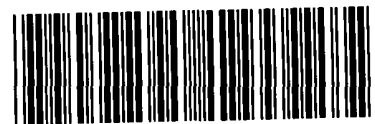


**BARCLAYS CCP FUNDING LLP**  
**Members' Annual Report and Financial Statements**  
**For the year ended 31 December 2017**

**Registered No: OC359024**

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Barclays CCP Funding LLP  
Members' Annual Report and Financial Statements  
For the year ended 31 December 2017

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**Barclays CCP Funding LLP**  
**Members' Annual Report**  
**For the year ended 31 December 2017**  
**Registered Number OC359024**

Barclays Bank PLC and Barclays Shea Limited (each a 'Member' or together the 'Members') present their Annual Report together with the audited financial statements of Barclays CCP Funding LLP (the 'Partnership' or 'LLP') for the year ended 31 December 2017.

**Results**

During the year ended 31 December 2017 the Partnership made a profit of \$1200 (2016: \$nil). The Partnership has net assets of \$10,001,000 (2016: \$10,000,000).

**Post balance sheet events**

There have been no post balance sheet events after the year ended 31 December 2017.

**Members**

The Partnership was formed under a limited liability partnership deed (the 'LLP Deed') entered into on 18 November 2010 between:

- 1) Barclays Bank PLC; and
- 2) Barclays Shea Limited

The Members act as the Designated Members of the Partnership. In accordance with the terms of the LLP Deed, the Partnership is managed by a LLP Management Committee which is comprised of individual representatives of Barclays Bank PLC, as follows:

John Feraca  
Andrew Goss (resigned on 4 May 2018)  
Dov Kanofsky  
Michael Manna  
Mark Newton  
Bhavin Parmar (resigned on 4 May 2018)  
George Van Schaik  
Richard Strudwick

and of individual representatives of Barclays Shea Limited as follows:

Michael Manna  
Mark Newton  
Richard Strudwick  
Dov Kanofsky  
George Van Schaik  
Andrew Goss (Resigned 4 May 2018)  
Bhavin Parmar (Resigned 4 May 2018)  
Helena Whitaker

**Barclays CCP Funding LLP**  
**Members' Annual Report**  
**For the year ended 31 December 2017**  
**Registered Number OC359024**

**Going concern**

After reviewing the Partnership's performance projections, the available banking facilities and taking into account the support available from Barclays Bank PLC, the Members are satisfied that the Partnership 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 Members have adopted the going concern basis in preparing these financial statements.

**Statement of Members' Responsibility**

The following statement, which should be read in conjunction with the Auditors' report set out on page 6 is made with a view to distinguishing for members the respective responsibilities of the Designated Members and of the Auditors in relation to the accounts.

The Partnership Agreement requires the Members to prepare financial statements for each financial year. The Members have prepared the accounts in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union to present fairly the financial position of the Partnership and the performance for that period. The Companies Act 2006 provides, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation.

The Members consider that in preparing the financial statements on pages 8 to 25:

- the Partnership has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates; and
- that all the accounting standards which they consider to be applicable have been followed; and
- that the financial statements have been prepared on a going concern basis.

The Members have responsibility for ensuring that the Partnership keeps accounting records which disclose with reasonable accuracy the financial position of the Partnership and which enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Financial Risk Management**

The Partnership follows Barclays Bank PLC's financial risk management objectives and policies including the policy for hedging the exposure to liquidity risk, credit risk, market risk and interest rate risk and these are set out in pages 21-25 of the financial statements.

The Partnership's activities are exposed to a variety of financial risks. The Partnership 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. The main financial risks that the Partnership is exposed to are outlined in Note 19

In accordance with the rules of the Financial Conduct Authority and/or Prudential Regulation Authority, the Partnership's parent, Barclays Bank PLC has published information on its risk management objectives and policies and on its regulatory capital requirements and resources. This information is available at <http://group.barclays.com/Investor-Relations/Financial-results-and-publications/Annual-Reports>.

Barclays CCP Funding LLP  
Members' Annual Report  
For the year ended 31 December 2017  
Registered Number OC359024


Independent Auditor

KPMG LLP has held office in accordance with the Limited Liability Partnership Act 2009 and the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, for the 2017 financial year.

Statement of disclosure of information to Auditor

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

For and on behalf of  
Barclays CCP Funding LLP

A handwritten signature in black ink, appearing to read 'Dov Kahanofsky', is written over the text 'For and on behalf of Barclays CCP Funding LLP'.

Name: Dov Kahanofsky  
Authorized representative of Barclays Bank PLC  
Designated Member  
Date: 25 September 2018

Barclays CCP Funding LLP  
Strategic Report  
For the year ended 31 December 2017

The Members present their strategic report for the Partnership for the year ended 31 December 2017.

**Review and principal activities**

The principal activity of the Partnership is to provide funding to the Partnership's affiliates and subsidiaries of Barclays Bank PLC. Barclays Bank PLC raises funds by way of issuing Collateralized Notes and in certain circumstances co-issued by Barclays US CCP Funding LLC to investors and then lends the issuance proceeds to the Partnership, which enters into market standard reverse repurchase agreements with its affiliates and members.

**Business performance**

The Partnership's business performance during the year ended 31 December 2017 is detailed on Page 2 of the Members' Report.

**Future outlook**

No significant change in this activity is envisaged in the foreseeable future and the Members expect the Partnership's future performance to be in line with the current year.

The Members have reviewed the Partnership's business and performance and consider it to be satisfactory for the year. The Members consider that the Partnership's position at the end of the year is consistent with the size and complexity of the business.

**Principal risks and uncertainties**

The Partnership's activities expose it to a variety of risks as set out in Note 19 of the financial statements. The Members devote considerable resources to maintaining effective controls to manage, measure and mitigate each of these risks, and regularly reviews its risk management procedures and systems to ensure that they continue to meet the needs of the business.

For and on behalf of  
Barclays CCP Funding LLP



Name: Dov Kanofsky  
Authorised representative of Barclays Bank PLC  
Designated Member  
Date: 25 September 2018  
Company number OC359024

**Barclays CCP Funding LLP**  
**Independent Auditors' Report to the Members of Barclays CCP Funding LLP**  
**For the year ended 31 December 2017**

**Opinion**

We have audited the financial statements of Barclays CCP Funding Limited Liability Partnership ("the LLP") for the year ended 31 December 2017 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view, of the state of affairs of the LLP as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the LLP 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.

**Going concern**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

**Other information**

The members are responsible for the other information, which comprises the managing partner's report and 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.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Barclays CCP Funding LLP**  
**Independent Auditors' Report to the Members of Barclays CCP Funding LLP**  
**For the year ended 31 December 2017**

We have nothing to report in these respects.

**Members' responsibilities**

As explained more fully in their statement set out on page 3, the members are responsible for the preparation of the financial statements. They are also responsible for being satisfied that the financial statements 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 LLP'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 LLP 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](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the members of the LLP, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's partners, as a body, for our audit work, for this report, or for the opinions we have formed.



**Namrata Basker (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London, E14 5GL  
United Kingdom

Date: 25 September 2018



Barclays CCP Funding LLP  
**INCOME STATEMENT**  
For the year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Continuing operations:			
Interest receivable and similar income	5	17,453	24,238
Interest payable and similar charges	6	<u>(17,452)</u>	<u>(24,238)</u>
Net interest income		1	-
Net trading income	7	<u>0</u>	<u>-</u>
Net income		<u><u>1</u></u>	<u><u>-</u></u>
Result on ordinary activities before taxation		1	-
Taxation		<u>-</u>	<u>-</u>
Result for the year		<u><u>1</u></u>	<u><u>-</u></u>

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

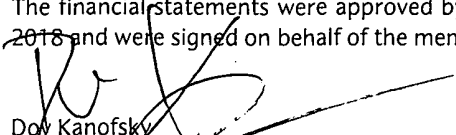
The accompanying notes from pages 12 to 25 form an integral part of these financial statements.

Barclays CCP Funding LLP  
BALANCE SHEET  
As at 31 December 2017

	Note	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	10,001	10,000
Financial assets designated at fair value	13	10,677,065	3,604,660
Reverse repurchase agreements	14	5,495,304	2,799,701
Other Receivables		500,292	-
<b>Total current assets</b>		<b>16,682,662</b>	<b>6,414,361</b>
<b>Non-current assets</b>			
Financial assets designated at fair value	13	163,809	73,952
Reverse repurchase agreements	14	500,061	321,489
<b>Total non-current assets</b>		<b>663,870</b>	<b>395,441</b>
<b>Total assets</b>		<b>17,346,532</b>	<b>6,809,802</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities designated at fair value	15	(10,677,065)	(3,604,660)
Borrowings	16	(5,495,304)	(2,799,701)
Other Creditors		(500,292)	-
<b>Total current liabilities</b>		<b>(16,672,661)</b>	<b>(6,404,361)</b>
<b>Non-current liabilities</b>			
Financial liabilities designated at fair value	15	(163,809)	(73,952)
Borrowings	16	(500,061)	(321,489)
<b>Total non-current liabilities</b>		<b>(663,870)</b>	<b>(395,441)</b>
<b>Total liabilities</b>		<b>(17,336,531)</b>	<b>(6,799,802)</b>
<b>Net assets attributable to Members</b>			
Members' capital	17	(10,000)	(10,000)
Retained Earnings		(1)	-
<b>Total members' equity</b>		<b>(10,001)</b>	<b>(10,000)</b>

The accompanying notes from pages 12 to 25 form an integral part of these financial statements.

The financial statements were approved by the members and authorised for issue on 25<sup>th</sup> September 2018 and were signed on behalf of the members by:

  
Dov Kanofsky  
Authorised representative for Barclays Bank PLC  
Designated Member  
Date: 25 September 2018  
Company number OC359024

Barclays CCP Funding LLP  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2017

	Members' capital \$'000	Retained earnings \$'000	Total members' equity \$'000
Balance at 1 January 2017	10,000	-	10,000
Issuance of members' capital	-	-	-
Profit for the year		1	1
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	<u>10,000</u>	<u>1</u>	<u>10,001</u>

	Members' capital \$'000	Retained earnings \$'000	Total members' equity \$'000
Balance at 1 January 2016	10,000	-	10,000
Issuance of members' capital	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	<u>10,000</u>	<u>-</u>	<u>10,000</u>

The accompanying notes from pages 12 to 25 form an integral part of these financial statements.

Barclays CCP Funding LLP  
STATEMENT OF CASH FLOWS  
For the year ended 31 December 2017

	Note	2017 \$'000	2016 \$'000
Profit before Taxation		1	
Net cash from operating activities		-	-
<i>Cash flows from investing activities</i>			
Sale of financial assets designated at fair value	13	3,604,660	311,285
Sale of reverse repurchase agreements	14	2,799,701	7,026,786
Purchase of financial assets designated at fair value	13	(10,767,178)	(3,678,612)
Purchase of reverse repurchase agreements	14	(5,673,876)	(2,057,812)
Net cash generated from investing activities		(10,036,693)	1,601,647
<i>Cash flows from financing activities</i>			
Repayments of financial liabilities designated at fair value	15	(3,604,660)	(311,285)
Repayments of borrowings	16	(2,799,701)	(7,026,786)
Proceeds from financial liabilities designated at fair value	15	10,767,178	3,678,612
Proceeds from borrowings	16	5,673,876	2,057,812
Cash flows used in financing activities		10,036,693	(1,601,647)
Net increase in cash and cash equivalent		1	-
Cash and cash equivalents at 1 January		10,000	10,000
Cash and cash equivalents at 31 December		<u>10,001</u>	<u>10,000</u>
Cash and cash equivalents comprise:			
Cash at bank	12	<u>10,001</u>	<u>10,000</u>
		<u>10,001</u>	<u>10,000</u>

The accompanying notes from pages 12 to 25 form an integral part of these financial statements.

**Barclays CCP Funding LLP**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**

**1. REPORTING ENTITY**

The financial statements are prepared for Barclays CCP Funding LLP (the 'Partnership' or 'LLP') and are prepared for the Partnership only. The Members of the Partnership are Barclays Bank Plc ('BBPLC') and Barclays Shea Limited, a wholly owned subsidiary of BBPLC. Consequently the Partnership is a wholly owned subsidiary of BBPLC and its ultimate controlling company is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS'). Barclays Capital Inc ('BCI') and Barclays Capital Securities Limited ('BCSL') act as the Partnership's affiliates and are subsidiaries of BBPLC. The principal activity of the Partnership is to provide funding to the Partnership's affiliates and subsidiaries of Barclays Bank PLC. Barclays Bank PLC raises funds by way of issuing Collateralized Notes and in certain circumstances co-issued by Barclays US CCP Funding LLC to investors and then lends the issuance proceeds to the Partnership, which enters into market standard reverse repurchase agreements with its affiliates and members.

Barclays CCP Funding LLP is a limited liability partnership formed and domiciled in England. The Partnership's registered office is:

1 Churchill Place  
London  
E14 5HP  
England

**2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations ('IFRIC') issued by the Interpretations Committee, as published by the International Accounting Standards Board ('IASB') as adopted by the European Union and the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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.

**3. 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.

**(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments: Recognition and Measurement' as set out in the relevant accounting policies. They are presented in US dollars, which is the Partnership's functional and presentation currency.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies.

Barclays CCP Funding LLP  
NOTES TO THE REPORT AND FINANCIAL STATEMENTS  
For the year ended 31 December 2017

(b) Going concern

After reviewing the Partnership's performance and taking into account the support available from BBPLC, the Members are satisfied that the Partnership 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 Members have adopted the going concern basis in preparing these financial statements.

(c) Standards and interpretations effective in the year

The accounting policies adopted are consistent with those of the previous financial year. There are no new or amended standards or interpretations that resulted in a change in accounting policy.

(d) Standards and interpretations issued but not yet effective

There have been, and are expected to be, a number of significant changes to the Partnership's financial reporting after 2017 as a result of amended or new accounting standards that have been or will be issued by the IASB. The most significant of these are as follows:

**IFRS 9 - Financial Instruments**

IFRS 9 financial instruments which will replace IAS 39 *Financial Instruments: Recognition and Measurement* is effective for periods beginning on or after 1 January 2018 and was endorsed by the EU in November 2016. IFRS 9, in particular the impairment requirements and classification and measurement of financial assets and financial liabilities, will lead to significant changes in the accounting for financial instruments. Barclays will not restate comparatives on initial application of IFRS 9 on 1 January 2018 but will provide detailed transitional disclosures in accordance with the amended requirements of IFRS 7. The key changes relate to:

**Impairment:**

IFRS 9 introduces a revised impairment model which requires entities to recognise expected credit losses based on unbiased forward-looking information. This replaces the IAS 39 incurred loss model which only recognised impairment if there is objective evidence that a loss has already been incurred and would measure the loss at the most probable outcome. The IFRS 9 impairment model is applicable to all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. This contrasts to the IAS 39 impairment model which was not applicable to loan commitments and financial guarantee contracts, which were covered by IAS 37. In addition, IAS 39 required the impairment of available for sale debt to be based on the fair value loss rather than estimated future cashflows as for amortised cost assets. Intercompany exposures, including loan commitments and financial guarantee contracts, are also in scope under IFRS 9 in the stand-alone reporting entity accounts.

The measurement of expected credit loss involves increased complexity and judgement, including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of exposures at default and assessing significant increases in credit risk. It is expected to have a material financial impact and impairment charges will tend to be more volatile. Unsecured products with longer expected lives, such as revolving credit cards, are the most impacted.

**Key concepts and management judgements:**

The impairment requirements are complex and require management judgements, estimates and assumptions. Key concepts and management judgements include:

Determining a significant increase in credit risk since initial recognition

**Barclays CCP Funding LLP**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**

IFRS 9 requires the recognition of 12 month expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3). Barclays will assess 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 probability of default (PD) has increased by more than the agreed threshold relative to the equivalent at origination.

The relative thresholds are defined as percentage increases and set at an origination score band and segment level.

**Qualitative Test**

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

**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.

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.

Barclays will not rely on the low credit risk exemption which would assume facilities of investment grade are not significantly deteriorated.

Determining the probability of default at initial recognition is expected to require management estimates, in particular for exposures issued before the effective date of IFRS 9. For certain revolving facilities such as credit cards and overdrafts, this is expected to be when the facility was first entered into which could be a long time in the past.

**Definition of default, credit impaired assets, write offs, and interest income recognition**

The definition of default for the purpose of determining expected credit losses 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, IFRS 9 requires separate disclosure and interest income is required to be calculated on the carrying value net of the impairment allowance.

Credit impaired is expected to be when the exposure has defaulted which is also anticipated to align to when an exposure is identified as individually impaired under the incurred loss model of IAS 39. Write-off policies are not expected to change from IAS 39.

**Expected life**

Lifetime expected credit losses 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

Barclays CCP Funding LLP  
NOTES TO THE REPORT AND FINANCIAL STATEMENTS  
For the year ended 31 December 2017

credit losses to the contractual notice period.

#### Discounting

Expected credit losses are discounted at the effective interest rate (EIR) at initial recognition or an approximation thereof and consistent with income recognition.

#### Modelling techniques

Expected credit losses (ECL) are calculated by multiplying three main components, being the probability of default (PD), loss given default (LGD) and the exposure at default (EAD), discounted at the original effective interest rate.

Management adjustments will be 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.

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 Risk Models are used to determine the probability of default (PD), loss given default (LGD) and exposure at default (EAD). For stage 2 and 3, Barclays 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.

#### Project governance and credit risk management

Barclays has a jointly accountable risk and finance implementation and governance programme with representation from all impacted departments. The new impairment committee structures were initiated and tested from H1 2017, providing oversight for both IAS 39 and IFRS 9 impairment results. At the start of the impairment reporting process every quarter, the Senior Scenario Review Committee reviews and approves the scenario narratives and associated probability weightings, as well as the core set of macroeconomic variables and any scenario specific management overlays. The Senior Scenario Review Committee attest that the scenarios adequately account for the nonlinearity and asymmetry of the loss of distribution. Subsequently, there are two further layers of impairment committees. In addition to the existing Group Risk and Group Finance level committees, there are also Legal Entity committees for Barclays UK and Barclays International. Group Risk and Group Finance Committees are attended by the Chief Risk Officer (CRO) and Chief Finance Officer (CFO) respectively, with joint accountability by both CRO and CFO for signing off the results. Reported results and key messages are communicated to the Board Audit Committee and Risk Executive Committee, who have oversight roles and provide challenge of key assumptions, including the basis of the scenarios adopted.

#### Classification and measurement

IFRS 9 requires financial assets to be classified on the basis of two criteria:

- 1) the business model within which financial assets are managed, and
- 2) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest').

Financial assets will be measured at amortized 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



**Barclays CCP Funding LLP**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**

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.

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.

IFRS 9 is applied retrospectively, although comparatives are not restated, with adjustments arising from classification and measurement changes recognised in opening equity.

Barclays PLC's Classification and Measurement implementation programme has progressed in 2017 and an assessment of potential changes to financial assets has been conducted, including an assessment of business models across various portfolios, and a review of contractual cash flow features for material financial assets.

On 12 October 2017, the IASB published an amendment to IFRS 9, relating to prepayment features with negative compensation; this amendment is effective from 1 January 2018, however has yet to be endorsed by the EU. This amendment allows financial assets with such features to be measured at amortized cost or fair value through other comprehensive income provided the SPPI (solely payments of principal and interest) criteria in IFRS 9 are otherwise met. In addition the amendment to IFRS 9 clarifies that a financial asset passes the SPPI criterion regardless of the event or circumstance that cause the early termination of the contract, and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. As the Group expects the EU to endorse this amendment by 31 December 2018, the expected impact has been prepared on the basis of the amendment being endorsed. There is no impact on the Partnership as there are no loans.

**Expected impact**

The Partnership is assessing the potential impact on its financial statements and plans to adopt the new standard on the required effective 1<sup>st</sup> January 2018.

**(e) Interest**

Interest income or expense is recognised on all interest bearing financial instruments using the effective interest rate 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, 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.

**(f) Cash and cash equivalents**

For the purposes of the cash flow statement, cash comprises cash in hand, demand deposits and cash equivalents. Cash equivalents comprise highly liquid investments that are convertible into cash with an

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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

**(g) Financial assets and liabilities designated at fair value**

In accordance with IAS 39, financial assets or liabilities may be designated at fair value, with gains and losses taken to the income statement in Net trading income. The Partnership has the ability to make the fair value designation when holding the instruments at fair value reduces an accounting mismatch (caused by an offsetting liability or asset being held at fair value), or is managed by the Partnership on the basis of its fair value, or includes terms that have substantive derivative characteristics.

**(h) Borrowings**

Borrowings are initially recognised at fair value including direct and incremental transaction cost. They are subsequently measured at amortised cost. Borrowings are derecognised when extinguished.

**(i) Guarantees**

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was provided. Subsequent to initial recognition, such guarantees are measured at the higher of the initial measurement less any amortisation of fee income recognised in the income statement over the period, and the best estimate of the expenditure required to settle any financial liability arising as a result of the obligation at the statement of financial position date.

**(j) Members' capital**

Members' 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 members' capital. The capital contributions in cash made or deemed to be made by BBPLC from time to time shall be credited to its separate capital account ledger and any capital distribution will be debited to its capital account ledger.

**(k) Members' capital distributions**

Members' capital distributions are recognised in the period in which they are paid or, if earlier, approved by the Partnership's members.

**(l) Determining fair value**

**Valuation technique:** Where the classification of a financial instrument requires it to be stated at fair value, this is determined by discounted cash flows, in which all significant inputs are observable, or can be corroborated by observable market data.

**Valuation process:** The Partnership relies on the valuation process and methodologies of BBPLC.

**(m) Taxation**

For UK purposes, the Partnership is treated as being tax transparent. The Partnership is not therefore separately taxable, as all income of the Partnership flows through to each individual Member.

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4. SEGMENTAL REPORTING

The Partnership has elected not to comply with the voluntary disclosure requirements of International Financial Reporting Standard 8 'Operating Segments', and does not disclose segmental information. The partnership is not a listed entity and such information is disclosed in the financial statements of BBPLC.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	\$'000	\$'000
Interest received from affiliates and member	17,453	24,238
	<u>17,453</u>	<u>24,238</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	\$'000	\$'000
Interest paid to member	(17,452)	(24,238)
	<u>(17,452)</u>	<u>(24,238)</u>

7. NET TRADING INCOME

Included within net trading income were gains of \$57,152,000 (2016: \$10,499,000) on financial assets designated at fair value and losses of \$57,152,000 (2016: \$10,499,000) on financial liabilities designated at fair value.

8. AUDIT FEE FOR PARTNERSHIP

The audit fee is borne by BCI, the Partnership's affiliate. The fee for auditing the financial statements of the Partnership amounts to \$56,000 (2016: \$56,000). This fee is paid by an affiliate and is not recognised as an expense in the financial statements.

9. MEMBERS' EMOLUMENTS

The Members did not receive any emoluments in respect of their services to the Partnership during the year (2016: \$nil).

10. STAFF COSTS

There were no employees employed by the Partnership during 2016 (2015: nil). All support is provided by an affiliated entity.

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11. GUARANTEES

The Partnership has provided a guarantee over the obligations of BBPLC under the Collateralised Commercial Paper issued via a LLP undertaking. If BBPLC was to default to investors, under the terms of the guarantee, investors would have recourse to the Partnership's investment in its financial assets designated at fair value and reverse repurchase agreements, which is collateralised by securities. Recourse under the LLP undertaking is limited only to the Collateral expressed in the Security Agreement to the respective class held by such Noteholders.

12. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents of \$10,001,285 (2016: \$10,000,000) relates to cash held with Bank of New York Mellon. Carrying value of cash equivalents approximates their fair value.

13. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE

	2017	2016
	\$'000	\$'000
Affiliate	2,228,956	1,339,266
Member	8,611,918	2,339,346
	<u>10,840,874</u>	<u>3,678,612</u>

Financial assets designated at fair value relate to reverse repurchase agreements that have been designated at fair value to better align to the way business manages the portfolio's risk and performance.

The Partnership has financial assets designated at fair value with its affiliate (BCI) and its member (BBPLC). The fair value of the collateral pledged to the Partnership under financial assets designated at fair value is \$11,233,548,000 (2016: \$3,851,073,000).

Financial assets designated at fair value are classified as Level 2 in the fair value hierarchy as their valuation incorporates significant inputs that are based on observable market data.

14. REVERSE REPURCHASE AGREEMENTS

	2017	2016
	\$'000	\$'000
Affiliates	351,674	447,203
Member	5,643,691	2,673,987
	<u>5,995,365</u>	<u>3,121,190</u>

The Partnership has reverse repurchase agreements with its affiliates (BCI and BCSL) and its member (BBPLC). The fair value of the collateral pledged to the Partnership under the reverse repurchase agreements is \$6,304,155,000 (2016: \$3,137,885,000).

Reverse repurchase agreements, which are measured at amortised cost, are classified as Level 2 in the fair value hierarchy as their valuation incorporates significant inputs that are based on observable market data.

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The carrying value of these reverse repurchase agreements as at 31 December 2017 approximates fair value due to the short-term nature of the obligation.

15. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	2017	2016
	\$'000	\$'000
Amounts due to member	(10,840,874)	(3,678,612)
	<u>(10,840,874)</u>	<u>(3,678,612)</u>

Financial liabilities designated at fair value relates to borrowings that have been designated at fair value to better align to the way business manages the portfolio's risk and performance.

Financial liabilities designated at fair value are classified as Level 2 in the fair value hierarchy as their valuation incorporates significant inputs that are based on observable market data.

Additional details in respect of the Partnership's financial liabilities designated at fair value are detailed in Note 19.

16. BORROWINGS

	2017	2016
	\$'000	\$'000
Amounts due to member	(5,995,365)	(3,121,190)
	<u>(5,995,365)</u>	<u>(3,121,190)</u>

Borrowings, which are measured at amortised cost, are classified as Level 2 in the fair value hierarchy as their valuation incorporates significant inputs that are based on observable market data.

The carrying value of these borrowings as at 31 December 2017 approximates fair value due to the short-term nature of the obligation.

Additional details in respect of the Partnership's borrowings are detailed in Note 19.

17. MEMBERS' CAPITAL

	2017	2016
	\$'000	\$'000
Balance at 1 January	10,000	10,000
Issuance of members' capital	-	-
Balance at 31 December	<u>10,000</u>	<u>10,000</u>

18. PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY

The Members of the Partnership are Barclays Bank Plc ('BBPLC') and Barclays Shea Limited, a wholly owned subsidiary of BBPLC, and therefore the ultimate parent of the Partnership is Barclays PLC. The

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parent undertaking of the smallest group that presents consolidated financial statements is BBPLC. Both the Partnership and BBPLC are incorporated in the United Kingdom and registered in England. The statutory financial statements of Barclays PLC are available from Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

## 19. FINANCIAL RISKS

The Partnership's activities expose it to a variety of financial risks. These are liquidity risk, credit risk and market risk (which includes foreign currency risk, interest rate risk and price risk). Consequently BBPLC devotes considerable resources to maintain effective controls to manage measure and mitigate each of these risks, and regularly reviews its risk management procedures and systems to ensure that they continue to meet the needs of the business.

### Liquidity risk

This is the risk that the Partnership's cash and committed facilities may be insufficient to meet its debts as they fall due. The financial liabilities designated at fair value and borrowings of the Partnership are matched to the maturities of the Partnership's financial assets designated at fair value and reverse repurchase agreements. The Partnership has the financial support from BBPLC, to ensure the Partnership has sufficient available funds for operations

The table below shows the maturity of financial liabilities the Partnership is exposed to, and the undiscounted contractual maturity of the liabilities:

	2017			
	Financial liabilities designated at fair value \$'000	Borrowings \$'000	Other Creditors \$'000	Total \$'000
Financial liabilities repayable:				
Not more than three months	(5,348,675)	(718,334)	(500,292)	(6,567,300)
Over three months but not more than six months	(2,124,308)	(1,419,469)	-	(3,543,777)
Over six months but not more than one year	(3,204,082)	(3,357,501)	-	(6,561,584)
Over one year but not more than two years	(163,809)	(259,771)	-	(423,580)
Over two years but not more than three years	-	(240,290)	-	(240,290)
<b>Total</b>	<b>(10,840,874)</b>	<b>(5,995,365)</b>	<b>(500,292)</b>	<b>(17,336,531)</b>

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2016

	Financial liabilities designated at fair value \$'000	Borrowings \$'000	Other Creditors \$'000	Total \$'000
Financial liabilities repayable:				
Not more than three months	(1,799,334)	(613,896)	-	(2,413,230)
Over three months but not more than six months	(1,153,978)	(1,029,799)	-	(2,183,777)
Over six months but not more than one year	(651,348)	(1,156,006)	-	(1,807,354)
Over one year but not more than two years	(73,952)	(216,266)	-	(290,218)
Over three years but not more than four years		(105,223)		(105,223)
	<u>(3,678,612)</u>	<u>(3,121,190)</u>	<u>-</u>	<u>(6,799,802)</u>

Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Partnership's customers or market counterparties fail to fulfil their contractual obligations to the Partnership. The Partnership manages its credit risk by entering into collateral lending with entities within the Barclays Group. The Partnership's assets are neither past due nor impaired.

The Partnership's maximum exposure to credit risk is detailed in the table below. The exposure reported in the table represents the gross receivable amounts, which may not be the fair value. The exposure is reported gross and does not include any collateral or other credit risk mitigants which reduce the Partnership's exposure. The exposure by industry type relates to the financial institutions.

2017

	Cash Equivalents \$'000	Financial assets designated at fair value \$'000	Reverse Repos \$'000	Other Receivables \$'000	Total \$'000
Banks and Other Financial Institutions	10,001	10,840,874	5,995,365	500,292	17,346,532
Total	<u>10,001</u>	<u>10,840,874</u>	<u>5,995,365</u>	<u>500,292</u>	<u>17,346,532</u>

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	2016				
	Cash Equivalents	Financial Assets Designated at fair value	Reverse Repos	Other Receivables	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Banks and Other Financial institutions	10,000	3,678,612	3,121,190	-	6,809,802
<b>Total</b>	<b>10,000</b>	<b>3,678,612</b>	<b>3,121,190</b>	<b>-</b>	<b>6,809,802</b>

Cash equivalents of \$10,001,285 relates to cash held with Bank of New York Mellon.

Financial assets designated at fair value of \$10,840,874,000 (2016: \$3,678,612,000) and reverse repurchase agreements of \$5,995,365,000 (2016: \$3,121,190,000) represents the funds lent to the counterparties detailed below:

	2017			
Counterparty	Credit Rating	Geographical Location	Financial Assets Designated at Fair Value \$'000	Reverse Repos \$'000
Barclays Capital Inc.	Strong	US	2,228,955	137,362
Barclays Capital Securities Limited	Strong	UK	-	214,312
Barclays Bank PLC	Strong	UK	8,611,922	5,643,691
<b>Total</b>			<b>10,840,873</b>	<b>5,995,365</b>

	2016			
Counterparty	Credit Rating	Geographical Location	Financial Assets Designated at Fair Value \$'000	Reverse Repos \$'000
Barclays Capital Inc.	Strong	US	1,339,266	400,190
Barclays Capital Securities Limited	Strong	UK	-	47,013
Barclays Bank PLC	Strong	UK	2,339,346	2,673,987
<b>Total</b>			<b>3,678,612</b>	<b>3,121,190</b>



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Credit Rating description can be summarised as follows:

**Strong:** There is a very high likelihood of the asset being recovered in full. This includes Counterparty exposures with credit risk rating of BBB- and above by S&P.

**Satisfactory:** While there is a high likelihood that the asset will be recovered and therefore, of no cause for concern to the Group, the asset may not be collateralised, or may relate to retail facilities, such as credit card balances and unsecured loans, which have been classified as satisfactory, regardless of the fact that the output of internal grading models may have indicated a higher classification. At the lower end of this grade there are customers that are being more carefully monitored, for example, corporate customers which are indicating some evidence of deterioration, mortgages with a high loan to value, and unsecured retail loans operating outside normal product guidelines. This includes Counterparty exposures with credit risk rating of B to BB+ by S&P.

**Higher risk:** There is concern over the obligor's ability to make payments when due. However, these have not yet converted to actual delinquency. There may also be doubts over the value of collateral or security provided. However, the borrower or counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest. This includes Counterparty exposures with credit risk rating of B- and below by S&P.

Collateral is held by the Partnership as an important mitigant of credit risk, and the Partnership has obtained collateral for the funds advanced. When collateral is deemed appropriate, the Partnership accepts specific, agreed classes of collateral. The Partnership monitors the fair value of securities purchased and sold under agreements to resell/repurchase on a daily basis, with additional collateral obtained or refunded as necessary.

The fair value of collateral held by the Partnership is detailed below:

			2017
Nature of collateral:	Financial Assets Designated at Fair Value	Reverse Repos	Total
	\$'000	\$'000	\$'000
- Debt securities	11,233,583	-	11,233,583
- Equity securities	-	6,304,155	6,304,155
Total	<u>11,233,583</u>	<u>6,304,155</u>	<u>17,537,738</u>
			2016
Nature of collateral:	Financial Assets Designated at Fair Value	Reverse Repos	Total
	\$'000	\$'000	\$'000
- Debt securities	3,851,073	193,799	4,044,872
- Equity securities	-	2,944,085	2,944,085
Total	<u>3,851,073</u>	<u>3,137,884</u>	<u>6,988,957</u>

The assets were pledged to the Partnership by BCI, BCSL and BBPLC as securities for financial assets designated at fair value and reverse repurchase agreements from the Partnership to BCI, BCSL and BBPLC. The Partnership can only seize the assets upon default of repayment of Reverse Repurchase agreements by BCI, BCSL and BBPLC and otherwise has no right to sell or re-pledge the collateral.

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**Market Risk**

Market risk is the risk that the Partnership's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as equity prices, foreign exchange rates, and interest rates.

The Partnership has no exposure to foreign exchange rates, as all assets and liabilities are matched on a currency level.

**Interest rate risk**

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and/or reduced income from the Partnership's interest bearing financial assets and liabilities. The Partnership's interest rate risk arises from long term financial liabilities designated at fair value and borrowings. The Partnership mitigates interest rate risk by matching its financial assets designated at fair value and reverse repo interest rates with the interest rates on financial liabilities designated at fair value and borrowings from BBPLC.

The Partnership's interest rate risk and market risk is limited to the \$10,001,285 exposure on cash held with Bank of New York Mellon.

**20. 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 Partnership's key management which includes its Members. BBPLC is the controlling party. BCI and BCSL are affiliates of the Partnership. The Partnership acknowledges that administration services are provided by BBPLC. During the year there have been no other transactions with related parties other than transactions disclosed in the notes to the financial statements. All transactions are with related parties.

**21. CAPITAL MANAGEMENT**

The Partnership is required to operate within the risk management policies of BBPLC which include guidelines covering capital management. Both the capital management and risk management objectives and policies of BBPLC can be found in the financial statements of BBPLC. The financial statements of BBPLC are available from the Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

The Partnership regards as capital its equity reported in the Balance Sheet. Total equity for year ended 31 December 2017 is \$10,001,000 (2016: \$10,000,000).

**22. EVENTS AFTER THE BALANCE SHEET DATE**

There were no events after the balance sheet date to report.