	**29.5**	**54.8**	**7.5**	**181**	**60**
Head Office	**0.1**	**8.4**	**49.2**	**7.9**	**—**	**—**
Total Barclays Group retail	**0.5**	**6.9**	**37.3**	**2.1**	**(46)**	**—**
Barclays UK	**0.4**	**2.2**	**11.5**	**0.8**	**122**	**32**
Barclays International	**0.2**	**1.4**	**43.2**	**0.8**	**(197)**	**—**
Head Office	**—**	**—**	**90.5**	**3.4**	**—**	**—**
Total Barclays Group wholesale[a]	**0.3**	**1.5**	**28.7**	**0.8**	**(75)**	**—**
Total loans and advances at amortised cost	**0.4**	**4.9**	**34.8**	**1.6**	**(121)**	**—**
Off-balance sheet loan commitments and financial guarantee contracts[b]	**—**	**0.9**	**1.8**	**0.2**	**(514)**	
Other financial assets subject to impairment[c]					**(18)**	
Total	**0.2**	**3.1**	**29.8**	**0.9**	**(653)**	

Notes
a Includes Wealth and Private Banking exposures measured on an individual customer exposure basis, and excludes Business Banking exposures, including BBLs of £9.4bn that are managed on a collective basis and reported within BUK Retail. The net impact is a difference in total exposure of £5,994m of balances reported as wholesale loans in the Loans and advances at amortised cost by product disclosure.
b Excludes loan commitments and financial guarantees of £18.8bn carried at fair value.
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 and other assets. These have a total gross exposure of £155.2bn and impairment allowance of £114m. This comprises £6m ECL on £154.9bn Stage 1 assets, £1m on £157m Stage 2 fair value through other comprehensive income assets, other assets, cash collateral and settlement assets and £107m on £110m Stage 3 other assets.

Loans and advances at amortised cost by stage (audited)

	Gross exposure				Impairment allowance				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m	£m
Barclays UK	153,250	23,896	2,732	179,878	332	1,509	1,147	2,988	176,890
Barclays International[a]	21,048	5,500	1,992	28,540	396	1,329	1,205	2,930	25,610
Head Office	4,267	720	844	5,831	4	51	380	435	5,396
Total Barclays Group retail	178,565	30,116	5,568	214,249	732	2,889	2,732	6,353	207,896
Barclays UK	31,918	4,325	1,126	37,369	13	129	116	258	37,111
Barclays International[a]	79,911	16,565	2,270	98,746	288	546	859	1,693	97,053
Head Office	570	—	33	603	—	—	31	31	572
Total Barclays Group wholesale[b]	112,399	20,890	3,429	136,718	301	675	1,006	1,982	134,736
Total loans and advances at amortised cost	290,964	51,006	8,997	350,967	1,033	3,564	3,738	8,335	342,632
Off-balance sheet loan commitments and financial guarantee contracts[c]	289,939	52,891	2,330	345,160	256	758	50	1,064	344,096
Total[d]	580,903	103,897	11,327	696,127	1,289	4,322	3,788	9,399	686,728

	Coverage ratio				Loan impairment charge and loan loss rate	
	Stage 1	Stage 2	Stage 3	Total	Loan impairment charge	Loan loss rate
As at 31 December 2020	%	%	%	%	£m	bps
Barclays UK	0.2	6.3	42.0	1.7	1,070	59
Barclays International[a]	1.9	24.2	60.5	10.3	1,680	589
Head Office	0.1	7.1	45.0	7.5	91	156
Total Barclays Group retail	0.4	9.6	49.1	3.0	2,841	133
Barclays UK	—	3.0	10.3	0.7	154	41
Barclays International[a]	0.4	3.3	37.8	1.7	914	93
Head Office	—	—	93.9	5.1	—	—
Total Barclays Group wholesale[b]	0.3	3.2	29.3	1.4	1,068	78
Total loans and advances at amortised cost	0.4	7.0	41.5	2.4	3,909	111
Off-balance sheet loan commitments and financial guarantee contracts[c]	0.1	1.4	2.1	0.3	776	
Other financial assets subject to impairment[d]					153	
Total[e]	0.2	4.2	33.4	1.4	4,838	

Notes

a Private Banking have refined the methodology to classify £5bn of their exposure between Wholesale and Retail during the year.

b Included in the above analysis are Wealth and Private Banking exposures measured on an individual customer exposure basis, and excludes Business Banking exposures that are managed on a collective basis. The net impact is a difference in total exposure of £7,551m of balances reported as wholesale loans in the Loans and advances at amortised cost by product disclosure.

c Excludes loan commitments and financial guarantees of £9.5bn carried at fair value.

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 and other assets. These have a total gross exposure of £180.3bn and impairment allowance of £165m. This comprises £11m ECL on £175.7bn Stage 1 assets £9m on £4.4bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement balances and £145m on £154m Stage 3 other assets.

e The loan loss rate is 138bps after applying the total impairment charge of £4,838m.

Risk review: Credit risk
Risk performance continued

Loans and advances at amortised cost by product (audited)

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

Loans and advances at amortised cost by product (audited)

		Stage 2					
As at 31 December 2021	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	**148,058**	**17,133**	**1,660**	**707**	**19,500**	**2,122**	**169,680**
Credit cards, unsecured loans and other retail lending	**37,840**	**5,102**	**300**	**248**	**5,650**	**2,332**	**45,822**
Wholesale loans	**132,967**	**15,246**	**306**	**391**	**15,943**	**2,781**	**151,691**
Total	**318,865**	**37,481**	**2,266**	**1,346**	**41,093**	**7,235**	**367,193**
Impairment allowance							
Home loans	**19**	**46**	**6**	**7**	**59**	**397**	**475**
Credit cards, unsecured loans and other retail lending	**824**	**1,493**	**85**	**123**	**1,701**	**1,504**	**4,029**
Wholesale loans	**363**	**248**	**4**	**3**	**255**	**620**	**1,238**
Total	**1,206**	**1,787**	**95**	**133**	**2,015**	**2,521**	**5,742**
Net exposure							
Home loans	**148,039**	**17,087**	**1,654**	**700**	**19,441**	**1,725**	**169,205**
Credit cards, unsecured loans and other retail lending	**37,016**	**3,609**	**215**	**125**	**3,949**	**828**	**41,793**
Wholesale loans	**132,604**	**14,998**	**302**	**388**	**15,688**	**2,161**	**150,453**
Total	**317,659**	**35,694**	**2,171**	**1,213**	**39,078**	**4,714**	**361,451**
Coverage ratio	%	%	%	%	%	%	%
Home loans	**—**	**0.3**	**0.4**	**1.0**	**0.3**	**18.7**	**0.3**
Credit cards, unsecured loans and other retail lending	**2.2**	**29.3**	**28.3**	**49.6**	**30.1**	**64.5**	**8.8**
Wholesale loans	**0.3**	**1.6**	**1.3**	**0.8**	**1.6**	**22.3**	**0.8**
Total	**0.4**	**4.8**	**4.2**	**9.9**	**4.9**	**34.8**	**1.6**
As at 31 December 2020							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	138,639	16,651	1,785	876	19,312	2,234	160,185
Credit cards, unsecured loans and other retail lending	33,021	9,470	544	306	10,320	3,172	46,513
Wholesale loans	119,304	19,501	1,097	776	21,374	3,591	144,269
Total	290,964	45,622	3,426	1,958	51,006	8,997	350,967
Impairment allowance							
Home loans	33	57	13	14	84	421	538
Credit cards, unsecured loans and other retail lending	680	2,382	180	207	2,769	2,251	5,700
Wholesale loans	320	650	50	11	711	1,066	2,097
Total	1,033	3,089	243	232	3,564	3,738	8,335
Net exposure							
Home loans	138,606	16,594	1,772	862	19,228	1,813	159,647
Credit cards, unsecured loans and other retail lending	32,341	7,088	364	99	7,551	921	40,813
Wholesale loans	118,984	18,851	1,047	765	20,663	2,525	142,172
Total	289,931	42,533	3,183	1,726	47,442	5,259	342,632
Coverage ratio	%	%	%	%	%	%	%
Home loans	—	0.3	0.7	1.6	0.4	18.8	0.3
Credit cards, unsecured loans and other retail lending	2.1	25.2	33.1	67.6	26.8	71.0	12.3
Wholesale loans	0.3	3.3	4.6	1.4	3.3	29.7	1.5
Total	0.4	6.8	7.1	11.8	7.0	41.5	2.4

The increase in coverage on Credit cards, unsecured loans and other retail lending Stage 2 not past due is driven by a reduction in balances and the economic uncertainty adjustments held for specific customers and clients who may be more vulnerable to the full withdrawal of support and emerging economic uncertainty.

Loans and advances at amortised cost by selected sectors

The table below presents a breakdown of drawn exposure and impairment allowance for loans and advances at amortised cost , with stage allocation for selected industry sectors within the wholesale loans portfolio. The industry sectors have been selected based upon the level of management focus they have received following the onset of the COVID-19 pandemic. The credit risk industry concentration disclosure in the analysis of the concentration of credit risk section represents all the industry categories and the below only covers a subset of that table.

The gross loans and advances to selected sectors have decreased over the year driven by repayments and lower drawdowns. The reduction in provisions is informed by the improved macroeconomic outlook over the course of 2021, partially offset by management judgements to reflect the risk of uncertainty still prevailing within these sectors. The wholesale portfolio also benefits from a hedge protection programme that enables effective risk management against systemic losses. An additional £0.1bn (2020: £0.1bn) impairment allowance has been applied to the undrawn exposures not included in the table below

Loans and advances at amortised cost by selected sectors

	Gross exposure				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m
Air travel	**232**	**201**	**94**	**527**	**9**	**5**	**37**	**51**
Hospitality and leisure	**4,898**	**986**	**377**	**6,261**	**26**	**19**	**45**	**90**
Oil and gas	**1,765**	**576**	**62**	**2,403**	**14**	**9**	**21**	**44**
Retail	**3,901**	**780**	**192**	**4,873**	**38**	**14**	**39**	**91**
Shipping	**382**	**201**	**25**	**608**	**9**	**8**	**0**	**17**
Transportation	**1,166**	**417**	**156**	**1,739**	**18**	**9**	**29**	**56**
Total	**12,344**	**3,161**	**906**	**16,411**	**114**	**64**	**171**	**349**
Total of wholesale exposures (%)	**9%**	**20%**	**33%**	**11%**	**31%**	**25%**	**28%**	**28%**

	Gross exposure				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m
Air travel	367	525	56	948	9	27	23	59
Hospitality and leisure	4,440	2,387	313	7,140	53	115	61	229
Oil and gas	1,754	854	465	3,073	31	27	140	198
Retail	3,907	1,153	283	5,343	78	51	108	237
Shipping	308	389	12	709	2	30	1	33
Transportation	1,148	253	125	1,526	19	10	57	86
Total	11,924	5,561	1,254	18,739	192	260	390	842
Total of wholesale exposures (%)	10%	26%	35%	13%	60%	37%	37%	40%

The coverage ratio for selected sectors has decreased from 4.5% as at 31 December 2020 to 2.1% as at 31 December 2021 due to improved macroeconomic outlook. Non Default coverage remains elevated as compared to Pre COVID level.

Exposure to UK Commercial Real Estate £8.5bn (2020: £9.9bn) remained stable and is predominantly in Stage1 82% (2020: 83%). The loan portfolio is well collateralised, hence a low coverage of 1% (ECL: £0.1bn). Exposure included in Stage 3 is 4% (2020: 4%) having a coverage ratio of 17% (2020: 20%).

Risk review: Credit risk

Risk performance continued

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. An explanation of the methodology used to determine credit impairment provisions is included in Note 7. 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	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Home loans								
As at 1 January 2021	**138,639**	**33**	**19,312**	**84**	**2,234**	**421**	**160,185**	**538**
Transfers from Stage 1 to Stage 2	**(7,672)**	**(2)**	**7,672**	**2**	**—**	**—**	**—**	**—**
Transfers from Stage 2 to Stage 1	**5,336**	**32**	**(5,336)**	**(32)**	**—**	**—**	**—**	**—**
Transfers to Stage 3	**(282)**	**—**	**(469)**	**(9)**	**751**	**9**	**—**	**—**
Transfers from Stage 3	**35**	**1**	**203**	**5**	**(238)**	**(6)**	**—**	**—**
Business activity in the year[a]	**32,744**	**7**	**1,243**	**5**	**4**	**—**	**33,991**	**12**
Refinements to models used for calculation[b]	**—**	**—**	**—**	**(4)**	**—**	**38**	**—**	**34**
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	**(8,131)**	**(50)**	**(1,090)**	**12**	**(216)**	**(26)**	**(9,437)**	**(64)**
Final repayments	**(12,039)**	**(2)**	**(2,009)**	**(4)**	**(392)**	**(18)**	**(14,440)**	**(24)**
Disposals[c]	**(572)**	**—**	**(26)**	**—**	**—**	**—**	**(598)**	**—**
Write-offs[d]	**—**	**—**	**—**	**—**	**(21)**	**(21)**	**(21)**	**(21)**
As at 31 December 2021[e]	**148,058**	**19**	**19,500**	**59**	**2,122**	**397**	**169,680**	**475**
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	**33,021**	**680**	**10,320**	**2,769**	**3,172**	**2,251**	**46,513**	**5,700**
Transfers from Stage 1 to Stage 2	**(1,894)**	**(78)**	**1,894**	**78**	**—**	**—**	**—**	**—**
Transfers from Stage 2 to Stage 1	**4,717**	**1,174**	**(4,717)**	**(1,174)**	**—**	**—**	**—**	**—**
Transfers to Stage 3	**(529)**	**(22)**	**(790)**	**(370)**	**1,319**	**392**	**—**	**—**
Transfers from Stage 3	**55**	**26**	**32**	**19**	**(87)**	**(45)**	**—**	**—**
Business activity in the year[a]	**7,842**	**119**	**257**	**62**	**42**	**19**	**8,141**	**200**
Refinements to models used for calculation[b]	**—**	**(5)**	**—**	**(33)**	**—**	**14**	**—**	**(24)**
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[f]	**(2,793)**	**(1,030)**	**(848)**	**389**	**(165)**	**620**	**(3,806)**	**(21)**
Final repayments	**(2,579)**	**(40)**	**(498)**	**(39)**	**(212)**	**(92)**	**(3,289)**	**(171)**
Disposals[c]	**—**	**—**	**—**	**—**	**(287)**	**(205)**	**(287)**	**(205)**
Write-offs[d]	**—**	**—**	**—**	**—**	**(1,450)**	**(1,450)**	**(1,450)**	**(1,450)**
As at 31 December 2021[e]	**37,840**	**824**	**5,650**	**1,701**	**2,332**	**1,504**	**45,822**	**4,029**
Wholesale loans								
As at 1 January 2021	**119,304**	**320**	**21,374**	**711**	**3,591**	**1,066**	**144,269**	**2,097**
Transfers from Stage 1 to Stage 2	**(6,115)**	**(19)**	**6,115**	**19**	**—**	**—**	**—**	**—**
Transfers from Stage 2 to Stage 1	**9,137**	**257**	**(9,137)**	**(257)**	**—**	**—**	**—**	**—**
Transfers to Stage 3	**(804)**	**(4)**	**(377)**	**(21)**	**1,181**	**25**	**—**	**—**
Transfers from Stage 3	**580**	**23**	**410**	**22**	**(990)**	**(45)**	**—**	**—**
Business activity in the year[a]	**34,804**	**95**	**1,774**	**18**	**283**	**50**	**36,861**	**163**
Refinements to models used for calculation[b]	**—**	**8**	**—**	**11**	**—**	**—**	**—**	**19**
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	**(417)**	**(268)**	**721**	**(68)**	**(211)**	**67**	**93**	**(269)**
Final repayments	**(22,219)**	**(34)**	**(4,734)**	**(174)**	**(545)**	**(131)**	**(27,498)**	**(339)**
Disposals[c]	**(1,303)**	**(15)**	**(203)**	**(6)**	**(163)**	**(47)**	**(1,669)**	**(68)**
Write-offs[d]	**—**	**—**	**—**	**—**	**(365)**	**(365)**	**(365)**	**(365)**
As at 31 December 2021[e]	**132,967**	**363**	**15,943**	**255**	**2,781**	**620**	**151,691**	**1,238**

Notes

a Business activity in the year does not include additional drawdowns on the existing facility which are reported under 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes'.

b Refinements to models used for calculation include a £34m movement in Home loans, £24m in Credit cards, unsecured loans and other retail lending and £19m 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.

c The £598m disposals reported within Home loans relate to transfer of facilities to a non-consolidated special purpose vehicle for the purpose of securitisation. The £287m disposals reported within Credit cards, unsecured loans and other retail lending portfolio relate to debt sales undertaken during the year. The £1.7bn disposal reported within Wholesale loans includes a £1.0bn sale of Barclays Asset Finance and a £0.7bn of debt sales.

d In 2021, gross write-offs amounted to £1,836m (2020: £1,964m) and post write-off recoveries amounted to £66m (2020: £35m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,770m (2020: £1,929m).

e Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income and other assets. These have a total gross exposure of £155.2bn (December 2020: £180.3bn) and impairment allowance of £114m (December 2020: £165m). This comprises £6m ECL (December 2020: £11m) on £154.9bn Stage 1 assets (December 2020: £175.7bn), £1m (December 2020: £9m) on £157m Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2020: £4.4bn) and £107m (December 2020: £145m) on £110m Stage 3 other assets (December 2020: £154m).

f Transfers and risk parameters change include a £0.3bn (2020: £0.6bn) net release in ECL arising from reclassification of £1.9bn (2020: £2.0bn) gross loans and advances from Stage 2 to Stage 1 in Credit cards, unsecured loans and other retail lending. The reclassification followed a review of back-testing of results which indicated that accuracy of origination probability of default characteristics require management adjustments to correct and was first established in Q220.

Reconciliation of ECL movement to credit impairment (release)/charge for the period

	£m
Home loans	(42)
Credit cards, unsecured loans and other retail lending	(16)
Wholesale loans	(426)
ECL movement excluding assets derecognised due to disposals and write-offs	**(484)**
Recoveries and reimbursements[a]	240
Exchange and other adjustments[b]	123
Credit impairment release on loan commitments and financial guarantees	(514)
Credit impairment release on other financial assets[c]	(18)
Credit impairment release for the year	**(653)**

Notes

a Recoveries and reimbursements includes a net reduction in amounts recoverable from financial guarantee contracts held with third parties of £306m and cash recoveries of previously written off amounts of £66m.

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 and other assets. These have a total gross exposure of £155.2bn (December 2020: £180.3bn) and impairment allowance of £114m (December 2020: £165m). This comprises £6m ECL (December 2020: £11m) on £154.9bn Stage 1 assets (December 2020: £175.7bn), £1m (December 2020: £9m) on £157m Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2020: £4.4bn) and £107m (December 2020: £145m) on £110m Stage 3 other assets (December 2020: £154m).

Loan commitments and financial guarantees (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Home loans								
As at 1 January 2021	11,861	—	516	—	5	—	12,382	—
Net transfers between stages	(131)	—	124	—	7	—	—	—
Business activity in the year	7,034	—	—	—	—	—	7,034	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(7,556)	—	(64)	—	(4)	—	(7,624)	—
Limit management and final repayments	(375)	—	(44)	—	(5)	—	(424)	—
As at 31 December 2021	10,833	—	532	—	3	—	11,368	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2021	114,371	55	12,117	305	229	23	126,717	383
Net transfers between stages	5,769	206	(6,379)	(213)	610	7	—	—
Business activity in the year	11,206	—	430	—	2	—	11,638	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(742)	(207)	217	(24)	(526)	(10)	(1,051)	(241)
Limit management and final repayments	(7,785)	(4)	(667)	(7)	(97)	—	(8,549)	(11)
As at 31 December 2021	122,819	50	5,718	61	218	20	128,755	131
Wholesale loans								
As at 1 January 2021	163,707	201	40,258	453	2,096	27	206,061	681
Net transfers between stages	8,227	221	(7,174)	(215)	(1,053)	(6)	—	—
Business activity in the year	44,085	14	4,658	102	10	—	48,753	116
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	8,819	(229)	(151)	7	515	(11)	9,183	(233)
Limit management and final repayments	(46,348)	(40)	(9,026)	(106)	(491)	(7)	(55,865)	(153)
As at 31 December 2021	178,490	167	28,565	241	1,077	3	208,132	411

Risk review: Credit risk

Risk performance continued

Loans and advances at amortised cost (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Home loans								
As at 1 January 2020	135,713	22	17,043	64	2,155	346	154,911	432
Transfers from Stage 1 to Stage 2	(8,724)	(1)	8,724	1	—	—	—	—
Transfers from Stage 2 to Stage 1	4,618	14	(4,618)	(14)	—	—	—	—
Transfers to Stage 3	(308)	—	(420)	(10)	728	10	—	—
Transfers from Stage 3	47	1	219	2	(266)	(3)	—	—
Business activity in the year[a]	22,548	7	714	2	4	—	23,266	9
Refinements to models used for calculation[b]	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(6,195)	(9)	(841)	42	(57)	105	(7,093)	138
Final repayments	(9,060)	(1)	(1,509)	(3)	(308)	(15)	(10,877)	(19)
Disposals[c]	—	—	—	—	—	—	—	—
Write-offs[d]	—	—	—	—	(22)	(22)	(22)	(22)
As at 31 December 2020[e]	138,639	33	19,312	84	2,234	421	160,185	538
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	46,012	542	10,759	2,007	3,409	2,335	60,180	4,884
Transfers from Stage 1 to Stage 2	(6,571)	(134)	6,571	134	—	—	—	—
Transfers from Stage 2 to Stage 1	3,080	482	(3,080)	(482)	—	—	—	—
Transfers to Stage 3	(712)	(25)	(1,162)	(398)	1,874	423	—	—
Transfers from Stage 3	76	39	67	12	(143)	(51)	—	—
Business activity in the year[a]	5,598	67	324	83	59	28	5,981	178
Refinements to models used for calculation[b]	—	13	—	296	—	—	—	309
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[f]	(9,678)	(229)	(2,706)	1,174	(10)	1,353	(12,394)	2,298
Final repayments	(3,291)	(67)	(270)	(37)	(204)	(84)	(3,765)	(188)
Disposals[c]	(1,493)	(8)	(183)	(20)	(204)	(144)	(1,880)	(172)
Write-offs[d]	—	—	—	—	(1,609)	(1,609)	(1,609)	(1,609)
As at 31 December 2020[e]	33,021	680	10,320	2,769	3,172	2,251	46,513	5,700
Wholesale loans								
As at 1 January 2020	117,541	143	10,432	302	2,359	547	130,332	992
Transfers from Stage 1 to Stage 2	(12,531)	(35)	12,531	35	—	—	—	—
Transfers from Stage 2 to Stage 1	4,121	40	(4,121)	(40)	—	—	—	—
Transfers to Stage 3	(1,137)	(4)	(875)	(58)	2,012	62	—	—
Transfers from Stage 3	471	22	247	13	(718)	(35)	—	—
Business activity in the year[a]	27,863	46	2,336	149	634	85	30,833	280
Refinements to models used for calculation[b]	—	—	—	—	—	—	—	—
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	13,828	130	3,811	339	(64)	799	17,575	1,268
Final repayments	(28,458)	(22)	(2,977)	(29)	(299)	(59)	(31,734)	(110)
Disposals[c]	(2,394)	—	(10)	—	—	—	(2,404)	—
Write-offs[d]	—	—	—	—	(333)	(333)	(333)	(333)
As at 31 December 2020[e]	119,304	320	21,374	711	3,591	1,066	144,269	2,097

Notes

a Business activity in the year does not include additional drawdowns on the existing facility which are reported under 'Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes'.

b Refinements to models used for calculation include a £309m adjustment which largely represents model remediation for over recovery of debt in UK unsecured lending. 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.

c The £1.9bn disposals reported within Credit cards, unsecured loans and other retail lending portfolio includes £1.7bn sale of motor financing business within the Barclays Partner Finance business and £0.2bn relate to debt sales undertaken during the year. The £2.4bn disposal reported within Wholesale loans include sale of debt securities as part of the Group Treasury operations.

d In 2020, gross write-offs amounted to £1,964m (2019: £1,883m) and post write-off recoveries amounted to £35m (2019: £124m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,929m (2019: £1,759m).

e Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income and other assets. These have a total gross exposure of £180.3bn (December 2019: £149.3bn) and impairment allowance of £165m (December 2019: £24m). This comprises £11m ECL (December 2019: £12m) on £175.7bn Stage 1 assets (December 2019: £148.5bn), £9m (December 2019: £2m) on £4.4bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2019: £0.8bn) and £145m (December 2019: £10m) on £154m Stage 3 other assets (December 2019: £10m).

f Transfers and risk parameter changes has seen an ECL increase which is materially driven by stage migration in response to the macroeconomic scenario updates, partially offset by a net release in ECL of £0.6bn due to a reclassification of £2.0bn gross loans and advances from Stage 2 to Stage 1 in credit cards and unsecured loans. The reclassification followed a review of back-testing of results which indicated that origination probability of default characteristics were unnecessarily moving Stage 1 accounts into Stage 2.

Reconciliation of ECL movement to credit impairment charge/(release) for the period

	£m
Home loans	128
Credit cards, unsecured loans and other retail lending	2,597
Wholesale loans	1,438
ECL movement excluding assets derecognised due to disposals and write-offs	4,163
Recoveries and reimbursements[a]	(399)
Exchange and other adjustments[b]	145
Credit impairment charge on loan commitments and financial guarantees	776
Credit impairment charge on other financial assets[c]	153
Credit impairment charge for the year	4,838

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 loan assets with third parties. Cash recoveries of previously written off amounts to £35m.

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 and other assets. These have a total gross exposure of £180.3bn (December 2019: £149.3bn) and impairment allowance of £165m (December 2019: £24m). This comprises £11m ECL (December 2019: £12m) on £175.7bn Stage 1 assets (December 2019: £148.5bn), £9m (December 2019: £2m) on £4.4bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2019: £0.8bn) and £145m (December 2019: £10m) on £154m Stage 3 other assets (December 2019: £10m).

Loan commitments and financial guarantees (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Home loans								
As at 1 January 2020	9,542	—	500	—	4	—	10,046	—
Net transfers between stages	(82)	—	78	—	4	—	—	—
Business activity in the year	7,975	—	—	—	—	—	7,975	—
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(5,332)	—	(27)	—	(2)	—	(5,361)	—
Limit management and final repayments	(242)	—	(35)	—	(1)	—	(278)	—
As at 31 December 2020	11,861	—	516	—	5	—	12,382	—
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	125,759	35	6,238	71	250	14	132,247	120
Net transfers between stages	(5,477)	43	4,725	(40)	752	(3)	—	—
Business activity in the year	5,214	2	158	3	2	1	5,374	6
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1,298	(22)	1,636	272	(671)	15	2,263	265
Limit management and final repayments	(12,423)	(3)	(640)	(1)	(104)	(4)	(13,167)	(8)
As at 31 December 2020	114,371	55	12,117	305	229	23	126,717	383
Wholesale loans								
As at 1 January 2020	185,839	62	12,447	99	681	41	198,967	202
Net transfers between stages	(28,325)	67	27,319	(72)	1,006	5	—	—
Business activity in the year	42,917	32	4,708	102	774	2	48,399	136
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	13,637	47	(44)	338	(69)	(20)	13,524	365
Limit management and final repayments	(50,361)	(7)	(4,172)	(14)	(296)	(1)	(54,829)	(22)
As at 31 December 2020	163,707	201	40,258	453	2,096	27	206,061	681

Risk review: Credit risk
Risk performance continued

Stage 2 decomposition

Loans and advances at amortised cost[a]

	2021		2020	
	Gross exposure	Impairment allowance	Gross exposure	Impairment allowance
As at 31 December	£m	£m	£m	£m
Quantitative test	**29,096**	**1,612**	36,754	3,252
Qualitative test	**10,891**	**372**	11,865	273
30 days past due backstop	**1,106**	**31**	2,387	39
Total Stage 2	**41,093**	**2,015**	51,006	3,564

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

Stage 2 exposures are predominantly identified using quantitative tests where the lifetime PD has deteriorated more than a pre-determined amount since origination during the year driven by changes in macroeconomic 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 predominantly include £8.3bn (2020: £8.5bn) in Barclays UK of which £6.8bn (2020: £7.1bn) relates to UK Home Finance, £1.0bn (2020: £1.0bn) relates to Business Banking and £0.2bn (2020: £0.1bn) relates to Barclaycard UK. A further £2.6bn (2020: £3.3bn) relates to Barclays International of which £1.4bn (2020: £2.0bn) relates to Corporate and Investment Bank and £1.1bn (2020: £1.0bn) relates to Consumer, Cards and Payments.

A small number of other accounts (2% of impairment allowances and 3% of gross exposure) are included in Stage 2. These accounts are not otherwise identified by the quantitative or qualitative tests but are more than 30 days past due. The percentage triggered by these backstop criteria is a measure of the effectiveness of the Stage 2 criteria in identifying deterioration prior to delinquency. These balances include items in the 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

	2021		2020	
	Gross exposure	Impairment allowance	Gross exposure	Impairment allowance
As at 31 December	£m	£m	£m	£m
Exposures not charged-off including within cure period[a]	**3,894**	**657**	3,773	831
Exposures individually assessed or in recovery book[b]	**3,341**	**1,864**	5,224	2,907
Total Stage 3	**7,235**	**2,521**	8,997	3,738

Notes
a Includes £2.9bn (2020: £2.6bn) 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:

Overview of management adjustments to models for impairment allowance (audited)[a]

	2021		2020	
	Management adjustments to impairment allowances	Proportion of total impairment allowances	Management adjustments to impairment allowances	Proportion of total impairment allowances
As at 31 December	£m	%	£m	%
Home loans	**103**	**21.7**	131	24.3
Credit cards, unsecured loans and other retail lending	**1,362**	**32.7**	1,234	20.3
Wholesale loans	**21**	**1.3**	23	0.8
Total	**1,486**	**23.6**	1,388	14.8

Note

a Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.

Management adjustments to models are presented by product below: (audited)[a]

	Impairment allowance pre management adjustments[b]	Economic uncertainty adjustments[(a)]	Other adjustments[(b)]	Total adjustments[(a+b)]	Total impairment allowance[c]
As at 31 December 2021	£m	£m	£m	£m	£m
Home loans	**372**	**72**	**31**	**103**	**475**
Credit cards, unsecured loans and other retail lending	**2,798**	**1,217**	**145**	**1,362**	**4,160**
Wholesale loans[d]	**1,628**	**403**	**(382)**	**21**	**1,649**
Total	**4,798**	**1,692**	**(206)**	**1,486**	**6,284**
As at 31 December 2020	£m	£m	£m	£m	£m
Home loans	407	21	110	131	538
Credit cards, unsecured loans and other retail lending	4,849	1,625	(391)	1,234	6,083
Wholesale loans[d]	2,755	421	(398)	23	2,778
Total	8,011	2,067	(679)	1,388	9,399

Notes

a Positive values reflect an increase in impairment allowance and negative values reflect a reduction in the impairment allowance.

b Includes £4.1bn (2020: £6.8bn) of modelled ECL, £0.5bn (2020: £0.9bn) of individually assessed impairments and £0.2bn (2020: £0.3bn) ECL from non-modelled exposures.

c Total impairment allowance consist of ECL stock on drawn and undrawn exposure.

d Other adjustments include £(0.4)bn related to Bounce Back Loan government guarantees in 2021. In the prior year, the adjustment was £(0.1)bn) and was presented under economic uncertainty.

Risk review: Credit risk
Risk performance continued

Economic uncertainty adjustments
Throughout the COVID-19 pandemic in 2020 and 2021, macroeconomic forecasts anticipated lasting impacts to unemployment levels and customer and client stress. More recent macroeconomic forecasts indicated that the outlook has improved, with measures of government and bank support having tapered down and no material deterioration in customer delinquencies observed to date. However, the degree of economic uncertainty remains relatively high: credit deterioration may still occur when support measures are fully withdrawn across geographies; emerging supply chain disruption and inflationary pressures may challenge economic stability; and economic consensus may not capture the range of economic uncertainty associated with fast moving new COVID-19 variants such as Omicron.

Given this backdrop, management has recognised economic uncertainty adjustments to modelled outputs to address these sources of uncertainties and ensure that the potential impacts of stress are provided for. This uncertainty continues to be captured in two distinct ways. Firstly, customer uncertainty: the identification of customers and clients who may be more vulnerable to the withdrawal of support schemes and emerging economic instability; and secondly, model uncertainty: to capture the impact from model limitations and sensitivities to specific macroeconomic parameters which are applied at a portfolio level.

The economic uncertainty adjustments of £1.7bn (2020: £2.1bn) includes customer and client uncertainty provisions of £1.5bn (2020: £1.7bn) and model uncertainty provisions of £0.2bn (2020: £0.4bn).

Customer uncertainty provisions comprises:

a. An adjustment of £0.4bn (2020: £0.7bn) to adjust the probability of default (PDs) to pre-COVID-19 levels to offset the temporary improvement to PDs in light of reduced customer spend behaviour and support measures. The decrease of £0.3bn is primarily driven by some normalisation of customer spending behaviour during the year resulting in a partial release of the PMA.

b. A vulnerable customer adjustment of £1.1bn (2020: £1.0bn) has been applied to customers and clients considered potentially vulnerable to the withdrawal of support schemes and emerging economic instability against which lifetime coverage is applied. This is split between credit cards, unsecured loans and other retail lending of £0.8bn (2020: £0.8bn) and wholesale loans of £0.3bn (2020: £0.2bn). The latter includes an adjustment of £0.1bn (2020: nil) to reflect possible cross default risk on Barclays lending in respect of clients who have taken bounce back loans.

Model uncertainty provisions reduced by £0.2bn reflecting an update in adjustment in response to the modelled provisions following the update in the Q421 scenarios.

Other adjustments
Other adjustments are operational in nature and are expected to remain in place until they can be corrected in the underlying models. These adjustments result from data limitations and model performance related issues identified through established governance processes. The quantum of adjustments reduced in response to the Q421 scenarios as well as model enhancements made during the year. Material adjustments consists of the following:

Home loans: The low average LTV nature of the UK Home Loans portfolio means that modelled ECL estimates are low and do not reflect the tail risk with severe economic stress. An adjustment is made to maintain an appropriate level of ECL informed by model monitoring.

Credit cards, unsecured loans and other retail lending: Includes an adjustment for model inaccuracies informed by model monitoring and a reclassification of loans and advances from Stage 2 to Stage 1 in credit cards. The reclassification followed a review of back-testing results which indicated that accuracy of origination probability of default characteristics require management adjustments to correct and was first established in Q220. This adjustment has reduced driven by the improved macroeconomic scenarios in Q421 and the reduction in exposure on this portfolio.

Wholesale loans: Materially comprises of an adjustment applied on bounce back loans of £(0.4)bn to reverse out the modelled charge which does not consider the government guarantee when calculating the ECL.

Management adjustments of £(0.4)bn within wholesale loans in 2020 primarily comprised an adjustment to offset modelled ECL output in the Investment Bank to limit excessive ECL sensitivity to the macroeconomic variable for Federal Tax Receipts.

Measurement uncertainty and sensitivity analysis

Management has applied economic uncertainty and other adjustments to modelled ECL outputs. Economic uncertainty adjustments reflect the potential vulnerability of specific customers and clients who may be more vulnerable to the full withdrawal of support and emerging economic instability and the degree to which economic consensus may not have captured the range of economic uncertainty associated with new variants of COVID-19. As a result, ECL is higher than would be the case if it were based on forecast economic scenarios alone.

The measurement of modelled ECL involves complexity and judgement, including estimation of probabilities of default (PD), loss given default (LGD), a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default (EAD) and assessing significant increases in credit risk. The Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts), 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. The favourable scenarios are designed to reflect plausible upside risks to the Baseline scenario which are broadly consistent with the economic narrative approved by the Senior Scenario Review Committee. All scenarios are regenerated at a minimum semi-annually. The scenarios include eight key 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 2021, following the continuation of the COVID-19 pandemic throughout the year, including the emergence of the Omicron variant and the global vaccination rollout. The current Baseline scenario reflects the latest consensus economic forecasts; the steady recovery in GDP in both the UK and US continues with UK GDP returning to pre-COVID-19 pandemic levels by Q222. UK unemployment peaks at 5.0% in Q122 and US unemployment continues to decline. In the Downside 2 scenario, inflation continues to accelerate and the UK bank rate is increased to 4.0% and the US federal funds rate is increased to 3.5%, by the end of 2022, leading to a further downturn in GDP until Q323. Unemployment peaks in Q323 at 9.2% in the UK and 9.5% in the US. In the Upside 2 scenario, inflation expectations and global energy prices stabilise and GDP growth rises as COVID-19 risks continue to decline helping to release more of the pent-up demand and accumulated household savings into the economy. Unemployment rates decline gradually.

The methodology for estimating probability weights used in calculating ECL involves simulating a range of future paths for UK and US GDP using historical data. The five scenarios are mapped against the distribution of these future paths, with the median centred around the Baseline such that scenarios further from the Baseline attract a lower weighting. 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, credit cards and unsecured consumer loans are highly sensitive to unemployment.

The changes to the scenario weights in 2021 primarily reflect changes made to the severity of the scenarios. The Downside 2 scenario has been aligned with the internal stress test, which is informed by a weaker GDP outlook. The effect of this is to move the Downside 2 scenario further away from the Baseline, resulting in a lower weighting. For further details see page 242.

Although the macroeconomic outlook has improved, the level of uncertainty remains relatively high. A key judgement is the extent to which economic uncertainty experienced throughout the COVID-19 pandemic now reflects additional challenges, namely inflationary pressures and global supply chain disruptions. Inflationary headwinds have yet to materially impact customer affordability and corporate profitability data. A balanced approach has therefore been adopted in the sizing of expert judgements as we move away from a period characterised by significant customer support.

The economic uncertainty adjustments of £1.7bn (2021: £2.1bn) have been applied as overlays to the modelled ECL output. These adjustments consist of a customer and client uncertainty provision of £1.5bn (2021: £1.7bn) and a model uncertainty provision of £0.2bn (2021: £0.4bn). For further details see pages 237 to 238.

The tables below show the key macroeconomic variables used in the five scenarios (5 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. 5-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).

Risk review: Credit risk
Risk performance continued

Baseline average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	**6.2**	**4.9**	**2.3**	**1.9**	**1.7**
UK unemployment[b]	**4.8**	**4.7**	**4.5**	**4.3**	**4.2**
UK HPI[c]	**4.7**	**1.0**	**1.9**	**1.9**	**2.3**
UK bank rate	**0.1**	**0.8**	**1.0**	**1.0**	**0.8**
US GDP[a]	**5.5**	**3.9**	**2.6**	**2.4**	**2.4**
US unemployment[d]	**5.5**	**4.2**	**3.6**	**3.6**	**3.6**
US HPI[e]	**11.8**	**4.5**	**5.2**	**4.9**	**5.0**
US federal funds rate	**0.2**	**0.3**	**0.9**	**1.2**	**1.3**

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	6.3	3.3	2.6	2.0
UK unemployment[b]	4.5	6.7	6.4	5.8	5.1
UK HPI[c]	6.1	2.4	2.3	5.0	2.4
UK bank rate	0.2	0.0	(0.1)	0.0	0.1
US GDP[a]	(4.4)	3.9	3.1	2.9	2.9
US unemployment[d]	8.4	6.9	5.7	5.6	5.6
US HPI[e]	2.3	2.8	4.7	4.7	4.7
US federal funds rate	0.5	0.3	0.3	0.3	0.4

Downside 2 average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	**6.2**	**0.2**	**(4.0)**	**2.8**	**4.3**
UK unemployment[b]	**4.8**	**7.2**	**9.0**	**7.6**	**6.3**
UK HPI[c]	**4.7**	**(14.3)**	**(21.8)**	**11.9**	**15.2**
UK bank rate	**0.1**	**2.2**	**3.9**	**3.1**	**2.2**
US GDP[a]	**5.5**	**(0.8)**	**(3.5)**	**2.5**	**3.2**
US unemployment[d]	**5.5**	**6.4**	**9.1**	**8.1**	**6.4**
US HPI[e]	**11.8**	**(6.6)**	**(9.0)**	**5.9**	**6.7**
US federal funds rate	**0.2**	**2.1**	**3.4**	**2.6**	**2.0**

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	(3.9)	6.5	2.6	1.4
UK unemployment[b]	4.5	8.0	9.3	7.8	6.3
UK HPI[c]	6.1	(13.6)	(10.8)	0.5	1.5
UK bank rate	0.2	(0.2)	(0.2)	(0.1)	(0.1)
US GDP[a]	(4.4)	(2.4)	3.6	2.1	2.0
US unemployment[d]	8.4	13.4	11.9	10.1	8.2
US HPI[e]	2.3	(17.2)	(0.7)	0.6	1.3
US federal funds rate	0.5	0.3	0.3	0.3	0.3

Notes

a Average Real GDP seasonally adjusted change in year.
b Average UK unemployment rate 16-year+.
c Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.
d Average US civilian unemployment rate 16-year+.
e Change in year end US HPI = FHFA house price index, relative to prior year end.

Downside 1 average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	**6.2**	**2.8**	**(0.7)**	**2.3**	**2.9**
UK unemployment[b]	**4.8**	**6.2**	**6.8**	**6.0**	**5.3**
UK HPI[c]	**4.7**	**(6.8)**	**(10.5)**	**6.9**	**8.6**
UK bank rate	**0.1**	**1.6**	**2.7**	**2.3**	**1.6**
US GDP[a]	**5.5**	**1.6**	**(0.4)**	**2.4**	**2.7**
US unemployment[d]	**5.5**	**5.4**	**6.6**	**6.1**	**5.2**
US HPI[e]	**11.8**	**(1.2)**	**(2.1)**	**4.8**	**5.2**
US federal funds rate	**0.2**	**1.3**	**2.3**	**2.1**	**1.8**

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	0.1	6.6	3.2	1.8
UK unemployment[b]	4.5	7.3	8.0	6.9	5.8
UK HPI[c]	6.1	(6.7)	(3.5)	1.7	2.0
UK bank rate	0.2	(0.1)	(0.1)	0.0	0.0
US GDP[a]	(4.4)	0.4	3.6	2.3	2.2
US unemployment[d]	8.4	11.0	8.9	6.9	6.1
US HPI[e]	2.3	(5.9)	1.8	2.6	3.6
US federal funds rate	0.5	0.3	0.3	0.3	0.3

Upside 2 average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	**6.2**	**7.2**	**4.0**	**2.7**	**2.1**
UK unemployment[b]	**4.8**	**4.5**	**4.1**	**4.0**	**4.0**
UK HPI[c]	**4.7**	**8.5**	**9.0**	**5.2**	**4.2**
UK bank rate	**0.1**	**0.2**	**0.5**	**0.5**	**0.3**
US GDP[a]	**5.5**	**5.3**	**4.1**	**3.5**	**3.4**
US unemployment[d]	**5.5**	**3.9**	**3.4**	**3.3**	**3.3**
US HPI[e]	**11.8**	**10.6**	**8.5**	**7.2**	**6.6**
US federal funds rate	**0.2**	**0.3**	**0.4**	**0.7**	**1.0**

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	12.2	5.3	3.9	2.9
UK unemployment[b]	4.5	6.2	5.5	4.8	4.4
UK HPI[c]	6.1	6.6	10.4	10.8	7.3
UK bank rate	0.2	0.1	0.3	0.3	0.5
US GDP[a]	(4.4)	7.1	4.6	4.0	3.5
US unemployment[d]	8.4	5.5	4.3	4.1	4.1
US HPI[e]	2.3	8.8	9.1	8.9	7.5
US federal funds rate	0.5	0.3	0.4	0.6	0.9

Notes
a Average Real GDP seasonally adjusted change in year.
b Average UK unemployment rate 16-year+.
c Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.
d Average US civilian unemployment rate 16-year+.
e Change in year end US HPI = FHFA house price index, relative to prior year end.

Risk review: Credit risk
Risk performance continued

Upside 1 average macroeconomic variables used in the calculation of ECL

As at 31 December 2021	2021 %	2022 %	2023 %	2024 %	2025 %
UK GDP[a]	**6.2**	**6.0**	**3.1**	**2.3**	**1.9**
UK unemployment[b]	**4.8**	**4.6**	**4.3**	**4.2**	**4.1**
UK HPI[c]	**4.7**	**5.0**	**5.0**	**3.9**	**3.3**
UK bank rate	**0.1**	**0.6**	**0.8**	**0.8**	**0.5**
US GDP[a]	**5.5**	**4.6**	**3.4**	**2.9**	**2.9**
US unemployment[d]	**5.5**	**4.0**	**3.5**	**3.5**	**3.5**
US HPI[e]	**11.8**	**8.3**	**7.0**	**6.0**	**5.7**
US federal funds rate	**0.2**	**0.3**	**0.6**	**1.0**	**1.1**

As at 31 December 2020	2020 %	2021 %	2022 %	2023 %	2024 %
UK GDP[a]	(10.1)	9.3	3.9	3.4	2.5
UK unemployment[b]	4.5	6.4	6.0	5.2	4.7
UK HPI[c]	6.1	4.6	6.1	6.1	4.7
UK bank rate	0.2	0.1	0.1	0.3	0.3
US GDP[a]	(4.4)	5.5	4.0	3.7	3.3
US unemployment[d]	8.4	6.0	4.8	4.6	4.6
US HPI[e]	2.3	6.8	6.7	6.3	5.6
US federal funds rate	0.5	0.3	0.3	0.5	0.8

Notes
a Average Real GDP seasonally adjusted change in year.
b Average UK unemployment rate 16-year+.
c Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end.
d Average US civilian unemployment rate 16-year+.
e Change in year end US HPI = FHFA house price index, relative to prior year end.

Scenario probability weighting (audited)

	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 31 December 2021					
Scenario probability weighting	**20.9**	**27.2**	**30.1**	**14.8**	**7.0**
As at 31 December 2020					
Scenario probability weighting	20.2	24.2	24.7	15.5	15.4

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

Macroeconomic variables (specific bases)[a]

As at 31 December 2021	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
UK GDP[b]	**21.4**	**18.3**	**3.4**	**(1.6)**	**(1.6)**
UK unemployment[c]	**4.0**	**4.1**	**4.5**	**7.0**	**9.2**
UK HPI[d]	**35.7**	**23.8**	**2.4**	**(12.7)**	**(29.9)**
UK bank rate	**0.1**	**0.1**	**0.7**	**2.8**	**4.0**
US GDP[b]	**22.8**	**19.6**	**3.4**	**1.5**	**(1.3)**
US unemployment[c]	**3.3**	**3.5**	**4.1**	**6.8**	**9.5**
US HPI[d]	**53.3**	**45.2**	**6.2**	**2.2**	**(5.0)**
US federal funds rate	**0.1**	**0.1**	**0.8**	**2.3**	**3.5**
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	0.1	0.1	0.0	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	0.1	0.1	0.3	1.3	1.3

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 (5 year averages)[a]

As at 31 December 2021	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
UK GDP[e]	**4.4**	**3.9**	**3.4**	**2.7**	**1.8**
UK unemployment[f]	**4.3**	**4.4**	**4.5**	**5.8**	**7.0**
UK HPI[g]	**6.3**	**4.4**	**2.4**	**0.3**	**(2.0)**
UK bank rate	**0.3**	**0.5**	**0.7**	**1.7**	**2.3**
US GDP[e]	**4.4**	**3.9**	**3.4**	**2.4**	**1.3**
US unemployment[f]	**3.9**	**4.0**	**4.1**	**5.7**	**7.1**
US HPI[g]	**8.9**	**7.7**	**6.2**	**3.6**	**1.4**
US federal funds rate	**0.5**	**0.6**	**0.8**	**1.5**	**2.1**
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	0.3	0.2	0.0	0.0	(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	0.5	0.5	0.3	0.3	0.3

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. 20 quarter period starts from Q121 (2020: Q120).
b Maximum growth relative to Q420 (2020: Q419), based on 20 quarter period in Upside scenarios; 5-year yearly average CAGR in Baseline; minimum growth relative to Q420 (2020: Q419), 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 Q121 (2020: Q120).
d Maximum growth relative to Q420 (2020: Q419), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q420 (2020: Q419), based on 20 quarter period in Downside scenarios.
e 5-year yearly average CAGR, starting 2020 (2020: 2019).
f 5-year average, Period based on 20 quarters from Q121 (2020: Q120).
g 5-year quarter end CAGR, starting Q420 (2020: Q419).

Risk review: Credit risk

Risk performance continued

The graphs below plot the historical data for GDP growth rate and unemployment rate in the UK and US as well as the forecasted data under each of the five scenarios.

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

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

The table below shows the ECL assuming scenarios have been 100% weighted. Model exposures are allocated to a stage based on the individual scenario rather than through a probability-weighted approach as required for Barclays reported impairment allowances. As a result, it is not possible to back solve to the final reported weighted ECL from the individual scenarios as a balance may be assigned to a different stage dependent on the scenario. 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 (£3.9m of ECL). Non-modelled exposures and management adjustments are excluded. For information on management adjustments, please see pages 237 to 238.

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 2021 and not on macroeconomic scenarios.

The Downside 2 scenario represents a severe global recession with substantial falls in both UK and US GDP. Unemployment in UK markets rises towards 9.2% and US markets rises towards 9.5% 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 £23.6bn of model exposure into Stage 2 between the Weighted and Downside 2 scenario. ECL increases in Stage 2 predominantly due to unsecured portfolios as economic conditions deteriorate.

As at 31 December 2021	Scenarios: Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (£m)						
Home loans	**137,279**	**139,117**	**138,424**	**137,563**	**135,544**	**133,042**
Credit cards, unsecured loans and other retail lending	**45,503**	**46,170**	**45,963**	**45,751**	**43,131**	**38,820**
Wholesale loans	**174,249**	**177,453**	**176,774**	**175,451**	**169,814**	**161,998**
Stage 1 Model ECL (£m)						
Home loans	**4**	**2**	**2**	**3**	**6**	**14**
Credit cards, unsecured loans and other retail lending	**324**	**266**	**272**	**279**	**350**	**418**
Wholesale loans	**290**	**240**	**262**	**286**	**327**	**350**
Stage 1 Coverage (%)						
Home loans	**—**	**—**	**—**	**—**	**—**	**—**
Credit cards, unsecured loans and other retail lending	**0.7**	**0.6**	**0.6**	**0.6**	**0.8**	**1.1**
Wholesale loans	**0.2**	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**
Stage 2 Model exposure (£m)						
Home loans	**22,915**	**21,076**	**21,769**	**22,631**	**24,649**	**27,151**
Credit cards, unsecured loans and other retail lending	**7,200**	**6,260**	**6,521**	**6,795**	**9,708**	**14,290**
Wholesale loans	**32,256**	**29,052**	**29,732**	**31,054**	**36,692**	**44,507**
Stage 2 Model ECL (£m)						
Home loans	**15**	**10**	**11**	**12**	**22**	**47**
Credit cards, unsecured loans and other retail lending	**1,114**	**925**	**988**	**1,058**	**1,497**	**3,295**
Wholesale loans	**572**	**431**	**467**	**528**	**851**	**1,510**
Stage 2 Coverage (%)						
Home loans	**0.1**	**—**	**0.1**	**0.1**	**0.1**	**0.2**
Credit cards, unsecured loans and other retail lending	**15.5**	**14.8**	**15.2**	**15.6**	**15.4**	**23.1**
Wholesale loans	**1.8**	**1.5**	**1.6**	**1.7**	**2.3**	**3.4**
Stage 3 Model exposure (£m)						
Home loans	**1,724**	**1,724**	**1,724**	**1,724**	**1,724**	**1,724**
Credit cards, unsecured loans and other retail lending	**1,922**	**1,922**	**1,922**	**1,922**	**1,922**	**1,922**
Wholesale loans[a]	**1,811**	**1,811**	**1,811**	**1,811**	**1,811**	**1,811**
Stage 3 Model ECL (£m)						
Home loans	**303**	**292**	**295**	**299**	**320**	**346**
Credit cards, unsecured loans and other retail lending	**1,255**	**1,236**	**1,245**	**1,255**	**1,277**	**1,297**
Wholesale loans[a]	**323**	**321**	**322**	**323**	**326**	**332**
Stage 3 Coverage (%)						
Home loans	**17.6**	**16.9**	**17.1**	**17.3**	**18.6**	**20.1**
Credit cards, unsecured loans and other retail lending	**65.3**	**64.3**	**64.8**	**65.3**	**66.4**	**67.5**
Wholesale loans[a]	**17.8**	**17.7**	**17.8**	**17.8**	**18**	**18.3**
Total Model ECL (£m)						
Home loans	**322**	**304**	**308**	**314**	**348**	**407**
Credit cards, unsecured loans and other retail lending	**2,693**	**2,427**	**2,505**	**2,592**	**3,124**	**5,010**
Wholesale loans[a]	**1,185**	**992**	**1,051**	**1,137**	**1,504**	**2,192**
Total ECL	**4,200**	**3,723**	**3,864**	**4,043**	**4,976**	**7,609**

Note

a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £524m is reported as individually assessed impairments in the table below.

Risk review: Credit risk
Risk performance continued

Reconciliation to total ECL	£m
Total model ECL	**4,200**
ECL from individually assessed impairments	**524**
ECL from non-modelled and other management adjustments[a]	**1,560**
Total ECL	**6,284**

Note

a Includes £1.5bn of post model adjustments, of which £0.2bn is included as part of total model ECL 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 3.9%, largely driven by credit card losses which have more linear loss profiles than UK home loans and wholesale loan positions.

Home loans: Total weighted ECL of £322m represents a 2.5% increase over the Baseline ECL (£314m), and coverage ratios remain steady across the Upside scenarios, Baseline and Downside 1 scenario. However, total ECL increases in the Downside 2 scenario to £407m, driven by a significant fall in UK HPI (29.9%) reflecting the non-linearity of the UK portfolio.

Credit cards, unsecured loans and other retail lending: Total weighted ECL of £2,693m represents a 3.9% increase over the Baseline ECL (£2,592m) reflecting the range of economic scenarios used, mainly impacted by Unemployment and other key retail variables. Total ECL increases to £5,010m under the Downside 2 scenario, mainly driven by Stage 2, where coverage rates increase to 23.1% from a weighted scenario approach of 15.5% and circa £7.1bn 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 £1,185m represents a 4.2% increase over the Baseline ECL (£1,137m) reflecting the range of economic scenarios used, with exposures in the Investment Bank particularly sensitive to the Downside 2 scenario.

	Scenarios					
As at 31 December 2020	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model exposure (£m)						
Home loans	131,422	134,100	133,246	132,414	130,547	128,369
Credit cards, unsecured loans and other retail lending	51,952	53,271	52,932	51,995	50,168	48,717
Wholesale loans	149,099	155,812	154,578	152,141	144,646	131,415
Stage 1 Model ECL (£m)						
Home loans	6	4	5	6	14	42
Credit cards, unsecured loans and other retail lending	392	316	340	372	415	415
Wholesale loans	262	242	258	249	278	290
Stage 1 Coverage (%)						
Home loans	—	—	—	—	—	—
Credit cards, unsecured loans and other retail lending	0.8	0.6	0.6	0.7	0.8	0.9
Wholesale loans	0.2	0.2	0.2	0.2	0.2	0.2
Stage 2 Model exposure (£m)						
Home loans	19,180	16,502	17,356	18,188	20,055	22,233
Credit cards, unsecured loans and other retail lending	13,399	10,572	11,579	13,176	16,477	19,322
Wholesale loans	32,677	25,963	27,198	29,635	37,130	50,361
Stage 2 Model ECL (£m)						
Home loans	37	31	32	33	42	63
Credit cards, unsecured loans and other retail lending	2,207	1,618	1,837	2,138	2,865	3,564
Wholesale loans	1,410	952	1,047	1,223	1,771	2,911
Stage 2 Coverage (%)						
Home loans	0.2	0.2	0.2	0.2	0.2	0.3
Credit cards, unsecured loans and other retail lending	16.5	15.3	15.9	16.2	17.4	18.4
Wholesale loans	4.3	3.7	3.8	4.1	4.8	5.8
Stage 3 Model exposure (£m)						
Home loans	1,778	1,778	1,778	1,778	1,778	1,778
Credit cards, unsecured loans and other retail lending	2,585	2,585	2,585	2,585	2,585	2,585
Wholesale loans[a]	2,211	2,211	2,211	2,211	2,211	2,211
Stage 3 Model ECL (£m)						
Home loans	307	282	286	290	318	386
Credit cards, unsecured loans and other retail lending	2,003	1,947	1,972	2,001	2,055	2,078
Wholesale loans[a]	146	128	134	141	157	184
Stage 3 Coverage (%)						
Home loans	17.3	15.9	16.1	16.3	17.9	21.7
Credit cards, unsecured loans and other retail lending	77.5	75.3	76.3	77.4	79.5	80.4
Wholesale loans[a]	6.6	5.8	6.1	6.4	7.1	8.3
Total Model ECL (£m)						
Home loans	350	317	323	329	374	491
Credit cards, unsecured loans and other retail lending	4,602	3,881	4,149	4,511	5,335	6,057
Wholesale loans[a]	1,818	1,322	1,439	1,613	2,206	3,385
Total ECL	6,770	5,520	5,911	6,453	7,915	9,933

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £902m is reported as individually assessed impairments in the table below.

Reconciliation to total ECL[a]	£m
Total model ECL	6,770
ECL from individually assessed impairments	902
ECL from non-modelled and other management adjustments	1,727
Total ECL	9,399

Note
a Includes £1.4bn of post-model adjustment and £0.3bn ECL from non-model exposures.

Risk review: Credit risk
Risk performance continued

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. The Group implements limits on concentrations in order to mitigate the risk. The analyses of credit risk concentrations presented below are based on the location of the counterparty or customer or the industry in which they are engaged. Further detail on the Group policies with regard to managing concentration risk is presented in the Barclays PLC Pillar 3 Report 2021 (unaudited).

Geographic concentrations
As at 31 December 2021, the geographic concentration of the Group's assets remained broadly consistent with 2020. Exposure is concentrated in the UK 40% (2020: 39%), in the Americas 35% (2020: 33%) and in Europe 19% (2020: 21%).

Credit risk concentrations by geography (audited)

	United Kingdom	Americas	Europe	Asia	Africa and Middle East	Total
	£m	£m	£m	£m	£m	£m
As at 31 December 2021						
On-balance sheet:						
Cash and balances at central banks	**114,959**	**38,735**	**76,846**	**7,789**	**245**	**238,574**
Cash collateral and settlement balances	**34,249**	**28,469**	**21,822**	**7,260**	**742**	**92,542**
Loans and advances at amortised cost	**270,261**	**51,599**	**24,352**	**11,039**	**4,200**	**361,451**
Reverse repurchase agreements and other similar secured lending	**9**	**123**	**401**	**2,508**	**186**	**3,227**
Trading portfolio assets	**12,926**	**29,539**	**15,092**	**4,943**	**889**	**63,389**
Financial assets at fair value through the income statement	**28,737**	**95,478**	**30,083**	**21,800**	**9,999**	**186,097**
Derivative financial instruments	**78,710**	**92,010**	**75,247**	**14,709**	**1,896**	**262,572**
Financial assets at fair value through other comprehensive income	**7,661**	**27,391**	**19,235**	**6,164**	**400**	**60,851**
Other assets	**949**	**223**	**39**	**1**	**—**	**1,212**
Total on-balance sheet	**548,461**	**363,567**	**263,117**	**76,213**	**18,557**	**1,269,915**
Off-balance sheet:						
Contingent liabilities	**5,527**	**10,328**	**3,957**	**1,131**	**403**	**21,346**
Loan commitments	**105,844**	**192,303**	**40,523**	**5,104**	**1,937**	**345,711**
Total off-balance sheet	**111,371**	**202,631**	**44,480**	**6,235**	**2,340**	**367,057**
Total	**659,832**	**566,198**	**307,597**	**82,448**	**20,897**	**1,636,972**
As at 31 December 2020						
On-balance sheet:						
Cash and balances at central banks	66,459	36,063	69,963	17,987	655	191,127
Cash collateral and settlement balances	33,893	27,287	30,121	9,558	508	101,367
Loans and advances at amortised cost	262,231	41,094	24,949	10,728	3,630	342,632
Reverse repurchase agreements and other similar secured lending	10	152	373	8,285	211	9,031
Trading portfolio assets	9,829	31,000	17,107	5,948	946	64,830
Financial assets at fair value through the income statement	34,229	88,327	25,709	14,742	7,524	170,531
Derivative financial instruments	93,430	90,801	101,102	14,532	2,581	302,446
Financial assets at fair value through other comprehensive income	10,672	27,504	28,607	11,006	138	77,927
Other assets	608	185	57	—	—	850
Total on-balance sheet	511,361	342,413	297,988	92,786	16,193	1,260,741
Off-balance sheet:						
Contingent liabilities	5,876	10,122	3,809	1,222	580	21,609
Loan commitments	112,561	175,926	38,836	4,169	1,557	333,049
Total off-balance sheet	118,437	186,048	42,645	5,391	2,137	354,658
Total	629,798	528,461	340,633	98,177	18,330	1,615,399

Industry concentrations
The concentration of the Group's assets by industry remained broadly consistent year on year. As at 31 December 2021, total assets concentrated in banks and other financial institutions was 38% (2020: 40%), predominantly within derivative financial instruments. The proportion of the overall balance concentrated in governments and central banks was 23% (2020: 21%), cards, unsecured loans and other personal lending was 10% (2020: 10%) and in home loans remained stable at 11% (2020: 11%). Further details on material and emerging risks can be found on pages 204 to 215.

Credit risk concentrations by industry (audited)

	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
As at 31 December 2021												
On-balance sheet:												
Cash and balances at central banks	52	74	—	—	238,448	—	—	—	—	—	—	238,574
Cash collateral and settlement balances	14,811	61,581	320	79	14,526	390	60	366	—	68	341	92,542
Loans and advances at amortised cost	8,519	32,332	6,701	25,722	30,827	4,345	11,455	19,113	169,205	42,198	11,034	361,451
Reverse repurchase agreements and other similar secured lending	645	2,049	—	—	533	—	—	—	—	—	—	3,227
Trading portfolio assets	2,586	8,817	4,881	1,097	32,574	4,043	1,734	4,716	—	—	2,941	63,389
Financial assets at fair value through the income statement	26,074	131,264	771	7,999	13,945	87	181	3,753	1,595	—	428	186,097
Derivative financial instruments	120,666	117,400	4,169	1,898	7,233	3,544	1,172	2,696	—	—	3,794	262,572
Financial assets at fair value through other comprehensive income	14,441	4,274	—	662	40,872	—	—	455	—	—	147	60,851
Other assets	618	450	1	3	8	—	2	104	—	21	5	1,212
Total on-balance sheet	188,412	358,241	16,843	37,460	378,966	12,409	14,604	31,203	170,800	42,287	18,690	1,269,915
Off-balance sheet:												
Contingent liabilities	1,006	5,356	3,080	1,341	1,682	3,284	1,209	2,518	—	73	1,797	21,346
Loan commitments	1,395	55,071	42,587	16,673	1,362	26,461	16,299	25,682	11,656	121,680	26,845	345,711
Total off-balance sheet	2,401	60,427	45,667	18,014	3,044	29,745	17,508	28,200	11,656	121,753	28,642	367,057
Total	190,813	418,668	62,510	55,474	382,010	42,154	32,112	59,403	182,456	164,040	47,332	1,636,972
As at 31 December 2020												
On-balance sheet:												
Cash and balances at central banks	56	84	—	—	190,981	—	—	6	—	—	—	191,127
Cash collateral and settlement balances	17,986	67,305	375	35	13,946	871	30	575	—	—	244	101,367
Loans and advances at amortised cost	8,133	22,062	8,142	26,125	28,445	4,722	12,569	19,538	159,647	41,312	11,937	342,632
Reverse repurchase agreements and other similar secured lending	706	7,964	—	—	361	—	—	—	—	—	—	9,031
Trading portfolio assets	2,743	11,464	4,104	516	35,902	3,052	1,883	2,625	—	—	2,541	64,830
Financial assets at fair value through the income statement	21,824	131,943	608	5,668	5,530	13	64	3,712	971	—	198	170,531
Derivative financial instruments	155,767	116,526	4,126	2,725	11,649	3,288	1,235	2,361	—	0	4,769	302,446
Financial assets at fair value through other comprehensive income	18,829	5,843	1	425	51,955	—	—	733	—	—	141	77,927
Other assets	439	224	6	12	1	10	18	98	—	34	8	850
Total on-balance sheet	226,483	363,415	17,362	35,506	338,770	11,956	15,799	29,648	160,618	41,346	19,838	1,260,741
Off-balance sheet:												
Contingent liabilities	1,150	5,501	3,187	1,260	1,678	3,223	1,005	2,283	—	155	2,167	21,609
Loan commitments	1,813	53,936	39,638	14,002	1,398	25,780	17,165	24,554	12,385	119,807	22,571	333,049
Total off-balance sheet	2,963	59,437	42,825	15,262	3,076	29,003	18,170	26,837	12,385	119,962	24,738	354,658
Total	229,446	422,852	60,187	50,768	341,846	40,959	33,969	56,485	173,003	161,308	44,576	1,615,399

Risk review: Credit risk
Risk performance continued

The 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 in the Expected Credit Losses section.

The following internal measures are used 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.

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

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

Satisfactory: while there is a high likelihood that the asset will be recovered and therefore, of no cause for concern to the 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, home loans with a high loan to value, and unsecured retail loans operating outside normal product guidelines.

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

Loans that are past due are monitored closely, with impairment allowances raised as appropriate and in line with the Group's impairment policies.

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 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 Group will use its own internal ratings for the securities.

Balance sheet credit quality
The following tables present the credit quality of the Group's assets exposed to credit risk.

Overview
As at 31 December 2021, the ratio of the Group's on-balance sheet assets classified as strong (0.0 to <0.60%) remained stable at 87% (2020: 87%) of total assets exposed to credit risk. Further analysis of debt securities by issuer and issuer type and netting and collateral arrangements on derivative financial instruments is presented in the Analysis of debt securities section and Analysis of derivatives section.

Balance sheet credit quality (audited)

	PD range				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 %
As at 31 December 2021								
Cash and balances at central banks	**238,574**	**—**	**—**	**238,574**	**100**	**—**	**—**	**100**
Cash collateral and settlement balances	**83,257**	**9,275**	**10**	**92,542**	**90**	**10**	**—**	**100**
Loans and advances at amortised cost:								
Home loans	**161,314**	**5,547**	**2,344**	**169,205**	**96**	**3**	**1**	**100**
Credit cards, unsecured loans and other retail lending	**25,664**	**14,293**	**1,836**	**41,793**	**62**	**34**	**4**	**100**
Wholesale loans	**104,823**	**40,437**	**5,193**	**150,453**	**70**	**27**	**3**	**100**
Total loans and advances at amortised cost	**291,801**	**60,277**	**9,373**	**361,451**	**80**	**17**	**3**	**100**
Reverse repurchase agreements and other similar secured lending	**3,141**	**86**	**—**	**3,227**	**97**	**3**	**—**	**100**
Trading portfolio assets:								
Debt securities	**44,652**	**5,735**	**477**	**50,864**	**88**	**11**	**1**	**100**
Traded loans	**2,172**	**10,144**	**209**	**12,525**	**17**	**81**	**2**	**100**
Total trading portfolio assets	**46,824**	**15,879**	**686**	**63,389**	**74**	**25**	**1**	**100**
Financial assets at fair value through the income statement:								
Loans and advances	**19,642**	**18,979**	**46**	**38,667**	**51**	**49**	**—**	**100**
Debt securities	**1,389**	**864**	**52**	**2,305**	**61**	**37**	**2**	**100**
Reverse repurchase agreements	**108,437**	**36,047**	**530**	**145,014**	**75**	**25**	**—**	**100**
Other financial assets	**93**	**18**	**—**	**111**	**84**	**16**	**—**	**100**
Total financial assets at fair value through the income statement	**129,561**	**55,908**	**628**	**186,097**	**70**	**30**	**—**	**100**
Derivative financial instruments	**246,628**	**15,678**	**266**	**262,572**	**94**	**6**	**—**	**100**
Financial assets at fair value through other comprehensive income	**60,845**	**6**	**—**	**60,851**	**100**	**—**	**—**	**100**
Other assets	**1,155**	**55**	**2**	**1,212**	**95**	**5**	**—**	**100**
Total on-balance sheet	**1,101,786**	**157,164**	**10,965**	**1,269,915**	**87**	**12**	**1**	**100**
As at 31 December 2020								
Cash and balances at central banks	191,127	—	—	191,127	100	—	—	100
Cash collateral and settlement balances	90,633	10,725	9	101,367	89	11	—	100
Loans and advances at amortised cost:					—	—	—	—
Home loans	150,748	6,310	2,589	159,647	94	4	2	100
Credit cards, unsecured loans and other retail lending	15,870	22,427	2,516	40,813	39	55	6	100
Wholesale loans	105,968	31,538	4,666	142,172	75	22	3	100
Total loans and advances at amortised cost	272,586	60,275	9,771	342,632	79	18	3	100
Reverse repurchase agreements and other similar secured lending	9,019	12	—	9,031	100	—	—	100
Trading portfolio assets:								
Debt securities	51,395	4,871	216	56,482	91	9	—	100
Traded loans	704	5,107	2,537	8,348	9	61	30	100
Total trading portfolio assets	52,099	9,978	2,753	64,830	81	15	4	100
Financial assets at fair value through the income statement:								
Loans and advances	16,467	14,369	43	30,879	53	47	—	100
Debt securities	1,126	521	46	1,693	66	31	3	100
Reverse repurchase agreements	95,376	41,566	674	137,616	70	30	—	100
Other financial assets	330	13	—	343	96	4	—	100
Total financial assets at fair value through the income statement	113,299	56,469	763	170,531	67	33	—	100
Derivative financial instruments	282,617	19,352	477	302,446	94	6	—	100
Financial assets at fair value through other comprehensive income	77,919	8	—	77,927	100	—	—	100
Other assets	778	68	4	850	92	8	—	100
Total on-balance sheet	1,090,077	156,887	13,777	1,260,741	87	12	1	100

Risk review: Credit risk
Risk performance continued

Credit exposures by internal PD grade

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

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

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

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

			Gross carrying amount				Allowance for ECL					
	PD range		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	%	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
As at 31 December 2021												
1 - 3	0.0 to <0.05%	Strong	**95,795**	**1,554**	**—**	**97,349**	**283**	**8**	**—**	**291**	**97,058**	**0.3**
4 - 5	0.05 to <0.15%	Strong	**83,818**	**3,584**	**—**	**87,402**	**19**	**3**	**—**	**22**	**87,380**	**—**
6 - 8	0.15 to <0.30%	Strong	**58,409**	**9,722**	**—**	**68,131**	**41**	**12**	**—**	**53**	**68,078**	**0.1**
9 - 11	0.30 to <0.60%	Strong	**35,794**	**3,649**	**—**	**39,443**	**129**	**29**	**—**	**158**	**39,285**	**0.4**
12 - 14	0.60 to <2.15%	Satisfactory	**30,654**	**7,090**	**—**	**37,744**	**326**	**264**	**—**	**590**	**37,154**	**1.6**
15 - 19	2.15 to <10%	Satisfactory	**7,977**	**6,645**	**—**	**14,622**	**230**	**780**	**—**	**1,010**	**13,612**	**6.9**
19	10 to <11.35%	Satisfactory	**5,572**	**4,364**	**—**	**9,936**	**99**	**326**	**—**	**425**	**9,511**	**4.3**
20 - 21	11.35 to <100%	Higher Risk	**846**	**4,485**	**—**	**5,331**	**79**	**593**	**—**	**672**	**4,659**	**12.6**
22	100%	Credit Impaired	**—**	**—**	**7,235**	**7,235**	**—**	**—**	**2,521**	**2,521**	**4,714**	**34.8**
Total			**318,865**	**41,093**	**7,235**	**367,193**	**1,206**	**2,015**	**2,521**	**5,742**	**361,451**	**1.6**
As at 31 December 2020												
1 - 3	0.0 to <0.05%	Strong	82,312	3,095	—	85,407	6	35	—	41	85,366	—
4 - 5	0.05 to <0.15%	Strong	101,309	9,715	—	111,024	34	25	—	59	110,965	0.1
6 - 8	0.15 to <0.30%	Strong	30,697	6,263	—	36,960	47	64	—	111	36,849	0.3
9 - 11	0.30 to <0.60%	Strong	34,601	5,093	—	39,694	120	168	—	288	39,406	0.7
12 - 14	0.60 to <2.15%	Satisfactory	29,498	8,399	—	37,897	379	593	—	972	36,925	2.6
15 - 19	2.15 to <10%	Satisfactory	8,125	9,136	—	17,261	302	1,283	—	1,585	15,676	9.2
19	10 to <11.35%	Satisfactory	3,505	4,437	—	7,942	73	195	—	268	7,674	3.4
20 - 21	11.35 to <100%	Higher Risk	917	4,868	—	5,785	72	1,201	—	1,273	4,512	22.0
22	100%	Credit Impaired	—	—	8,997	8,997	—	—	3,738	3,738	5,259	41.5
Total			290,964	51,006	8,997	350,967	1,033	3,564	3,738	8,335	342,632	2.4

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

Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	Gross carrying amount Stage 2 £m	Gross carrying amount Stage 3 £m	Gross carrying amount Total £m	Allowance for ECL Stage 1 £m	Allowance for ECL Stage 2 £m	Allowance for ECL Stage 3 £m	Allowance for ECL Total £m	Net exposure £m	Coverage ratio %
As at 31 December 2021												
1 - 3	0.0 to <0.05%	Strong	**6,389**	**172**	**—**	**6,561**	**8**	**1**	**—**	**9**	**6,552**	**0.1**
4 - 5	0.05 to <0.15%	Strong	**2,929**	**503**	**—**	**3,432**	**2**	**2**	**—**	**4**	**3,428**	**0.1**
6 - 8	0.15 to <0.30%	Strong	**1,996**	**199**	**—**	**2,195**	**2**	**2**	**—**	**4**	**2,191**	**0.2**
9 - 11	0.30 to <0.60%	Strong	**2,794**	**216**	**—**	**3,010**	**4**	**1**	**—**	**5**	**3,005**	**0.2**
12 - 14	0.60 to <2.15%	Satisfactory	**1,990**	**287**	**—**	**2,277**	**19**	**8**	**—**	**27**	**2,250**	**1.2**
15 - 19	2.15 to <10%	Satisfactory	**817**	**479**	**—**	**1,296**	**5**	**10**	**—**	**15**	**1,281**	**1.2**
19	10 to <11.35%	Satisfactory	**607**	**254**	**—**	**861**	**21**	**42**	**—**	**63**	**798**	**7.3**
20 - 21	11.35 to <100%	Higher Risk	**141**	**1,162**	**—**	**1,303**	**3**	**77**	**—**	**80**	**1,223**	**6.1**
22	100%	Credit Impaired	**—**	**—**	**180**	**180**	**—**	**—**	**2**	**2**	**178**	**1.1**
Total			**17,663**	**3,272**	**180**	**21,115**	**64**	**143**	**2**	**209**	**20,906**	**1.0**
As at 31 December 2020												
1 - 3	0.0 to <0.05%	Strong	6,178	189	—	6,367	1	—	—	1	6,366	—
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	3	—	6	1,627	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			17,256	3,470	654	21,380	44	228	10	282	21,098	1.3

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

Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	Gross carrying amount Stage 2 £m	Gross carrying amount Stage 3 £m	Gross carrying amount Total £m	Allowance for ECL Stage 1 £m	Allowance for ECL Stage 2 £m	Allowance for ECL Stage 3 £m	Allowance for ECL Total £m	Net exposure £m	Coverage ratio %
As at 31 December 2021												
1 - 3	0.0 to <0.05%	Strong	**104,204**	**3,034**	**—**	**107,238**	**6**	**4**	**—**	**10**	**107,228**	**—**
4 - 5	0.05 to <0.15%	Strong	**68,986**	**5,524**	**—**	**74,510**	**10**	**5**	**—**	**15**	**74,495**	**—**
6 - 8	0.15 to <0.30%	Strong	**30,968**	**2,387**	**—**	**33,355**	**8**	**6**	**—**	**14**	**33,341**	**—**
9 - 11	0.30 to <0.60%	Strong	**40,539**	**2,524**	**—**	**43,063**	**8**	**6**	**—**	**14**	**43,049**	**—**
12 - 14	0.60 to <2.15%	Satisfactory	**30,065**	**4,713**	**—**	**34,778**	**81**	**30**	**—**	**111**	**34,667**	**0.3**
15 - 19	2.15 to <10%	Satisfactory	**7,091**	**3,516**	**—**	**10,607**	**21**	**37**	**—**	**58**	**10,549**	**0.5**
19	10 to <11.35%	Satisfactory	**10,407**	**3,091**	**—**	**13,498**	**8**	**13**	**—**	**21**	**13,477**	**0.2**
20 - 21	11.35 to <100%	Higher Risk	**2,219**	**6,754**	**—**	**8,973**	**11**	**58**	**—**	**69**	**8,904**	**0.8**
22	100%	Credit Impaired	**—**	**—**	**1,118**	**1,118**	**—**	**—**	**21**	**21**	**1,097**	**1.9**
Total			**294,479**	**31,543**	**1,118**	**327,140**	**153**	**159**	**21**	**333**	**326,807**	**0.1**
As at 31 December 2020												
1 - 3	0.0 to <0.05%	Strong	60,525	5,525	—	66,050	4	2	—	6	66,044	—
4 - 5	0.05 to <0.15%	Strong	74,860	6,322	—	81,182	12	16	—	28	81,154	—
6 - 8	0.15 to <0.30%	Strong	51,255	6,719	—	57,974	17	47	—	64	57,910	0.1
9 - 11	0.30 to <0.60%	Strong	43,650	6,950	—	50,600	17	72	—	89	50,511	0.2
12 - 14	0.60 to <2.15%	Satisfactory	30,994	9,908	—	40,902	119	131	—	250	40,652	0.6
15 - 19	2.15 to <10%	Satisfactory	5,702	4,971	—	10,673	27	113	—	140	10,533	1.3
19	10 to <11.35%	Satisfactory	4,886	5,129	—	10,015	11	25	—	36	9,979	0.4
20 - 21	11.35 to <100%	Higher Risk	811	3,897	—	4,708	5	124	—	129	4,579	2.7
22	100%	Credit Impaired	—	—	1,676	1,676	—	—	40	40	1,636	2.4
Total			272,683	49,421	1,676	323,780	212	530	40	782	322,998	0.2

Note

a Excludes loan commitments and financial guarantees of £18.8bn (2020: £9.5bn) carried at fair value.

Risk review: Credit risk
Risk performance continued

Analysis of specific portfolios and asset types
This section provides an analysis of principal portfolios and businesses, in particular, home loans, credit cards, unsecured loans and other retail lending and a summary of government supported loans.

Secured home loans
The UK home loans portfolio comprises first lien home loans and accounts for 93% (2020: 93%) of the Group's total home loan balances.

Home loans principal portfolios

	Barclays UK	
As at 31 December	2021	2020
Gross loans and advances (£m)	**158,192**	148,343
>90 day arrears, excluding recovery book (%)	**0.1**	0.2
Annualised gross charge-off rates – 180 days past due (%)	**0.5**	0.6
Recovery book proportion of outstanding balances (%)	**0.6**	0.6
Recovery book impairment coverage ratio (%)	**4.2**	3.2

Within the UK home loans portfolio:

- gross loans and advances increased by £9.8bn (6.6%) following an increase in Residential (7.8%), while Buy to Let (BTL) remained broadly stable
- owner-occupied interest-only home loans comprised 19.0% (2020: 22.1%) of total balances. The average balance weighted LTV on owner occupied loans increased to 50.3% (2020: 49.9%)
- BTL home loans comprised 13.1% (2020: 14.0%) of total balances. In BTL, the average balance weighted LTV dropped to 53.4% (2020: 55.3%).

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

	Distribution of balances				Distribution of impairment allowance				Coverage ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Barclays UK	%	%	%	%	%	%	%	%	%	%	%	%
As at 31 December 2021												
<=75%	**77.2**	**11.3**	**0.7**	**89.2**	**8.3**	**17.7**	**31.9**	**57.9**	**—**	**0.1**	**2.4**	**—**
>75% and <=90%	**9.3**	**0.6**	**—**	**9.9**	**4.8**	**10.7**	**11.7**	**27.2**	**—**	**1.0**	**22.6**	**0.1**
>90% and <=100%	**0.9**	**—**	**—**	**0.9**	**0.9**	**1.0**	**2.9**	**4.8**	**0.1**	**1.9**	**87.5**	**0.3**
>100%	**—**	**—**	**—**	**—**	**0.2**	**1.0**	**8.9**	**10.1**	**0.4**	**6.4**	**100.0**	**14.1**
As at 31 December 2020												
<=75%	75.7	11.6	0.6	87.9	17.9	15.0	19.0	51.9	—	0.1	1.8	—
>75% and <=90%	10.8	0.8	—	11.6	9.7	14.8	7.6	32.1	0.1	1.2	16.0	0.2
>90% and <=100%	0.4	—	—	0.4	0.8	1.5	2.2	4.5	0.1	2.6	35.7	0.7
>100%	0.1	—	—	0.1	0.7	3.4	7.4	11.5	0.7	10.3	69.1	8.0

Note
a Portfolio marked to market based on the most updated valuation including recovery book balances. Updated valuations reflect the application of the latest HPI available as at 31 December 2021.

Home loans principal portfolios – average LTV

As at 31 December	Barclays UK 2021	Barclays UK 2020
Overall portfolio LTV (%):		
Balance weighted %	**50.7**	50.7
Valuation weighted %	**37.5**	37.6
For >100% LTVs:		
Balances £m	**58**	129
Marked to market collateral £m	**47**	112
Average LTV: Balance weighted %	**160.9**	138.2
Average LTV: Valuation weighted %	**129.1**	120.6
% of balances in recoveries	**14.5**	10.8

Home loans principal portfolios - new lending

As at 31 December 2021	Barclays UK 2021	Barclays UK 2020
New home loan bookings (£m)	**33,945**	22,776
New home loan proportion above 90% LTV (%)	**1.9**	2.6
Average LTV on new home loan: balance weighted (%)	**69.5**	67.5
Average LTV on new home loan: valuation weighted (%)	**61.9**	59.6

New bookings: The increased level of new business in 2021 was driven by elevated demand in the house purchase market supported by government intervention including stamp duty relief. Barclays maintained its share of the market, supported by re-introduction of HLTV (> 85% LTV) products and reversal of some policy tightening introduced in 2020.

Head Office: Italian home loans and advances at amortised cost reduced to £4.7bn (2020: £5.7bn) and continue to run-off since new bookings ceased in 2016. The portfolio is secured on residential property with an average balance weighted mark to market LTV of 60.4% (2020: 62.1%). 90-day arrears decreased to 1.3% (2020: 1.7%) and gross charge-off rate decreased to 0.3% (2020: 1.0%) due to continuous reduction of delinquent balances.

Credit cards, unsecured loans and other retail lending

The principal portfolios listed below accounted for 82% (2020: 84%) of the Group's total credit cards, unsecured loans and other retail lending.

Credit cards and unsecured loans principal portfolios

	Gross exposure £m	30 day arrears rate, excluding recoveries book %	90 day arrears rate, excluding recoveries book %	Annualised gross write-off rates %	Annualised net write-off rates %
As at 31 December 2021					
Barclays UK					
UK cards	**9,933**	**1.0**	**0.2**	**4.1**	**4.0**
UK personal loans	**4,011**	**1.5**	**0.7**	**3.5**	**3.2**
Barclays Partner Finance	**2,471**	**0.4**	**0.2**	**1.4**	**1.4**
Barclays International					
US cards	**17,779**	**1.6**	**0.8**	**4.3**	**4.2**
Germany consumer lending	**3,559**	**1.5**	**0.7**	**0.9**	**0.8**
As at 31 December 2020					
Barclays UK					
UK cards	11,911	1.7	0.8	2.9	2.9
UK personal loans	4,591	2.3	1.2	3.4	3.1
Barclays Partner Finance	2,469	0.5	0.3	1.1	1.1
Barclays International					
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

Risk review: Credit risk
Risk performance continued

UK cards: 30 and 90 day arrears rates reduced significantly to 1.0% (2020: 1.7%) and 0.2% (2020: 0.8%) respectively, with balances reducing by £2.0bn. Whilst performance had been on an improving trend as a result of reduced spend and increased repayments due to government support as a response to COVID-19 and lower flows into delinquency, the main driver was a change in the point of charge off from 180 days to 120 days past due. Higher write offs primarily reflected a higher level of debt sales.

UK personal loans: 30 and 90 day arrears rates reduced significantly to 1.5% (2020: 2.3%) and 0.7% (2020: 1.2%) respectively, with balances reducing by £0.6bn. Similar to UK cards, the main driver was a change in the point of charge off from 180 days to 120 days past due. Higher write offs primarily reflected a higher level of debt sales.

Barclays Partner Finance: 30 and 90 day arrears rates both reduced by 0.1% as a result of slightly lower entry rates and flows through the delinquency cycles.

US cards: 30 and 90 day arrears rates improved and remain below pre-pandemic levels due to continued benefit from government support schemes throughout the pandemic and industry payment deferrals that were made available to consumers.

Germany consumer lending: 30 and 90 day arrears rates reduced in 2021 due to improved payment behaviour of formerly high-risk customers as unemployment eased, and the benefit from government support in the local market continued.

Government supported loans
Throughout the COVID-19 pandemic Barclays has supported its customers and clients by participating in the UK Government's Bounce Back Loan Scheme (BBLs), Coronavirus Business Interruption Loan Scheme (CBILs), Coronavirus Large Business Interruption Loan Scheme (CLBILs) and the Recovery Loan Scheme (RLS).

Government supported loans

	Gross exposure				Impairment allowance			Impairment coverage		Government guaranteed exposure
	Stage 1	Stage 2	Stage 3	Total	Modelled impairment	Management adjustment	Impairment post management adjustment	Pre management adjustment	Post management adjustment	Total
	£m	£m	£m	£m	£m	£m	£m	%	%	£m
As at 31 December 2021										
Barclays UK										
BBLs	**7,881**	**797**	**704**	**9,382**	**396**	**(380)**	**16**	**4.2**	**0.2**	**9,366**
CBILs	**900**	**110**	**47**	**1,057**	**12**	**(7)**	**5**	**1.1**	**0.5**	**845**
RLSs	**11**	**—**	**1**	**12**	**—**	**—**	**—**	**2.7**	**2.7**	**10**
Barclays International										
CBILs	**619**	**146**	**6**	**771**	**5**	**—**	**5**	**0.6**	**0.6**	**617**
CLBILs	**163**	**56**	**2**	**221**	**1**	**—**	**1**	**0.4**	**0.4**	**177**
RLSs	**1**	**—**	**—**	**1**	**—**	**—**	**—**	**4.7**	**4.7**	**1**
Total	**9,575**	**1,109**	**760**	**11,444**	**414**	**(387)**	**27**	**3.6**	**0.2**	**11,016**
As at 31 December 2020										
Barclays UK										
BBLs	9,413	373	130	9,916	68	(68)	—	1	—	9,916
CBILs	1,042	37	20	1,099	6	—	6	1	1	879
RLSs	—	—	—	—	—	—	—	—	—	—
Barclays International										
CBILs	846	112	1	959	12	—	12	1	1	768
CLBILs	184	23	8	215	2	—	2	1	1	171
RLSs	—	—	—	—	—	—	—	—	—	—
Total	11,485	545	159	12,189	88	(68)	20	1	—	11,734

The BBLs and CBILs schemes were launched to provide financial support to smaller and medium-sized businesses and CLBILs for larger businesses in the UK who may experience financial difficulties as a result of the COVID-19 outbreak. The RLS aims to help UK businesses access finance as they recover and grow following the COVID-19 pandemic. These loans are guaranteed by the Government at 100% for BBLs and 80% for CBILs, CLBILs and RLS as at the balance sheet date.

Management adjustments of £(380)m and £(7)m are applied as the underlying ECL models do not currently fully recognise the 100% and 80% government guarantee against BBLs and CBILs exposure within BUK Business Banking. In instances where Barclays has assessed the BBLs exposure to have not met strict assessment criteria, no claim has been made against the government guarantee resulting in an impairment allowance against these loans of £16m at the year-end.

Additionally, while the government supported loans are covered by guarantees, many BBLs customers have other financing arrangements with Barclays which are not covered by the government guarantee. Noting the elevated levels of delinquency across the BBLs population, Barclays has applied an adjustment of £0.1bn to the £2.5bn gross exposure to BBLs customers outside the scheme.

Forbearance

Forbearance measures consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting their financial commitments ('financial difficulties').

Analysis of forbearance programmes

	Balances				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021								
Barclays UK	**140**	**140**	**737**	**1,017**	**2**	**46**	**284**	**332**
Barclays International	**1**	**3**	**244**	**248**	**—**	**1**	**152**	**153**
Head Office	**—**	**—**	**116**	**116**	**—**	**—**	**15**	**15**
Total retail	**141**	**143**	**1,097**	**1,381**	**2**	**47**	**451**	**500**
Barclays UK	**59**	**76**	**494**	**629**	**—**	**2**	**48**	**50**
Barclays International	**—**	**1,051**	**961**	**2,012**	**—**	**38**	**321**	**359**
Head Office				**—**				**—**
Total wholesale	**59**	**1,127**	**1,455**	**2,641**	**—**	**40**	**369**	**409**
Group total	**200**	**1,270**	**2,552**	**4,022**	**2**	**87**	**820**	**909**
As at 31 December 2020								
Barclays UK	59	144	374	577	3	77	106	186
Barclays International	1	2	350	353	—	1	198	199
Head Office	—	—	126	126	—	—	18	18
Total retail	60	146	850	1,056	3	78	322	403
Barclays UK	—	48	534	582	—	3	54	57
Barclays International	—	1,373	1,460	2,833	—	86	564	650
Head Office				—				—
Total wholesale	—	1,421	1,994	3,415	—	89	618	707
Group total	60	1,567	2,844	4,471	3	167	940	1,110

Retail balances on forbearance increased 31%, reflecting an increase in Barclays UK due to the application of EBA's definition of forbearance across the Group to standardise reporting.

Wholesale balances subject to forbearance decreased to £2.6bn (2020: £3.4bn) with reduced exposure in Corporate Bank and Investment Bank of £400m and £238m respectively. Impairment allowances reduced to £409m (2020: £707m) with balance reductions driving lower ECL, a range of cases returning from forbearance and one notable write off. Barclays International accounted for 76% of wholesale forbearance with corporate cases representing 84% of these balances.

Retail forbearance programmes

Forbearance on the Group's principal retail portfolios is presented below. The principal portfolios account for 99% (2020: 100%) of total retail forbearance balances.

Risk review: Credit risk
Risk performance continued

Analysis of key portfolios in forbearance programmes

	Balances on forbearance programmes		Marked to market LTV of forbearance balances: balance weighted	Marked to market LTV of forbearance balances: valuation weighted	Impairment allowances marked against balances on forbearance programmes	Total balances on forbearance programmes coverage ratio
	Total	% of gross retail loans and advances				
	£m	£m	%	%	£m	%
As at 31 December 2021						
Barclays UK						
UK home loans	**293**	**0.2**	**42.2**	**30.0**	**3**	**1.0**
UK cards	**577**	**5.8**	**n/a**	**n/a**	**242**	**41.9**
UK personal loans	**120**	**3.0**	**n/a**	**n/a**	**69**	**57.9**
Barclays Partner Finance	**15**	**0.6**	**n/a**	**n/a**	**9**	**61.6**
Barclays International						
US cards	**196**	**1.1**	**n/a**	**n/a**	**122**	**62.2**
Germany consumer lending	**51**	**1.4**	**n/a**	**n/a**	**31**	**60.7**
Head Office						
Italian home loans	**116**	**2.4**	**58.4**	**41.9**	**15**	**13.2**
As at 31 December 2020						
Barclays UK						
UK home loans	135	0.1	40.2	29.0	2	1.4
UK cards	384	3.2	n/a	n/a	151	39.3
UK personal loans	54	1.2	n/a	n/a	31	57.6
Barclays Partner Finance	4	0.1	n/a	n/a	2	49.0
Barclays International						
US cards	286	1.7	n/a	n/a	155	54.2
Germany consumer lending	67	1.9	n/a	n/a	44	65.0
Head Office						
Italian home loans	126	2.2	59.2	43.2	18	14.5

UK home loans: Forbearance balances increased to £293m (2020: £135m) including £91m due to a standardisation of the definition of forbearance to comply with EBA Reporting rules. On a like for like basis, the increase of £67m was driven by extended periods of support to COVID-19 payment holiday exits during H1. Forbearance flow is now back to pre COVID-19 levels.

UK cards: Gross balances on forbearance programmes increased to £577m (2020: £384m), reflecting an increase of £423m due to a standardisation of the definition of forbearance to comply with EBA Reporting rules. On a like for like basis, the decrease of £230m was driven by the reduced asset base as well as fewer customers requiring support compared to the peak of the COVID-19 pandemic.

UK personal loans: Gross balances on forbearance programmes increased to £120m (2020: £54m), reflecting an increase of £114m due to a standardisation of the definition of forbearance to comply with EBA Reporting rules. On a like for like basis, the decrease of £48m was due to the reduced asset base as well as fewer customers requiring support compared to the peak of the COVID-19 pandemic.

Barclays Partner Finance: The increase in gross balances on forbearance programmes reflected standardisation of the definition of forbearance to comply with EBA Reporting rules.

US cards: Forbearance balances decreased to £196m (2020: £286m) due to the impact of lower delinquency driving fewer forbearance enrollments.

Germany consumer lending: Forbearance balances decreased to £51m (2020: £67m) due to lower customer demand.

Italian home loans: Forbearance balances reduced to £116m (2020: £126m) due to a natural exit from forbearance status as the portfolio is in run-off and reduction in the volumes of new concessions.

Wholesale forbearance programmes

The table below details balance information for wholesale forbearance cases.

Analysis of wholesale balances in forbearance programmes

	Balances on forbearance programmes		Impairment allowances marked against balances on forbearance programmes	Total balances on forbearance programmes coverage ratio
	Total balances	% of gross wholesale loans and advances		
	£m	%	£m	%
As at 31 December 2021				
Barclays UK	**629**	**1.6**	**50**	**7.9**
Barclays International	**2,012**	**1.9**	**359**	**17.8**
Total	**2,641**	**1.8**	**409**	**15.5**
As at 31 December 2020				
Barclays UK	582	1.6	57	9.8
Barclays International	2,833	2.9	650	22.9
Total	3,415	2.5	707	20.7

Analysis of debt securities

Debt securities include government securities held as part of the Group's treasury management portfolio for liquidity and regulatory purposes, and are for use on a continuing basis in the activities of the Group.

The following tables provide an analysis of debt securities held by the Group for trading and investment purposes by issuer type, and where the Group held government securities exceeding 10% of shareholders' equity. Further information on the credit quality of debt securities is presented in the Balance sheet credit quality section.

Debt securities

	2021		2020	
As at 31 December	£m	%	£m	%
Of which issued by:				
Governments and other public bodies	**94,730**	**65.0**	105,496	66.0
Corporate and other issuers	**36,916**	**25.3**	39,733	24.9
US agency	**4,364**	**3.0**	8,742	5.5
Mortgage and asset backed securities	**9,788**	**6.7**	5,745	3.6
Total	**145,798**	**100.0**	159,716	100.0

Government securities

	Fair value	
	2021	2020
As at 31 December	£m	£m
United States	**30,023**	30,363
United Kingdom	**27,409**	23,873
Japan	**8,555**	16,258

Risk review: Credit risk
Risk performance continued

Analysis of derivatives

The tables below set out the fair values of the derivative assets together with the value of those assets subject to enforceable counterparty netting arrangements for which the Group holds offsetting liabilities and eligible collateral.

Derivative assets (audited)

	2021			2020		
	Balance sheet assets	Counterparty netting	Net exposure	Balance sheet assets	Counterparty netting	Net exposure
As at 31 December	£m	£m	£m	£m	£m	£m
Foreign exchange	**76,975**	**60,525**	**16,450**	85,115	68,108	17,007
Interest rate	**125,905**	**92,669**	**33,236**	172,334	128,072	44,262
Credit derivatives	**5,682**	**4,525**	**1,157**	4,605	3,584	1,021
Equity and stock index	**51,723**	**43,084**	**8,639**	38,972	32,183	6,789
Commodity derivatives	**2,287**	**1,717**	**570**	1,420	1,133	287
Total derivative assets	**262,572**	**202,520**	**60,052**	302,446	233,080	69,366
Cash collateral held			**34,598**			43,291
Net exposure less collateral			**25,454**			26,075

Derivative asset exposures would be £237bn (2020: £276bn) lower than reported under IFRS if netting were permitted for assets and liabilities with the same counterparty or for which the Group holds cash collateral. Similarly, derivative liabilities would be £(235)bn (2020: £(276)bn) lower reflecting counterparty netting and collateral placed. In addition, non-cash collateral of £6bn (2020: £5bn) was held in respect of derivative assets. The Group received collateral from clients in support of over the counter derivative transactions. These transactions are generally undertaken under International Swaps and Derivative Association (ISDA) agreements governed by either UK or New York law.

The table below sets out the fair value and notional amounts of OTC derivative instruments by type of collateral arrangement.

Derivatives by collateral arrangement

	2021			2020		
		Fair value			Fair value	
	Notional contract amount	Assets	Liabilities	Notional contract amount	Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Unilateral in favour of Barclays						
Foreign exchange	**26,905**	**437**	**(635)**	28,431	618	(532)
Interest rate	**6,790**	**816**	**(6)**	6,580	982	(10)
Credit derivatives	**1,200**	**24**	**(202)**	227	2	—
Equity and stock index	**245**	**33**	**(4)**	860	17	(77)
Total unilateral in favour of Barclays	**35,140**	**1,310**	**(847)**	36,098	1,619	(619)
Unilateral in favour of counterparty						
Foreign exchange	**22,987**	**385**	**(883)**	16,420	545	(1,003)
Interest rate	**36,230**	**3,162**	**(3,684)**	36,973	3,524	(4,543)
Credit derivatives	**152**	**1**	**—**	287	—	—
Equity and stock index	**507**	**159**	**(21)**	451	146	(22)
Total unilateral in favour of counterparty	**59,876**	**3,707**	**(4,588)**	54,131	4,215	(5,568)
Bilateral arrangement						
Foreign exchange	**5,261,708**	**71,624**	**(68,186)**	5,154,176	79,337	(77,919)
Interest rate	**13,956,001**	**116,656**	**(108,723)**	13,267,129	161,909	(155,453)
Credit derivatives	**570,968**	**3,635**	**(4,190)**	365,757	3,348	(3,490)
Equity and stock index	**259,066**	**12,749**	**(15,965)**	453,990	15,376	(18,399)
Commodity derivatives	**4,485**	**54**	**(102)**	4,235	89	(100)
Total bilateral arrangement	**20,052,228**	**204,718**	**(197,166)**	19,245,287	260,059	(255,361)
Uncollateralised derivatives						
Foreign exchange	**403,523**	**4,348**	**(4,526)**	269,417	4,277	(4,589)
Interest rate	**227,093**	**3,244**	**(1,759)**	250,857	4,583	(2,131)
Credit derivatives	**34,184**	**347**	**(360)**	18,629	324	(419)
Equity and stock index	**18,865**	**5,881**	**(8,478)**	10,850	3,268	(7,596)
Commodity derivatives	**185**	**2**	**(5)**	9	—	(10)
Total uncollateralised derivatives	**683,850**	**13,822**	**(15,128)**	549,762	12,452	(14,745)
Total OTC derivative assets/(liabilities)	**20,831,094**	**223,557**	**(217,729)**	19,885,278	278,345	(276,293)

Summary of contents

Market risk

All disclosures in this section are unaudited unless otherwise stated.

Overview

This section contains key statistics describing the market risk profile of the Group. The market risk management section provides a description of management VaR.

Measures of market risk in the 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 decreased by 41% to £19m in 2021 (2020: £32m), driven by reduced risk taking, lower market volatility and the impact of a methodology update in March 2021 which changed the historical lookback period of the VaR model from two years to one year. The methodology change has increased the responsiveness of the model to changes over time in volatility levels in the lookback period.

Traded market risk review

Review of management measures

The following disclosures provide details on management measures of market risk. Refer to the market risk management section of the Barclays PLC Pillar 3 Report 2021 (unaudited) for more detail on management measures and the differences when compared to regulatory measures.

The table below shows the total management VaR on a diversified basis by risk factor. Total management VaR includes all trading positions in CIB and Treasury and it is calculated with a one-day holding period.

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

Risk review: Market risk
Risk performance continued

The daily average, maximum and minimum values of management VaR

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

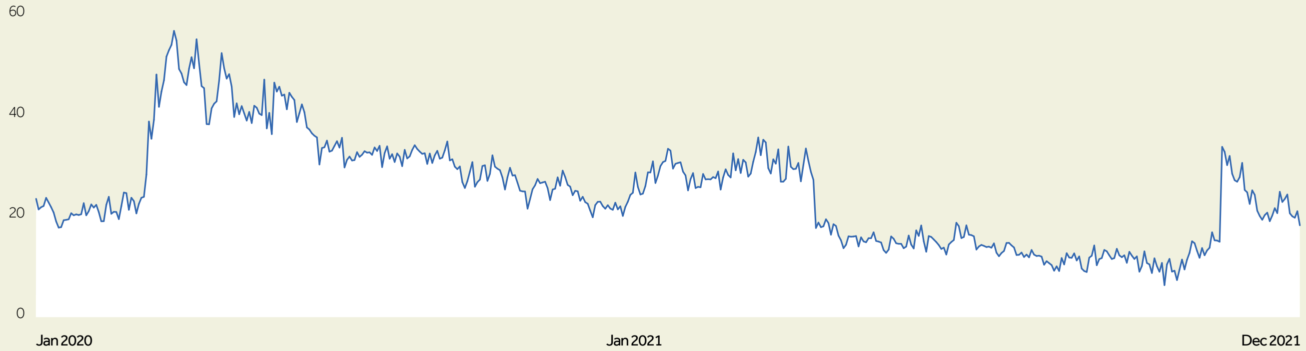
	2021			2020		
	Average	High[a]	Low[a]	Average	High[a]	Low[a]
For the year ended 31 December	£m	£m	£m	£m	£m	£m
Credit risk	**14**	**30**	**7**	20	38	10
Interest rate risk	**7**	**15**	**4**	10	17	6
Equity risk	**9**	**29**	**4**	13	35	6
Basis risk	**6**	**10**	**3**	10	16	7
Spread risk	**4**	**6**	**3**	5	9	3
Foreign exchange risk	**4**	**16**	**1**	5	7	2
Commodity risk	**—**	**1**	**—**	1	1	—
Inflation risk	**3**	**5**	**2**	2	3	1
Diversification effect[a]	**(28)**	**n/a**	**n/a**	(34)	n/a	n/a
Total management VaR	**19**	**36**	**6**	32	57	18

Note

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.

Group Management VaR

£m



Business scenario stresses

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

In 2021, the scenario analyses showed that the largest market risk related impacts would be due to a severe deterioration in financial liquidity and an associated global recession.

Treasury and Capital risk: summary of contents

Risk review: Treasury and Capital risk
Risk performance continued

Interest rate risk in the banking book performance

A description of the non-traded market risk framework is provided.

The Group discloses a sensitivity analysis on pre-tax net interest income for non-trading financial assets and liabilities. The analysis is carried out by business unit and currency.

The Group measures some non-traded market risks, in particular prepayment, recruitment, and residual risk using an economic capital methodology.

The Group discloses the overall impact of a parallel shift in interest rates on other comprehensive income and cash flow hedges.

The Group measures the volatility of the value of the FVOCI instruments in the liquidity pool through non-traded market risk VaR.

Liquidity risk

All disclosures in this section are unaudited unless otherwise stated.

Overview

The Group has a liquidity risk control framework that meets the PRA standards and is designed to maintain liquidity resources that are sufficient in amount and quality, and a funding profile that is appropriate to meet the Group's Liquidity Risk Appetite (LRA). The Liquidity Framework is delivered via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

This section provides an analysis of the Group's: (i) summary of performance, (ii) liquidity risk stress testing, iii) liquidity pool, (iv) funding structure and funding relationships, (v) credit ratings, and (vi) contractual maturity of financial assets and liabilities.

For further detail on liquidity risk governance and framework, refer to page195 to 200 of the Barclays PLC Pillar 3 Report 2021 (unaudited).

Key metrics

Liquidity Coverage Ratio

168%

Summary of performance

The liquidity pool at £291bn (December 2020: £266bn) reflects the Group's prudent approach to liquidity management. The Liquidity Coverage Ratio (LCR) remained well above the 100% regulatory requirement at 168% (December 2020: 162%), equivalent to a surplus of £116bn (December 2020: £99bn). The increase in the liquidity pool, LCR and surplus over the year was driven by continued deposit growth, borrowing from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) and an increase in wholesale funding, which were partly offset by an increase in business funding consumption .

During the year, the Group issued £11bn of minimum requirement for own funds and eligible liabilities (MREL) instruments in a range of tenors and currencies.

Barclays Bank PLC continued to issue in the shorter-term and medium-term markets and Barclays Bank UK PLC continued to issue in the shorter-term markets and maintain active secured funding programmes. This funding capacity enables the respective entities maintain their stable and diversified funding bases.

The Group's reliance on short-term wholesale funding, as measured by the proportion of wholesale funding maturing in less than one year increased year-on-year. At 31 December 2021, it was 36% (December 2020: 29%).

Liquidity risk stress testing

Under the Liquidity Framework, the Group has established a liquidity risk appetite (LRA) together with the appropriate limits for the management of the liquidity risk. This is the level of liquidity risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. The Group sets its internal liquidity risk appetite based on internal liquidity risk assessments and, external regulatory requirements namely the Liquidity Coverage Ratio (LCR).

Liquidity risk appetite

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 should a stress occur.

As part of the LRA, the Group runs three short-term liquidity stress scenarios, aligned to the PRA's prescribed stresses:

- 90 days market-wide stress event
- 30 days Barclays-specific stress event
- combined 30 days market-wide and Barclays-specific stress event

Risk review: Treasury and Capital risk
Risk performance continued

Key LRA assumptions
For the year ended 31 December 2021

Drivers of Liquidity Risk	*LRA Combined stress – key assumptions*
Wholesale Secured and Unsecured Funding Risk	▪ Zero rollover of maturing wholesale unsecured funding ▪ Loss of repo capacity on non-extremely liquid repos at contractual maturity date ▪ Roll of repo for extremely liquid repo at wider haircut at contractual maturity date ▪ Withdrawal of contractual buyback obligations, excess client futures margin, Prime Brokerage (PB) client cash and overlifts ▪ Haircuts applied to the market value of marketable assets held in the liquidity buffer
Retail and Corporate Funding Risk	▪ Retail and Corporate deposit outflows as counterparties seek to diversify their deposit balances
Intraday Liquidity Risk	▪ Liquidity held to meet increased intraday liquidity usage due to payment and receipts volatility, loss of unsecured credit lines and haircuts applied to collateral values used to back secured creditlines, in a stress
Intra-Group Liquidity Risk	▪ Liquidity support for material subsidiaries. Surplus liquidity held within certain subsidiaries is not taken as a benefit to the wider Group
Cross-Currency Liquidity Risk	▪ Deterioration in FX market capacity that may result in restriction in net currency positions
Off-Balance Sheet Liquidity Risk	▪ Drawdown on committed facilities based on facility and counterparty type ▪ Collateral outflows due to a two-notch credit rating downgrade ▪ Increase in the Group's initial margin requirement across all major exchanges ▪ Variation margin outflows from collateralised risk positions ▪ Outflow of collateral owing but not called ▪ Loss of internal sources of funding within the PB synthetics business
Franchise-Viability Risk	▪ Liquidity held to enable the firm to meet select non-contractual obligations to ensure market confidence in the firm is maintained, including debt buy-backs, swap tear-ups and increased prime brokerage margin debits
Funding Concentration Risk	▪ Liquidity held against largest wholesale funding counterparty refusing to roll

As at 31 December 2021, the Group held eligible liquid assets well in excess of 100% of net stress outflows of the 30 days combined scenario, which has the highest net outflows of the three short-term liquidity stress scenarios.

The Group also runs a long term liquidity stress test, which measures the anticipated outflows over a 12 months market-wide scenario. As at 31 December 2021, the Group remained compliant with this internal metric.

Liquidity regulation
Certain Basel III standards including those relating to the introduction of the liquidity adequacy requirement measured through the LCR were implemented in EU law through CRR, as amended by CRRII, and the Capital Requirements Directive IV. These standards were retained in the UK regulatory framework via a series of onshoring instruments as part of the UK's withdrawal from the EU. In October 2021, the PRA published the final policy statement setting out its planned implementation of supplementary Basel III standards, including the Net Stable Funding Ratio (NSFR). These came into effect in the UK on 1 January 2022 from which date the Group monitors its position against both the LCR and NSFR.

The LCR is designed to promote short-term resilience of a bank's liquidity risk profile by holding sufficient High Quality Liquid Assets (HQLA) to survive an acute stress scenario lasting for 30 days. The NSFR has been developed to promote a sustainable and stable structure of assets and liabilities. Barclays is compliant with the NSFR requirement in effect from 1 January 2022.

As a result of the UK's withdrawal from the EU, EEA government bonds and central bank exposures no longer automatically qualify as Level 1 HQLA. This would impact both the LCR and NSFR metrics. In December 2021, following its consultation process on implementing CRR II in the UK, the PRA introduced a modification by consent (MBC) which would allow for the ongoing recognition of EEA government and central bank assets as Level 1 HQLA for the purposes of the LCR and NSFR. Barclays applied for this MBC which was granted by the PRA in December 2021.

Liquidity coverage ratio
The external LCR requirement is prescribed by the regulator taking into account the relative stability of different sources of funding and potential incremental funding requirements in a stress.

As at 31 December	2021 £bn	2020 £bn
Eligible liquidity buffer	**285**	258
Net stress outflows	**(169)**	(159)
Surplus	**116**	99
Liquidity coverage ratio	**168%**	162%

As part of the LRA, Barclays also establishes the minimum LCR limit. The Group plans to maintain its surplus to the internal and regulatory stress requirements at an efficient level, while continuously assessing risks to market funding conditions and its liquidity position and taking actions to manage the size of the liquidity pool as appropriate.

Liquidity pool

The Group liquidity pool as at 31 December 2021 was £291bn (2020: £266bn). During 2021, the month-end liquidity pool ranged from £290bn to £337bn (2020: £218bn to £332bn), and the month-end average balance was £303bn (2020: £287bn). The liquidity pool is held unencumbered and is intended to offset stress outflows. It comprises the following cash and unencumbered assets.

Composition of the Group liquidity pool as at 31 December 2021

		Liquidity pool of which CRR LCR eligible[c]			2020
	Liquidity pool	Cash	Level 1	Level 2A	Liquidity pool
	£bn	£bn	£bn	£bn	£bn
Cash and deposits with central banks[a]	**245**	**243**	**—**	**—**	197
Government bonds[b]					
AAA to AA-	**26**	**—**	**23**	**—**	31
A+ to A-	**2**	**—**	**—**	**2**	13
BBB+ to BBB-	**—**	**—**	**—**	**—**	1
Total government bonds	**28**	**—**	**23**	**2**	45
Other					
Government guaranteed issuers, PSEs and GSEs	**6**	**—**	**5**	**1**	10
International organisations and MDBs	**5**	**—**	**5**	**—**	6
Covered bonds	**6**	**—**	**4**	**2**	8
Other	**1**	**—**	**—**	**—**	—
Total other	**18**	**—**	**14**	**3**	24
Total as at 31 December 2021	**291**	**243**	**37**	**5**	266
Total as at 31 December 2020	266	192	55	11	

Notes
a Includes cash held at central banks and surplus cash at central banks related to payment schemes. Of which over 99% (2020: over 98%) was placed with the Bank of England, US Federal Reserve, European Central Bank, Bank of Japan and Swiss National Bank.
b Of which over 82% (2020: over 78%) comprised UK, US, French, German, Japanese, Swiss and Dutch securities.
c The LCR eligible liquidity pool is adjusted for trapped liquidity and other regulatory deductions. It also incorporates other CRR (as amended by CRR II) qualifying assets that are not eligible under Barclays' internal risk appetite.

The Group liquidity pool is well diversified by major currency and the Group monitors LRA stress scenarios for major currencies.

Liquidity pool by currency

	USD	EUR	GBP	Other	Total
	£bn	£bn	£bn	£bn	£bn
Liquidity pool as at 31 December 2021	**59**	**52**	**132**	**48**	**291**
Liquidity pool as at 31 December 2020	60	50	80	76	266

Management of the liquidity pool

The composition of the liquidity pool is subject to limits set by the Board and the independent liquidity risk, credit risk and market risk functions. In addition, the investment of the liquidity pool is monitored for concentration risk by issuer, currency and asset type. Given the returns generated by these highly liquid assets, the risk and reward profile is continuously managed.

As at 31 December 2021, 58% (2020: 64%) of the liquidity pool was located in Barclays Bank PLC, 30% (2020: 23%) in Barclays Bank UK PLC and 7% (2020: 7%) in Barclays Bank Ireland PLC. The residual portion of the liquidity pool is held outside of these entities, predominantly in the US subsidiaries, to meet entity-specific stress outflows and local regulatory requirements. To the extent the use of this portion of the liquidity pool is restricted due to local regulatory requirements, it is assumed to be unavailable to the rest of the Group in calculating the LCR.

Contingent liquidity

In addition to the Group liquidity pool, the Group has access to other unencumbered assets which provide a source of contingent liquidity. While these are not relied on in the Group's LRA, a portion of these assets may be monetised in a stress to generate liquidity through their use as collateral for secured funding or through outright sale.

In a Barclays-specific, market-wide or combined liquidity stress, liquidity available via market sources could be severely disrupted. In circumstances where market liquidity is unavailable or available only at significantly elevated prices, the Group could generate liquidity via central bank facilities. To this end, as at 31 December 2021, the Group had £93.3bn (December 2020: £99.2bn) of assets positioned at various central banks.

For more detail on the Group's other unencumbered assets, see pages 221 to 223 of the Barclays PLC Pillar 3 Report 2021 (unaudited).

Risk review: Treasury and Capital risk
Risk performance continued

Funding structure and funding relationships

The basis for sound liquidity risk management is a funding structure that reduces the probability of a liquidity stress leading to an inability to meet funding obligations as they fall due. The Group's overall funding strategy is to develop a diversified funding base (geographically, by type and by counterparty) and maintain access to a variety of alternative funding sources, to provide protection against unexpected fluctuations, while minimising the cost of funding.

Within this, the Group aims to align the sources and uses of funding. As such, retail and corporate loans and advances are largely funded by deposits in the relevant entities, with the surplus primarily funding the liquidity pool. The majority of reverse repurchase agreements are matched by repurchase agreements. Derivative liabilities and assets are largely matched. A substantial proportion of balance sheet derivative positions qualify for counterparty netting and the remaining portions are largely offset when netted against cash collateral received and paid. Wholesale debt and equity is used to fund residual assets.

These funding relationships are summarised below:

Assets	2021 £bn	2020 £bn	Liabilities	2021 £bn	2020 £bn
Loans and advances at amortised cost[a]	**358**	335	Deposits at amortised cost	**519**	481
Group liquidity pool	**291**	266	<1 Year wholesale funding	**61**	43
			>1 Year wholesale funding	**107**	102
Reverse repurchase agreements, trading portfolio assets, cash collateral and settlement balances	**388**	376	Repurchase agreements, trading portfolio liabilities, cash collateral and settlement balances	**330**	324
Derivative financial instruments	**263**	302	Derivative financial instruments	**257**	301
Other assets[b]	**84**	71	Other liabilities	**40**	32
			Equity	**70**	67
Total assets	**1,384**	1,350	**Total liabilities**	**1,384**	1,350

Notes
a Adjusted for liquidity pool debt securities reported at amortised costs of £3bn (December 2020: £8bn).
b Other assets include fair value assets that are not part of reverse repurchase agreements or trading portfolio assets, and other asset categories.

Deposit funding (audited)

Funding of loans and advances As at 31 December 2021	Loans and advances at amortised cost £bn	Deposits at amortised cost £bn	2021 Loan: deposit ratio[a] %	2020 Loan: deposit ratio %
Barclays UK	**222**	**260**	**85%**	89%
Barclays International	**134**	**259**	**52%**	51%
Head Office	**5**	**—**		
Barclays Group	**361**	**519**	**70%**	71%

Note
a The loan: deposit ratio is calculated as loans and advances at amortised cost divided by deposits at amortised cost.

As at 31 December 2021, £222bn (2020: £209bn) of total customer deposits were insured through the UK Financial Services Compensation Scheme (FSCS) and other similar schemes. In addition to these customer deposits £1.3bn (2020: £2bn) of other liabilities are insured by other governments.

Contractually current accounts are repayable on demand and savings accounts at short notice. In practice, their observed maturity is typically longer than their contractual maturity. Similarly, repayment profiles of certain types of assets e.g. mortgages, overdrafts and credit card lending, differ from their contractual profiles. The Group therefore assesses the behavioural maturity of both customer assets and liabilities to identify structural balance sheet funding gaps. In doing so, it applies quantitative modelling and qualitative assessments which take into account historical experience, current customer composition, and macroeconomic projections.

The Group's broad base of customers, numerically and by depositor type, helps protect against unexpected fluctuations in balances and hence provides a stable funding base for the Group's operations and liquidity needs.

Wholesale funding

Barclays Bank Group and Barclays Bank UK Group maintain access to a variety of sources of wholesale funds in major currencies, including those available from term investors across a variety of distribution channels and geographies, short-term funding markets and repo markets.

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.

Key sources of wholesale funding for Barclays Bank UK Group include money markets, certificates of deposit, commercial paper, covered bonds and other securitisations.

The Group expects to continue issuing public wholesale debt from Barclays PLC (the Parent company), in order to maintain compliance with indicative MREL requirements and maintain a stable and diverse funding base by type, currency and market. During the year, the Group issued £11.0bn of MREL instruments from Barclays PLC (the Parent company) in a range of different currencies and tenors.

Barclays Bank PLC continued to issue in the shorter-term markets and maintain active medium-term notes programmes. Barclays Bank UK PLC continued to issue in the shorter-term markets and maintain active secured funding programmes. This funding capacity enables the respective entities to maintain their stable and diversified funding bases.

As at 31 December 2021, the Group's total wholesale funding outstanding (excluding repurchase agreements) was £167.5bn (2020: £145.0bn), of which £16.6bn (2020: £17.1bn) was secured funding and £150.9bn (2020: £127.9bn) unsecured funding. Unsecured funding includes £59.7bn (2020: £54.8bn) of privately placed senior unsecured notes issued through a variety of distribution channels including intermediaries and private banks.

Wholesale funding of £60.7bn (2020: £42.7bn) matures in less than one year, representing 36% (December 2020: 29%) of total wholesale funding outstanding. This includes £18.9bn (2020: £20.3bn) related to term funding[b]. Although not a requirement, the liquidity pool exceeded the wholesale funding maturing in less than one year by £230bn (2020: £223bn).

Barclays Bank Group and Barclays Bank UK Group also support various central bank monetary initiatives, such as the Bank of England's Term Funding Scheme 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 2021, Barclays repaid £1.4bn of Term Funding Scheme (TFS) drawings early, reducing the outstanding drawn balance under TFS to £0.0bn as at 31 December 2021. In addition, Barclays drew an additional £15.4bn under the TFSME and an additional £0.5bn under the TLTRO; £22.0bn TFSME and £2.7bn TLTRO balances were outstanding at the year-end.

Maturity profile of wholesale funding[a,b]

	<1 month	1-3 months	3-6 months	6-12 months	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Barclays PLC (the Parent company)											
Senior unsecured (Public benchmark)	—	0.8	—	—	0.8	7.4	5.5	5.5	5.8	15.6	40.6
Senior unsecured (Privately placed)	—	—	—	—	—	0.1	0.1	—	—	1.0	1.2
Subordinated liabilities	—	—	—	—	—	—	0.9	—	1.5	6.8	9.2
Barclays Bank PLC (including subsidiaries)											
Certificates of deposit and commercial paper	0.7	11.2	10.2	9.0	31.1	0.2	0.1	—	—	—	31.4
Asset backed commercial paper	2.3	4.2	0.6	—	7.1	—	—	—	—	—	7.1
Senior unsecured (Public benchmark)	—	—	1.3	—	1.3	—	0.9	—	—	0.4	2.6
Senior unsecured (Privately placed)c	1.2	2.1	3.1	5.3	11.7	7.1	8.6	4.6	4.0	22.5	58.5
Asset backed securities	0.1	—	—	0.5	0.6	0.1	2.0	0.1	0.3	1.4	4.5
Subordinated liabilities	—	1.0	—	1.3	2.3	—	0.1	—	0.4	0.8	3.6
Barclays Bank UK PLC (including subsidiaries)											
Certificates of deposit and commercial paper	2.9	0.2	0.5	—	3.6	—	—	—	—	—	3.6
Senior unsecured (Public benchmark)	—	—	—	—	—	—	—	—	—	0.2	0.2
Covered bonds	—	2.2	—	—	2.2	1.8	—	—	—	1.0	5.0
Total as at Total as at 31 December 21	7.2	21.7	15.7	16.1	60.7	16.7	18.2	10.2	12.0	49.7	167.5
Of which secured	2.4	6.4	0.6	0.5	9.9	1.9	2.0	0.1	0.3	2.4	16.6
Of which unsecured	4.8	15.3	15.1	15.6	50.8	14.8	16.2	10.1	11.7	47.3	150.9
Total as at Total as at 31 December 20	5.7	15.4	9.5	12.1	42.7	15.6	16.7	12.3	10.2	47.5	145.0
Of which secured	2.3	5.0	0.7	0.5	8.5	3.1	2.2	0.5	0.2	2.6	17.1
Of which unsecured	3.4	10.4	8.8	11.6	34.2	12.5	14.5	11.8	10.0	44.9	127.9

Notes

a The composition of wholesale funds comprises the balance sheet reported financial liabilities at fair value, debt securities in issue and subordinated liabilities. It does not include participation in the central bank facilities reported within repurchase agreements and other similar secured borrowing.

b Term funding comprises public benchmark and privately placed senior unsecured notes, covered bonds, asset-backed securities and subordinated debt where the original maturity of the instrument was more than one year.

c Includes structured notes of £50.1bn, of which £10.9bn matures within one year.

Risk review: Treasury and Capital risk
Risk performance continued

Currency composition of wholesale debt
As at 31 December 2021, the proportion of wholesale funding by major currencies was as follows:

Currency composition of wholesale funding

	USD	EUR	GBP	Other
	%	%	%	%
Certificates of deposit and commercial paper	**50**	**43**	**6**	**1**
Asset backed commercial paper	**82**	**13**	**5**	**—**
Senior unsecured (Public benchmark)	**57**	**21**	**14**	**8**
Senior unsecured (Privately placed)	**65**	**15**	**9**	**11**
Covered bonds / Asset backed securities	**48**	**22**	**30**	**—**
Subordinated liabilities	**66**	**24**	**7**	**3**
Total as December 31, 2021	**59**	**24**	**11**	**6**
Total as December 31, 2020	61	20	13	6

To manage cross currency refinancing risk, the Group manages to currency mismatch limits, which limit risk at specific maturities.

Credit ratings
In addition to monitoring and managing key metrics related to the financial strength of the Group, Barclays also solicits independent credit ratings from Standard & Poor's Global (S&P), Moody's, Fitch, and Rating and Investment Information (R&I). These ratings assess the creditworthiness of the Group, its subsidiaries and its branches, and are based on reviews of a broad range of business and financial attributes including capital strength, profitability, funding, liquidity, asset quality, strategy and governance.

Credit ratings

As at 31 December 2021	Standard & Poor's	Moody's	Fitch
Barclays Bank PLC			
Long term	**A/Positive**	**A1/Stable**	**A+/Stable**
Short term	**A-1**	**P-1**	**F1**
Barclays Bank UK PLC			
Long term	**A/Positive**	**A1/Stable**	**A+/Stable**
Short term	**A-1**	**P-1**	**F1**
Barclays PLC			
Long term	**BBB/Positive**	**Baa2/Positive**	**A/Stable**
Short term	**A-2**	**P-2**	**F1**

In June 2021, S&P revised the outlooks of Barclays PLC, Barclays Bank PLC and Barclays Bank UK PLC to positive from stable, whilst affirming all ratings. The revisions reflect the view that Barclays is delivering a stronger, more consistent business profile and financial performance.

In July 2021, Moody's revised the outlook of Barclays Bank UK PLC to stable from negative due to their view that asset quality and profitability have stabilised following a turbulent 2020. In November 2021, Moody's revised the outlook of Barclays PLC to positive from stable , whilst affirming all ratings. The revisions reflect Moody's view that the level and stability of the Group's earnings could further improve once global macroeconomic conditions normalise, recognising the balanced earnings streams and stable operating costs.

In July 2021, Fitch revised the outlooks of Barclays PLC, Barclays Bank PLC and Barclays Bank UK PLC to stable from negative, whilst affirming all ratings. The revisions reflected improved expectations for economic recovery in Barclays' key markets and the Group's resilient performance through the pandemic.

Barclays also solicits issuer ratings from R&I. In November 2021, R&I upgraded the issuer ratings of Barclays PLC and Barclays Bank PLC by one notch to A and A+ respectively.

A credit rating downgrade could result in outflows to meet collateral requirements on existing contracts. Outflows related to credit rating downgrades are included in the LRA stress scenarios and a portion of the liquidity pool is held against this risk. Credit ratings downgrades could also result in reduced funding capacity and increased funding costs.

The contractual collateral requirement following one- and two-notch long-term and associated short-term downgrades across all credit rating agencies, would result in outflows of £1bn and £4bn respectively, and are provided for in determining an appropriate liquidity pool size given the Group's liquidity risk appetite. These numbers do not assume any management or restructuring actions that could be taken to reduce posting requirements. These outflows do not include the potential liquidity impact from loss of unsecured funding, such as from money market funds, or loss of secured funding capacity. However, unsecured and secured funding stresses are included in the LRA stress scenarios and a portion of the liquidity pool is held against these risks.

Contractual maturity of financial assets and liabilities

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

Contractual maturity of financial assets and liabilities (audited)

As at 31 December 2021	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	238,369	205	—	—	—	—	—	—	—	—	238,574
Cash collateral and settlement balances	2,807	89,735	—	—	—	—	—	—	—	—	92,542
Loans and advances at amortised cost	19,749	8,670	8,879	5,291	10,192	23,716	26,037	47,614	39,822	171,481	361,451
Reverse repurchase agreements and other similar secured lending	58	2,984	—	—	—	184	—	—	—	1	3,227
Trading portfolio assets	147,035	—	—	—	—	—	—	—	—	—	147,035
Financial assets at fair value through the income statement	24,257	127,085	9,281	7,042	3,451	5,889	5,394	2,590	2,564	4,419	191,972
Derivative financial instruments	261,678	58	48	—	—	82	145	537	15	9	262,572
Financial assets at fair value through other comprehensive income	—	4,280	1,488	1,245	1,419	3,834	8,205	13,188	18,226	9,868	61,753
Other financial assets	707	474	26	2	—	1	—	—	1	2	1,213
Total financial assets	694,660	233,491	19,722	13,580	15,062	33,706	39,781	63,929	60,628	185,780	1,360,339
Other assets											23,946
Total assets											1,384,285
Liabilities											
Deposits at amortised cost	454,961	40,755	13,524	2,994	3,724	2,025	433	241	545	231	519,433
Cash collateral and settlement balances	2,983	76,388	—	—	—	—	—	—	—	—	79,371
Repurchase agreements and other similar secured borrowing	20	6,621	—	—	—	2,195	8,925	10,504	—	87	28,352
Debt securities in issue	—	24,399	12,606	5,845	3,254	9,792	8,957	12,948	12,218	8,848	98,867
Subordinated liabilities	—	1,007	—	74	1,218	27	1,063	1,885	5,603	1,882	12,759
Trading portfolio liabilities	54,169	—	—	—	—	—	—	—	—	—	54,169
Financial liabilities designated at fair value	14,342	158,059	17,065	10,557	3,909	7,861	9,185	8,558	7,746	13,678	250,960
Derivative financial instruments	255,747	4	22	18	5	124	177	302	122	362	256,883
Other financial liabilities	184	4,331	43	42	40	691	145	266	420	139	6,301
Total financial liabilities	782,406	311,564	43,260	19,530	12,150	22,715	28,885	34,704	26,654	25,227	1,307,095
Other liabilities											6,979
Total liabilities											1,314,074
Cumulative liquidity gap	(87,746)	(165,819)	(189,357)	(195,307)	(192,395)	(181,404)	(170,508)	(141,283)	(107,309)	53,244	70,211

Risk review: Treasury and Capital risk
Risk performance continued

Contractual maturity of financial assets and liabilities (audited)

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	190,347	182	598	—	—	—	—	—	—	—	191,127
Cash collateral and settlement balances	1,177	100,190	—	—	—	—	—	—	—	—	101,367
Loans and advances at amortised cost	14,098	11,970	8,388	4,956	5,234	25,392	22,133	36,286	47,944	166,231	342,632
Reverse repurchase agreements and other similar secured lending	150	8,698	—	—	—	—	183	—	—	—	9,031
Trading portfolio assets	127,950	—	—	—	—	—	—	—	—	—	127,950
Financial assets at fair value through the income statement	17,377	123,044	7,548	6,960	4,151	4,911	1,346	2,431	2,345	5,038	175,151
Derivative financial instruments	301,880	23	—	—	—	70	55	310	87	21	302,446
Financial assets at fair value through other comprehensive income	—	9,655	3,517	1,393	948	6,469	5,566	17,552	24,450	9,138	78,688
Other financial assets	357	451	19	22	—	1	—	—	—	—	850
Total financial assets	653,336	254,213	20,070	13,331	10,333	36,843	29,283	56,579	74,826	180,428	1,329,242
Other assets											20,272
Total assets											1,349,514
Liabilities											
Deposits at amortised cost	410,894	41,468	15,886	5,073	3,082	2,264	625	601	764	379	481,036
Cash collateral and settlement balances	1,900	83,523	—	—	—	—	—	—	—	—	85,423
Repurchase agreements and other similar secured borrowing	4	3,276	—	—	—	1,400	2,329	7,073	—	92	14,174
Debt securities in issue	—	16,344	4,048	5,100	1,937	5,780	10,402	13,608	12,721	5,856	75,796
Subordinated liabilities	—	1,589	3,209	294	—	2,192	14	989	6,915	1,139	16,341
Trading portfolio liabilities	47,405	—	—	—	—	—	—	—	—	—	47,405
Financial liabilities designated at fair value	15,555	172,153	8,677	5,067	2,938	8,594	6,939	8,580	8,344	12,918	249,765
Derivative financial instruments	299,795	1	49	—	—	79	67	185	196	403	300,775
Other financial liabilities	101	2,915	49	46	45	738	156	273	436	210	4,969
Total financial liabilities	775,654	321,269	31,918	15,580	8,002	21,047	20,532	31,309	29,376	20,997	1,275,684
Other liabilities											6,948
Total liabilities											1,282,632
Cumulative liquidity gap	(122,318)	(189,374)	(201,222)	(203,471)	(201,140)	(185,344)	(176,593)	(151,323)	(105,873)	53,558	66,882

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 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 these deposits provide stable funding for the Group's operations and liquidity needs because of the broad base of customers, both numerically and by depositor type
- 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 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)

	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021									
Deposits at amortised cost	**454,961**	**40,755**	**13,524**	**6,718**	**2,461**	**239**	**559**	**261**	**519,478**
Cash collateral and settlement balances	**2,983**	**76,388**	**—**	**—**	**—**	**—**	**—**	**—**	**79,371**
Repurchase agreements and other similar secured borrowing	**20**	**6,621**	**—**	**—**	**11,356**	**10,885**	**—**	**146**	**29,028**
Debt securities in issue	**—**	**24,450**	**12,625**	**9,075**	**19,225**	**14,060**	**14,147**	**13,690**	**107,272**
Subordinated liabilities	**—**	**1,063**	**—**	**1,379**	**1,213**	**2,316**	**6,627**	**2,867**	**15,465**
Trading portfolio liabilities	**54,169**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**54,169**
Financial liabilities designated at fair value	**14,342**	**158,094**	**17,096**	**14,558**	**17,445**	**8,908**	**7,949**	**22,062**	**260,454**
Derivative financial instruments	**255,747**	**5**	**22**	**24**	**305**	**316**	**134**	**449**	**257,002**
Other financial liabilities	**184**	**4,344**	**57**	**111**	**932**	**327**	**502**	**162**	**6,619**
Total financial liabilities	**782,406**	**311,720**	**43,324**	**31,865**	**52,937**	**37,051**	**29,918**	**39,637**	**1,328,858**
As at 31 December 2020									
Deposits at amortised cost	410,894	41,468	15,886	8,156	2,893	599	768	385	481,049
Cash collateral and settlement balances	1,900	83,523	—	—	—	—	—	—	85,423
Repurchase agreements and other similar secured borrowing	4	3,276	—	—	3,729	7,089	—	154	14,252
Debt securities in issue	—	16,368	4,058	7,061	16,684	14,715	14,882	9,852	83,620
Subordinated liabilities	—	1,597	3,328	311	2,498	1,152	8,578	1,587	19,051
Trading portfolio liabilities	47,405	—	—	—	—	—	—	—	47,405
Financial liabilities designated at fair value	15,555	172,186	8,683	8,007	15,604	8,586	8,369	20,835	257,825
Derivative financial instruments	299,795	1	49	—	147	187	204	443	300,826
Other financial liabilities	101	2,929	62	116	981	338	557	248	5,332
Total financial liabilities	775,654	321,348	32,066	23,651	42,536	32,666	33,358	33,504	1,294,783

Risk review: Treasury and Capital risk
Risk performance continued

Maturity of off-balance sheet commitments received and given

The table below presents the maturity split of the 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)

	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021											
Guarantees, letters of credit and credit insurance	**25,613**	**31**	**21**	**10**	**12**	**4**	**12**	**83**	**65**	**19**	**25,870**
Other commitments received	**455**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**455**
Total off-balance sheet commitments received	**26,068**	**31**	**21**	**10**	**12**	**4**	**12**	**83**	**65**	**19**	**26,325**
As at 31 December 2020											
Guarantees, letters of credit and credit insurance	26,368	86	37	68	8	18	14	47	40	25	26,711
Other commitments received	92	—	—	—	—	—	—	—	—	—	92
Total off-balance sheet commitments received	26,460	86	37	68	8	18	14	47	40	25	26,803

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

	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021											
Contingent liabilities	**21,207**	**135**	**4**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**21,346**
Documentary credits and other short-term trade related transactions	**1,582**	**2**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,584**
Standby facilities, credit lines and other commitments	**344,055**	**—**	**—**	**—**	**—**	**72**	**—**	**—**	**—**	**—**	**344,127**
Total off-balance sheet commitments given	**366,844**	**137**	**4**	**—**	**—**	**72**	**—**	**—**	**—**	**—**	**367,057**
As at 31 December 2020											
Contingent liabilities	21,307	213	57	6	1	25	—	—	—	—	21,609
Documentary credits and other short-term trade related transactions	1,084	1	1	—	—	—	—	—	—	—	1,086
Standby facilities, credit lines and other commitments	330,499	564	93	123	95	160	199	202	21	7	331,963
Total off-balance sheet commitments given	352,890	778	151	129	96	185	199	202	21	7	354,658

Capital risk

All disclosures in this section are unaudited unless otherwise stated.

Overview

The CET1 ratio, among other metrics, is a measure of the capital strength and resilience of Barclays. Maintenance of our capital resources is vital in order to meet the overall regulatory capital requirement, to withstand the impact of the risks that may arise under normal and stressed conditions, and to cover current and forecast business needs and associated risks to provide a viable and sustainable business offering.

This section provides an overview of the Group's: (i) CET1 capital, leverage and own funds and eligible liabilities requirements; (ii) capital resources; (iii) risk weighted assets (RWAs); (iv) leverage ratios and exposures; and (v) own funds and eligible liabilities.

More details on monitoring and managing capital risk may be found in the risk management sections of the Barclays PLC Pillar 3 Report 2021 (unaudited).

Key metrics

Common Equity Tier 1 ratio

15.1%

Average UK leverage ratio

4.9%

UK leverage ratio

5.3%

Own funds and eligible liabilities ratio as a percentage of CRR leverage exposures[a,b]

8.0%

Notes

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

b Excludes subsidiary issuances which cannot be counted towards the Group's MREL from 1 January 2022. The own funds and eligible liabilities ratio including subsidiary issuances was 8.1%.

Summary of performance in the period

The Group continues to be in excess of overall capital, leverage and MREL regulatory requirements.

CET1 capital increased by £1.2bn to £47.5bn as profit before tax of £8.4bn was partially offset by share buybacks, 2021 dividends and equity coupons paid and foreseen as well as pensions deficit contribution payments.

RWAs increased £7.9bn to £314.1bn primarily resulting from the recalibration of the modelled market risk stress period, increased client and trading activity within CIB and growth in mortgages within Barclays UK, partially offset by lower unsecured balances.

The average UK leverage ratio decreased to 4.9% (December 2020: 5.0%). The average leverage exposure increased by £80.2bn to £1,227.1bn largely driven by an increase in securities financing transactions (SFTs), potential future exposure (PFE) on derivatives and trading portfolio assets (TPAs) .

As at 31 December 2021, Barclays PLC (the Parent company) had £108.2bn of own funds and eligible liabilities equating to 8% of CRR leverage exposures. This was in excess of the Group's MREL requirement to hold £93.9bn of own funds and eligible liabilities, equating to 6.9% of CRR leverage exposures.

Minimum capital requirements

The Group's Overall Capital Requirement for CET1 is 11.1% comprising a 4.5% Pillar 1 minimum, a 2.5% Capital Conservation Buffer (CCB), a 1.5% Global Systemically Important Institution (G-SII) buffer, a 2.6% Pillar 2A requirement and a 0% Countercyclical Capital Buffer (CCyB).

The Group's CCyB is based on the buffer rate applicable for each jurisdiction in which the Group has exposures. On 11 March 2020, the Financial Policy Committee (FPC) set the CCyB rate for UK exposures at 0% with immediate effect. The buffer rates set by other national authorities for non-UK exposures are not currently material. Overall, this results in a 0.0% CCyB for the Group. On 13 December 2021, the FPC announced that a CCyB rate of 1% for UK exposures has been re-introduced and will be applicable from 13 December 2022.

As at 31 December 2021, the Group's Pillar 2A requirement as per the PRA's Individual Capital Requirement was set as a nominal amount. When expressed as a percentage of RWAs this was 4.6% of which at least 56.25% needed to be met with CET1 capital, equating to approximately 2.6% of RWAs. The Pillar 2A requirement is subject to at least annual review and is based on a point in time assessment.

Minimum leverage requirements

The Group is subject to a leverage ratio requirement of 3.8% as at 31 December 2021. This comprises the 3.25% minimum requirement, a G-SII additional leverage ratio buffer (G-SII ALRB) of 0.53% and a countercyclical leverage ratio buffer of 0.0%. Although the leverage ratio is expressed in terms of T1 capital, 75% of the minimum requirement, equating to 2.4375%, needs to be met with CET1 capital. In addition, the G-SII ALRB must be covered solely with CET1 capital. The CET1 capital held against the 0.53% G-SII ALRB was £6.0bn.

Minimum requirements for own funds and eligible liabilities

As at 31 December 2021, the Group was required to meet the higher of: (i) the MREL set by the Bank of England (BoE); and (ii) the requirements in CRR as amended by CRR II, both of which have RWA and leverage measures.

CET1 capital cannot be counted towards both MREL and the capital buffers, meaning that the buffers will effectively be applied above MREL requirements.

Significant regulatory updates in the period

Following the withdrawal of the UK from the EU, 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.

Risk review: Treasury and Capital risk
Risk performance continued

Capital resources

Capital ratios[a,b,c]

As at 31 December	2021	2020
CET1	**15.1%**	15.1%
Tier 1 (T1)	**19.2%**	19.0%
Total regulatory capital	**22.3%**	22.1%

Capital resources (audited)

As at 31 December	2021 £m	2020 £m
Total equity excluding non-controlling interests per the balance sheet	**69,222**	65,797
Less: other equity instruments (recognised as AT1 capital)	**(12,259)**	(11,172)
Adjustment to retained earnings for foreseeable ordinary share dividends	**(666)**	(174)
Adjustment to retained earnings for foreseeable repurchase of shares	**—**	—
Adjustment to retained earnings for foreseeable other equity coupons	**(32)**	(30)
Other regulatory adjustments and deductions		
Additional value adjustments (PVA)	**(1,585)**	(1,146)
Goodwill and intangible assets	**(6,804)**	(6,914)
Deferred tax assets that rely on future profitability excluding temporary differences	**(1,028)**	(595)
Fair value reserves related to gains or losses on cash flow hedges	**852**	(1,575)
Gains or losses on liabilities at fair value resulting from own credit	**892**	870
Defined benefit pension fund assets	**(2,619)**	(1,326)
Direct and indirect holdings by an institution of own CET1 instruments	**(50)**	(50)
Adjustment under IFRS 9 transitional arrangements	**1,229**	2,556
Other regulatory adjustments	**345**	55
CET1 capital	**47,497**	46,296
AT1 capital		
Capital instruments and related share premium accounts	**12,259**	11,172
Qualifying AT1 capital (including minority interests) issued by subsidiaries	**637**	646
Other regulatory adjustments and deductions	**(80)**	(80)
AT1 capital	**12,816**	11,738
T1 capital	**60,313**	58,034
T2 capital		
Capital instruments and related share premium accounts	**8,713**	7,836
Qualifying T2 capital (including minority interests) issued by subsidiaries	**1,113**	1,893
Credit risk adjustments (excess of impairment over expected losses)	**73**	57
Other regulatory adjustments and deductions	**(160)**	(160)
Total regulatory capital	**70,052**	67,660
Total RWAs	**314,136**	306,203

Notes

a CET1, T1 and T2 capital, and RWAs 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, as is relevant for assessing against the conversion trigger in Barclays PLC AT1 securities, was 14.7%, with £46.3bn of CET1 capital and £313.9bn of RWAs calculated without applying the transitional arrangements of the CRR as amended by CRR II.

c The Group's 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.

Movement in CET1 capital

	2021 £m
Opening balance as at 1 January 2021	**46,296**
Profit for the period attributable to equity holders	7,179
Own credit relating to derivative liabilities	16
Ordinary share dividends paid and foreseen	(1,004)
Purchased and foreseeable share repurchase	(1,200)
Other equity coupons paid and foreseen	(806)
Increase in retained regulatory capital generated from earnings	**4,185**
Net impact of share schemes	187
Fair value through other comprehensive income reserve	(288)
Currency translation reserve	(131)
Other reserves	(2)
Decrease in other qualifying reserves	**(234)**
Pension remeasurements within reserves	643
Defined benefit pension fund asset deduction	(1,293)
Net impact of pensions	**(650)**
Additional value adjustments (PVA)	(439)
Goodwill and intangible assets	110
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(433)
Adjustment under IFRS 9 transitional arrangements	(1,327)
Other regulatory adjustments	(11)
Decrease in regulatory capital due to adjustments and deductions	**(2,100)**
Closing balance as at 31 December 2021	**47,497**

CET1 capital increased £1.2bn to £47.5bn (December 2020: £46.3bn).

- £7.2bn of capital generated from profits were partially offset by distributions of £3bn comprising:
- £1bn of dividends paid and foreseen for ordinary shares, which includes £0.3bn half year dividend and a £0.7bn accrual towards the 2021 full year dividend
- £1.2bn for share buybacks made up of £0.7bn for the share buyback announced with FY20 results and £0.5bn for the share buyback announced with H121 results; and
- £0.8bn of equity coupons paid

Other significant movements in the period were:

- A £1.3bn decrease in IFRS 9 transitional relief, after tax, primarily due to credit impairment releases, impairment migrations from Stage 2 to Stage 3 and a decrease to the amount of relief applied to the pre-2020 impairment charge reducing to 50% in 2021 from 70% in 2020
- A £0.7bn decrease as a result of movements relating to pensions, largely due to deficit contribution payments of £0.35bn in April 2021 and September 2021
- A £0.4bn increase in the PVA deduction due to the reversal of temporary COVID-19 relief measures which increased diversification factors applied to certain additional valuation adjustments during 2020

Risk review: Treasury and Capital risk

Risk performance continued

Risk weighted assets

Risk weighted assets (RWAs) by risk type and business

	Credit risk		Counterparty credit risk				Market risk		Operational risk	Total RWAs
	Std	IRB	Std	IRB	Settlement risk	CVA	Std	IMA		
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Barclays UK	**7,195**	**53,408**	**426**	**—**	**—**	**138**	**100**	**—**	**11,022**	**72,289**
Corporate and Investment Bank	**29,420**	**64,416**	**15,223**	**19,238**	**105**	**2,289**	**17,306**	**27,308**	**25,359**	**200,664**
Consumer, Cards and Payments	**20,770**	**2,749**	**215**	**18**	**—**	**21**	**—**	**57**	**6,391**	**30,221**
Barclays International	**50,190**	**67,165**	**15,438**	**19,256**	**105**	**2,310**	**17,306**	**27,365**	**31,750**	**230,885**
Head Office	**4,733**	**7,254**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,025)**	**10,962**
Barclays Group	**62,118**	**127,827**	**15,864**	**19,256**	**105**	**2,448**	**17,406**	**27,365**	**41,747**	**314,136**
As at 31 December 2020										
Barclays UK	7,360	54,340	394	—	—	136	72	—	11,359	73,661
Corporate and Investment Bank	24,660	73,792	12,047	20,280	246	2,351	13,123	22,363	23,343	192,205
Consumer, Cards and Payments	19,754	3,041	177	45	—	31	—	71	6,996	30,115
Barclays International	44,414	76,833	12,224	20,325	246	2,382	13,123	22,434	30,339	222,320
Head Office	4,153	6,869	—	—	—	—	—	—	(800)	10,222
Barclays Group	55,927	138,042	12,618	20,325	246	2,518	13,195	22,434	40,898	306,203

Movement analysis of risk weighted assets

Risk weighted assets	Credit risk £m	Counterparty credit risk £m	Market risk £m	Operational risk £m	Total RWAs £m
As at 31 December 2020	**193,969**	**35,707**	**35,629**	**40,898**	**306,203**
Book size	**(1,106)**	**1,838**	**1,295**	**849**	**2,876**
Acquisitions and disposals	**(1,095)**	**—**	**—**	**—**	**(1,095)**
Book quality	**175**	**(102)**	**—**	**—**	**73**
Model updates	**(950)**	**(186)**	**6,927**	**—**	**5,791**
Methodology and policy	**(345)**	**416**	**920**	**—**	**991**
Foreign exchange movement [a]	**(703)**	**—**	**—**	**—**	**(703)**
Total RWA movements	**(4,024)**	**1,966**	**9,142**	**849**	**7,933**
As at 31 December 2021	**189,945**	**37,673**	**44,771**	**41,747**	**314,136**

Note

a Foreign exchange movement does not include foreign exchange for counterparty credit risk, market risk or operational risk.

Overall RWAs increased £7.9bn to £314.1bn (December 2020: £306.2bn). Significant movements in the period were:

- Credit risk RWAs decreased £4.0bn:
- A £1.1bn decrease in book size mainly driven by lower lending, partially offset by growth in mortgages within Barclays UK
- A £1.1bn decrease in acquisitions and disposals mainly driven by disposal of wholesale loans during the year
- A £1.0bn decrease in model updates primarily due to modelled risk weight recalibrations

Counterparty credit risk RWAs increased £2.0bn:

- A £1.8bn increase in book size primarily due to an increase in client and trading activities within SFTs, partially offset by a reduction in derivatives

Market risk RWAs increased £9.1bn:

- A £1.3bn increase in book size primarily due to an increase in client and trading activities
- A £6.9bn increase in model updates driven by an increase in Stressed Value at Risk (SVaR) due to a model adjustment to reflect market movements during the COVID-19 stressed period following recalibration of the period, which was delayed until 2021 as a result of COVID-19 relief measures afforded by the PRA
- A £0.9bn increase in methodology and policy driven by the application of Pillar 1 Structural FX charge, partially offset by a change in the historical lookback period of the VaR model from two years to one year

Leverage ratios and exposures

The Group is required to disclose an average UK leverage ratio which is based on capital on the last day of each month in the quarter and an exposure measure for each day in the quarter. The Group is also required to disclose a UK leverage ratio based on capital and exposure on the last day of the quarter.

Leverage ratios[a,b]

As at 31 December	2021 £m	2020 £m
Average UK leverage ratio	**4.9%**	5.0%
Average T1 capital[c]	**59,796**	57,069
Average UK leverage exposure	**1,227,134**	1,146,919
UK leverage ratio	**5.3%**	5.3%
CET1 capital	**47,497**	46,296
AT1 capital	**12,179**	11,092
T1 capital[c]	**59,676**	57,388
UK leverage exposure	**1,135,997**	1,090,907

UK leverage exposure

As at 31 December	2021 £m	2020 £m
Accounting assets		
Derivative financial instruments	**262,572**	302,446
Derivative cash collateral	**58,177**	64,798
Securities financing transactions	**170,853**	164,034
Loans and advances and other assets	**892,683**	818,236
Total IFRS assets	**1,384,285**	1,349,514
Regulatory consolidation adjustments	**(3,665)**	(1,144)
Derivatives adjustments		
Derivatives netting	**(236,881)**	(272,275)
Adjustments to collateral	**(50,929)**	(57,414)
Net written credit protection	**15,509**	14,986
Potential future exposure on derivatives	**137,291**	117,010
Total derivatives adjustments	**(135,010)**	(197,693)
SFTs adjustments	**24,544**	21,114
Regulatory deductions and other adjustments	**(20,219)**	(17,469)
Weighted off-balance sheet commitments	**113,140**	113,704
Qualifying central bank claims	**(210,134)**	(155,890)
Settlement netting	**(16,944)**	(21,229)
UK leverage exposure	**1,135,997**	1,090,907

Notes

a Fully loaded average UK leverage ratio was 4.8%, with £58.5bn of T1 capital and £1,225.8bn of leverage exposure. Fully loaded UK leverage ratio was 5.2%, with £58.4bn of T1 capital and £1,134.8bn of leverage exposure. Fully loaded UK leverage ratios are calculated without applying the transitional arrangements of the CRR as amended by CRR II.

b Capital and leverage measures are calculated applying the transitional arrangements of the CRR as amended by CRR II.

c The T1 capital is calculated in line with the PRA Handbook.

The average UK leverage ratio decreased to 4.9% (December 2020: 5.0%). The average leverage exposure increased by £80.2bn to £1,227.1bn (December 2020: £1,146.9bn) largely driven by balance sheet increases in SFTs and TPAs as well as, PFE on derivatives.

The UK leverage ratio remained stable at 5.3% (December 2020: 5.3%) primarily driven by a £2.3bn increase in T1 capital offset by a £45.1bn increase in UK leverage exposure. The UK leverage exposure increase to £1,136.0bn (December 2020: £1,090.9bn) was primarily driven by a £20.3bn increase in PFE on derivatives, a £19.1bn increase in TPAs due to increased trading activity in CIB, £18.8bn increase in loans and advances at amortised cost, and a £6.8bn increase in SFTs, offset by a £16.9bn decrease in assets at fair value through other comprehensive income due to disposals.

The Group also discloses a CRR leverage ratio[a] within its additional regulatory disclosures prepared in accordance with EBA guidelines on disclosure under Part Eight of the CRR (see Barclays PLC Pillar 3 Report 2021, due to be published on 23 February 2022 and which will be available at home.barclays/investor-relations/reports-and-events/annual-reports).

Note

a CRR leverage ratio as amended by CRR II.

Risk review: Treasury and Capital risk
Risk performance continued

Minimum requirement for own funds and eligible liabilities

MREL requirements including buffers[a,b]	Requirement (£m):			Requirement (%):		
	As at 31.12.2021	As at 30.09.2021	As at 31.12.2020	As at 31.12.2021	As at 30.09.2021	As at 31.12.2020
Requirement based on RWAs	**77,302**	76,174	75,918	**24.6%**	24.8%	24.8%
Requirement based on CRR leverage exposure (minimum requirement)	**93,861**	94,438	87,529	**6.9%**	6.9%	7.0%

Own funds and eligible liabilities[a,b]	£m	£m	£m
CET1 capital	**47,497**	47,302	46,296
AT1 capital instruments and related share premium accounts[c]	**12,179**	12,172	11,092
T2 capital instruments and related share premium accounts[c]	**8,626**	8,865	7,733
Eligible liabilities	**39,889**	38,787	35,086
Total Barclays PLC (the Parent company) own funds and eligible liabilities	**108,191**	107,126	100,207
Total RWAs	**314,136**	307,464	306,203
Total CRR leverage exposure	**1,354,284**	1,368,259	1,254,157

Own funds and eligible liabilities ratios as a percentage of:	As at 31.12.2021	As at 30.09.2021	As at 31.12.2020
Total RWAs	**34.4%**	34.8%	32.7%
Total CRR leverage exposure	**8.0%**	7.8%	8.0%

Notes
a CET1, T1 and T2 capital, and RWAs 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 As at 31 December 2021, Own funds and eligible liabilities including instruments issued by subsidiaries was £109.9bn.
c Includes other AT1 capital regulatory adjustments and deductions of £80m (December 2020: £80m), and other T2 credit risk adjustments and deductions of £87m (December 2020: £103m).

Regulatory changes as implemented by the Prudential Regulation Authority

The PRA has implemented several regulatory changes impacting the calculation of the CET1 ratio within the UK. Changes have also been implemented following the review of the UK Leverage framework and the setting of MREL requirements. All changes took effect from 1 January 2022.

Capital and RWAs

On 19 July 2019, the EBA published a report on the implementation of IRB roadmap changes. These have subsequently been implemented by the PRA via several Policy Statements. Key changes include revisions to the criteria for definition of default, PD and LGD estimation to ensure supervisory consistency and increase transparency of IRB models.

On 14 October 2021, the PRA finalised their implementation of Basel standards through Policy Statement 22/21. The finalised requirements included the introduction of the Standardised Approach for Counterparty Credit Risk (SA-CCR) which replaces the Current Exposure Method (CEM) for Standardised derivative exposures as a more risk sensitive approach. The PRA also confirmed the intention to revert to the previous treatment of 100% CET1 capital deduction for qualifying software assets, meaning the c.35bps benefit in the CET1 ratio will be reversed.

UK Leverage Ratio Framework

On 8 October 2021, the PRA published its Policy Statement on the UK leverage ratio framework. The Policy Statement confirms that UK banks will be subject to a single UK leverage ratio requirement meaning that the CRR leverage ratio will no longer apply for UK banks. Whilst largely upholding the existing framework, technical changes generally align to the Basel III standards with the exception of the qualifying claims on central banks exemption. Central bank claims can be excluded from the UK leverage ratio measure as long as they are matched by qualifying liabilities (rather than deposits). Minimum requirements for the Group remain the same with minimum requirements also expected to be applied at the individual level from 1 January 2023. Individual requirements may be replaced with a sub-consolidated measure, subject to permission from the PRA.

MREL requirements

On 3 December 2021 the BoE set new MREL requirements via an updated Statement of Policy removing the requirements under CRR, meaning that from 1 January 2022 the Group will be required to meet the higher of (i) 2 times 8% Pillar 1 and 4.6% Pillar 2A requirement; and (ii) 6.75% of UK leverage exposure. Using the rebased 1 January 2022 RWAs and UK leverage exposure, the MREL requirement is expected to be £93.6bn based on RWAs. The Group currently holds £108.2bn of own funds and eligible liabilities which is above the expected 2022 minimum requirement. The Statement of Policy also confirmed that own funds instruments issued by subsidiaries cannot count towards the Group's MREL from 1 January 2022.

Barclays has calculated RWAs, Leverage exposures and Capital and Leverage ratios reflecting our interpretation of the latest rules and guidance.

Impacts due to implementation of regulatory changes - indicative as at 01.01.22

	As at 31.12.21 £bn	Rebased as at 01.01.22 £bn
CET1 ratio	**15.1%**	**14.3%**
CET1 capital	**47.5**	**45.8**
Total RWAs[a,b]	**314.1**	**320.5**
UK leverage ratio	**5.3%**	**5.3%**
T1 capital	**59.7**	**58.0**
UK leverage exposure	**1,136.0**	**1,102.1**
MREL requirement based on UK leverage exposures[c]		**87.3**
MREL requirement based on RWAs (minimum requirement)[c]		**93.6**

Notes
a Includes expected impact on CVA of roll out of SA-CCR across 60 day average period.
b IRB roadmap impact based on latest available data by portfolio, majority is based on 31 December 2021.
c MREL requirement for 31 December 2021 was £93.9bn based on CRR leverage exposures which no longer apply for UK banks from 1 January 2022.

Barclays CET1 ratio is expected to decrease by c.80bps as a result of the regulatory changes which took effect from 1 January 2022, due to the reversal of the software intangibles benefit, implementation of IRB roadmap changes, introduction of SA-CCR and amortisation of IFRS 9 transitional relief.

The UK Leverage ratio is expected to remain broadly stable following the introduction of SA-CCR and exclusion of central bank claims matched by qualifying liabilities, partially offset by the reversal of the software intangibles benefit.

Foreign exchange risk (audited)

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

a) Transactional foreign currency exposure

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

The Group's risk management policies 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 Group's investments in overseas subsidiaries and branches create capital resources denominated in foreign currencies, principally USD and EUR. Changes in the GBP value of the net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in CET1 capital.

The Group's strategy is to minimise the volatility of the capital ratios caused by foreign exchange movements, by matching the CET1 capital movements to the revaluation of the Group's foreign currency RWA exposures.

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 2021						
USD	**25,958**	**(7,707)**	**(2,356)**	**15,895**	**(7,389)**	**8,506**
EUR	**8,453**	**(3,408)**	**(3)**	**5,042**	**(268)**	**4,774**
JPY	**614**	**(97)**	**—**	**517**	**—**	**517**
Other currencies	**2,448**	**—**	**(64)**	**2,384**	**—**	**2,384**
Total	**37,473**	**(11,212)**	**(2,423)**	**23,838**	**(7,657)**	**16,181**
As at 31 December 2020						
USD	24,204	(7,666)	(764)	15,774	(6,193)	9,581
EUR	5,275	(952)	(3)	4,320	(286)	4,034
JPY	582	—	—	582	—	582
Other currencies	2,020	(42)	(24)	1,954	—	1,954
Total	32,081	(8,660)	(791)	22,630	(6,479)	16,151

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

During 2021, total structural currency exposure net of hedging instruments remained stable at £16.2bn (2020: £16.2bn). Foreign currency net investments increased by £5.4bn to £37.5bn (2020: £32.1bn) driven predominantly by a £3.2bn increase in EUR, £1.7bn increase in USD and £0.5bn increase in other currencies. The hedges associated with these investments increased by £4.1bn to £13.6bn (2020: £9.5bn).

Risk review: Treasury and Capital risk
Risk performance continued

Pension risk review

The UK Retirement Fund (UKRF) represents approximately 97% (2020: 97%) of the Group's total retirement benefit obligations globally. As such this risk review section focuses exclusively on the UKRF. The UKRF is closed to new entrants and there is no new final salary benefit being accrued. Existing active members accrue a combination of a cash balance benefit and a defined contribution element. Pension risk arises as the market value of the pension fund assets may decline, investment returns may reduce or the estimated value of the pension liabilities may increase.

Refer to the Management of pension risk section in the Barclays PLC Pillar 3 Report 2021 (unaudited) for more information on how pension risk is managed.

Assets

The Trustee Board of the UKRF defines its overall long-term investment strategy with investments across a broad range of asset classes. This results in an appropriate mix of return seeking assets as well as liability matching assets to better match future pension obligations. The two largest market risks within the asset portfolio are interest rates and equities. The split of scheme assets is shown within Note 33 to the financial statements. The fair value of the UKRF assets was £34.7bn as at 31 December 2021 (2020: £33.9bn).

Liabilities

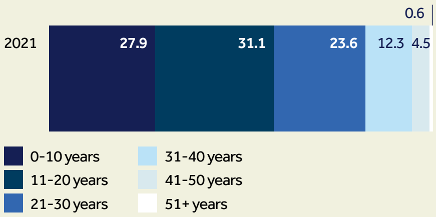
The UKRF retirement benefit obligations are a series of future cash flows with relatively long duration. On an IAS 19 basis these cash flows are sensitive to changes in the expected long-term price inflation rate (RPI) and the discount rate (GBP AA corporate bond yield):

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

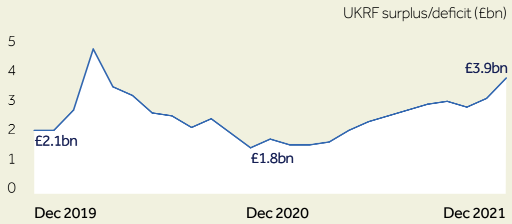
Pension risk is generated through the Group's defined benefit schemes and this risk is set to reduce over time as the main defined benefit scheme is closed to new entrants. The chart below outlines the shape of the UKRF's liability cash flow profile as at 31 December 2021 that takes account of the future inflation indexing of payments to beneficiaries. The majority of the cash flows (approximately 95%) fall between 0 and 40 years, peaking between 11 and 20 years and reducing thereafter. The shape may vary depending on changes to inflation and longevity expectations and any members who elect to transfer out. Transfers out will bring forward the liability cash flows.

For more detail on the UKRF's financial and demographic assumptions, see Note 33 to the financial statements.

Proportion of liability cash flows
%



Net IAS 19 position
£bn



The graph above shows the evolution of the UKRF's net IAS 19 position over the last two years. During 2021 the increase in the IAS 19 pension surplus was driven by high asset returns and scheduled deficit reduction contributions. Higher realised inflation over the year had a negative impact by increasing the projected liabilities, which was partially offset by updates to the demographic assumptions.

Refer to Note 33 to the financial statements for the sensitivity of the UKRF to changes in key assumptions.

Risk measurement

In line with Barclays' risk management framework the assets and liabilities of the UKRF are modelled within a VaR framework to show the volatility of the pension position at a total portfolio level. This enables the risks, diversification and liability matching characteristics of the UKRF obligations and investments to be adequately captured. VaR is measured and monitored on a monthly basis. Risks are reviewed and reported regularly at forums including the Board Risk Committee, the Group Risk Committee, the Pensions Management Group and the Pension Executive Board. The VaR model takes into account the valuation of the liabilities on an IAS 19 basis (see Note 33 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 33 to the financial statements). To mitigate part of this risk the UKRF has entered into a longevity swap hedging approximately a quarter of current pensioner liabilities.

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

Barclays defined benefit pension schemes affects capital in two ways:

- An IAS 19 deficit is treated as a liability on the Group's balance sheet. Movement in a deficit due to remeasurements, including actuarial losses, are recognised immediately through Other Comprehensive Income and as such reduces shareholders' equity and CET1 capital. An IAS 19 surplus is treated as an asset on the balance sheet and increases shareholders' equity; however, it is deducted for the purposes of determining CET1 capital.
- In the Group's statutory balance sheet an IAS 19 surplus or deficit is partially offset by a deferred tax liability or asset respectively. These may or may not be recognised for calculating CET1 capital depending on the overall deferred tax position of the Group at the particular time.

Pension risk is taken into account in the Pillar 2A capital assessment undertaken by the PRA at least annually. The Pillar 2A requirement forms part of the Group's Overall Capital Requirement for CET1 capital, Tier 1 capital and total capital. More detail on minimum regulatory requirements can be found in the Overall capital requirements section.

Risk review: Treasury and Capital risk
Risk performance continued

Interest rate risk in the banking book

All disclosures in this section 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 PLC Board Risk Committee as part of the limit monitoring framework.

For further detail on the interest rate risk in the banking book governance and framework refer to pages 199 to 200 of the Barclays PLC Pillar 3 Report 2021 (unaudited).

Key metrics
AEaR

-£158m

AEaR across the Group from a -25bps shock to forward interest rate curves.

Summary of performance in the period

- NII sensitivity to a -25bp shock to rates has decreased year on year due to reduced margin compression exposure driven by actual and expected central bank rate increases. In the +25bp shocks, the decompression of margins in the base scenario reduces sensitivity to further up shocks.

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. This analysis is not a forward guidance on NII and is intended as a quantification of risk exposure utilising the AEaR metric as described on page 200 of the Barclays PLC Pillar 3 Report 2021 (unaudited). 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 customer behaviour (i.e. considers that customers may prepay before the contractual maturity or withdraw their deposits); and (iv) behavioural assumptions are kept unchanged in all rate scenarios.

Net interest income sensitivity (AEaR) by business unit (audited)

As at 31 December	Barclays UK £m	Barclays International £m	Head Office £m	Total £m
2021				
+25bps	**(2)**	**68**	**5**	**71**
-25bps	**(54)**	**(99)**	**(5)**	**(158)**
2020				
+25bps	10	86	4	100
-25bps	(141)	(263)	(4)	(408)

Note
- +25bps AEaR in Barclays International reflects refined modelling of pricing assumptions for 2021. Based on these assumptions, the 2020 scenario would have shown an AEaR of £121m.
- The Group's customer banking book hedging activity is risk reducing from an NII sensitivity perspective. The hedges in place remove interest rate risk and smooth income over the medium term. The NII sensitivity for the Group at 31 December 2021 without hedging in place for +/-25bp rate shocks would be £218m/£305m respectively.

NII asymmetry arises due to the current low interest rate levels and the effect of embedded floors in customer products. NII sensitivity to a -25bp shock to rates has decreased year on year due to reduced margin compression exposure driven by actual and expected central bank rate increases. NII sensitivity to a +25bps shock has similarly decreased year on year driven by the expectation of rate rises in the outlook and the decompression of product margins in the base case.

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

As at 31 December	2021 +25 basis points £m	2021 -25 basis points £m	2020 +25 basis points £m	2020 -25 basis points £m
GBP	**14**	**(85)**	48	(313)
USD	**58**	**(62)**	48	(63)
EUR	**5**	**(15)**	10	(34)
Other currencies	**(6)**	**4**	(6)	2
Total	**71**	**(158)**	100	(408)

Note
+25bps AEaR in Barclays International reflects refined modelling of pricing assumptions for 2021. Based on these assumptions, the 2020 scenario would have shown a GBP AEaR of £83m.

Analysis of equity sensitivity

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

Analysis of equity sensitivity (audited)

As at 31 December	2021 +25 basis points £m	2021 -25 basis points £m	2020 +25 basis points £m	2020 -25 basis points £m
Net interest income	**71**	**(158)**	100	(408)
Taxation effects on the above	**(15)**	**33**	(27)	110
Effect on profit for the year	**56**	**(125)**	73	(298)
As percentage of net profit after tax	**0.8%**	**(1.7%)**	3.0%	(12.1%)
Effect on profit for the year (per above)	**56**	**(125)**	73	(298)
Fair value through other comprehensive income reserve	**(479)**	**408**	(437)	453
Cash flow hedge reserve	**(859)**	**859**	(570)	570
Taxation effects on the above	**361**	**(342)**	272	(276)
Effect on equity	**(921)**	**800**	(662)	449
As percentage of equity	**(1.3%)**	**1.2%**	(1.0%)	0.7%

Note
+25bps AEaR in Barclays International reflects refined modelling of pricing assumptions for 2021. Based on these assumptions, the 2020 scenario would have shown an effect on equity of £(636)m.

VaR remained broadly within a £10m range in H1 2021. The range widened in H2 2021 reflecting outright interest rates risk positioning, which was initially reduced before subsequently being increased. The portfolio de-risked in both outright and asset swap in Q4 which caused a downward trend in VaR.

Volatility of the FVOCI portfolio in the liquidity pool

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

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

Analysis of volatility of the FVOCI portfolio in the liquidity pool

For the year ended 31 December	2021 Average £m	2021 High £m	2021 Low £m	2020 Average £m	2020 High £m	2020 Low £m
Non-traded market value at risk (daily, 95%)	**51**	**62**	**34**	52	68	36

VaR trend remained in ~£10m range in H1 2021. The range widened in H2 and was generally driven by outright interest rates risk positioning, which was initially reduced before subsequently being increased. The portfolio de-risked in both outright and asset swap in Q4 which caused a downward trend in VaR.

Risk review: Operational risk
Risk performance continued

Operational risk

All disclosures in this section are unaudited unless otherwise stated.

Overview

Operational risks are inherent in the 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 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 Recovery Planning Risk, Payments Process Risk; People Risk; Physical Security Risk; Premises Risk; Risk Reporting; Strategic Investment Change Management Risk; Supplier Risk; Tax Risk; Technology Risk and Transaction Operations Risk. The operational risk profile is also informed by a number of risk themes: Cyber, Data, and Resilience. These represent threats to the Group that extend across multiple risk types, and therefore require an integrated risk management approach.

For definitions of these risks refer to pages 201 to 204 of the Barclays PLC Pillar 3 Report 2021. In order to provide complete coverage of the potential adverse impacts on the 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 Group's operational risk profile, including events above the Group's reportable threshold, which have had a financial impact in 2021. The Group's operational risk profile is informed by bottom-up risk assessments undertaken by each business unit and top-down qualitative review 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.

Key metrics

84%

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

84%

of events by number are due to External Fraud

51%

of losses are from events aligned to External Fraud

48%

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

Summary of performance in the period

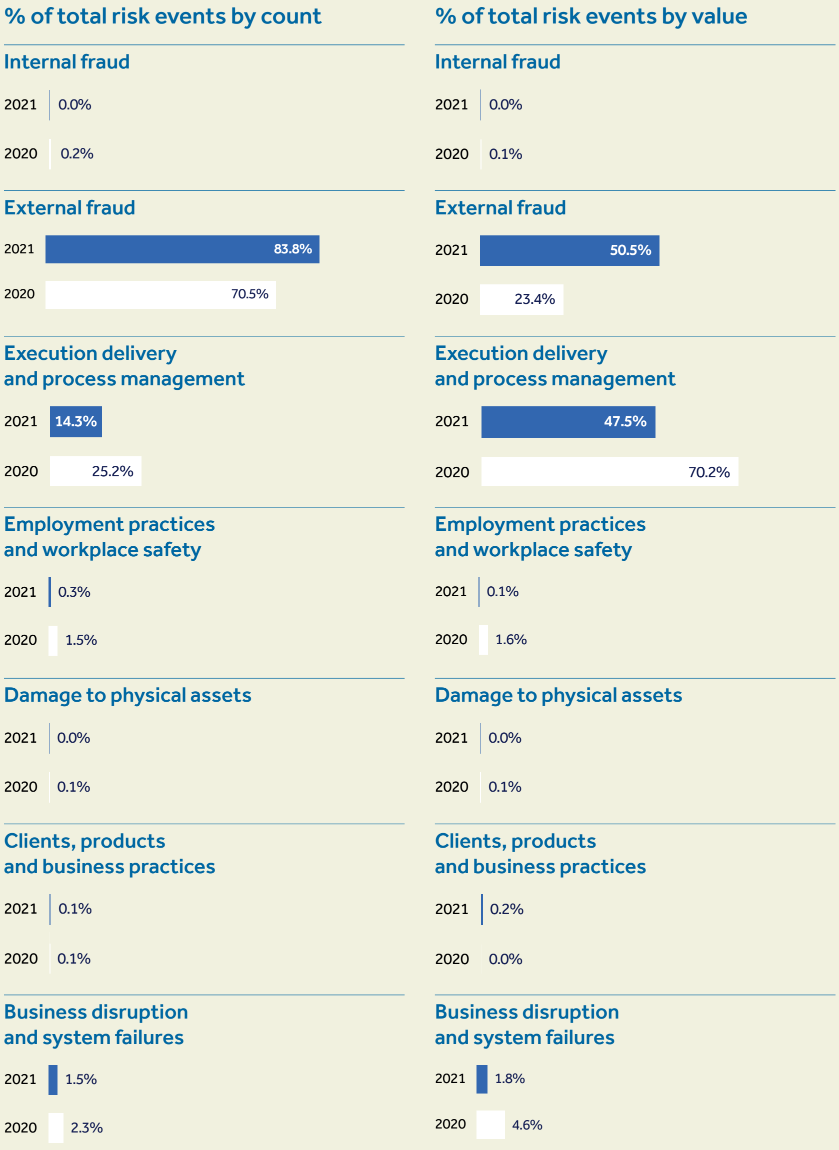
During 2021, total operational risk losses[a] decreased to £157m (2020: £217m) while the number of recorded events for 2021 (2,722) increased from the level for 2020 (2,258). The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery & Process Management and External Fraud categories, which tend to be high volume but low impact events.

Operational risk profile

Within operational risk, there are a large number of smaller value risk events. In 2021, 84% (2020: 78%) of the Group's reportable operational risk events by volume had a value of less than £50,000 each. Cumulatively, events under this £50,000 threshold accounted for only 29% (2020: 16%) of the Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Group.

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

Operational risk events by BASEL event category[a]



Note

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

- External Fraud remains the category with the highest frequency of events at 84% of total events in 2021 (2020: 71%). Impacts from events arising from External Fraud increased in 2021 to £79m (2020: £51m) and accounted for 51% of total 2021 losses (2020: 23%). In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage.
- Execution, Delivery and Process Management impacts fell to £75m (2020: £152m) and accounted for 48% (2020: 70%) of total operational risk losses. The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis, mapping mainly to Barclays Transaction Operations risk type. The overall frequency of events in this category also decreased to 14% of total events by volume (2020: 25%).

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

Operational Resilience remains a key area of focus for the Group. The COVID-19 pandemic is the most severe global health emergency the World Health Organization (WHO) has ever declared. While overall, the Group has continued to prove resilient and actual losses have not materially increased due to the effects of the pandemic, the COVID-19 pandemic has caused disruption to the Group's customers, suppliers, and staff globally. The COVID-19 pandemic has reinforced our continued focus on resilience and the Group continues to monitor potential operational disruptions associated with both the Group's and its suppliers' transition to a Work-from-Home environment and in response to initially high market volatility. The Group continues to strengthen its resilience approach across its most important business services to improve recoverability and assurance thereof.

Operational risk associated with cybersecurity remains a top focus for the Group. The sophistication of threat actors continues to grow as noted by multiple external risk events observed throughout the year. Ransomware attacks across the global Barclays supplier base were observed and we worked closely with the affected suppliers to manage potential impacts to the Group and its clients and customers. The Group's cybersecurity events were managed within its risk tolerances and there were no material loss events associated with cybersecurity recorded within the event categories above.

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

Risk review: Model risk, Conduct risk, Reputation risk and Legal risk
Risk performance continued

Model risk, Conduct risk, Reputation risk and Legal risk

All disclosures in this section are unaudited unless otherwise stated.

Model risk

Barclays is committed to continuously improving model risk management and made a number of enhancements in 2021, including:

- strengthening the periodic assessment of the design and operating effectiveness of model risk controls to ensure adherence to model risk framework, policies and standards across the model risk lifecycle
- enhancing model risk assessment and appetite management with the design of a new Model Risk Uncertainty Assessment to measure and report model uncertainty, enabling risk-based decision making and remediation prioritisation
- improving model risk governance through the implementation and embedment of MRM led forums
- expanding its quality assurance function and its operating model to improve consistency and quality of the challenges raised, assess the relevance and soundness of the responses received from model owners, and continue to review the rationale for decisions made by validators
- improving model inventory data quality through enhanced platform controls and related processes

In 2022, MRM will continue to focus on the validation of additional low materiality models, embedding of validation and governance activities , further roll-out of Model Risk Uncertainty Assessment across the model population and expanding the coverage of the MRM framework to new /emerging model types.

Conduct risk

Barclays is committed to continuing to drive the right culture throughout all levels of the organisation. The 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 Trading Entity conduct risk dashboard is a key component of this.

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

Throughout 2021, the Group maintained focus on the new and heightened inherent conduct risks created by the coronavirus pandemic and continues to monitor these on an ongoing basis.

Businesses have continued to assess the potential customer, client and market impacts of strategic change. As part of the 2021 medium-term planning process, material conduct risks associated with strategic and financial plans were assessed.

Throughout 2021, conduct risks were raised by each business area for consideration by relevant Board level committees. These committees reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

The Group continued to incur costs in relation to litigation and conduct matters, refer to Note 26 Legal, competition and regulatory matters and Note 24 Provisions for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains a necessary and important part of delivering the Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

Trading Entity conduct risk dashboards, setting out key indicators in relation to conduct and risk, are provided to the respective Board Risk Committees and senior management. These continue to be evolved and enhanced to allow effective oversight and decision-making. Barclays has operated at the overall set tolerance for conduct risk throughout 2021. The tolerance adherence is assessed by the business areas through key indicators and reported to the relevant Trading Entity Board Committees as part of the conduct risk dashboards.

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

Reputation risk

Barclays is committed to identifying reputation risks and issues as early as possible and managing them appropriately. At a Group level throughout 2021, reputation risks and issues were overseen by the Board which reviews the processes and policies which Barclays identifies and manages reputation risk. Within the Barclays Bank UK Group and the Barclays Bank Group reputation risks and issues were overseen by the respective risk and Board risk committees. The top live and emerging reputation risks and issues within the Barclays Bank UK Group and the Barclays Bank Group are included within an over-arching quarterly report at the respective Board level.

The Board reviewed risks escalated by the businesses and considered whether management's proposed actions, for example attaching conditions to proposed client transactions or increased engagement with impacted stakeholders, were appropriate to mitigate the risks effectively. The Board also received regular updates with regard to key reputation risks and issues, including: Barclays' response to the pandemic; Barclays' association with sensitive sectors; access to banking; lending practices and the resilience of key Barclays systems and processes.

The Group continued to incur costs in relation to litigation and conduct matters, refer to Note 26 Legal, competition and regulatory matters and Note 24 Provisions for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains an ongoing commitment to improve oversight of culture and conduct and management of reputation risks.

As part of Barclays 2021 Medium Term Planning process, material reputation risks associated with strategic and financial plans were also assessed.

Legal risk

The Group remains committed to continuous improvements in managing legal risk effectively. During 2021, improvements included a refresh of the Group-wide legal risk management framework and a review and update of the supporting legal risk policies, standards and mandatory training, reinforced by ongoing engagement with and education of the Group's businesses and functions by Legal Function colleagues. Legal risk tolerances and legal risk appetite have also been reviewed.

Throughout 2021, the Group has operated within set tolerances for legal risk. Tolerances 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.

Risk review
Supervision and regulation

Supervision of the Group

The 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 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 Group globally. We focus particularly on UK, US and EU regulation due to the location of the Group's principal areas of business. Regulations elsewhere may also have a significant impact on the 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 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 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. The 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.

Barclays Bank PLC and Barclays Bank UK PLC are authorised credit institutions and subject to prudential supervision by the PRA and subject to conduct regulation and supervision by the FCA. The Group is also subject to prudential supervision by the PRA on a group consolidated basis. Barclays PLC has submitted an application for approval by the PRA as a financial holding company. 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 PRA's supervision of the 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 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, fair pricing, affordability, access to cash, and fair treatment of vulnerable customers.

PRA supervision has focused on financial resilience, credit risk management, Board effectiveness, operational resilience, climate risk and resolvability, where resolvability is reviewed in conjunction with the Resolution Directorate (a separate division of the BoE).

Both the PRA and the FCA have assessed the impact of COVID-19 and Brexit on UK financial markets and customers as well as the orderly transition away from LIBOR.

Supervision in the EU

The 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 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.

The 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 cross-border licences to enable them to continue to conduct a limited range of activities, including accessing EEA trading venues and interdealer trading. Barclays Bank PLC also has a Paris branch (to facilitate access to Target 2), which is regulated by the ACPR.

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 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 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 Group's top-tier US holding company that holds substantially all of the 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.

Risk review

Supervision and regulation continued

Barclays PLC, Barclays Bank PLC, BUSHL and BUSL have financial holding company (FHC) status 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 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 FRB 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 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. BCI is also registered as Futures Commission Merchant with the Commodity Futures Trading Commission (CFTC), through which the Group conducts its US futures and options on futures business, including client clearing operations, which are subject to ongoing supervision and regulation by the CFTC, the National Futures Association and other SROs.

Under the US framework for regulating swaps and security-based swaps established under Title VII of the Dodd-Frank Act, the Commodity Futures Trading Commission (CFTC) has regulatory authority over swaps, the SEC has regulatory authority over security-based swaps, and the Commissions jointly regulate mixed swaps. Accordingly, the Group's US swaps and security-based swaps related activities are conducted by Barclays Bank PLC and are subject to ongoing supervision and regulation by, the CFTC and the National Futures Association, and the SEC and FINRA, respectively. Barclays Bank PLC is provisionally registered as a Swap Dealer with the CFTC and conditionally registered as a Security-based Swap Dealer with the SEC. Barclays Bank PLC is also subject to the FRB swaps rules with respect to margin and capital requirements.

Supervision in Asia Pacific

The 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. These standards were retained in the UK regulatory framework via a series of onshoring instruments as part of the UK's withdrawal from the European Union. Beyond the minimum standards required by CRR, the PRA has expected the 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 2021, the FSB published an update to its list of G-SIBs, maintaining the 1.5% G-SIB buffer that applies to the Group.

The Group is also subject to a 'combined buffer requirement' consisting of (i) a capital conservation buffer, and (ii) a countercyclical capital buffer (CCyB). The CCyB is based on rates determined by the regulatory authorities in each jurisdiction in which the Group maintains exposures. In March 2020, the 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. At its meeting in December 2021, the FPC agreed that it would raise the UK CCyB rate to 1% with effect from 13 December 2022.

The PRA requires UK firms to hold additional capital to cover risks which the PRA assesses are not fully captured by the Pillar 1 capital requirement. The PRA sets this additional capital requirement (Pillar 2A) at least annually, derived from each firm's individual capital guidance. Under current PRA rules, the Pillar 2A must be met with at least 56.25% CET1 capital and no more than 25% tier 2 capital. In addition, the capital that firms use to meet their minimum requirements (Pillar 1 and Pillar 2A) cannot be counted towards meeting the combined buffer requirement.

As part of its approach to ring fencing, the FPC established a framework to apply a firm-specific systemic risk buffer (SRB) which could be set between 0% and 3% of RWAs and which had to be met solely with CET1 capital. The purpose of the SRB was to increase the capacity of ring-fenced bodies, such as Barclays Bank UK PLC, to absorb stress. The buffer rate applicable to the Group's ring-fenced sub-group was set at 1% with effect from August 2019. With the implementation of CRD V, the Other Systemically Important Institutions Buffer (O-SII buffer) replaced the SRB. As part of the implementation of CRD V, the PRA and FPC confirmed that the Barclays Bank UK PLC O-SII buffer would be held at the historic SRB rate of 1% until reassessment in December 2021. On 8 October 2021, the PRA extended the O-SII buffer rate of 1% for a further year, with any future adjustment to the O-SII buffer applicable from January 2024.

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 July 2021 and October 2021, the PRA, respectively, published a policy statement and confirmation, setting out its planned implementation of certain Basel III standards, including the net stable funding ratio (NSFR), the new counterparty credit risk standard (SA-CCR) and rules on large exposures. As part of this policy statement, the PRA also confirmed that it would maintain its approach of requiring the deduction of software assets from capital. The PRA will consult shortly on the implementation of the remaining Basel III standards, which include a revised standardised approach for credit risk, the elimination of modelled approaches for certain credit risk exposure categories, a new standardised approach for operational risk, a new market risk approach and the implementation of an output floor requiring reported RWAs calculated under standardised and modelled approaches to be a minimum of 72.5% of fully standardised calculations. The EU has also launched its legislative process for implementing these remaining Basel III reforms. In October 2021, the FPC and PRA published a policy statement setting out changes to the leverage ratio framework, including applying the leverage ratio requirement on an individual basis and making sub-consolidation available as an alternative to individual application where a firm has subsidiaries that can be consolidated.

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 and NSFR.

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 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 was not required to comply with the CUSO requirement until 1 January 2022, with the first certification applicable for Q1 2022 results.

Stress testing

The Group and certain of its members 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.

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 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 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 Group currently provides the PRA with a recovery plan annually and with a resolution pack as requested.

Under the Resolvability Assessment Framework (RAF) firms are required to have in place capabilities 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 was submitted by the Group to the PRA/BoE in 2021 with public disclosures required 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 Group, additional resolution or bankruptcy provisions may apply to certain 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 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 Group submitted a "targeted plan" in December 2021. The Group's next submission of the US Resolution Plan in respect of its US operations will be a "full plan" due in 2024.

Risk review
Supervision and regulation continued

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 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 were 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 2021, in respect of the internal MREL that it will be required to issue to the 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 Group's overall resolution plan treats BUSL as a non-resolution entity, from issuing TLAC to entities other than those within the 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 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 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 Group, including by imposing new collateral requirements on a broader range of market participants from 2022. If not extended, the EU's equivalence decision for UK Central Clearing Counterparties (CCPs), and exemption for certain intragroup transactions from the EMIR derivatives clearing and margin obligations, both due to expire at the end of June 2022, could also have operational and financial impacts on the Group.

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 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 in both the EU and the UK, including as part of the EU's ongoing focus on the development of a stronger Capital Markets Union and the UK's Wholesale Markets Review.

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. In the UK, the FCA has announced that the UK Green Taxonomy Technical Screening Criteria will be finalised by the end of 2022. Reporting against the Taxonomy will form part of the UK's new Sustainability Disclosure Requirements (SDR). Certain companies will be required to disclose which portion of their activities are Taxonomy-aligned. The structure of the Taxonomy draws on the EU approach and has six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity). The UK regulators are also consulting on a new SDR Framework for firms as well as investment product disclosures, including a new sustainable investment labelling regime.

The EU and UK Benchmarks Regulation apply to the administration, contribution and use of benchmarks within the EU and the UK, respectively. Financial institutions within the EU or the UK, as applicable, are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the EU or the UK, respectively. The FCA has stated that it does not intend to support LIBOR after the end of 2021. Global regulators in conjunction with the industry have developed and are continuing 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 2021, 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 with the SEC as 'security-based swap dealers' or 'major security-based swap participants'. Such registrants are subject to CFTC and SEC regulation and oversight. Entities required to register as swap dealers and security-based swap dealers are subject to business conduct, record-keeping and reporting requirements under both CFTC and SEC rules. Barclays Bank PLC is also subject to regulation by the FRB, and is both provisionally registered with the CFTC as a swap dealer and conditionally registered with the SEC as a security-based 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 certain non-US counterparties, whereas entity-level determinations generally apply on an entity-wide basis regardless of counterparty status. In November 2021, 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 July 2020 the CFTC adopted no-action relief from application of CFTC transaction level requirements to transactions between a non-US swap dealer and a non-US counterparty that are "arranged, negotiated or executed" by personnel of the swap dealer or its agent 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.

As of 1 November 2021, Barclays Bank PLC became conditionally registered as a security-based swap dealer with the SEC and subject to SEC rules on business conduct, recordkeeping and reporting, similar to the CFTC rules noted above. The SEC approved certain comparability determinations that permit conditional substituted compliance with non-US regulatory regimes for certain security-based swap regulations. Due to the conditionality of the determinations Barclays Bank PLC is relying on substituted compliance only with respect to a few entity-wide regulations. Many of the regulations under the CFTC and SEC regimes are complementary, however, the SEC does require non-US security-based swap dealers to comply with certain SEC rules in connection with transactions that are "arranged, negotiated or executed" from the US expanding the scope and impact of the SEC regime to transactions with a greater number of non-US counterparties. As noted above, Barclays Bank PLC is subject to FRB rules on capital and margin.

Other regulation

Consumer protection, culture, and diversity and inclusion

In May 2021, the FCA published a consultation paper proposing the imposition of a new consumer duty on firms. The duty looks to set higher expectations for the standard of care that firms provide to customers and will impact all aspects of Barclays' retail businesses, including every customer journey, product and service as well as our relationships with partners, suppliers and third parties. This will result in significant implementation costs and there will also be higher ongoing costs for the industry as a result of extensive monitoring and evidential requirements. Final rules are due to be published by July 2022.

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. The UK regulators have also begun focusing on diversity and inclusion in financial services firms, with the Bank of England, PRA and FCA having published a joint discussion paper and the FCA having published a consultation paper on this topic in July 2021.

Data protection and PSD2

Most countries where the 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. Regulations regarding data protection are increasing in number, as well as levels of enforcement, as manifested in increased amounts of fines and the severity of other penalties. We expect that personal privacy and data protection will continue to receive attention and focus from regulators, as well as public scrutiny and attention.

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). 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. In 2020, the European Court of Justice (CJEU) invalidated the EU-US Privacy Shield as a mechanism for transferring EU personal data to the US and placed additional requirements on the use of standard contractual clauses (SCCs) for transfers of personal information to third countries. In 2021, the European Commission published new SCCs to meet the requirements of GDPR and the CJEU decision, known as Schrems II. Implementing the new SCCs, which involve case-by-case transfer impact assessments and other safeguards, is likely to result in increased compliance costs for the Group. During 2020 and 2021 new privacy laws were passed in Switzerland, took effect in Brazil, Mainland China and Dubai, and were proposed in India. Noncompliance with any of these requirements could lead to regulatory fines and other penalties.

Risk review
Supervision and regulation continued

In the US, Barclays US Consumer Bank is subject to the US Federal Gramm-Leach-Bliley Act (GLBA) the California Consumer Privacy Act of 2018, which came into effect on 1 January 2020 (CCPA) and the California Privacy Rights Act which was passed in November 2020 (CPRA) and will take effect in January 2023 with respect to data collected as early as January 2022. 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 and implement certain information security 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 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 (as defined in the law) 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, including the right to opt-out of certain sales or transfers of such 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. The CPRA significantly modifies the CCPA, including by imposing additional obligations on covered companies and expanding consumers' rights with respect to certain sensitive personal information, and creates a new state agency that will be vested with authority to implement and enforce both the CCPA and the CPRA, potentially resulting in further uncertainty in the interpretation and enforcement of both laws. In addition, all 50 states have laws including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and others.

In addition, in May 2020, the National People's Congress of the PRC approved the PRC Civil Code, which took effect on 1 January 2021. Pursuant to the PRC Civil Code, the collection, storage, use, process, transmission, provision and disclosure of personal information shall follow the principles of legitimacy, properness and necessity.

From 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). The deadline for implementing SCA for e-commerce has been extended by the FCA to 14 March 2022.

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 remaining at an all-time high.

The regulatory focus has been further heightened by the increasing number of high-profile ransomware and other supply chain attacks seen across the industry during the COVID-19 pandemic. This is evidenced by the continuing publication of proposed laws and changes to regulatory frameworks globally. For example, legislation has been introduced in the US that aims to expand cyber security notification requirements for critical infrastructure, whilst in the UK a new framework for operational resilience focused on the identification of, and setting impact tolerances for, important business services came into effect in March 2021. In 2022, the European Union's Digital Operational Resilience Act (DORA) is expected to introduce comprehensive and sector specific regulation on ICT incident reporting, testing and third party risk management, and provide for direct oversight of critical third party ICT providers servicing the EU financial services sector. However, such measures are likely to result in increased technology and compliance costs for the 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 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 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 Group.

The Sanctions and Anti-Money Laundering Act became law in the UK in 2018. 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. The 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 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 review

A review of the Group's performance, including the key performance indicators, and the contribution of each of our businesses to the overall performance of the Group.

Financial review

Financial review

Key performance indicators

In assessing the financial performance of the Group, management uses a range of KPIs which focus on the Group's financial strength, the delivery of sustainable returns and cost management. Barclays continues to target RoTE of greater than 10% over the medium term. Cost discipline remains a priority and management continues to target a cost: income ratio below 60%.

Non-IFRS performance measures

The Group's management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses' performance between financial periods, and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by management. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Refer to the non-IFRS performance measures section for further information and calculations of non-IFRS performance measures included throughout this section and the most directly comparable IFRS measures.

Definition	*Why is it important and how the Group performed*	
Common Equity Tier 1 (CET1) ratio Capital requirements are part of the regulatory framework governing how banks and depository institutions are supervised. Capital ratios express a bank's capital as a percentage of its RWAs as defined by the PRA. CET1 ratio is a measure of capital that is predominantly common equity defined by the CRR, as retained in the UK regulatory framework through on-shoring instruments as part of the UK's withdrawal from the European Union, and amended by CRR II with effect from 1 January 2022.	The Group's capital management objective is to maximise shareholder value by prudently managing the level and mix of its capital to: ensure the Group and all of its subsidiaries are appropriately capitalised relative to their regulatory minimum and stressed capital requirements, support the Group's risk appetite, growth and strategic options, while seeking to maintain a robust credit proposition for the Group and its subsidiaries. The CET1 ratio was stable at 15.1% (2020: 15.1%). CET1 capital increased by £1.2bn to £47.5bn as profit before tax of £8.4bn was partially offset by share buybacks, 2021 dividends and equity coupons paid and foreseen, as well as pensions deficit contribution payments. RWAs increased £7.9bn to £314.1bn primarily resulting from the recalibration of the modelled market risk stress period, increased client and trading activity within CIB and growth in mortgages within Barclays UK, partially offset by lower unsecured balances. **Group target: a CET1 ratio in the range of 13-14%.**	**CET1 ratio** 15.1% 2020: 15.1% 2019: 13.8%
Return on average tangible shareholders' equity RoTE is calculated as profit after tax attributable to ordinary shareholders, as a proportion of average shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.	This measure indicates the return generated by the management of the business based on shareholders' tangible equity. Achieving a target RoTE demonstrates the organisation's ability to execute its strategy and align management's interests with the shareholders'. RoTE lies at the heart of the Group's capital allocation and performance management process. RoTE for the Group was 13.4% (2020: 3.2%) due to record profit before tax including a net credit impairment release and increased income, partially offset by higher operating expenses. **Group target: RoTE of greater than 10%.** RoTE based on a CET1 ratio of 13.5%, excluding litigation and conduct, structural cost actions and the re-measurement of UK DTA's was 15.3% (2020: 4.4%)[a]. A CET1 ratio of 13.5% is used, which is the mid-point of the target range of 13%-14%.	**Group RoTE** 13.4% 2020: 3.2% 2019: 5.3%

Definition	*Why is it important and how the Group performed*	
Total operating expenses	Barclays views total operating expenses as a key strategic area for banks; those who actively manage costs and control them effectively will gain a strong competitive advantage. Group total operating expenses increased 4% to £14.4bn, due to structural cost actions of £0.6bn primarily relating to the real estate review in Q221 and Barclays UK transformation costs in Q421, higher performance costs that reflect improved returns, and continued investment and business growth. This was partially offset by the benefit from the depreciation of average USD against GBP, efficiency savings and a lower UK bank levy charge, primarily due to the reduced rate. Excluding structural cost actions and performance costs, Group total operating expenses were flat at £12.0bn, as efficiency saving were reinvested to drive income growth. Excluding structural cost actions of £0.6bn (2020: £0.4bn), operating expenses would have been £13.8bn (2020: £13.5bn).	**Total operating expenses[b]** £14.4bn 2020: £13.9bn 2019: £15.4bn
Cost: income ratio Total operating expenses divided by total income.	This is a measure management uses to assess the productivity of the business operations. Managing the cost base is a key execution priority for management and includes a review of all categories of discretionary spending and an analysis of how we can run the business to ensure that costs increase at a slower rate than income. The Group cost: income ratio was 66% (2020: 64%) as increased income was offset by higher operating expenses, including £0.6bn of structural cost actions. The Group cost: income ratio, excluding structural cost actions of £0.6bn (2020: £0.4bn) was 63% (2020: 62%). **Group target: a cost: income ratio below 60%.**	**Cost: income ratio** 66% 2020: 64% 2019: 71%

Notes

a 2020 based on a 13.0% CET1 ratio, excluding litigation and conduct, structural cost actions and COVID-19 community aid package. Refer to the Non-IFRS performance measures section for further information and calculations.

b Includes litigation and conduct, 2021: £177m, 2020: £153m and 2019: £1,849m, of which £1,400m relates to Payment Protection Insurance.

Financial review

Consolidated summary income statement

For the year ended 31 December	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Continuing operations					
Interest income	**11,240**	11,892	15,456	14,541	13,631
Interest expense	**(3,167)**	(3,770)	(6,049)	(5,479)	(3,786)
Net interest income	**8,073**	8,122	9,407	9,062	9,845
Fee and commission income	**9,880**	8,641	9,122	8,893	8,751
Fee and commission expense	**(2,206)**	(2,070)	(2,362)	(2,084)	(1,937)
Net fee and commission income	**7,674**	6,571	6,760	6,809	6,814
Other income	**6,193**	7,073	5,465	5,265	4,417
Total income	**21,940**	21,766	21,632	21,136	21,076
Credit impairment releases/(charges)	**653**	(4,838)	(1,912)	(1,468)	(2,336)
Operating costs	**(14,092)**	(13,434)	(13,359)	(13,627)	(13,884)
UK bank levy	**(170)**	(299)	(226)	(269)	(365)
GMP charge	**—**	—	—	(140)	—
Litigation and conduct	**(177)**	(153)	(1,849)	(2,207)	(1,207)
Total operating expenses	**(14,439)**	(13,886)	(15,434)	(16,243)	(15,456)
Other net income	**260**	23	71	69	257
Profit before tax	**8,414**	3,065	4,357	3,494	3,541
Tax charge	**(1,188)**	(604)	(1,003)	(911)	(2,066)
Profit after tax in respect of continuing operations	**7,226**	2,461	3,354	2,583	1,475
Loss after tax in respect of discontinued operation	**—**	—	—	—	(2,195)
Non-controlling interests in respect of continuing operations	**(47)**	(78)	(80)	(234)	(249)
Non-controlling interests in respect of discontinued operation	**—**	—	—	—	(140)
Other equity instrument holders	**(804)**	(857)	(813)	(752)	(639)
Attributable profit/(loss)	**6,375**	1,526	2,461	1,597	(1,748)
Selected financial statistics					
Basic earnings/(loss) per share	**37.5p**	8.8p	14.3p	9.4p	(10.3p)
Diluted earnings/(loss) per share	**36.6p**	8.6p	14.1p	9.2p	(10.1p)
Return on average tangible shareholders' equity	**13.4%**	3.2%	5.3%	3.6%	(3.6%)
Cost: income ratio	**66%**	64%	71%	77%	73%

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

Financial review
Income statement commentary

2021 compared to 2020[a]

Barclays' diversified business model delivered a record profit before tax of £8,414m (2020: £3,065m), RoTE of 13.4% (2020: 3.2%) and earnings per share (EPS) of 37.5p (2020: 8.8p).

Total income increased to £21,940m (2020: £21,766m). Barclays UK income increased 3%. Barclays International income decreased 2%, with CIB income down 1% and CC&P income down 3%. Excluding the impact of the 8% depreciation of average USD against GBP, total income was up, reflecting Barclays' diversified income streams.

Credit impairment net release of £653m (2020: £4,838m charge). The net release included a reversal of £1.3bn in non-default charges, primarily reflecting the improved macroeconomic outlook. Excluding this reversal, the charge was £0.7bn, reflecting reduced unsecured lending balances and low delinquency. Economic uncertainty adjustments have been maintained firstly in respect of customers and clients who may be more vulnerable to the withdrawal of support schemes and emerging economic uncertainty, and secondly, model uncertainty which does not capture certain macroeconomic and risk parameter uncertainties. The reduction in unsecured lending balances and growth in secured balances have contributed to a decrease in the Group's loan coverage ratio to 1.6% (December 2020: 2.4%). Coverage ratios in unsecured loan portfolios remained elevated compared to pre-COVID-19 pandemic levels.

Total operating expenses increased 4% to £14,439m, due to structural cost actions of £648m primarily relating to the real estate review in Q221 and Barclays UK transformation costs in Q421, higher performance costs that reflect improved returns, and continued investment and business growth. This was partially offset by the benefit from the depreciation of average USD against GBP, efficiency savings and a lower UK bank levy charge, primarily due to the reduced rate. This resulted in a cost: income ratio of 66% (2020: 64%). Excluding structural cost actions of £648m (2020: £368m), operating expenses would have been £13,791m (2020: £13,518m), resulting in a cost: income ratio of 63% (2020: 62%).

The effective tax rate was 14.1% (2020: 19.7%). This reflects a £462m tax benefit recognised for the re-measurement of the Group's UK deferred tax assets (DTAs) as a result of the enactment in 2021 of a UK corporation tax rate increase from 19% to 25% effective from 1 April 2023.

Attributable profit was £6,375m (2020: £1,526m).

Note

a The 8% depreciation of average USD against GBP adversely impacted income and profits and positively impacted total operating expenses.

Financial review

Consolidated summary balance sheet

As at 31 December	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Assets					
Cash and balances at central banks	**238,574**	191,127	150,258	177,069	171,082
Cash collateral and settlement balances	**92,542**	101,367	83,256	77,222	77,168
Loans and advances at amortised cost	**361,451**	342,632	339,115	326,406	324,048
Reverse repurchase agreements and other similar secured lending	**3,227**	9,031	3,379	2,308	12,546
Trading portfolio assets	**147,035**	127,950	114,195	104,187	113,760
Financial assets at fair value through the income statement	**191,972**	175,151	133,086	149,648	116,281
Derivative financial instruments	**262,572**	302,446	229,236	222,538	237,669
Financial investments	**—**	—	—	—	58,915
Financial assets at fair value through other comprehensive income	**61,753**	78,688	65,750	52,816	—
Assets included in disposal groups classified as held for sale	**—**	—	—	—	1,193
Other assets	**25,159**	21,122	21,954	21,089	20,586
Total assets	**1,384,285**	1,349,514	1,140,229	1,133,283	1,133,248
Liabilities					
Deposits at amortised cost	**519,433**	481,036	415,787	394,838	398,701
Cash collateral and settlement balances	**79,371**	85,423	67,341	67,522	68,143
Repurchase agreements and other similar secured borrowings	**28,352**	14,174	14,517	18,578	40,338
Debt securities in issue[a]	**98,867**	75,796	76,369	82,286	73,314
Subordinated liabilities	**12,759**	16,341	18,156	20,559	23,826
Trading portfolio liabilities	**54,169**	47,405	36,916	37,882	37,351
Financial liabilities designated at fair value	**250,960**	249,765	204,326	216,834	173,718
Derivative financial instruments	**256,883**	300,775	229,204	219,643	238,345
Other liabilities	**13,280**	11,917	11,953	11,362	13,496
Total liabilities	**1,314,074**	1,282,632	1,074,569	1,069,504	1,067,232
Equity					
Called up share capital and share premium	**4,536**	4,637	4,594	4,311	22,045
Other equity instruments	**12,259**	11,172	10,871	9,632	8,941
Other reserves	**1,770**	4,461	4,760	5,153	5,383
Retained earnings	**50,657**	45,527	44,204	43,460	27,536
Total equity excluding non-controlling interests	**69,222**	65,797	64,429	62,556	63,905
Non-controlling interests	**989**	1,085	1,231	1,223	2,111
Total equity	**70,211**	66,882	65,660	63,779	66,016
Total liabilities and equity	**1,384,285**	1,349,514	1,140,229	1,133,283	1,133,248
Net asset value per ordinary share	**340p**	315p	309p	309p	322p
Tangible net asset value per share	**292p**	269p	262p	262p	276p
Number of ordinary shares of Barclays PLC (in millions)	**16,752**	17,359	17,322	17,133	17,060
Year-end USD exchange rate	**1.35**	1.37	1.32	1.28	1.35
Year-end EUR exchange rate	**1.19**	1.11	1.18	1.12	1.13

Note

a Debt securities in issue include covered bonds of £5.0bn (2020: £6.2bn).

Financial review

Balance sheet commentary

Total assets

Total assets increased £35bn to £1,384bn.

Cash and balances at central banks increased by £47bn to £239bn, predominantly driven by strong growth in customer deposits. Financial assets at fair value through other comprehensive income decreased £17bn to £62bn.

Derivative financial instrument assets decreased £40bn to £263bn, driven by an increase in major interest rate curves. Cash collateral and settlement balances decreased by £9bn to £93bn, predominantly due to reduced derivative balances.

Loans and advances at amortised cost increased £19bn to £361bn, which reflected increased lending across Barclays UK and Barclays International, including £10bn of mortgage growth.

Trading portfolio assets increased £19bn to £147bn due to increased client activity and financial assets at fair value through the income statement increased £17bn to £192bn due to reverse repurchase agreements and similar secured lending.

Total liabilities

Total liabilities increased £31bn to £1,314bn.

Deposits at amortised cost increased £38bn to £519bn primarily due to clients increasing liquidity, and lower consumer spending levels.

Derivative financial instruments liabilities decreased £44bn to £257bn, driven by an increase in major interest rate curves. This is consistent with the movement in derivative financial instrument assets. Cash collateral and settlement balances decreased by £6bn to £79bn predominantly due to reduced mark-to-market balances.

Trading portfolio liabilities increased £7bn due to increased client activity to £54bn and financial liabilities designated at fair value increased £1bn to £251bn due to repurchase agreements and similar secured borrowing.

Total shareholders' equity

Total shareholders' equity increased £3.3bn to £70.2bn.

Other equity instruments increased £1.1bn to £12.3bn due to the issuance of a $1.5bn AT1 instrument. AT1 securities are perpetual subordinated contingent convertible securities structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

Other reserves decreased by £2.7bn, mainly due to a reduction in the cash flow hedging reserve of £2.4bn to £0.9bn debit, as a result of fair value movements on interest rate swaps held for hedging purposes due to an increase in major interest rate curves.

Retained earnings increased £5.1bn to £50.7bn, mainly due to profits of £6.4bn, offset by share repurchases of £1.2bn and dividends of £0.5bn.

Tangible net asset value per share increased 23p to 292p as 38p earnings per share were offset by net negative reserve movements of 15p.

Financial review

Analysis of results by business

Barclays UK

	2021 £m	2020 £m	2019 £m
Income statement information			
Net interest income	**5,202**	5,234	5,888
Net fee, commission and other income	**1,334**	1,113	1,465
Total income	**6,536**	6,347	7,353
Credit impairment releases/(charges)	**365**	(1,467)	(712)
Net operating income	**6,901**	4,880	6,641
Operating costs	**(4,357)**	(4,270)	(3,996)
UK bank levy	**(36)**	(50)	(41)
Operating expenses	**(4,393)**	(4,320)	(4,037)
Litigation and conduct	**(37)**	(32)	(1,582)
Total operating expenses	**(4,430)**	(4,352)	(5,619)
Other net income	**—**	18	—
Profit before tax	**2,471**	546	1,022
Attributable profit	**1,756**	325	281
Balance sheet information			
Loans and advances to customers at amortised cost	**£208.8bn**	£205.4bn	£193.7bn
Total assets	**£321.2bn**	£289.1bn	£257.8bn
Customer deposits at amortised cost	**£260.6bn**	£240.5bn	£205.5bn
Loan: deposit ratio	**85%**	89%	96%
Risk weighted assets	**£72.3bn**	£73.7bn	£74.9bn
Period end allocated tangible equity	**£10.0bn**	£9.7bn	£10.3bn
Key facts			
Average LTV of mortgage portfolio[a]	**51%**	51%	51%
Average LTV of new mortgage lending[a]	**70%**	68%	68%
Number of branches	**666**	859	963
Mobile banking active customers	**9.7m**	9.2m	8.4m
30 day arrears rate - Barclaycard Consumer UK	**1.0%**	1.7%	1.7%
Number of employees (full time equivalent)[b]	**7,100**	21,300	21,400
Performance measures			
Return on average allocated tangible equity	**17.6%**	3.2%	2.7%
Average allocated tangible equity	**£10.0bn**	£10.1bn	£10.3bn
Cost: income ratio	**68%**	69%	76%
Loan loss rate (bps)	**—**	68	36
Net interest margin	**2.52%**	2.61%	3.09%

Notes

a Average Loan to Value of mortgages is balance weighted and reflects both residential and BTL mortgage portfolios within the Home Loans portfolio.

b Barclays UK has transformed its business this year and consolidated all Customer Care employees, who directly serve customers, into Barclays Execution Services, within the Head Office segment, to improve customer service and experience. Costs are recharged, while FTE's are reported within Head Office, as at 31 December 2021 10,700 FTE were impacted by the move from Barclays UK to Head Office, prior years have not been restated.

Analysis of Barclays UK

	2021 £m	2020 £m	2019 £m
Analysis of total income			
Personal Banking	**3,883**	3,522	4,009
Barclaycard Consumer UK	**1,250**	1,519	1,992
Business Banking	**1,403**	1,306	1,352
Total income	**6,536**	6,347	7,353
Analysis of credit impairment releases/(charges)			
Personal Banking	**28**	(380)	(195)
Barclaycard Consumer UK	**404**	(881)	(472)
Business Banking	**(67)**	(206)	(45)
Total credit impairment releases/(charges)	**365**	(1,467)	(712)
Analysis of loans and advances to customers at amortised cost			
Personal Banking	**£165.4bn**	£157.3bn	£151.9bn
Barclaycard Consumer UK	**£8.7bn**	£9.9bn	£14.7bn
Business Banking	**£34.7bn**	£38.2bn	£27.1bn
Total loans and advances to customers at amortised cost	**£208.8bn**	£205.4bn	£193.7bn
Analysis of customer deposits at amortised cost			
Personal Banking	**£196.4bn**	£179.7bn	£159.2bn
Barclaycard Consumer UK	**—**	£0.1bn	—
Business Banking	**£64.2bn**	£60.7bn	£46.3bn
Total customer deposits at amortised cost	**£260.6bn**	£240.5bn	£205.5bn

2021 compared to 2020

Profit before tax increased to £2,471m (2020: £546m). RoTE was 17.6% (2020: 3.2%) reflecting an improving UK operating environment.

Total income increased 3% to £6,536m. Net interest income reduced 1% to £5,202m with a net interest margin of 2.52% (2020: 2.61%) as strong customer retention and improved margins in mortgages were more than offset by lower unsecured lending balances. Net fee, commission and other income increased 20% to £1,334m, returning back towards pre-COVID-19 pandemic levels.

Personal Banking income increased 10% to £3,883m, reflecting strong growth in mortgages, alongside improved margins during the first three quarters, balance growth in deposits and the non-recurrence of COVID-19 customer support actions. This was partially offset by deposit margin compression from lower interest rates and lower unsecured lending balances.

Barclaycard Consumer UK income decreased 18% to £1,250m, as repayments by customers and reduced borrowing resulted in a lower level of IEL balances. However, IEL balances began to stabilise throughout the second half of 2021.

Business Banking income increased 7% to £1,403m due to lending and deposit balance growth from £12.1bn of government scheme lending and the non-recurrence of COVID-19 and related customer support actions, partially offset by deposit margin compression from lower interest rates.

Credit impairment net release of £365m (2020: £1,467m charge) was driven by an improved macroeconomic outlook and lower unsecured lending balances due to customer repayments and lower delinquencies. As at 31 December 2021, 30 and 90 day arrears rates in UK cards were 1.0% (Q420: 1.7%) and 0.2% (Q420: 0.8%) respectively.

Total operating expenses increased 2% to £4,430m primarily reflecting increased investment spend, including structural cost actions of £288m (2020: £150m). Excluding structural cost actions, operating expenses would have been broadly stable at £4,142m (2020: £4,202m), with higher operational and customer service costs, primarily driven by increased volumes, offset by efficiency savings.

Loans and advances to customers at amortised cost increased 2% to £208.8bn predominantly from £9.9bn of mortgage growth following a strong flow of new applications as well as strong customer retention. This was offset by a £2.2bn decrease in the Education, Social Housing and Local Authority (ESHLA) portfolio carrying value as interest rate yield curves steepened, £1.6bn lower unsecured lending balances and £1.3bn lower Business Banking balances as repayment of government scheme lending commences.

Customer deposits at amortised cost increased 8% to £260.6bn reflecting an increase of £16.7bn and £3.5bn in Personal Banking and Business Banking respectively, further strengthening the liquidity position and contributing to a loan: deposit ratio of 85% (December 2020: 89%).

RWAs decreased to £72.3bn (December 2020: £73.7bn) driven by a reduction in unsecured lending and the value of the ESHLA portfolio, partially offset by growth in mortgages.

Financial review
Analysis of results by business continued

Barclays International

	2021 £m	2020 £m	2019 £m
Income statement information			
Net interest income	**3,263**	3,282	3,941
Net trading income	**5,693**	6,920	4,199
Net fee, commission and other income	**6,709**	5,719	6,535
Total income	**15,665**	15,921	14,675
Credit impairment releases/(charges)	**288**	(3,280)	(1,173)
Net operating income	**15,953**	12,641	13,502
Operating costs	**(9,076)**	(8,765)	(9,163)
UK bank levy	**(134)**	(240)	(174)
Litigation and conduct	**(125)**	(48)	(116)
Total operating expenses	**(9,335)**	(9,053)	(9,453)
Other net income	**40**	28	69
Profit before tax	**6,658**	3,616	4,118
Attributable profit	**4,817**	2,220	2,816
Balance sheet information			
Loans and advances at amortised cost	**£133.8bn**	£122.7bn	£132.8bn
Trading portfolio assets	**£146.9bn**	£127.7bn	£113.3bn
Derivative financial instrument assets	**£261.5bn**	£301.8bn	£228.9bn
Financial assets at fair value through the income statement	**£188.2bn**	£170.7bn	£128.4bn
Cash collateral and settlement balances	**£88.1bn**	£97.5bn	£79.4bn
Other assets	**£225.6bn**	£221.4bn	£178.6bn
Total assets	**£1,044.1bn**	£1,041.8bn	£861.4bn
Deposits at amortised cost	**£258.8bn**	£240.5bn	£210.0bn
Derivative financial instrument liabilities	**£256.4bn**	£300.4bn	£228.9bn
Loan: deposit ratio	**52%**	51%	63%
Risk weighted assets	**£230.9bn**	£222.3bn	£209.2bn
Period end allocated tangible equity	**£33.2bn**	£30.2bn	£29.6bn
Key facts			
Number of employees (full time equivalent)	**10,400**	10,800	11,200
Performance measures			
Return on average allocated tangible equity	**14.9%**	7.1%	9.0%
Average allocated tangible equity	**£32.4bn**	£31.5bn	£31.2bn
Cost: income ratio	**60%**	57%	64%
Loan loss rate (bps)	**—**	257	86
Net interest margin	**4.01%**	3.64%	4.07%

Analysis of Barclays International

Corporate and Investment Bank	2021 £m	2020 £m	2019 £m
Income statement information			
Net interest income	**1,351**	1,084	1,119
Net trading income	**5,652**	6,975	4,413
Net fee, commission and other income	**5,331**	4,417	4,699
Total income	**12,334**	12,476	10,231
Credit impairment releases / (charges)	**473**	(1,559)	(157)
Net operating income	**12,807**	10,917	10,074
Operating costs	**(6,818)**	(6,689)	(6,882)
UK bank levy	**(128)**	(226)	(156)
Litigation and conduct	**(17)**	(4)	(109)
Total operating expenses	**(6,963)**	(6,919)	(7,147)
Other net income	**2**	6	28
Profit before tax	**5,846**	4,004	2,955
Attributable profit	**4,202**	2,554	1,980
Balance sheet information			
Loans and advances at amortised cost	**£100.0bn**	£92.4bn	£92.0bn
Trading portfolio assets	**£146.7bn**	£127.5bn	£113.3bn
Derivative financial instrument assets	**£261.5bn**	£301.7bn	£228.8bn
Financial assets at fair value through the income statement	**£188.1bn**	£170.4bn	£127.7bn
Cash collateral and settlement balances	**£87.2bn**	£96.7bn	£78.5bn
Other assets	**£195.8bn**	£194.9bn	£155.3bn
Total assets	**£979.3bn**	£983.6bn	£795.6bn
Deposits at amortised cost	**£189.4bn**	£175.2bn	£146.2bn
Derivative financial instrument liabilities	**£256.4bn**	£300.3bn	£228.9bn
Risk weighted assets	**£200.7bn**	£192.2bn	£171.5bn
Performance measures			
Return on average allocated tangible equity	**14.9%**	9.5%	7.6%
Average allocated tangible equity	**£28.3bn**	£27.0bn	£25.9bn
Cost: income ratio	**56%**	55%	70%
Analysis of total income			
FICC	**3,448**	5,138	3,364
Equities	**2,967**	2,471	1,887
Global Markets	**6,415**	7,609	5,251
Advisory	**921**	561	776
Equity capital markets	**813**	473	329
Debt capital markets	**1,925**	1,697	1,430
Investment Banking fees	**3,659**	2,731	2,535
Corporate lending	**588**	590	765
Transaction banking	**1,672**	1,546	1,680
Corporate	**2,260**	2,136	2,445
Other	**—**	—	—
Total income	**12,334**	12,476	10,231

Financial review
Analysis of results by business continued

Analysis of Barclays International continued

Consumer, Cards and Payments	2021 £m	2020 £m	2019 £m
Income statement information			
Net interest income	**1,912**	2,198	2,822
Net fee, commission, trading and other income	**1,419**	1,247	1,622
Total income	**3,331**	3,445	4,444
Credit impairment charges	**(185)**	(1,721)	(1,016)
Net operating income	**3,146**	1,724	3,428
Operating costs	**(2,258)**	(2,076)	(2,281)
UK bank levy	**(6)**	(14)	(18)
Litigation and conduct	**(108)**	(44)	(7)
Total operating expenses	**(2,372)**	(2,134)	(2,306)
Other net income	**38**	22	41
Profit/(loss) before tax	**812**	(388)	1,163
Attributable profit/(loss)	**615**	(334)	836
Balance sheet information			
Loans and advances at amortised cost	**£33.8bn**	£30.3bn	£40.8bn
Total assets	**£64.8bn**	£58.2bn	£65.8bn
Deposits at amortised cost	**£69.4bn**	£65.3bn	£63.8bn
Risk weighted assets	**£30.2bn**	£30.1bn	£37.7bn
Key facts			
30 day arrears rates - Barclaycard US	**1.6%**	2.5%	2.7%
US cards customer FICO score distribution			
<660	**10%**	13%	14%
>660	**90%**	87%	86%
Total number of Barclaycard payments clients	**c.380,000**	c.365,000	c.376,000
Value of payments processed[a]	**£277bn**	£274bn	£354bn
Performance measures			
Return on average allocated tangible equity	**15.0%**	(7.5%)	15.8%
Average allocated tangible equity	**£4.1bn**	£4.5bn	£5.3bn
Cost: income ratio	**71%**	62%	52%
Loan loss rate (bps)	**51**	517	234
Analysis of total income			
International Cards and Consumer Bank	**2,092**	2,433	
Private Bank	**781**	707	
Unified Payments	**458**	305	
Total income	**3,331**	3,445	

Note
a Includes £270bn (2020: £268bn; 2019: £272bn) of merchant acquiring payments.

2021 compared to 2020

Profit before tax increased 84% to £6,658m with a RoTE of 14.9% (2020: 7.1%), reflecting a RoTE of 14.9% (2020: 9.5%) in CIB and 15.0% (2020: (7.5)%) in CC&P.

The 8% depreciation of average USD against GBP adversely impacted income and profits and positively impacted total operating expenses.

Total income decreased to £15,665m (2020: £15,921m).

CIB income decreased 1% to £12,334m.

Global Markets income decreased 16% to £6,415m as a strong performance in Equities, representing the best full year on a comparable basis[a], was more than offset by FICC. Equities income increased 20% to £2,967m driven by strong client activity in derivatives and increased client balances in financing. FICC income decreased 33% to £3,448m due to tighter spreads and the non-recurrence of prior year client activity levels.

Investment Banking fees income, representing the best full year on a comparable basis[a], increased 34% to £3,659m driven by a strong performance in Advisory and Equity capital markets reflecting an increase in the fee pool and an increased market share[b].

Within Corporate, Transaction banking income increased 8% to £1,672m driven by deposits and higher payments volumes. Corporate lending income was stable at £588m (2020: £590m) driven by a current year fair value loan write-off on a single name and increased cost of hedging, whilst the prior year included net losses from the mark-to-market of lending and related hedge positions.

CC&P income decreased 3% to £3,331m.

International Cards and Consumer Bank income decreased 14% to £2,092m reflecting lower average cards balances whilst balances increased during the second half of 2021.

Private Bank income increased 10% to £781m, reflecting client balance growth and a gain on a property sale.

Unified Payments income increased 50% to £458m driven by the non-recurrence of a c.£100m valuation loss on Barclays' preference shares in Visa Inc. in Q220, which have subsequently been fully disposed of in FY21, and merchant acquiring turnover growth following the easing of lockdown restrictions.

Credit impairment net release of £288m (2020: £3,280m charge) was driven by an improved macroeconomic outlook. CIB credit impairment net release of £473m (2020: £1,559m charge) was also supported by net single name wholesale loan releases and a benign credit environment. CC&P credit impairment charge of £185m (2020: £1,721m) was partially driven by lower delinquencies and higher customer repayments. As at 31 December 2021, 30 and 90 day arrears in US cards were 1.6% (Q420: 2.5%) and 0.8% (Q420: 1.4%) respectively.

Total operating expenses increased 3% to £9,335m. CIB total operating expenses increased 1% to £6,963m due to higher performance costs, that reflect an improvement in returns, partly offset by a lower bank levy charge, primarily due to the reduced rate. CC&P total operating expenses increased 11% to £2,372m driven by the impact of higher investment spend, including an increase in marketing and costs for existing and new partnerships, and customer remediation costs related to a legacy portfolio.

Loans and advances at amortised cost increased £11.1bn to £133.8bn due to increased lending across CIB and CC&P.

Trading portfolio assets increased £19.2bn to £146.9bn predominantly due to increased activity in Equities.

Derivative financial instruments assets decreased £40.3bn and liabilities decreased £44.0bn to £261.5bn and £256.4bn respectively, driven by an increase in major interest rate curves and reduced client activity in FICC.

Financial assets at fair value through the income statement increased £17.5bn to £188.2bn driven by increased secured lending.

Cash collateral and settlement balances decreased £9.4bn to £88.1bn.

Deposits at amortised cost increased £18.3bn to £258.8bn due to clients increasing liquidity.

RWAs increased to £230.9bn (December 2020: £222.3bn) primarily resulting from the recalibration of the modelled market risk stress period, and increased client and trading activity within CIB.

Notes

a Period covering 2014 - 2021. Pre 2014 financials were not restated following re-segmentation in 2016.

b Data source: Dealogic for the period covering 1 January to 31 December 2021.

Financial review
Analysis of results by business continued

Head Office

	2021 £m	2020 £m	2019 £m
Income statement information			
Net interest income	**(392)**	(393)	(422)
Net fee, commission and other income	**131**	(109)	26
Total income	**(261)**	(502)	(396)
Credit impairment charges	**—**	(91)	(27)
Net operating expenses	**(261)**	(593)	(423)
Operating costs	**(659)**	(399)	(200)
UK bank levy	**—**	(9)	(11)
Litigation and conduct	**(15)**	(73)	(151)
Total operating expenses	**(674)**	(481)	(362)
Other net income / (expenses)	**220**	(23)	2
Loss before tax	**(715)**	(1,097)	(783)
Attributable loss	**(198)**	(1,019)	(636)
Balance sheet information			
Total assets	**£19.0bn**	£18.6bn	£21.0bn
Risk weighted assets	**£11.0bn**	£10.2bn	£11.0bn
Period end allocated tangible equity	**£5.7bn**	£6.8bn	£5.6bn
Key facts			
Number of employees (full time equivalent)[a]	**64,100**	50,900	48,200
Performance measures			
Average allocated tangible equity	**£5.0bn**	£6.7bn	£5.1bn

Note

a Barclays UK has transformed its business this year and consolidated all Customer Care employees, who directly serve customers, into Barclays Execution Services, within the Head Office segment, to improve customer service and experience. Costs are recharged, while FTE's are reported within Head Office, as at 31 December 2021 10,700 FTE were impacted by the move from Barclays UK to Head Office, prior years have not been restated.

2021 compared to 2020

Loss before tax was £715m (2020: £1,097m).

Total income was an expense of £261m (2020: £502m), which primarily reflected hedge accounting, funding costs on legacy capital instruments and treasury items, partially offset by mark-to-market gains on legacy investments and the recognition of dividends on Barclays' stake in Absa Group Limited.

Total operating expenses were £674m (2020: £481m), which included £266m relating to structural cost actions taken as part of the real estate review in Q221, as well as costs associated with the discontinued use of software assets.

Other net income was £220m (2020: £23m expense) driven by a fair value gain on investments held by the Business Growth Fund in which Barclays has an associate interest.

RWAs were £11.0bn (December 2020: £10.2bn).

Financial review

Non-IFRS performance measures

The Group's management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses' performance between financial periods, and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by management.

However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well.

Non-IFRS performance measures glossary

Measure	*Definition*
Loan: deposit ratio	Loans and advances at amortised cost divided by deposits at amortised cost. The components of the calculation have been included on page 268.
Period end allocated tangible equity	Allocated tangible equity is calculated as 13.5% (2020 and 2019: 13.0%) of RWAs for each business, adjusted for capital deductions, excluding goodwill and intangible assets, reflecting the assumptions the Group uses for capital planning purposes. Head Office allocated tangible equity represents the difference between the Group's tangible shareholders' equity and the amounts allocated to businesses.
Average tangible shareholders' equity	Calculated as the average of the previous month's period end tangible equity and the current month's period end tangible equity. The average tangible shareholders' equity for the period is the average of the monthly averages within that period.
Average allocated tangible equity	Calculated as the average of the previous month's period end allocated tangible equity and the current month's period end allocated tangible equity. The average allocated tangible equity for the period is the average of the monthly averages within that period.
Return on average tangible shareholders' equity	Statutory profit after tax attributable to ordinary equity holders of the parent, as a proportion of average shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill. The components of the calculation have been included on pages 310.
Return on average allocated tangible equity	Statutory profit after tax attributable to ordinary equity holders of the parent, as a proportion of average allocated tangible equity. The components of the calculation have been included on page 310.
Cost: income ratio	Total operating expenses divided by total income.
Loan loss rate	Quoted in basis points and represents total impairment charges divided by gross loans and advances held at amortised cost at the balance sheet date. The components of the calculation have been included on page 228. Quoted as zero when credit impairment is a net release.
Net interest margin	Net interest income divided by the sum of average customer assets. The components of the calculation have been included on page 310.
Tangible net asset value per share	Calculated by dividing shareholders' equity, excluding non-controlling interests and other equity instruments, less goodwill and intangible assets, by the number of issued ordinary shares. The components of the calculation have been included on page 312.

Financial review

Non-IFRS performance measures continued

Margins analysis

	2021			2020		
	Net interest income	Average customer assets	Net interest margin	Net interest income	Average customer assets	Net interest margin
For the year ended 31 December	£m	£m	%	£m	£m	%
Barclays UK	**5,202**	**206,628**	**2.52**	5,234	200,317	2.61
Barclays International[a]	**3,149**	**78,530**	**4.01**	3,382	92,909	3.64
Total Barclays UK and Barclays International	**8,351**	**285,158**	**2.93**	8,616	293,226	2.94
Other[b]	**(278)**			(494)		
Total Barclays Group	**8,073**			8,122		

Notes

a Barclays International margins include IEL balances within the corporate and investment banking business.

b Other includes Head Office and non-lending related corporate and investment banking businesses not included in Barclays International margins.

The Group net interest margin remained stable with a 1bps decrease to 2.93%. Barclays UK net interest margin decreased 9bps to 2.52%, reflecting the impact of lower UK interest rates as well as the mix impact of strong mortgage growth and lower unsecured lending balances. Barclays International net interest margin increased 37bps to 4.01% reflecting the mix impact of lower average lending balances in the CIB.

The Group's combined product and equity structural hedge notional as at 31 December 2021 was £228bn (December 2020: £188bn), with an average duration of close to 3 years (2020: average duration 2.5 to 3 years). Group net interest income includes gross structural hedge contributions of £1,415m (2020: £1,650m) and net structural hedge contributions of £1,187m (2020: £1,246m). Gross structural hedge contributions represent the absolute interest income earned from the fixed receipts on the basket of swaps in the structural hedge, while the net structural hedge contributions represent the net interest earned on the difference between the structural hedge rate and prevailing floating rates.

Returns

Return on average tangible equity is calculated as profit for the period attributable to ordinary equity holders of the parent as a proportion of average tangible equity for the period, excluding non-controlling and other equity interests for businesses. Allocated tangible equity has been calculated as 13.5% (2020 and 2019: 13.0%) of RWAs for each business, adjusted for capital deductions, excluding goodwill and intangible assets, reflecting the assumptions the Group uses for capital planning purposes. Head Office average allocated tangible equity represents the difference between the Group's average tangible shareholders' equity and the amounts allocated to businesses.

	Profit/(loss) attributable to ordinary equity holders of the parent	Average tangible equity	Return on average tangible equity
	£m	£bn	%
For the year ended 31 December 2021			
Barclays UK	**1,756**	**10.0**	**17.6**
Corporate and Investment Bank	**4,202**	**28.3**	**14.9**
Consumer, Cards and Payments	**615**	**4.1**	**15.0**
Barclays International	**4,817**	**32.4**	**14.9**
Head Office	**(198)**	**5.0**	**n/m**
Barclays Group	**6,375**	**47.4**	**13.4**
For the year ended 31 December 2020			
Barclays UK	325	10.1	3.2
Corporate and Investment Bank	2,554	27.0	9.5
Consumer, Cards and Payments	(334)	4.5	(7.5)
Barclays International	2,220	31.5	7.1
Head Office	(1,019)	6.7	n/m
Barclays Group	1,526	48.3	3.2
For the year ended 31 December 2019			
Barclays UK	281	10.3	2.7
Corporate and Investment Bank	1,980	25.9	7.6
Consumer, Cards and Payments	836	5.3	15.8
Barclays International	2,816	31.2	9.0
Head Office	(636)	5.1	n/m
Barclays Group	2,461	46.6	5.3

Performance measures

Return on average tangible shareholders' equity	Barclays UK £m	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Barclays International £m	Head Office £m	Barclays Group £m
	For the year ended 31 December 2021					
Attributable profit/(loss)	**1,756**	**4,202**	**615**	**4,817**	**(198)**	**6,375**
Average shareholders' equity	**£13.6bn**	**£28.3bn**	**£4.8bn**	**£33.1bn**	**£8.7bn**	**£55.4bn**
Average goodwill and intangibles	**£(3.6)bn**	**—**	**£(0.7)bn**	**£(0.7)bn**	**£(3.7)bn**	**£(8.0)bn**
Average tangible shareholders' equity	**£10.0bn**	**£28.3bn**	**£4.1bn**	**£32.4bn**	**£5.0bn**	**£47.4bn**
Return on average tangible shareholders' equity	**17.6%**	**14.9%**	**15.0%**	**14.9%**	**n/m**	**13.4%**

Return on average tangible shareholders' equity	Barclays UK £m	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Barclays International £m	Head Office £m	Barclays Group £m
	For the year ended 31 December 2020					
Attributable profit/(loss)	**325**	**2,554**	**(334)**	**2,220**	**(1,019)**	**1,526**
Average shareholders' equity	£13.7bn	£27.0bn	£5.1bn	£32.1bn	£10.6bn	£56.4bn
Average goodwill and intangibles	(£3.6bn)	—	(£0.6bn)	(£0.6bn)	(£3.9bn)	(£8.1bn)
Average tangible shareholders' equity	**£10.1bn**	**£27.0bn**	**£4.5bn**	**£31.5bn**	**£6.7bn**	**£48.3bn**
Return on average tangible shareholders' equity	**3.2%**	**9.5%**	**(7.5%)**	**7.1%**	**n/m**	**3.2%**

Return on average tangible shareholders' equity	Barclays UK £m	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Barclays International £m	Head Office £m	Barclays Group £m
	For the year ended 31 December 2019					
Attributable profit/(loss)	**281**	**1,980**	**836**	**2,816**	**(636)**	**2,461**
Average shareholders' equity	£13.9bn	£25.9bn	£6.3bn	£32.2bn	£8.5bn	£54.6bn
Average goodwill and intangibles	(£3.6bn)	—	(£1.0bn)	(£1.0bn)	(£3.4bn)	(£8.0bn)
Average tangible shareholders' equity	**£10.3bn**	**£25.9bn**	**£5.3bn**	**£31.2bn**	**£5.1bn**	**£46.6bn**
Return on average tangible shareholders' equity	**2.7%**	**7.6%**	**15.8%**	**9.0%**	**n/m**	**5.3%**

Financial review
Non-IFRS performance measures continued

Return on average tangible shareholders' equity, excluding litigation and conduct, structural cost actions and the re-measurement of UK DTAs

Profit attributable to ordinary equity holders of the parent	2021 £m
Attributable profit	**6,375**
Post-tax impact of litigation and conduct	**136**
Post-tax impact of structural cost actions	**489**
Re-measurement of UK DTAs	**(462)**
Profit attributable to ordinary equity holders of the parent, excluding litigation and conduct, structural cost actions and the re-measurement of UK DTAs	**6,538**
Barclays Group return on average tangible shareholders' equity	
Barclays Group average tangible shareholders' equity	**£47.4bn**
Barclays Group average tangible shareholders' equity based on a CET1 ratio of 13.5%	**£42.7bn**
Barclays Group return on average tangible shareholders' equity based on a CET1 ratio of 13.5%	**14.9%**
Barclays Group return on average tangible shareholders' equity, excluding litigation and conduct, structural cost actions and the re-measurement of UK DTAs, based on a CET1 ratio of 13.5%	**15.3%**

Return on average tangible shareholders' equity, excluding litigation and conduct, structural cost actions and COVID-19 community aid package

Profit attributable to ordinary equity holders of the parent	2020 £m
Attributable profit	**1,526**
Post-tax impact of litigation and conduct	**112**
Post-tax impact of structural cost actions	**268**
Post-tax impact of COVID-19 community aid package	**66**
Profit attributable to ordinary equity holders of the parent, excluding litigation and conduct, structural cost actions and COVID-19 community aid package	**1,972**
Barclays Group return on average tangible shareholders' equity	
Barclays Group average tangible shareholders' equity	**£48.3bn**
Barclays Group average tangible shareholders' equity based on a CET1 ratio of 13.0%	**£45.1bn**
Barclays Group return on average tangible shareholders' equity based on a CET1 ratio of 13.0%	**3.4%**
Barclays Group return on average tangible shareholders' equity, excluding litigation and conduct, structural cost actions and COVID-19 community aid package, based on a CET1 ratio of 13.0%	**4.4%**

Tangible net asset value per share

	2021 £m	2020 £m	2019 £m
Total equity excluding non-controlling interests	**69,222**	65,797	64,429
Other equity instruments	**(12,259)**	(11,172)	(10,871)
Goodwill and intangibles	**(8,061)**	(7,948)	(8,119)
Tangible shareholders' equity attributable to ordinary shareholders of the parent	**48,902**	46,677	45,439
Shares in issue	**16,752m**	17,359m	17,322m
Tangible net asset value per share	**292p**	269p	262p

Financial statements

Detailed analysis of our statutory accounts, independently audited and providing in-depth disclosure on the financial performance of the Group.

Barclays has adopted the British Bankers' Association (BBA) Code for Financial Reporting Disclosure as adopted by UK Finance in 2017 and has prepared the 2021 Annual Report in compliance with the BBA Code. Barclays is committed to continuously reflect the objectives of reporting set out in the BBA Code.

Notes to the financial statements

KPMG LLP's independent auditor's report to the members of Barclays PLC

1. Our opinion is unmodified

In our opinion:

- the financial statements of Barclays PLC give a true and fair view of the Group's and of the Parent Company's affairs as at 31 December 2021, and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of Barclays PLC for the year ended 31 December 2021 (FY21) included in the Annual Report and Accounts, which comprise:

Group (Barclays PLC and its subsidiaries)

- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated balance sheet
- Consolidated statement of changes in equity
- Consolidated cash flow statement
- Notes 1 to 43 of the Consolidated Financial Statements, including the summary of significant accounting policies

Parent Company (Barclays PLC)

- Statement of comprehensive income
- Balance sheet
- Statement of changes in equity
- Cash flow statement
- Note 42 to the Financial Statements, including the summary of significant accounting policies

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 discussions with and 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 listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

Following our FY20 audit, and considering developments affecting the Barclays PLC Group since then, we have updated our risk assessment.

The macro-economic environment has demonstrated resilience during the emergence from the COVID-19 pandemic. This has contributed to a reduction in expected credit loss ("ECL") provisions compared to 2020. Income in the markets business has fallen versus the prior year due to tighter spreads and a lower volume of customer transactions while improved capital market activity contributed to increase fee income. The low interest rate environment and changes in portfolio mix have continued to impact interest margins in Barclays Bank UK.

As part of our risk assessment, we have maintained our focus on future economic assumptions used by the Group in estimates such as ECL and the valuation of the defined benefit pension obligation. We have also maintained our focus on the post model adjustments used in the determination of the ECL provisions and on the valuation of financial instruments held at fair value.

Given the improvement in the economic environment the risk around the recoverability of goodwill and intangible assets has reduced and this has been removed as a Key Audit Matter. Similarly, our assessment is that the risk of recoverability of the Parent Company's investment in subsidiaries has reduced, although this remains as a Key Audit Matter for the Parent Company.

As a result of the improved macro-economic outlook and reduced market volatility, the risks relating to the valuation of certain property and private equity assets of the defined benefit obligation scheme has reduced and this has been removed from the Key Audit Matter relating to the valuation of the UK pension scheme. The reduction in risk is largely due to lower volatility.

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	↓	4.3
User access management	↔	4.4
Recoverability of Parent Company's investment in subsidiaries	↓	4.5

Similar risk to FY20 ↔

Decreased risk since FY20 ↓

Our use of specialists and innovation

Using the work of specialists and specific team members with expertise in a specialised area of accounting or auditing: We used our specialists and specific team members with expertise in a specialised area of accounting or auditing to assist us in various aspects of our audit. This includes, for example:

- Credit risk modellers 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
- Corporate finance valuation specialists for our work over the methodology underpinning and certain of the assumptions used in the impairment assessment of goodwill and intangibles
- 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 performed audit procedures over Private Bank and Overseas Services ('PBOS') deposit and loans and advances balances in different locations, including Monaco and Switzerland in the current year.

Innovation in the audit: Our audit is committed to driving innovation and the increased use of technology. In 2021 we have continued to deploy a large number of data and analytics tools across our audit. - this included the use of our Subsidence Tool for the first time which assesses the risk of subsidence for properties held as collateral within the UK residential lending portfolio.

Board audit committee ("BAC") interaction

During the year, the BAC met 11 times. KPMG is invited to attend all BAC meetings and is 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 133 are consistent with our observations of those meetings.

Our independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during FY21 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 five financial years ended 31 December 2021.

The Group lead engagement partner is required to rotate after five years. This is Michelle Hinchliffe's fourth year as lead engagement partner.

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 first year of involvement and longest being five years.

Total audit fee	£50m
Other audit related fees	£10m
Other services	£2m
Date first appointed	31 March 2017
Uninterrupted audit tenure	5 years
Next financial period which requires a tender	31 December 2027
Tenure of Group lead engagement partner	4 years
Average tenure of key audit partners	3 years

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 PLC Group to be £230m (FY20: £230m).

A key judgement 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.

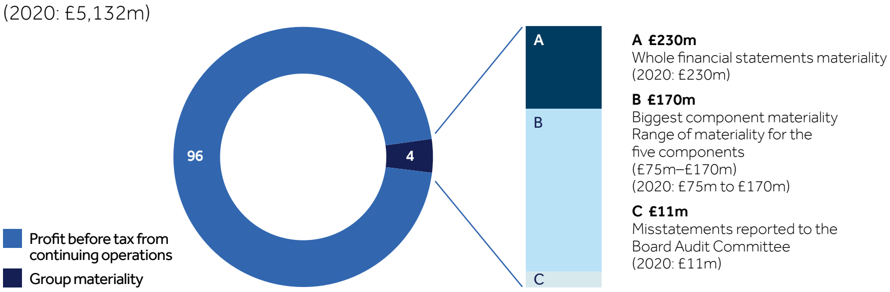
Consistent with FY20, we determined that normalised profit before tax from continuing operations remains the key benchmark for the Barclays PLC Group. For FY21 we have normalised profit before tax downward by £2.3bn to adjust for the fact that current year ECL charges are considered abnormally low as the economy recovers from the COVID-19 pandemic. For FY20 we normalised this benchmark upward by £2.1bn to adjust for the identified impact of COVID-19 on the ECL charge.

As such, for FY21 we based our materiality on normalised profit before tax, of which it represents 3.8% (FY20: 4.4%).

We have determined overall materiality for the Parent Company to be £225m (FY20: £225m). Materiality for the Parent Company financial statements was determined with reference to a benchmark of net assets of which it represents 0.4% (FY20: 0.4%).

Normalised profit before tax from continuing operations £6,071m

(2020: £5,132m)



Our procedures on individual account balances and disclosures were performed to performance materiality of £170m (2020:£170m), 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.

KPMG LLP's independent auditor's report to the members of Barclays PLC
continued

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 are included in the financial information of the reporting components and so the India operations are not considered to be a separate component.

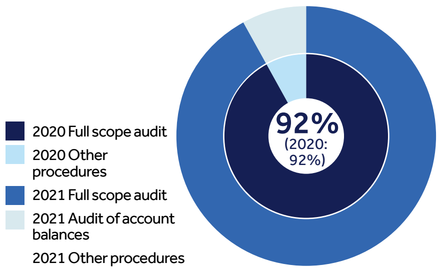
We have performed audit procedures centrally across the Group, set out in more detail in Section 7. In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

During the COVID-19 pandemic we actively built a virtual communication and oversight strategy between the Group audit team and the components and certain other participating locations and this approach has continued in the current year with limited physical visits to overseas components. Further details are set out in section 7.

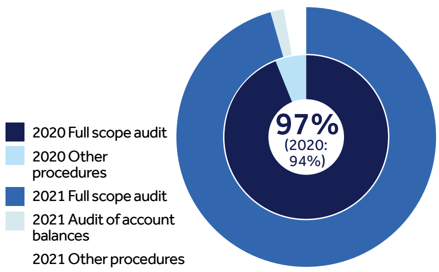
We consider the scope of our audit, as agreed with the Board Audit Committee, to be an appropriate basis for our audit opinion.

Coverage of Group financial statements

Group total income[a] 92%
(2020: 92%)



Group total assets[a] 97%
(2020: 94%)



Note
a Percentage of Group total income/assets over which we performed full scope audit or audit of account balances

The impact of climate change on our audit
In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. The Group has set out its ambition 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 which has been incorporated into the 2021 Annual Report on pages 51-105.

Climate change risks, opportunities and the Group's own commitments and changing regulations could have a significant impact on the Group's business and operations. There is the possibility that climate change risks, both physical and transitional, could affect financial statement balances, through estimates such as credit risk and market risk. There is enhanced narrative in the Annual Report on climate matters.

As part of our audit we performed a risk assessment of the impact of climate change risk and the commitments made by the Group in respect of climate change on the financial statement and our audit approach. As a part of this we held discussions with our own climate change professionals to challenge our risk assessment. In doing this we performed the following:

- Understanding management's processes: we made enquiries to understand management's assessment of the potential impact of climate change risk on the Group's Annual Report and Accounts and the Group's preparedness for this. As a part of this we made enquiries to understand management's risk assessment process as it relates to possible effects of climate change on the Annual Report and Accounts including the way in which the accounting policies of the bank are updated to reflect climate change risks.
- Retail credit risk: We assessed how the Group considers the impact of physical risks on the valuation of mortgage collateral. Specifically, we performed data and analytic driven risk assessment procedures to understand the potential impact of flooding and subsidence on the valuation of mortgage collateral and made enquiries of management to understand how this is considered within their own collateral valuation process. We also considered the potential credit risk impact of the tightening of Energy Performance Certificate ('EPC') requirements on buy-to-let portfolios.
- Corporate credit risk: We assessed how the Group considers the impact of climate risk on corporate counterparties through our individual loans assessments where, for performing counterparties, we assessed how climate change risk impacts certain counterparties within the commercial and investment bank, including the impact on their credit rating as applicable. The focus of our procedures was on certain counterparties who operate in industries with greater exposure to credit risk - the energy, transportation, materials and buildings, agriculture, food and forest product sectors
- Market risk: we incorporated a consideration of the climate change impact on unobservable inputs used in the valuation of certain financial instruments in elevated risk sectors including energy, metals and mining.
- Stress testing: We inspected the climate stress testing performed by the Group which applied the Bank of England's 2021 Climate Biennial Exploratory Scenario
- Annual report narrative: We made enquiries of management to understand the process by which climate related narrative is developed including the primary sources of data used and the governance process in place over the narrative. As a part of our risk assessment, we read the climate related information in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge.

On the basis of the procedures performed above, we concluded that, while climate change posed a risk to the determination of asset values in the current year, the risk was not significant when we considered the nature of the assets and relevant contractual terms. As a result, there was no material impact from this on our key audit matters.

3. Going concern, viability and principal risks and uncertainties

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 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 over this period and which we challenged were:

- the availability of funding and liquidity in the event of a market wide stress scenario; 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.
- The related statement under the Listing Rules set out on page 156 is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on the knowledge we acquired during our financial statements audit, we have nothing further to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are also required to review the Viability Statement. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. 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 absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

- We have nothing material to add or draw attention to in relation to these disclosures.
- We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

KPMG LLP's independent auditor's report to the members of Barclays PLC
continued

4. Key audit matters

What we mean

Key Audit Matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit;
- and directing the efforts of the engagement team.

We 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.

4.1 Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements

Financial Statement Elements	*FY21*	*FY20*	*Our assessment of risk vs FY20*	*Our results*
Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements	**£6.3bn**	£9.4bn	↔ Our assessment is the risk is similar to FY20. While the macroeconomic environment has improved during the year, significant uncertainty remains with regards to the timing of the economic recovery as the full economic impact of the pandemic unfolds.	**FY21: Acceptable** FY20: Acceptable

Description of the Key Audit Matter	*Our response to the risk*
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's estimation of ECLs are: Model estimations – Inherently judgemental modelling and assumptions are used to estimate ECL which involves determining Probabilities of Default ("PD"), Probabilities of Survival ("PS"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). ECLs may be inappropriate if certain models or underlying assumptions do not accurately predict defaults or recoveries over time, become out of line with wider industry experience, or fail to reflect the credit risk of financial assets. As a result, certain IFRS 9 models and model assumptions are the key drivers of complexity and subjectivity in the Group's calculation of the ECL estimate. Economic scenarios – IFRS 9 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the forward-looking economic scenarios used, the probability weightings associated with the scenarios and the complexity of models used to derive the probability weightings	**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 application controls over key systems used in the ECL process. Key aspects of our controls testing involved evaluating the design and testing the operating effectiveness of the key controls over the: ▪ completeness and accuracy of the key inputs into the IFRS 9 impairment models; ▪ application of the staging criteria; ▪ model validation, implementation and monitoring; ▪ authorisation and calculation of post model adjustments and management overlays; and ▪ selection and implementation of economic variables and the controls over the economic scenario selection and probabilities. **Our credit risk modelling expertise:** We involved our own credit risk modellers who assisted in the following: ▪ evaluating the Group's impairment methodologies for compliance with IFRS 9; ▪ inspecting model code for the calculation of certain components of the ECL model to assess its consistency with the Group's approved staging criteria and the output of the model; ▪ evaluating for a selection of models which were changed or updated during the year as to whether the changes (including the updated model code) were appropriate by assessing the updated model methodology against the applicable accounting standard; ▪ reperforming the calculation of certain qualitative adjustments to assess consistency with the qualitative adjustment methodologies; ▪ evaluating the model output for a selection of models by inspecting the corresponding model functionality and independently implementing the model by rebuilding the model code and comparing our independent output with management's output; and ▪ assessing and reperforming, for a selection of models, the reasonableness of the model predictions by comparing them against actual results and evaluating the resulting differences.

Description of the Key Audit Matter	*Our response to the risk*
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 23.6% net of the ECL. These adjustments are inherently uncertain and significant management judgement is involved in estimating certain post model adjustments ("PMA's") and management overlays. 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 (page 238-244) 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.	**Our economics expertise:** We involved our own economic specialists who assisted us in: ▪ assessing the reasonableness of the Group's methodology and models for determining the economic scenarios used and the probability weightings applied to them; ▪ assessing key economic variables which included comparing samples of economic variables to external sources; ▪ assessing the overall reasonableness of the economic forecasts by comparing the Group's forecasts to our own modelled forecasts; and ▪ assessing the reasonableness of the Group's qualitative adjustments by challenging key economic assumptions applied in their calculation based on external sources. **Test of details:** Key aspects of our testing in addition to those set out above involved: ▪ Sample testing over key inputs into the ECL calculations; and ▪ Selecting a sample of post model adjustments, considering the size and complexity of management 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 part of this, we assessed the sensitivity analysis disclosures. In addition, we assessed whether the disclosure of the key judgements and assumptions was sufficiently clear.

Communications with the Barclays PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee our approach to the audit of the ECL provisions and conclusions arising from our audit procedures. Areas that were covered included:

- the effectiveness of the control environment operating over the calculation of the ECL provisions;
- the determination of judgemental post model adjustments recognised;
- model monitoring results and adjustments made;
- management's economic forecast and associated scenario probability weights;
- areas of under and over estimation in the ECL estimate; and
- the disclosures made to explain ECL, including explaining the resulting estimation uncertainty.

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 economic uncertainty. This included the appropriateness of macro-economic forecasts and selection of probability weights used in the ECL calculations.

Based on the risk identified and our procedures performed we considered the ECL charge, provision recognised and the related disclosures to be acceptable (2020 result: acceptable).

Further information in the Annual Report and Accounts: See the Board Audit Committee Report on page 135 for details on how the Board Audit Committee considered impairment as an area of focus, page 348 for the accounting policy on accounting for the impairment of financial assets under IFRS 9, pages 224 - 260 for the credit risk disclosures, and page 348 for the financial disclosure note 7; Credit Impairment charges and other provisions.

KPMG LLP's independent auditor's report to the members of Barclays PLC
continued

4.2 Valuation of financial instruments held at fair value

Financial Statement Elements	*FY21*	*FY20*	*Our assessment of risk vs FY20*	*Our results*
Level 2 assets at fair value* (note 17)	**£533bn**	£575.1bn	↔ Our assessment is that the risk is similar to FY20	**FY21: Acceptable** FY20: Acceptable
Level 2 liabilities at fair value* (note 17)	**£521bn**	£558.0bn		
Level 3 assets at fair value (note 17)	**£16bn**	£15.0bn		
Level 3 liabilities at fair value (note 17)	**£6.5bn**	£6.6bn		

*The key audit matter identified relates to one derivatives portfolio within these balances which we considered to be harder-to-value.

Description of the Key Audit Matter	*Our response to the risk*
Subjective estimate The fair value of the Group'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 two areas of such complexity. The first a derivatives portfolio that we considered to be harder to value Level 2 due to an element of modelling complexity associated with the product, and the second the XVA adjustments made to derivative valuations.	**Our procedures to address the risk included:** Risk assessment: We performed granular and detailed risk assessment procedures over the entirety of Level 1, 2 and Level 3 balances within the Group's financial statements (i.e. all of the fair value financial instruments held by the Group). 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 attended management's valuation committee throughout the year and observed discussion and challenge over valuation themes including items related to the valuation of certain difficult-to-value financial instruments recorded at fair value. 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. Key aspects of our controls testing involved evaluating the design and testing the operating effectiveness of the key 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 fair value financial instruments , including additional selections for financial instruments referencing new RFRs 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. **Seeking contradictory evidence:** For a selection of 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. We also utilised collateral dispute data to identify fair value financial instruments with significant fair value differences against market counter parties and selected these to independently reprice.

Description of the Key Audit Matter	*Our response to the risk*
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 17) disclose the sensitivity estimated by the Group. As the Company progressed with industry-wide IBOR transition milestones there were certain difficult-to-value financial instruments that changed from referencing IBOR to new risk-free reference (RFR) rates. We supplemented our fair value audit procedures for these instruments by testing management's controls which address the IBOR transition risks and selecting incremental samples in our independent pricing of a sample of financial instruments. **Disclosure quality** The disclosures are key to explaining the valuation techniques, key judgements, assumptions and material inputs.	**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 fair value financial instruments, position 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's financial statements disclosures in the context of the relevant accounting standards.

Communications with the Barclays 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 (2020 result: acceptable).

Further information in the Annual Report and Accounts: See the Board Audit Committee Report on page 136 for details on how the Board Audit Committee considered Valuations as an area of focus, page 367 for the accounting policy on financial assets and liabilities, and page 367 for the financial disclosure note 17; Fair value of financial instruments.

KPMG LLP's independent auditor's report to the members of Barclays PLC
continued

4.3 Valuation of the defined benefit pension obligation in respect of the UK Retirement Fund ('UKRF')

Financial Statement Elements	*FY21*	*FY20*	*Our assessment of risk vs FY20*	*Our results*
Defined benefit obligation related to UKRF (note 33)	**£30.9bn**	£32.1bn	↓ We have not identified any significant changes to the level of risk relating to the defined benefit obligation since 2020. We consider the risk around Level 3 pension scheme asset valuations to have decreased from 2020 and these have been removed from the Key Audit Matter. This reflects the reduced market volatility associated with COVID-19 compared to prior year.	**FY21: Acceptable** FY20: Acceptable

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, retail price index ('RPI') and mortality assumptions. Small changes to these assumptions have a significant impact on the measurement of the defined benefit pension obligation. As part of our risk assessment, we determined that the defined benefit pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements, and possibly many times that amount. At 31 December 2021, the Group reported a gross defined benefit pension obligation of £30.9bn relating to UKRF. **Disclosure quality** The disclosures regarding the Group's application of IAS 19 (including assumptions and sources of estimation uncertainty) are key to explaining the key judgements applied in the IAS 19 Defined Benefit Obligation calculation.	**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 the discount rate, RPI and mortality assumptions. ▪ Reconciliation controls of the IAS19 disclosures to underlying data. **Evaluation of management's expert:** We evaluated the objectivity and competence of management's actuarial expert involved in the valuation of the defined benefit pension obligation. **Our actuarial expertise:** we involved our own actuarial professionals in the following: ▪ Evaluating the judgements made and the appropriateness of methodologies used by management and management's actuarial expert in determining the key actuarial assumptions. ▪ Comparing the assumptions used by Barclays to our independently compiled expected ranges based on market observable indices and our market experience. **Assessing transparency:** We assessed the adequacy of the Group's financial statements disclosures in the context of the relevant accounting standards

Communications with the Barclays PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee:

- Our definition of the Key Audit Matter relating to the valuation of the defined benefit pension obligation and specifically the rationale for the removal of pension assets, which was included in the prior year, from the definition of our Key Audit Matter.
- 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, retail price index and mortality assumptions).

Based on the risk identified and our procedures performed we consider the valuation of the defined benefit pension obligation in respect of UKRF to be acceptable (2020 result: acceptable).

Further information in the Annual Report and Accounts: See page 402 for the accounting policy on defined benefit schemes, and page 402 for the financial disclosure note 33 Pensions and post-retirement benefits.

4.4 User access management

Financial Statement Elements	*Our assessment of risk vs FY20*	*Our results*
User access management has a potential impact throughout the financial statements.	↔ Our assessment is the risk is similar to FY20	FY21 and FY20: 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	*Our response to the risk*
Control Performance Operations across several countries support a wide range of products and services resulting in a large and complex IT infrastructure relevant to the financial reporting processes and related internal controls. User access management controls are an integral part of the IT environment to ensure both system access and changes made to systems and data are authorised and appropriate. Our audit approach relies on the effectiveness of IT access management controls. Our audit procedures identified deficiencies in certain IT access controls for systems relevant to financial reporting. More specifically, control deficiencies were identified around the primary monitoring of activities performed by privileged users on a small percentage of infrastructure components. Management has ongoing programmes to remediate the deficiencies. Since these deficiencies were open during the year, we performed additional procedures to respond to the risk of unauthorised changes to automated controls over financial reporting.	**Our procedures to address the risk included:** **Control testing:** We tested the design, implementation and operating effectiveness of automated controls that support material balances in the financial statements. We also tested the design and operating effectiveness of the relevant preventative and detective general IT controls over user access management including: ▪ Authorising access rights for new joiners ▪ Timely removal of user access rights ▪ Logging and monitoring of privileged user activities ▪ Privileged user access management and monitoring ▪ Developer access to transaction and balance information ▪ Segregation of duties; and ▪ Re-certification of user access rights. We performed procedures to assess whether additional detective compensating controls operate at the required level of precision to support our assessed risk of unauthorised activities and we tested management's incremental detective controls.

Communications with the Barclays 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.

KPMG LLP's independent auditor's report to the members of Barclays PLC
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4.5 Recoverability of parent company's investment in subsidiaries

Financial Statement Elements	*FY21*	*FY20*	*Our assessment of risk vs FY20*	*Our results*
Investment in subsidiaries (Parent company accounts and note 42)	**£62.5bn**	£58.9bn	↓ Our assessment is the risk decreased since FY20. The global economic recovery has positively impacted the current and projected performance of the subsidiaries which decreases the judgement involved in the recoverability assessment.	**FY21: Acceptable** FY20: Acceptable
Impairment/(Reversal) of Impairment of investment in BBUK PLC (note 42)	(£2.6bn)	£2.6bn		

Description of the Key Audit Matter

Subjective assessment

The Parent Company's investment in subsidiaries may be misstated if the carrying value of the investment in the balance sheet is not supported by the future cash flows of the underlying business (the value in use ("VIU")) or if the impairment loss recognised in the previous period is not reversed where the recoverable amount has increased.

In 2020, an impairment of £2.6bn was recognised against the Parent Company's investment in BBUK PLC, due to the impact of COVID-19 on the macro-economic environment which led to a reduction in the forecast cashflows used in the value in use calculation.

Our work focused on the Parent Company's investment in BBUK PLC given the mpairment loss recognised in 2020.

The improved market outlook for the retail banking business from the previous year is such that there was an indicator that the impairment loss may no longer exist. As a result of the VIU calculation, the full impairment loss of £2.6bn was reversed.

The calculation of VIU is dependent on certain key assumptions around the future cash flows which have been forecasted using the Group's Medium-Term Plan ('MTP'), the discount rates and the terminal growth rates. These assumptions, which are judgemental, are derived from a combination of management estimates, market data and other information obtained from external sources.

We have also continued to consider the Group's current market capitalisation. While any impairment of the carrying value of subsidiaries does not affect the consolidated results of the Group, it does impact distributable reserves.

Due to the materiality of the investment in subsidiaries in the context of the Parent Company financial statements, and considering the Group's current market capitalisation, this is the area that had the greatest impact on the overall Parent Company audit.

Our response to the risk

Our procedures to address the risk included:

Control testing: We performed end to end process walkthroughs to identify the key systems, applications and controls used in the process. We tested the design and operating effectiveness of the key controls relating to the process. These included controls over the identification of indicators of impairment or reversal of impairment and review of the key assumptions in determining the value in use.

Test of details: We compared the carrying amount of each subsidiary to its draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount we assessed for potential indicators that investments in subsidiaries might be impaired or that impairment loss recognised in previous periods in respect of BBUK PLC should be reversed.

Benchmarking assumptions: For the two largest subsidiaries (BB PLC and BBUK PLC) we compared key assumptions including those underlying certain estimated future cash flows, the discount rate and the terminal growth rate to externally derived data including analyst broker reports, peer bank data and projected economic growth.

Our valuations expertise: We involved our own valuations specialists in the following:

- Evaluating the appropriateness of the discount rate used by independently developing discount rate ranges using external data sources and peer bank data; and
- Assessing whether the methodology over management's calculation of the VIU is compliant with the requirements of the accounting standard.

Our business understanding: We used our business understanding to evaluate the reasonableness of certain key assumptions and considerations made when developing the Group's MTP estimated future cash flows.

Historical comparison: We performed a retrospective review by comparing the MTP from previous years to actual results to assess the Group's ability to accurately prepare cash flow forecasts at the individual subsidiary level.

Assessing transparency: We assessed whether the disclosures around the assessment of recoverable amount of the Parent Company's investment in subsidiaries adequately reflects key assumptions and sensitivities considering the level of risks inherent in the assessment of recoverable amount of the Parent Company's investment in subsidiaries.

Communications with the Barclays Board Audit Committee

We discussed with and reported to the Board Audit Committee:

- The rationale for decreasing the level of risk associated with this Key Audit Matter for the previous period, specifically with regards to the retail bank;
- Our audit response to the Key Audit Matter which included the use of specialists to challenge key aspects of management's impairment assessment and the range of reasonably possible alternatives for significant assumptions.

Areas of particular auditor judgement

We identified the reasonableness of the assumptions underlying the estimated future cash flows and appropriateness of the discount rate and terminal growth rate, each of which were used in the impairment assessment, as the areas of particular judgement.

Based on our procedures performed, we consider the Parent Company's investment in subsidiaries balance and the related disclosures to be acceptable (2020 result: acceptable).

Further information in the Annual Report and Accounts: See page 422 for the accounting policy on the recoverability of the investment in subsidiaries and page 422 for the financial disclosure note 42; Parent Company.

We continue to perform procedures over the valuation of certain hard to value pension assets and the recoverability of goodwill and intangible assets. However, given the general improvement in the macroeconomic environment, the level of judgement and estimation uncertainty relating to these matters has reduced since the previous year. We have not assessed either of these as being one of the most significant risks in our current year audit and, therefore, they are not separately identified in our report this year.

KPMG LLP's independent auditor's report to the members of Barclays PLC
continued

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 and inspection of policy documentation as to the Group's high-level policies and procedures relating to
  - detecting and responding to the risks of fraud as well as whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud, including the appropriateness and impact of changes made to these controls to facilitate remote/hybrid working;
- The Group's remuneration policies and 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 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 we 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 identified five fraud risks which were communicated to component audit teams. The nature of these fraud risks is substantially unchanged from the prior year. The fraud risks we identified are set out below:

1) IFRS 9 ECL: Judgemental qualitative adjustments made to the ECL provision
2) Valuations - risk relating to unobservable pricing inputs used to price level 3 fair value instruments
3) Revenue recognition: Cut-off of the recognition of revenue from investment banking advisory fees
4) Existence and accuracy of unconfirmed over-the-counter bilateral derivatives
5) 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 performed procedures to address the above risks, 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 performed audit procedures over Private Bank and Overseas Services ('PBOS') deposit and loans and advances balances in different locations, including Monaco and Switzerland in the current year.

Link to key audit matters

Further details of the testing we perform over the identified fraud risks for ECL and fair value of financial instruments are 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.

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 include the following:

- our general commercial and sector experience;
- inquiries with the directors and other management (as required by auditing standards);
- inspection of the Group's key 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 Group'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 identified laws and regulations risks was communicated 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
- Other banking laws and regulations
- 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 26 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 deemed 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.

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.

KPMG LLP's independent auditor's report to the members of Barclays PLC
continued

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

2021: £230m 2020: £230m

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

Consistent with FY20, we determined that profit before tax from continuing operations, normalised using our professional judgement for items which significantly distort results in any one particular year, remains the key benchmark for the Barclays PLC Group to use in setting auditor's materiality. For FY21 we normalised this benchmark downward by £2.3bn to adjust for the fact that ECL charges for the current year are considered abnormally low due to the impact of government support provided in response to the COVID-19 pandemic. This provided a more appropriate amount to use as a benchmark for setting our materiality level. For FY 20 we normalised this benchmark upward by £2.1bn by excluding the identified impact of COVID-19 on the ECL charge.

In determining the materiality benchmark, we had regard to investor commentary on the group, and the process followed by investors who also typically remove charges of this nature as they seek to derive a profit before tax amount to use as the basis for investment appraisal.

Our materiality of £230m (2020: £230m) 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% and 5% to the pre-tax measure. In setting overall materiality, we applied a rate of 3.8% (2020: 4.4%) which is lower than the top end of the allowable percentage range.

Materiality for the Parent Company financial statements was set at £225m (2020: £225m), determined with reference to a benchmark of Parent Company net assets (of which it represents 0.4% (2020: 0.4%)).

Performance materiality

2021: £170m 2020: £170m

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% (2020: 74%) of materiality for Barclays 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 Group performance materiality was set at £170m (2020: £170m).

Audit misstatement posting threshold

2021: £11m 2020: £11m

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 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% (2020:5%) of materiality for Barclays 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.

The overall materiality for the Group of £230m (2020: £230m), determined with reference to a benchmark of normalised PBT of which it represents 3.8% (2020: 4.4%), compares as follows to the other main financial statement elements amounts.

	Total Revenue		Total Assets		Net Assets	
	2021	2020	2021	2020	2021	2020
	£21,940m	£21,776m	**£1,384,285m**	£1,349,514m	**£70,211m**	£66,882m
Group Materiality as % of caption	**1.05%**	1.06%	**0.02%**	0.02%	**0.33%**	0.34%

7. The scope of our audit

Group scope

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.

We were able to rely upon the Group's internal control over financial reporting in all areas of our audit, and where our controls testing supported this approach, which enabled us to reduce the extent of our substantive audit work.

We have subjected three (2020: three) of the Group's five components to full scope audits for Group purposes. Our approach to scoping the three components was as follows: for two components, Barclays Bank UK PLC and Barclays Execution Services Limited Solus, we directly instructed the component audit teams to conduct and report to us on full scope audits; and for the other component, Barclays Bank PLC Group, we specified seven (2020: four) components within that group.

We have subjected two (2020: nil) additional components to an audit of certain account balances carried out by us. These components represent less than 1% of total Group assets.

Within the Barclays Bank PLC Group we specified the components as follows; Barclays Bank Solus to be subject to a full scope audit carried out by us; Barclays Bank Delaware and Barclays Capital Inc to be subject to a full scope audit as instructed by us; and Barclays Bank Ireland PLC and Barclays Capital Securities Limited to be subject to an audit of certain account balances as instructed by us. We have subjected to additional components to an audit of certain account balances carried out by us, these components represent less than 4% of total Barclays Bank PLC Group assets

The components within the scope of our work accounted for the percentages illustrated in section 2 – Group scope.

Barclays 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 audit risks not covered by the work performed over the shared service centres.

The Group audit team has also performed audit procedures centrally across the Group 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.

Group audit team oversight

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.

A virtual communication and oversight strategy was implemented between the Group audit team and the components during the COVID-19 pandemic and this continues to be our primary method of oversight

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 in the planning and final phases of the audit 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 ad-hoc contact via video calls and email exchanges to challenge the component audit approach and findings;
- Michelle Hinchliffe, the Group Lead Engagement Partner (and Senior Statutory Auditor), attended each Board Audit Committee for Barclays Bank PLC and at least one Board Audit Committee for each of Barclays Bank UK, 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.

Scope	*Number of components*	*Range of materiality applied*
Full scope audit	3	£75m - £170m
Audit of account balance	2	£75m - £75m

KPMG LLP's independent auditor's report to the members of Barclays PLC
continued

8. Other information in the annual report

All other information

Our responsibility

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge

Our results

Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Our results

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

Our responsibility

We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures, the financial statements and our audit knowledge, and:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Board Audit Committee, including the significant issues that the Board Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

Our reporting

Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.

We are also required to review the part of Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this regard.

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.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 149, 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.

10. 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

22 February 2022

Consolidated financial statements
Consolidated income statement

For the year ended 31 December	Notes	2021 £m	2020 £m	2019 £m
Interest and similar income	3	**11,240**	11,892	15,456
Interest and similar expense	3	**(3,167)**	(3,770)	(6,049)
Net interest income		**8,073**	8,122	9,407
Fee and commission income	4	**9,880**	8,641	9,122
Fee and commission expense	4	**(2,206)**	(2,070)	(2,362)
Net fee and commission income		**7,674**	6,571	6,760
Net trading income	5	**5,794**	7,029	4,235
Net investment income	6	**311**	13	1,131
Other income		**88**	31	99
Total income		**21,940**	21,766	21,632
Credit impairment releases/(charges)	7	**653**	(4,838)	(1,912)
Net operating income		**22,593**	16,928	19,720
Staff costs	31	**(8,511)**	(8,097)	(8,315)
Infrastructure costs	8	**(3,614)**	(3,323)	(2,970)
Administration and general expenses	8	**(2,137)**	(2,313)	(2,300)
Litigation and conduct	8	**(177)**	(153)	(1,849)
Operating expenses	8	**(14,439)**	(13,886)	(15,434)
Share of post-tax results of associates and joint ventures		**260**	6	61
Profit on disposal of subsidiaries, associates and joint ventures		**—**	17	10
Profit before tax		**8,414**	3,065	4,357
Taxation	9	**(1,188)**	(604)	(1,003)
Profit after tax		**7,226**	2,461	3,354
Attributable to:				
Equity holders of the parent		**6,375**	1,526	2,461
Other equity instrument holders		**804**	857	813
Total equity holders of the parent		**7,179**	2,383	3,274
Non-controlling interests	30	**47**	78	80
Profit after tax		**7,226**	2,461	3,354
Earnings per share		p	p	p
Basic earnings per ordinary share	10	**37.5**	8.8	14.3
Diluted earnings per share	10	**36.6**	8.6	14.1

Consolidated financial statements

Consolidated statement of comprehensive income

For the year ended December 31	2021 £m	2020 £m	2019 £m
Profit after tax	**7,226**	2,461	3,354
Other comprehensive income/(loss) that may be recycled to profit or loss:			
Currency translation reserve			
Currency translation differences[a]	**(131)**	(473)	(544)
Fair value through other comprehensive income reserve movements relating to debt securities			
Net (losses)/gains from changes in fair value	**(1,668)**	2,902	2,901
Net gains transferred to net profit on disposal	**(305)**	(295)	(502)
Net (gains)/losses relating to (releases of) impairment	**(8)**	2	1
Net gains/(losses) due to fair value hedging	**1,354**	(2,000)	(2,172)
Other movements	**—**	—	(5)
Tax	**198**	(155)	(57)
Cash flow hedging reserve			
Net gains/(losses) from changes in fair value	**(2,280)**	1,299	724
Net gains transferred to net profit	**(1,173)**	(510)	(277)
Tax	**1,025**	(216)	(105)
Other	**—**	5	16
Other comprehensive (loss)/income that may be recycled to profit or loss	**(2,988)**	559	(20)
Other comprehensive income/(loss) not recycled to profit or loss:			
Retirement benefit remeasurements	**1,298**	(80)	(280)
Fair value through other comprehensive income reserve movements relating to equity instruments	**141**	(262)	(95)
Own credit	**(106)**	(810)	(316)
Tax	**(563)**	198	150
Other comprehensive income/(loss) not recycled to profit or loss	**770**	(954)	(541)
Other comprehensive loss for the year	**(2,218)**	(395)	(561)
Total comprehensive income for the year	**5,008**	2,066	2,793
Attributable to:			
Equity holders of the parent	**4,961**	1,988	2,713
Non-controlling interests	**47**	78	80
Total comprehensive income for the year	**5,008**	2,066	2,793

Note
a Includes £26m loss (2020: £17m gain; 2019: £15m loss) on recycling of currency translation differences to net profit.

Consolidated financial statements
Consolidated balance sheet

As at December 31	Notes	2021 £m	2020 £m
Assets			
Cash and balances at central banks		**238,574**	191,127
Cash collateral and settlement balances		**92,542**	101,367
Loans and advances at amortised cost	19	**361,451**	342,632
Reverse repurchase agreements and other similar secured lending		**3,227**	9,031
Trading portfolio assets	12	**147,035**	127,950
Financial assets at fair value through the income statement	13	**191,972**	175,151
Derivative financial instruments	14	**262,572**	302,446
Financial assets at fair value through other comprehensive income	15	**61,753**	78,688
Investments in associates and joint ventures	36	**999**	781
Goodwill and intangible assets	22	**8,061**	7,948
Property, plant and equipment	20	**3,555**	4,036
Current tax assets		**261**	477
Deferred tax assets	9	**4,619**	3,444
Retirement benefit assets	33	**3,879**	1,814
Other assets		**3,785**	2,622
Total assets		**1,384,285**	1,349,514
Liabilities			
Deposits at amortised cost	19	**519,433**	481,036
Cash collateral and settlement balances		**79,371**	85,423
Repurchase agreements and other similar secured borrowing		**28,352**	14,174
Debt securities in issue		**98,867**	75,796
Subordinated liabilities	27	**12,759**	16,341
Trading portfolio liabilities	12	**54,169**	47,405
Financial liabilities designated at fair value	16	**250,960**	249,765
Derivative financial instruments	14	**256,883**	300,775
Current tax liabilities		**739**	645
Deferred tax liabilities	9	**37**	15
Retirement benefit liabilities	33	**311**	291
Other liabilities	23	**10,505**	8,662
Provisions	24	**1,688**	2,304
Total liabilities		**1,314,074**	1,282,632
Equity			
Called up share capital and share premium	28	**4,536**	4,637
Other equity instruments	28	**12,259**	11,172
Other reserves	29	**1,770**	4,461
Retained earnings		**50,657**	45,527
Total equity excluding non-controlling interests		**69,222**	65,797
Non-controlling interests	30	**989**	1,085
Total equity		**70,211**	66,882
Total liabilities and equity		**1,384,285**	1,349,514

The Board of Directors approved the financial statements on pages 331 to 426 on 22 February 2022.

Nigel Higgins
Group Chairman

C.S. Venkatakrishnan
Group Chief Executive

Tushar Morzaria
Group Finance Director

Consolidated financial statements

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 2021	**4,637**	**11,172**	**4,461**	**45,527**	**65,797**	**1,085**	**66,882**
Profit after tax	**—**	**804**	**—**	**6,375**	**7,179**	**47**	**7,226**
Currency translation movements	**—**	**—**	**(131)**	**—**	**(131)**	**—**	**(131)**
Fair value through other comprehensive income reserve	**—**	**—**	**(288)**	**—**	**(288)**	**—**	**(288)**
Cash flow hedges	**—**	**—**	**(2,428)**	**—**	**(2,428)**	**—**	**(2,428)**
Retirement benefit remeasurements	**—**	**—**	**—**	**643**	**643**	**—**	**643**
Own credit reserve	**—**	**—**	**(14)**	**—**	**(14)**	**—**	**(14)**
Total comprehensive income for the year	**—**	**804**	**(2,861)**	**7,018**	**4,961**	**47**	**5,008**
Employee share schemes and hedging thereof	**60**	**—**	**—**	**235**	**295**	**—**	**295**
Issue and redemption of other equity instruments	**—**	**1,078**	**—**	**6**	**1,084**	**(75)**	**1,009**
Other equity instruments coupons paid	**—**	**(804)**	**—**	**—**	**(804)**	**—**	**(804)**
Increase in treasury shares	**—**	**—**	**(240)**	**—**	**(240)**	**—**	**(240)**
Vesting of shares under employee share schemes	**—**	**—**	**241**	**(410)**	**(169)**	**—**	**(169)**
Dividends paid	**—**	**—**	**—**	**(512)**	**(512)**	**(44)**	**(556)**
Repurchase of shares	**(161)**	**—**	**161**	**(1,200)**	**(1,200)**	**—**	**(1,200)**
Other reserve movements	**—**	**9**	**8**	**(7)**	**10**	**(24)**	**(14)**
Balance as at 31 December 2021	**4,536**	**12,259**	**1,770**	**50,657**	**69,222**	**989**	**70,211**
Balance as at 1 January 2020	4,594	10,871	4,760	44,204	64,429	1,231	65,660
Profit after tax	—	857	—	1,526	2,383	78	2,461
Currency translation movements	—	—	(473)	—	(473)	—	(473)
Fair value through other comprehensive income reserve	—	—	192	—	192	—	192
Cash flow hedges	—	—	573	—	573	—	573
Retirement benefit remeasurements	—	—	—	(111)	(111)	—	(111)
Own credit reserve	—	—	(581)	—	(581)	—	(581)
Other	—	—	—	5	5	—	5
Total comprehensive income for the year	—	857	(289)	1,420	1,988	78	2,066
Employee share schemes and hedging thereof	43	—	—	303	346	—	346
Issue and exchange of other equity instruments	—	311	—	(55)	256	(158)	98
Other equity instruments coupons paid	—	(857)	—	—	(857)	—	(857)
Increase in treasury shares	—	—	(207)	—	(207)	—	(207)
Vesting of shares under employee share schemes	—	—	197	(347)	(150)	—	(150)
Dividends paid	—	—	—	—	—	(79)	(79)
Other reserve movements	—	(10)	—	2	(8)	13	5
Balance as at 31 December 2020	4,637	11,172	4,461	45,527	65,797	1,085	66,882

Notes

a For further details refer to Note 28.

b For further details refer to Note 29.

Consolidated financial statements
Consolidated cash flow statement

For the year ended 31 December	Notes	2021 £m	2020 £m	2019 £m
Reconciliation of profit before tax to net cash flows from operating activities:				
Profit before tax		**8,414**	3,065	4,357
Adjustment for non-cash items:				
Credit impairment (releases)/charges		**(653)**	4,838	1,912
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		**2,076**	1,734	1,520
Other provisions, including pensions		**248**	1,365	2,336
Net loss on disposal of investments and property, plant and equipment		**39**	47	7
Other non-cash movements including exchange rate movements		**3,093**	(2,977)	(280)
Changes in operating assets and liabilities				
Net decrease/(increase) in cash collateral and settlement balances		**4,101**	4,321	(6,436)
Net increase in loans and advances at amortised cost		**(10,728)**	(4,365)	(2,255)
Net decrease/(increase) in reverse repurchase agreements and other similar secured lending		**5,804**	(5,652)	(1,071)
Net increase in deposits at amortised cost		**38,397**	65,249	20,949
Net increase/(decrease) in debt securities in issue		**18,131**	(6,309)	(9,911)
Net increase/(decrease) in repurchase agreements and other similar secured borrowing		**14,178**	(343)	(4,061)
Net (increase)/decrease in derivative financial instruments		**(4,018)**	(1,845)	2,863
Net increase in trading portfolio assets		**(19,085)**	(13,755)	(10,008)
Net increase/(decrease) in trading portfolio liabilities		**6,764**	10,489	(966)
Net (increase)/decrease in financial assets and liabilities at fair value through the income statement		**(15,626)**	3,374	4,054
Net (increase)/decrease in other assets		**(2,133)**	452	(412)
Net increase/(decrease) in other liabilities		**1,252**	(1,500)	(2,872)
Corporate income tax paid		**(1,335)**	(683)	(228)
Net cash from operating activities		**48,919**	57,505	(502)
Purchase of debt securities at amortised cost		**(12,500)**	(14,671)	(14,729)
Proceeds from sale or redemption of debt securities at amortised cost		**3,757**	8,480	3,590
Purchase of financial assets at fair value through other comprehensive income		**(75,673)**	(91,744)	(92,365)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		**89,342**	80,895	81,202
Purchase of property, plant and equipment and intangibles		**(1,720)**	(1,324)	(1,793)
Proceeds from sale of property, plant and equipment and intangibles		**—**	—	46
Disposal of subsidiaries and associates, net of cash disposed		**1,057**	—	—
Other cash flows associated with investing activities		**7**	(12)	84
Net cash from investing activities		**4,270**	(18,376)	(23,965)
Dividends paid and other coupon payments on equity instruments		**(1,360)**	(936)	(1,912)
Issuance of subordinated liabilities	27	**1,890**	1,438	1,352
Redemption of subordinated liabilities	27	**(4,807)**	(3,258)	(3,248)
Issue of shares and other equity instruments		**1,118**	1,165	3,582
Repurchase of shares and other equity instruments		**(1,275)**	(1,056)	(2,668)
Issuance of debt securities[a]		**8,415**	5,736	3,994
Redemption of debt securities[a]		**(3,475)**	—	—
Net purchase of treasury shares		**(399)**	(357)	(410)
Net cash from financing activities		**107**	2,732	690
Effect of exchange rates on cash and cash equivalents		**(4,232)**	1,668	(3,347)
Net increase/(decrease) in cash and cash equivalents		**49,064**	43,529	(27,124)
Cash and cash equivalents at beginning of year		**210,142**	166,613	193,737
Cash and cash equivalents at end of year		**259,206**	210,142	166,613
Cash and cash equivalents comprise:				
Cash and balances at central banks		**238,574**	191,127	150,258
Loans and advances to banks with original maturity less than three months		**6,488**	5,955	8,021
Cash collateral balances with central banks with original maturity less than three months		**13,532**	12,204	7,854
Treasury and other eligible bills with original maturity less than three months		**612**	856	480
Cash and cash equivalents at end of year		**259,206**	210,142	166,613

Note

a Issuance of debt securities and Redemption of debt securities included in financing activities relate to instruments that qualify as eligible liabilities and satisfy regulatory requirements for MREL instruments which came into effect during 2019. Refer to Note 1, paragraph 4(vi), for further details.

Interest received was £17,194m (2020: £18,748m; 2019: £34,061m) and interest paid was £8,063m (2020: £9,577m; 2019: £23,186m). These amounts include interest paid and received arising from trading activities. Dividends received were £20m (2020: £37m; 2019: £76m). The Group is required to maintain balances with central banks and other regulatory authorities. These amounted to £4,750m (2020: £3,392m; 2019: £4,893m) and are included within the Cash and cash equivalents. For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

Financial statements of Barclays PLC

Parent company accounts

Statement of comprehensive income

For the year ended 31 December	Notes	2021 £m	2020 £m	2019 £m
Dividends received from subsidiary	42	**1,356**	763	1,560
Net interest (expense)/income		**(161)**	(175)	214
Other income	42	**659**	1,192	1,760
Impairment reversal/(charge) of investment in subsidiary	42	**2,573**	(2,573)	—
Operating expenses		**(160)**	(241)	(267)
Profit/(loss) before tax		**4,267**	(1,034)	3,267
Taxation		**76**	16	(86)
Profit/(loss) after tax		**4,343**	(1,018)	3,181
Other comprehensive income		**—**	—	—
Total comprehensive income/(loss)		**4,343**	(1,018)	3,181
Profit/(loss) after tax attributable to:				
Ordinary equity holders		**3,539**	(1,875)	2,368
Other equity instrument holders		**804**	857	813
Profit/(loss) after tax		**4,343**	(1,018)	3,181
Total comprehensive income/(loss) attributable to:				
Ordinary equity holders		**3,539**	(1,875)	2,368
Other equity instrument holders		**804**	857	813
Total comprehensive income/(loss)		**4,343**	(1,018)	3,181

For the year ended 31 December 2021, profit after tax was £4,343m (2020: loss £1,018m) and total comprehensive income was £4,343m (2020: loss £1,018m). The Company has 65 members of staff (2020: 60).

Balance sheet

As at 31 December	Notes	2021 £m	2020 £m
Assets			
Investment in subsidiaries	42	**62,528**	58,886
Loans and advances to subsidiaries	42	**22,072**	24,710
Financial assets at fair value through the income statement	42	**25,091**	17,521
Derivative financial instruments		**4**	7
Other assets		**68**	65
Total assets		**109,763**	101,189
Liabilities			
Deposits at amortised cost		**488**	482
Debt securities in issue	42	**25,658**	28,428
Subordinated liabilities	42	**9,301**	7,724
Financial liabilities designated at fair value	42	**16,319**	9,507
Derivative financial instruments		**43**	—
Other liabilities		**117**	176
Total liabilities		**51,926**	46,317
Equity			
Called up share capital	28	**4,188**	4,340
Share premium account	28	**348**	297
Other equity instruments	28	**12,241**	11,169
Other reserves		**555**	394
Retained earnings		**40,505**	38,672
Total equity		**57,837**	54,872
Total liabilities and equity		**109,763**	101,189

The financial statements on pages 336 to 337 and the accompanying note on page 422 to 423 were approved by the Board of Directors on 22 February 2022 and signed on its behalf by:

Nigel Higgins
Group Chairman

C.S.Venkatakrishnan
Group Chief Executive

Tushar Morzaria
Group Finance Director

Statement of changes in equity

	Notes	Called up share capital and share premium £m	Other equity instruments £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2021		**4,637**	**11,169**	**394**	**38,672**	**54,872**
Profit after tax and other comprehensive income		**—**	**804**	**—**	**3,539**	**4,343**
Issue of shares under employee share schemes		**60**	**—**	**—**	**29**	**89**
Issue and exchange of other equity instruments		**—**	**1,072**	**—**	**—**	**1,072**
Vesting of shares under employee share schemes		**—**	**—**	**—**	**(18)**	**(18)**
Dividends paid	11	**—**	**—**	**—**	**(512)**	**(512)**
Other equity instruments coupons paid		**—**	**(804)**	**—**	**—**	**(804)**
Repurchase of shares		**(161)**	**—**	**161**	**(1,200)**	**(1,200)**
Other reserve movements		**—**	**—**	**—**	**(5)**	**(5)**
Balance as at 31 December 2021		**4,536**	**12,241**	**555**	**40,505**	**57,837**
Balance as at 1 January 2020		4,594	10,865	394	40,614	56,467
Profit/(loss) after tax and other comprehensive income		—	857	—	(1,875)	(1,018)
Issue of new ordinary shares		—	—	—	—	—
Issue of shares under employee share schemes		43	—	—	20	63
Issue and exchange of other equity instruments		—	304	—	(73)	231
Vesting of shares under employee share schemes		—	—	—	(14)	(14)
Dividends paid	11	—	—	—	—	—
Other equity instruments coupons paid		—	(857)	—	—	(857)
Balance as at 31 December 2020		4,637	11,169	394	38,672	54,872

Cash flow statement

For the year ended 31 December	2021 £m	2020[b] £m	2019[b] £m
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit/(loss) before tax	**4,267**	(1,034)	3,267
Adjustment for non-cash items:			
Impairment (reversal)/charge of investment in subsidiary	**(2,573)**	2,573	
Other non-cash items	**383**	528	(582)
Changes in operating assets and liabilities	**17**	—	87
Net cash generated from operating activities	**2,094**	2,067	2,772
Net increase in loans and advances to subsidiaries of the Parent[a, b]	**(6,118)**	(4,732)	(4,464)
Capital contribution to and investment in subsidiary	**(1,083)**	(393)	(1,187)
Net cash used in investing activities	**(7,201)**	(5,125)	(5,651)
Issue of shares and other equity instruments	**1,114**	1,175	3,597
Redemption of other equity instruments	**—**	(898)	(2,668)
Net increase in debt securities in issue[c]	**4,939**	3,720	2,588
Proceeds of borrowings and issuance of subordinated debt	**1,579**	158	1,194
Repurchase of shares	**(1,200)**	—	—
Dividends paid	**(512)**	—	(1,019)
Coupons paid on other equity instruments	**(804)**	(857)	(813)
Net cash generated from financing activities	**5,116**	3,298	2,879
Net increase in cash and cash equivalents	**9**	240	—
Cash and cash equivalents at beginning of year	**240**	—	—
Cash and cash equivalents at end of year	**249**	240	—
Net cash generated from operating activities includes:			
Dividends received	**1,356**	763	1,560
Net interest (paid)/received	**(161)**	(175)	214

Notes

a Includes financial assets at fair value through the income statement.

b Following a review of the Barclays parent company cash flow statement, in order to make the cash flow statement more relevant, cash movements resulting from loans and advances to subsidiaries are now presented within investing activities, whereas previously they were presented in financing activities. Comparatives have been restated. The effect of this change was to increase the net cash outflow due to investing activities increased by £4,732m in 2020 and £4,464m in 2019, with the net cash inflow relating to financing activities increasing by the same amount .

c Includes financial liabilities designated at fair value.

The Parent company's principal activity is to hold the investment in its wholly-owned subsidiaries, Barclays Bank PLC, Barclays Bank UK PLC, Barclays Execution Services Limited and Barclays Principal Investments Limited. Dividends received are treated as operating income.

Notes to the financial statements

For the year ended 31 December 2021

This section describes the 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 PLC is a public company limited by shares registered in England under company number 48839, having its registered office at 1 Churchill Place, London, E14 5HP.

These financial statements are prepared for Barclays PLC and its subsidiaries (the Group) under Section 399 of the Companies Act 2006. The Group is a major global financial services provider engaged in retail banking, 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 Group, and the separate financial statements of Barclays PLC, have been prepared in accordance with UK-adopted international accounting standards.

The consolidated financial statements of the Group, and the separate financial statements of Barclays PLC, have also been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), including interpretations issued by the IFRS Interpretations Committee, as there are no applicable differences from IFRS as issued by the IASB for the periods presented.

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 Interest Rate Benchmark Reform Phase 2 amendments (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) which were 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. These financial statements are stated in millions of pounds Sterling (£m), the functional currency of Barclays PLC.

The financial statements have been prepared for Barclays PLC and its subsidiaries (the Group) under Section 399 of 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 Group and the 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 and includes a review of a working capital report (WCR). The WCR is used by the Board to assess the future performance of the Group 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 projections of profitability taken from the Group's medium-term plan as well as projections of regulatory capital requirements and business funding needs. The WCR also includes an assessment of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based upon an assessment of reasonably possible downside economic scenarios that the Group could experience. Further details are set out in the Viability statement on page 47.

The WCR showed that the Group had sufficient capital and liquidity in place to support its future business requirements and remained above its regulatory minimum requirements in the stress scenarios. Accordingly, the Directors concluded that there was a reasonable expectation that the Group and parent company 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 Group prepares financial statements in accordance with IFRS. The 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 those items, are set out under the relevant notes. Accounting policies that affect the financial statements as a whole are set out below.

(i) Consolidation

The Group applies IFRS 10 *Consolidated financial statements.*

The consolidated financial statements combine the financial statements of Barclays PLC and all its subsidiaries. Subsidiaries are entities over which Barclays PLC has control. The Group has control over another entity when the Group has all of the following:

- power over the relevant activities of the investee, for example through voting or other rights
- exposure to, or rights to, variable returns from its involvement with the investee, and
- 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 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 Group for the purposes of the consolidation.

1 Significant accounting policies continued

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 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 34.

(ii) Foreign currency translation

The 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 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 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 a foreign operation within a branch.

(iii) Financial assets and liabilities

The 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 Group applies the requirements of IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting purposes.

Recognition

The 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:

- the business model within which financial assets are managed, and
- their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The 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 Group's policies for determining the fair values of the assets and liabilities are set out in Note 17.

Derecognition

The Group derecognises a financial asset, or a portion of a financial asset, from its balance sheet where (i) the contractual rights to cash flows from the asset have expired, or (ii) the contractual rights to cash flows from the asset have been transferred (usually by sale) and with them either (a) substantially all the risks and rewards of the asset have been transferred, or (b) where neither substantially all the risks and reward have been transferred or retained, where control over the asset has been lost.

Notes to the financial statements
For the year ended 31 December 2021 continued

1 Significant accounting policies continued

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 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 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 transactions) are a form of secured lending whereby the 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 Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The 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 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 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 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 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 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 Annual General Meeting 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.

(v) Changes in the basis for determining contractual cash flows resulting from interest rate benchmark reform
A change in the basis of determining the contractual cash flows of a financial instrument that is required by interest rate benchmark 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 interest rate benchmark reform, the practical expedient is applied first, after which the normal IFRS 9 requirements for modifications of financial instruments is applied.

Refer to Note 14 for further details regarding hedge accounting policies in respect of interest rate benchmark reform.

Refer to Note 41 for further disclosure related to interest rate benchmark reform.

(vi) Cash flow statement
Cash comprises cash on hand and balances at central banks. Cash equivalents comprise loans and advances to banks, cash collateral balances with central banks related to payment schemes and treasury and other eligible bills, all with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

Investments in debt securities at amortised cost, presented within loans and advances on the balance sheet, are deemed to be investing activities for the purposes of the cash flow statement, except those instruments considered to be cash equivalents.

Debt securities issued and redeemed are considered to be operating activities, except qualifying eligible liabilities that satisfy regulatory requirements for MREL instruments (or have previously satisfied these requirements since 2019 when they came into effect), which are considered to be financing activities.

5. New and amended standards and interpretations
The accounting policies adopted have been consistently applied, with the exception of the Interest Rate Benchmark Reform Phase 2 amendments (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) which were applied from 1 January 2020.

Future accounting developments
The following accounting standards have been issued by the IASB but are not yet effective:

IFRS 17 – Insurance contracts

1 Significant accounting policies continued

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 Group are the scope exclusion for credit card contracts and similar contracts that provide insurance coverage, the optional scope exclusion for loan contracts that transfer significant insurance risk, and the clarification that only financial guarantees issued are in scope of IFRS 9.

The amendments also defer the effective date of IFRS 17, including the above amendments, to annual reporting periods beginning on or after 1 January 2023.

IFRS 17, including the 2020 amendments to IFRS 17, has been endorsed by the EU. 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 Group does not expect the impact of IFRS 17 to be material.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021 the IASB issued amendments to IAS 1 that require entities to disclose their material accounting policies rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on the concept of materiality and its application to accounting policy information.

Under the amendments, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

Definition of Accounting Estimate - Amendments to IAS 8

In February 2021 the IASB issued amendments to IAS 8 that replace the definition of a change in accounting estimates with a definition of accounting estimates.

Under the new definition, accounting estimates are clarified as monetary amounts in financial statements that are subject to measurement uncertainty. Where an entity's accounting policy requires an item to be measured at monetary amounts that cannot be observed directly, it should develop an accounting estimate to achieve this objective.

The amendments are effective for annual periods beginning on or after 1 January 2023, and will be applied from that date.

6. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity or areas where assumptions are significant to the consolidated and individual financial statements are highlighted under the relevant note. Critical accounting estimates and judgements are disclosed in:

- Credit impairment charges on page 348
- Tax on page 352
- Fair value of financial instruments on page 367
- Goodwill and intangible assets on page 382
- Pensions and post-retirement benefits – obligations on page 402
- Provisions including conduct and legal, competition and regulatory matters on page 386.

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 218 to 219 and 225 to
- Market risk on page 219 to 220 and 261 to 262
- Treasury and capital risk – liquidity on pages 220 and 265 to 274
- Treasury and capital risk – capital on pages 220 to 221 and 275 to 281.

These disclosures are covered by the Audit opinion (included on pages 314 to 330) where referenced as audited.

Notes to the financial statements
Financial performance and returns

The notes included in this section focus on the results and performance of the Group. Information on the income generated, expenditure incurred, segmental performance, tax, earnings per share and dividends are included here. For further detail on performance, see income statement commentary within Financial review (unaudited).

2 Segmental reporting

Presentation of segmental reporting

The 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 Group is a British universal bank diversified by business, geography and income type, serving consumer and wholesale customers and clients globally and for segmental reporting purposes it defines its two operating divisions as Barclays UK and Barclays International.

- Barclays UK consists of our UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by our UK ring-fenced bank (Barclays Bank UK PLC) and certain other entities within the Group.
- Barclays International consists of our Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses are carried on by our non ring-fenced bank (Barclays Bank PLC) and its subsidiaries, and certain other entities within the Group.

The below table also includes Head Office which comprises head office and legacy businesses, as well as the FTE employed by Barclays Execution Services.

Analysis of results by business

	Barclays UK	Barclays International	Head Office	Group results
	£m	£m	£m	£m
For the year ended 31 December 2021				
Total income	**6,536**	**15,665**	**(261)**	**21,940**
Credit impairment releases	**365**	**288**	**—**	**653**
Net operating income/(expenses)	**6,901**	**15,953**	**(261)**	**22,593**
Operating costs	**(4,357)**	**(9,076)**	**(659)**	**(14,092)**
UK bank levy	**(36)**	**(134)**	**—**	**(170)**
Litigation and conduct	**(37)**	**(125)**	**(15)**	**(177)**
Total operating expenses	**(4,430)**	**(9,335)**	**(674)**	**(14,439)**
Other net income[a]	**—**	**40**	**220**	**260**
Profit/(loss) before tax	**2,471**	**6,658**	**(715)**	**8,414**
Total assets (£bn)	**321.2**	**1,044.1**	**19.0**	**1,384.3**
Number of employees (full time equivalent)[b]	**7,100**	**10,400**	**64,100**	**81,600**
Average number of employees (full time equivalent)				**82,900**

Notes

a Other net income represents the share of post-tax results of associates and joint ventures, profit on disposal of subsidiaries, associates and joint ventures, and gains on acquisitions.

b Barclays UK has transformed its business this year and consolidated all Customer Care employees, who directly serve customers, into Barclays Execution Services, within the Head Office segment, to improve customer service and experience. Costs are recharged, while FTE's are reported within Head Office, as at 31 December 2021 10,700 FTE were impacted by the move from Barclays UK to Head Office, prior years have not been restated.

2 Segmental reporting continued

	Barclays UK[b]	Barclays International[b]	Head Office	Group results
	£m	£m	£m	£m
For the year ended 31 December 2020				
Total income	6,347	15,921	(502)	21,766
Credit impairment charges	(1,467)	(3,280)	(91)	(4,838)
Net operating income/(expenses)	4,880	12,641	(593)	16,928
Operating costs	(4,270)	(8,765)	(399)	(13,434)
UK bank levy	(50)	(240)	(9)	(299)
Litigation and conduct	(32)	(48)	(73)	(153)
Total operating expenses	(4,352)	(9,053)	(481)	(13,886)
Other net income/(expenses)[a]	18	28	(23)	23
Profit/(loss) before tax	546	3,616	(1,097)	3,065
Total assets (£bn)	289.1	1,041.8	18.6	1,349.5
Number of employees (full time equivalent)	21,300	10,800	50,900	83,000
Average number of employees (full time equivalent)				81,800

Notes

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.

b On 1 April 2020, assets of £2.2bn relating to the Barclays Partner Finance business were moved from Barclays International to Barclays UK, with net operating income of £19m and loss before tax of £5m subsequently recognised in Barclays UK for the rest of 2020. The 2019 comparative figures have not been restated.

	Barclays UK	Barclays International	Head Office	Group results
	£m	£m	£m	£m
For the year ended 31 December 2019				
Total income	7,353	14,675	(396)	21,632
Credit impairment charges	(712)	(1,173)	(27)	(1,912)
Net operating income/(expenses)	6,641	13,502	(423)	19,720
Operating costs	(3,996)	(9,163)	(200)	(13,359)
UK bank levy	(41)	(174)	(11)	(226)
Litigation and conduct	(1,582)	(116)	(151)	(1,849)
Total operating expenses	(5,619)	(9,453)	(362)	(15,434)
Other net income[a]	—	69	2	71
Profit/(loss) before tax	1,022	4,118	(783)	4,357
Total assets (£bn)	257.8	861.4	21.0	1,140.2
Number of employees (full time equivalent)	21,400	11,200	48,200	80,800
Average number of employees (full time equivalent)				82,700

Note

a Other net income 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]

	2021	2020	2019
For the year ended 31 December	£m	£m	£m
United Kingdom	**11,256**	11,211	11,809
Europe	**2,372**	2,059	1,754
Americas	**7,199**	7,425	7,064
Africa and Middle East	**45**	36	59
Asia	**1,068**	1,035	946
Total	**21,940**	21,766	21,632

Income from individual countries which represent more than 5% of total income[a]

	2021	2020	2019
For the year ended 31 December	£m	£m	£m
United Kingdom	**11,256**	11,211	11,809
United States	**7,048**	7,318	6,939

Note

a The geographical analysis is based on the location of the office where the transactions are recorded.

Notes to the financial statements
For the year ended 31 December 2021 continued

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 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 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.

	2021 £m	2020 £m	2019 £m
Cash and balances at central banks	**184**	275	1,091
Loans and advances at amortised cost	**9,540**	10,180	12,450
Fair value through other comprehensive income	**550**	776	1,032
Negative interest on liabilities	**248**	68	13
Other	**718**	593	870
Interest and similar income	**11,240**	11,892	15,456
Deposits at amortised cost	**(561)**	(1,030)	(2,449)
Debt securities in issue[a]	**(1,340)**	(1,360)	(1,906)
Subordinated liabilities	**(507)**	(670)	(1,068)
Negative interest on assets	**(374)**	(344)	(278)
Other	**(385)**	(366)	(348)
Interest and similar expense	**(3,167)**	(3,770)	(6,049)
Net interest income	**8,073**	8,122	9,407

Note
a 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 comparatives of £25m in 2019 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 £652m (2020: £698m; 2019: £697m) have been amortised to interest and similar income during the year. Interest and similar income includes £37m (2020: £40m; 2019: £48m) accrued on impaired loans. Other interest expense includes £64m (2020: £70m; 2019:£76m) relating to IFRS 16 lease interest expenses.

4 Net fee and commission income

Accounting for net fee and commission income

The 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 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 Group recognises fee and commission income charged for services provided by the Group as the services are provided, for example, on completion of the underlying transaction. Where the contractual arrangements also result in the 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 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.

	2021			
	Barclays UK	Barclays International	Head Office	Total
	£m	£m	£m	£m
Fee type				
Transactional	**871**	**2,572**	**—**	**3,443**
Advisory	**172**	**1,096**	**1**	**1,269**
Brokerage and execution	**228**	**1,135**	**—**	**1,363**
Underwriting and syndication	**—**	**3,425**	**—**	**3,425**
Other	**74**	**182**	**3**	**259**
Total revenue from contracts with customers	**1,345**	**8,410**	**4**	**9,759**
Other non-contract fee income	**—**	**121**	**—**	**121**
Fee and commission income	**1,345**	**8,531**	**4**	**9,880**
Fee and commission expense	**(218)**	**(1,983)**	**(5)**	**(2,206)**
Net fee and commission income	**1,127**	**6,548**	**(1)**	**7,674**

	2020			
	Barclays UK	Barclays International	Head Office	Total
	£m	£m	£m	£m
Fee type				
Transactional	810	2,353	—	3,163
Advisory	159	693	2	854
Brokerage and execution	212	1,173	—	1,385
Underwriting and syndication	—	2,867	—	2,867
Other	71	173	9	253
Total revenue from contracts with customers	1,252	7,259	11	8,522
Other non-contract fee income	—	119	—	119
Fee and commission income	1,252	7,378	11	8,641
Fee and commission expense	(308)	(1,754)	(8)	(2,070)
Net fee and commission income	944	5,624	3	6,571

	2019			
	Barclays UK	Barclays International	Head Office	Total
	£m	£m	£m	£m
Fee type				
Transactional	1,074	2,809	—	3,883
Advisory	177	903	—	1,080
Brokerage and execution	208	1,131	—	1,339
Underwriting and syndication	—	2,358	—	2,358
Other	92	242	12	346
Total revenue from contracts with customers	1,551	7,443	12	9,006
Other non-contract fee income	—	116	—	116
Fee and commission income	1,551	7,559	12	9,122
Fee and commission expense	(365)	(1,990)	(7)	(2,362)
Net fee and commission income	1,186	5,569	5	6,760

Notes to the financial statements
For the year ended 31 December 2021 continued

4 Net fee and commission income continued

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 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 the 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 Group had no material contract assets or contract liabilities as at 31 December 2021 (2020: £nil; 2019: £nil).

Impairment of fee receivables and contract assets
During 2021, there have been no material impairments recognised in relation to fees receivable and contract assets (2020: £nil; 2019: £nil). Fees in relation to transactional business can be added to outstanding customer balances. These amounts may be subsequently impaired as part of the overall loans and advances balance.

Remaining performance obligations
The 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 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 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. Capitalised contract costs net of amortisation as at 31 December 2021 is £154m (2020: £141m; 2019: £159m).

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 2021, the amount of amortisation was £36m (2020: £36m; 2019: £30m) and there was no impairment loss recognised in connection with the capitalised contract costs (2020: £nil; 2019: £nil).

5 Net trading income

Accounting for net trading income

In accordance with IFRS 9, trading positions are held at fair value, and the resulting gains and losses are included in the income statement, together with interest 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.

	2021 £m	2020 £m	2019 £m
Net gains on financial instruments held for trading	**3,992**	5,342	2,941
Net gains on financial instruments designated at fair value	**692**	700	256
Net gains on financial instruments mandatorily at fair value	**1,110**	987	1,038
Net trading income	**5,794**	7,029	4,235

6 Net investment income

Accounting for net investment income

Dividends are recognised when the right to receive the dividend has been established. Other accounting policies relating to net investment income are set out in Note 13 and Note 15.

	2021 £m	2020 £m	2019 £m
Net gains/(losses) from financial instruments mandatorily at fair value	**73**	(50)	510
Net gains from disposal of debt instruments at fair value through other comprehensive income	**305**	295	502
Net gains/(losses) from disposal of financial assets and liabilities measured at amortised cost[a]	**114**	(61)	257
Dividend income	**20**	37	76
Net (losses)/gains on other investments[b]	**(201)**	(208)	(214)
Net investment income	**311**	13	1,131

Notes

a Included within the 2021 balance are gains of £83m relating to the sale of loans and advances at amortised cost. Included within the 2020 balance are losses of £115m relating to 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 comparative of £25m in 2019 has not been restated.

Notes to the financial statements
For the year ended 31 December 2021 continued

7 Credit impairment charge/(release)

Accounting for the impairment of financial assets
Impairment

In accordance with IFRS 9, the 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.

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 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 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:

- 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;
- (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 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 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 Group internal planning purposes. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices, and credit cards and unsecured consumer loans are highly sensitive to unemployment.

Definition of default, credit impaired assets, write-offs, and interest income recognition

The definition of default for the purpose of determining ECLs, and for internal credit risk management purposes, has been aligned to the Regulatory Capital CRR Article 178 definition of default, to maintain a consistent approach with IFRS 9 and associated regulatory guidance. The Regulatory Capital CRR Article 178 definition of default considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due or 180 days past due in the case of UK mortgages. When exposures are identified as credit impaired at the time when they are purchased or originated interest income is calculated on the carrying value net of the impairment allowance.

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified.

Uncollectable loans are written off against the related allowance for loan impairment on completion of the 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 Group may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the 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 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.

Notes to the financial statements
For the year ended 31 December 2021 continued

7 Credit impairment charges continued

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 revolving 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 the 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
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 Group's risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, the 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 definition 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 2thresholds 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 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. Management adjustments to impairment models, which contain an element of subjectivity, 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 appropriate. The impairment release reflected in the income statement for retail portfolios is £289m (2020: £3,116m charge; 2019: £1,696m charge) of the total impairment release on loans and advances and off balance sheet loan commitments and financial guarantee contracts.

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 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. The impairment release reflected in the financial statements in relation to wholesale portfolios is £346m (2020: £1,569m charge; 2019: £208m release) of the total impairment release on loans and advances and off balance sheet loan commitments and financial guarantee contracts.

Further information on impairment allowances, impairment charges, management adjustments to models for impairment, measurement uncertainty, sensitivity analysis and related credit information is set out within the Credit risk performance section.

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 237 in the credit risk performance section.

	2021			2020			2019		
	Impairment charges	Recoveries and reimburse-ments[a]	Total	Impairment charges	Recoveries and reimburse-ments[a]	Total	Impairment charges	Recoveries and reimburse-ments[a]	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances	**(361)**	**240**	**(121)**	4,308	(399)	3,909	1,957	(124)	1,833
Provision for undrawn contractually committed facilities and guarantees provided	**(514)**	**—**	**(514)**	776	—	776	71	—	71
Loans impairment	**(875)**	**240**	**(635)**	5,084	(399)	4,685	2,028	(124)	1,904
Cash collateral and settlement balances	**(4)**	**—**	**(4)**	2	—	2	1	—	1
Financial assets at fair value through other comprehensive income	**(8)**	**—**	**(8)**	2	—	2	1	—	1
Other financial assets measured at cost	**(6)**	**—**	**(6)**	149	—	149	6	—	6
Credit impairment (releases)/ charges	**(893)**	**240**	**(653)**	5,237	(399)	4,838	2,036	(124)	1,912

Note
a Recoveries and reimbursements includes a net reduction in amounts recoverable from financial guarantee contracts held with third parties of £306m (2020 gain: £364m) and cash recoveries of previously written off amounts of £66m (2020: £35m).

Write-offs that can be subjected to enforcement activity

The contractual amount outstanding on financial assets that were written off during the year and that can still be subjected to enforcement activity is £1,190m (2020: £1,246m). This is lower than the write-offs presented in the movement in gross exposures and impairment allowance table due to assets sold during the year post write-offs and post write-off recoveries.

Modification of financial assets

Financial assets with a loss allowance measured at an amount equal to lifetime ECL of £3,446m (2020: £4,275m) were subject to non-substantial modification during the year, with a resulting loss of £11m (2020: £34m). The gross carrying amount of financial assets subject to non-substantial modification for which the loss allowance has changed to a 12 month ECL during the year amounts to £419m (2020: £1,194m).

Notes to the financial statements
For the year ended 31 December 2021 continued

8 Operating expenses

	2021 £m	2020 £m	2019 £m
Infrastructure costs			
Property and equipment	**1,506**	1,556	1,409
Depreciation and amortisation	**1,673**	1,539	1,487
Lease payments	**32**	34	41
Impairment of property, equipment and intangible assets	**403**	194	33
Total infrastructure costs	**3,614**	3,323	2,970
Administration and general expenses			
Consultancy, legal and professional fees	**610**	567	590
Marketing and advertising	**399**	330	425
UK bank levy	**170**	299	226
Other administration and general expenses	**958**	1,117	1,059
Total administration and general expenses	**2,137**	2,313	2,300
Staff costs	**8,511**	8,097	8,315
Provisions for litigation and conduct	**177**	153	1,849
Operating expenses[a]	**14,439**	13,886	15,434

Note
a Operating expenses includes £648m relating to structural cost actions of which £266m pertains to impairment of property taken as part of real estate review.

For further details on staff costs including accounting policies, refer to Note 31.

9 Tax

Accounting for income taxes
The 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. Deferred tax liabilities are recognised for all taxable temporary differences except from the initial recognition of goodwill. Deferred tax is not recognised where the 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 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 Group's tax returns. The 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 Group ultimately expects to pay the tax authority to resolve the position. The accrual of interest and penalty amounts in respect of uncertain income tax positions is recognised as an expense within profit before tax.

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 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 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.

9 Tax continued

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 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.

	2021 £m	2020 £m	2019 £m
Current tax charge/(credit)			
Current year	**1,467**	1,255	1,037
Adjustments in respect of prior years	**317**	31	(45)
	1,784	1,286	992
Deferred tax (credit)/charge			
Current year	**(352)**	(830)	86
Adjustments in respect of prior years	**(244)**	148	(75)
	(596)	(682)	11
Tax charge	**1,188**	604	1,003

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 Group's profit before tax.

	2021 £m	2021 %	2020 £m	2020 %	2019 £m	2019 %
Profit before tax	**8,414**		3,065		4,357	
Tax charge based on the standard UK corporation tax rate of 19% (2020: 19%; 2019: 19%)	**1,599**	**19.0%**	582	19.0%	828	19.0%
Impact of profits/losses earned in territories with different statutory rates to the UK (weighted average tax rate is 22.4% (2020: 25.1%; 2019: 24.2%))	**285**	**3.4%**	188	6.1%	227	5.2%
Recurring items:						
Non-creditable taxes including withholding taxes	**134**	**1.6%**	109	3.5%	150	3.4%
Banking surcharge and other items	**83**	**1.0%**	6	0.2%	57	1.3%
Non-deductible expenses	**80**	**1.0%**	48	1.6%	45	1.0%
Adjustments in respect of prior years	**73**	**0.9%**	179	5.8%	(120)	(2.7%)
Impact of UK bank levy being non-deductible	**32**	**0.4%**	57	1.9%	43	1.0%
Impact of Barclays Bank PLC's overseas branches being taxed both locally and in the UK	**25**	**0.3%**	25	0.8%	15	0.3%
Tax adjustments in respect of share-based payments	**(5)**	**(0.1%)**	26	0.8%	(6)	(0.1%)
Changes in recognition of deferred tax and effect of unrecognised tax losses	**(140)**	**(1.7%)**	(123)	(4.0%)	(82)	(1.9%)
Tax relief on payments made under AT1 instruments	**(149)**	**(1.8%)**	(165)	(5.4%)	(157)	(3.6%)
Non-taxable gains and income	**(367)**	**(4.4%)**	(208)	(6.8%)	(260)	(6.0%)
Non-recurring items:						
Remeasurement of UK deferred tax assets due to tax rate changes	**(462)**	**(5.5%)**	(118)	(3.8%)	—	—
Non-deductible provisions for UK customer redress	**—**	**—**	(7)	(0.2%)	263	6.1%
Non-deductible provisions for investigations and litigation	**—**	**—**	5	0.2%	—	—
Total tax charge	**1,188**	**14.1%**	604	19.7%	1,003	23.0%

Notes to the financial statements
For the year ended 31 December 2021 continued

9 Tax continued

Factors driving the effective tax rate
The effective tax rate of 14.1% is lower than the UK corporation tax rate of 19% primarily due to adjustments for the remeasurement of UK deferred tax assets as a result of the enactment in 2021 of an increase in the UK corporation tax rate to 25% from 1 April 2023, the impact of non-taxable gains and income, tax relief on payments made under AT1 instruments and the use of unrecognised tax losses in the period. These factors, which have each decreased the effective tax rate, are partially offset by profits earned outside the UK being taxed at local statutory tax rates that are higher than the UK tax rate and non-creditable taxes.

The 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. In its Budget held in October 2021, the UK Government announced that the banking surcharge rate will be reduced from 8% to 3% from 1 April 2023. This reduction in the banking surcharge rate was substantively enacted on 2 February 2022 and is a non-adjusting post balance sheet event. If the reduction in the banking surcharge rate had been substantively enacted at the balance sheet date then this would have resulted in the Group's UK deferred tax assets being remeasured and decreasing with a tax charge in the income statement of £346m and tax credit within other comprehensive income of £87m.

In October 2021, the OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting announced plans to introduce a global minimum tax rate of 15% from 2023. The model rules, which set out the scope of and the mechanism for calculating the global minimum tax, were released by the OECD on 20 December 2021. The Group is reviewing the model rules and awaiting the OECD's anticipated publication of further guidance, as well as new legislation expected to be released by governments implementing this new tax regime, and will assess the potential impact of new legislation during 2022.

In the USA, a proposed Build Back Better Act has been passed by the House of Representatives but has not been passed by the Senate and at this time it is uncertain whether the Act will progress further. The proposed Act passed by the House of Representatives included proposals to implement material changes to international tax provisions, including amendments to the Base Erosion and Anti-Abuse Tax and the imposition of an alternative minimum tax based on accounting profits. It is unclear at this time whether any of these proposals could have a significant impact on the Group if enacted. The Group will continue to monitor developments and assess the potential impact of any future legislative changes ultimately enacted.

Tax in the consolidated statement of comprehensive income
The tax relating to each component of other comprehensive income can be found in the consolidated statement of comprehensive income which includes within Other a tax credit of £nil (2020: £5m). The total amount recognised in relation to the remeasurement of UK deferred tax through other comprehensive income was a £111m charge (2020: £52m).

Tax included directly in equity
Tax included directly in equity comprises a £58m credit (2020: £18m) relating to share-based payments and deductible costs on issuing other equity instruments.

Deferred tax assets and liabilities
The deferred tax amounts on the balance sheet were as follows:

	2021 £m	2020 £m
UK Tax Group	**2,183**	886
US Intermediate Holding Company Tax Group ('IHC Tax Group')	**1,004**	1,001
US Branch Tax Group	**1,002**	1,048
Other (outside the UK and US tax groups)	**430**	509
Deferred tax asset	**4,619**	3,444
Deferred tax liability	**(37)**	(15)
Net deferred tax	**4,582**	3,429

US deferred tax assets in the IHC and US Branch Tax Groups
The deferred tax asset in the IHC Tax Group of £1,004m (2020: £1,001m) includes £1m (2020: £nil) relating to tax losses, with the balance relating to temporary differences. The deferred tax asset in Barclays Bank PLC's US Branch Tax Group of £1,002m (2020: £1,048m) relates entirely to temporary differences.

In relation to the IHC Tax Group, these temporary differences include £301m (2020: £330m) arising from New York State and City prior net operating loss conversion which can be carried forward and will expire in 2034. Business profit forecasts indicate these amounts will be fully recovered before expiry.

UK Tax Group deferred tax asset
The deferred tax asset in the UK Tax Group of £2,183m (2020: £886m) includes £1,098m (2020: £565m) relating to tax losses, with the balance relating to temporary differences. There is no time limit on utilisation of UK tax losses and business profit forecasts indicate that these losses will be fully recovered.

9 Tax continued

Other deferred tax assets (outside the UK and US tax groups)

The deferred tax asset of £430m (2020: £509m) in other entities within the Group includes £121m (2020: £170m) 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 £430m (2020: £509m), an amount of £9m (2020: £8m) relates to entities which have suffered a loss in either the current or prior year and for which the utilisation of the deferred tax is dependent on 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.

	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	**1,465**	**—**	**—**	**43**	**666**	**143**	**363**	**1,564**	**735**	**4,979**
Liabilities	**(41)**	**(38)**	**(566)**	**(826)**	**—**	**—**	**—**	**(79)**	**—**	**(1,550)**
As at 1 January 2021	**1,424**	**(38)**	**(566)**	**(783)**	**666**	**143**	**363**	**1,485**	**735**	**3,429**
Income statement	**184**	**(6)**	**—**	**5**	**39**	**7**	**12**	**(130)**	**485**	**596**
Other comprehensive income and reserves	**—**	**198**	**1,088**	**(855)**	**—**	**—**	**36**	**97**	**—**	**564**
Other movements	**(3)**	**1**	**(1)**	**(1)**	**(12)**	**—**	**3**	**6**	**—**	**(7)**
	1,605	**155**	**521**	**(1,634)**	**693**	**150**	**414**	**1,458**	**1,220**	**4,582**
Assets	**1,647**	**155**	**521**	**40**	**693**	**150**	**414**	**1,524**	**1,220**	**6,364**
Liabilities	**(42)**	**—**	**—**	**(1,674)**	**—**	**—**	**—**	**(66)**	**—**	**(1,782)**
As at 31 December 2021	**1,605**	**155**	**521**	**(1,634)**	**693**	**150**	**414**	**1,458**	**1,220**	**4,582**
Assets	1,338	119	—	38	501	128	344	1,458	523	4,449
Liabilities	(31)	(18)	(181)	(640)	—	—	—	(312)	—	(1,182)
As at 1 January 2020	1,307	101	(181)	(602)	501	128	344	1,146	523	3,267
Income statement	129	—	—	6	156	22	20	134	215	682
Other comprehensive income and reserves	—	(137)	(377)	(191)	—	—	5	238	—	(462)
Other movements	(12)	(2)	(8)	4	9	(7)	(6)	(33)	(3)	(58)
	1,424	(38)	(566)	(783)	666	143	363	1,485	735	3,429
Assets	1,465	—	—	43	666	143	363	1,564	735	4,979
Liabilities	(41)	(38)	(566)	(826)	—	—	—	(79)	—	(1,550)
As at 31 December 2020	1,424	(38)	(566)	(783)	666	143	363	1,485	735	3,429

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 assets expected to be recovered after more than 12 months is £5,886m (2020: £4,544m). The amount of deferred tax liability expected to be settled after more than 12 months is £1,778m (2020: £1,510m). These amounts are before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Unrecognised deferred tax

Tax losses and temporary differences

Deferred tax assets have not been recognised in respect of gross deductible temporary differences of £110m (2020: £125m), unused tax credits of £283m (2020: £236m), and gross tax losses of £22,835m (2020: £20,913m). The tax losses include capital losses of £3,981m (2020: £3,947m). Of these tax losses, £63m (2020: £139m) expire within five years, £370m (2020: £236m) expire within six to ten years, £10,529m (2020: £7,271m) expire within 11 to 20 years and £11,873m (2020: £13,267m) 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.

Group investments in subsidiaries, branches and associates

Deferred tax is not recognised in respect of the value of the Group's investments in subsidiaries, branches and associates where the 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 £0.9bn (2020: £0.8bn).

Notes to the financial statements
For the year ended 31 December 2021 continued

10 Earnings per share

	2021 £m	2020 £m	2019 £m
Profit attributable to ordinary equity holders of the parent	**6,375**	1,526	2,461

	2021 million	2020 million	2019 million
Basic weighted average number of shares in issue	**16,985**	17,300	17,200
Number of potential ordinary shares	**435**	368	282
Diluted weighted average number of shares	**17,420**	17,668	17,482

	Basic earnings per share			Diluted earnings per share		
	2021 p	2020 p	2019 p	2021 p	2020 p	2019 p
Earnings per ordinary share	**37.5**	8.8	14.3	**36.6**	8.6	14.1

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the basic weighted average number of shares excluding treasury shares held in employee benefit trusts or held for trading. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all expected dilutive potential ordinary shares held in respect of Barclays PLC, totaling 435m (2020: 368m) shares. The total number of share options outstanding, under schemes considered to be potentially dilutive, was 688m (2020: 719m). These options have strike prices ranging from £0.84 to £1.66.

Of the total number of employee share options and share awards at 31 December 2021, 5m (2020: 69m) were anti-dilutive.

The 315m decrease (2020: 100m increase) in the basic weighted average number of shares is primarily due to the impact of the share buyback programmes completed in the year.

11 Dividends on ordinary shares

The Directors have approved a total dividend in respect of 2021 of 6p per ordinary share of 25p each. The full year dividend for 2021 of 4p per ordinary share will be paid on 5 April 2022 to shareholders on the Share Register on 4 March 2022. On 31 December 2021, there were 16,752m ordinary shares in issue. The financial statements for the year ended 31 December 2021 do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2022.

The Directors have confirmed their intention to initiate a share buyback of up to £1.0bn after the balance sheet date. The share buyback is expected to commence in the first quarter of 2022. The financial statements for the year ended 31 December 2021 do not reflect the impact of the proposed share buyback, which will be accounted for as and when shares are repurchased by the Company.

The 2021 financial statements include the 2021 half year dividend of £339m (2020: nil); a full year dividend declared in relation to 2020 of £173m (2020: nil) and two share buybacks, £700m completed in H1 2021 (2020: nil) and £500m completed in H2 2021 (2020: nil) . Dividends and share buybacks are funded out of distributable reserves.

Assets and liabilities held at fair value

The notes included in this section focus on assets and liabilities the 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 Group's approach to managing market risk can be found in the Market risk management section.

12 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).

	Trading portfolio assets		Trading portfolio liabilities	
	2021	2020	2021	2020
	£m	£m	£m	£m
Debt securities and other eligible bills	**50,864**	56,482	**(34,957)**	(30,102)
Equity securities	**83,113**	62,192	**(19,212)**	(17,303)
Traded loans	**12,525**	8,348	**—**	—
Commodities	**533**	928	**—**	—
Trading portfolio assets/(liabilities)	**147,035**	127,950	**(54,169)**	(47,405)

13 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 17.

	Designated at fair value		Mandatorily at fair value		Total	
	2021	2020	2021	2020	2021	2020
	£m	£m	£m	£m	£m	£m
Loans and advances	**5,579**	5,600	**33,088**	25,279	**38,667**	30,879
Debt securities	**319**	292	**1,986**	1,401	**2,305**	1,693
Equity securities	**—**	—	**5,875**	4,620	**5,875**	4,620
Reverse repurchase agreements and other similar secured lending	**—**	19	**145,014**	137,597	**145,014**	137,616
Other financial assets	**—**	—	**111**	343	**111**	343
Financial assets at fair value through the income statement	**5,898**	5,911	**186,074**	169,240	**191,972**	175,151

Notes to the financial statements

Assets and liabilities held at fair value continued

13 Financial assets at fair value through the income statement continued

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.

	Maximum exposure as at 31 December		Changes in fair value during the year ended		Cumulative changes in fair value from inception	
	2021	2020	2021	2020	2021	2020
	£m	£m	£m	£m	£m	£m
Loans and advances designated at fair value, attributable to credit risk	**5,579**	5,600	**5**	(47)	**(19)**	(73)
Value mitigated by related credit derivatives	**1,617**	795	**(3)**	3	**(3)**	3

14 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 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 Group applies the requirements of IAS 39 *Financial Instruments:* Recognition and Measurement for hedge accounting purposes. The 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 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 Group applies the 'Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019 (the Phase 1 amendments). 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 Phase 1 amendments are:

- When considering the 'highly probable' requirement, the 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 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 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 Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- The 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 Group also applies 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.

14 Derivative financial instruments continued

In summary, the reliefs provided by the Phase 2 amendments are:

- Under a temporary exception, the 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 Group may elect, on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero when the exception to the retrospective assessment ends (Phase 1 relief). Any hedge ineffectiveness will continue to be measured and recognised in full in profit or loss.
- The 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 Group upon designation of the hedge to assume that the separately identifiable requirement is met if the Group reasonably expects the RFR risk will become separately identifiable within the next 24 months. The Group applies this relief to each RFR on a rate-by-rate basis and starts when the 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 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 Group's investment in the operation.

Total derivatives

	2021			2020		
		Fair value			Fair value	
	Notional contract amount	Assets	Liabilities	Notional contract amount	Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Total derivative assets/(liabilities) held for trading	**47,812,774**	**261,678**	**(255,747)**	43,169,971	301,880	(299,795)
Total derivative assets/(liabilities) held for risk management	**219,551**	**894**	**(1,136)**	189,784	566	(980)
Derivative assets/(liabilities)	**48,032,325**	**262,572**	**(256,883)**	43,359,755	302,446	(300,775)

As part of the industry wide IBOR transition during the year, interest rate swap contracts held with Central Clearing Counterparties (CCPs) have been converted to alternative benchmarks. Operationally, this involved the CCPs splitting each contract into multiple component operational parts in order to preserve accrued IBOR cash flows. Legally, Barclays remains party to only one contract, and as such all notional amounts quoted in this disclosure reflect the legal contract notional. In total, 'operational-only' trade notional amounts of £1,828bn primarily with London Clearing House & Japan Securities Clearing Corporation have been explicitly excluded from these disclosures.

Further information on netting arrangements of derivative financial instruments can be found within Note 18.

Notes to the financial statements
Assets and liabilities held at fair value continued

14 Derivative financial instruments continued

The fair values and notional amounts of derivative instruments held for trading and held for risk management are set out in the following table:

Derivatives held for trading and held for risk management

	2021			2020		
	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	**5,705,108**	**75,959**	**(74,226)**	5,461,057	84,401	(84,043)
Derivatives cleared by central counterparty	**99,664**	**171**	**(208)**	78,946	335	(335)
Exchange traded derivatives	**20,084**	**10**	**(3)**	14,034	3	(3)
Foreign exchange derivatives	**5,824,856**	**76,140**	**(74,437)**	5,554,037	84,739	(84,381)
Interest rate derivatives						
OTC derivatives	**14,216,846**	**123,819**	**(113,051)**	13,547,990	170,808	(161,157)
Derivatives cleared by central counterparty	**19,398,748**	**1,122**	**(845)**	18,737,415	965	(885)
Exchange traded derivatives	**5,200,838**	**905**	**(907)**	2,971,966	371	(360)
Interest rate derivatives	**38,816,432**	**125,846**	**(114,803)**	35,257,371	172,144	(162,402)
Credit derivatives						
OTC derivatives	**606,504**	**4,007**	**(4,752)**	384,900	3,674	(3,909)
Derivatives cleared by central counterparty	**665,600**	**1,675**	**(1,809)**	462,945	931	(1,095)
Credit derivatives	**1,272,104**	**5,682**	**(6,561)**	847,845	4,605	(5,004)
Equity and stock index derivatives						
OTC derivatives	**278,683**	**18,822**	**(24,468)**	466,151	18,807	(26,094)
Exchange traded derivatives	**1,469,078**	**32,901**	**(33,174)**	927,114	20,165	(20,521)
Equity and stock index derivatives	**1,747,761**	**51,723**	**(57,642)**	1,393,265	38,972	(46,615)
Commodity derivatives						
OTC derivatives	**4,670**	**56**	**(107)**	4,244	89	(110)
Exchange traded derivatives	**146,951**	**2,231**	**(2,197)**	113,209	1,331	(1,283)
Commodity derivatives	**151,621**	**2,287**	**(2,304)**	117,453	1,420	(1,393)
Derivative assets/(liabilities) held for trading	**47,812,774**	**261,678**	**(255,747)**	43,169,971	301,880	(299,795)
Total OTC derivatives	**20,811,811**	**222,663**	**(216,604)**	19,864,342	277,779	(275,313)
Total derivatives cleared by central counterparty	**20,164,012**	**2,968**	**(2,862)**	19,279,306	2,231	(2,315)
Total exchange traded derivatives	**6,836,951**	**36,047**	**(36,281)**	4,026,323	21,870	(22,167)
Derivative assets/(liabilities) held for trading	**47,812,774**	**261,678**	**(255,747)**	43,169,971	301,880	(299,795)
Derivatives held for risk management						
Derivatives designated as cash flow hedges						
OTC foreign exchange derivatives	**7,592**	**798**	**—**	6,596	351	—
OTC interest rate derivatives	**788**	**—**	**(3)**	2,433	35	—
Interest rate derivatives cleared by central counterparty	**105,933**	**—**	**—**	65,408	—	—
Derivatives designated as cash flow hedges	**114,313**	**798**	**(3)**	74,437	386	—
Derivatives designated as fair value hedges						
OTC interest rate derivatives	**8,480**	**59**	**(1,118)**	11,116	155	(980)
Interest rate derivatives cleared by central counterparty	**94,335**	**—**	**(11)**	103,440	—	—
Derivatives designated as fair value hedges	**102,815**	**59**	**(1,129)**	114,556	155	(980)
Derivatives designated as hedges of net investments						
OTC foreign exchange derivatives	**2,423**	**37**	**(4)**	791	25	—
Derivatives designated as hedges of net investments	**2,423**	**37**	**(4)**	791	25	—
Derivative assets/(liabilities) held for risk management	**219,551**	**894**	**(1,136)**	189,784	566	(980)
Total OTC derivatives	**19,283**	**894**	**(1,125)**	20,936	566	(980)
Total derivatives cleared by central counterparty	**200,268**	**—**	**(11)**	168,848	—	—
Derivative assets/(liabilities) held for risk management	**219,551**	**894**	**(1,136)**	189,784	566	(980)

14 Derivative financial instruments continued

Hedge accounting

Hedge accounting is applied predominantly for the following risks:

- Interest rate risk – arises due to a mismatch between fixed interest rates and floating interest rates. Interest rate risk also includes exposure to inflation risk for certain types of investments.
- Currency risk – arises due to assets or liabilities being denominated in different currencies than the functional currency of the relevant entity. 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 Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the Group uses the following hedging instruments:

- Interest rate derivatives to swap interest rate exposures into either fixed or variable rates.
- Currency derivatives to swap foreign currency 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 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. Following market-wide interest rate benchmark reform, sensitivity to risk-free rates is considered to be the predominant interest rate risk and therefore the hedged items (which often reference risk-free or similar 'overnight' rates) change in fair value on a proportionate basis with reference to this risk.

In respect of many of the 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 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 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 reforms to IBOR because these might take effect at a different time and have a different impact on hedged items and hedging instruments.

The Group's risk exposure continues, in part, to be affected by interest rate benchmark reform. In most cases, hedged items and hedging instruments are expected to transition to relevant risk-free rates at the end of their current cash flow period. For GBP LIBOR contracts, where uncertainty around the timing and effects of LIBOR reform continues beyond the end of the current cash flow period, financial instruments are generally expected to utilise 'synthetic LIBOR' (as permitted by the FCA on a temporary basis until their contracts are fully remediated). USD LIBOR linked hedge accounting relationships are still exposed to uncertainty regarding the precise timing and effects of benchmark reform. USD LIBOR benchmarks will cease to be published from 30 June 2023, but certain hedged items and hedging instruments continue to contractually reference these benchmarks beyond the cessation date.

Notes to the financial statements
Assets and liabilities held at fair value continued

14 Derivative financial instruments continued

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform (see Note 41 for further updates) as at 31 December 2021:

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)	**10,032**	**200**
USD LIBOR	Secured Overnight Financing Rate (SOFR)	**25,744**	**25,288**
Singapore Swap Offered Rate (SOR)	Singapore Overnight Rate Average (SORA)	**110**	**110**
Total		**35,886**	**25,598**

The disparity in outstanding GBP notionals between hedged items and hedging instruments results from a temporary timing mismatch where derivative contracts have been transitioned to SONIA prior to 31 December, whereas hedged items are expected to transition early 2022.

Hedged items in fair value hedges

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 statements[a] £m
2021					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	**8,512**	**671**	**(642)**	**(1,643)**	**33**
- Inflation risk	**556**	**354**	**—**	**9**	**—**
Debt securities classified at amortised cost					
- Interest rate risk	**1,378**	**(39)**	**—**	**(75)**	**(18)**
- Inflation risk	**4,087**	**400**	**—**	**(16)**	**(1)**
Financial assets at fair value through other comprehensive income					
- Interest rate risk	**31,485**	**(258)**	**32**	**(1,436)**	**39**
- Inflation risk	**9,066**	**470**	**(32)**	**161**	**13**
Total assets	**55,084**	**1,598**	**(642)**	**(3,000)**	**66**
Liabilities					
Debt securities in issue					
- Interest rate risk	**(48,251)**	**(1,084)**	**86**	**1,606**	**(48)**
Total liabilities	**(48,251)**	**(1,084)**	**86**	**1,606**	**(48)**
Total hedged items	**6,833**	**514**	**(556)**	**(1,394)**	**18**
2020					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	9,858	2,289	(638)	1,583	111
- Inflation risk	545	345	—	25	3
Debt securities classified at amortised cost					
- Interest rate risk	1,440	23	—	18	(7)
- Inflation risk	4,071	(43)	—	453	3
Financial assets at fair value through other comprehensive income					
- Interest rate risk	41,544	1,284	351	825	(13)
- Inflation risk	10,821	367	(9)	307	1
Total assets	68,279	4,265	(296)	3,211	98
Liabilities					
Debt securities in issue					
- Interest rate risk	(50,438)	(2,859)	(24)	(1,466)	(56)
Total liabilities	(50,438)	(2,859)	(24)	(1,466)	(56)
Total hedged items	17,841	1,406	(320)	1,745	42

Note
a Hedge ineffectiveness is recognised in net interest income.

14 Derivative financial instruments continued

For items classified as fair value through other comprehensive income, the hedge accounting adjustment is not included in the carrying amount, but rather adjusts other comprehensive income.

The following table shows the fair value hedging instruments which are carried on the Group's balance sheet:

		Carrying value					
Hedge type	Risk category	Derivative assets £m	Derivative liabilities £m	Loan liabilities £m	Nominal amount £m	Change in fair value used as a basis to determine ineffectiveness £m	Nominal amount directly impacted by IBOR reform £m
As at 31 December 2021							
Fair value	Interest rate risk	**54**	**(11)**	**—**	**92,447**	**1,554**	**15,577**
	Inflation risk	**5**	**(1,118)**	**—**	**10,368**	**(142)**	**1,624**
	Total	**59**	**(1,129)**	**—**	**102,815**	**1,412**	**17,201**
As at 31 December 2020							
Fair value	Interest rate risk	120	(166)	—	103,623	(925)	30,072
	Inflation risk	35	(815)	—	10,933	(778)	1,487
	Total	155	(980)	—	114,556	(1,703)	31,559

The following table profiles the expected notional values of current hedging instruments in future years:

As at 31 December	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	2027 and later £m
Fair value hedges of:							
Interest rate risk (outstanding notional amount)	**92,447**	**87,025**	**79,475**	**67,206**	**55,080**	**44,801**	**37,652**
Inflation risk (outstanding notional amount)	**10,368**	**9,874**	**8,999**	**6,503**	**5,445**	**3,472**	**1,159**

Notes to the financial statements
Assets and liabilities held at fair value continued

14 Derivative financial instruments continued

There are 1,782 (2020: 1,906) interest rate risk fair value hedges with an average fixed rate of 1.88% (2020: 1.87%) across the relationships and 96 (2020: 104) inflation risk fair value hedges with an average rate of 0.51% (2020: 0.63%) across the relationships.

Hedged items in cash flow hedges and hedges of net investments in foreign operations

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
2021							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	**2,465**	**1,536**	**—**	**(492)**	**—**	**2,465**	**(347)**
Foreign exchange risk							
Loans and advances at amortised cost	**(88)**	**(16)**	**—**	**—**	**—**	**(88)**	**1**
Debt securities classified at amortised cost	**(356)**	**123**	**—**	**—**	**—**	**(356)**	**1**
Inflation risk							
Debt securities classified at amortised cost	**252**	**204**	**—**	**(12)**	**—**	**252**	**(22)**
Total cash flow hedge	**2,273**	**1,847**	**—**	**(504)**	**—**	**2,273**	**(367)**
Hedge of net investment in foreign operations							
USD foreign operations	**138**	**—**	**943**	**—**	**—**	**138**	**—**
EUR foreign operations	**(117)**	**—**	**100**	**—**	**—**	**(117)**	**—**
Other foreign operations	**(3)**	**—**	**44**	**—**	**186**	**(3)**	**—**
Total foreign operations	**18**	**—**	**1,087**	**—**	**186**	**18**	**—**
2020							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	(1,124)	(598)	—	(1,370)	—	(1,124)	27
Foreign exchange risk							
Loans and advances at amortised cost	(70)	(15)	—	—	—	(70)	—
Debt securities classified at amortised cost	(278)	(65)	—	—	—	(278)	—
Inflation risk							
Debt securities classified at amortised cost	(41)	(65)	—	—	—	(41)	1
Total cash flow hedge	(1,513)	(743)	—	(1,370)	—	(1,513)	28
Hedge of net investment in foreign operations							
USD foreign operations	(240)	—	857	—	—	(240)	—
EUR foreign operations	(17)	—	(2)	—	—	(17)	—
Other foreign operations	(9)	—	47	—	186	(9)	—
Total foreign operations	(266)	—	902	—	186	(266)	—

Note
a Hedge ineffectiveness is recognised in net interest income.

14 Derivative financial instruments continued

The following table shows the cash flow and net investment hedging instruments which are carried on the Group's balance sheet:

		Carrying value					
Hedge type	Risk category	Derivative assets £m	Derivative liabilities £m	Loan liabilities £m	Nominal amount £m	Change in fair value used as a basis to determine ineffectiveness £m	Nominal amount directly impacted by IBOR reform £m
As at 31 December 2021							
Cash flow	Interest rate risk	**—**	**—**	**—**	**102,629**	**(2,812)**	**8,397**
	Foreign exchange risk	**798**	**—**	**—**	**7,592**	**446**	**—**
	Inflation risk	**—**	**(3)**	**—**	**4,092**	**(274)**	**—**
	Total	**798**	**(3)**	**—**	**114,313**	**(2,640)**	**8,397**
Net investment	Foreign exchange risk	**37**	**(4)**	**(11,212)**	**13,635**	**(239)**	**—**
As at 31 December 2020							
Cash flow	Interest rate risk	33	—	—	65,042	1,151	18,195
	Foreign exchange risk	351	—	—	6,596	348	—
	Inflation risk	2	—	—	2,799	42	—
	Total	386	—	—	74,437	1,541	18,195
Net investment	Foreign exchange risk	25	—	(8,660)	9,451	265	—

There are 36 (2020: 29) foreign exchange risk cash flow hedges with an average foreign exchange rate of 137.85 JPY: 1 GBP (2020: 135.29 JPY: 1 GBP) across the relationships.

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:

	2021		2020	
Description of hedge relationship and hedged risk	Amount recycled from other comprehensive income due to hedged item affecting income statement £m	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur £m	Amount recycled from other comprehensive income due to hedged item affecting income statement £m	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur £m
Cash flow hedge of interest rate risk				
Recycled to net interest income	**541**	**2**	489	17
Cash flow hedge of foreign exchange risk				
Recycled to other income	**630**	**—**	268	—
Hedge of net investment in foreign operations				
Recycled to other income	**—**	**(26)**	—	(4)

A detailed reconciliation of the movements of the cash flow hedging reserve and the currency translation reserve is as follows:

	2021		2020	
	Cash flow hedging reserve £m	Currency translation reserve £m	Cash flow hedging reserve £m	Currency translation reserve £m
Balance on 1 January	**1,575**	**2,871**	1,002	3,344
Currency translation movements	**(7)**	**(139)**	50	(743)
Hedging gains/(losses) for the year	**(2,273)**	**(18)**	1,249	266
Amounts reclassified in relation to cash flows affecting profit or loss	**(1,173)**	**26**	(510)	4
Tax	**1,025**	**—**	(216)	—
Balance on 31 December	**(853)**	**2,740**	1,575	2,871

In 2020, amounts recycled from other comprehensive income of £268m in respect of cash flow hedges of foreign exchange risk were presented within 'Hedging gains/(losses) for the year'. For 2021, the corresponding current year amounts of £630m were presented within 'Amounts reclassified in relation to cash flows affecting profit or loss'.

Notes to the financial statements

Assets and liabilities held at fair value continued

15 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 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 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 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.

	2021 £m	2020 £m
Debt securities and other eligible bills	**60,798**	77,736
Equity securities	**902**	761
Loans and advances	**53**	191
Financial assets at fair value through other comprehensive income	**61,753**	78,688

16 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 P&L. 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 P&L. On derecognition of the financial liability no amount relating to own credit risk are recycled to the income statement. The 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 Group on the basis of its fair value, or includes terms that have substantive derivative characteristics (Note 14).

The details on how the fair value amounts are arrived at for financial liabilities designated at fair value are described in Note 17.

	2021		2020	
	Fair value £m	Contractual amount due on maturity £m	Fair value £m	Contractual amount due on maturity £m
Debt securities	**53,647**	**61,946**	50,437	57,650
Deposits	**29,246**	**29,673**	21,706	22,107
Repurchase agreements and other similar secured borrowing	**168,060**	**168,129**	177,371	177,389
Other financial liabilities	**7**	**7**	251	251
Financial liabilities designated at fair value	**250,960**	**259,755**	249,765	257,397

The cumulative own credit net loss recognised is £960m (2020: £954m loss).

17 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 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 374.

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 with judgement applied in determining the boundary between Level 2 and 3 classification.

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.

Notes to the financial statements
Assets and liabilities held at fair value continued

17 Fair value of financial instruments continued

The following table shows the 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

	2021				2020			
	Valuation technique using				Valuation technique using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	**80,926**	**63,828**	**2,281**	**147,035**	60,671	65,416	1,863	127,950
Financial assets at fair value through the income statement	**5,093**	**177,167**	**9,712**	**191,972**	4,503	162,142	8,506	175,151
Derivative financial assets	**6,150**	**252,412**	**4,010**	**262,572**	9,155	288,822	4,469	302,446
Financial assets at fair value through other comprehensive income	**22,009**	**39,706**	**38**	**61,753**	19,792	58,743	153	78,688
Investment property	**—**	**—**	**7**	**7**	—	—	10	10
Total assets	**114,178**	**533,113**	**16,048**	**663,339**	94,121	575,123	15,001	684,245
Trading portfolio liabilities	**(27,529)**	**(26,613)**	**(27)**	**(54,169)**	(24,391)	(22,986)	(28)	(47,405)
Financial liabilities designated at fair value	**(174)**	**(250,376)**	**(410)**	**(250,960)**	(159)	(249,251)	(355)	(249,765)
Derivative financial liabilities	**(6,571)**	**(244,253)**	**(6,059)**	**(256,883)**	(8,762)	(285,774)	(6,239)	(300,775)
Total liabilities	**(34,274)**	**(521,242)**	**(6,496)**	**(562,012)**	(33,312)	(558,011)	(6,622)	(597,945)

The following table shows the 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

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Interest rate derivatives	**1,091**	**(1,351)**	1,613	(1,615)
Foreign exchange derivatives	**376**	**(374)**	144	(143)
Credit derivatives	**323**	**(709)**	196	(351)
Equity derivatives	**2,220**	**(3,625)**	2,498	(4,112)
Corporate debt	**1,205**	**(21)**	698	(3)
Reverse repurchase and repurchase agreements	**13**	**(172)**	—	(174)
Non-asset backed loans	**6,405**	**—**	6,394	—
Asset backed securities	**558**	**—**	767	(24)
Equity cash products	**393**	**—**	542	—
Private equity investments	**1,095**	**(6)**	873	(14)
Other[a]	**2,369**	**(238)**	1,276	(186)
Total	**16,048**	**(6,496)**	15,001	(6,622)

Note

a Other includes commercial real estate loans, asset backed loans, funds and fund-linked products, issued debt, government sponsored debt, commodity derivatives 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.

17 Fair value of financial instruments continued

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.

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.

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.

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.

Notes to the financial statements
Assets and liabilities held at fair value continued

17 Fair value of financial instruments continued

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,, asset backed loans, funds and fund-linked products, issued debt, government sponsored debt, commodity derivatives and investment property.

Assets and liabilities reclassified between Level 1 and Level 2

During the period, there were no material transfers between Level 1 and Level 2 (2020: 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. The table shows gains and losses and includes amounts for all financial assets and liabilities that are held at fair value transferred to and from Level 3 during the period. Transfers have been reflected as if they had taken place at the beginning of the year.

Asset and liability transfers between Level 2 and Level 3 are primarily due to i) an increase or decrease in observable market activity related to an input or ii) a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant.

17 Fair value of financial instruments continued

Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2021	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement		Total gains or (losses) recognised in OCI	Transfers		As at 31 December 2021
						Trading income	Other income		In	Out	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate debt	151	310	(123)	—	(12)	38	—	—	41	(16)	389
Non-asset backed loans	709	1,580	(1,409)	—	(85)	(1)	—	—	45	(81)	758
Asset backed securities	686	209	(370)	—	—	(69)	—	—	114	(116)	454
Equity cash products	214	45	(53)	—	4	23	—	—	80	(10)	303
Other	103	117	(2)	—	(61)	(3)	—	—	248	(25)	377
Trading portfolio assets	1,863	2,261	(1,957)	—	(154)	(12)	—	—	528	(248)	2,281
Non-asset backed loans	5,580	1,380	(306)	—	(748)	(181)	(174)	—	113	(17)	5,647
Equity cash products	326	3	(247)	—	—	—	7	—	1	—	90
Private equity investments	874	166	(24)	—	(9)	—	163	—	35	(110)	1,095
Other	1,726	11,253	(9,983)	—	(185)	2	20	—	48	(1)	2,880
Financial assets at fair value through the income statement	8,506	12,802	(10,560)	—	(942)	(179)	16	—	197	(128)	9,712
Non-asset backed loans	106	—	—	—	—	—	—	—	—	(106)	0
Asset backed securities	47	—	—	—	(7)	—	—	(2)	—	—	38
Financial assets at fair value through other comprehensive income	153	—	—	—	(7)	—	—	(2)	—	(106)	38
Investment property	10	—	(2)	—	—	—	(1)	—	—	—	7
Trading portfolio liabilities	(28)	(5)	23	—	—	(6)	—	—	(12)	1	(27)
Financial liabilities designated at fair value	(355)	(4)	—	(101)	66	21	(1)	—	(68)	32	(410)
Interest rate derivatives	(2)	20	—	—	105	(255)	—	—	90	(218)	(260)
Foreign exchange derivatives	1	—	—	—	40	(2)	—	—	10	(47)	2
Credit derivatives	(155)	(239)	9	—	(45)	34	—	—	10	—	(386)
Equity derivatives	(1,614)	90	(1)	—	(15)	(4)	—	—	(3)	142	(1,405)
Net derivative financial instruments[a]	(1,770)	(129)	8	—	85	(227)	—	—	107	(123)	(2,049)
Total	8,379	14,925	(12,488)	(101)	(952)	(403)	14	(2)	752	(572)	9,552

Note

a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £4,010m (2020: £4,469m) and derivative financial liabilities are £6,059m (2020: £6,239m).

Notes to the financial statements
Assets and liabilities held at fair value continued

17 Fair value of financial instruments continued

Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2020	Purchases	Sales	Issues	Settlements	Total gains and (losses) in the period recognised in the income statement		Total gains or (losses) recognised in OCI	Transfers		As at 31 December 2020
						Trading income	Other income		In	Out	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£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)	—	—	90	(25)	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)	—	—	154	(101)	1,863
Non-asset backed loans	5,494	1,102	(283)	—	(706)	426	—	—	—	(453)	5,580
Equity cash products	835	15	(404)	—	—	(93)	(36)	—	9	—	326
Private equity investments	900	84	(54)	—	(3)	—	(56)	—	15	(12)	874
Other	1,271	3,718	(3,606)	—	(32)	32	(43)	—	386	—	1,726
Financial assets at fair value through the income statement	8,500	4,919	(4,347)	—	(741)	365	(135)	—	410	(465)	8,506
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	(362)	—	3	(21)	1	20	4	—	(38)	38	(355)
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	(819)	(699)	(43)	—	105	(101)	—	—	(13)	(44)	(1,614)
Net derivative financial instruments	(834)	(807)	(31)	—	(160)	16	—	—	(71)	117	(1,770)
Total	10,010	6,580	(7,177)	(21)	(1,189)	268	(132)	(4)	455	(411)	8,379

Unrealised gains and losses on Level 3 financial assets and liabilities

The following table discloses 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

	2021				2020			
	Income statement		Other comprehensive income	Total	Income statement		Other comprehensive income	Total
	Trading income	Other income			Trading income	Other income		
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	**(67)**	**—**	**—**	**(67)**	(114)	—	—	(114)
Financial assets at fair value through the income statement	**(176)**	**154**	**—**	**(22)**	399	(89)	—	310
Fair value through other comprehensive income	**—**	**—**	**—**	**—**	—	—	(1)	(1)
Investment property	**—**	**—**	**—**	**—**	—	(1)	—	(1)
Trading portfolio liabilities	**(5)**	**—**	**—**	**(5)**	—	—	—	—
Financial liabilities designated at fair value	**16**	**(1)**	**—**	**15**	20	(1)	—	19
Net derivative financial instruments	**(196)**	**—**	**—**	**(196)**	(91)	—	—	(91)
Total	**(428)**	**153**	**—**	**(275)**	214	(91)	(1)	122

17 Fair value of financial instruments continued

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:

			2021 Range		2020 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	**—**	**3**	1	3	%
		Credit spread	**9**	**1,848**	17	1,831	bps
	Correlation Model	Inflation forwards	**(20)**	**(13)**	(20)	(13)	%
	Comparable pricing	Price	**—**	**38**	—	84	points
	Option model	Inflation volatility	**31**	**130**	31	227	bps vol
		Interest rate volatility	**5**	**600**	6	489	bps vol
		FX - IR correlation	**(20)**	**78**	(30)	78	%
		IR - IR correlation	**(100)**	**99**	(20)	99	%
Credit derivatives	Discounted cash flows	Credit spread	**2**	**2,925**	5	480	bps
	Comparable pricing	Price	**—**	**—**	—	100	points
Equity derivatives	Option model	Equity volatility	**2**	**108**	1	110	%
		Equity - equity correlation	**10**	**100**	(45)	100	%
	Discounted cash flow	Discounted margin	**(129)**	**93**	(225)	3,000	bps
Foreign exchange derivatives	Option Model	Option Volatility	**—**	**100**	—	30	points
Non-derivative financial instruments							
Non-asset backed loans	Discounted cash flows	Loan spread	**31**	**1,552**	31	1,518	bps
		Credit spread	**200**	**300**	200	300	bps
		Price	**—**	**112**	—	104	points
		Yield	**3**	**10**	5	8	%
	Comparable pricing	Price	**—**	**145**	—	137	points
Asset backed securities	Comparable pricing	Price	**—**	**120**	—	112	points
Private equity investments	EBITDA multiple	EBITDA multiple	**16**	**20**	14	16	Multiple
	Earnings multiple	Earnings multiple	**5**	**28**	3	28	Multiple
	Discounted cash flow	Credit Spread	**725**	**1,916**	1,387	1,916	bps
		Discount margin	**8**	**10**	1	10	%
Corporate debt	Comparable pricing	Price	**—**	**284**	—	127	points
	Discounted Cash Flows	Loan Spread	**229**	**854**	—	—	bps
		Price	**—**	**100**	—	104	points
Commercial Real Estate loans	Discounted cash flows	Credit spread	**68**	**543**	146	483	bps
Equity cash products	Discounted cash flows	Discount Margin	**26**	**34**	49	49	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 32-1848bps (2020: 17-1,831bps).

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.

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.

Notes to the financial statements
Assets and liabilities held at fair value continued

17 Fair value of financial instruments continued

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 31bps to 1,552bps (2020: 31bps to 1,518bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 97% 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.

EBITDA multiple
EBITDA multiple is the ratio of the valuation of the investment to the earnings before interest, taxes, depreciation and amortisation.

In general, a significant increase in the multiple will result in a fair value increase for an investment.

Sensitivity analysis of valuations using unobservable inputs

	2021				2020			
	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	**51**	**—**	**(79)**	**—**	82	—	(123)	—
Foreign exchange derivatives	**20**	**—**	**(28)**	**—**	6	—	(11)	—
Credit derivatives	**111**	**—**	**(103)**	**—**	55	—	(44)	—
Equity derivatives	**187**	**—**	**(195)**	**—**	174	—	(179)	—
Corporate debt	**38**	**—**	**(28)**	**—**	16	—	(14)	—
Non-asset backed loans	**165**	**—**	**(256)**	**—**	190	3	(409)	(3)
Equity cash products	**42**	**—**	**(61)**	**—**	158	—	(141)	—
Private equity investments	**246**	**—**	**(236)**	**—**	199	—	(227)	—
Other[a]	**20**	**—**	**(19)**	**—**	23	—	(23)	—
Total	**880**	**—**	**(1,005)**	**—**	903	3	(1,171)	(3)

Note
a Other includes commercial real estate loans and asset backed loans, funds and fund-linked products, issued debt, government sponsored debt, commodity derivatives and investmen property.

17 Fair value of financial instruments continued

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 £880m (2020: £906m) or to decrease fair values by up to £1,005m (2020: £1,174m) with substantially all the potential effect impacting profit and loss rather than reserves.

Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	2021 £m	2020 £m
Exit price adjustments derived from market bid-offer spreads	**(506)**	(493)
Uncollateralised derivative funding	**(127)**	(115)
Derivative credit valuation adjustments	**(212)**	(268)
Derivative debit valuation adjustments	**91**	113

Exit price adjustments derived from market bid-offer spreads

The 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 £13m to £506m.

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 £127m 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 £12m to £127m as a result of underlying moves in the exposure profile of the derivative portfolio in scope.

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' 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.

CVA decreased by £56m to £212m as a result of tightening input counterparty credit spreads. DVA decreased by £22m to £91m as a result of tightening 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

The Group uses the portfolio exemption in IFRS 13 Fair Value Measurement to measure the fair value of groups of financial assets and liabilities. Instruments are measured using the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the balance sheet date under current market conditions. Accordingly, the 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.

Notes to the financial statements
Assets and liabilities held at fair value continued

17 Fair value of financial instruments continued

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 £133m (2020: £116m) for financial instruments measured at fair value and £230m (2020: £247m) for financial instruments carried at amortised cost. There are additions of £59m (2020: £27m), and amortisation and releases of £42m (2020: £24m) for financial instruments measured at fair value and additions of £nil (2020: £6m) and amortisation and releases of £17m (2020: £14m) for financial instruments measured at amortised cost.

Third party credit enhancements
Structured and brokered certificates of deposit issued by Barclays 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 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 £790m (2020: £1,494m).

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value
The following table summarises the fair value of financial assets and liabilities measured at amortised cost on the Group's balance sheet:

	2021					2020				
	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	**361,451**	**362,424**	**17,381**	**83,191**	**261,852**	342,632	340,516	8,824	81,322	250,370
Reverse repurchase agreements and other similar secured lending	**3,227**	**3,227**	**—**	**3,227**	**—**	9,031	9,031	—	9,031	—
Financial liabilities										
Deposits at amortised cost	**(519,433)**	**(519,436)**	**(434,431)**	**(83,501)**	**(1,504)**	(481,036)	(481,106)	(396,124)	(82,874)	(2,108)
Repurchase agreements and other similar secured borrowing	**(28,352)**	**(28,358)**	**—**	**(28,358)**	**—**	(14,174)	(14,174)	—	(14,174)	—
Debt securities in issue	**(98,867)**	**(100,657)**	**—**	**(98,364)**	**(2,293)**	(75,796)	(77,813)	—	(75,957)	(1,856)
Subordinated liabilities	**(12,759)**	**(13,334)**	**—**	**(13,267)**	**(67)**	(16,341)	(16,918)	—	(16,918)	—

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 is determined in accordance with the relevant accounting policy in Note 19.

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 borrowing
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 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.

18 Offsetting financial assets and financial liabilities

In accordance with IAS 32 *Financial Instruments: Presentation,* the Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- all financial assets and liabilities that are reported net on the balance sheet
- all derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

The 'Net amounts' presented are not intended to represent the Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

	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]
	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2021								
Derivative financial assets	**279,568**	**(24,137)**	**255,431**	**(202,519)**	**(40,485)**	**12,427**	**7,141**	**262,572**
Reverse repurchase agreements and other similar secured lending[e]	**514,360**	**(370,003)**	**144,357**	**—**	**(143,854)**	**503**	**3,884**	**148,241**
Total assets	**793,928**	**(394,140)**	**399,788**	**(202,519)**	**(184,339)**	**12,930**	**11,025**	**410,813**
Derivative financial liabilities	**(274,356)**	**23,606**	**(250,750)**	**202,519**	**34,321**	**(13,910)**	**(6,133)**	**(256,883)**
Repurchase agreements and other similar secured borrowing[e]	**(535,653)**	**370,003**	**(165,650)**	**—**	**165,650**	**—**	**(30,762)**	**(196,412)**
Total liabilities	**(810,009)**	**393,609**	**(416,400)**	**202,519**	**199,971**	**(13,910)**	**(36,895)**	**(453,295)**
As at 31 December 2020								
Derivative financial assets	342,649	(44,305)	298,344	(233,080)	(48,064)	17,200	4,102	302,446
Reverse repurchase agreements and other similar secured lending[e]	448,134	(306,398)	141,736	—	(141,352)	384	4,911	146,647
Total assets	790,783	(350,703)	440,080	(233,080)	(189,416)	17,584	9,013	449,093
Derivative financial liabilities	(333,943)	41,982	(291,961)	233,080	46,804	(12,077)	(8,814)	(300,775)
Repurchase agreements and other similar secured borrowing[e]	(476,912)	306,398	(170,514)	—	170,514	—	(21,031)	(191,545)
Total liabilities	(810,855)	348,380	(462,475)	233,080	217,318	(12,077)	(29,845)	(492,320)

Notes

a Amounts offset for derivative financial assets additionally includes cash collateral netted of £3,815m (2020: £4,990m). Amounts offset for derivative financial liabilities additionally includes cash collateral netted of £4,346m (2020: £7,313m). Settlements assets and liabilities have been offset amounting to £22,837m (2020: £18,143m).

b Financial collateral of £40,485m (2020: £48,064m) was received in respect of derivative assets, including £34,598m (2020: £43,291m) of cash collateral and £5,887m (2020: £4,773m) of non-cash collateral. Financial collateral of £34,321m (2020: £46,804m) was placed in respect of derivative liabilities, including £32,031m (2020: £42,730m) of cash collateral and £2,290m (2020: £4,074m) of non-cash collateral. The collateral amounts are limited to net balance sheet exposure so as to not include overcollateralisation.

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 £148,241m (2020: £146,647m) is split by fair value £145,014m (2020: £137,616m) and amortised cost £3,227m (2020: £9,031m). Repurchase agreements and other similar secured borrowing of £196,412m (2020: £191,545m) is split by fair value £168,060m (2020: £177,371m) and amortised cost £28,352m (2020: £14,174m).

Derivative assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set-off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Repurchase and reverse repurchase agreements and other similar secured lending and borrowing

The 'Financial instruments' 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 Group are further explained in the Credit risk management section.

Notes to the financial statements

Assets at amortised cost and other investments

The notes included in this section focus on the Group's loans and advances and deposits at amortised cost, leases, property, plant and equipment and goodwill and intangible assets. Details regarding the Group's liquidity and capital position can be found in the Treasury and capital risk section.

19 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 Group is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Group will consider past sales and expectations about future sales.

Loans and advances and deposits at amortised cost

As at 31 December	2021 £m	2020 £m
Loans and advances at amortised cost to banks	**9,698**	8,900
Loans and advances at amortised cost to customers	**319,922**	309,927
Debt securities at amortised cost	**31,831**	23,805
Total loans and advances at amortised cost	**361,451**	342,632
Deposits at amortised cost from banks	**17,819**	17,343
Deposits at amortised cost from customers	**501,614**	463,693
Total deposits at amortised cost	**519,433**	481,036

20 Property, plant and equipment

Accounting for property, plant and equipment

The 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 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.

20 Property, plant and equipment continued

Investment property

The 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.

	Investment property £m	Property £m	Equipment £m	Right of use assets[a] £m	Total £m
Cost					
As at 1 January 2021	**10**	**4,002**	**3,091**	**1,934**	**9,037**
Additions	**—**	**274**	**189**	**32**	**495**
Disposals	**(2)**	**(160)**	**(74)**	**(114)**	**(350)**
Exchange and other movements	**(1)**	**15**	**4**	**68**	**86**
As at 31 December 2021	**7**	**4,131**	**3,210**	**1,920**	**9,268**
Accumulated depreciation and impairment					
As at 1 January 2021	**—**	**(2,013)**	**(2,421)**	**(567)**	**(5,001)**
Depreciation charge	**—**	**(249)**	**(222)**	**(204)**	**(675)**
Impairment[b]	**—**	**(106)**	**—**	**(170)**	**(276)**
Disposals	**—**	**136**	**66**	**60**	**262**
Exchange and other movements	**—**	**(23)**	**(9)**	**9**	**(23)**
As at 31 December 2021	**—**	**(2,255)**	**(2,586)**	**(872)**	**(5,713)**
Net book value	**7**	**1,876**	**624**	**1,048**	**3,555**
Cost					
As at 1 January 2020	13	3,938	2,986	1,826	8,763
Additions	—	193	246	85	524
Disposals	(1)	(96)	(100)	(14)	(211)
Exchange and other movements	(2)	(33)	(41)	37	(39)
As at 31 December 2020	10	4,002	3,091	1,934	9,037
Accumulated depreciation and impairment					
As at 1 January 2020	—	(1,901)	(2,315)	(332)	(4,548)
Depreciation charge	—	(187)	(223)	(231)	(641)
Impairment	—	(25)	(2)	(15)	(42)
Disposals	—	82	92	2	176
Exchange and other movements	—	18	27	9	54
As at 31 December 2020	—	(2,013)	(2,421)	(567)	(5,001)
Net book value	10	1,989	670	1,367	4,036

Notes

a Right of use (ROU) asset balances relate to property leases under IFRS 16. Refer to Note 21 for further details.

b Impairment charge includes £266m related to structural cost action in relation to the real estate review.

Property rentals of £16m (2020: £11m) have been included in other income.

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.

Notes to the financial statements
Assets at amortised cost and other investments continued

21 Leases

Accounting for leases
IFRS 16 applies to all leases with the exception of licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38 *Intangible Assets,* service concession arrangements, leases of biological assets within the scope of IAS 41 Agriculture and leases of minerals, oil, natural gas and similar non-regenerative resources. IFRS 16 includes an accounting policy choice for a lessee to elect not to apply IFRS 16 to remaining assets within the scope of IAS 38 *Intangible Assets* which the Group has decided to apply.

When the Group is the lessee, it is required to recognise both:

- A lease liability, measured at the present value of remaining cash flows on the lease, and
- A right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in one of the following:

- Future lease payments arising from a change in an index or rate;
- The Group's estimate of the amount expected to be payable under a residual value guarantee; or
- The 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 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 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 Group holds the leased assets on-balance sheet within property, plant and equipment.

As a Lessor
Finance lease receivables are included within loans and advances at amortised cost.

The following table sets out a maturity analysis of lease receivables, showing the lease payments to be received after the reporting date.

	2021				2020			
	Gross investment in finance lease receivables	Future finance income	Present value of minimum lease payments receivable	Unguaranteed residual values	Gross investment in finance lease receivables	Future finance income	Present value of minimum lease payments receivable	Unguaranteed residual values
	£m	£m	£m	£m	£m	£m	£m	£m
Not more than one year	**29**	**(3)**	**26**	**—**	535	(26)	509	70
One to two year	**19**	**(2)**	**17**	**—**	312	(15)	297	45
Two to three year	**6**	**—**	**6**	**—**	215	(12)	203	52
Three to four year	**2**	**—**	**2**	**—**	107	(6)	101	27
Four to five year	**1**	**—**	**1**	**—**	52	(3)	49	18
Over five years	**1**	**—**	**1**	**—**	24	(1)	23	13
Total	**58**	**(5)**	**53**	**—**	1,245	(63)	1,182	225

Barclays Asset Finance provided leasing and other asset finance facilities across a broad range of asset types to business and individual customers. In 2021, the Group sold the leasing portfolio held by Barclays Asset Finance leading to a decrease in gross investment in finance lease receivables. There is no impairment allowance for finance lease receivables in current year (2020: £29m).

The Group does not have any material operating leases as a lessor.

21 Leases continued

Finance lease income

Finance lease income is included within interest income. The following table shows amounts recognised in the income statement during the year.

	2021 £m	2020 £m
Finance income from net investment in lease	**21**	55
Profit/(loss) on sales	**1**	(25)

As a Lessee

The Group leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, Barclays will sublease property to third parties when it is no longer needed to meet business requirements. Currently, Barclays does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 20 for a breakdown of the carrying amount of ROU assets.

The total expenses recognised during the year for short term leases were £3m (2020: £4m). The portfolio of short term leases to which Barclays is exposed at the end of the year is not dissimilar to the expenses recognised in the year.

Lease liabilities

	2021 £m	2020 £m
As at 1 January	**1,444**	1,563
Interest expense	**64**	70
New leases	**43**	85
Disposals	**(54)**	(15)
Cash payments	**(258)**	(306)
Exchange and other movements	**78**	47
As at 31 December (see Note 23)	**1,317**	1,444

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

	2021 £m	2020 £m
Not more than one year	**230**	255
One to two years	**215**	221
Two to three years	**197**	198
Three to four years	**182**	176
Four to five years	**149**	162
Five to ten years	**503**	557
Greater than ten years	**163**	248
Total undiscounted lease liabilities as at 31 December	**1,639**	1,817

In addition to the cash flows identified above, Barclays is exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments. Currently, Barclays has 609 (2020: 809) leases out of the total 1,111 (2020: 1,329) leases which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £1,196m (2020: £1,096m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.
- Extension and termination options: The table above represents Barclays 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 £434m (2020: £446m) for leases where Barclays is highly expected to exercise an early termination option. However, there is no significant impact where Barclays is expected to exercise an extension option.
- In 2021, the Group recorded a gain on sale relating to a sale and leaseback transaction of the Monaco branch premises of £33m.
- The Group does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

Notes to the financial statements

Assets at amortised cost and other investments continued

22 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 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 a 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. Expenditure in the research phase is 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 impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally using the amortisation periods set out below:

Annual rates in calculating amortisation	Amortisation period
Goodwill	Not amortised
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

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 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.

22 Goodwill and intangible assets continued

	Goodwill £m	Intangible assets: Internally generated software £m	Other software £m	Customer lists £m	Licences and other £m	Total £m
2021						
Cost						
As at 1 January 2021	**4,716**	**7,247**	**639**	**1,419**	**490**	**14,511**
Additions and disposals	**—**	**(52)**	**(9)**	**(5)**	**404**	**338**
Exchange and other movements	**2**	**(15)**	**(4)**	**17**	**14**	**14**
As at 31 December 2021	**4,718**	**7,180**	**626**	**1,431**	**908**	**14,863**
Accumulated amortisation and impairment						
As at 1 January 2021	**(825)**	**(3,779)**	**(328)**	**(1,252)**	**(379)**	**(6,563)**
Disposals	**—**	**894**	**15**	**5**	**3**	**917**
Amortisation charge	**—**	**(867)**	**(51)**	**(36)**	**(44)**	**(998)**
Impairment charge	**—**	**(127)**	**—**	**—**	**—**	**(127)**
Exchange and other movements	**—**	**(5)**	**—**	**(17)**	**(9)**	**(31)**
As at 31 December 2021	**(825)**	**(3,884)**	**(364)**	**(1,300)**	**(429)**	**(6,802)**
Net book value	**3,893**	**3,296**	**262**	**131**	**479**	**8,061**
2020						
Cost						
As at 1 January 2020	4,760	6,643	505	1,465	489	13,862
Additions and disposals	(37)	646	131	—	22	762
Exchange and other movements	(7)	(42)	3	(46)	(21)	(113)
As at 31 December 2020	4,716	7,247	639	1,419	490	14,511
Accumulated amortisation and impairment						
As at 1 January 2020	(861)	(2,989)	(279)	(1,250)	(364)	(5,743)
Disposals	37	97	10	—	3	147
Amortisation charge	—	(771)	(51)	(43)	(33)	(898)
Impairment charge	—	(147)	(6)	—	—	(153)
Exchange and other movements	(1)	31	(2)	41	15	84
As at 31 December 2020	(825)	(3,779)	(328)	(1,252)	(379)	(6,563)
Net book value	3,891	3,468	311	167	111	7,948

Goodwill

Goodwill and Intangible assets are allocated to business operations according to business segments as follows:

	2021 Goodwill £m	2021 Intangibles £m	2021 Total £m	2020 Goodwill £m	2020 Intangibles £m	2020 Total £m
Barclays UK	**3,560**	**1,233**	**4,793**	3,560	1,618	5,178
Barclays International	**291**	**2,930**	**3,221**	289	2,435	2,724
Head Office	**42**	**5**	**47**	42	4	46
Total	**3,893**	**4,168**	**8,061**	3,891	4,057	7,948

Notes to the financial statements
Assets at amortised cost and other investments continued

22 Goodwill and intangible assets continued

Critical accounting estimates and judgements
Goodwill

Testing goodwill for impairment involves a significant amount of judgement. Goodwill is allocated to CGUs for the purpose of impairment testing. The review of goodwill for impairment involves calculating a value in use (VIU) valuation which is compared to the carrying value of a CGU associated with the goodwill to determine whether any impairment has occurred. This includes the identification of independent CGUs across the organisation and the allocation of goodwill to those CGUs.

The calculation of a value in use contains a high degree of uncertainty in estimating the future cash flows and the rates used to discount them. Key judgements include determining the carrying value of the CGU, the cash flows and discount rates used in the calculation.

- The cash flow forecasts used by management involve judgement and are based upon a view of the future prospects of the business and market conditions at the point in time the assessment is prepared. The estimation of pre-tax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows.
- The discount rates applied to the future cash flows also involve judgement as they can have a significant impact on the valuation. The discount rates used are compared to market participants to ensure that they are appropriate and based on an estimated cost of equity for each CGU.
- The choice of a terminal growth rate used to determine the present value of the future cash flows of the CGUs is also a judgement that can impact the outcome of the assessment. The terminal growth rate and discount rates used may vary due to external market rates and economic conditions that are beyond management's control.

Further details of some of the key judgements are set out below.

2021 impairment review

The 2021 impairment review was performed during Q4 2021 . In comparison to the prior year, the macroeconomic outlook has improved, with expectations of increased interest rates. However, unsecured balances are lower, reflecting reduced borrowing and higher repayments by customers. These factors impact favourably and adversely on the operating environments of the 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 asset balances associated with that CGU.

The Group manages the assets and liabilities of its CGUs with reference to the 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 that management consider a market participant would be required to hold and retain to support business growth.

The goodwill held across the Group has been allocated to the CGU where it originated, based upon historical records. The intangible asset balances are allocated to the CGUs based upon their expected usage of these assets.

Cash flows

The five-year cash flows used in the calculation are based on the formally agreed medium term plans approved by the Board. These are prepared using macroeconomic assumptions which management consider reasonable and supportable, and reflect business agreed initiatives for the forecast period. The macroeconomic assumptions underpinning the medium term plan were determined in August 2021 and management has considered whether there are subsequent significant changes in those assumptions which would adversely impact the results of the impairment review.

As required by IAS 36, all estimates of future cash flows exclude cash inflows or outflows that are expected to arise from restructuring initiatives where a constructive obligation to carry out the plan does not yet exist.

In line with prior year treatment, the Education, Social Housing and Local Authority (ESHLA) portfolio has been excluded from the Business Banking CGU cash flows. This is a legacy loan portfolio which was previously within the Non-Core bank and was not part of the business to which the goodwill relates. As such, the cash flows relating to this portfolio have been excluded from the Business Banking VIU calculation.

The Personal Banking CGU cash flows reflect increases in the yield curve observed during the course of 2021 and have not been extended to a sixth year. The 2020 impairment review used a sixth year to reflect an observed 15bp inflexion point in the yield curve which was beyond the period of the medium term plan.

Discount rates

IAS 36 requires that the discount rate used in a value in use calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those that the entity expects to generate from the asset. In determining the discount rate, management have identified the cost of equity associated with market participants that closely resemble the Group's CGUs and adjusted them for tax to arrive at the pre-tax equivalent rate. A range of discount rates have been used across the CGUs ranging from 12.5% to 15.1% (2020: 12.0% to 16.3%).

22 Goodwill and intangible assets continued

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 the Group operates. Inflation rates are used as an approximation of future growth rates and form the basis of the terminal growth rates applied. The terminal growth rate used is 2.0% (2020:2.0%).

Outcome of goodwill and intangibles review

The Personal Banking and Business Banking retail banking CGUs carry the majority of the Group's goodwill balance, predominantly as a consequence of the Woolwich acquisition. The goodwill within Personal Banking was £2,752m (2020: £2,752m), of which £2,501m (2020: £2,501m) was attributable to Woolwich, and within Business Banking was £629m (2020: £629m), fully attributable to Woolwich. The recoverable amount for both Personal Banking and Business Banking have increased in comparison to the 2020 impairment review, reflective of improvements in the interest rate and macroeconomic outlook.

The largest portion of the Group's intangible assets sit within the Cards and Payments CGU, with an allocation of £1,351m (2020: £1,096m). The extent to which the recoverable amount of the Cards and Payments CGU exceeds its carrying value has reduced in comparison to the 2020 impairment review as a result of investment in new intangible assets and a reduction in card balances, reflecting reduced borrowing and higher repayments by customers.

Based on management's plans and assumptions the value in use exceeds the carrying value of the CGUs and no impairment has been indicated.

The outcome of the impairment review for Personal Banking, Business Banking and Cards and Payments are set out below:

Cash generating unit	Tangible equity £m	Goodwill £m	Intangibles £m	Carrying value £m	Value in use £m	Value in use exceeding carrying value £m	Value in use exceeding carrying value 2020 £m
Personal Banking	**5,194**	**2,752**	**997**	**8,943**	**10,432**	**1,489**	123
Business Banking	**1,459**	**629**	**169**	**2,257**	**5,880**	**3,623**	740
Cards and Payments	**2,946**	**195**	**1,351**	**4,492**	**5,517**	**1,025**	1,360
Total	**9,599**	**3,576**	**2,517**	**15,692**	**21,829**	**6,137**	**2,223**

Sensitivity of key judgements

The CGUs are sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

Cash flows: The medium term plans used to determine the cash flows used in the VIU calculation rely on macroeconomic forecasts, including interest rates, GDP and unemployment, and forecast levels of market and client activity. Interest rate assumptions impact planned cash flows from both customer income and structural hedge contributions and therefore cash flow expectations are highly sensitive to movements in the yield curve. The cash flows also contain assumptions with regards to the prudential and financial conduct regulatory environment which may be subject to change. Given the current level of economic uncertainty, a 10% reduction in cash flows has been provided to show the sensitivity of the outcome to a change in these key assumptions.

Discount rate: The discount rate should reflect the market risk-free rate adjusted for the inherent risks of the business it is applied to. Management have identified discount rates for comparable businesses and consider these to be a reasonable estimate of a suitable market rate for the profile of the business unit being tested. The risk that these discount rates may not be appropriate is quantified below and shows the impact of a 100 bps change in the discount rate.

Terminal growth rate: The terminal growth rate is used to estimate the cash flows into perpetuity based on the expected longevity of the CGUs' businesses. The terminal growth rate is sensitive to uncertainties in the macroeconomic environment. The risk that using inflation data may not be appropriate for its determination is quantified below and shows the impact of 100 bps change in the terminal growth rate.

Allocated capital rate: Tangible equity is allocated based on the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU which is dependent on the relative risk of businesses. The capital ratio used in determining the level of tangible equity allocated to the CGU and its capital cash flows could move over time. The impact of a 50bps increase in capital ratio is quantified below.

The sensitivity of the value in use to key judgements in the calculations is set out below:

						Reduction in headroom				Change required to reduce headroom to zero			
Cash generating unit	Carrying value £m	Value in use £m	Value in use exceeding carrying value £m	Discount rate %	Terminal growth rate %	100 bps increase in the discount rate £m	100 bps decrease in terminal growth rate £m	50 bps increase to allocated capital rate £m	10% reduction in forecasted cash flows £m	Discount rate %	Terminal growth rate %	Allocated capital rate %	Cashflows %
Personal Banking	**8,943**	**10,432**	**1,489**	**14.2**	**2.0**	**(946)**	**(655)**	**(291)**	**(1,219)**	**1.7**	**(2.6)**	**2.6**	**(12.2)**
Cards and Payments	**4,492**	**5,517**	**1,025**	**14.7**	**2.0**	**(597)**	**(433)**	**(227)**	**(774)**	**1.8**	**(2.7)**	**2.3**	**(13.3)**
Total	**13,435**	**15,949**	**2,514**										

Notes to the financial statements

Accruals, provisions, contingent liabilities and legal proceedings

The notes included in this section focus on the 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.

23 Other liabilities

	2021 £m	2020 £m
Accruals and deferred income	**4,173**	3,683
Other creditors	**4,793**	3,447
Items in the course of collection due to other banks	**202**	88
Lease liabilities (refer to Note 21)	**1,317**	1,444
Liabilities included in disposal groups classified as held for sale	**20**	—
Other liabilities	**10,505**	8,662

24 Provisions

Accounting for provisions

The 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 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 Note 26 for more detail of legal, competition and regulatory matters.

	Onerous contracts £m	Redundancy and restructuring £m	Undrawn contractually committed facilities and guarantees[a] £m	Customer redress £m	Legal, competition and regulatory matters £m	Sundry provisions £m	Total £m
As at 1 January 2021	**28**	**158**	**1,064**	**497**	**268**	**289**	**2,304**
Additions	**6**	**316**	**124**	**188**	**72**	**198**	**904**
Amounts utilised	**(11)**	**(82)**	**—**	**(318)**	**(62)**	**(140)**	**(613)**
Unused amounts reversed	**(18)**	**(25)**	**(638)**	**(54)**	**(44)**	**(101)**	**(880)**
Exchange and other movements	**—**	**(41)**	**(8)**	**(3)**	**(8)**	**33**	**(27)**
As at 31 December 2021	**5**	**326**	**542**	**310**	**226**	**279**	**1,688**

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 2021 were £1,534m (2020: £1,751m).

24 Provisions continued

Onerous contracts
Onerous contract provisions comprise an estimate of unavoidable 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 the Credit risk section for loan commitments and financial guarantees on page 233.

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 Group's business activities.

Legal, competition and regulatory matters
The 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, refer to Note 26.

Sundry provisions
This category includes provisions that do not fit into any of the other categories, such as fraud losses and dilapidation provisions.

25 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:

	2021 £m	2020 £m
Guarantees and letters of credit pledged as collateral security	**15,549**	15,665
Performance guarantees, acceptances and endorsements	**5,797**	5,944
Total contingent liabilities and financial guarantees	**21,346**	21,609
Of which: Financial guarantees carried at fair value	**231**	229
Documentary credits and other short-term trade related transactions	**1,584**	1,086
Standby facilities, credit lines and other commitments	**344,127**	331,963
Total commitments	**345,711**	333,049
Of which: Loan commitments carried at fair value	**18,571**	9,269

Expected credit losses held against contingent liabilities and commitments equal £542m (2020: £1,064m) and are reported in Note 24. Further details on contingent liabilities relating to legal and competition and regulatory matters can be found in Note 26.

Notes to the financial statements
Accruals, provisions, contingent liabilities and legal proceedings continued

26 Legal, competition and regulatory matters

The 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 applicable to Note 24, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the 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 Group's potential financial exposure in respect of those matters.

Matters are ordered under headings corresponding to the financial statements in which they are disclosed.

1. Barclays PLC and Barclays Bank PLC

Investigations into certain advisory services agreements

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 and a hearing before the Regulatory Decisions Committee is scheduled for the first quarter of 2022.

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. Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the 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 $100m 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. Barclays Bank PLC also settled a further matter for $7.5m.

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. In 2021, the case was dismissed as against most defendants, including the Barclays entities. The plaintiffs and remaining defendants are seeking reconsideration of the decision.

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' appeal of the dismissal of their claims was granted in March 2021 and the matter has been remanded to the lower court for further proceedings. Defendants' petition for U.S. Supreme Court review was denied. Additionally, plaintiffs have filed an amended complaint, which defendants have moved to dismiss.

26 Legal, competition and regulatory matters continued

ICE LIBOR civil actions
In 2019, several putative class actions were filed in the SDNY against a panel of banks, including 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 and the plaintiffs appealed. In February 2022, the dismissal was affirmed on appeal.

In August 2020, an ICE LIBOR-related action was filed by a group of individual plaintiffs 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. Plaintiffs' motions seeking, among other things, preliminary and permanent injunctions to enjoin the defendants from continuing to set LIBOR or enforce any financial instrument that relies in whole or in part on USD LIBOR were denied. The defendants have moved to dismiss the case.

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) and other banks 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.

Credit Default Swap civil action
A putative antitrust class action is pending in New Mexico federal court against Barclays Bank PLC, BCI, and various other financial institutions.The plaintiffs, the New Mexico State Investment Council and certain New Mexico pension funds, allege that the defendants conspired to manipulate the benchmark price used to value Credit Default Swap (CDS) contracts at settlement (i.e. the CDS final auction price). The plaintiffs allege violations of US antitrust laws and the CEA, and unjust enrichment under state law.

Foreign Exchange investigations and related civil actions
In 2015, the 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.

The European Commission announced two settlements in May 2019 and the Group paid penalties totalling approximately €210m. In June 2019, the Swiss Competition Commission announced two settlements and the Group paid penalties totalling approximately CHF27m. In December 2021, the European Commission announced a final settlement which required the Group to pay penalties totalling approximately €54m, which amount has been provided for in previous periods. The financial impact of any ongoing matters is not expected to be material to the 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 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 Group and all other defendants. The plaintiffs have filed an amended complaint.

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, Brazil 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 (High Court), and subsequently transferred to the UK Competition Appeal Tribunal, 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.

Notes to the financial statements
Accruals, provisions, contingent liabilities and legal proceedings continued

26 Legal, competition and regulatory matters continued

Metals related civil actions
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. The parties have reached a joint settlement to resolve this matter for $50m, which is subject to court approval. The financial impact of Barclays' share of the joint settlement is not expected to be material to the Group's operating results, cash flows or financial position. 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 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 settlements to resolve two of the repurchase actions, subject to final court approval. Final court approval has been granted in relation to one of those matters and payment will be completed in the first quarter of 2022. The other matter is scheduled for a hearing in 2022 to seek approval for the settlement. The financial impact of the settlement is not expected to be material to the 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 six 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 parties have reached a joint settlement to resolve this matter for $32.5m. The financial impact of BCI's share of the joint settlement is not material to the Group's operating results, cash flows or financial position.

Government and agency securities civil actions
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 court dismissed the consolidated action in March 2021. The plaintiffs have filed an amended complaint, which the defendants have moved 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' motions to dismiss the plaintiffs' complaint. The dismissal was affirmed on appeal and this matter is now concluded. The plaintiffs have voluntarily dismissed the other SDNY action. In the Federal Court of Canada action, the plaintiffs reached settlements with a small number of banks in 2020 (not including Barclays Capital Canada Inc.), but the plaintiffs have not commenced the class certification process and the action remains at an early stage.

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. Three putative class action complaints have been consolidated in the SDNY. In the consolidated SDNY class action, certain of the plaintiff's claims were dismissed in November 2020 and defendants' motion for partial dismissal of the amended consolidated complaint is pending. In the California action, the plaintiffs' claims were dismissed in June 2021. The plaintiffs have appealed the dismissal.

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, commenced litigation against Barclays Bank PLC and other financial institutions making similar allegations as the SDNY class action plaintiffs. The parties have reached a settlement to resolve these matters. The financial impact of the settlement is not material to the Group's operating results, cash flows or financial position.

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 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. The Barclays entities have settled the claim for $5.7m, and the settlement has received final court approval.

26 Legal, competition and regulatory matters continued

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' motion to dismiss was granted in 2021. Plaintiffs have appealed the dismissal.

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 Supreme Court of the State of New York (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 (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 April 2021, the trial court entered judgement in favour of Barclays Bank PLC for $3.3m and as yet to be determined legal fees and costs. BDC appealed. In January 2022, the appellate court reversed the trial court's summary judgment decision in favour of Barclays Bank PLC and remanded the case to the lower court for further proceedings.

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 Iranian Government 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' motions to dismiss three out of the six actions in the EDNY. Plaintiffs have appealed in one action. The remaining actions are stayed pending a decision on the appeal. Out of the two actions in the SDNY, the court also granted the defendants' motion to dismiss the first action, which is stayed pending a decision on the EDNY appeal. The second SDNY action is stayed, pending any appeal on the dismissal of the first.

Shareholder derivative action

In November 2020, 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 Group. The shareholder filed the claim on behalf of nominal defendant Barclays PLC, alleging that the individual defendants harmed the company through breaches of their duties, including under the Companies Act 2006. The plaintiff seeks damages on behalf of Barclays PLC for the losses that Barclays PLC allegedly suffered as a result of these alleged breaches. An amended complaint was filed in April 2021, which BCI and certain other defendants have moved to dismiss.

Derivative transactions civil action

In 2021, Vestia (a Dutch housing association) brought a claim against Barclays Bank PLC in the UK in the High Court in relation to a series of derivative transactions entered into with Barclays Bank PLC between 2008 and 2011, seeking damages of £329m. Barclays Bank PLC is defending the claim and has made a counterclaim.

Timeshare loans, skilled person review, and associated matters

In August 2020, the FCA granted an application by Clydesdale Financial Services Limited (CFS), which trades as Barclays Partner Finance and houses Barclays' point-of-sale finance business, for a validation order with respect to certain loans to customers brokered between April 2014 and April 2016 by Azure Services Limited (ASL), a timeshare operator, which did not, at the point of sale, hold the necessary broker licence. As a condition to the validation order, the FCA required CFS to undertake a skilled person review of the assessment of affordability processes for the loans brokered by ASL (ASL Loans) as well as CFS' policies and procedures for assessing affordability and oversight of brokers more generally, and dictated a remediation methodology in the event that ASL Loans did not pass the affordability test. CFS has voluntarily agreed to remediate the ASL Loans, which is expected to amount to £37.4m, in accordance with the FCA's methodology and the remediation exercise is at an advanced stage. The remaining scope of the skilled person review is complete. The skilled person made a number of observations, some of which were adverse, about both current and historic affordability practices as well as current oversight practices. CFS is not required to conduct a full back book review but, subject to agreement with the FCA, will be reviewing discrete cohorts of loans to determine whether historic affordability and/or broker oversight practices may have caused customer harm. Where harm is identified, CFS' intention is to remediate.

Notes to the financial statements
Accruals, provisions, contingent liabilities and legal proceedings continued

26 Legal, competition and regulatory matters continued

Following on from the skilled person review, there is ongoing dialogue with the FCA regarding other loans brokered by ASL and entered into outside the April 2014 to April 2016 period. Separately there is ongoing dialogue with the Financial Ombudsman Service (FOS) regarding a number of other complaints involving timeshare loans.

It is not currently possible to predict the outcome of this dialogue with the FCA or the FOS or the financial impact on the Group.

2. Barclays PLC, Barclays Bank PLC and Barclays Bank UK PLC

Investigation into UK cards' affordability

The FCA has been 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. In October 2021, the FCA confirmed that this investigation was closed with no further action.

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 brought claims in 2018 against Barclays Bank PLC and Barclays Bank UK PLC asserting that they entered into loans between 2006 and 2008 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 were successful in their applications to strike out the claims. The claims have been settled on terms such that the parties have agreed not to pursue these claims further and to bear their own costs. The financial impact of the settlements is not material to the Group's operating results, cash flows or financial position.

3. Barclays PLC

Alternative trading systems

In 2020, a claim was brought against Barclays PLC in the UK in the High Court by various shareholders regarding Barclays PLC's share price based on the allegations contained within a complaint by the New York State Attorney General (NYAG) in 2014. Such claim was settled in 2016, as previously disclosed. The more recent claim seeks unquantified damages. The NYAG complaint was filed against Barclays PLC and BCI in the NY Supreme Court alleging, among other things, that Barclays PLC and BCI engaged in fraud and deceptive practices in connection with LX, BCI's SEC-registered alternative trading system.

General

The 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 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 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 Group is or has been engaged. The 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 PLC does not expect the ultimate resolution of any of these other matters to have a material adverse effect on the Group's 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 PLC's results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

Notes to the financial statements
Capital instruments, equity and reserves

The notes included in this section focus on the 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 Group maintains sufficient capital to meet our regulatory requirements refer to the Capital risk management section.

27 Subordinated liabilities

Accounting for subordinated liabilities
Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9.

	2021 £m	2020 £m
As at 1 January	**16,341**	18,156
Issuances	**1,890**	1,438
Redemptions	**(4,807)**	(3,464)
Other	**(665)**	211
As at 31 December	**12,759**	16,341

Issuances of £1,890m comprise £855m EUR 1.125% Fixed Rate Resetting Subordinated Callable Notes and £724m USD 3.811% Fixed Rate Resetting Subordinated Callable Notes, both issued externally by Barclays PLC and £229m USD Floating Rate Notes and £82m ZAR Floating Rate Notes issued externally by Barclays subsidiaries.

Redemptions of £4,807m comprise £1,961m GBP 10% Fixed Rate Subordinated Notes, £1,339m EUR 6% Fixed Rate Subordinated Notes, £1,075m USD 10.179% Fixed Rate Subordinated Notes, £200m GBP 9.5% Subordinated Bonds and £86m EUR Subordinated Floating Rate Notes, issued externally by Barclays Bank PLC and £146m USD Floating Rate Notes issued externally by a Barclays subsidiary.

Other movements predominantly comprise foreign exchange movements, fair value hedge adjustments and reclassification from Debt Securities in Issue of £67m Undated Subordinated Loan Notes (secured) issued externally by a Barclays securitisation special purpose vehicle (SPV) in 2020.

Subordinated liabilities include accrued interest and comprise undated and dated subordinated liabilities as follows:

	2021 £m	2020 £m
Undated subordinated liabilities	**355**	308
Dated subordinated liabilities	**12,404**	16,033
Total subordinated liabilities	**12,759**	16,341

None of the Group's subordinated liabilities are secured other than the £67m Undated Subordinated Loan Notes (secured).

Undated subordinated liabilities[a]

	Initial call date	2021 £m	2020 £m
Barclays Bank PLC issued			
Tier One Notes (TONs)			
6% Callable Perpetual Core Tier One Notes	2032	**15**	17
6.86% Callable Perpetual Core Tier One Notes (USD 179m)	2032	**194**	205
Reserve Capital Instruments (RCIs)			
5.3304% Step-up Callable Perpetual Reserve Capital Instruments	2036	**51**	56
Undated Notes			
Junior Undated Floating Rate Notes (USD 38m)	Any interest payment date	**28**	28
Barclays securitisation SPV issued			
Undated Subordinated Loan Notes (secured)			
Undated Subordinated Loan Notes (secured) (GBP 67m)	At any time	**67**	—
Total undated subordinated liabilities		**355**	308

Note
a Instrument values are disclosed to the nearest million.

Notes to the financial statements
Capital instruments, equity and reserves continued

27 Subordinated liabilities continued

Undated subordinated liabilities
The undated subordinated liabilities that are issued by Barclays Bank PLC and its subsidiaries are for the development and expansion of the businesses and to strengthen the capital bases. The principal terms of such undated subordinated liabilities are described below:

Subordination
All undated subordinated liabilities rank behind the claims against Barclays Bank PLC of depositors and other unsecured unsubordinated creditors and holders of dated subordinated liabilities in the following order: Junior Undated Floating Rate Notes; followed by TONs and RCIs ranking pari passu with each other.

Interest
The Junior Undated Notes are floating rate notes where rates are fixed periodically in advance based on the related market rate.

The TONs and RCIs bear a fixed rate of interest until the initial call date. After the initial call date, in the event that they are not redeemed, the TONs and RCIs will bear interest at rates fixed periodically in advance based on market rates.

Payment of interest
No payment of principal or any interest may be made in relation to the TONs and RCIs 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. 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.

Undated Subordinated Loan Notes (secured)
The Undated Subordinated Loan Notes (secured) are direct, secured, subordinated and limited recourse obligations of the SPV issuer issued in connection with a securitisation of assets originated by a subsidiary of Barclays PLC. Payments of principal and interest are subject to the relevant priority of payments for the securitisation. The security is held on trust for the holders of such loan notes and the other secured creditors to the securitisation and any proceeds from the enforcement of such security shall be applied in accordance with the post enforcement priority of payments. Such loan notes have interest calculated periodically based on overnight market interest rates for Sterling and will mature on the first interest payment date following the date which is 12 months after the contractual maturity date of the longest dated remaining eligible receivable at the end of the revolving period for asset additions. Such loan notes may be accelerated upon the SPV issuer's non-payment, breach of other obligations, material misrepresentation, insolvency, repudiation or change of control or it becomes unlawful for the SPV issuer to perform its obligations. The loans notes are non-convertible.

27 Subordinated liabilities continued

Dated subordinated liabilities[a]

	Initial call date	Maturity date	2021 £m	2020 £m
Barclays PLC issued				
2% Fixed Rate Subordinated Callable Notes (EUR 1,500m)	2023	2028	**1,283**	1,384
4.375% Fixed Rate Subordinated Notes (USD 1,250m)		2024	**974**	990
3.75% Fixed Rate Resetting Subordinated Callable Notes (GBP 500m)	2025	2030	**483**	504
3.75% Fixed Rate Resetting Subordinated Callable Notes (SGD 200m)	2025	2030	**113**	119
5.20% Fixed Rate Subordinated Notes (USD 2,050m)		2026	**1,564**	1,610
1.125% Fixed Rate Resetting Subordinated Callable Notes (EUR 1,000m)	2026	2031	**833**	—
4.836% Fixed Rate Subordinated Callable Notes (USD 2,000m)	2027	2028	**1,564**	1,627
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 1,500m)	2029	2030	**1,162**	1,213
3.564% Fixed Rate Resetting Subordinated Callable Notes (USD 1,000m)	2030	2035	**696**	703
3.811% Fixed Rate Resetting Subordinated Callable Notes (USD 1,000m)	2041	2042	**782**	—
Barclays Bank PLC issued				
6% Fixed Rate Subordinated Notes (EUR 1,500m)		2021	**—**	1,427
9.5% Subordinated Bonds (ex-Woolwich Plc)		2021	**—**	221
Subordinated Floating Rate Notes (EUR 100m)		2021	**—**	90
10% Fixed Rate Subordinated Notes		2021	**—**	2,108
10.179% Fixed Rate Subordinated Notes (USD 1,521m)		2021	**—**	1,101
Subordinated Floating Rate Notes (EUR 50m)		2022	**42**	45
6.625% Fixed Rate Subordinated Notes (EUR 1,000m)		2022	**889**	982
7.625% Contingent Capital Notes (USD 3,000m)		2022	**1,133**	1,132
Subordinated Floating Rate Notes (EUR 50m)		2023	**42**	45
5.75% Fixed Rate Subordinated Notes		2026	**322**	351
5.4% Reverse Dual Currency Subordinated Loan (JPY 15,000m)		2027	**97**	108
6.33% Subordinated Notes		2032	**59**	64
Subordinated Floating Rate Notes (EUR 68m)		2040	**57**	61
External issuances by other subsidiaries		2026	**311**	146
Total dated subordinated liabilities			**12,404**	16,033

Note
a Instrument values are disclosed to the nearest million.

Dated subordinated liabilities
Dated subordinated liabilities are issued by Barclays PLC, Barclays Bank PLC and its subsidiaries for the development and expansion of their businesses and to strengthen their respective capital bases. The principal terms of the dated subordinated liabilities are described below:

Subordination
Dated subordinated liabilities issued by Barclays PLC ranks behind the claims against Barclays PLC of unsecured unsubordinated creditors but before the claims of the holders of its equity.

All dated subordinated liabilities externally issued by Barclays Bank PLC rank behind the claims against Barclays Bank PLC of depositors and other unsecured unsubordinated creditors but before the claims of the undated subordinated liabilities and the holders of its equity. The dated subordinated liabilities externally issued by other subsidiaries are similarly subordinated as the external subordinated liabilities issued by Barclays Bank PLC.

Interest
Interest on the Floating Rate Notes is fixed periodically in advance, based on the related market rates.

Interest on Fixed Rate Notes is set by reference to market rates at the time of issuance and fixed until maturity.

Interest on the 4.836% Fixed Rate Subordinated Callable Notes, 2% Fixed Rate Subordinated Callable Notes, 3.75% SGD Fixed Rate Resetting Subordinated Callable Notes, 3.75% GBP Fixed Rate Resetting Subordinated Callable Notes, 3.811% Fixed Rate Resetting Subordinated Callable notes, 1.125% Fixed Rate Resetting Subordinated Callable Notes, and the 3.564% Fixed Rate Resetting Subordinated Callable Notes are fixed until the call date. After the respective call dates, in the event that they are not redeemed, the interest rates will be reset and fixed until maturity based on a market rate. Interest on the 5.088% Fixed-to-Floating Rate Subordinated Callable Notes is fixed until the call date. After the call date, in the event that they are not redeemed, the interest rate will reset periodically in advance based on market rates.

Repayment
Those subordinated liabilities with a call date are repayable at the option of the issuer on such call date in accordance with the 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 2021 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.

Notes to the financial statements
Capital instruments, equity and reserves continued

27 Subordinated liabilities continued

Any repayments prior to maturity require, in the case of Barclays PLC and Barclays Bank PLC, the prior consent of the PRA, or in the case of the overseas issues, the approval 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 Group) for nil consideration in the event the Barclays PLC transitional CET1 ratio falls below 7%.

28 Ordinary shares, share premium, and other equity

Called up share capital, allotted and fully paid

	Number of shares	Ordinary share capital	Ordinary share premium	Total share capital and share premium	Other equity instruments
	m	£m	£m	£m	£m
As at 1 January 2021	**17,359**	**4,340**	**297**	**4,637**	**11,172**
Issued to staff under share incentive plans	**37**	**9**	**51**	**60**	**—**
AT1 securities issuance	**—**	**—**	**—**	**—**	**1,078**
Repurchase of shares	**(644)**	**(161)**	**—**	**(161)**	**—**
Other movements	**—**	**—**	**—**	**—**	**9**
As at 31 December 2021	**16,752**	**4,188**	**348**	**4,536**	**12,259**
As at 1 January 2020	17,322	4,331	263	4,594	10,871
Issued to staff under share incentive plans	37	9	34	43	—
AT1 securities issuance	—	—	—	—	1,142
AT1 securities redemption	—	—	—	—	(831)
Other movements	—	—	—	—	(10)
As at 31 December 2020	17,359	4,340	297	4,637	11,172

Called up share capital
Called up share capital comprises 16,752m (2020: 17,359m) ordinary shares of 25p each.

Share repurchase
At the 2021 AGM on 5 May 2021, Barclays PLC was authorised to repurchase up to an aggregate of 1,737m of its ordinary shares of 25p. The authorisation is effective until the AGM in 2022 or the close of business on 30 June 2022, whichever is the earlier. During 2021, 644m shares were repurchased with a total nominal value of £161m (2020: none).

Other equity instruments
Other equity instruments of £12,259m (2020: £11,172m) include AT1 securities issued by Barclays PLC. 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 2021, there was one issuance of AT1 instruments, in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities, for £1,078m (2020: one issuance for £1,142m) which includes issuance costs of £4m (2020: £4m). There were no redemptions in 2021 (2020: one redemption of £831m).

AT1 equity instruments

	Initial call date	2021 £m	2020 £m
AT1 equity instruments - Barclays PLC			
7.875% Perpetual Subordinated Contingent Convertible Securities[a]	2022	**995**	986
7.875% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2022	**1,131**	1,131
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	**1,245**	1,245
7.75% Perpetual Subordinated Contingent Convertible Securities (USD 2,500m)[a]	2023	**1,924**	1,925
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	**1,244**	1,244
8% Perpetual Subordinated Contingent Convertible Securities (USD 2,000m)	2024	**1,509**	1,509
7.125% Perpetual Subordinated Contingent Convertible Securities[a]	2025	**996**	994
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	**996**	996
6.125% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)[a]	2025	**1,141**	1,142
4.375% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2028	**1,078**	—
Total AT1 equity instruments		**12,259**	11,172

Note
a Reported net of securities held by the Group.

28 Ordinary shares, share premium, and other equity continued

The principal terms of the AT1 securities are described below:

- AT1 securities rank behind the claims against Barclays PLC of 1) unsubordinated creditors; 2) claims which are expressed to be subordinated to the claims of unsubordinated creditors of Barclays PLC but not further or otherwise; or 3) claims which are, or are expressed to be, junior to the claims of other creditors of Barclays PLC, whether subordinated or unsubordinated, other than claims which rank, or are expressed to rank, pari passu with, or junior to, the claims of holders of the AT1 securities.
- AT1 securities are undated and are redeemable, at the option of Barclays PLC, in whole on (i) the initial reset date, or on any fifth anniversary after the initial reset date or (ii) any day falling in a named period ending on the initial reset date, or on any fifth anniversary after the initial reset date. In addition, the AT1 securities are redeemable, at the option of Barclays PLC, in whole in the event of certain changes in the tax or regulatory treatment of the securities. Any redemptions require the prior consent of the PRA.
- AT1 securities bear a fixed rate of interest until the initial reset date. After the initial reset date, in the event that they are not redeemed, the AT1 securities will bear interest at rates fixed periodically in advance for five-year periods based on market rates.
- Interest on the AT1 securities will be due and payable only at the sole discretion of Barclays PLC, and Barclays PLC has sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date.

All AT1 securities will be converted into ordinary shares of Barclays PLC, at a pre-determined price, should the fully loaded CET1 ratio of the Group fall below 7%

29 Reserves

Currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the retranslation of the Group's 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 profit or loss 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 treasury shares

Other reserves relate to redeemed ordinary and preference shares issued by the Group.

Treasury shares relate to Barclays PLC shares held in relation to the Group's various share schemes. These schemes are described in Note 32. Treasury shares are deducted from shareholders' equity within other reserves. A transfer is made to retained earnings in line with the vesting of treasury shares held for the purposes of share-based payments.

	2021 £m	2020 £m
Currency translation reserve	**2,740**	2,871
Fair value through other comprehensive income reserve	**(283)**	5
Cash flow hedging reserve	**(853)**	1,575
Own credit reserve	**(960)**	(954)
Other reserves and treasury shares	**1,126**	964
Total	**1,770**	4,461

Notes to the financial statements
Capital instruments, equity and reserves continued

30 Non-controlling interests

	Profit attributable to non-controlling interest		Equity attributable to non-controlling interest		Dividends paid to non-controlling interest	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Barclays Bank PLC issued:						
– Preference shares	**27**	42	**529**	529	**27**	42
– Upper Tier 2 instruments	**17**	37	**458**	533	**17**	37
Other non-controlling interests	**3**	(1)	**2**	23	**—**	—
Total	**47**	78	**989**	1,085	**44**	79

In 2021, there were no issuances (2020: none) and one redemption of £75m (2020: £158m) relating to the 9.25% perpetual subordinated bonds.

Barclays Bank PLC and protective rights of non-controlling interests

Barclays PLC holds 100% of the voting rights of Barclays Bank PLC. As at 31 December 2021, Barclays Bank PLC has in issue preference shares and Upper Tier 2 instruments. These are non-controlling interests to the Group.

A fixed coupon rate is attached to all Upper Tier 2 instruments until the initial call date, with the exception of the 9% Bonds, which are fixed for the life of the issue and the Series 1, Series 2 and Series 3 Undated Notes, which are floating rate at rates fixed periodically in advance based on market rates.

After the initial call date, in the event they are not redeemed, coupon payments in relation to the 6.125% Undated Notes are fixed periodically in advance for five-year periods based on market rates. Coupon payments for all other Upper Tier 2 instruments are at rates fixed periodically in advance based on market rates.

The payment of preference share dividends and Upper Tier 2 coupons are typically at the discretion of Barclays Bank PLC, except for coupon payments that become compulsory where Barclays PLC has declared or paid a dividend on ordinary shares, or in certain cases, any class of preference shares, in the preceding six-month period. Coupons not paid becomes payable in each case if such a dividend is subsequently paid or in certain other circumstances. No dividend or coupon payments may be made unless Barclays Bank PLC satisfies a specified solvency test. Under the terms of these instruments, Barclays PLC may not pay dividends on ordinary shares until a dividend or coupon is next paid on these instruments or the instruments are redeemed or purchased by Barclays Bank PLC. There are no restrictions on Barclays Bank PLC's ability to remit capital to the Parent as a result of these issued instruments.

Preference share redemptions are typically at the discretion of Barclays Bank PLC. Upper Tier 2 instruments are repayable, at the option of Barclays Bank PLC generally in whole at the initial call date and on any subsequent coupon payment date or, in the case of the 6.125% Undated Notes on any fifth anniversary after the initial call date. In addition, each issue of Upper Tier 2 instruments 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 or redemptions require the prior consent of the PRA, and in respect of the preference shares, any such redemption will be subject to the Companies Act 2006 and the Articles of Barclays Bank PLC.

Instrument	2021 £m	2020 £m
Preference Shares:		
US Dollar Preference Shares	**318**	318
Euro Preference Shares	**211**	211
Total Barclays Bank PLC Preference Shares	**529**	529
Upper Tier 2 Instruments:		
Undated Floating Rate Primary Capital Notes Series 1	**93**	93
Undated Floating Rate Primary Capital Notes Series 2	**179**	179
5.03% Undated Reverse Dual Currency Subordinated Loan (JPY8bn)	**39**	39
5.0% Reverse Dual Currency Undated Subordinated Loan (JPY12bn)	**53**	53
Undated Floating Rate Primary Capital Notes Series 3 (£145m)	**20**	20
9% Permanent Interest Bearing Capital Bonds (£100m)	**40**	40
6.125% Undated Subordinated Notes (£550m)	**34**	34
9.25% Perpetual Subordinated Bonds (ex Woolwich) (£150m)	**—**	75
Total Upper Tier 2 Instruments	**458**	533

Employee benefits

The notes included in this section focus on the costs and commitments associated with employing our staff.

31 Staff costs

Accounting for staff costs

The 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 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 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 Group, taking into account the changing employee understanding surrounding those awards, considered it appropriate for expense to be recognised over the vesting period 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 32 and Note 33 respectively.

	2021 £m	2020 £m	2019 £m
Incentive awards granted:			
Current year bonus	**1,278**	1,090	1,058
Deferred bonus	**667**	490	432
Total incentive awards granted	**1,945**	1,580	1,490
Reconciliation of incentive awards granted to income statement charge:			
Less: deferred bonuses granted but not charged in current year	**(457)**	(335)	(293)
Add: current year charges for deferred bonuses from previous years	**280**	293	308
Other differences between incentive awards granted and income statement charge	**(23)**	(34)	(48)
Income statement charge for performance costs	**1,745**	1,504	1,457
Other income statement charges:			
Salaries	**4,290**	4,322	4,332
Social security costs	**619**	613	573
Post-retirement benefits[a]	**539**	519	501
Other compensation costs	**431**	479	480
Total compensation costs[b]	**7,624**	7,437	7,343
Other resourcing costs:			
Outsourcing	**357**	342	433
Redundancy and restructuring	**296**	102	132
Temporary staff costs	**109**	102	256
Other	**125**	114	151
Total other resourcing costs	**887**	660	972
Total staff costs	**8,511**	8,097	8,315

Notes

a Post-retirement benefits charge includes £289m (2020: £279m; 2019: £270m) in respect of defined contribution schemes and £250m (2020: £240m; 2019: £231m) in respect of defined benefit schemes.

b £484m (2020: £451m; 2019: £439m) of Group compensation was capitalised as internally generated software and excluded from the Staff cost disclosed above .

Notes to the financial statements

Employee benefits continued

32 Share-based payments

Accounting for share-based payments

The 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		
	2021	2020	2019
	£m	£m	£m
Deferred Share Value Plan and Share Value Plan	**256**	245	272
Others	**216**	184	206
Total equity settled	**472**	429	478
Cash settled	**5**	2	3
Total share-based payments	**477**	431	481

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:

	2021				2020			
	Weighted average fair value per award granted in year	Weighted average share price at exercise/ release during year	Weighted average remaining contractual life	Number of options/ awards outstanding	Weighted average fair value per award granted in year	Weighted average share price at exercise/ release during year	Weighted average remaining contractual life	Number of options/ awards outstanding
	£	£	in years	(000s)	£	£	in years	(000s)
DSVP and SVP[a,b]	**1.62**	**1.76**	**1**	**413,859**	1.06	1.24	1	416,941
Others[a]	**0.64-1.80**	**1.75-1.92**	**0-3**	**335,976**	0.23-1.24	1.04-1.68	0-3	356,033

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.

32 Share-based payments continued

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.

Sharesave has a contractual life of 3 and five years, the expected volatility is 30.97% for 3 years and 29.76% for 5 years. The risk free interest rates used for valuations are 1.20% and 1.18% for 3 and 5 years respectively.

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 and SVP[a,b]		Others[a,c]			
	Number (000s)		Number (000s)		Weighted average ex. price (£)	
	2021	2020	2021	2020	2021	2020
Outstanding at beginning of year/acquisition date	**416,941**	331,491	**356,033**	232,259	**0.96**	1.29
Granted in the year	**187,667**	232,379	**120,385**	365,166	**1.43**	0.84
Exercised/released in the year	**(160,460)**	(132,376)	**(107,688)**	(123,042)	**1.38**	1.22
Less: forfeited in the year	**(30,289)**	(14,553)	**(24,489)**	(105,068)	**0.95**	1.24
Less: expired in the year	**—**	—	**(8,265)**	(13,282)	**1.67**	1.35
Outstanding at end of year	**413,859**	416,941	**335,976**	356,033	**0.95**	0.96
Of which exercisable:	**—**	—	**28,609**	30,833	**1.23**	1.66

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 8,821,715). The weighted average exercise price relates to Sharesave.

Awards and options granted under the Group's share plans may be satisfied using new issue shares, treasury shares and market purchase shares. Awards granted under the DSVP may be satisfied using market purchase shares only.

There were no significant modifications to the share-based payments arrangements in 2021 and 2020.

As at 31 December 2021, the total liability arising from cash-settled share-based payments transactions was £5m (2020: £2m).

Holdings of Barclays PLC shares and hedges

Various employee benefit trusts established by the Group hold shares in Barclays PLC to meet obligations under the Barclays share-based payment schemes. The total number of Barclays shares held in these employee benefit trusts at 31 December 2021 was 12.9m (2020: 17.1m). Dividend rights have been waived on all these shares. The total market value of the shares held in trust based on the year end share price of £1.87 (2020: £1.27) was £24m (2020: £22m). For accounting of treasury shares, see Note 29.

The Group has entered into physically settled forward contracts to hedge the settlement of certain share-based payment schemes. The fixed forward price to be paid under these contracts is £416m and has been recorded in retained earnings.

Notes to the financial statements
Employee benefits continued

33 Pensions and post-retirement benefits

Accounting for pensions and post-retirement benefits
The Group operates a number of pension schemes and post-employment benefit schemes.

Defined contribution schemes – the 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 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 Group, using a methodology similar to that for defined benefit pension schemes.

Pension schemes
UK Retirement Fund (UKRF)
The UKRF is the Group's main scheme, representing 97% of the 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' discretion. The costs of ill-health retirements and death in service benefits for Afterwork members are borne by the UKRF. The main risks that Barclays 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, a historic defined contribution section which is now closed to future contributions. The risks that Barclays 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.

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 Barclays 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, Barclays operates a number of smaller pension and long-term employee benefits and post-retirement healthcare plans globally, the largest of which are the US defined benefit and defined contribution 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 Group.

The Trustee Board comprises six Management Directors selected by Barclays, of whom three are independent Directors with no relationship with Barclays (and who are not members of the UKRF), plus three Member Nominated Directors selected from eligible active staff, deferred and 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 Group's other pension schemes, depending on local legislation.

33 Pensions and post-retirement benefits continued

Amounts recognised

The following tables include amounts recognised in the income statement and an analysis of benefit obligations and scheme assets for all 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

	2021 £m	2020 £m	2019 £m
Current service cost	**247**	243	231
Net finance cost	**(26)**	(40)	(48)
Past service cost	**—**	(4)	—
Other movements	**3**	1	—
Total	**224**	200	183

Balance sheet reconciliation

	2021		2020	
	Total £m	Of which relates to UKRF £m	Total £m	Of which relates to UKRF £m
Benefit obligation at beginning of the year	**(33,190)**	**(32,108)**	(30,333)	(29,304)
Current service cost	**(247)**	**(225)**	(243)	(217)
Interest costs on scheme liabilities	**(422)**	**(405)**	(573)	(549)
Past service cost	**—**	**—**	4	—
Remeasurement (loss)/gain – financial	**848**	**820**	(3,439)	(3,358)
Remeasurement (loss)/gain – demographic	**53**	**50**	(281)	(286)
Remeasurement (loss)/gain – experience	**(249)**	**(259)**	244	237
Employee contributions	**(4)**	**—**	(5)	(1)
Benefits paid	**1,309**	**1,268**	1,406	1,370
Exchange and other movements	**3**	**—**	30	—
Benefit obligation at end of the year	**(31,899)**	**(30,859)**	(33,190)	(32,108)
Fair value of scheme assets at beginning of the year	**34,713**	**33,915**	32,093	31,362
Interest income on scheme assets	**448**	**434**	613	595
Employer contribution	**971**	**955**	265	248
Remeasurement – return on scheme assets greater than discount rate	**653**	**642**	3,411	3,328
Employee contributions	**4**	**—**	5	1
Benefits paid	**(1,309)**	**(1,268)**	(1,406)	(1,370)
Exchange and other movements	**(13)**	**—**	(268)	(249)
Fair value of scheme assets at end of the year	**35,467**	**34,678**	34,713	33,915
Net surplus	**3,568**	**3,819**	1,523	1,807
Retirement benefit assets	**3,879**	**3,819**	1,814	1,807
Retirement benefit liabilities	**(311)**	**—**	(291)	—
Net retirement benefit assets	**3,568**	**3,819**	1,523	1,807

Included within the benefit obligation was £821m (2020: £867m) relating to overseas pensions and £219m (2020: £215m) relating to other post-employment benefits.

As at 31 December 2021, the UKRF's scheme assets were in surplus versus IAS 19 obligations by £3,819m (2020: £1,807m). The movement for the UKRF was driven by £700m of deficit reduction contributions, higher corporate bond yields and favorable asset returns, partially offset by higher expected long term price inflation.

The weighted average duration of the benefit payments reflected in the defined benefit obligation for the UKRF is 16 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 £1,268m (2020: £1,370m) UKRF benefits paid out, £419m (2020: £520m) 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 Group expects to be able to recover any surplus. Similarly, a liability in respect of future minimum funding requirements is not recognised. The Trustee does not have a substantive right to augment benefits, nor do they have the right to wind up the plan except in the dissolution of the Group or termination of contributions by the Group. 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.

Notes to the financial statements
Employee benefits continued

33 Pensions and post-retirement benefits continued

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	2021 % p.a.	2020 % p.a.
Discount rate	**1.84**	1.29
Inflation rate (RPI)	**3.56**	2.99

The UKRF discount rate assumption for 2021 was based on a standard Willis Towers Watson RATE Link model. The RPI inflation assumption for 2021 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 discount rate and 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 2020 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 2019 core projection model was used at 2020. 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	2021	2020	2019
Life expectancy at 60 for current pensioners (years)			
– Males	**27.3**	27.2	27.1
– Females	**29.6**	29.4	29.3
Life expectancy at 60 for future pensioners currently aged 40 (years)			
– Males	**29.1**	29.0	28.9
– Females	**31.4**	31.2	31.1

The UKRF entered into a £5bn longevity swap in 2020 covering around a quarter of the pensioner liabilities. The swap is part of the UKRF's investment portfolio and provide income in the event that pensions are paid out for longer than expected. The swap is not included directly within the balance sheet of Barclays PLC as it is an asset of the UKRF. At 31 December 2021, the swap is valued at nil (2020:nil) as experience since the swap was effected has been neutral.

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 expressing any specific view of the probability of such movements happening.

Change in key assumptions	2021 (Decrease)/ Increase in UKRF defined benefit obligation £bn	2020 (Decrease)/ Increase in UKRF defined benefit obligation £bn
Discount rate		
0.5% p.a. increase	**(2.3)**	(2.5)
0.25% p.a. increase	**(1.2)**	(1.3)
0.25% p.a. decrease	**1.3**	1.4
0.5% p.a. decrease	**2.6**	2.9
Assumed RPI		
0.5% p.a. increase	**1.6**	1.8
0.25% p.a. increase	**0.8**	0.9
0.25% p.a. decrease	**(0.8)**	(0.9)
0.5% p.a. decrease	**(1.6)**	(1.8)
Life expectancy at 60		
One year increase	**1.2**	1.2
One year decrease	**(1.2)**	(1.2)

33 Pensions and post-retirement benefits continued

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 scheme, 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

	Total				Of which relates to UKRF			
	Quoted[a] £m	Unquoted[a] £m	Value £m	% of total fair value of scheme assets %	Quoted[a] £m	Unquoted[a] £m	Value £m	% of total fair value of scheme assets %
As at 31 December 2021								
Equities	**214**	**1,377**	**1,591**	**4.5**	**86**	**1,377**	**1,463**	**4.2**
Private equities	**—**	**2,991**	**2,991**	**8.4**	**—**	**2,991**	**2,991**	**8.6**
Bonds - fixed government	**2,387**	**95**	**2,482**	**7.0**	**2,083**	**95**	**2,178**	**6.3**
Bonds - index-linked government	**13,478**	**679**	**14,157**	**39.9**	**13,455**	**679**	**14,134**	**40.8**
Bonds - corporate and other	**6,223**	**2,854**	**9,077**	**25.6**	**5,986**	**2,854**	**8,840**	**25.5**
Property	**14**	**1,490**	**1,504**	**4.3**	**—**	**1,490**	**1,490**	**4.3**
Infrastructure	**—**	**1,815**	**1,815**	**5.1**	**—**	**1,815**	**1,815**	**5.2**
Cash and liquid assets	**189**	**1,577**	**1,766**	**5.0**	**176**	**1,577**	**1,753**	**5.1**
Mixed investment funds	**9**	**—**	**9**	**—**	**—**	**—**	**—**	**—**
Other	**19**	**56**	**75**	**0.2**	**—**	**14**	**14**	**—**
Fair value of scheme assets	**22,533**	**12,934**	**35,467**	**100.0**	**21,786**	**12,892**	**34,678**	**100.0**
As at 31 December 2020								
Equities	567	1,498	2,065	5.9	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	34.6
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

Note

a Valuations of unquoted assets are provided by the underlying managers or qualified independent valuers. Valuations of complex instruments are based on UKRF custodian valuations. All valuations are determined in accordance with relevant industry guidance.

Included within the fair value of scheme assets were nil (2020: nil) relating to shares in Barclays PLC and nil (2020: nil) relating to bonds issued by Barclays PLC. 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 IAS 19.

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 2021 showed the funding position had improved to a surplus of £0.6bn from a deficit of £0.9bn shown at 30 September 2020. The improvement was mainly due to £0.7bn of deficit reduction contributions and favourable asset returns, partially offset by higher expected long term price inflation.

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.

Notes to the financial statements
Employee benefits continued

33 Pensions and post-retirement benefits continued

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.

Year	Deficit reduction contributions under the 30 September 2019 valuation £m
Cash paid:	
2021	700
Future commitments:	
2022	294
2023	286
2024 and beyond	—

During 2019 and 2020 the UKRF subscribed for non-transferrable listed senior fixed rate notes for £1,250m, 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 tranches: £250m in 2023, £750m in 2024, and £250m at final maturity in 2025. The regulatory capital impact, which otherwise would have occurred in 2019 and 2020 from the regular deficit reduction contributions, takes effect in 2023, 2024 and 2025 on maturity of the notes. As the UKRF's investment in these Senior Notes does not qualify as a plan asset under IAS 19, the £1,250m does not appear in the IAS 19 plan assets. The Senior Notes were issued by Heron Issuer Limited (Heron) for £500m and Heron Issuer Number 2 Limited (Heron 2) for £750m, entities consolidated within the Group under IFRS 10. Heron and Heron 2 acquired a total of £1,250m of gilts from Barclays Bank PLC for cash to support payments on the Senior Notes. There were no further transactions of this type in 2021.

The deficit reduction contributions are in addition to the regular contributions to meet the 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 38 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 2016, 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
2021	**955**
2020	748
2019	1,231

There were nil (2020: nil; 2019: nil) Section 75 contributions included within the Group's contributions paid as no participating employers left the UKRF in 2021.

The Group's expected contribution to the UKRF in respect of defined benefits in 2022 is £546m (2021: £959m). In addition, the expected contributions to UK defined contribution schemes in 2022 is £33m (2021: £35m) to the UKRF and £221m (2021: £209m) to the BPSP.

Scope of consolidation

The notes included in this section present information on the Group's investments in subsidiaries, joint ventures and associates and its interests in structured entities. Detail is also given on securitisation transactions the Group has entered into and arrangements that are held off-balance sheet.

34 Principal subsidiaries

The Group applies IFRS 10 *Consolidated Financial Statements.* The consolidated financial statements combine the financial statements of the Group and all its subsidiaries. Subsidiaries are entities over which the Group has control. Under IFRS 10, this is when the 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.

The 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 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 PLC, investments in subsidiaries are stated at cost less impairment.

Principal subsidiaries for the Group are set out below. This includes those subsidiaries that are most significant in the context of the 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 PLC	United Kingdom	Banking, holding company	100	2	—
Barclays Bank UK PLC	United Kingdom	Banking, holding company	100	—	—
Barclays Bank Ireland PLC	Ireland	Banking	100	—	—
Barclays Execution Services Limited	United Kingdom	Service company	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. Refer to Note 30 for more information.

Determining whether the 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 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 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 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 Group has control of an entity. However, the entity set out below is excluded from consolidation because the Group does not have exposure to its variable returns.

Company name	Country of registration or incorporation	Percentage of voting rights held %	Equity shareholders' funds £m	Retained profit for the year £m
Palomino Limited	Cayman Islands	100	—	—

This entity is managed by an external counterparty and consequently is not controlled by the Group. Interests relating to this entity are included in Note 35.

Notes to the financial statements
Scope of consolidation continued

34 Principal subsidiaries continued

Significant restrictions
As is typical for a group of its size and international scope, there are restrictions on the ability of Barclays PLC 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
Barclays' principal subsidiary companies have assets and liabilities before intercompany eliminations of £1,833bn (2020: £1,795bn) and £1,737bn (2020: £1,703bn) 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 PLC, on a going concern basis.

In order to meet capital requirements, subsidiaries may issue certain equity-accounted and debt-accounted financial instruments and non-equity instruments such as Tier 1 and Tier 2 capital instruments and other forms of subordinated liabilities. Refer to Note 27 and Note 28 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 Group are required to meet applicable PRA or local regulatory requirements pertaining to liquidity. Some of the regulated subsidiaries include Barclays Bank PLC and Barclays Capital Securities Limited (which are regulated on a combined basis under a Domestic Liquidity Sub-Group (DoLSub) arrangement), Barclays Bank UK PLC, Barclays Bank Ireland PLC, Barclays Capital Inc. and Barclays Bank Delaware. Refer to the Liquidity risk section for further details of liquidity requirements, including those of the Group's significant subsidiaries.

Statutory requirements
The 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 PLC, the ultimate 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 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 Group. The assets typically affected are disclosed in Note 38.

Other restrictions
The Group is required to maintain balances with central banks and other regulatory authorities, and these amounted to £4,750m (2020: £3,392m).

35 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding who controls the entity. Voting rights may relate to administrative tasks only, with the relevant activities of the entity being directed by means of contractual arrangements. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Depending on the 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 Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

- Securitisation vehicles: The Group uses securitisation as a source of financing and a means of risk transfer. Where entities are controlled by the Group, they are consolidated. Refer to Note 37 for further detail.
- Commercial Paper (CP) conduits: These entities issue CP and use the proceeds to lend to clients as part of the Group's multi-seller conduit programme. The Group has provided £17.2bn (2020: £16.9bn) in contractual liquidity facilities to the CP conduits that the Group consolidates. These amounts represent the maximum the conduits can lend externally. The amounts of CP conduit lending (drawn and undrawn) to unconsolidated structured entities can be seen in Other interests in unconsolidated structured entities under multi-seller conduit programme in the Nature of interest table.
- Employee benefit trusts: The Group provides capital contributions to employee benefit trusts to enable them to meet obligations to employees in relation to share-based remuneration arrangements.
- Tender Option Bond (TOB) trusts: During 2021, the Group provided undrawn liquidity facilities of £3.3bn (2020: £2.9bn) to consolidated TOB trusts. These trusts invest in fixed income instruments issued by state, local or other municipalities in the United States, funded by long-term senior floating-rate notes and junior residual securities.

Unconsolidated structured entities
The term 'unconsolidated structured entities' refers to structured entities not controlled by Barclays, and are established either by Barclays or a third party. 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 Group. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to the Group, lending, loan commitments, financial guarantees and investment management agreements.

35 Structured entities continued

The Group enters into transactions with unconsolidated structured entities in the normal course of business to facilitate customer transactions, to provide risk management services and for specific investment opportunities. This is predominantly within the CIB business. Structured entities may take the form of funds, trusts, securitisation vehicles, and private investment companies. The largest transactions for Barclays include loans and derivatives with hedge fund structures and special purpose entities, multi-seller conduit lending, holding notes issued by securitisation vehicles, and facilitating customer requirements through funds.

The nature and extent of the Group's interests in structured entities is summarised below:

Summary of interests in unconsolidated structured entities

	Secured financing £m	Short-term traded interests £m	Traded derivatives £m	Other interests £m	Total £m
As at 31 December 2021					
Assets					
Trading portfolio assets	**—**	**7,170**	**—**	**—**	**7,170**
Financial assets at fair value through the income statement	**61,816**	**—**	**—**	**3,490**	**65,306**
Derivative financial instruments	**—**	**—**	**5,160**	**—**	**5,160**
Financial assets at fair value through other comprehensive income	**—**	**—**	**—**	**91**	**91**
Loans and advances at amortised cost	**—**	**—**	**—**	**28,227**	**28,227**
Reverse repurchase agreements and other similar secured lending	**104**	**—**	**—**	**—**	**104**
Other assets	**—**	**—**	**—**	**17**	**17**
Total assets	**61,920**	**7,170**	**5,160**	**31,825**	**106,075**
Liabilities					
Derivative financial instruments	**—**	**—**	**9,543**	**—**	**9,543**
As at 31 December 2020					
Assets					
Trading portfolio assets	—	11,361	—	—	11,361
Financial assets at fair value through the income statement	56,265	—	—	2,864	59,129
Derivative financial instruments	—	—	2,968	—	2,968
Financial assets at fair value through other comprehensive income	—	—	—	153	153
Loans and advances at amortised cost	—	—	—	20,946	20,946
Reverse repurchase agreements and other similar secured lending	10	—	—	—	10
Other assets	—	—	—	16	16
Total assets	56,275	11,361	2,968	23,979	94,583
Liabilities					
Derivative financial instruments	—	—	7,075	—	7,075

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. As at 31 December 2021, there were 5,891 (2020: 3,394) structured entities that Barclays entered into transactions with.

Secured financing

The Group routinely enters into reverse repurchase contracts, margin lending, 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 Group is able to manage its variable exposure to the performance of the structured entity counterparty. The counterparties included in secured financing mainly include hedge fund limited structures, investment companies and special purpose entities.

Short-term traded interests

As part of its market making activities, the Group buys and sells interests in structured vehicles, which are predominantly debt securities issued by asset securitisation vehicles. Such interests are typically held individually or as part of a larger portfolio for no more than 90 days. In such cases, the 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.

Traded derivatives

The 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. Interest rate swaps, foreign exchange derivatives that are not complex and which expose the 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.

Notes to the financial statements

Scope of consolidation continued

35 Structured entities continued

A description of the types of derivatives and the risk management practices are detailed in Note 14. 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 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 Group is mainly exposed to settlement risk on these derivatives which is mitigated through daily margining. Total notional contract amounts were £217,055m (2020: £153,894m).

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 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 Group's interests in structured entities not held for the purposes of short-term trading activities are set out below, summarised by the nature of the interest and limited to significant categories, based on maximum exposure to loss.

Nature of interest

	Multi-seller conduit programme £m	Lending £m	Other £m	Total £m	Of which: Barclays owned, not consolidated entities[a] £m
As at 31 December 2021					
Financial assets at fair value through the income statement	**—**	**70**	**3,420**	**3,490**	**3,335**
Financial assets at fair value through other comprehensive income	**—**	**53**	**38**	**91**	**—**
Loans and advances at amortised cost	**5,184**	**14,538**	**8,505**	**28,227**	**—**
Other assets	**8**	**4**	**5**	**17**	**—**
Total on-balance sheet exposures	**5,192**	**14,665**	**11,968**	**31,825**	**3,335**
Total off-balance sheet notional amounts	**11,015**	**9,426**	**—**	**20,441**	**—**
Maximum exposure to loss	**16,207**	**24,091**	**11,968**	**52,266**	**3,335**
Total assets of the entity	**65,441**	**166,238**	**52,873**	**284,552**	**11,513**
As at 31 December 2020					
Financial assets at fair value through the income statement	—	98	2,766	2,864	2,698
Financial assets at fair value through other comprehensive income	—	106	47	153	—
Loans and advances at amortised cost	5,146	12,721	3,079	20,946	—
Other assets	8	3	5	16	—
Total on-balance sheet exposures	5,154	12,928	5,897	23,979	2,698
Total off-balance sheet notional amounts	11,750	7,555	—	19,305	—
Maximum exposure to loss	16,904	20,483	5,897	43,284	2,698
Total assets of the entity	87,004	159,804	44,362	291,170	11,008

Note

a Comprises of Barclays owned, not consolidated structured entities per IFRS 10 Consolidated Financial Statements, and Barclays sponsored entities, Refer to Note 34 Principal subsidiaries for more details on consolidation.

Maximum exposure to loss

Unless specified otherwise below, the 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

Barclays' multi-seller conduit programme 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 entities. The 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 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 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 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 Group incurred an impairment of £28m (2020: £23m) against such facilities.

35 Structured entities continued

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 performance of the fund and trusts held on behalf of beneficiaries with interests restricted to unpaid fees.

Assets transferred to sponsored unconsolidated structured entities

Barclays is considered to sponsor another entity if, it had a key role in establishing that entity, it transferred assets to the entity, the Barclays name appears in the name of the entity or it provides guarantees on the entity's performance. As at 31 December 2021, assets transferred to sponsored unconsolidated structured entities were £1,662m (2020: £730m).

36 Investments in associates and joint ventures

Accounting for associates and joint ventures

The Group applies IAS 28 *Investments in Associates and IFRS 11 Joint Arrangements*. Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies. Generally the Group holds more than 20%, but less than 50%, of their voting shares. Joint ventures are arrangements where the Group has joint control and rights to the net assets of the entity.

The Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each year by the Group's share of the post acquisition profit/(loss). The 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.

The equity accounted Associates includes the Groups investment in the Business Growth Fund £699m (2020: £441m) which has increased due to a fair value gain in its investments by £220m (2020: £(23)m).

	2021			2020		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Equity accounted	**722**	**277**	**999**	464	317	781
Held at fair value through profit or loss	**—**	**444**	**444**	—	437	437
Total	**722**	**721**	**1,443**	464	754	1,218

Summarised financial information for the Group's equity accounted associates and joint ventures is set out below. The amounts shown are the Group's share of the net income of the investees for the year ended 31 December 2021, 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	
	2021	2020	2021	2020
	£m	£m	£m	£m
Profit/(loss) from continuing operations	**219**	(24)	**35**	24
Other comprehensive income/(loss)	**1**	(3)	**5**	(6)
Total comprehensive income/(loss) from continuing operations	**220**	(27)	**40**	18

Unrecognised shares of the losses of individually immaterial associates and joint ventures were £nil (2020: £nil).

The Barclays commitments and contingencies to its associates and joint ventures comprised unutilised credit facilities provided to customers of £1,760m (2020: £1,897m). In addition, the Group has made commitments to finance or otherwise provide resources to its joint ventures and associates of £482m (2020: £443m).

Notes to the financial statements
Scope of consolidation continued

37 Securitisations

Accounting for securitisations
The 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 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 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 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 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 Group was party to securitisation transactions involving its credit card balances and other personal lending. 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 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:

	2021				2020			
	Assets		Liabilities		Assets		Liabilities	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Loans and advances at amortised cost								
Credit cards, unsecured and other retail lending	**1,303**	**1,423**	**(1,225)**	**(1,219)**	1,033	1,121	(1,019)	(1,033)

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 the 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.

If Barclays transfers a financial asset but does not transfer or retain substantially all the risk and rewards of the asset and retains control over it, the transferred assets is recognised to the extent of Barclays' continuing involvement. In 2021, financial assets of £249m (2020: £nil) was transferred in this manner and the carrying value of the asset representing continued involvement is included in the table above.

For transfers of assets in relation to repurchase agreements, refer to Note 38.

37 Securitisations continued

Continuing involvement in financial assets that have been derecognised

In some cases, the 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 Group's involvement with asset backed securities, residential mortgage backed securities and commercial mortgage backed 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	
Type of transfer	Carrying amount £m	Fair value £m	Maximum exposure to loss £m	For the year ended £m	Cumulative to 31 December £m
2021					
Asset backed securities	**25**	**25**	**25**	**1**	**2**
Residential mortgage backed securities	**574**	**574**	**574**	**3**	**4**
Commercial mortgage backed securities	**311**	**307**	**311**	**5**	**11**
Total	**910**	**906**	**910**	**9**	**17**
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

Note
a Assets which represent the Group's continuing involvement in derecognised assets are recorded in Loans and advances at amortised cost and Debt securities at FVTP&L.

38 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 Group balance sheet, for example because Barclays retains substantially all the exposure to those assets under an agreement to repurchase them in the future for a fixed price.

Assets pledged or transferred as collateral include all assets categorised as encumbered in the disclosure on pages 221 to 223 of the Barclays PLC Pillar 3 Report 2021 (unaudited), other than those held in commercial paper conduits. In these transactions, the Group will be required to step in to provide financing itself under a liquidity facility if the vehicle cannot access the commercial paper market.

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 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:

	2021 £m	2020 £m
Cash collateral and settlements	**66,138**	72,042
Loans and advances at amortised cost	**65,216**	37,257
Trading portfolio assets	**71,518**	77,198
Financial assets at fair value through the income statement	**5,595**	5,584
Financial assets at fair value through other comprehensive income	**13,748**	22,185
Assets pledged	**222,215**	214,266

Notes to the financial statements
Scope of consolidation continued

38 Assets pledged, collateral received and assets transferred continued

The following table summarises the transferred financial assets and the associated liabilities:

	Transferred assets £m	Associated liabilities £m
At 31 December 2021		
Derivatives	**66,744**	**(66,744)**
Repurchase agreements	**71,820**	**(49,543)**
Securities lending arrangements	**69,316**	**—**
Other	**14,335**	**(12,121)**
	222,215	**(128,408)**
At 31 December 2020		
Derivatives	77,574	(77,574)
Repurchase agreements	65,673	(44,076)
Securities lending arrangements	61,183	—
Other	9,836	(7,408)
	214,266	(129,058)

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 £m	Associated liabilities £m	Transferred assets £m	Associated liabilities £m	Net position £m
2021					
Recourse to transferred assets only	**1,303**	**(1,225)**	**1,423**	**(1,219)**	**204**
2020					
Recourse to transferred assets only	1,033	(1,019)	1,121	(1,033)	88

The Group has an additional £5.8bn (2020: £6.3bn) 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. Refer to Note 33 for further details.

Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, the 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 or transferred to others was as follows:

	2021 £m	2020 £m
Fair value of securities accepted as collateral	**928,999**	793,573
Of which fair value of securities re-pledged/transferred to others	**814,448**	685,300

Additional disclosure has been included in collateral and other credit enhancements in the Risk review section. Assets pledged as collateral include all assets categorised as encumbered in the disclosure on pages 221 to 223 of the Barclays PLC Pillar 3 Report 2021 (unaudited).

The notes included in this section focus on related party transactions, Auditors' remuneration and Directors' remuneration. Related parties include any subsidiaries, associates, joint ventures and Key Management Personnel.

Notes to the financial statements
Other disclosure matters

The notes included in this section focus on related party transactions, Auditors' remuneration and Directors' remuneration. Related parties include any subsidiaries, associates, joint ventures and Key Management Personnel.

39 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.

Subsidiaries

Transactions between Barclays PLC and its subsidiaries meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Group's financial statements. Transactions between Barclays PLC and its subsidiaries are fully disclosed in Barclays PLC's financial statements. A list of the Group's principal subsidiaries is shown in Note 34.

Associates, joint ventures and other entities

The Group provides banking services to its associates, joint ventures and the 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. Group companies also provide investment management and custodian services to the Group pension schemes. All of these transactions are conducted on the same terms as third party transactions. Summarised financial information for the Group's investments in associates and joint ventures is set out in Note 36.

Amounts included in the Group's financial statements, in aggregate, by category of related party entity are as follows:

	Associates £m	Joint ventures £m	Pension funds £m
For the year ended and as at 31 December 2021			
Total income	**—**	**50**	**5**
Credit impairment charges	**—**	**—**	**—**
Operating expenses	**(20)**	**—**	**(1)**
Total assets	**—**	**1,278**	**3**
Total liabilities	**177**	**—**	**81**
For the year ended and as at 31 December 2020			
Total income	—	10	5
Credit impairment charges	—	—	—
Operating expenses	(26)	—	(1)
Total assets	—	1,388	4
Total liabilities	66	—	69

Total liabilities includes derivatives transacted on behalf of the pension funds of £18m (2020: £13m).

Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Barclays PLC (directly or indirectly) and comprise the Directors and Officers of Barclays PLC, certain direct reports of the Group Chief Executive and the heads of major business units and functions.

The 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

	2021 £m	2020 £m
As at 1 January	**9.2**	7.2
Loans issued during the year[a]	**0.4**	2.3
Loan repayments during the year[b]	**(1.8)**	(0.3)
As at 31 December	**7.8**	9.2

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).

Notes to the financial statements
Other disclosure matters continued

39 Related party transactions and Directors' remuneration continued

Deposits outstanding

	2021 £m	2020 £m
As at 1 January	**10.4**	12.1
Deposits received during the year[a]	**37.6**	41.6
Deposits repaid during the year[b]	**(38.9)**	(43.3)
As at 31 December	**9.1**	10.4

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 refers to the total of any undrawn amounts on credit cards and/or overdraft facilities provided to Key Management Personnel. Total commitments outstanding as at 31 December 2021 were £0.6m (2020: £0.9m).

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, and is consistent with the approach adopted for disclosures set out in the Directors' Remuneration Report. 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.

	2021 £m	2020 £m
Salaries and other short-term benefits	**37.8**	41.6
Pension costs	**—**	—
Other long-term benefits	**8.5**	8.2
Share-based payments	**12.2**	13.2
Employer social security charges on emoluments	**7.2**	7.2
Costs recognised for accounting purposes	**65.7**	70.2
Employer social security charges on emoluments	**(7.2)**	(7.2)
Other long-term benefits – difference between awards granted and costs recognised	**3.1**	—
Share-based payments – difference between awards granted and costs recognised	**6.9**	1.1
Total remuneration awarded	**68.5**	64.1

Disclosure required by the Companies Act 2006
The following information regarding the Barclays PLC Board of Directors is presented in accordance with the Companies Act 2006:

	2021 £m	2020 £m
Aggregate emoluments[a]	**8.2**	8.4
Amounts paid under LTIPs[b]	**1.2**	—
	9.4	8.4

Notes
a The aggregate emoluments include amounts paid for the 2021 year. In addition, deferred share awards for 2021 with a total value at grant of £1.4m (2020: £0.6m) will be made to CS Venkatakrishnan and Tushar Morzaria which will only vest subject to meeting certain conditions.
b The figure above for "Amounts paid under LTIPs" in 2021 relates to LTIP awards that were released to Jes Staley and Tushar Morzaria in 2021. This includes the first tranche of the 2017 LTIP, the release of which was delayed from June 2020 to March 2021. Dividend shares released on the awards are excluded. The LTIP figure in the single total figure table for Executive Directors' 2021 remuneration in the Directors' Remuneration report relates to the award that is scheduled to be released in 2022 in respect of the 2019-2021 LTIP cycle.

There were no pension contributions paid to defined contribution schemes on behalf of Directors (2020: £nil). There were no notional pension contributions to defined contribution schemes.

As at 31 December 2021, there were no Directors accruing benefits under a defined benefit scheme (2020: nil).

39 Related party transactions and Directors' remuneration continued

Directors' and Officers' shareholdings and options

The beneficial ownership of ordinary share capital of Barclays PLC by all Directors and Officers of Barclays PLC (involving 22 persons) at 31 December 2021 amounted to 17,876,352 (2020: 27,470,067) ordinary shares of 25p each (0.11% of the ordinary share capital outstanding).

As at 31 December 2021, Executive Directors and Officers of Barclays PLC (involving 12 persons) held options to purchase a total of 62,268 (2020: 78,495) Barclays PLC ordinary shares of 25p each at a weighted average price of 93p under Sharesave.

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 2021 to persons who served as Directors during the year was £0.2m (2020: £0.1m). The total value of guarantees entered into on behalf of Directors during 2021 was £nil (2020: £nil).

40 Auditor's remuneration

Auditor's remuneration is included within consultancy, legal and professional fees in administration and general expenses and comprises:

	2021 £m	2020 £m	2019 £m
Audit of the Barclays Group's annual accounts	**9**	9	10
Other services:			
Audit of the Company's subsidiaries[a]	**41**	38	35
Other audit related fees[b]	**10**	10	9
Other services	**2**	2	2
Total Auditor's remuneration	**62**	59	56

Notes

a Comprises the fees for the statutory audit of subsidiaries both inside and outside the UK and fees for 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.

Audit scope changes are finalised following the completion of the audit and recognised when agreed. The 2021 audit fee includes £3m (2020: £2m) relating to the previous year's audit.

41 Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR has been a priority for global regulators. As a result, the UK's Financial Conduct Authority (FCA) and other global regulators instructed market participants to prepare for the cessation of most LIBOR rates after the end of 2021, and to adopt "near Risk-Free Rates" (RFRs).

Pursuant to FCA announcements during 2021, panel bank submissions for all GBP, JPY and CHF LIBOR and Euro Overnight Index Average (EONIA) LIBOR tenors ceased, and representative LIBOR rates also ceased after 31 December 2021. For USD, certain actively used tenors will continue to be provided until June 2023, however in line with the US banking regulators' joint statement, Barclays ceased issuing or entering into new contracts that use USD LIBOR as a reference rate from 31 December 2021, other than in relation to those allowable use cases set out under the FCA's prohibition notice (ref 21A). These include market making in support of client activity; or transactions that reduce or hedge the Barclays' or any client of the Barclays' US dollar LIBOR exposure on contracts entered into before 1 January 2022.

The Group's exposure to rates subject to benchmark interest rate reform has been predominantly to GBP, USD, JPY and CHF LIBOR and 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. Retail lending and mortgage exposure in Barclays UK to LIBOR is minimal. Following transition activity in late 2021 and early 2022, GBP, USD (one week and two month tenors), JPY and CHF LIBOR and EONIA positions ("2021 scope") have transitioned onto RFRs, and while there are a number of IBORs yet to cease, the Group's risk exposure is now mainly to USD LIBOR.

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 these adjustments have been determined through in-depth consultations by industry working groups, on behalf of the respective global regulators and related market participants.

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Other disclosure matters continued

41 Interest rate benchmark reform continued

How the Group is managing the transition to alternative benchmark rates
Barclays has established a Group-wide LIBOR Transition Programme, with oversight from the Group Finance Director. The Transition Programme spans all business lines and has cross-functional governance which includes Legal, Compliance, 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. 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. Accountable Executives are in place within key working groups and workstreams, with overall Board oversight delegated to the Board Risk Committee and the Group Finance Director. 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 Group Finance Director is Chair of the UK's 'Working Group on Sterling Risk-Free Reference Rates' (UK £RFRWG), 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 Group has actively engaged 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 relevant IBORs excluding USD LIBOR cease to be published. The fallback will provide the relevant replacement rate, in the case of the ISDA Protocol this is the RFR plus a credit adjusted spread, that should be used post cessation or pre-cessation of the relevant IBOR. For the derivative population, adherence to the ISDA IBOR Fallbacks Protocol has provided Barclays with an efficient mechanism to amend outstanding trades to incorporate fallbacks. Beyond the ISDA IBOR Fallbacks Protocol, other options have included terminating or bilaterally agreeing new terms with counterparties. Derivative contracts facing central clearing counterparties have followed a market-wide, standardised approach to reform through a series of CCP-led conversions.

The FCA has authorised broad usage of synthetic LIBOR as a temporary solution for the 'tough legacy' population of unremediated contracts for GBP and JPY. Given cleared derivatives for the 2021 scope transitioned via CCP driven conversions, synthetic LIBOR does not apply in this context. Barclays' strategy remains to actively transition LIBOR exposure where viable, and/or to implement and utilise robust contractual fallbacks where possible. Where contracts remain unremediated, they may be able to utilise synthetic LIBOR on a temporary basis. Barclays will continue to monitor, assess and limit the reliance on synthetic LIBOR.

As announced by the FCA on 5 March 2021, USD LIBOR tenors (except 1 week and 2 month tenors) will cease to be representative from 30 June 2023. As detailed above, the key area of focus for transition prior to 2022 was on the other non-USD IBOR currency-tenors that ceased to be published at the end of 2021. Cessation of new USD LIBOR trading and transition of USD LIBOR exposures is the priority for the Barclays LIBOR Transition Programme in 2022/23. Clients and colleagues have been notified that we have prohibited entering into new USD LIBOR transactions (with narrow permitted exceptions) from 1 January 2022 in line with regulatory expectations.

Whilst synthetic LIBOR will be published on a temporary basis for 1, 3 and 6 month tenors of GBP and JPY LIBOR to assist the transition of certain exposures, no synthetic rate has been announced for USD LIBOR. New York State legislation has been enacted (with US Federal legislation to follow) which provides a solution for contracts governed under New York law for USD LIBOR to the Secured Overnight Financing Rate (SOFR) transition with the additional benefit of statutory contract continuity and safe harbour protection. This contrasts with the legislation implemented in the UK which provides for statutory contract continuity with safe harbour protection only for the administrator, and could expose market participants to additional litigation risk. Clients have been engaged on the transition of their legacy USD LIBOR exposures through active transition or the implementation of fallbacks, and have been issued with communications on key regulatory developments in the transition away from USD LIBOR.

Progress made during 2021
During 2021, the Group delivered RFR product capabilities and alternatives to LIBOR across loans, bonds, securities financing transactions and derivatives required for LIBOR cessation to support transition of legacy contracts. Barclays has transitioned over 99% (by gross notional exposure) of legacy positions in those rates within the 2021 scope, onto new RFRs in line with official sector expectations and milestones. This has been achieved through bilateral negotiation of contracts with clients, including the use of appropriate fallback provisions (which became effective post 31 December 2021, however, note that the switch onto the RFR may not take place until next reset post 31 December 2021 and so exposures may still be reported as LIBOR) and taking part in large scale transition events at a number of Central Counterparty Clearing Houses (London Clearing House (LCH), Chicago Mercantile Exchange (CME), EUREX and Japan Securities Clearing Corporation (JSCC) for OTC derivatives and Intercontinental Exchange (ICE) EU and LCH CurveGlobal for exchange traded derivatives). In relation to those contracts yet to be transitioned, we remain in active dialogue with clients. Barclays transitioned the EONIA / LIBOR language in all active Credit Support Annexes (CSAs) via a number of mechanisms, primarily through bilateral CSA amendments but also by means of adherence to the ISDA 2021 EONIA Collateral Agreement Fallbacks Protocol. Barclays delivered technology and business process changes required to ensure operational readiness in preparation for LIBOR cessation and transitions to RFRs for those benchmark rates ceasing at the end of 2021. Any incremental Technology or Business Process changes required to support USD LIBOR cessation will be delivered ahead of 30 June 2023. Whilst the majority of IBOR exposures have moved to RFRs, where appropriate other rates such as fixed rates or Bank of England base rates have also been used.

Risks to which the Group is exposed as a result of the transition
Global regulators and central banks in the UK, US and EU have been driving international efforts to reform key benchmark interest rates and indices, such as LIBOR, which are used to determine the amounts payable under a wide range of transactions and make them more reliable and robust. These benchmark reforms have resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of RFRs, the discontinuation of certain reference rates (including LIBOR), and the introduction of implementing legislation and regulations. Specifically, regulators in

41 Interest rate benchmark reform continued

the UK, US and EU have directed that certain non-US dollar LIBOR tenors cease at the end of 2021. Certain US dollar LIBOR tenors are to cease by the end of June 2023, and restrictions have been imposed on new use of USD LIBOR. Notwithstanding these developments, given the unpredictable consequences of benchmark reform, any of these developments could have an adverse impact on market participants, including the Group, in respect of any financial instruments linked to, or referencing, any of these benchmark interest rates.

Uncertainty associated with such potential changes, including the availability and/or suitability of alternative RFRs, the participation of customers and third-party market participants in the transition process; challenges with respect to required documentation changes; and impact of legislation to deal with 'certain legacy' contracts that cannot convert into or add fall-back RFRs before cessation of the benchmark they reference, may adversely affect a broad range of transactions (including any securities, loans and derivatives which use LIBOR or any other affected benchmark to determine the amount of interest payable that are included in the Group's financial assets and liabilities) that use these reference rates and indices, and present a number of risks for the 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 RFRs, the Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the 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.
- Litigation risk: members of the Group may face legal proceedings, regulatory investigations and/or other actions or proceedings regarding (among other things) (i) the conduct risks identified above, (ii) the interpretation and enforceability of provisions in LIBOR-based contracts, and (iii) the Group's preparation and readiness for the replacement of LIBOR with alternative RFRs.
- Financial risk: the valuation of certain of the Group's financial assets and liabilities may change. Moreover, transitioning to alternative RFRs may impact the ability of members of the 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 certain alternative RFRs (such as SONIA and the 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 Group's cash flows.
- Pricing risk: changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative RFRs may impact the pricing mechanisms used by the Group on certain transactions.
- Operational risk: changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative RFRs may require changes to the 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 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.
- Accounting risk: an inability to apply hedge accounting in accordance with IAS 39 could lead to increased volatility in the Group's financial results and performance.

Any of these factors may have a material adverse effect on the Group's business, results of operations, financial condition, prospects and reputation. While a number of the above risks in relation to transition of legacy 2021 scope onto RFRs have been substantially mitigated, they remain relevant in relation to USD and related LIBOR rate transitions.

The 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 2021	GBP LIBOR £m	USD LIBOR £m	JPY LIBOR £m	CHF LIBOR £m	Others[b] £m	Total £m
Non-derivative financial assets						
Loans and advances at amortised cost	**14,166**	**15,812**	**25**	**229**	**431**	**30,663**
Reverse repurchase agreements and other similar secured lending	**—**	**186**	**—**	**—**	**—**	**186**
Financial assets at fair value through the income statement	**185**	**8,538**	**5**	**327**	**194**	**9,249**
Financial assets at fair value through other comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**
Non-derivative financial assets	**14,351**	**24,536**	**30**	**556**	**625**	**40,098**
Non-derivative financial liabilities						
Debt securities in issue	**—**	**(6,137)**	**(1,083)**	**—**	**—**	**(7,220)**
Subordinated liabilities	**—**	**(1,088)**	**—**	**—**	**(113)**	**(1,201)**
Financial liabilities designated at fair value	**(708)**	**(212)**				**(920)**
Non-derivative financial liabilities	**(708)**	**(7,437)**	**(1,083)**	**—**	**(113)**	**(9,341)**
Equity						
Other equity instruments	**—**	**(3,374)**	**(92)**	**—**	**—**	**(3,466)**
Standby facilities, credit lines and other commitments[a]	**60,490**	**42,767**	**1,284**	**371**	**12,724**	**117,636**

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Other disclosure matters continued

41 Interest rate benchmark reform continued

As at 31 December 2020	GBP LIBOR £m	USD LIBOR £m	JPY LIBOR £m	CHF LIBOR £m	Others[b] £m	Total £m
Non-derivative financial assets						
Loans and advances at amortised cost	30,179	18,109	173	18	1,725	50,204
Reverse repurchase agreements and other similar secured lending	—	334	—	—	—	334
Financial assets at fair value through the income statement	3,496	6,373	—	283	209	10,361
Financial assets at fair value through other comprehensive income	186	114	—	—	8	308
Non-derivative financial assets	33,861	24,930	173	301	1,942	61,207
Non-derivative financial liabilities						
Debt securities in issue	(1,023)	(10,718)	(1,201)	—	—	(12,942)
Subordinated liabilities	(71)	(1,592)	—	—	—	(1,663)
Financial liabilities designated at fair value	(149)	(1,273)	(759)	—	(139)	(2,320)
Non-derivative financial liabilities	(1,243)	(13,583)	(1,960)	—	(139)	(16,925)
Equity						
Other equity instruments	(3,500)	(3,131)	—	—	—	(6,631)
Standby facilities, credit lines and other commitments[a]	18,944	74,011	—	74	15,951	108,980

Notes
a There has been a change on how exposures for multi currency loan facilities are reported in 2021, from base currency to the currency which needs to be remediated first. This has resulted in an increase in GBP LIBOR and a corresponding reduction in USD LIBOR exposure of £34bn. 2020 comparatives have not been restated to reflect this change.
b Includes EUR LIBOR and SOR

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 (apart from USD, which is for maturities after 30 June 2023). Trades with exposures to other IBORs whose respective cessation dates is in the future and mature before that date have been excluded (2020: exposures are disclosed for maturities after 31 December 2021 for all rates). 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.

The following table represents the derivative exposures to interest rate benchmark reform, which have yet to transition:

As at 31 December 2021	GBP LIBOR £m	USD LIBOR £m	EONIA £m	JPY LIBOR £m	CHF LIBOR £m	Others[a] £m	Total £m
Derivative notional contract amount							
OTC interest rate derivatives	**240,183**	**2,283,236**	**7,811**	**140,357**	**4,396**	**61,937**	**2,737,920**
OTC interest rate derivatives - cleared by central counterparty	**—**	**2,228,399**	**—**	**—**	**—**	**168,649**	**2,397,048**
Exchange traded interest rate derivatives	**—**	**466,339**	**—**	**—**	**—**	**—**	**466,339**
OTC foreign exchange derivatives	**183,477**	**461,680**	**—**	**122,823**	**32,900**	**1,419**	**802,299**
OTC equity and stock index derivatives	**—**	**9,949**	**—**	**—**	**—**	**—**	**9,949**
Derivative notional contract amount	**423,660**	**5,449,603**	**7,811**	**263,180**	**37,296**	**232,005**	**6,413,555**

As at 31 December 2020	GBP LIBOR £m	USD LIBOR £m	EONIA £m	JPY LIBOR £m	CHF LIBOR £m	Others[a] £m	Total £m
Derivative notional contract amount							
OTC interest rate derivatives	592,827	2,832,802	457,844	754,206	25,681	41,782	4,705,142
OTC interest rate derivatives - cleared by central counterparty	1,684,553	2,891,029	638,202	1,091,479	119,382	198,113	6,622,758
Exchange traded interest rate derivatives	300,182	333,705	—	—	2,494	—	636,381
OTC foreign exchange derivatives	155,285	589,334	—	93,108	31,257	1,921	870,905
OTC equity and stock index derivatives	1,845	7,946	544	1,929	491	2,141	14,896
Derivative notional contract amount	2,734,692	6,654,816	1,096,590	1,940,722	179,305	243,957	12,850,082

Note
a Includes EUR LIBOR, SOR and STIBOR

The exposure disclosed is for positions with contractual maturities after 31 December 2021 (apart from USD, which is for maturities after 30 June 2023). Trades with exposures to other IBORs whose respective cessation dates is in the future and mature before that date have been excluded (2020: exposures are disclosed for maturities after 31 December 2021 for all rates). 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 2021, there were £256bn (2020: £264bn) of cross currency swaps where both the pay and receive legs are impacted by interest rate benchmark reform.

The Group also had £9bn (2020: £28bn) of Barclays issued debt retained by the group, impacted by the interest rate benchmark reform, in USD LIBOR (2020: predominately in GBP and USD LIBOR.)

41 Interest rate benchmark reform continued

Fallback clauses

The 31 December 2021 exposure has been broken up into those with robust fallbacks and those without. Fallbacks here are defined as any mechanism involving a 'switch' or 'hardwire' or a contractual agreement to transition to an automatically selected rate. One of the most commonly used is the ISDA 2020 IBOR Protocol published in October 2020 which enabled market participants to incorporate fallback provisions into legacy non-cleared derivatives and certain non-derivatives transactions. Market participants who have adhered to the ISDA 2020 IBOR Protocol agree, between adhering parties, that their legacy contracts will be amended to include the relevant fallback provisions. In addition to this, ISDA developed bilateral Swap Rate Fallbacks templates for GBP and JPY Swap Rate bilateral derivative trades with the GBP ICE Swap Rate fallback provisions being published in August 2021 and the JPY ISDA Swap Rate fallback provisions being published in November 2021. Whilst the fallback provisions have been applied to the majority of trades, with some limited exceptions being worked through, the switch to the replacement rate as a result of fallback provision inclusion may not take place until the next rate reset post the cessation or pre-cessation event.

The following tables present a breakdown of the exposures to IBOR reform (excluding USD LIBOR and other IBORs whose respective cessation dates is in the future) with fallbacks in place and those without:

	With appropriate fallback clause					Without appropriate fallback clause				
	GBP LIBOR	JPY LIBOR	CHF LIBOR	EUR LIBOR	Total	GBP LIBOR	JPY LIBOR	CHF LIBOR	EUR LIBOR	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Non-derivative financial assets										
Loans and advances at amortised cost	**9,434**	**5**	**215**	**412**	**10,066**	**4,732**	**20**	**14**	**19**	**4,785**
Financial assets at fair value through the income statement	**125**	**5**	**327**	**8**	**465**	**60**	**—**	**—**	**186**	**246**
Non-derivative financial assets	**9,559**	**10**	**542**	**420**	**10,531**	**4,792**	**20**	**14**	**205**	**5,031**
Non-derivative financial liabilities										
Debt securities in issue	**—**	**(1,083)**	**—**	**—**	**(1,083)**	**—**	**—**	**—**	**—**	**—**
Subordinated liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Financial liabilities designated at fair value	**(708)**	**—**	**—**	**—**	**(708)**	**—**	**—**	**—**	**—**	**—**
Non-derivative financial liabilities	**(708)**	**(1,083)**	**—**	**—**	**(1,791)**	**—**	**—**	**—**	**—**	**—**
Equity										
Other equity instruments	**—**	**(92)**	**—**	**—**	**(92)**	**—**	**—**	**—**	**—**	**—**
Standby facilities, credit lines and other commitments	**36,573**	**653**	**371**	**9,362**	**46,959**	**23,917**	**631**	**—**	**3,362**	**27,910**

The majority of the remaining exposures without fallbacks in place are either undrawn facilities or syndicated facilities where the transition is led by a third party agent. Work is ongoing with clients and agents to transition facilities or insert fallbacks prior to the next rate reset. There may be some scenarios where synthetic LIBOR is temporarily used whilst Barclays continues to work with the client to remediate their exposures, with little expectation of longer term usage.

	With appropriate fallback clause						Without appropriate fallback clause					
	GBP LIBOR	EONIA	JPY LIBOR	CHF LIBOR	EUR LIBOR	Total	GBP LIBOR	EONIA	JPY LIBOR	CHF LIBOR	EUR LIBOR	Total
As at 31 December 2021	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Derivative notional contract amount												
OTC interest rate derivatives	**230,967**	**7,568**	**135,719**	**4,361**	**3,626**	**382,241**	**9,216**	**243**	**4,638**	**35**	**403**	**14,535**
OTC foreign exchange derivatives	**183,203**	**—**	**122,822**	**32,900**	**—**	**338,925**	**274**	**—**	**1**	**—**	**—**	**275**
Derivative notional contract amount	**414,170**	**7,568**	**258,541**	**37,261**	**3,626**	**721,166**	**9,490**	**243**	**4,639**	**35**	**403**	**14,810**

Exposures that have not actively transitioned and do not have robust fallbacks in place will not necessarily need to apply the FCA's approach to 'tough legacy' and utilise synthetic LIBOR rates. In many cases, work is ongoing to transition trades or insert fallbacks prior to the next rate reset. There may be some scenarios where synthetic LIBOR is temporarily used whilst Barclays continues to work with the client to remediate their exposures, with little expectation of longer term usage. It is also key to note that not all remaining exposures can leverage synthetic LIBOR. CHF LIBOR, EUR LIBOR and EONIA do not have any synthetic LIBOR available and only the more commonly used, 1M, 3M and 6M GBP LIBOR and JPY LIBOR tenors have a synthetic rate being published. The volume of these residual exposures is very low and work is focused on transitioning these prior to next reset.

The majority of remaining exposures where no synthetic rate is available are bilateral derivatives using GBP/JPY Swap Rates within the Markets businesses. The focus for these is agreeing the bilateral swap rate fallbacks that were published by ISDA in August (for GBP) and November (for JPY) 2021. Continued uptake of these bilateral fallbacks has been seen in early 2022.

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42 Barclays PLC (the Parent company)

Total income
Dividends received from subsidiaries
Dividends received from subsidiaries of £1,356m (2020: £763m, 2019: £1,560m) largely relates to dividends received from Barclays Bank PLC £794m, Barclays Bank UK PLC £510m and Barclays Execution Services Limited £82m.

The dividends received in 2020 from its banking subsidiaries were paid up to Barclays PLC prior to the announcement made by the PRA on 31March 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 its banking subsidiaries.

Other income
Other income of £659m (2020: £1,192m, 2019: £1,760m) includes £804m (2020: £857m, 2019: £813m) of income received from gross coupon payments on Barclays Bank PLC and Barclays Bank UK PLC issued AT1 securities and £250m (2020: £248m) of fair value and foreign exchange losses on other positions with subsidiaries.

Total assets and liabilities
Investment in subsidiaries
The investment in subsidiaries of £62,528m (2020: £58,886m) predominantly relates to investments in the ordinary shares of Barclays Bank PLC of £35,590m (2020: £35,590m) and their AT1 securities of £9,493m (2020: £8,425m), as well as investments in the ordinary shares of Barclays Bank UK PLC of £14,245m (2020: 11,675m) and their AT1 securities of £2,570m (2020: £2,570m). The increase of £3,642m during the year was predominantly driven by a £2,573m reversal of impairment in the cost of investment of Barclays Bank UK PLC and increased AT1 holdings of $1,500m in Barclays Bank PLC.

Impairment in subsidiaries
At the end of each reporting period an impairment review is undertaken in respect of investment in the ordinary shares of subsidiaries. Where impairment may be indicated a test of the carrying value against the recoverable value is performed. Impairment being indicated where the investment exceeds the recoverable amount. The recoverable amount is calculated as a value in use (VIU) which is derived from the present value of future cash flows expected to be received from the investment. The VIU calculations use forecast attributable profit based on financial budgets approved by management, covering a five year period as an approximation of future cash flows discounted using a pre-tax discount rate appropriate to the subsidiary being tested. A terminal growth rate has then been applied to the cash flows thereafter which is based upon expectations of future inflation rates. The review identified the value in use calculated was higher than the carrying value for all subsidiaries.

Due to the improved market conditions and interest rate environment for the Group's UK banking business compared to December 2020 the review further identified that the accumulated impairment for the investment in Barclays Bank UK PLC of £2,573m no longer existed. The VIU of Barclays Bank UK PLC was found to be significantly higher than both the carrying amount of the investment and the gross cost of the investment and hence all accumulated impairment has been reversed in December 2021. For Barclays Bank UK PLC, a discount rate of 14.5% (2020: 13.8%) has been applied to the cash flow forecast. In determining the discount rate, management have identified a cost of equity associated with market participants that closely resemble the subsidiary and adjusted for tax to arrive at the pre-tax equivalent rate. A terminal growth rate of 2.0% (2020: 2.0%) has been used to calculate a terminal value for the investment based on inflation rates to approximate future long term growth.

Loans and advances in subsidiaries
During the year, loans and advances to subsidiaries decreased by £2,638m to £22,072m (2020: £24,710m). The decrease was driven by the maturity of £2,400m dated subordinated loans in relation to Barclays Bank PLC and the maturity of £1,100m dated subordinated notes in relation to Barclays Bank UK PLC. This was partially offset by c£1,600m new issuances of dated subordinated notes by Barclays Bank PLC to Barclays PLC.

Financial assets and liabilities designated at fair value
Financial liabilities designated at fair value of £16,319m (2020: £9,507m) primarily included new issuances during the year of $5,000m and €1,500m Fixed Rate Resetting Senior Callable Notes, €750m Floating Rate Senior Callable Notes and $500m Zero Coupon Callable Notes. The proceeds raised through these transactions were used to invest in subsidiaries of Barclays PLC and are included within the financial assets designated at fair value through the income statement balance of £25,091m (2020: £17,521m). The effect of changes in the liabilities' fair value, including those due to credit risk, is expected to offset the changes in the fair value of the related financial asset in the income statement The difference between the financial liabilities' carrying amount and the contractual amount on maturity is £271m (2020: £324m).

Subordinated liabilities and debt securities in issue
During the year, Barclays PLC issued €1,000m and $1,000m of Fixed Rate Resetting Subordinated Callable Notes, which are included within the subordinated liabilities balance of £9,301m (2020: £7,724m). Debt securities in issue of £25,658m (2020: £28,428m) have reduced in the year due to the maturity of positions with subsidiaries.

Management of internal investments, loans and advances
Barclays PLC retains the discretion to manage the nature of its internal investments in subsidiaries according to their regulatory and business needs. Barclays PLC may invest capital and funding into Barclays Bank PLC, Barclays Bank UK PLC and other Group subsidiaries such as Barclays Execution Services Limited and the US Intermediate Holding Company (IHC).

42 Barclays PLC (the Parent company) continued

Total equity

Called up share capital and share premium

Called up share capital and share premium of Barclays PLC is £4,536m (2020: £4,637m). The decrease in the year is primarily due to 644m shares repurchased with a total nominal value of £161m. This decrease was offset by shares issued under employee share schemes.

Other equity instruments

Other equity instruments of £12,241m (2020: £11,169m) comprises AT1 securities issued by Barclays PLC. AT1 securities are perpetual subordinated contingent convertible securities structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date. During the year there has been a new AT1 issuance with principal amount totaling $1,500m (£1,078m). For further details, please refer to Note 28.

43 Related undertakings

The 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 2021.

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, for example where the entity carries on business through a branch in a territory outside of that its country of incorporation . Barclays' 2021 Country Snapshot provides details of where the Group carries on its business, where its profits are subject to tax and the taxes it pays in each country it operates in.

Notes	
A	Directly held by Barclays 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	B, C, D, E, F, G, H, I and K Class Shares

Notes	
S	A Unit Shares, B Unit Shares
T	Non-Redeemable Ordinary Shares
U	A Shares – Tranche I, Premium – Tranche I, C Shares - Tranche II, Premium - Tranche II
V	Class A, B, C, D, E, F, H, H2012 and J Ordinary Shares
W	Class A and Class B Shares
X	PEF Carry Shares
Z	Not Consolidated (see Note 36 Structured entities)
AA	USD Linked Ordinary Shares
BB	Redeemable Class B Shares
CC	Capital Contribution Shares
DD	Nominal Shares
EE	Class A Redeemable Preference Shares
FF	Class B Redeemable Preference Shares
GG	First Class Common Shares, Second Class Common Shares
HH	Euro Preference Shares
II	Tracker 1 Euro, GBP, USD Shares, UDS Tracker 2 Shares, USD Tracker 3 Shares

Wholly owned subsidiaries

Unless otherwise stated the undertakings below are wholly owned and consolidated by Barclays and the share capital disclosed comprises ordinary and/or common shares, 100% of the nominal value of which is held by the Group subsidiaries.

Wholly owned subsidiaries	Note
United Kingdom	
– 1Churchill Place, London, E145HP	
Aequor Investments Limited	
Ardencroft Investments Limited	
B D & B Investments Limited	
B.P.B. (Holdings) Limited	
Barclay Leasing Limited	
Barclays Aldersgate Investments Limited	
Barclays Asset Management Limited	
Barclays Bank PLC	A, HH
Barclays Bank UK PLC	A
Barclays Capital Asia Holdings Limited	
Barclays Capital Finance Limited	
Barclays Capital Japan Securities Holdings Limited	
Barclays Capital Nominees (No.2) Limited	
Barclays Capital Nominees (No.3) Limited	
Barclays Capital Nominees Limited	
Barclays Capital Securities Client Nominee Limited	
Barclays Capital Securities Limited	F
Barclays CCP Funding LLP	B
Barclays Converted Investments (No.2) Limited	

Wholly owned subsidiaries	Note
Barclays Direct Investing Nominees Limited	
Barclays Directors Limited	
Barclays Equity Holdings Limited	
Barclays Execution Investment Services Limited	
Barclays Execution Services Limited	A
Barclays Executive Schemes Trustees Limited	
Barclays Financial Planning Nominee Company Limited	
Barclays Funds Investments Limited	
Barclays Global Shareplans Nominee Limited	
Barclays Group Holdings Limited	
Barclays Group Operations Limited (In Liquidation)	
Barclays Industrial Development Limited	
Barclays Industrial Investments Limited	
Barclays Insurance Services Company Limited	
Barclays International Holdings Limited	
Barclays Investment Management Limited	
Barclays Investment Solutions Limited	
Barclays Leasing (No.9) Limited	
Barclays Long Island Limited	
Barclays Marlist Limited	

Wholly owned subsidiaries	Note
Barclays Nominees (George Yard) Limited	Z
Barclays Pension Funds Trustees Limited	Z
Barclays Principal Investments Limited	A, J, K
Barclays Private Bank	
Barclays SAMS Limited	
Barclays Security Trustee Limited	A
Barclays Services (Japan) Limited	
Barclays Shea Limited	
Barclays Singapore Global Shareplans Nominee Limited	
Barclays Term Funding Limited Liability Partnership	B
Barclays UK Investments Limited	
Barclays Unquoted Investments Limited	
Barclays Unquoted Property Investments Limited	
Barclays Wealth Nominees Limited	
Barclayshare Nominees Limited	
Barcosec Limited	
Barsec Nominees Limited	
BB Client Nominees Limited	
BMI (No.9) Limited	
BNRI ENG 2014 Limited Partnership	B
BNRI ENG GP LLP	B

Notes to the financial statements
Other disclosure matters continued

Wholly owned subsidiaries	Note
BNRI England 2010 Limited Partnership	B
BNRI England 2011 Limited Partnership	B
BNRI England 2012 Limited Partnership	B
Carnegie Holdings Limited	I, J, K
Chapelcrest Investments Limited	
Clydesdale Financial Services Limited	
Cobalt Investments Limited	
Cornwall Home Loans Limited	
CPIA England 2009 Limited Partnership	B
CPIA England No.2 Limited Partnership	B
DMW Realty Limited	
Dorset Home Loans Limited	
Durlacher Nominees Limited	
Eagle Financial and Leasing Services (UK) Limited	
Finpart Nominees Limited	
FIRSTPLUS Financial Group Limited	
Foltus Investments Limited	
Global Dynasty Natural Resource Private Equity Limited Partnership	B
Globe Nominees Limited	
Hawkins Funding Limited	
Heraldglen Limited	
Isle of Wight Home Loans Limited	
J.V. Estates Limited	
Kirsche Investments Limited	
Long Island Assets Limited	
Maloney Investments Limited	
Menlo Investments Limited	
Mercantile Credit Company Limited	
Mercantile Leasing Company (No.132) Limited	
MK Opportunities LP	B
Murray House Investment Management Limited (In Liquidation)	
Naxos Investments Limited	
North Colonnade Investments Limited	
Northwharf Investments Limited	X
Northwharf Nominees Limited	
Radbroke Mortgages UK Limited	
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	II
Roder Investments No. 2 Limited	II
RVT CLO Investments LLP	B
Solution Personal Finance Limited	
Surety Trust Limited	
Sustainable Impact Capital Limited	
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	
US Real Estate Holdings No.5 Limited	
US Real Estate Holdings No.6 Limited	
Wedd Jefferson (Nominees) Limited	
Westferry Investments Limited	
Woolwich Homes Limited	
Woolwich Qualifying Employee Share Ownership Trustee Limited	
Zeban Nominees Limited	

Wholly owned subsidiaries	Note
Hill House, 1 Little New Street, London, EC4A 3TR	
Barclays Nominees (Branches) Limited (In Liquidation)	
Gerrard Management Services Limited (In Liquidation)	
Lombard Street Nominees Limited (In Liquidation)	
Barclays (Barley) Limited (In Liquidation)	J
- 5 The North Colonnade, London, E14 4BB	
Leonis Investments LLP	B
- Aurora Building, 120 Bothwell Street, Glasgow, G2 7JS	
R.C. Grieg Nominees Limited	
- 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	
BNRI PIA Scot GP Limited	
BNRI Scots GP, LLP	B
Pecan Aggregator LP	B, Z
-Logic House, Waterfront Business Park, Park, FleetRoad,Fleet, GU513SB	
The Logic Group Enterprises Limited	
The Logic Group Holdings Limited	J
- 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
- 745 Seventh Avenue, New York NY 10019	
Alynore Investments Limited Partnership	B, P

Argentina

- 855 Leandro N.Alem Avenue, 8th Floor, Buenos Aires	
Compañía Sudamerica S.A.	
- Marval, O'Farrell & Mairal, Av. Leandro N. Alem 882, Buenos Aires, C1001AAQ	
Compañia Regional del Sur S.A.	

Brazil

- Av. Brigadeiro Faria Lima, No. 4.440, 12th Floor, Bairro Itaim Bibi, Sao Paulo, CEP, 04538-132	
Barclays Brasil Assessoria Financeira Ltda	
BNC Brazil Consultoria Empresarial Ltda	

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	
- 5 The North Colonnade London, E14 4BB	
CPIA Canada Holdings	B, P

Wholly owned subsidiaries	Note

Cayman Islands

Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104	
Alymere Investments Limited	
Analytical Trade UK Limited	
Barclays Capital (Cayman) Limited	
Barclays Securities Financing Limited	G,H, I
Barclays US Holdings Limited	J, F
Braven Investments No.1 Limited	
Calthorpe Investments Limited	
Capton Investments Limited	
Claudas Investments Limited	I,EE,FF
Claudas Investments Two Limited	
CPIA Investments No.1 Limited (In Liquidation)	V
CPIA Investments No.2 Limited	
Gallen Investments Limited	
Hurley Investments No.1 Limited	
JV Assets Limited	L
Mintaka Investments No. 4 Limited	
OGP Leasing Limited	
Palomino Limited	Z
Pelleas Investments Limited	
Pippin Island Investments Limited	
Razzoli Investments Limited	F, I
RVH Limited	F, I
Wessex Investments Limited	
- Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, KY1-9008	
Long Island Holding B Limited	

Germany

- TaunusTurm, Taunustor 1, 60310, Frankfurt	
Barclays Capital Effekten GmbH (In Liquidation)	
- 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	Q
-PO BOX 41, Floor 2, Le Marchant House, Le Truchot, St Peter Port, GY1 3BE	
Barclays Nominees (Guernsey) Limited (In Liquidation)	

Hong Kong

-42nd floor Citibank Tower, Citibank Plaza, 3 Garden Road	
Barclays Bank (Hong Kong Nominees) Limited (in Liquidation)	
Barclays Capital Asia Nominees Limited (In Liquidation)	
- Level 41, Cheung Kong Center, 2 Queen's Road, Central	
Barclays Capital Asia Limited	

Wholly owned subsidiaries	Note
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	
- 5th to 12th Floor (Part), Building G2, Gera Commerzone SEZ, Survey No.65, Kharadi, Pune, 411014	
Barclays Global Service Centre Private Limited	
- Level 10, Block B6, Nirlon Knowledge Park, Off Western Express Highway, Goregaon, (East) Mumbai, 400063	
Barclays Investments & Loans (India) Private Limited	F, I
Ireland	
- One Molesworth Street, Dublin 2, D02RF29	
Barclaycard International Payments Limited	
Barclays Bank Ireland Public Limited Company	
Barclays Europe Client Nominees Designated Activity Company	Z
Barclays Europe Firm Nominees Designated Activity Company	Z
Barclays Europe Nominees Designated Activity Company	Z
- 25-28 North Wall Quay, Dublin 1, D01H104	
Erimon Home Loans Ireland Limited	
-70 Sir John Rogerson's Quay, Dublin 2	
Barclays Finance Ireland Limited	
Isle of Man	
- P O Box 9, Victoria Street, Douglas, IM99 1AJ	
Barclays Nominees (Manx) Limited	
Barclays Private Clients International Limited	J, K
-2nd Floor, St Georges Court, Upper Church Street, Douglas, IM1 1EE	
Barclays Holdings (Isle of Man) Limited (In Liquidation)	
Japan	
- 10-1, Roppongi 6-chome, Minato-ku, Tokyo	
Barclays Funds and Advisory Japan Limited	
Barclays Securities Japan Limited	I, G
Barclays Wealth Services Limited	
Jersey	
- 2nd Floor, Gaspé House, 66-72 Esplanade, St. Helier, JE1 1GH	
Barclays Services Jersey Limited	
- 5 Espalanade, St Helier, JE2 3QA	
Barclays Wealth Management Jersey Limited	
BIFML PTC Limited	
- 13 Library Place, St Helier, JE4 8NE	
Barclays Nominees (Jersey) Limited	Z
Barclaytrust Channel Islands Limited	Z
- Estera Trust (Jersey) Limited, 13-14 Esplanade, St Helier, JE1 1EE	
MK Opportunities GP Ltd	
Korea, Republic of	
- A-1705 Yeouido Park Center, 28-3 Yeouido-dong, Yeongdeungpo-gu, Seoul	
Barclays Korea GP Limited	

Wholly owned subsidiaries	Note
Luxembourg	
- 9, allée Scheffer, L-2520	
Barclays Alzin Investments S.à r.l.	W
Barclays Bayard Investments S.à r.l.	J, K
Barclays Bedivere Investments S.à r.l.	
Barclays Bordang Investments S.à r.l.	W
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.	W
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	
-10 rue du Cha'teau d'Eau, Leudelange, L-3364	
BPM Management GP 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 (In Liquidation)	
Barclays Capital Securities Mauritius Limited	
- Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene	
Barclays Mauritius Overseas Holdings Limited	
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.	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	
Saudi Arabia	
- 3rd Floor Al Dahna Center, 114 Al-Ahsa Street, PO Box 1454, Riyadh 11431	
Barclays Saudi Arabia (In Liquidation)	
Singapore	
- 10 Marina Boulevard, #25-01 Marina Bay Financial Centre, Tower 2, 018983	
Barclays Capital Futures (Singapore) Private Limited (In Liquidation)	
Barclays Capital Holdings (Singapore) Private Limited (In Liquidation)	
Barclays Merchant Bank (Singapore) Ltd.	

Wholly owned subsidiaries	Note
Spain	
- Calle Jose, Abascal 51, 28003, Madrid	
Barclays Tenedora De Inmuebles SL.	
BVP Galvani Global, S.A.U.	
Switzerland	
- Chemin de Grange Canal 18-20, PO Box 3941, 1211, Geneva	
Barclays Bank (Suisse) SA	
Barclays Switzerland Services 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
Barclays Bank Delaware	
Barclays Capital Derivatives Funding LLC	C
Barclays Capital Energy Inc.	
Barclays Capital Equities Trading GP	B
Barclays Capital Holdings Inc.	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 Dryrock Funding LLC	C
Barclays Electronic Commerce Holdings Inc.	
Barclays Financial LLC	C
Barclays Group US Inc.	
Barclays Oversight Management Inc.	
Barclays Receivables LLC	C
Barclays Services Corporation	
Barclays Services LLC	C
Barclays US CCP Funding LLC	C
Barclays US Investments Inc.	J, K
Barclays US LLC	
BCAP LLC	C
Crescent Real Estate Member LLC	C
Curve Investments GP	B
Gracechurch Services Corporation	
Lagalla Investments LLC	
Long Island Holding A LLC	C
LTDL Holdings LLC	C
Marbury Holdings LLC	
Preferred Liquidity, LLC	J
Procella Investments No.2 LLC	C
Procella Investments No.3 LLC	C
Relative Value Holdings, LLC	
Surrey Funding Corporation	
Sussex Purchasing Corporation	
Sutton Funding LLC	C
TPProperty LLC	C
US Funding (VISA B Acquisition) LLC	C
US Secured Investments LLC	CC
Verain Investments LLC	
Wilmington Riverfront Receivables LLC	J, K

Notes to the financial statements
Other disclosure matters continued

Wholly owned subsidiaries	Note
- Aon Insurance Managers, 76 Paul Street Suite, 500, Burlington VT 05401	
Barclays Insurance U.S. Inc.	
-Corporation Service Company, 80 State Street, Albany, NY, 12207-2543	
Barclays Equity Holdings Inc.	
- Corporation Service Company, 100 Pearl Street, 17th Floor, MC-CSC1, Hartford, CT 06103	
Barclays Capital Inc.	
Glenwood Ave, Suite 550, Raleigh, NC, 27608	
Barclays US GPF Inc.	
Equifirst Corporation (In Liquidation)	
Zimbabwe	
-2 Premium Close, Mount Pleasant Business Park Park, Mount Pleasant, Harare	
Branchcall Computers (Pvt) Limited	

Other Related Undertakings

Unless otherwise stated, the undertakings below are consolidated and the share capital disclosed comprises ordinary and/or common shares which are held by subsidiaries of the Group. The Group's overall ownership percentage is provided for each undertaking.

Other Related Undertakings	%	Note
United Kingdom		
– 1 Churchill Place, London, E14 5HP		
Barclaycard Funding PLC	75.00	J
PSA Credit Company Limited (In Liquidation)	50.00	J, L
Barclays Covered Bond Funding LLP (In Liquidation)	50.00	B
Barclays Covered Bonds Limited Liability Partnership	50.00	B
– St Helen's, 1 Undershaft, London, EC3P 3DQ		
Igloo Regeneration (General Partner) Limited	25.00	L, Z
– 3-5 London Road, Rainham, Kent, ME8 7RG		
Trade Ideas Limited	20.00	Z
– 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ		
Equistone Founder Partner II L.P.	20.00	B, Z
Equistone Founder Partner III L.P.	35.00	B, Z
– Enigma, Wavendon Business Park Milton Keynes, MK178LX	19.50	Z
Intelligent Processing Solutions Limited		
– 65A Basinghall Street, London, EC2V 5DZ		
Cyber Defence Alliance Limited	25.00	E, Z
–C/o BDP LLP, Two Snow Hill, Queensway, Birmingham, B4 6GA		
GW City Ventures Limited (In Liquidation)	50.00	K, Z
GN Tower Limited (In Liquidation)	50.00	Z
– 55 Baker Street, London, W1U 7EU		
Formerly H Limited (In Liquidation)	70.32	J,Z
– Haberfield Old Moor Road, Wennington, Lancaster, LA2 8PD		
Full House Holdings Limited	67.42	J,Z
– 13-15 York Buildings, London, WC2N 6JU		

Other Related Undertakings	%	Note
BGF Group PLC	24.62	Z
– Aurora House, 120 Bothwell Street, Glasgow, G2 7JT		
Buchanan Wharf (Glasgow) Management Limited	78.00	E
- Aldwych House, 71-91 Aldwych London, WC2B 4HN		
Huntress Group Limited	19.4	J, Z
Korea, Republic of		
– 18th Floor, Daishin Finance Centre, 343, Samil-daero, Jung-go, Seoul		
Woori BC Pegasus Securitization Specialty Co., Limited	70.00	CC
Luxembourg		
– 9, allee Scheffer, L-2520		
BNRI Limehouse No.1 Sarl	96.30	R
Preferred Funding S.a r.l.	33.33	FF
Preferred Investments S.a r.l.	33.33	FF, I
Malta		
– RS2 Buildings, Fort Road, Mosta MST 1859		
RS2 Software PLC	18.25	Z
South Africa		
- 9 Elektron Road, Techno Park, Stellenbosch 7600		
Imalivest Mineral Resources LP	66.63	J, Z
United States of America		
- Corporation Services Company, 251 Little Falls, Drive Wilmington, DE 19808		
DG Solar Lessee, LLC	75.00	C, Z
-Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801		
DG Solar Lessee II, LLC	75.00	C, Z
VS BC Solar Lessee I LLC	50	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
Guernsey		
- P.O. Box 33, Dorey Court, Admiral Park, St. Peter Port, GY1 4AT		
Barclays UKRF No.1 IC Limited	0.00	Z
Barclays UKRF ICC Limited	0.00	Z

Joint Ventures

The related undertakings below are Joint Ventures in accordance with s. 18, Schedule 4, The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and are proportionally consolidated.

Joint Ventures	%	Note
United Kingdom		
– All Saints Triangle, Caledonian Road, London, N1 9UT		
	50.00	

Joint management factors

The Joint Venture Board comprises two Barclays representative Directors, two JV partner Directors and three non-JV partner Directors. The Board are responsible for setting the Company strategy and budgets.

Notes
The terms Barclays or Group refer to Barclays PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2021 to the corresponding twelve months of 2020 and balance sheet analysis as at 31 December 2021 with comparatives relating to 31 December 2020. 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 document, which was approved by the Board of Directors on 22 February 2022, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021, 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 with 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 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 expects that from time to time over the coming quarter it will meet with investors globally to discuss these results and other matters relating to the Group.

Non-IFRS performance measures
Barclays' management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses' performance between financial periods and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays' management. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Refer to pages 309 to312 for further information and calculations of non-IFRS performance measures included throughout this document, and the most directly comparable IFRS measures.

Forward-looking statements
This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning.Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Group (including, without limitation, during management presentations to financial analysts) in connection with this document.Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, capital distributions (including dividend pay-out ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets (including, without limitation, ESG 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 a number of factors, including, without limitation: 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, emerging and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; future levels of conduct provisions; the policies and actions of governmental and regulatory authorities; the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks; and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Group or any securities issued by such entities; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union ("EU"), the effects of the EU-UK Trade and Cooperation Agreement and the disruption that may subsequently result in the UK and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Group's reputation, business or operations; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual financial position, future results, capital distributions, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures or ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in Barclays PLC's filings with the SEC (including, without limitation, our Annual Report on Form 20-F for the fiscal year ended 31 December 2021), which are available on the SEC's website at www.sec.gov. Subject to Barclays' 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.

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Growing. Together.

Financing the transition

Fluence is a global market leader in energy storage products and services, as well as digital applications for renewables and storage. Energy storage technology is at the centre of the decarbonisation of the electric grid and has a critical role to play in enabling the transition to a low-carbon economy.

This year, Barclays supported Fluence by helping them float on the NASDAQ through an Initial Public Offering (IPO). We helped market the IPO over a seven-day virtual roadshow, highlighting the important role Fluence is playing in the transition to the low-carbon economy, as well as the pure-play exposure it provides to investors looking to capitalise on the growing global demand for energy storage capabilities.

Thanks to our collective work, the IPO raised almost $1bn to fund Fluence's growth plans, attracting a diverse group of very high quality investors. Fluence, a Siemens and AES company, already has more than 3.4 GW of energy storage deployed or contracted in 29 markets, and more than 4.5 GW of wind, solar and storage assets in Australia and California. The IPO will help develop this low-carbon infrastructure even further, helping customers around the world and driving a more sustainable future.

"*Enabling greater adoption of renewable energy and decarbonised technologies is vital for accelerating the transition to net zero, and the capital raised from this IPO will help Fluence to be a leader in this effort.*

Rebecca Boll
Chief Product Officer, Fluence

Barclays PLC Annual Report 2021
A detailed review of Barclays' 2021 performance with disclosures that provide useful insight and go beyond reporting requirements.

Barclays PLC Climate-related Financial Disclosures 2021
A report aligning to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in this, the fifth year of disclosure.

Barclays PLC Pillar 3 Report 2021
A summary of our risk profile, its interaction with the Group's risk appetite, and risk management.

Barclays PLC Fair Pay Report 2021
An overview of our approach to pay, including the principles and policies of our Fair Pay agenda.

Barclays PLC Diversity & Inclusion Report 2021
An overview of the Group's approach to building a more inclusive company, including a progress report on each of our six pillars of diversity and inclusion.

Barclays PLC Country Snapshot 2021
An overview of our global tax contribution as well as our approach to tax, including our UK tax strategy, together with our country-by-country data.

Left: **Rebecca Boll**
Chief Product Officer, Fluence

Right: **John Plaster**
Barclays Head of Power & Utilities, Americas