Barclays PLC
Our readiness for resolution

10 June 2022

BARCLAYS

Contents

1. Introduction

It is now more than a decade since the financial crisis of 2008/9, and during this time Barclays (as defined below) has worked with regulators globally to enhance its resilience to financial stress. Since 2011, Barclays has had a detailed recovery plan in place, setting out the measures available to it to restore the financial position of the Group (as defined below) should there be a significant deterioration in its financial condition. The recovery plan has been enhanced by the work Barclays has undertaken across a number of areas – including the ring-fencing of its UK retail banking business, creation of a Group-wide service company, and reducing the size and complexity of its balance sheet – all of which increase the Group's readiness for any future crisis.

Where recovery measures are unsuccessful, the UK resolution framework put in place after the 2008/9 financial crisis is designed to ensure that banks and their wider groups can be recapitalised and restructured in a way that provides for the continued operation of important banking services. This framework also aims to protect financial stability without exposing public funds to loss. In Section 2, we provide an overview of the UK's resolution framework and the powers the Bank of England (BoE), as the Group's lead resolution authority, could use to resolve Barclays PLC (BPLC) and its subsidiaries (Barclays or the Group). The BoE has worked with the Group and, via the regulatory Crisis Management Group, other regulators and resolution authorities globally, to identify single-point-of-entry (SPE) bail-in as the resolution strategy for Barclays. In Section 3, we provide an overview of the Group structure and, in Section 4, we describe how this SPE strategy could be used to resolve Barclays in the event that it became necessary to do so.

While the BoE is responsible for identifying and, if necessary, executing our resolution strategy should it become necessary to do so following the implementation of our own recovery plan, Barclays needs to have certain capabilities in place to assist with achieving a successful resolution. As part of the commitment by the BoE to ensure that all banks are resolvable, Barclays has been required by the Prudential Regulation Authority (PRA) to publish a summary of its preparations for resolution.[1] In Section 5, we provide details of these capabilities and the steps Barclays has taken since the 2008/9 financial crisis to remove barriers identified by the BoE to resolvability. These demonstrate that Barclays complies with the policies of the BoE and (where applicable) other relevant regulators and are the basis on which Barclays has concluded that it has the capabilities to assist with achieving the required outcomes. Please see Section 2 for further details about the UK resolution framework and Section 6 on how we have reached this conclusion through substantial testing and other assurance activities.

The BoE is publishing its assessment of Barclays' resolvability capabilities, alongside that of each other major UK firm, in parallel with this report. Barclays notes from the BoE's assessment that there are no shortcomings, deficiencies or substantive impediments identified in our capabilities that could impede our ability to execute the preferred resolution strategy. Barclays also notes the BoE's identification of areas of further enhancement with respect to our approach to assurance activities relating to our Valuation in Resolution and Restructuring Planning capabilities, and Barclays will ensure these enhancements are made as part of our broader commitment to further embed, test and refine Barclays' resolution arrangements, and respond to the outcome of the enhanced assurance activities as may be required. Barclays looks forward to continuing to work with the BoE, along with the Group's other regulators and resolution authorities globally, to maintain and enhance its resolvability capabilities.

2. About the UK resolution framework and this report

2.1 The purpose of recovery and resolution

The 2008/9 financial crisis highlighted both the importance of firms and regulators being prepared to respond effectively to unforeseen severe stress events, and the disruptive and costly nature of disorderly bank failure. As part of the subsequent global regulatory reforms, regulators have called on large, systemically important financial institutions, such as Barclays, to improve recovery plans for restoring their capital, liquidity and balance sheet positions during times of severe stress. In addition, and in the event of the failure of these recovery plans, regulators require such institutions to ensure they have capabilities to support their resolution.

The BoE describes the purpose of resolution in the following way:

Resolution imposes losses on failed banks' shareholders and investors, not taxpayers. It ensures larger firms' services can continue to operate for a sufficient period, allowing authorities or new management to restructure them or wind them down.

By ensuring losses will fall on a failed bank's investors, resolution can reduce the risk of bank failures by encouraging more responsible risk-taking. This can limit the impact of bank failures when they do occur, by placing the cost of failure on shareholders and investors, not public finances.[2]

2.2 The UK resolution framework

The BoE is the regulatory authority with responsibility for resolution of banking groups, certain investment firms, and building societies in the UK. As such, the BoE has at its disposal several so-called 'stabilisation options' provided for under the Banking Act 2009, as amended (the Banking Act). These include:

- the bail-in of liabilities (including issued debt) in order to absorb losses and recapitalise the entity or the group (please see Section 4.1 below for further details);
- a sale of the entity either to a private sector purchaser, most likely another banking group, or a publicly-owned 'bridge company';
- a sale of some or all of the group's business to another industry participant; and
- as a last resort, temporary public sector ownership of the entity or the group.

These powers can be exercised individually or in combination and with respect to operating companies in the UK, such as banks or certain investment firms, or with respect to their UK organised holding companies.

On the 'Resolution' section of its website, the BoE has published a range of materials which discuss the UK's resolution framework and how the BoE might conduct a resolution.[3]

2.3 A commitment to resolvability

In April 2017, the BoE committed to Parliament that the major UK banking groups will be resolvable by 2022. Since that time, the BoE has developed its views on what it means for a bank to be resolvable, identified a number of potential barriers to resolution of banking groups and has developed policy expectations aimed to ensure such barriers are removed, or substantially mitigated, ahead of 2022.

For a bank to be resolvable, in the view of the BoE, it must achieve the following outcomes:

- have adequate financial resources available to absorb losses and recapitalise the institution, without recourse to public funds, in a resolution context;
- be able to continue to do business and serve its customers through resolution; and
- be able to co-ordinate and communicate effectively within the firm and with the authorities and markets so that resolution and subsequent restructuring are orderly.

Historically, there have been a number of features of banking groups, or the regulatory environment in which they operate, which the BoE has identified that might, if not adequately addressed, act as potential barriers to these resolvability objectives. In particular, the BoE has identified the following key factors that should be considered as part of the resolution planning process:

- adequacy of minimum requirements for own funds and eligible liabilities (MREL);
- capability to conduct accurate and timely valuations of assets and liabilities in resolution;
- access to funding in resolution;
- the risk of early termination of financial contracts;
- ensuring operational continuity in resolution;
- ensuring continuity of access to financial market infrastructures;
- identification, development and execution of post-stabilisation restructuring options; and
- effectiveness and timeliness of management, governance and communications in resolution.

Barclays has taken active steps to mitigate these barriers identified by the BoE, particularly where such barriers might in practice constitute an impediment to a credible execution of its SPE resolution strategy. Please see Section 5 for a description of our capabilities and the steps taken to date. The Group has not identified any other barriers to its resolution. Further, based on the substantial testing and other assurance activities undertaken to date, Barclays considers that the capabilities it has developed are well adapted to meeting any future issue which may pose a threat to the credible execution of Barclays' resolution strategy.

2.4 Resolution planning and this report

Resolution planning is the process of analysing information about a banking group, developing a resolution strategy and creating systems and structures in the banking group that support the resolution strategy. A resolution strategy identifies the stabilisation options and other resolution powers that are likely to be best suited to stabilise and restructure a particular bank were it to become severely financially distressed; planning to support that strategy involves identifying how the potential barriers noted above could be addressed. The strategy for a banking group is determined by the BoE based on reports and analysis provided by the banking group.

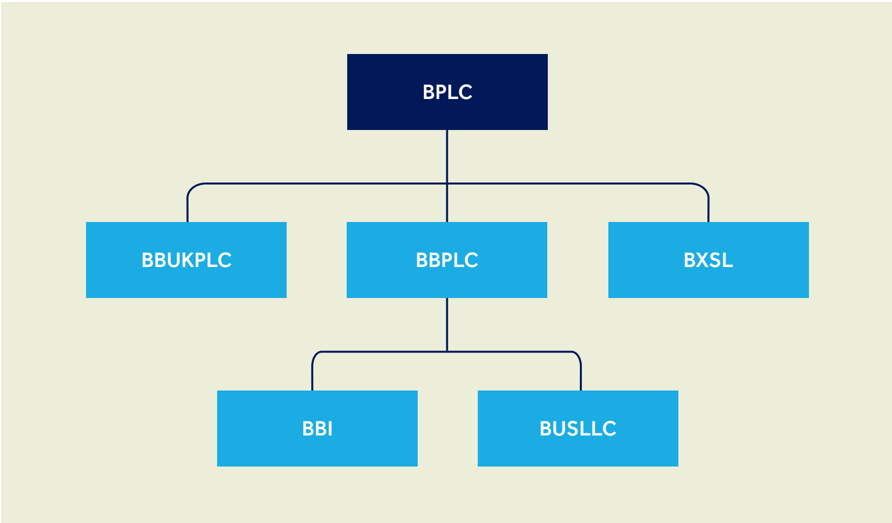
The BoE has developed a resolvability assessment framework (RAF) to support this process. The RAF defines the information that banking groups need to provide to the BoE, and how the BoE will determine the extent to which the strategy for a particular group and the group's arrangements have adequately prepared for resolution. As part of this process we are making this disclosure, which summarises our preparations for resolution. As indicated in Section 1, the BoE is communicating publicly its assessment of our resolvability and the resolvability of other banking groups.

3. Group structure

3.1 Overview of the Group

Barclays is a British universal bank, supporting individuals and small businesses through its consumer banking services, and larger businesses and institutions through its corporate and investment banking services. Barclays is diversified by business, geography and income type. The Group's operations include consumer banking and payments services in the UK, US and Europe, as well as a global corporate and investment bank. As described in more detail in Section 3.2 below, the Group operates as two divisions – the Barclays UK (Barclays UK) division and the Barclays International (Barclays International) division – which are supported by Barclays Execution Services Limited (BXSL), the Group-wide service company providing technology, operations and functional services across the Group.

Barclays has identified its material subsidiaries for resolution purposes (Material Subsidiaries). In addition, on an annual basis, Barclays undertakes analysis to identify those entities which are significant to the Group and those business lines which are core to the Group's operations. This analysis covers all branches and subsidiaries within the Group and supports the determination of the scope for the work required to remove any impediments to resolution.



3.2 Legal structure

The following provides a summary of BPLC, the Group's Material Subsidiaries and their activities:

- **BPLC** – BPLC is the holding company for the Group as the direct or indirect parent of all other Group legal entities. BPLC's ordinary shares are listed on the main market of the London Stock Exchange and American Depositary Receipts representing BPLC's ordinary shares are listed on the New York Stock Exchange. As discussed further in Section 4 below, BPLC is the only 'Resolution Entity' identified by the BoE for the purposes of Barclays' SPE resolution strategy. BPLC is subject to consolidated supervision by the PRA and Financial Conduct Authority (FCA), and in 2021 received approval by the PRA as a financial holding company.
- **Barclays Bank UK PLC (BBUKPLC)** – BBUKPLC is the Group's ring-fenced bank, established in line with the PRA's requirements to hold the UK core retail banking activities and protect retail banking from risks unrelated to the provision of that service. The consolidation of Barclays Bank UK PLC and its subsidiaries is referred to as the Barclays Bank UK Group. The Barclays Bank UK Group contains the majority of the Group's Barclays UK division, including the Personal Banking, Business Banking and Barclaycard Consumer UK businesses, other than the Barclays Partner Finance business. BBUKPLC is authorised by the PRA and regulated by the FCA and the PRA.
- **Barclays Bank PLC (BBPLC)** – BBPLC is the Group's non ring-fenced bank. The consolidation of Barclays Bank PLC and its subsidiaries is referred to as the Barclays Bank Group. The Barclays Bank Group contains the majority of the Group's Barclays International division, which is comprised of the Corporate and Investment Bank and Consumer, Cards and Payments businesses. BBPLC is authorised by the PRA and regulated by the FCA and the PRA.
- **Barclays Bank Ireland PLC (BBI)** – BBI is a wholly-owned subsidiary of BBPLC and is the primary legal entity within the Group serving its EEA clients, with branches in Belgium, France, Germany, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden, in addition to its Irish head office. BBI is licensed as a credit institution by the Central Bank of Ireland (CBI) and is designated as a significant institution, directly supervised by the Single Supervisory Mechanism of the European Central Bank. BBI is regulated by the CBI for financial conduct and BBI's branches are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established.
- **Barclays US LLC (BUSLLC)** – BUSLLC is the intermediate holding company for the Barclays Bank Group's non-branch US operations, including Barclays Capital Inc. and Barclays Bank Delaware. BUSLLC is regulated as a bank holding company by the US Federal Reserve Board. Please see Section 3.3(a) for further detail on the establishment of BUSLLC.

Each of BPLC, BBUKPLC, BBPLC, BBI and BUSLLC is subject to MREL (or local equivalent, for example TLAC) requirements, as further described in Section 5.1(a).

BXSL is not regulated by the PRA or the FCA, but as part of setting up and maintaining the services that BXSL provides, BXSL is structured so as to support the Group's compliance with the PRA's expectations regarding operational continuity.

3. Group structure continued

3.3 Developments to Group structure improving resilience and resolvability

In addition to developing its resolvability capabilities, Barclays has made a number of material changes to its business, structure and operations since 2008/9 which support its resilience to financial stress and improve its resolvability.

(a) Structural reform

Barclays' delivery of structural reform has significantly improved the likelihood of an orderly bail-in and subsequent restructure of the Group. Barclays met the UK ring-fencing requirements by transferring Barclays UK into BBUKPLC as a new legal entity which became Barclays' UK ring-fenced bank. Accordingly, Barclays International and Barclays UK, and the business lines they each comprise (please see above), now act as separate operating divisions. This structure simplifies the Group and reduces the likelihood that customers and clients – and the day-to-day services upon which each rely – will be put at risk by a failure in another part of the Group or shocks originating in global financial markets.

Since September 2017, Barclays UK and Barclays International have been supported by BXSL. BXSL facilitates the efficient operational continuity of operations, technology and functional services for business units and the execution of recovery and resolution plans in the event of financial difficulty, thereby strengthening and enhancing the overall resilience and resolvability of the Group.

In addition, in response to US Federal Reserve Regulation YY,[4] by 1 July 2016 Barclays had restructured its US operations and established BUSLLC as its US top-tier intermediate holding company to house Barclays' non-branch US operations and US subsidiaries and meet the Enhanced Prudential Standards set out in Regulation YY.

(b) Business simplification and rationalisation

Between 2014 and 2017, Barclays completed the run-down of its non-core businesses, eliminating over £90bn of risk-weighted assets (RWA), closing operations in 12 countries, and selling some 20 businesses which were no longer considered strategically important to Barclays. Furthermore, Barclays substantially sold down its interest in Barclays Africa Group Limited (now known as Absa Group Limited) to a level allowing regulatory deconsolidation, which was formally granted in July 2018. These efforts reduced the size and complexity of Barclays' balance sheet and strengthened the Group's capital position. Barclays has also significantly reduced its structural complexity by actively reducing the number of legal entities in the Group from 1,434 as at 31 December 2012 to 350 as at 31 December 2021.

(c) Increase in CET1 ratio reflecting capital build

Capital requirements are an important part of the regulatory framework governing how banks are supervised. Banks are required to maintain enough capital to cover unexpected losses and keep themselves solvent in a crisis, and the amount of capital required depends on the risk attached to the assets of a particular bank. Capital requirements are expressed as a percentage of its RWAs and capital is assigned certain grades according to its quality and risk. A bank's CET1 ratio is considered to be one of the most important measures of its capital strength and resilience. 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.

In line with this objective, Barclays has significantly increased the Group's CET1 ratio over a number of years having grown it from 11% as at 31 December 2011 to a current target CET1 ratio of between 13% and 14%.

(d) Recovery and resolution planning teams in the UK, US and Europe

Barclays recognises that resolution exists in a continuum of financial stress and has many components spanning multiple areas of the Group. In order to ensure consistency of approach and a centre of subject matter expertise on recovery and resolution planning (RRP) requirements, integrated teams are in place to respond to RRP requirements at Group level in the UK, alongside jurisdictional teams in the US and in Europe. The UK team is supported by capability-specific resources, ensuring appropriate alignment of delivery responsibilities while maintaining close co-ordination overall.

4. The Bank of England's resolution strategy for the Group

4.1 Resolution strategy

The BoE has identified an SPE bail-in resolution as the most appropriate strategy for resolving the Group in the unlikely event it would become necessary to do so.

Under this strategy, a bail-in would be conducted at the level of the Group's ultimate parent and resolution entity, BPLC. An SPE bail-in resolution strategy means that:

- in the event of a severe stress or potential failure of one of the Group's Material Subsidiaries, the entity would be recapitalised through the write-down or conversion of regulatory capital or other internal MREL (iMREL) resources without the entity itself being placed into resolution with losses ultimately flowing 'up-stream' to BPLC as the resolution entity; and
- if such losses were to exceed the ordinary ability of BPLC to provide support to and absorb the losses of its subsidiaries, and cause the BoE (as the public authority responsible for any resolution of the UK's banks) to determine that BPLC is likely to fail, the BoE would 'bail-in' the shares and debt held by external investors (including, in very limited circumstances, investors in certain Group entities other than BPLC).

A bail-in would involve the write-down or conversion of equity and debt instruments according to the regulatory classification of such instruments. Effecting a bail-in according to the regulatory classification means that losses would be imposed on holders of relevant instruments in the following order:

1) BPLC ordinary shares;
2) other instruments that qualify as Tier 1 capital;
3) instruments that qualify as Tier 2 capital; and
4) senior unsecured MREL eligible liabilities issued by BPLC.

In line with the BoE's Operational Guide on executing a bail-in,[5] it is expected that the BoE would implement the bail-in resolution strategy as follows:

- BPLC ordinary shares would be transferred to a custodian, which would hold the shares for the benefit of holders of other instruments subject to bail-in; and
- holders of other equity and debt instruments within scope of bail-in would receive 'certificates of entitlement' that may be exchangeable in due course for ordinary shares in BPLC (in the case of instruments that qualify as Tier 1 or Tier 2 capital), or a combination of ordinary shares or other instruments, including the original instrument (in the case of other bail-inable debt instruments issued by BPLC). For further details of how a bail-in resolution strategy may be put into effect by the BoE, please refer to the BoE's Operational Guide on executing a bail-in.

Aside from BPLC, none of the other entities within the Group are expected to be placed into insolvency, administration or resolution proceedings. This means that Barclays' operating subsidiaries (including BBPLC and BBUKPLC) are expected to continue to operate as normal through a resolution of the Group, including both honouring all existing obligations and standing ready to engage in new transactions. In order to achieve this, as appropriate, entities will be recapitalised with losses ultimately flowing up-stream to BPLC. In the case of Barclays' Material Subsidiaries, recapitalisation capacity is pre-positioned through the use of iMREL issued by Barclays' Material Subsidiaries. iMREL would be written off or converted to restore the capital adequacy of the relevant Material Subsidiary.

As at the date of this document, a limited number of instruments issued externally by BBPLC which count towards BBPLC and Group regulatory capital may also be written down or converted alongside regulatory capital instruments issued by BPLC or BBPLC iMREL instruments without BBPLC being placed into resolution.

Further, under this SPE strategy, there is no expectation that any of the Group's businesses, assets or operating subsidiaries would be sold or transferred as part of the bail-in process. Once the Group had been stabilised by way of a bail-in at the level of BPLC, Barclays would then need to deliver a business reorganisation plan for approval by the BoE showing how the Group would be restructured to create a viable post-resolution business model.

4.2 Conduct of a resolution

The BoE has explained how it might conduct an SPE resolution in its *Approach to Resolution* document.[6] This is illustrated in the chart produced by the BoE, which is reproduced overleaf.

As part of its internal resolvability preparations, Barclays has developed a playbook framework of its expected actions within this BoE framework. This includes a high level summary of key resolution activities and information for the bail-in administrator (BIA), Board and senior management so as to facilitate execution of the resolution strategy and mitigate risks to the required resolvability outcomes. Further detail is set out in each individual workstream playbook, with one workstream for each barrier[7] to resolution identified by the BoE, which provide detailed step by step guides to executing each resolution workstream's activities in resolution, including objectives, key stakeholders, key management information, communications and relevant considerations, in each case set against the phases of the resolution stylised timeline.

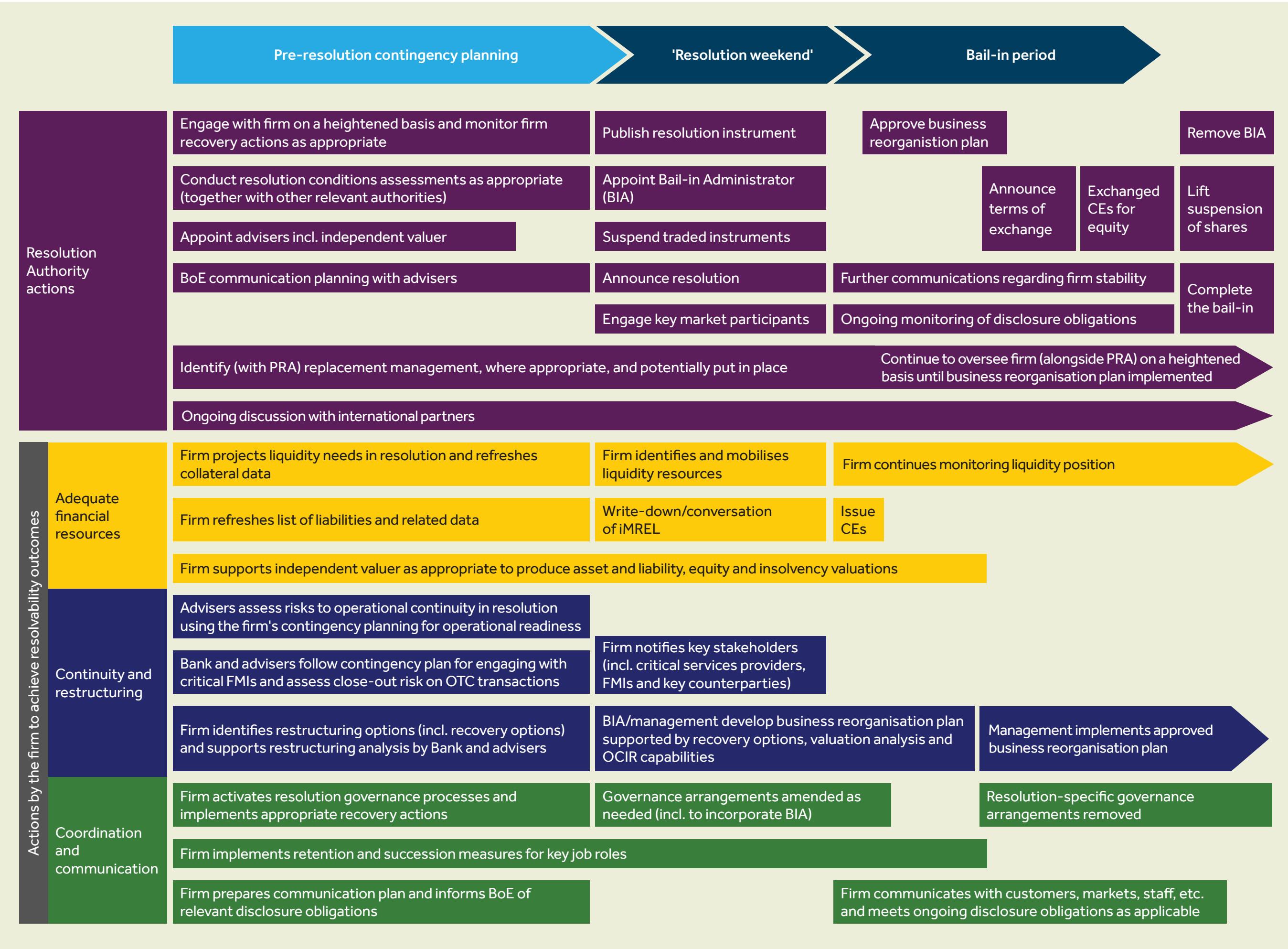
(a) Creditors

In respect of other creditors, the SPE resolution strategy is designed to avoid any defaults by subsidiaries of BPLC. The SPE strategy is intended to ensure that such operating subsidiaries can continue to meet all of their other payment and performance obligations to all of their counterparties, vendors and other creditors. Likewise, such parties generally are prevented from terminating their agreements as a result of the resolution proceedings taken in respect of BPLC.

Notwithstanding this intention, it is possible that a bail-in would, in addition, result in the write-down or conversion of other more senior-ranking liabilities of BPLC, or of liabilities of other Group entities. In this unlikely circumstance, many creditors would be protected by the express exclusions from bail-in provided for under section 48B of the Banking Act. In particular, holders of secured liabilities, depositors that are eligible for protection under the UK Financial Services Compensation Scheme, employees in respect of fixed remuneration (and some variable remuneration) entitlements, pensions schemes and suppliers of non-financial goods and services that are critical to Barclays' daily operations are all expressly excluded from the potential scope of any bail-in.

There are a limited number of subordinated instruments issued externally by BBPLC that remain outstanding, including those instruments which count towards BBPLC and Group regulatory capital as noted in Section 4.1 above. As at 31 December 2021, the total principal amount outstanding of such instruments stood at £3.7bn equivalent, with £2bn of these instruments maturing in 2022. On the basis that the amount outstanding of such instruments is very small relative to Barclays' overall MREL resources (which stood at £108.2bn as at 31 December 2021) and also noting that the instruments are not issued by BPLC, the resolution entity, Barclays does not consider that these instruments represent an impediment to the resolution of the Group and intends to treat these instruments as eligible regulatory capital for BBPLC and the Group (but not MREL for BBPLC or the Group) for so long as they remain outstanding and qualify as regulatory capital under prevailing prudential regulation.

4. The Bank of England's resolution strategy for the Group continued



(b) Depositors

Under an SPE resolution strategy, it is intended that none of the Group's operating banks or other subsidiaries would enter resolution, administration, insolvency or other proceedings. Further, the strategy is aimed at ensuring that depositors continue to have uninterrupted access to their deposits and related banking services throughout the entire resolution process. Part of the resolution planning process involves assessing the likely sources and modelling the likely uses of liquidity in resolution, including that required to meet any withdrawals made by depositors in the unlikely event they might arise. The Group has a variety of sources of liquidity available to it, including central bank facilities that may be made available by the BoE and other central bank and third party facilities. Please refer to the latest final Pillar 3 statements contained in the Barclays Financial Results Archive for further details of Barclays' liquidity position.[8]

(c) Vendors and service providers

The UK resolution framework recognises the critical importance of preserving relationships with key vendors and service providers. Liabilities to key vendors and service providers are generally excluded from the scope of liabilities that could be affected by a bail-in. Barclays has adopted a 'clean' holding company model, meaning that relationships with third party vendors and service providers are entered into by subsidiaries of BPLC that (as discussed above) are not expected to be placed into resolution, administration or insolvency proceedings and that are expected to continue to operate on a business as usual basis throughout resolution.

4.3 Post-resolution restructuring

If BPLC were to become subject to a bail-in, its directors (or a BIA appointed by the BoE) would be required to draw up a business reorganisation plan within a specified period of time. This business reorganisation plan should, among other things, include measures aimed at restoring the long-term viability of the Group within a reasonable timescale following resolution, and a timetable for the implementation of those measures. These steps would take into account any actions taken as part of the pre-resolution recovery phase and reflect the particular reasons for Barclays entering resolution; by way of example, such steps might include the disposal or shutting down of loss-making subsidiaries and/or business lines.

5. Achieving the resolution outcomes

To help achieve the resolution outcomes, the Group has enhanced its capabilities, dedicated resources and established arrangements to remove the potential barriers to resolution identified by the BoE as set out in Section 2.3 above, thereby improving the Group's resolvability. No idiosyncratic barriers to resolution (i.e. barriers to resolution that are specific to Barclays rather than market-wide) have been identified to date based on the work Barclays has undertaken globally across the Group. This section describes the Group's capabilities and the actions Barclays has taken to address these potential barriers to resolution and how this supports the delivery of the resolution outcomes.

5.1 Outcome 1: adequate financial resources

Summary: Barclays has taken steps designed to ensure that it has adequate financial resources in resolution. In particular, it has more than the required minimum amount of loss absorbing capacity in the form of external MREL and iMREL. Barclays also holds liquid resources to meet its ongoing liabilities, supported by forward-looking analysis to seek to ensure that appropriate levels are maintained through resolution. Furthermore, the Group's valuation capabilities enable sufficiently timely and robust valuations of assets and liabilities to be conducted to support effective resolution. As a result, we consider that Barclays complies with the objectives that together comprise its obligation to maintain adequate financial resources in the context of resolution.

(a) MREL

BoE objective: *To be considered resolvable, firms should maintain a sufficient amount of resources that can credibly and feasibly be used to absorb losses and recapitalise them to a level that enables them to continue to comply with the conditions for regulatory authorisation and sustain market confidence* (the MREL Objective).[9]

Barclays' actions:

Sufficient MREL resources: The Group is required to meet MREL requirements set by the BoE. From 1 January 2022, the Group is required to meet the higher of:

(i) 2 x (Pillar 1 plus Pillar 2A); and

(ii) 6.75% of UK leverage exposure.

CET1 capital cannot be counted towards both MREL and the capital buffers, meaning that the buffers will effectively be applied above MREL requirements.

As at 31 December 2021, the Group had £108.2bn of own funds and eligible liabilities against a 1 January 2022 MREL requirement including buffers of £93.6bn.

In addition to the requirements applicable to the Group, each of BBUKPLC, BBPLC, BBI and BUSLLC (i.e. each of the Material Subsidiaries except for BXSL) is subject to iMREL requirements set by its relevant resolution authority.[10] Each of these entities meets or, for future targets, is on course to meet its required iMREL requirements.

Adequacy of MREL capabilities: Barclays has taken the following steps, at the level of the Group and for each of BBUKPLC, BBPLC, BBI and BUSLLC, to help ensure that it has and will continue to meet the MREL Objective:

- issued eligible liabilities instruments in accordance with an assurance plan to ensure the Group's MREL resources meet relevant eligibility criteria (including, for non-UK incorporated Material Subsidiaries, local iMREL eligibility criteria) and established a buffer in excess of MREL requirements to cover the risk of MREL market restrictions or closure;
- established regular monitoring of MREL resources and future MREL demand projections to inform an MREL issuance plan;
- developed an MREL playbook describing the legal and operational bail-in steps to recapitalise BPLC and its Material Subsidiaries; and
- implemented and embedded controls to ensure MREL instruments meet relevant eligibility criteria, including controls to ensure the Group maintains a clean holding company structure.[11]

These capabilities, which are supported by external legal advice where relevant, have been subjected to review by Barclays Internal Audit and the Chief Controls Office as part of a wider assurance plan with input from relevant Barclays Treasury teams and other subject matter experts. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the MREL Objective.

(b) Valuations

BoE objective: *To be considered resolvable, firms should meet the objective of having valuation capabilities that would enable a valuer to carry out sufficiently timely and robust valuations to support effective resolution* (the ViR Objective).[12]

Barclays' actions:

Barclays has established valuation capabilities that would enable a valuer to carry out timely and robust valuations. These valuation capabilities are evidenced through a Valuation in Resolution (ViR) Framework, including a ViR data and information inventory to provide up-to-date data to a valuer and a ViR model inventory that incorporates new ViR consolidation models informing the required valuations. The ViR consolidation models source underlying data and valuations, balance sheets and income statements by Material Subsidiary (apart from BXSL). The ViR Framework is maintained through a ViR Standard which sets out specific controls for the ViR capabilities.

The valuation capabilities are supported by operational documentation, including a ViR Playbook, process step plans and end-to-end valuation process mapping. The ViR Playbook, which provides a valuer with an overview of Barclays' valuation capabilities, including valuation assumptions, methodologies and processes, also details the process that Barclays would follow to provide a third party with access to its data, systems, infrastructure and models, and the relevant Barclays staff with whom a valuer would need to liaise.

To ensure consistency in valuation methodologies across jurisdictions and in-scope subsidiaries and the use of realistic assumptions in the underlying valuation models, the capabilities have been subject to review and testing by internal stakeholders with relevant expertise, including 'dry run' tests across material assets and liabilities which have been supported by sensitivity analysis on the key valuation drivers, and review by Barclays Independent Validation Unit, Barclays Internal Audit and an external firm. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the ViR Objective.

5. Achieving the resolution outcomes continued

(c) Funding in resolution

BoE objective: *To be considered resolvable, firms should ensure they can continue to meet their obligations as they fall due, are able to estimate, anticipate and monitor their potential liquidity resources and needs and mobilise liquidity resources in the approach to and throughout resolution* (the FiR Objective).[13]

Barclays' actions:

Barclays has developed capabilities and taken necessary steps to address impediments to resolution identified by reference to the BoE's Statement of Policy[14] on the resolvability outcomes and impediments to resolution, building on Barclays' existing liquidity resources and liquidity risk control framework.

To enable it to project sources and uses of liquidity in resolution and to identify funding gaps across the forecast horizon, Barclays has developed a new flexible forecasting engine that can adapt to a broad range of resolution scenarios. The engine provides liquidity analysis at Group level, for each Material Subsidiary and for other Group entities identified as material for liquidity purposes in USD, EUR, GBY and JPY (being currencies representing 5% or more of the total liabilities for any of the in-scope entities or the Group as a whole).

Granular input data enables forecasts up to five years ahead on a timely basis. The engine is designed to include pre-set scenarios which can be used as a starting point in resolution, and further can be tailored to align to the relevant resolution scenario. The engine can report unencumbered collateral on a spot basis across a broad range of characteristics. The use of the liquidity engine is supplemented by a Funding in Resolution Playbook to guide users in its governance and operation.

The liquidity engine has been through user acceptance and simulation testing and review, while Barclays Internal Audit completed a pre-implementation review in 2021 and a post-implementation review in 2022. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the FiR Objective.

5.2 Outcome 2: continuity and restructuring

Summary: Barclays has put in place arrangements designed to ensure that it is able to continue to do business through resolution and any post-stabilisation restructuring. These include modifying financial and operational contracts so that resolution does not result in their termination, and developing plans to preserve access to financial market infrastructures (FMIs). Building on its recovery planning activities and considerable restructuring experience, Barclays also has appropriate restructuring capabilities in place. As a result, Barclays considers that it complies with the objectives that together comprise Barclays' obligation to be able to continue to do business and restructure in resolution.

(a) Continuity of financial contracts

BoE objective: *To be considered resolvable, firms should suitably address the risk of early termination of financial contracts upon entry into resolution to limit any impact on their stability and the wider financial system (i.e. market contagion) that may otherwise occur as a result of resolution* (the Stays Objective).[15]

Barclays' actions:

The BoE can apply temporary statutory stays in resolution, preventing the exercise of termination, payment and delivery, and/or security rights in financial contracts. Certain Barclays' financial contracts are booked into subsidiaries of BPLC that should not be subject to resolution action. However, some financial contracts may contain 'cross default' rights that could be triggered by the financial condition or actions of BPLC, and these rights may be affected by the BoE's stays. Further, the BoE can apply the stays to contracts entered into by subsidiaries of BPLC even where these entities are not in resolution. In order to give effect to these stays, financial contracts governed by non-UK law are required to include a contractual recognition of these stays.

As at 31 December 2021, Barclays had mitigated early termination risk in respect of 99.31% of its gross notional exposure under relevant third country law agreements facing the Group's UK entities by including 'stay recognition' language and has implemented processes to ensure stay recognition language is included in all new in-scope agreements.[16] Legal opinions have been obtained on the enforceability of 'stay recognition' language to ensure its effectiveness and Barclays uses enhanced systems to record and monitor financial contracts, and produce quarterly reports monitoring early termination risk across the Group. Existing channels of communication have also been enhanced to ensure Barclays is able to inform counterparties of relevant stays during a resolution in a timely manner.

These activities have been subjected to gap analysis against applicable BoE requirements, 'dry run' tests, and review by Barclays' Internal Audit. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the Stays Objective.

(b) Maintaining operational continuity in Resolution

BoE objective: *To be considered resolvable firms should achieve the outcome of continuity by ensuring their operational continuity arrangements ensure continuity at the point of entry into resolution and permit post-stabilisation restructuring, to ensure the continuity of banking services and critical functions* (the OCIR Objective).[17]

Barclays' actions:

Barclays has implemented effective operational systems and capabilities to meet the OCIR Objective in line with relevant regulatory policy expectations, and has an OCIR Playbook designed to facilitate co-ordination and execution of relevant actions in the event of recovery or resolution. These systems and capabilities include:

- to facilitate access to service information, support decision making and the execution of restructuring actions that may be required by the PRA, BoE or any BIA during resolution, Barclays has put in place systems to identify and document granular details in respect of its critical services and operational arrangements;
- to enable services which it receives to continue in resolution, Barclays has incorporated resolution-resilient provisions within existing contracts with key vendors and service providers to ensure that these services cannot be terminated, suspended or modified by cause of resolution action unless (i) the resolution authority consents in writing or (ii) amounts due from Barclays remain unpaid for an extended period of time. Terms with key vendors and operational service providers also enable Group entities to transfer their rights and obligations to certain other parties, as this may be required in restructuring. Barclays has documented intra-Group services using outsourcing compliant standardised documentation setting out objective service-level agreements (where applicable) as well as predictable and transparent charging structures, enabling services to be transferred with minimal disruption through any required restructuring; and

- Intra-Group arrangements for critical services have been made financially resilient in resolution primarily through a charging structure under which service providers can recover their costs and pay expenses as they fall due. Service providers within the Group (including BXSL) maintain adequate liquidity resources and loss absorbing capacity to ensure they can continue to meet their obligations to third parties.

Operational Continuity in Resolution (OCIR) capabilities have been embedded in Barclays business as usual operations, governance and processes. In addition to the ongoing OCIR governance and monitoring activities, Barclays conducted various independent assurance exercises, across its Chief Controls Office, Compliance and Internal Audit functions, to assess the effectiveness of OCIR arrangements and associated control environment. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the OCIR Objective.

(c) Continuity of access to financial market infrastructures

BoE objective: *To be considered resolvable firms should be able to take all reasonable steps available to facilitate continued access to clearing, payment, settlement, and custody services in order to keep functioning in resolution (recognising that providers of these services may retain a degree of discretion over their ability to terminate a firm's membership)* (the FMIs Objective).[18]

Barclays' actions:

In order to conduct their financial business, banks rely on payment, settlement and clearing services provided by third parties referred to as FMIs. Barclays has identified all of its FMI relationships, including those maintained through intermediaries, a subset of which have been deemed critical. Barclays considers that each of its arrangements with critical FMIs would facilitate continuity of access during resolution. This view is based on an understanding of how critical FMIs would exercise their contractual discretions.

Barclays has established an FMI Playbook and individual contingency plans to ensure access to critical FMIs is capable of being maintained throughout stress or resolution, and has put in place mitigating strategies to address and manage additional capital and liquidity requirements experienced during stress. Barclays has clear, frequent and effective communications with its key FMIs, and has developed approaches to communicating with FMI service providers during the pre-resolution contingency planning, the resolution weekend and bail-in periods. The Group has also developed a system which aggregates detailed information on FMI relationships and usage metrics.

An internal Compliance Assurance review has been undertaken to verify that Barclays' capabilities fully meet the BoE's requirements for continuity of access to FMIs and Barclays has tested and validated the output from its FMI data system. A walk-through exercise to test Barclays' FMI contingency plans was also carried out, involving relevant internal stakeholders. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the FMIs Objective.

(d) Restructuring options

BoE objective: *To be considered resolvable firms should be able to plan and execute restructuring effectively and on a timely basis in the event of resolution, taking into account the objectives applicable to that firm's preferred resolution strategy* (the Restructuring Objective).[19]

Barclays' actions:

In conjunction with resolution, a restructuring of Barclays' business may be required to ensure that the recapitalised Group has addressed the causes of its failure so as to enable the Group to return to fulfilling its regulatory requirements and support the achievement of the BoE statutory resolution objectives.

Barclays maintains a Group-wide inventory of actions that could be taken in a stress scenario and has developed a Reorganisation Plan Playbook to assist senior management and any BIA with identifying and evaluating restructuring options. Barclays has significant restructuring experience, including through the establishment of its ring-fenced bank, BBUKPLC, the migration of certain clients to BBI following the UK's exit from the European Union, and divestiture of several businesses internationally, and has dedicated resources available within the Corporate Development and Principal Structuring functions (with experience in completing over 150 transactions since 2011) to support restructuring planning and execution in resolution. The Group has also produced a Reorganisation Plan Template to expedite the drafting or updating of any such plan when required, accounting for interactions as appropriate with the valuations, funding in resolution and operational continuity capabilities. These capabilities are intended to enable Barclays to deliver a restructuring plan within the timelines stipulated by the BoE's Statement of Policy on Restructuring Planning.[20]

To test their effectiveness, Barclays has conducted a dry-run identifying and evaluating a restructuring option using its Reorganisation Plan Playbook and Template and Group Compliance conducted a review of these documents to help ensure they meet the BoE's requirements. The testing and assurance activities conducted supported a conclusion by Barclays that the Group's capabilities are effective and comply with the Restructuring Objective.

5.3 Outcome 3: co-ordination and communication

Summary: Barclays has in place arrangements that would enable it to co-ordinate and communicate effectively within the Group, and with authorities and markets, so that any resolution and subsequent restructuring are orderly. These include the ability to identify and retain key staff where possible, apply its governance structures appropriately and provide stakeholders and markets with accurate and timely communications. As a result, Barclays considers that it complies with the objectives that together comprise Barclays' obligation to be able to co-ordinate and communicate in resolution.

BoE objective: *To be considered resolvable firms should be able to – during the execution of a resolution – ensure that their key roles are suitably staffed and incentivised, that their governance arrangements provide effective oversight and timely decision making, and that they deliver timely and effective communications to staff, authorities and other external stakeholders* (the MG&C Objective).[21]

Barclays' actions:

Management in Resolution (MiR): To address the risk of disruption caused by the loss of key staff, Barclays has built new processes to identify 'Key Job Roles' in resolution across the Group, and documented the rationale for these roles being deemed critical. The Group has in place succession plans for Key Job Roles to ensure that, where required, any appointments into Key Job Roles are executed. An MiR Playbook sets out the immediate actions to be taken in resolution to effect retention arrangements and any necessary succession planning for Key Job Roles. The Group has tested its existing capability to collate and review relevant MiR information and data in line with resolution timescales. Group HR has reviewed retention mechanisms, including the suitability of contracts and incentives structures, and succession plans to ensure to the extent practicable their effectiveness in resolution, and has tested the process of reviewing and approving a sample of Key Job Roles. Barclays' HR Chief Controls Office has also tested the MiR governance and refresh process.

5. Achieving the resolution outcomes continued

Governance in Resolution (GiR): Barclays considers that its existing governance structures are sufficiently robust and adaptable to be appropriate in a resolution scenario. The Group Board and Group Executive Committee would oversee and co-ordinate any resolution. A GiR Playbook has been developed to document how existing capabilities would be leveraged and adjusted in resolution; this playbook also reflects preparation for the incorporation of a BoE-appointed BIA into Barclays' existing governance structure, covering different operating models based on the likely range of scenarios and powers available to the BoE. The GiR Playbook has been reviewed by external counsel for compliance with BoE requirements and relevant legislation (including UK ring-fencing rules), and walk-through exercises have been held with a number of the Group's Non-Executive Directors, drawn from the Boards of the Group and Material Subsidiaries.

Communications in Resolution (CiR): Similarly, Barclays considers that its existing communications capabilities can be leveraged to support execution of its resolution strategy. It has considered the communications required in previous crisis and structural change scenarios, such as the COVID-19 pandemic and ring-fencing implementation, and has developed a CiR Playbook to support its expected needs. Moreover, each resolvability workstream has a playbook that contains a dedicated communications section, and Barclays has developed detailed and co-ordinated messaging for all impacted internal and external stakeholders across the resolution timeline, to seek to ensure accurate and timely communications. The resolution-related aspects of the CiR Playbook have been tested using two table-top exercises.

The testing and assurance activities conducted on MiR, GiR and CiR supported a conclusion by Barclays that the Group's capabilities are effective and comply with the MG&C Objective.

6. Barclays' resolvability accountability and assurance

6.1 Governance

A programme governance structure has been implemented to help ensure effective co-ordination of the work to improve resolvability across Barclays globally and appropriate oversight by the BPLC, BBPLC and BBUKPLC Boards and respective Board Risk Committees. The Boards of BBI and BUSLLC are engaged in relation to local resolution activities in the EU and the US, respectively. Barclays has allocated the prescribed responsibility under the UK's Senior Managers Regime for developing and maintaining the firm's recovery plan and resolution assessment to the Group Finance Director, as the overall Accountable Executive (AE) for RRP and a member of the BPLC Board, with supporting responsibilities allocated to the BBUKPLC CFO and the BBPLC CFO.

At a programme level, the Group RRP team is responsible for setting direction and requirements for the programme, overseeing the activities of workstreams (described below) and aggregating and reporting a single view of resolvability to Group and Material Subsidiary Boards, Board committees and executive-level committees, working with the workstreams and US and EU RRP teams as required.

At a working level, 10 workstreams, one for each barrier[22] to resolution identified by the BoE, were established to develop the Group's resolution capabilities across all relevant legal entities and were each subject to robust governance. The workstreams were each overseen by at least one senior AE, who was accountable for removing the barrier to resolution in line with policy requirements and reported to (i) Group and Material Subsidiary senior management and Boards via the RRP team's programme-wide updates and (ii) existing local business as usual governance channels as appropriate.

A framework of internal attestations of compliance with the relevant BoE requirements for each workstream, supported by the testing and assurance activities conducted, provides confirmation by Barclays' senior management that Barclays' resolution capabilities, for each barrier to resolution identified by the BoE, meet the requirements established by the BoE.

Barclays has in particular taken into account the needs of BBUKPLC, as the Group's ring-fenced bank, in the development of its resolution capabilities and has ensured its involvement throughout the process by way of the following:

- BBUKPLC-specific governance from the outset of the resolvability programme, including oversight from the BBUKPLC Board and BBUKPLC Board Risk Committee, enabling BBUKPLC's senior management and Board to shape, oversee and challenge resolvability work;
- identification of BBUKPLC AEs (for relevant impediments) and involvement of BBUKPLC internal stakeholders at the working level within relevant workstreams; and
- terms in the attestations of BBUKPLC AEs specifically addressing BBUKPLC capabilities.

Pursuant to these processes, no conflict of interests arising between the Barclays Bank UK Group and the Group has been identified.

Barclays' senior management and Group and entity boards will continue to receive updates on resolvability activities and provide ongoing oversight of the maintenance, embedding, testing and self-assessment of Barclays' resolvability capabilities.

6.2 Testing and assurance

Barclays designed and implemented an assurance framework in respect of the steps taken in the development of its resolvability capabilities. The framework was centrally designed and overseen by the Group RRP team based on the RAF assurance requirements with input from all three lines of defence.[23] Assurance and testing activities were executed by workstreams and relevant first line (business units and Chief Controls Office) and second line (Risk and Compliance functions) teams and were risk-based, proportionate and appropriate to the impediment in question. Third line independent assurance was provided by Barclays Internal Audit as part of its annual audit plan and ongoing monitoring activities. The design of the assurance framework was reviewed by the BPLC Board.

Barclays used a range of testing and assurance activities to help ensure that its resolution capabilities would operate as expected in resolution, with different types of testing and assurance activities being applied to suit the particular capability. For example, given the technical legal considerations involved in the GiR workstream, it was considered most effective to seek review of the playbook by external counsel; for workstreams that would require significant internal co-ordination there has been greater focus on conducting 'dry runs' of elements of the playbooks with relevant internal stakeholders; other workstreams that have developed technology tools (such as Funding in Resolution) have also included specific testing on these tools as part of their plans. The particular mix of testing and assurance activities used by each workstream was agreed between the relevant AEs and the Head of Group RRP and noted to relevant Group entity Boards and executive-level committees, ensuring that the most relevant activities were conducted in respect of each capability.

The significant focus of testing on playbooks has ensured that capabilities were clearly tested in the context of the BoE's stylised timeline for how a resolution event would unfold and how they would operate in practice in a resolution event.

Barclays is committed to ongoing testing, maintenance and refinement of its capabilities, which will include in particular further testing of its ViR and Restructuring Planning capabilities in response to the BoE's assessment that further enhancements to Barclays' assurance activities are required in relation to these capabilities.

Further details on testing conducted by each workstream are set out in Section 5 above, while Section 6.3 below outlines how Barclays' commitment to ongoing testing will be embedded within Barclays' risk and control frameworks.

6.3 Embedding resolvability into Barclays' risk and control frameworks

At Barclays, risks are identified and overseen through the Enterprise Risk Management Framework (ERMF), which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF governs the way in which Barclays identifies and manages its risks, by defining standards, objectives and responsibilities for all areas of the Group. It is complemented by frameworks, policies and standards, aligned to nine individual Principal Risks.

In order to reflect the importance of resolvability to Barclays, and to ensure the Group's resolvability capabilities continue to be tested, enhanced and subject to effective governance in business as usual operations, Barclays has developed an internal RRP policy and standard which ensure the maintenance of a single view of Barclays' resolvability and set overarching resolvability requirements across the Group. These include (but are not limited to) the requirements for:

- ongoing testing and enhancement of capabilities. Future testing will build on the extensive testing completed to date and provide further assurance that capabilities are effective and, in addition, can operate in conjunction with one another in a resolution scenario. To this end, future testing will include increased emphasis on cross-workstream testing and consideration of scenario-driven simulations, including with senior management and/or Group entity Boards where appropriate;
- reporting and assessment of resolvability controls to ensure maintenance of a single view of the resolvability control environment;
- continued governance and oversight of capabilities, including through ongoing engagement between RRP teams, workstream AEs and relevant Risk senior management to discuss regulatory developments, the resolvability control environment and ongoing resolvability priorities;
- the maintenance and update of resolution playbooks, designed to ensure Barclays remains ready to operationalise its resolution capabilities if required; and
- a governance process for escalation and consideration of material changes to Barclays' assessment of its resolvability capabilities and, if necessary, for submission of an updated Resolvability Self-Assessment report to the PRA

In support of these requirements, during the course of 2022, workstreams will seek to ensure their respective resolvability capabilities are captured under relevant principal risk frameworks, and are subject to the accompanying business as usual controls, governance and reporting requirements.

Embedding resolvability capabilities in this way cements resolvability within Barclays' risk and control frameworks and as an ongoing focus for senior management and Group entity Boards.

7. Further enhancements to our resolvability

As set out in this disclosure, Barclays complies with the policies of the BoE and (where applicable) other relevant regulators and has established the capabilities to assist with achieving the required resolvability outcomes. In the course of completing the work to achieve compliance, Barclays has identified some areas for further refinement, including continued optimisation of processes and use of automation where appropriate, which it will continue to progress.

In addition, Barclays continues to take steps to embed its capabilities into its business as usual risk and control frameworks, ensuring that capabilities will be subject to ongoing oversight, testing and controls. Further enhancements and refinements to capabilities may be made as a result of these activities, and Barclays' capabilities are therefore responsive to changes to the internal (e.g. business or structural changes) and external (e.g. regulatory change) environments. In particular, and in the context of these broader activities, further testing of Barclays' ViR and Restructuring Planning capabilities will be conducted in response to the BoE's assessment that further enhancements are required to the assurance activities in relation to these capabilities. Barclays will take such further action as may be appropriate following the outcome of these enhanced assurance activities.

Barclays will also continue to progress and refine its capabilities in line with upcoming changes to regulatory policies, including the BoE's revised expectations relating to operational continuity in resolution which take effect from 1 January 2023.[24]

Notes

1 As set out in Chapter 4 (Disclosure) of the Resolution Assessment part of the PRA Rulebook and the PRA's Supervisory Statement SS4/19 'Resolution assessment and public disclosure by firms' (amended with effect from May 2021).

2 Bank of England (2018) 'Introduction to the Resolvability Assessment Framework', page 2, available at https://www.bankofengland.co.uk/-/media/boe/files/paper/2018/introduction-to-the-raf.pdf.

3 Available at: https://www.bankofengland.co.uk/financial-stability/resolution.

4 12 CFR Part 252, Regulation YY, Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations, Final Rule, effective June 1, 2014 (Regulation YY).

5 Bank of England (2021) 'Executing a bail-in: an operational guide from the Bank of England', available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2021/executing-bail-in-an-operational-guide-from-the-bank-of-england.pdf.

6 Bank of England (2017) 'The Bank of England's approach to resolution', available at: https://www.bankofengland.co.uk/-/media/boe/files/news/2017/october/the-bank-of-england-approach-to-resolution.

7 Three workstreams are in place for the Management, Governance and Communications barrier.

8 Available at: https://home.barclays/investor-relations/reports-and-events/latest-financial-results/.

9 Bank of England (2021) 'Statement of Policy – The Bank of England's Approach to Assessing Resolvability' (BoE RAF Approach SoP), para 4.2, available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2021/bank-of-englands-approach-to-assessing-resolvability-sop-may-2021.pdf.

10 iMREL is set by the BoE for UK-incorporated Material Subsidiaries (BBPLC and BBUKPLC); the EU's Single Resolution Board has set iMREL requirements for BBI, a material entity incorporated in the EU; and the US Federal Reserve has set TLAC requirements for BUSLLC.

11 In summary, this entails BPLC, as the resolution entity, not incurring material non-MREL liabilities.

12 BoE RAF Approach SoP, para 4.16.

13 BoE RAF Approach SoP, para 4.19.

14 Bank of England (2019) 'The Bank of England's Statement of Policy on Funding in Resolution', available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2019/bank-of-england-funding-in-resolution-sop.pdf.

15 BoE RAF Approach SoP, para 5.2.

16 Either through bilateral amendments or adherence to the relevant International Swaps and Derivatives Association protocol.

17 BoE RAF Approach SoP, para 5.9. The term 'critical functions' is defined at s. 3(1) of the Banking Act. In summary, they are services which, if discontinued, would be likely (a) to lead to the disruption of services that are essential to the economy of the UK, or (b) to disrupt financial stability in the UK, due to the size, market share, external connectedness, complexity or crossborder activities of a bank or group.

18 BoE RAF Approach SoP, para 5.12.

19 BoE RAF Approach SoP, para 5.14.

20 Bank of England (2021) 'Statement of Policy – The Bank of England's Statement of Policy on Restructuring Planning', available at: https://www.bankofengland.co.uk/-/media/boe/files/paper/2021/bank-of-england-restructuring-planning-sop-may-2021.pdf.

21 BoE RAF Approach SoP, para 6.2.

22 Three workstreams are in place for the Management, Governance and Communications barrier.

23 First Line of defence – Business units and Chief Controls Office teams, Second Line of defence – Risk and Compliance functions, Third Line of defence – Barclays Internal Audit.

24 These are set out in the BoE's Supervisory Statement 4/21 'Ensuring operational continuity in resolution', available at: https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2021/ss421-may-2021.pdf.

25 Directive 2013/36/EU, as implemented in UK law.

26 Directive (EU) 2019/878, as implemented in UK law.

27 Regulation (EU) 575/2013 (Retained EU Legislation).

28 Regulation (EU) 2019/876 (Retained EU Legislation).

Glossary

Term	Definition
AE	Accountable Executive
Banking Act	Banking Act 2009, as amended
Barclays	Barclays PLC and its subsidiaries
Barclays Bank Group	Subconsolidation group formed by BBPLC and its subsidiaries
Barclays Bank UK Group	Subconsolidation group formed by Barclays Bank UK PLC and its subsidiaries
Barclays International	Barclays International division
Barclays UK	Barclays UK division
BBI	Barclays Bank Ireland Plc
BBPLC	Barclays Bank PLC
BBUKPLC	Barclays Bank UK PLC
BIA	Bail-in Administrator
BoE	Bank of England
BoE RAF Approach SoP	Bank of England (2021) 'Statement of Policy - the Bank of England's Approach to Assessing Resolvability'
BPLC	Barclays PLC
BUSLLC	Barclays US LLC
BXSL	Barclays Execution Services Limited
CiR	Communications in Resolution
ERMF	Enterprise Risk Management Framework
FCA	Financial Conduct Authority
FiR Objective	Funding in Resolution Objective
FMI	Financial market infrastructure
FMIs Objective	Continuity of Access to FMIs Objective
GiR	Governance in Resolution
Group	Barclays PLC and its subsidiaries
iMREL	Internal MREL
Material Subsidiaries	Subsidiaries identified by Barclays as material for resolution purposes
MG&C Objective	Management, Governance and Communications Objective
MiR	Management in Resolution
MREL	Minimum requirements for own funds and eligible liabilities
MREL Objective	Objective that firms should maintain a sufficient amount of MREL
OCIR	Operational Continuity in Resolution
OCIR Objective	Operational Continuity in Resolution Objective
PRA	Prudential Regulation Authority
RAF	Resolvability assessment framework
Regulation YY	12 CFR Part 252, Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations, Final Rule, effective June 1, 2014
Restructuring Objective	Objective that firms should be able to plan and execute a restructuring of their business in an effective and timely fashion
RRP	Recovery and resolution planning
RWA	Risk weighted assets
SEC	US Securities and Exchange Commission
Stays Objective	Objective that firms should suitably address the risk of early termination of financial contracts upon entry into resolution
SPE	Single point of entry
TTP	Temporary transitional powers
ViR	Valuation in Resolution
ViR Objective	Valuation in Resolution Objective

Disclaimer on (among other things) forward-looking statements and assumptions/basis of preparation

This document contains 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. These statements are based on the current beliefs and expectations of Barclays' management and are subject to significant risks and uncertainties. Actual outcomes may be influenced by factors beyond the Group's control and may differ materially from those expressed in the forward-looking statements. Factors that could impact Barclays' future financial condition and performance are identified in Barclays PLC's filings with the US Securities and Exchange Commission (SEC) (including, without limitation, Barclays PLC's Annual Report on Form 20-F for the financial year ended 31 December 2021, as amended), 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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Information relating to:

- regulatory capital, leverage, liquidity and resolution is based on Barclays' interpretation of applicable rules and regulations in force and implemented in the UK as at 31 December 2021, including, but not limited to, CRD IV[25] (as amended by CRD V[26] applicable as at 31 December 2021) and CRR[27] (as amended by CRR II[28] applicable as at 31 December 2021) texts and any applicable delegated acts, implementing acts or technical standards and as such rules and regulations form part of UK domestic law by virtue of the EU (Withdrawal) Act 2018, as amended, subject to the temporary transitional powers (TTP) available to UK regulators to delay or phase-in on-shoring changes to UK regulatory requirements between 31 December 2020 and 31 March 2022. All such regulatory requirements are subject to change. References herein to 'CRR' mean, unless otherwise specified, CRR as amended by CRR II, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended, and subject to the TTP, as at 31 December 2021;
- MREL is based on Barclays' understanding of the Bank of England's policy statement on 'The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)' published in December 2021, updating the Bank of England's June 2018 policy statement and its MREL requirements communicated to Barclays by the Bank of England. Binding future MREL requirements remain subject to change including at the conclusion of the transitional period, as determined by the Bank of England, taking into account a number of factors as described in that policy statement and its MREL review, along with international developments. The Pillar 2A requirement is also subject to at least annual review; and
- future regulatory capital, liquidity, funding and/or MREL, including forward-looking illustrations, are provided for illustrative purposes only and are not forecasts of Barclays' results of operations, capital position or otherwise. Illustrations regarding the capital flight path, end-state capital evolution and expectations and MREL build are based on certain assumptions applicable at the date of publication only which cannot be assured and are subject to change.

The statements in this disclosure are accurate as at 31 December 2021 unless otherwise stated.