Registered number in England & Wales: FC028333
Registered number in Cayman Islands: WK-207927

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CALTHORPE INVESTMENTS LIMITED

DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their annual report together with the audited financial statements of Calthorpe Investments Limited (the 'Company') for the year ended 31 December 2019.

Profits and dividends

During the year the Company made a profit after tax of £1,491 (2018: profit after tax of £1,697). The Directors do not recommend the payment of any dividend for the year (2018: nil).

Post balance sheet events

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak, the financial effect of which is considered to be immaterial for the Company. The Company continues to operate in line with managements expectations.

Directors

The Directors of the Company, who served during the year and up to the date of signing the financial statements together with their dates of appointment and resignation, where appropriate, are as shown below:

N R Brand (resigned 31 January 2019)
G J Clark (resigned 18 September 2019)
B Ferry
E J Sherwood
R L Versluys (appointed 05 February 2019) (resigned 03 May 2019)
M Paracha (appointed 06 September 2019)

Going concern

After reviewing the company's business position at end of the year and considering there is no change expected in entity's business in the foreseeable future, including the implications from the COVID-19 outbreak and the available banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors of Calthorpe Investments Limited ('the Directors') have accepted responsibility to prepare these financial statements for the year ending 31st December 2019 on the special purpose basis of preparation and accounting policies set out in notes 2, 3 and 5 to the financial statements.

In preparing these financial statements, the Directors have:

- determined that the basis of preparation is acceptable in the circumstances;
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- assessed the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- used the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Financial risk management

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them.

Directors third party indemnity provisions

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2019 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities, including qualifying third party indemnity provisions and qualifying indemnity provisions which may occur (or have occurred) in connection with their duties, powers or office.

Independent auditors

KPMG LLP will continue to hold office as indepenent auditors of the Company.

Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This report was approved by the board and signed on its behalf.

DocuSigned by:
Edward Sherwood
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Director
Date: 4/12/2020
Registered number in England and Wales: FC028333
Registered number in Cayman Islands: WK-207927
PO BOX 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Business review and principal activities

The principal activity of Calthorpe Investments Limited is to act as an investment company. The Company is currently evaluating opportunities for future investment. Although the Company does not currently have any investments, it has adequate resources to continue in operation for the foreseeable future, whilst it evaluates its future investment strategy. As a consequence, the Directors consider that it remains appropriate to prepare the Company's financial statements on a going concern basis.

Business performance

The results of the Company show a profit after tax of £1,491 (2018: profit after tax of £1,697) for the year. The Company has net assets of £122,115 (31 December 2018: £120,624) as at 31 December 2019.

Future outlook

The Directors have reviewed the Company's business and performance and consider it to be satisfactory for the year. The Directors consider that the Company's position at the end of the year is consistent with expectations. The performance of the Company in the foreseeable future will remain broadly unchanged until one or more suitable investment opportunities have been identified.

Principal risks & uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Barclays PLC group and are not managed separately. Accordingly, the principal risks and uncertainties of Barclays PLC, which include those of the Company, are discussed in the Barclays PLC 2019 Annual Report which does not form part of this report.

Key performance indicators

The Directors of Barclays PLC manage the group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the relevant business cluster, which includes the Company, is discussed in the Barclays PLC 2019 Annual Report, which does not form part of this report.

Section 172(1) statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of Calthorpe Investments Limited (the "Company") for the benefit of its shareholders, and in doing so had regard, amongst other matters, to:

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

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

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

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

operational level.

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

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

As a result of these activities, the board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

The purpose of Calthorpe Investments Limited is to act as an investment company. Due to the nature of the Company, no decisions were made by the Directors during the reporting period which required them to have regard to the matters set out in section 172 of the Companies Act 2006.

This report was approved by the board on 2nd December 2020 and signed on its behalf.

DocuSigned by:
Edward Sherwood
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Director
Date: 4/12/2020
Registered number in England and Wales: FC028333
Registered number in Cayman Islands: WK-207927
PO BOX 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALTHORPE INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Calthorpe Investments Limited("the Company") for the year ended 31 December 2019 which comprises the Income Statement, Statement of Financial Position and related notes, including the accounting policies in note 5.

In our opinion the financial statements of the company for the year ended 31 December 2019 have been properly prepared, in all material respects, in accordance with the special purpose basis of preparation and accounting policies set out in notes 2, 3 and 5 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and the terms of our engagement letter dated 27 June 2018. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – special purpose basis of preparation

We draw attention to Notes 2 and 3 to the financial statements, which describes their basis of preparation. As explained in that note, the financial statements are prepared to assist the company in complying with the financial reporting provisions of Overseas Companies Regulation 2009 (SI 2009/1801) made under Section 1049 of the Companies Act 2006 (the "Regulations"). The company has applied Section 396 of the Companies Act 2006, as modified by the regulations, in producing overseas companies individual financial statements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company'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 its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information, which comprises Directors' Report and the Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements, which are intended by them to 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report has been prepared for the Company solely in accordance with the terms of our engagement. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

MGreen

Matthew Green
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 08/12/2020

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Interest income	6	2,677	4,209
Interest expense	6	(836)	(2,114)
Net interest income		**1,841**	2,095
Profit before tax		**1,841**	2,095
Tax expense	10	(350)	(398)
Profit after tax		**1,491**	1,697

All income and expenses for the year are derived from continuing activities. All recognised income and expenses have been reported in the income statement, hence no statement of other comprehensive income has been included in the financial statements.

The accompanying notes on pages 10 to 21 form an integral part of the financial statements.

CALTHORPE INVESTMENTS LIMITED
REGISTERED NUMBER: FC028333

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Assets			
Current assets			
Cash and cash equivalents	11	**122,863**	560,285
Total current assets		**122,863**	560,285
Total assets		**122,863**	560,285
Liabilities			
Current liabilities			
Borrowings	12	**-**	439,263
Current tax liability	13	**748**	398
Total current liabilities		**748**	439,661
Total liabilities		**748**	439,661
Net assets		**122,115**	120,624
Issued capital and reserves			
Share capital	14	**1,000**	1,000
Share premium reserve		**9,000**	9,000
Retained earnings	15	**112,115**	110,624
TOTAL EQUITY		**122,115**	120,624

The accompanying notes form an integral part of the financial statements.

The financial statements and the accompanying notes on pages 10 to 21 were approved and authorised for issue by the board of Directors on and were signed on its behalf by:

DocuSigned by:
Edward Sherwood
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Director
Name: Edward Sherwood
Date: 4/12/2020
Registered number in England and Wales: FC028333
Registered number in Cayman Islands: WK-207927

1. Reporting entity

These financial statements are prepared for Calthorpe Investments Limited (the "Company"), the principal activity of which is to act as an Investment Company.

The financial statements are separate financial statements prepared for the Company only, in line with the UK Companies Act 2006 as applicable to overseas companies. The Company is a wholly owned subsidiary of Braven Investments No. 1 Limited. The parent undertaking of the smallest group that presents consolidated financial statements Is Barclays Bank PLC and the ultimate holding company and the parent undertaking of the largest group that presents group financial statements is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as published by the International Accounting Standards Board (IASB).

The Company is a private limited company domiciled and incorporated in Cayman Islands. It is registered in England and Wales as a UK Establishment. The Company's registered office is at PO BOX 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104.

2. Accounting framework

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as published by the International Accounting Standards Board (IASB). They are also in accordance with IFRS and IFRIC interpretations endorsed by the European Union. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

The financial statements have also been prepared in accordance with the Overseas Companies Regulations 2009 (SI 2009/1801) made under section 1049 of the Companies Act 2006 (the "Regulations"). The Company has applied Section 396 of the Companies Act 2006, as modified by the Regulations, in producing overseas companies individual financial statements.

However, for presentation and disclosure purposes, the Directors have adopted the requirements under the Regulations and selected disclosures under IFRS which the Directors deem to be relevant in understanding its state of affairs. As a result, the following items which are required under IFRS are not included in these financial statements:

1. Statement of Changes in Equity;
2. Statement of Cash Flow
3. Capital Management note;
4. IFRS 7 Financial Instruments: Disclosures to the extent they are not relevant in assessing the Company's state of affairs
5. IFRS 12 Disclosures of Interests in Other Entities; and
6. IFRS 13 Fair value measurement.

3. Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IFRS 9, "Financial Instruments, recognition, and measurement' for hedges and IFRS 9 "Financial Instruments as set out in the relevant accounting policies. They are presented in Pounds Sterling (GBP) which is the Company's functional and presentation currency.

After reviewing the company's business position at end of the year and considering there is no change expected in entity's business in the foreseeable future, including the implications from the COVID-19 outbreak and the available banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

4. New and amended standards

The accounting policies adopted are consistent with those of the previous financial year. There are no new amended standards that have had a material impact on the Company's accounting policies.

Future accounting developments

The Company does not expect any significant changes to its financial reporting after 2020 as a result of amended or new accounting standards that have been or will be issued by the IASB.

5. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

5.1 Foreign currency translation

Items included in the financial statements of the Company are measured using their functional currency, being Pounds Sterling (GBP) the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on equities classified as financial assets at fair value through other comprehensive income and non-monetary items are included directly in equity.

5.2 Interest

Interest income or expense is recognised on all interest bearing financial assets classified as loans and receivables and on interest bearing financial liabilities using the effective interest method.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

5.3 Current and deferred income tax

Income tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current year or prior year taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously with the same tax authority.

5. Summary of significant accounting policies (continued)

5.4 Financial assets and liabilities

The Company 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.

Recognition
The Company recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement
Financial assets are classified on the basis of two criteria:
i) the business model within which financial assets are managed; and
ii) their contractual cash flow characteristics (whether the cash flows represent "solely payments of principal and interest' (SPPI)).

The Company 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
Financial assets will be 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 solely payments of principal and interest.

Financial assets will be 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 solely payments of principal and interest.

Loans and advances and 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.

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 Company is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Company will consider past sales and expectations about future sales.

Financial instruments at fair value through profit or loss
Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election 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 impairment is not recognised in 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

5. Summary of significant accounting policies (continued)

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.

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 are recognised in the income statement in net investment income.

Financial liabilities
Financial liabilities are measured at amortised cost, except for trading liabilities which are held at fair value through profit or loss. Financial liabilities are derecognised when extinguished. The Company's financial liabilities comprise borrowings in the balance sheet.

Determining fair value
Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market price in an active market wherever possible.

Impairment of financial assets
The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month 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 ECL is calculated by multiplying the 12 month 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 Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

Quantitative test
The annualised cumulative weighted average 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 portfolios' 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

5. Summary of significant accounting policies (continued)

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.

Qualitative test
Accounts meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, including industry and Group wide customer level data wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

Backstop criteria
Accounts that are 30 calendar days or more 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 and when any cure criteria used for credit risk management are met. This is subject to all payments being up to date and the customer evidencing ability and willingness to maintain future payments.

The Company does not rely on the low credit risk exemption which would assume facilities of investment grade are not significantly deteriorated. Determining the PD at initial recognition requires management estimates.

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
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. When there is a non-linear relationship between forward-looking economic scenarios and their associated credit losses, five forward-looking economic scenarios are considered to ensure a sufficient unbiased representative sample of the complete distribution is included in determining the expected loss. Stress testing methodologies are leveraged within forecasting economic scenarios.

The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of EAD and assessing significant increases in credit risk. Impairment charges will tend to be more volatile and will be recognised earlier. Unsecured products with longer expected lives, such as revolving credit cards, are the most impacted.

The Company utilises an external consensus forecast as the baseline scenario. In addition, two adverse and two favourable scenarios are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also incorporating IFRS 9 specific sensitivities and non-linearity. The most adverse scenarios are benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenarios from Moody's inventory, but are 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 six core variables, (GDP, unemployment and House Price Index in both the UK & US markets), and expanded variables using statistical models based on historical correlations. The probability weights of the scenarios are estimated 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;

5. Summary of significant accounting policies (continued)

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 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 base rates, 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 has been aligned to the Regulatory Capital CRR Article 178 definition of default, which 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 or purchased or originated as such interest income is calculated on the carrying value net of the impairment allowance.

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays 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.

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 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.

Where terms are substantially different, the existing loan will be derecognised and new loan recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Expected life
Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. The expected life for these revolver facilities is expected to be behavioural life. Where data is insufficient or analysis inconclusive, an additional "maturity factor" may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

Discounting
ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk free rate. Lease receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

Modelling techniques
ECLs are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;
IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require

5. Summary of significant accounting policies (continued)

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, Barclays Group' risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, Barclays Group applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

Forbearance
A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan, except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forborne state.

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

Netting
Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts in all circumstances and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

5.5 Share capital

Share capital classified as equity, provided that there is no present obligation to deliver cash or another financial asset to the holder, is shown in called up share capital, and the costs associated with the issuance of shares are recorded as a deduction, net of tax, from equity.

5.6 Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's Directors.

5.7 Cash and cash equivalents

Cash comprises cash on hand, demand deposits, and cash equivalents. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. Trading balances are not considered to be part of cash equivalents.

6. Interest income and interest expense

Recognised in profit or loss

	2019 £	2018 £
Interest income		
Interest income from group undertakings	2,677	4,209
Total interest income	2,677	4,209
Interest expense to group undertakings	836	2,114
Total interest expense	836	2,114
Net interest income recognised in profit or loss	1,841	2,095

7. Profit before tax

The audit fee is borne by the Company's parent company, Barclays Bank PLC and is not recharged to the Company. Although the audit fee is borne by the Company's parent company, the fee that would have been charged to the Company amounts to £5,250 (2018: £5,250) for the year. This fee is not recognised as an expense in the financial statements.

8. Staff costs

There were no employees employed by the Company during 2019 or 2018.

9. Directors' emoluments

The Directors did not receive any emoluments in respect of their services to the Company during the year (2018: nil).

During the year, no Directors (2018: 0) exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes.

10. Tax expense

10.1 Income tax recognised in profit or loss

	2019 £	2018 £
Current tax		
Current tax on profits for the year	(350)	(398)
Total tax charge	(350)	(398)

10. Tax expense (continued)

10.1 Income tax recognised in profit or loss (continued)

A numerical reconciliation of the tax expense and product of accounting profit multiplied by the applicable tax rate is as follows:

	2019 £	2018 £
Profit after tax	**1,491**	1,697
Income tax charge	**(350)**	(398)
Profit before income taxes	**1,841**	2,095
Tax charge at standard UK corporation tax rate of 19% (2018: 19%)	**(350)**	(398)
Total tax charge in income statement	**(350)**	(398)

Changes in tax rates and factors affecting the future tax charges

From 1 April 2017, the main rate of UK corporation tax is 19%. Legislation has been introduced to reduce the main rate of UK corporation tax to 17% from 1 April 2020.

In the March 2020 budget announcement, the Chancellor confirmed that the rate of corporation tax will remain at 19% from 1 April 2020. This measure has been made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. Since this change (cancelling the enacted reduction to 17%) was not enacted or substantively enacted on the balance sheet date, this has not been used to calculate current or deferred tax for tax disclosures for year ended 31 December 2019.

11. Cash and cash equivalents

	2019 £	2018 £
Cash at bank available on demand	**122,863**	560,285
	122,863	560,285

Bank balance is held with Barclays Bank PLC.

12. Borrowings

	2019 £	2018 £
Amount due to parent undertaking	-	(439,263)
	-	(439,263)

Amount due to parent undertakings represented loans with principal balance of £429,472 due to Braven Investments No.1 Limited with interest bearing at 0.5% p.a. maturing on 23rd May 2019 which was repaid with interest on 29th June 2019 as the Loans were prepayable at the outstanding amount together with accrued and unpaid interest as on date at a 1 business day notice.

The Company has issued preference shares as follows:

	2019 £	2018 £
Authorised:		
2000 (2018: 2,000) Preference shares of £1 each	2,000	2,000
	2,000	2,000
Allotted and fully paid:		
Nil (2018: Nil) Preference shares of £1 each	-	-
	-	-

13. Current tax liability

	2019 £	2018 £
Opening tax payable	398	337,200
Tax expense during the year	350	398
Group relief paid	-	(337,200)
Closing tax payable	748	398

14. Share capital

Authorised

	2019 Number	2019 £	2018 Number	2018 £
Shares treated as equity				
Ordinary shares of £1.00 each	**1,000**	**1,000**	1,000	1,000
	1,000	**1,000**	1,000	1,000

Issued and fully paid

	2019 Number	2019 £	2018 Number	2018 £
Ordinary shares of £1.00 each				
At 1 January and 31 December	**1,000**	**1,000**	1,000	1,000

Each ordinary share entitles the holder to one vote at any general meeting of the Company.

15. Retained earnings

	2019 £	2018 £
As at 1st Jan	**110,624**	108,927
Profit for the year	**1,491**	1,697
As at 31st Dec	**112,115**	110,624

16. 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 party in making financial or operational decisions, or one other party controls both.

The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors. During the year there have been no other transactions with related parties other than transactions disclosed in the notes to the financial statements.

17. Events after the reporting date

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak, the financial effect of which is considered to be immaterial for the Company. The Company continues to operate in line with managements expectations.

18. Parent undertaking and ultimate holding company

The immediate parent of the Company is Braven Investments No.1 Limited, a company incorporated in Cayman Islands. The parent undertaking of the smallest group that presents group financial statements is Barclays Bank PLC. The ultimate parent company and controlling party is Barclays PLC, which is the parent company of the largest group that presents group financial statements. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.