BlackRock

2021 Pillar 3 Disclosure

BlackRock Group Limited

Contents

1. Introduction and context

1.1 Purpose

The Capital Requirements Directive IV ('CRD IV') is a European Union ('EU') legislative package comprising of the Capital Requirements Directive 2013/36/EU ('CRD') and the Capital Requirements Regulation 575/2013 ('CRR'), in conjunction with applicable technical standards and guidelines issued by the European Banking Authority ('EBA'), that requires firms to disclose quantitative and qualitative information on capital adequacy and key risks. Following Brexit, the UK replicated the European prudential regime for investment firms in UK legislation referred to as the Capital Requirements Directive ('UK CRD IV') and the Capital Requirements Regulation (575/2013) as amended by the Capital Requirements (Amendment) (EU Exit) Regulations 2018 ('UK CRR'). This will apply until the introduction of the Investment Firms Prudential Regime ('IFPR') on 1 January 2022. For the purpose of this document, references to CRD and CRR includes the equivalent legislation implemented into UK law.

This document fulfils the regulatory public disclosure requirements, as set out in Part Eight of the CRR 'Disclosure by Institutions', as applied to BlackRock Group Limited ('BGL', 'the Group', 'the firm') and relevant BlackRock entities that are subject to the CRD IV regulations, including the Financial Conduct Authority ('FCA') Prudential Sourcebook for Investment Firms ('IFPRU') regulations. It also provides the disclosures required under the previous Capital Requirements Directive ('CRD III') and the FCA Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU') regulations.

The FCA is responsible for implementing and enforcing the CRD IV through a capital adequacy framework consisting of three 'pillars':

- Pillar 1 is a formulaic approach to credit risk, market risk and the cost to wind down the firm (represented by the Fixed Overhead Requirement ('FOR')) based on the firm's financial statements. The Pillar 1 requirement is the higher of the FOR or the sum of credit risk, market risk and the Credit Value Adjustment ('CVA').

- Pillar 2 requires the firm to undertake an overall internal assessment of its market risk, credit risk, operational risk and other risks (for which it may not hold capital), based on the firm's own methods (with guidance on the methods from the FCA and ongoing review of industry standards). This is achieved through the Internal Capital Adequacy Assessment Process ('ICAAP') and the FCA's Supervisory Review and Evaluation Process ('SREP').

- Pillar 3 complements Pillars 1 and 2 and improves market discipline by requiring the firm to disclose information on its capital resources and Pillar 1 requirements, risk exposures and the risk management framework.

This document provides the disclosures required under Pillar 3, including details of capital, risk exposures, risk assessment processes and capital adequacy as applied to BGL and relevant regulated entities. There is a requirement to include information on a firm's significant subsidiaries. As there is no definition of significant subsidiaries in the CRR, BGL uses the allocation of Pillar 1 and Pillar 2 capital, alongside the FCA's definition of a significant IFPRU firm to assess and identify the subsidiaries that are significant. BGL has a Pillar 3 Disclosure Policy that explains its criteria for identifying significant subsidiaries, its governance, risk management, the process for assessing appropriateness, materiality, frequency and the basis of financial disclosures.

This Pillar 3 Disclosure document is updated and published annually. It will be updated more frequently if there are significant changes to the business (such as changes to the scale of operations or the range of activities) or BGL's risk profile.

This document has been reviewed internally and approved by the Board of Directors of BGL ('BGL Board') for publication on the BlackRock website (www.blackrock.com/uk).

1.2 BlackRock structure

The ultimate parent undertaking for BGL is BlackRock, Inc. ('BlackRock'), which is the world's largest investment management firm with approximately 16,500 employees as at 31 December 2020 in more than 30 countries, who serve clients in over 100 countries across the globe. BlackRock provides a broad range of investment, risk management and technology services and had $8.68 trillion of assets under management ('AUM') as at 31 December 2020. There is no single majority shareholder and over 85% of the BlackRock, Inc. Board of Directors consists of independent directors.

BGL is the holding company for the majority of BlackRock's business in Europe, the Middle East and Africa ('EMEA'). BGL is the parent of limited licence firms as defined in Article 95 of the CRR, i.e. neither BGL nor its subsidiaries deal on its own account and its activities are limited. As a result, it is subject to lower capital requirements than a full scope firm. BGL's principal activity is the provision of investment management and advisory services through these companies. They serve a diverse mix of institutional and retail clients, including central banks, pension plans, charities, government entities, taxable institutions, including insurance companies, financial institutions and corporations, and retail investors.

BGL is primarily an agency business acting on behalf of clients and not for its own account. It does not engage in proprietary trading activities that could conflict with the interests of its clients. By being a fiduciary, the company can focus on client needs and client investment goals.

BGL's strategy and growth aspirations are factored into its internal assessment of key risks and capital requirements.

BGL is owned by BlackRock, Inc. through a series of holding companies. Appendix B contains a diagram showing BGL, its principal operating subsidiaries and their relevant regulatory regime.

Information on BGL's regulated entities that are significant subsidiaries, as defined in BGL's Pillar 3 Disclosure Policy, has also been provided. Disclosures are included in respect of the regulated entities detailed in Figure 1.1.

Figure 1.1 Regulated entities included in the Pillar 3 disclosure

Entity	FCA Register	Reporting basis	Firm category
BlackRock Group Limited	-	Consolidated	CRD IV
BlackRock Investment Management (UK) Limited ('BIM (UK)')*	119293	Individual	CRD IV
BlackRock Advisors (UK) Limited ('BAL')*	119186	Individual	CRD IV
BlackRock International, Limited ('BIL')*	178638	Individual	CRD III
BlackRock Investment Management (Dublin) Limited ('BIMD')[1]	-	Individual	CRD IV exempt FOR firm
BlackRock (Netherlands) B.V. ('BNBV')*	-	Individual**	Non-CRR Investment Firm (CRD III)
BlackRock Fund Managers Limited ('BFM')*	119292	Individual	AIFMD[2] and UCITS[3]
BlackRock Asset Management Ireland Limited ('BAMIL')*	480333	Individual	AIFMD and UCITS
BlackRock (Luxembourg) S.A. ('BLK Lux S.A.')*	145287	Individual	UCITS

** Significant subsidiary*
*** Under the new Investment Firms Regulation / Investment Firms Directive ('IFR/IFD'), BNBV will be required to produce both solo entity and consolidated financials. This is effective from the date of implementation of the IFR/IFD in June 2021.*

[1] An application to revoke BIMD's Markets in Financial Instruments Directive ('MiFID') licence was submitted to the Central Bank of Ireland ('CBI') in January 2021. The CBI confirmed BIMD's permissions were revoked in May 2021.
[2] Alternative Investment Fund Managers Directive
[3] Undertakings for Collective Investment in Transferable Securities

The impact of Brexit

On 31 December 2020, the transition period following the UK ceasing membership of the EU ended and BlackRock successfully implemented its Brexit plans. These included the transfer of a portion of its EU business and EU based employees to BNBV.

1.3 Basis of preparation

The Pillar 3 disclosures relate to BGL on a consolidated basis. The individual firms detailed above are consolidated for regulatory reporting purposes. BGL is treated as a limited licence firm and is not required to, and does not, prepare consolidated statutory financial statements. A prudential consolidation is prepared in respect of BGL, its subsidiaries and participations as detailed in Appendix B. This consolidation excludes BlackRock Life Limited ('BLL'), which reports its capital requirement to the Prudential Regulatory Authority ('PRA'). This document contains information in respect of BGL and entities within the group. The value of BGL's investment in BLL has been included under 'Significant investment in financial sector entities'. It is partially risk weighted and partially deducted from capital resources as shown in section 3.1.

The minimum capital requirements for BGL Group and its significant subsidiaries as at 31 December 2020 were calculated in accordance with the relevant regulatory rules, for example, CRD and AIFMD. The consolidated BGL Group reported its regulatory capital requirement to the FCA by applying the 'aggregation method' as follows:

- For each entity in the group that is required to report under CRD IV / CRD III on a stand-alone basis, the credit risk, market risk and FOR were calculated and reported.

- For all other significant subsidiaries, even though there is no requirement to report regulatory capital under CRD on a stand-alone basis, the credit risk and market risk requirements are calculated.

- Each of the solo credit risk and market risk calculations are aggregated to determine the Group's credit risk and market risk. The Pillar 1 capital requirement for BGL is calculated as the higher of (i) total FOR and (ii) the sum of the total credit risk, market risk and CVA requirements.

Each of the regulated entities in BGL has sufficient capital resources in relation to its minimum regulatory capital requirement on a stand-alone basis.

BGL has disclosed all the information that it deems material. There have been no material changes in relation to BGL's business since the previous disclosure. For the purposes of this disclosure, information is regarded as material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. BGL has not provided information on key ratios and figures representing interaction of the risk profile and the stated risk tolerances as this is deemed to be proprietary information. This omission does not impact the disclosure requirements.

BGL is defined by the FCA's final guidance (FG 17/6 General Guidance on Proportionality – The IFPRU Remuneration Code SYSC[4] 19A) as a tier three firm and has disclosed remuneration on a proportionate basis.

1.4 Transferability of funds among BGL and its subsidiaries

There are no current or foreseen material practical or legal impediments to the prompt transfer of funds among BGL and its subsidiaries other than the jurisdictional Company Law requirements in respect of declaration and payment of dividends, where in some instances the regulator should be notified before distribution. Surplus distributable reserves are released by dividend payments up the chain of

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[4] FCA Senior Management Arrangements, Systems and Controls Handbook

ownership to BGL. Conversely, in the event of an unanticipated shortage of capital in a particular entity, there are no anticipated impediments to prevent capitalisation from the parent entity.

Furthermore, BGL has an intra-group multicurrency revolving loan facility agreement with BAL, BIL, BIM (UK), BFM and BlackRock Asset Management Investor Services Limited ('BAMIS')[5]. The purpose of the facility is to allow liquidity to flow freely within this group of legal entities.

1.5 Impact of COVID-19

The COVID-19 crisis represented a material stress to BGL's operations in the short term, however, throughout this period BGL has maintained operational and financial resilience. The COVID-19 crisis has not resulted in an increase in operating events or capital requirement for BGL and this situation is monitored regularly. BGL will continue to adapt its business processes in a resilient manner.

1.6 New investment Firm Prudential Regime

The final text of the Investment Firm Regulation (IFR) and the Investment Firm Directive (IFD) was published in the Official Journal of the European Union on 5 December 2019 and comes into force on 26 June 2021. The FCA were heavily involved in designing this European legislation and they are introducing a similar regime in the UK known as the Investment Firm Prudential Regime (IFPR). The IFPR will have similar objectives to the IFR/IFD whilst taking into account the specifics of the UK market. The introduction of a new prudential regime for investment firms will replace the current rules under CRR. In preparation for the new regime, BGL has set up an IFR project team (with representation from all relevant business functions) to perform a detailed interpretation of the IFR/IFD and IFPR regulatory texts, and to document a comprehensive set of business requirements. For further details, please refer to Chapter 2, section 2.19.

[5] BAMIS is a non-regulated BlackRock entity.

2. Governance and risk management

2.1 BGL Board

Membership

At 31 December 2020, the BGL Board comprised seven Directors, four of whom were Non-Executive Directors ('NED'). Figure 2.1 sets out the number of directorships held by each member of the Board as at 31 December 2020.

James Charrington

Mr. Charrington is a Non-Executive Director, and the Chair of the Board (SMF[6] 9) and Nominations Committee (SMF 13) of the firm. Prior to his appointment as Chair of the Board in March 2015, Mr. Charrington was Head of BlackRock's EMEA business from 2010-2013 and Head of BlackRock's International Retail business from 2004-2010. Mr. Charrington's service with the firm dates back to 1993, including his years with Mercury Asset Management ('MAM') and Merrill Lynch Investment Managers ('MLIM'), which merged with BlackRock in 2006.

Christian Clausen

Mr. Clausen is a Non-Executive Director of the firm. He joined BlackRock in 2016 as Chairman of the Nordics region and also serves as a Senior Advisor to the firm. Prior to his position at BlackRock, Mr. Clausen held management positions at Erik Møllers Efterfølgere A/S, Andelsbanken A/S and Henriques Bank, and became the Managing Director of Privatbørsen in 1988. Mr. Clausen held various senior positions at Unibank in the 1990s and in 1998 was appointed a Member of the Executive Board. When Nordea was formed in 2000, Mr. Clausen became Head of Asset Management & Life, and a Member of the Group Executive Management, later becoming President and Group Chief Executive Officer ('CEO') of Nordea from 2007 until October 2015, when he stepped down to take on an advisory role.

Edward Fishwick

Mr. Fishwick is a Managing Director at BlackRock, Global Co-Head of Risk & Quantitative Analysis ('RQA') and BGL Chief Risk Officer (SMF 4) and an Executive Director (SMF 3) at the firm. He has worked in quantitative finance for over 30 years in London, New York and Boston. Previously he was the Head of Risk Management and Investment Process Research at AXA Investment Managers, and Director of Research at Quantec. He is a member of the Editorial Board of the Journal of Asset Management and is also the Chairman of the London Quant Group.

Eleanor de Freitas

Ms. de Freitas is a Non-Executive Director, and Chair of the Risk Committee (SMF 10) and Conflicts Oversight Committee of the firm. She was previously a Managing Director at BlackRock, and Head of the firm's Beta Strategies Portfolio Management Group in EMEA. Ms. De Freitas' service with the firm dates back to 2001, including her years with Barclays Global Investors ('BGI'), which merged with BlackRock in 2009. At BGI, she was the Head of European Index Equity and previously held strategy and portfolio management roles within the index equity business in both London and San Francisco. Prior to joining BGI, she spent over five years as a Quantitative Analyst at ING Barings, where she played an instrumental role in developing their global quantitative equity research product.

[6] Senior Management Function

Rachel Lord

Ms. Lord was the Head of Europe, Middle East and Africa for BlackRock[7] , as well as being an Executive Director (SMF 3) and Chief Executive (SMF 1) of the firm. Prior to assuming her current role in September 2017, she was the EMEA Head of iShares and Head of Global Clients, Exchange Traded Fund ('ETF') and Index Investments. Ms. Lord joined BlackRock in November 2013 from Citigroup where she was the Global Head of Corporate Equity Derivatives. She joined Citigroup in 2009 after 13 years at Morgan Stanley, where she had a variety of senior roles in the equities and capital markets businesses, in London and Hong Kong.

Ms. Lord qualified as a Chartered Accountant in 1990 with Arthur Andersen, following which she worked in structured finance for five years before moving into equity derivatives.

Stacey Mullin Outhwaite

Ms. Mullin is Chief Operating Officer ('COO') of the EMEA region for BlackRock (SMF 24) as well as being an Executive Director (SMF 3) of the firm. In her role as EMEA COO, Ms. Mullin is responsible for the effective operation of the region. This includes partnering with functional management to support growth and client service across channels, to manage risk, to promote operational efficiency, and to respond to market and regulatory change.

Ms. Mullin was formerly the Global COO of the Trading & Liquidity Strategies team and led cross-platform functions within the broader Trading, Liquidity & Investment Platform umbrella.

Ms. Mullin joined BlackRock in 2007 during the founding of the Financial Markets Advisory ('FMA') team. She served as a primary project and client relationship manager for several of FMA's financial crisis response projects. Following her work in FMA, Ms. Mullin took on project management roles in the Corporate Strategy team and Fixed Income Portfolio Management teams.

Prior to joining BlackRock, Ms. Mullin was a leader at Oliver Wyman, a financial services consulting firm, where she focused on risk management and process efficiency.

Margaret Young

Ms. Young is a Non-Executive Director and Chair of the Audit Committee (SMF 11) of the firm. She is a Chartered Accountant and holds an MBA[8] from London Business School. She spent her executive career in Investment Banking, advising Public Company Boards on Merger and Acquisitions, Initial Public Offerings and fundraising in the equity and debt capital markets. She is now an experienced Non-Executive Director having held numerous public limited company ('Plc') board roles since 1999.

Changes to the Board during 2020

One Executive Director resigned from the BGL Board:

- C.R. Thomson resigned on 11 December 2020.

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[7] On 15 April 2021, Stephen H. Cohen received permission from the FCA to act as Chief Executive (SMF 1) and an Executive Director (SMF 3) of the BGL, BIM (UK), BAL and BIL Boards of Directors. Ms. Lord subsequently resigned, and Mr. Cohen was appointed, as a Director of BGL on 15 April 2021. Full details will be included in the 2022 BGL Pillar 3 disclosure document.
[8] Master of Business Administration

Figure 2.1 BGL Board

Director	Number of directorships[9]
N J Charrington (Chair, non-executive)	4 BlackRock entities and 1 external entity
C Clausen (non-executive)	4 BlackRock entities and 2 external entities
J E Fishwick	4 BlackRock entities and 3 external entities[10]
E J de Freitas (non-executive)	4 BlackRock entities and 1 external entity[11]
R Lord	4 BlackRock entities and 1 external entity[12]
S Mullin Outhwaite	4 BlackRock entities
M A Young (non-executive)	4 BlackRock entities

BGL confirms that all its directors fully comply with the limit on directorships set out in CRD Article 91.

Recruitment of Board Members

The BGL Nominations Committee is responsible for ensuring that the BGL Board is comprised of individuals who are best able to discharge the duties and responsibilities of directors. The Committee focuses primarily on the composition, appointment, succession and effectiveness of the BGL Board.

Specifically, the Nominations Committee is responsible for:

1. at least annually, assessing the skills, experience, independence, knowledge and diversity required of the Directors of BGL to competently discharge their duties, having regard to BGL's strategic direction and the commercial environment;

2. at least annually, considering and making recommendations to the BGL Board on the appropriate structure, size and composition of its committees in consultation with the Chairs of each committee, taking into account the results of the Board evaluation process;

3. at least annually, reviewing progress against measurable diversity objectives set by the BGL Board;

4. leading the process for appointments to the BGL Board, and identifying and nominating candidates for approval by the BGL Board for appointment as Directors;

5. reviewing and approving a written job description of the role, capabilities and time commitments required for an appointment to the BGL Board, having evaluated the balance of skills, knowledge, diversity and experience already on the BGL Board;

6. ensuring that on appointment, all Non-Executive Directors of BGL receive formal written terms of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside BGL Board meetings;

7. considering, and if deemed appropriate, recommending amendments to the Diversity Policy to the BGL Board for approval;

8. overseeing the promotion of diversity on the BGL Board, in accordance with the board-approved Diversity Policy;

[9] Includes directorships for external entities and individual directorships within BlackRock.
[10] Includes entities which do not pursue a predominantly commercial objective, in compliance with the exemption set out in CRD Article 91(5).
[11] The external entity does not pursue a predominantly commercial objective, in compliance with the exemption set out in CRD Article 91(5).
[12] Ms. Lord subsequently resigned from the Board of the external entity on 22 February 2021.

9. reviewing processes and plans in place concerning appointments to the BGL Board, and key executive succession planning more broadly; and

10. at least annually, conducting an annual performance evaluation of the effectiveness of the BGL Board and its committees, that the conclusions and recommendations arising out of the annual evaluation exercise are reported to the BGL Board, and agreeing an action plan, if required, addressing the results of the annual evaluation exercise and periodically reviewing progress against the plan.

Annually, BGL Directors complete an Experience and Skill Set Evaluation, in which they self-evaluate by indicating their level of experience or expertise across several categories, including core board skills, hard skills such as experience in insurance or asset management, and soft skills such as questioning, openness and tact. When identifying and recommending candidates as directors of the BGL Board, the Nominations Committee considers the skill sets of potential candidates against gaps identified by the BGL Board in this evaluation.

Diversity

The promotion of diversity on the boards is integral to the role of the BGL Nominations Committee. Accordingly, the Nominations Committee is charged with overseeing the promotion of diversity on the BGL Board, in accordance with the BGL Diversity Policy.

Inclusion and diversity are key to BlackRock's success – it is dependent on our ability to leverage our differences, to use our collective experiences, backgrounds and knowledge to achieve more for our clients and our business. BlackRock's business requires strong, talented people with diverse skill sets, backgrounds and points of view to drive innovation. This applies equally to the boards. BlackRock regards effectiveness of the boards as a crucial element of governance and board composition is a vital factor in ensuring that effectiveness.

Our firm principle is that each member of the board must have the skills, experience, knowledge and overall suitability that will enable each Director to contribute individually, and as part of the board team, to the effectiveness of the boards on which they sit. Subject to that overriding principle, BlackRock believes that diversity of experience and approach, including educational and professional background, gender, age and geographic provenance amongst board members is of great value when considering overall board balance in making new appointments to the boards. Our priority is to ensure that the board continues to have strong leadership and the right mix of skills to deliver the business strategy. Within this context, the composition of the BGL Board will necessarily vary from time to time.

As at 31 December 2020, BlackRock's aspiration for women to make up at least 30% of the BGL Board's membership, as stated in the Diversity Policy, has been exceeded.

Induction

At BlackRock, each newly appointed Director receives a full and formal induction on joining the board which is tailored to provide an in-depth view of the firm, and the Director's board role. The aim of these programmes is to provide a new Director with an understanding of how the Group works and the key opportunities and challenges that it faces to enable them to contribute fully in board and committee meetings.

The induction programme is delivered through a combination of one-to-one briefings with the Chair, the heads of business areas and other members of the Board, reading materials which include archive board and committee papers and other key corporate governance documents. Meetings are also arranged with other selected senior managers, including the heads of control functions.

Continuing professional development

Continuing professional development is an important aspect of a Director's role. Skills and knowledge need to be kept up to date to ensure the effectiveness of the Board as a whole and allow every Director to contribute fully in board and committee meetings.

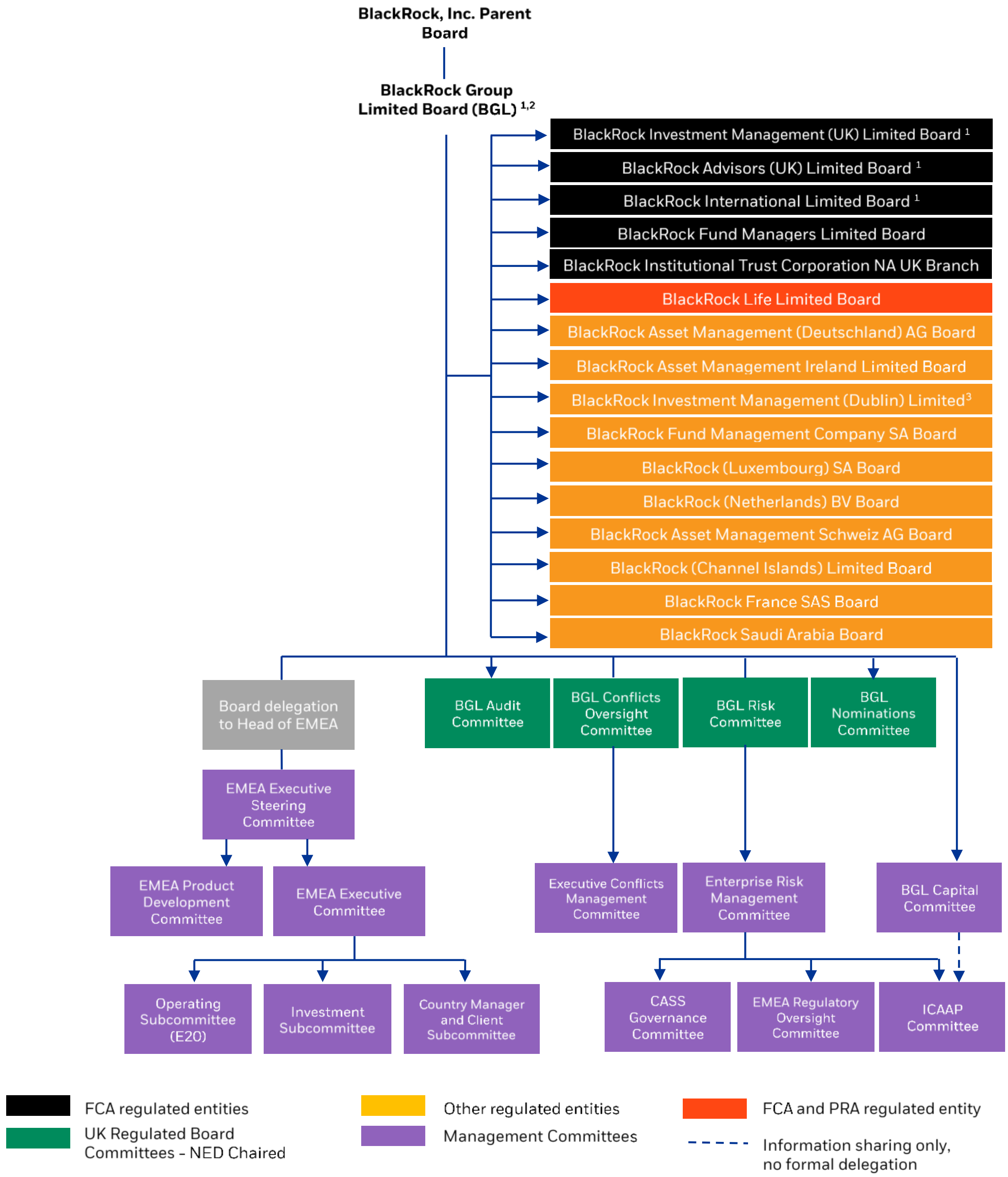
The development programme is carried out throughout the year, utilising the following approaches:

- annual updates are presented to the Non-Executive Directors by key BlackRock EMEA business areas and support functions throughout the year, providing Non-Executive Directors with an enhanced review and update of current activities and ongoing topical issues;
- presentations to the BGL Board from the EMEA CEO, the EMEA COO, the BGL Chief Financial Officer ('CFO') and the BGL Chief Risk Officer ('CRO') on investment performance, as well as updates from business areas when appropriate; and
- support functions such as Finance, Compliance, Legal and Risk present to the Board from time to time, to ensure Directors' knowledge of key initiatives and projects is up to date.

2.2 BGL governance committees

The BGL Board has adopted a governance structure comprising Board and management committees to provide review, challenge and oversight of the firm's risks. The link between the BGL Board and its committees is shown in Figure 2.2.

Figure 2.2 Governance Structure of BGL and regulated subsidiaries



[1] *Referred to as Joint Boards*
[2] *BGL is not a regulated entity but is the parent company of the regulated entities forming the BGL consolidation group*
[3] *An application to revoke BIMD's MiFID licence was submitted to the CBI in January 2021. The CBI confirmed BIMD's permissions were revoked in May 2021.*

Figure 2.3 includes a summary of the above committees' key responsibilities.

__Figure 2.3 BGL Committees and responsibilities__

Committee	Responsibilities
BGL Audit Committee	• Assists the Boards of BGL, BAL, BIL and BIM (UK) (together, the 'Joint Boards') in meeting their responsibilities, including but not limited to: ○ Maintaining the integrity of the Joint Boards entities' financial reporting; ○ Reviewing whistleblowing arrangements; and ○ Monitoring the effectiveness and objectivity of the Joint Boards entities' internal and external audit processes.
BGL Risk Committee	• Provides leadership, direction and oversight of the overall risk management framework in place for the Joint Boards; and • Oversees compliance of certain Joint Boards entities with regulatory requirements relating to the safeguarding of client assets and client money.
BGL Conflicts Oversight Committee	• Assists the Boards of Directors of the Joint Boards in overseeing the framework for the identification and management of conflicts of interest and the implementation of strategy, policies and procedures with regards to conflicts of interest in EMEA.
BGL Nominations Committee	• Assists the Boards of Directors of the Joint Boards in ensuring that the Joint Boards entities are comprised of individuals who are best able to discharge the duties and responsibilities of directors; and • Focuses primarily on the composition, appointment, succession and effectiveness of the Boards of Directors of the Joint Boards entities.
BGL Executive Conflict Management Committee	• Develops, implements and manages the conflicts management framework, and formulates strategy, policies and procedures with regards to conflicts of interest across all regulated subsidiaries of BGL; • Considers potential and actual conflicts of interest arising, e.g. in relation to new business initiatives or where there are material changes to business processes or organisational arrangements; • Considers quantitative and qualitative management information relating to the identification, management and mitigation of conflicts of interest.
BGL Capital Committee	• Oversees capital management and capital planning processes; • Monitors operational risk, credit risk, foreign exchange risk, market related risks from a regulatory capital perspective and contingent liabilities, and the impact on BGL's capital position; • Reviews and approves capital calculation methodologies and assumptions; • Monitors and oversees liquidity of BGL at a consolidated and individual entity level; • Monitors and oversees BGL financial activities between BGL and its subsidiaries, such as dividend payments; and • Reviews, challenges and approves assumptions, methodologies and capital figures to be used in the ICAAP, and recommends the ICAAP document for approval to the BGL Enterprise Risk Management Committee ('ERMC') through the ICAAP Committee.
BGL Enterprise Risk Management Committee	• Acts as primary management body for considering BGL enterprise risks; • Reviews and oversees BGL's risk profile through a range of management information; • Reviews and makes recommendations to the BGL Risk Committee and subsequently the BGL Board about BGL's key risks and risk tolerance which may involve both quantitative and qualitative measures; • Reviews and assesses the effective implementation for risk mitigating activities; • Acts as point of escalation for breaches of risk limits; and • Oversees the ICAAP process and ICAAP Committee.
ICAAP Committee	• Subcommittee of the ERMC which is responsible for overseeing the annual ICAAP process for BGL, BNBV and BlackRock Saudi Arabia ICAAPs, and the BLL Own Risk and Solvency Assessment.

Committee	Responsibilities
EMEA Executive Steering Committee and EMEA Executive Committee	• Focuses on strategy and planning (including formulating and implementing strategic and financial objectives, business plans, budgets and operating strategies); • Provides oversight of operations and business performance (including new and existing business reviews, strategic partnerships, overseeing product development governance and reviewing investment performance); • Implements corporate culture which sets out the values and ethics within which EMEA employees will operate and implements approved corporate group policies where appropriate; and • Focuses on talent retention (e.g. succession planning for senior functions).
Operating Subcommittee (E2O)	• The committee is comprised of the Chief Operating Officers of EMEA countries and the largest EMEA functions; and • Focuses on execution of the operational priorities within EMEA, including circulation of information on upcoming changes to policies, processes and regulations, updates on major projects and the cascade of culture initiatives.
EMEA Product Development Committee	• Provides oversight of EMEA product risks and governance, strategy and offerings, including launch of products and material revisions to existing products; • Carries out product risk screens detailing operational risks and resource requirements; and • Reviews seed capital requirements.
Investment Subcommittee	• The committee is comprised of EMEA heads of each major investment function, risk, product and research; and • Is tasked with ensuring coordination, information sharing and best practices around risk oversight, investment performance, product development and supporting processes and technology.
Country Manager and Client Subcommittee	• The committee is comprised of channel heads, country heads and key functional partners; and • The purpose is to provide a full matrix view of the commercial pipelines across channels and geographies.
CASS Governance Committee	• The committee is responsible for overseeing the implementation of the rules set out in the FCA's Client Assets Sourcebook ('CASS') for the entities within its scope.
EMEA Regulatory Oversight Committee ('EROC')	• Subcommittee of the ERMC which is comprised of representatives from across the operational and control functions; and • Responsible for overseeing the implementation of regulatory reform that BlackRock are required to comply with.
Management Development and Compensation Committee ('MDCC')	• The committee is responsible for providing oversight of BlackRock's executive compensation programmes and employee benefit plans; • Reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management; and • Supporting the boards of the EMEA regulated entities in meeting their remuneration-related obligations.

2.3 BGL's approach to risk management

All risks described throughout this section fall within an established three lines of defence model, are governed by one or more firm-wide specific policies, are overseen by a dedicated and/or enterprise-wide risk committee and have an individual risk owner assigned.

The first line of defence has primary 'ownership' of risks in the business. It comprises the vast majority of BGL employees, including but not limited to investment teams and business operations teams. These operating and infrastructure groups provide the framework within which BGL's activities for achieving entity-wide objectives are planned, executed, controlled and monitored. The first line of defence is accountable for their respective risks, including risk assessment and management, developing controls, adherence to policies, and management of talent and compensation.

The second line of defence functions (RQA, Finance and Compliance) provide independent oversight of, and support for, the activities performed within the first line. These functions coordinate among themselves and actively work with BGL's businesses, providing expertise and appropriate challenge to help ensure that risks are identified and mitigated in a timely manner across the organisation.

The third line of defence is the Internal Audit function. Internal Audit's mission is to be a fiduciary to BlackRock and its clients. They aim to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The risk management function for BGL is led by the BGL Chief Risk Officer (CRO), Mr. Fishwick, who is also Global Co-Head of Risk and Quantitative Analysis (RQA), a member of the BGL Board and the EMEA Executive Steering Committee. In his role as the BGL CRO, he reports locally to the Head of EMEA and has a reporting line into the Chair of the BGL Risk Committee. As part of the global RQA function, he reports functionally to the Chief Risk Officer of BlackRock, Inc. who is also the Global Co-Head of RQA. As at 31 December 2020, RQA includes 268 risk managers globally and is organised primarily on functional lines e.g. enterprise risk and fiduciary risk. RQA is independent from portfolio management and business functions and reports ultimately into the BlackRock, Inc. Board and the President of BlackRock, Inc.

2.3.1 Enterprise Risk Management Framework ('RMF')

BGL's RMF begins with its culture, which is set from the tone at the top, and communicates clear expectations for the firm and its employees. This includes commitment to integrity and ethical values, fiduciary duty to clients and shareholders, commitment to competence, ownership of risk and risk management, and an adherence to a strong internal control environment. BlackRock follows a strict remuneration code that rewards strong performance and penalises poor or improper behaviour.

BGL has adopted a comprehensive risk management framework comprised of the following elements:

- **Risk governance**, including:
  - Setting of risk tolerances by the Board;
  - Establishing policies and procedures;
  - Establishing risk committees; and
  - Overseeing the risk management framework.

- **Risk identification and assessment**, including:
  - Identifying the firm's key risks and emerging risks;
  - Identifying business unit risk through tools such as risk and control self-assessments ('RCSA') and regular meetings with business units;
  - Reviewing new products and major changes; and
  - Reviewing internal and external operating events.

- **Risk monitoring and measurement** – quantifying and forecasting risks, and monitoring against risk tolerances. This includes:
    - Monitoring and investigating operating events, and recording them in a database of operating events;
    - Undertaking risk-based compliance monitoring and surveillance;
    - Establishing and monitoring key risk indicators ('KRIs') in the context of the firm's risk tolerance; and
    - Overseeing the ICAAP, including the quantification of regulatory capital requirements.

- **Risk reporting** – providing information and reports to functional and regional business management, boards, committees and regulators. This includes:
    - Risk profile and risk tolerance monitor; and
    - Operating event and large operating event reporting.

- **Risk management in line with tolerance** – taking actions to mitigate (or explicitly accept) risk exposures including:
    - Advising the business on the design and implementation of controls;
    - Operating event resolution and root cause analysis; and
    - Risk and Control Issue ('RCI') reviews, which are projects to remediate control weaknesses that represent broader or more systemic issues.

2.3.2 Board approved risk tolerance statement

BGL's Risk Tolerance Statement ('RTS') forms an integral part of BGL's risk management framework, in that it defines the context within which the organisation manages risk. The RTS is forward looking and defines the level of risk the firm is willing to take to achieve its strategic and near-term business objectives.

The RTS includes all of the key risks identified by the BGL Board and the BGL Risk Committee. Senior management then monitor the firm's risk profile on an ongoing basis against this framework. The RTS is owned and approved by the BGL Board, on the recommendation of the BGL Risk Committee, which receives its recommendation from the BGL ERMC. It is formally adopted at least annually and on an ad hoc basis when necessary, as part of a continuous feedback cycle. As part of this feedback cycle, effectiveness of the stated tolerances, risk management processes and reporting arrangements are assessed for each of the firm's risk categories.

For each of the firm's key risks, a risk owner is assigned. The risk owners are members of senior management who are accountable and responsible for assessing, monitoring, managing and appropriately reporting on the firm's exposure to the relevant key risk in line with the tolerance and limit set by the BGL Board. Risk owners oversee management of the risk and prioritise resources for risk mitigation. First line of defence functions work with the second line of defence to define and implement KRIs used to monitor risks and to flag changes in the operating environment. KRIs, along with risk owner judgement, are used to assess the risk profile against the tolerance.

Regular risk profile reporting relative to the RTS is provided to management, the BGL ERMC, the BGL Risk Committee and the BGL Board. Figure 2.4 provides details of BGL's qualitative tolerances by key risk. Risks that are profiled as beyond BGL's tolerance are escalated to the BGL Risk Committee and, if appropriate, to the BGL Board.

2.3.3 Information flow on risk to the BGL Board

Information provided to the BGL Board is typically first reviewed and challenged by the BGL ERMC and the BGL Risk Committee. The BGL ERMC meets 11 times per year and members include regional senior executives from across the business, in addition to risk and control function representatives. The BGL Risk Committee meets quarterly and is comprised of non-executive members of the BGL Board.

At each meeting, these committees:

- Review reports about the firm's risk profile. The information is collated by the firm's second line of defence functions (RQA, Compliance and Finance) based on input from across the business; and

- Consider, inter alia, the risk position relative to tolerance and in particular any breaches of risk limits or tolerances.

The Chair of the BGL Risk Committee then provides an update to the BGL Board.

The BGL Capital Committee, a management subcommittee of the BGL Board, monitors the capital ratios of all regulated entities in the BGL group in order to ensure that each regulated entity maintains an appropriate level of capital commensurate with the risks faced by the business.

2.3.4 BGL Board Declaration – adequacy of risk management arrangements

The BGL Board is responsible for the effectiveness of BGL's risk management arrangements and has implemented an appropriate governance and risk management structure. This is designed to determine what risks BGL is willing to take and to manage those risks appropriately.

The Board considers that it has in place adequate risk management arrangements and that BGL's risk profile is in line with its tolerance and strategy. Key ratios and figures representing interaction of the risk profile and the stated risk tolerances are deemed to be proprietary information.

2.4 BGL's key risks

BGL is exposed to a range of risks, which have been categorised into Enterprise Risk and Fiduciary Risk (i.e. client risks). BGL does not define qualitative tolerances for fiduciary risks because these risks are borne by clients in the first instance, however failure to manage these risks properly and in the clients' best interests may indirectly result in an adverse effect on BGL's earnings, capital and reputation. The BGL Board has agreed the following list of key risks and qualitative tolerances. Additionally, all BGL enterprise risks have quantitative limits and tolerances.

Figure 2.4 BGL tolerances by key risk

BGL Key Risks		Tolerances (Qualitative)
Enterprise Risks		
Financial Risks	Credit	Low
	Market Risk to Revenue	Medium
	Market Risk to Balance Sheet (FX)	Low
	Corporate Liquidity	Very Low
	Corporate Tax	Low
Non-Financial Risks	Operational (Process)	Low
	Third Party	Medium
	Technology (Systems Resilience)	Low
	Information Security	Low
	Corporate Resilience	Low
	Model	Medium
	Compliance	Low
	Financial Crime	Low
	People / Culture	Low
	Financial Reporting	Very Low
	Change Management	Medium
	Product	Medium
Other Risks	Reputational	Low
	Strategy / Business	Medium
	Conduct	Low
	Public Policy	Low
	Group	Medium

BGL Key Risks		Tolerances (Qualitative)
Fiduciary Risks		
	Counterparty	As determined by clients
	Investment	
	Pricing / Valuation	

A range of risks have been assessed in addition to the key risks. Sections 2.5 - 2.20 provide a description and assessment of the risks that BGL has considered.

2.5 Credit risk

Credit risk is the risk that a counterparty to the entity defaults or deteriorates in creditworthiness before the final settlement of a corporate transaction or other credit obligations. Credit risk exposure may also occur through the normal course of business from client fee receivables (which may not be paid) and from the investment of corporate cash.

The risk associated with each asset is assessed under prescribed rules and a resultant risk weighting is applied. Examples include:

- Debtors over 90 days have a higher weighting of 150% applied.
- Assets with a neutral risk profile are risk weighted at 100% of the balance; for example, this is applied to fixed assets.
- Lower risk assets such as deposits with banks or certain government issued securities carry lower weightings between 0% and 50%.

BGL has adopted the standardised approach to calculating Pillar 1 credit risk and uses Standard & Poor's ('S&P') as its external credit assessment institution ('ECAI'). No other ECAIs are utilised. S&P is used to check if a counterparty has a credit rating and thus a specific credit step can be applied under the relevant article within the CRR. This is completed across all exposure classes, i.e. institutions, corporates, equities etc. where the counterparty has a credit rating.

Securitisation Positions (Collateralised Loan Obligation 'CLO')

BGL, when requested by its clients, may arrange for client or fund assets to be financed using securitisation markets to enhance the return for investors. However, it does not generally enter into investment positions with its products other than for co-investment purposes (to demonstrate alignment of interest with clients), to establish a performance track record, or for regulatory purposes.

BGL's securitisation positions are predominantly exposed to credit risk and, due to them being denominated in Euros, market risk. BGL is only exposed to securitisations through CLOs.

BGL is under no obligation to support any losses that may be incurred by the securitisation transactions or holders of the notes issued and does not intend to provide such support. The parties holding the notes in issue are entitled to obtain payment of the principal and interest only to the extent that the resources of the securitisation transactions are sufficient to support such payment and that the holders of the notes have agreed not to seek recourse in any other form.

BGL's securitisation exposure represents its interest in ten CLO vehicles offered to clients, where in order to comply with regulatory requirements, BGL holds a 5% risk retention in these vehicles totalling £178m as at 31 December 2020, coupled with associated investment advisory and administration fees. In order to offer differing returns to investors with differing risk appetites, the CLO vehicles have a tranche structure whereby the notes offered for each tranche have different credit ratings. BGL's risk retention is held across all tranches and therefore has differing risk weights from 20% to 1,250% under Pillar 1 and Pillar 2. Figure 2.5 below shows the CLO positions and associated Pillar 1 risk weighting, broken down by credit weighting.

Figure 2.5 CLO asset value and Pillar 1 risk weighting as at 31 December 2020

Risk type	Asset value as at 31 December 2020 £m	Pillar 1 risk weighting
Securitisation positions (Credit rating AAA to AAA-)	129	20%
Securitisation positions (Credit rating A+ to A-)	12	50%
Securitisation positions (Credit rating BBB+ to BBB-)	10	100%
Securitisation positions (Credit rating BB+ to BB-)	10	350%
Securitisation positions (All other credit ratings)	17	1,250%
Total	**178**	

Figures subject to rounding

Figure 2.6 below shows the movements in CLOs during the year, split between debt and equity.

Figure 2.6 CLO risk retention

CLOs (£m)	31 December 2019	Additions	Fair value movements	FX	31 December 2020
Debt	147	12	-	7	166
Equity	13	1	(3)	1	12
Total	**160**	**13**	**(3)**	**8**	**178**

Figures subject to rounding

BlackRock does not originate the loans that go into its CLOs; they are broadly syndicated European leveraged loans which are purchased in either the primary or secondary market to build a portfolio during the warehouse phase prior to securitisation.

Before each new CLO vehicle is set up, the risk retention must be approved by both the BlackRock Product Executive Committee based in the US, and the BGL Capital Committee. This occurs prior to the warehouse phase to ensure risk retention is in place prior to marketing to investors. The BGL Capital Committee considers the regulatory capital implications of each proposed new CLO, and in particular whether BGL would still be adequately capitalised post launch. Regular Product Executive Committee reviews also take place covering current risk retention holdings, CLO performance and business plan projections for future risk retention needs.

From 1 January 2019, new regulations were introduced which require BGL to hold 5% risk retention at the warehousing stage of the CLO's lifecycle. The debt is unrated and this results in a higher risk weighting (1,250%) earlier in the CLO lifecycle until issuance of the CLO notes. The maximum exposure to BGL's capital is circa €20m (~£18m) (based on 5% of €400m (£356m)) at the warehousing stage. Once the CLO notes are issued, the capital which BGL is required to hold will drop back to approximately €3m (~£3m) per CLO, based on graded risk weights. As at 31 December 2020, the latest CLO (CLO 11) is currently in the warehousing stage under this arrangement, with circa €20m (~£18m) capital being held in relation to this vehicle. During 2020, BGL elected to fully deduct this from capital under CRR Article 36 (1)(k), as opposed to risk weighting at 1,250%.

In addition to the governance established for setting up a CLO, ongoing monitoring of positions is carried out by BGL, who as collateral manager of the CLOs is best placed to monitor the risk retention liabilities. BlackRock manages the underlying collateral and each asset goes through the Investment Committee process which includes regular reviews. There are also daily snapshots of the CLO portfolio, including key tests, and equity cash flow projections on a regular basis.

Offering CLOs for clients is part of BGL's growth strategy and it is anticipated that exposure to CLOs will increase over time. This exposure is regularly monitored by the BGL CFO.

For all the European CLOs, BIM (UK) holds the risk retention as collateral manager originator, however, to reiterate the previous point BIM (UK) did not originate the loans, rather BIM (UK) was exposed to the credit risk of 5% of the portfolios for the required time period to act as collateral manager originator. There is no ongoing originator requirement.

2.6 Market risk

Market risk represents the risk that a significant market downturn will impact the entities fee revenue or the value of its balance sheet holdings. Investment management revenues are primarily comprised of management fees as a percentage of the value of assets under management or net asset value. Movements in equity prices, interest rates and credit spreads, or foreign exchange ('FX') rates cause the value of the entities assets under management and balance sheet holding to fluctuate, creating volatility in base fees, net income, and/or operating cash flow.

BGL does not undertake trading on its own account and, as a result, for BGL market risk is mainly the risk associated with the loss resulting from fluctuations in the market value of net foreign currency positions attributable to changes in foreign exchange rates.

BGL is exposed to foreign exchange risk on all income, expenditure and transfer pricing (both income and expenditure) that arises in currencies other than GBP. BGL is also exposed to foreign exchange risk on the revaluation of any non-GBP net positions.

Under Pillar 1, the exposures of BGL to non-GBP balances are calculated in a prescribed manner and a 100% risk weighting is applied.

Under Pillar 2, the exposures are calculated in the same manner as under Pillar 1, however the risk weight applied is a value-at-risk calculation based on the historical volatility of relevant currencies.

BGL hedges FX exposures using FX forwards (tenor typically under one month) and FX spot trades only. The process is highly automated with strong reconciliations and controls. BlackRock leverages both its General Ledger, Oracle, and its core business platform, Aladdin, to run the process. All FX hedges have a business purpose. BlackRock does not use derivative instruments for speculative purposes.

Market risk exposures are monitored through the RMF and BGL has established a quantitative risk tolerance and limit for Market: Risk to Balance Sheet (FX) that is based on the Pillar 2 risk. BGL monitors this risk and the BGL CFO (supported by the Finance team) provides a risk profile versus the limit and tolerance based on month-end currency positions and a risk estimate. This is included in the BGL Risk Profile that is provided to the BGL ERMC and to the BGL Risk Committee. The RMF establishes escalation procedures in case the risk profile exceeds the agreed limit or tolerance.

2.7 Corporate liquidity risk

Corporate liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due without adversely affecting its financial position, the normal course of its business or its reputation. The governance framework and BGL Liquidity Policy are designed to:

- identify, quantify and monitor the liquidity needs, risks and requirements of the Group;
- maintain liquidity resources in excess of liquidity requirements; and
- maintain rules and procedures in connection with the liquidity management framework.

In order to ensure that surplus liquid resources remain available, liquidity requirements include an approved management cushion calibrated to provide additional comfort on top of identified liquidity needs. BGL's Liquidity Policy is to maintain liquidity resources in excess of liquidity requirements under both normal and stress conditions. Management monitors and manages the various components of liquidity resources and requirements on an ongoing basis.

2.8 Corporate tax risk

This is a risk that BlackRock's own tax treatments, policies or procedures do not meet tax requirements or are subject to interpretation by tax authorities that may be different from BlackRock's or its advisors' interpretations. This is the risk of reputational damage, loss of investor confidence and/or financial loss arising from failure to comply with tax regulation. BGL's controls around tax reporting are designed to prevent errors and ensure compliance with disclosure requirements within prescribed timeframes.

2.9 Non-financial (operational) risk

Non-financial risks are operational risks, including financial crime risk, that arise from events or actions, other than financial transactions, that can negatively impact the operations, assets or reputation of BGL. These risks may, but do not always, have an adverse financial impact and are often the result of inadequate internal processes, people and systems or external events. BGL actively mitigates non-financial risks wherever possible, through design and implementation of strong processes and effective controls. However, a residual level of risk is accepted, for example where the cost of mitigating a risk outweighs the benefit.

The management of non-financial risk is integral to BGL's Risk Management Framework, utilising many of the elements outlined above in section 2.3.1. This includes a range of policies and procedures carried out by all three lines of defence with the aim of enhancing operational controls and minimising errors.

The capital assessment for non-financial risk is based on a combination of two approaches: one which is based entirely on internal operating event data (where a sufficient dataset is available) and, the other where there is insufficient data, a scenario-based approach which relies on the development of key risk scenarios to represent the types of non-financial risks facing BGL. Key risk scenario workshops are conducted with subject matter experts and the BGL Board to discuss, challenge and agree the choice of key risk scenarios. Tools such as RCSAs and internal and external operational loss data inform the selection of appropriate inputs for the key risk scenarios. The individual risks are quantified, correlated and aggregated using a statistical model. The results are then analysed and challenged in several steps in order for the BGL Board to decide on the appropriate level of non-financial (operational) risk capital to hold.

2.10 Reputational risk

Reputational risk is the risk arising from an adverse perception on the part of existing and potential stakeholders, overseers and business partners (e.g. our clients, regulators, government bodies, trading counterparties and suppliers) that could negatively impact revenue, earnings, brand value, and customer retention. Reputational risk can emerge as a standalone risk, but it also can be a consequence of another risk. For example, reputational risk is closely linked to the conduct of BGL's employees and the culture of the firm.

As a client-focused business, BlackRock considers reputational risk to be a fundamental aspect of all business and risk management activities, and related to the adequacy of internal control processes and effectiveness of responses to external influences. As a general matter, reputational risk exposure is an integral part of the firm's RMF – i.e. strategic decisions, products and services, operational processes, corporate governance, responsibility and communications, client and other external relationships.

2.11 Strategy / business risk

Strategy / business risk arises from adverse business decisions or improper implementation of those decisions. This includes adverse impact from factors such as competition, structural industry changes, asset class shifts, geopolitical instability, macro-economic conditions, falling behind industry changes or relationships with other entities. BlackRock's business is well diversified in terms of geographic markets served, products offered (extensive range of active and passive products) and client base (products offered directly and through intermediaries in a variety of vehicles). This diversification mitigates strategy / business risk. This risk is a function of the compatibility of BGL's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. Strategy / business risk is viewed as a strategic risk and it has an impact on revenues and costs over the long term. As part of the annual review, the BGL Board also considers management actions which could be used to mitigate the financial impact of potential business risks on the business plan.

Environmental, Social and Governance ('ESG') risk

BGL recognises that the business may be affected by elements of ESG risk, including climate risk. ESG risk can have a wide-ranging impact and is assessed across corporate exposures, clients' portfolios and asset classes, based on the underlying ESG issues and relative materiality. Whilst BGL does not believe that ESG risk would lead to a significant adverse impact on its capital position, a qualitative risk assessment of some of the specific enterprise risks that could be impacted by ESG factors is carried out as part of the ongoing risk management framework activities. In 2020, BlackRock achieved 100% ESG integration into its active portfolios and advisory strategies, meaning that portfolio managers are accountable for managing exposure to material ESG risks and documenting where in the investment process these risks are considered.

BlackRock is actively engaged in assessing and measuring climate risk and continues to grow its sustainable investment platform at pace. In 2020, BlackRock published its first Task Force on Climate-related Financial Disclosures ('TCFD') report which offers more transparency to stakeholders on key sustainability issues, including, but not limited to, climate risk governance, strategy and risk management as well as information on the metrics and targets used to assess and manage relevant climate-related risks. In addition, BlackRock's 2020 Sustainability Disclosure, which is reported under the Sustainability Accounting Standards Board ('SASB') Standards, provides several supplemental metrics defined by BlackRock management. Both the TCFD report and Sustainability Disclosure are publicly available documents.

As the sustainability landscape evolves, with new information and greater standardisation, BlackRock is committed to continuing to refine and expand its disclosures. BlackRock has committed to helping clients prepare their portfolios for a net zero economy[13] through measurement, transparency, investment management and stewardship.

2.12 Conduct risk

Conduct risk is the risk that inappropriate behaviour by the firm and / or its employees leads to detriment to the firm or its clients or has a negative impact on market integrity. Conduct risk is present in all of the firm's activities, and responsibility for managing conduct risk is embedded throughout the firm's organisational and governance arrangements.

All employees are expected to follow BlackRock Principles and the Code of Business Conduct and Ethics. One of the firm's core principles is 'We are a fiduciary to our clients'. BlackRock expects all of its employees to put clients' interests first, to comply with all regulations, to abide by the law and to act with the highest level of integrity with clients and in markets.

Individuals are held accountable for their own conduct and any failure to meet the required standards is addressed through the performance management framework and can result in a negative impact on individual promotion, remuneration and continued employment. BlackRock provides a range of induction and ongoing training on conduct risk topics to enable all employees to understand these obligations.

2.13 Public policy risk

Public Policy risk arises due to the uncertainty BGL faces as a result of significant changes in regulations or the regulatory environment that could adversely impact BGL's business or strategy. This

[13] A net zero economy will emit no more carbon dioxide than it will remove from the atmosphere by 2050, the scientifically established threshold necessary to keep global warming well below 2°C.

risk may be compounded by uncertainty about the ultimate form and timing, and hence impact, of these regulatory changes.

Asset managers, and their clients, face significant public policy and regulatory changes. While the firm can engage with regulators and prepare for regulatory reform, the risk remains of an unfavourable change in the regulatory environment that could cause BGL to re-evaluate its business model and strategy.

As a fiduciary, BGL supports financial reforms that increase transparency, protect investors, and facilitate the responsible growth of capital markets while also preserving consumer choice and assessing benefits versus implementation costs. BGL mitigates public policy risk by making extensive efforts to help the whole firm and its clients understand these issues and respond to policymakers to generate better outcomes for clients.

2.14 Group risk

Group risk is defined as the risk that the financial position of a firm may be adversely affected by its relationships (financial or non-financial) with other entities in the same group or by risks which may affect the financial position of the whole group (e.g. reputational contagion). For BGL, this represents risks it is exposed to by virtue of being part of the BlackRock, Inc. Group. These could include, but are not limited to strategic mergers or acquisitions, divestiture decisions, severe financial distress, reputational damage or decisions regarding the ability or willingness to provide services to BGL. BGL accepts that these risks are part of being in a group structure. Group risk is mitigated by BGL senior executive representation in global decision-making bodies, contractual arrangements for services with the BlackRock, Inc. Group and BGL control functions inclusion in the BlackRock, Inc. Group's global framework. BGL also represents a significant contribution to the strategy, growth, revenue and earnings of the BlackRock, Inc. Group.

2.15 Fiduciary risk

Fiduciary risk arises from BGL's fiduciary responsibility to its clients. It is the risk that BGL could fail to meet client expectations, resulting in financial loss or adverse outcomes to client portfolios, even though portfolio positioning is in line with all relevant investment objectives, mandates and client guidelines. Fiduciary risk is comprised of investment (includes liquidity/redemption), counterparty and pricing/valuation risks. Although these risks are borne by clients in the first instance, failure to manage these risks properly and in clients' best interests may indirectly result in an adverse effect on BGL's earnings, capital, and reputation.

BlackRock maintains the highest standard of care in the interests of the firm and its clients. BlackRock is committed to providing a broad set of investment solutions for clients to achieve the best balance between risk and opportunity. BGL seeks to manage portfolio performance risk, risk exposure and liquidity/redemption risk in accordance with the reasonable expectations of clients and as determined by fund documents, mandate guidelines or investment management agreements.

2.16 Concentration risk

Credit concentration risk relates to significant holdings of cash and money market instruments with single counterparties. BlackRock has credit concentration risk in respect of the cash that it holds with its main pan-European banking service provider, HSBC Bank Plc.

This risk is actively managed via cashflow forecasts and daily monitoring of all balances. Where cash is not required for working capital requirements or for regulatory requirements, funds are invested in high quality, highly liquid diversified money market funds, in order to mitigate the concentration risk.

In addition to reviewing and monitoring credit rating agency analysis, the creditworthiness of HSBC Bank Plc. is continuously monitored by both the Treasury and the RQA Counterparty Risk team within BlackRock.

2.17 Remuneration risk

In accordance with the FCA's guidance on proportionality, the UK entities within BGL are categorised as tier three under the FCA Remuneration Code. BGL has remuneration policies and practices in place to govern those staff whose professional activities could have the potential to have a material impact on BGL's risk profile.

Risk management is a key factor when considering compensation arrangements and whilst employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients or portfolios. Employees have no incentive to engage in transactions outside established parameters. Please refer to Chapter 5 for further details on remuneration.

2.18 Brexit risk

BlackRock operates out of a number of legal entities and branches throughout the EU (see Appendix B). BlackRock's focus throughout and beyond Brexit has been to ensure continuity of service to our clients, leveraging existing infrastructure and processes and building upon its existing EMEA strategy of increasing presence in Europe.

The risks associated with Brexit were considered as part of the ICAAP. These do not result in a significant impact on BGL's financial resources, which is in line with BGL management's view that the risk had been largely mitigated as a result of the significant planning that had taken place. It is also consistent with BGL's observed experience in 2021, as the firm has seen no significant indication of elevated residual risks resulting from Brexit in its risk profile.

To minimise the impact to clients, markets and our business, the planned mitigation activities for Brexit were successfully implemented. Since 1 January 2021, BlackRock has continued to service its EU clients, market EU funds in the UK, perform our portfolio management, trading and clearing activities and perform all operational and reporting activities without interruption.

BGL does not expect its clients or entities to face any further disruption as a result of Brexit. No capital is held for this risk.

2.19 New investment firm prudential regime

At present, investment firms are subject to capital, liquidity and risk management rules as set out in the CRR and CRD IV. This framework is primarily designed for banks, and does not fully take into account the specificities of investment firms and the classification system is highly complex, with multiple categories and carve outs.

The EBA and national competent authorities have been finalising the text of the IFR/IFD. For firms which are authorised under MiFID, the requirements contained in these texts represent a significant change in the prudential regime that investment firms are required to comply with. The final texts of the IFR and IFD were published in the Official Journal of the European Union on 5 December 2019 with an effective date of 26 June 2021. While the IFD/IFR is European legislation, the FCA were heavily involved in designing this and they are introducing a similar regime (the Investment Firm Prudential Regime) in the UK that has similar objectives to the IFR/IFD, whilst taking into account the specifics of the UK market. The IFPR will be effective from 1 January 2022. This is a change to the regulatory environment, and BGL will have to ensure it complies with the regulations as they come into force.

Under the new framework, all investment firms will be subject to the same key measures, in particular with regard to capital holdings, liquidity requirements, regulatory reporting, corporate governance and remuneration. However, the set of requirements they need to apply will be differentiated according to the firm's size, nature and complexity, thus creating a framework intended to be more appropriate and proportionate to investment firms' risk profiles and business models.

In Europe, BNBV is required to comply with IFR/IFD from 26 June 2021. For BGL, it is subject to IFPR and therefore the implementation date of 1 January 2022 applies.

Three tiers of firm will be introduced. BGL falls into Class 2 which will mean that it will be able to avail itself of the new simplified regime.

- Class 1 - Firms providing MiFID services 3 or 6 (dealing on own account / underwriting or placement on firm commitment basis) with a balance sheet in excess of €30 billion will be treated as systemically important (and continue to be subject to the CRD rules). Also, these firms are likely to be subjected to the Single Supervisory Mechanism ('SSM') (European Central Bank Supervision).

- Class 1 Minus - Firms providing MiFID services 3 or 6 (dealing on own account / underwriting or placement on firm commitment basis) with a balance sheet in excess of €5 billion who could be brought into Class 1 at the discretion of the competent authority.

- Class 3 - Small firms with client AUM of less than €1.2 billion.

- Class 2 - All other firms. Asset managers and advisory firms who do not perform MiFID 3 and 6 activities. These are firms who will be below Class 1 / minus thresholds but breaching Class 3 thresholds.

The IFR introduces three categories of risk for the purpose of calculating the Pillar 1 requirement: Risk to Client ('RtC'), Risk to Market ('RtM') and Risk to Firm ('RtF'). It also includes a new set of calculations called K-factors that will be used to calculate the Pillar 1 capital requirement.

The EBA has published discussion papers, consultation papers and technical standards in the build up to the introduction of the new rules. These have provided more detailed information on a range of topics including prudential consolidation, own funds requirements, regulatory reporting, remuneration and internal governance. Additional papers providing further clarity on the K-factor calculations and the nature of any Pillar 2 requirements are expected in line with the EBA's Roadmap[14].

In June 2020, the FCA issued DP20/2[15], a discussion paper which set out their views on a new prudential regime. This was followed by the publication of consultation papers CP20/24[16] (December 2020) and CP21/7[17] (April 2021) on their new regime, with a third paper expected in Q3 2021. They plan for stakeholders to have sight of near-final rules setting out the key points of the regime by summer 2021.

In preparation for the new regime, BGL has set up an IFR project team to perform a detailed interpretation of the IFR/IFD and IFPR regulatory texts and to document a comprehensive set of business requirements. The IFR project team includes representation from all relevant business functions. This will ensure a full understanding of the IFR/IFD requirements and compliance at inception of the new regime, and thereafter. In addition to the ongoing internal IFR project activities, BlackRock is also an active participant of the Investment Association's ('IA') Prudential Committee and the IA IFR working group. In conjunction with the IA, the BlackRock Prudential Policy team have engaged with a number of regulators and trade associations in the UK and across Europe in respect of IFR implementation.

As we await further regulatory publications on the IFPR and IFD/IFR requirements, there is a risk that BlackRock does not have complete clarity of the requirements by the implementation date. As a result, assumptions may need to be made. There is a risk that we misinterpret the requirements and our understanding is not fully aligned with the regulator's expectations. BlackRock is fully engaged with the consultation process, responding to regulatory publications, engaging with regulators and trade bodies and seeking external advice where necessary to mitigate this risk. We have also participated in data

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[14] EBA Roadmap on Investment Firms – EBA Mandates arising from IFR/IFD (June 2020)
[15] DP20/2 A new UK prudential regime for MiFID investment firms
[16] CP20/24 A new UK prudential regime for MiFID investment firms
[17] CP21/7 A new UK prudential regime for MiFID investment firms

collection exercises to help us clarify where the assumptions may be required. It is anticipated that external engagement with regulators will continue throughout 2021 to minimise this risk.

2.20 Risks not material to BGL

The following risks were considered but it was determined that they were either not relevant or their risk exposures were immaterial to BGL: residual risk, interest rate risk (including interest rate risk in the non-trading book), risk of excessive leverage, pension obligation risk and insurance risk.

3. Own funds (capital resources)

Within the Group consolidation, all sources of Own Funds, also known as capital resources, qualify as common equity tier 1 capital ('CET1'). This is the highest form of capital and consists of share capital, share premium, retained profit and other relevant qualifying reserves. There is no tier 2 capital within the Group or subsidiaries.

3.1 Reconciliation of own funds to audited financial statements

The tables below disclose the Own Funds for each CRD IV firm within the Group and a reconciliation to the audited statutory financial statements as at 31 December 2020 for BGL, BIM (UK) and BAL. These companies have been included within Figures 3.1, 3.2 and 3.3 which compare the audited financial statements to Own Funds. BGL produces audited consolidated non-statutory financial statements for the regulated BGL Group. These however are not made public, therefore only Own Funds have been disclosed below.

In addition, reconciliations are disclosed for the significant subsidiaries: BFM, BAMIL, BLK Lux S.A. and BNBV[18]. These companies have been included within Figures 3.4, 3.5, 3.6 and 3.7 which compare the audited financial statements to Own Funds. The variances have been explained in the tables below.

Figure 3.1 BlackRock Group Limited prudential consolidation

Balance Sheet Description	Own Funds £000	Appendix C1 reference
Share capital	235,166	a
Share premium	800,000	b
Other reserves	(39,748)	c
Profit and loss reserve	2,957,826	d
Regulatory deductions		
Goodwill	(1,313,534)	e
Intangible assets	(162,035)	f
Warehoused CLOs	(17,902)	g
Significant investment in financial sector entities[19]	(127,721)	h
Deferred tax assets	(129,171)	i
Additional Value Adjustment	(66)	j
Total Own Funds	2,202,815	k

Figures subject to rounding

[18] As at 31 December 2020, BNBV is a significant subsidiary based on BGL's assessment as described in section 1.1. This is due to the transfer of certain branches from BIM (UK) to BNBV.
[19] BlackRock Life Limited (which is not included within the BGL consolidation) and Bank of China Investment Management Company Limited ('BOCIM').

Figure 3.2 BIM (UK) – Audited position compared to Own Funds

Balance Sheet Description	Audited Financial Statements as at 31 December 2020 £000	Own Funds as at 31 December 2020 £000	Variance £000	Explanation of variance	Appendix C2 reference
Share capital	94,485	94,485	-		l
Share premium	100,000	100,000	-		m
Other reserves	213,765	17,877	195,888	Share-Based Compensation ('SBC') Reserve is not included for regulatory reporting purposes as it does not meet the definition for inclusion in Own Funds. Also, movements in the investment revaluation reserve are not included in Own Funds as they were not independently verified as at 31 December 2020.	n
Profit and loss reserve	1,786,938	689,101	1,097,837	Only independently verified profits are included within Own Funds.	o
Total shareholder's funds	2,195,188				
Regulatory deductions					
Investment in subsidiaries and associates	(18,101)	-	(18,101)	The audited financial statements include the investment in BFM. Within Own Funds, Article 49(2)[20] has been applied.	
Intangible assets	(6,305)	(6,305)	-		p
Securitised assets	-	(17,903)	17,903	Article 32 has been applied.	q
Deferred tax assets	(43,987)	-	(43,987)	Article 48 has been applied; all deferred tax assets have been risk weighted.	
Additional Value Adjustment	-	(93)	93	Articles 34 and 105 have been applied.	r
Total Own Funds		877,162			s

Figures subject to rounding

[20] Capital instruments – Article 49(2) of Regulation (EU) 575/2013

Figure 3.3 BAL – Audited position compared to Own Funds

Balance Sheet Description	Audited Financial Statements as at 31 December 2020 £000	Own Funds as at 31 December 2020 £000	Variance £000	Explanation of variance	Appendix C3 reference
Share capital	875	875	-		t
Share premium	162,007	162,007	-		u
Profit and loss reserve	248,624	45,904	202,720	Only independently verified profits are included within Own Funds.	v
Total shareholder's funds	411,506				
Regulatory deductions					
Goodwill	(12,316)	(12,316)	-		w
Intangible assets	(87,057)	(87,057)	-		w
Provisions for liabilities	5,727	5,727	-		w
Total Own Funds		115,140			x

Figures subject to rounding

Included within Appendix C is the Own Funds Disclosure Template, which reflects the detailed capital position of the above entities.

Figure 3.4 BFM – Audited position compared to Own Funds

Balance Sheet Description	Audited Financial Statements as at 31 December 2020 £000	Own Funds as at 31 December 2020 £000	Variance £000	Explanation of variance
Share capital	18,100	18,100	-	
Profit and loss reserve	61,205	22,127	39,078	Inclusion of 2020 audited profits in the Financial Statements, unaudited at the time of the FCA regulatory return submission.
Total shareholder's funds	79,305			
There are no regulatory deductions from shareholder's funds				
Total Own Funds		40,227		

Figures subject to rounding

Figure 3.5 BAMIL – Audited position compared to Own Funds

Balance Sheet Description	Audited Financial Statements as at 31 December 2020 £000	Own Funds as at 31 December 2020 £000	Variance £000	Explanation of variance
Share capital	125	125	-	
Share premium reserve	8,616	8,616	-	
Other reserve	28	-	28	Share-based payments reserve not included within Own Funds
Profit and loss reserve	96,265	46,953	49,312	Only independently verified profits are included within Own Funds.
Total shareholder's funds	105,034			
There are no regulatory deductions from shareholder's funds				
Total Own Funds		55,694		

Figures subject to rounding

Figure 3.6 BLK Lux S.A. – Audited position compared to Own Funds

Balance Sheet Description	Audited Financial Statements as at 31 December 2020 €000	Own Funds as at 31 December 2020 €000	Variance €000	Explanation of variance
Share capital	6,310	6,310	-	
Share premium reserve	100,000	100,000	-	
Other reserve	19,125	973,719	(954,594)	Convertible loan from BlackRock Channel Islands Holdco Limited included. Additionally, SBC not included within Own Funds.
Profit and loss reserve	77,494	23,173	54,321	Only independently verified profits are included within Own Funds.
Total shareholder's funds	202,929			
There are no regulatory deductions from shareholder's funds				
Total Own Funds		1,103,202		

Figures subject to rounding

Figure 3.7 BNBV – Audited position compared to Own Funds

Balance Sheet Description	Audited Financial Statements as at 31 December 2020 €000	Own Funds as at 31 December 2020 €000	Variance €000	Explanation of variance
Share capital	24	24	-	
Share premium reserve	1,584,145	1,582,100	2,045	Finalisation of net assets from branches transferred.
Other reserve	(646,125)	(894,807)	248,682	Own Funds excludes SBC reserve and credits to equity in respect of the recognition of deferred tax asset.
Profit and loss reserve	2,497	2,867	(370)	Adjustments on the finalisation of financial statements.
Total shareholder's funds	940,541			
Regulatory Deductions				
Deferred tax assets	(271,737)	(250,927)	(20,810)	An element of deferred tax assets has been risk weighted.
Investment in subsidiary and associate	(217,306)	(199,308)	(17,998)	The audited financial statements include investments in BlackRock Asset Management Deutschland AG and Scalable Capital GmbH. An element of this has been risk weighted.
Total Own Funds		239,949		

Figures subject to rounding

The tables below summarise the CRD IV entities carrying encumbered and unencumbered assets as reported in the Common Reporting ('COREP') returns.

***Figure 3.8 BGL encumbered assets*[21]**

BGL - 2020	Carrying amount of encumbered assets £000	Fair value of encumbered assets £000	Carrying amount of unencumbered assets £000	Fair value of unencumbered assets £000
Total Assets	**-**		**6,679,322**	
Equity instruments	-	-	315,239	315,239
Debt securities	-	-	1,078,909	1,078,909
Other assets	-	-	5,285,174	

BGL - 2019	Carrying amount of encumbered assets £000	Fair value of encumbered assets £000	Carrying amount of unencumbered assets £000	Fair value of unencumbered assets £000
Total Assets	**64,209**		**5,785,824**	
Equity instruments	-	-	419,618	419,618
Debt securities	-	-	1,059,656	1,059,656
Other assets	64,209	-	4,306,550	

Figures subject to rounding

Figure 3.9 BIM (UK) encumbered assets

BIM (UK) - 2020	Carrying amount of encumbered assets £000	Fair value of encumbered assets £000	Carrying amount of unencumbered assets £000	Fair value of unencumbered assets £000
Total Assets	**-**		**4,747,985**	
Equity instruments	-	-	117,398	117,398
Debt securities	-	-	168,904	168,904
Other assets	-	-	4,461,683	

BIM (UK) - 2019	Carrying amount of encumbered assets £000	Fair value of encumbered assets £000	Carrying amount of unencumbered assets £000	Fair value of unencumbered assets £000
Total Assets	**109**		**3,489,988**	
Equity instruments	-	-	286,184	286,184
Debt securities	-	-	149,535	149,535
Other assets	109	-	3,054,269	

Figures subject to rounding

[21] Regulation (EU) 575/2013 Article 443 asset encumbrance tables B and C are not relevant and thus are not included.

Figure 3.10 BAL encumbered assets

BAL - 2020	Carrying amount of encumbered assets £000	Fair value of encumbered assets £000	Carrying amount of unencumbered assets £000	Fair value of unencumbered assets £000
Total Assets	**-**		**552,866**	
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
Other assets	-	-	552,866	

BAL - 2019	Carrying amount of encumbered assets £000	Fair value of encumbered assets £000	Carrying amount of unencumbered assets £000	Fair value of unencumbered assets £000
Total Assets	**-**		**542,560**	
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
Other assets	-	-	542,560	

Figures subject to rounding

3.2 Capital instruments

For each CRD IV firm, Appendix D includes the Capital Instruments Main Features Template required by Article 437(1)(b) of Regulation (EU) 575/2013.

3.3 Capital ratios

The table below discloses the CET1 capital ratio of the CRD IV entities at 31 December 2020. As these entities only have CET1 Capital, the Tier 1 capital ratio and total capital ratio are the same as the capital ratio noted below.

Figure 3.11 Capital ratios

Firm	BGL	BIM (UK)	BAL
Capital ratio	38.12%	26.17 %	23.39%
Appendix C reference	y	z	aa

Figures subject to rounding

This capital ratio has been calculated using the Own Funds value disclosed within Section 3.1 and the Pillar 1 capital requirements included within Section 4.1.

3.4 Exposures in equities not included in the trading book

BGL's equity investments include the following:

- BLL offers BlackRock's investment management services and products, principally to UK pension schemes, through a life insurance vehicle. BLL is not included within BGL's prudential consolidation and is regulated by the PRA and the FCA. This investment is reviewed annually for impairment and as at 31 December 2020 the investment was held at £217m.

- BOCIM is a strategic investment mainly engaged in the issuance and management of fund products for investors in China. This investment is Fair Valued Through Other Comprehensive Income ('FVTOCI') on an annual basis. As at 31 December 2020 the balance sheet value was c.£76m, with c.£74m cumulatively recorded within the investment revaluation reserve.

- Embark Group Limited is a UK digital retirement platform provider for independent financial advisors and robo advisors. The FVTOCI category includes c.£8m representing a minority interest investment by the company in Embark Group Limited, which the company has elected, under International Financial Reporting Standard 9 ('IFRS 9'), to record at FVTOCI. As part of the same acquisition, a convertible loan of c.£3m is recognised within the amortised cost category.

There have been no cumulative gains or losses arising from sales and liquidations in the period (CRR Article 447 (d)).

BOCIM and BLL are held as significant investments in financial sector entities and accordingly are part risk weighted and part deducted from own funds through the application of CRR Article 48. Figure 3.1 details the deduction from own funds and Figure 4.4 details the risk weighted element of the equity exposures.

4. Capital requirements

The entities that fall within the scope of CRD IV are required to hold Own Funds in excess of 8% of their total risk exposure amount ('TREA'). As these entities are 'limited licence' firms, the TREA is the higher of the sum of credit risk, market risk plus the CVA, or FOR.

Credit risk and market risk have been explained and discussed in sections 2.5 and 2.6 respectively. The FOR represents the financial performance measure and is intended to ensure that firms hold sufficient financial resources to withstand operational expenses over an appropriate period of time and are able to organise an orderly winding down or restructuring of their activities if required. The FOR is one quarter of annual fixed costs.

The CVA represents the market value of counterparty credit risk. CVA is calculated through the standardised method as detailed in the CRR Article 384.

4.1 Pillar 1 TREA

The tables below set out the Pillar 1 TREA of the CRD IV entities as at 31 December 2020 and 31 December 2019:

Figure 4.1 Pillar 1 BGL TREA

BGL Requirements	2020 £000	2019 £000
Credit risk	4,471,924	3,921,909
Market risk	1,302,901	941,495
CVA	4,547	5,454
Sum of credit risk, market risk and CVA	**5,779,372**	**4,868,858**
FOR	**4,048,951**	**3,658,200**
TREA	5,779,372	4,868,858
Appendix C1 reference	ab	

Figures subject to rounding

Figure 4.2 Pillar 1 BIM (UK) TREA

BIM (UK) Requirements	2020 £000	2019 £000
Credit risk	3,177,872	2,257,347
Market risk	173,945	217,840
CVA	602	424
Sum of credit risk, market risk and CVA	**3,352,419**	**2,475,611**
FOR	**2,638,971**	**2,600,758**
TREA	3,352,419	2,600,758
Appendix C2 reference	ac	

Figures subject to rounding

Figure 4.3 Pillar 1 BAL TREA

BAL Requirements	2020 £000	2019 £000
Credit risk	174,523	193,492
Market risk	26,699	33,314
CVA	183	119
Sum of credit risk, market risk and CVA	**201,405**	**226,925**
FOR	**492,322**	**448,990**
TREA	492,322	448,990
Appendix C3 reference	ad	

Figures subject to rounding

As noted above, the entities are required to hold capital in excess of 8% of the TREA. The components of this requirement in respect of credit risk are detailed below. The monetary amount column in each component of credit risk table states 8% of the total exposure amount. BGL does not make use of any credit risk mitigation.

Figure 4.4 BGL Components of credit risk

BGL – Categories	2020 £000	2019 £000	2020 Monetary £000	2019 Monetary £000
Exposures to central governments or central banks	415,979	211,239	33,278	16,899
Exposures to regional governments or local authorities	299	411	24	33
Exposures to public sector entities	1,337	1,020	107	82
Exposures to multilateral development banks	-	-	-	-
Exposures to international organisations	-	-	-	-
Exposures to institutions	1,339	2,588	107	207
Exposures to corporates	2,257,704	2,137,401	180,616	170,992
Retail exposures	-	-	-	-
Exposures secured by mortgages on immoveable property	-	-	-	-
Exposures in default	63,453	45,934	5,076	3,675
Exposures associated with particularly high risk	3,460	4,758	277	381
Exposures in the form of covered bonds	-	-	-	-
Items representing securitisation positions	136,518	120,774	10,921	9,662
Exposures to institutions and corporates with a short-term credit assessment	617,166	274,069	49,373	21,925
Exposures in the form of units or shares in collective investment undertakings	89,522	48,516	7,162	3,881
Equity exposures	419,490	390,109	33,559	31,209
Other items	465,657	685,090	37,253	54,807
Total credit risk	4,471,924	3,921,909	357,753	313,753

BGL – Credit quality steps	2020 £000	2019 £000
Credit quality step 1	42,111	116,976
Credit quality step 2	608,443	191,577
Credit quality step 3	18,788	26,148
Credit quality step 4	34,637	31,477
Credit quality step 5	87	-
Credit quality step 6	-	-
Other	3,767,858	3,555,731
Total	4,471,924	3,921,909

Figures subject to rounding

Figure 4.5 BIM (UK) Components of credit risk

BIM (UK) – Categories	2020 £000	2019 £000	2020 Monetary £000	2019 Monetary £000
Exposures to central governments or central banks	111,573	233,623	8,926	18,690
Exposures to regional governments or local authorities	298	294	24	24
Exposures to public sector entities	638	514	51	41
Exposures to multilateral development banks	-	-	-	-
Exposures to international organisations	-	-	-	-
Exposures to institutions	683	823	55	66
Exposures to corporates	1,835,151	760,715	146,812	60,857
Retail exposures	-	-	-	-
Exposures secured by mortgages on immoveable property	-	-	-	-
Exposures in default	42,235	27,475	3,379	2,198
Exposures associated with particularly high risk	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-
Securitisation positions	136,518	120,774	10,921	9,662
Exposures to institutions and corporates with a short-term credit assessment	377,128	91,412	30,170	7,313
Exposures in the form of units or shares in collective investment undertakings	89,000	48,000	7,120	3,840
Equity exposures	224,118	351,099	17,929	28,088
Other items	360,530	622,618	28,842	49,810
Total credit risk	3,177,872	2,257,347	254,230	180,589

BIM (UK) – Credit quality steps	2020 £000	2019 £000
Credit quality step 1	36,631	57,543
Credit quality step 2	373,331	62,744
Credit quality step 3	11,150	27,476
Credit quality step 4	34,509	31,319
Credit quality step 5	87	-
Credit quality step 6	-	-
Other	2,722,164	2,078,265
Total	3,177,872	2,257,347

Figures subject to rounding

Figure 4.6 BAL Components of credit risk

BAL – Categories	2020 £000	2019 £000	2020 Monetary £000	2019 Monetary £000
Exposures to central governments or central banks	82	255	7	20
Exposures to regional governments or local authorities	1	3	0	0
Exposures to public sector entities	284	233	23	19
Exposures to multilateral development banks	-	-	-	-
Exposures to international organisations	-	-	-	-
Exposures to institutions	632	1,652	51	132
Exposures to corporates	122,432	130,501	9,795	10,440
Retail exposures	-	-	-	-
Exposures secured by mortgages on immoveable property	-	-	-	-
Exposures in default	15,271	16,505	1,222	1,320
Exposures associated with particularly high risk	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-
Items representing securitisation positions	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	35,814	44,338	2,865	3,547
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-
Equity exposures	-	-	-	-
Other items	7	5	1	0
Total credit risk	174,523	193,492	13,964	15,478

BAL – Credit quality steps	2020 £000	2019 £000
Credit quality step 1	636	2,628
Credit quality step 2	34,775	38,831
Credit quality step 3	1,087	4,794
Credit quality step 4	30	-
Credit quality step 5	-	-
Credit quality step 6	-	-
Other	137,995	147,239
Total	174,523	193,492

Figures subject to rounding

4.2 Internal capital

In addition to the 8% requirement discussed above, each firm has an internal capital target set by the relevant board.

In advance of any significant business decisions being made, the impact these will have on the internal capital of the company and the Group is fully assessed in order to ensure a suitable capital surplus is maintained in line with that approved by the relevant board.

4.3 Approach to assessing adequacy of internal capital

Under Pillar 2, BGL is required to internally assess and maintain the amounts, types and distribution of financial resources, own funds and internal capital that it considers adequate to cover the nature and level of the risks to which it is or might be exposed. This approach, undertaken in full at least annually and subject to regular review, ensures a comprehensive consideration of all significant risks relevant to BGL and is based on wide consultation with senior managers across many different functions.

BGL's starting point for the credit risk calculation is the Pillar 1 calculation. However, each asset class within the credit risk calculation is also considered individually and where it is deemed appropriate, adjustments may be made to the Pillar 1 starting point. BGL is comfortable that this is an appropriate and conservative approach given its business activities and exposures when compared to other risks.

BGL entities hold assets and liabilities on their balance sheets in several currencies other than BGL's reporting currency (GBP). BGL considers the risk that the value of these positions fluctuates and so may be higher or lower than the current valuation at a point in time. If BGL were to call on these positions to meet its own needs at a point in the future, they may be worth less in GBP than the current value, and BGL holds capital for this risk.

BGL's market risk under Pillar 2 is calculated as a risk weight derived from a 99.5% confidence level shock, applied to the FX exposures that BGL is exposed to primarily through its subsidiaries' and participation's balance sheets.

- In terms of exposures, BGL uses the same non-GBP net positions for Pillar 2 as it uses for its Pillar 1 market risk calculation.
- For modelling the shock for Pillar 2 purposes, BGL's actual exposures are treated like a 'portfolio' of currencies. The volatility of the portfolio is estimated using the same risk model that is used extensively across BlackRock to measure and manage risk in investment portfolios. As a BlackRock risk model, it is subject to BlackRock's model risk management policy, and undergoes regular back-testing.

Other risks connected with the balance sheet, such as liquidity risk and concentration risk, are reviewed in order to establish whether there should be an additional requirement that might not be covered under Pillar 1.

Overall capital adequacy is tested by adding together the resulting requirement of the credit risk, market risk, CVA and operational risk requirements. Due to the BGL Group being categorised as a 'limited licence' firm, it is not required to calculate operational risk under Pillar 1, however it is included within the Pillar 2 assessment. Operational risk is derived from a detailed model-based operational risk assessment, based on internal operating event data and scenario analysis that is underpinned by expert judgement and takes into account relevant internal and external loss data.

Finally, the absolute impact of combinations of scenarios, including a severe market downturn, is considered in relation to the financial forecasts of the business to assess the potential impact on the capital base over a three-year period. These tests are generally carried out at the consolidated BGL level, but there is also consideration of the risk assessment at the entity level so as to determine whether the specific capital requirements for the regulated entities under Pillar 2 are proportionally different from the consolidated assessment.

Where the Pillar 2 assessment is higher than the Pillar 1 requirement, the firm holds additional capital, both at the consolidated level and at the level of the regulated entities.

4.4 BGL's additional significant subsidiaries and CRD entities

In addition to the CRD IV entities covered by the Pillar 3 document, BGL is required to make similar disclosures for significant subsidiaries. The information below provides the relevant data in respect of the following regulated entities:

- BFM AIFMD and UCITS firm;
- BAMIL AIFMD and UCITS firm;
- BLK Lux S.A. UCITS firm; and
- BNBV Non-CRR investment firm.

BGL has also included information on the following additional entities that fall under the CRD regime:

- BIL CRD III firm; and
- BIMD CRD IV exempt FOR firm.

Pillar 1 Capital requirement

The tables below set out the Pillar 1 capital requirement of the significant subsidiaries as at 31 December 2020 and 31 December 2019. BFM, BAMIL and BLK Lux S.A., as AIFMDs and/or UCITS firms, do not calculate their regulatory capital requirements by reference to credit risk.

Figure 4.7 BFM capital resources

Balance sheet description	2020 £000	2019 £000
Share capital	18,100	18,100
Profit and loss reserve	22,127	45,591
Other reserves	-	-
Total capital resources	40,227	63,691
Capital resources	**40,227**	**63,691**
Capital requirement	14,672	13,357

Figures subject to rounding

Figure 4.8 BAMIL capital resources

Balance sheet description	2020 £000	2019 £000
Share capital	125	125
Share premium	8,616	8,616
Profit and loss reserve	46,953	46,953
Other reserves	-	-
Total capital resources	55,694	55,694
Capital resources	**55,694**	**55,694**
Capital requirement	40,846	38,221

Figures subject to rounding

Figure 4.9 BLK Lux S.A. capital resources

Balance sheet description	2020 €000	2019 €000
Share capital	6,310	6,310
Share premium	100,000	100,000
Profit and loss reserve	23,173	-
Other reserves	973,719	875,990
Total capital resources	1,103,202	982,300
Capital resources	**1,103,202**	**982,300**
Capital requirement	15,200	14,700

Figures subject to rounding

Figure 4.10 BNBV capital requirements

Requirements	2020 €000	2019 €000
Credit risk	30,672	4,415
Market risk	8,912	241
CVA	4	-
Sum of credit risk and market risk	**39,588**	**4,656**
FOR	**37,925**	**663**
Capital requirement	39,588	4,656

Figures subject to rounding

Figure 4.11 BNBV components of credit risk

Categories	2020 €000	2019 €000	2020 Monetary €000	2019 Monetary €000
Exposures to central governments or central banks	44,997	62	3,600	5
Exposures to regional governments or local authorities	-	-	-	-
Exposures to public sector entities	-	-	-	-
Exposures to multilateral development banks	-	-	-	-
Exposures to international organisations	-	-	-	-
Exposures to institutions	143,295	373	11,464	30
Exposures to corporates	113,475	3,903	9,078	312
Retail exposures	-	-	-	-
Exposures secured by mortgages on immoveable property	-	-	-	-
Exposures in default	23	31	2	2
Exposures associated with particularly high risk	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-
Items representing securitisation positions	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings	-	-	-	-
Equity exposures	44,997	-	3,600	-
Other items	36,614	46	2,929	4
Total credit risk	383,401	4,415	30,673	353

BNBV – Credit quality steps	**2020 €000**	**2019 €000**
Credit quality step 1	109,211	-
Credit quality step 2	34,084	-
Credit quality step 3	-	-
Credit quality step 4	-	-
Credit quality step 5	-	-
Credit quality step 6	-	-
Other	240,106	4,415
Total	383,401	4,415

Figures subject to rounding

Figure 4.12 BNBV capital resources and capital adequacy ratios

Balance sheet description	**2020 €000**	**2019 €000**
Share capital	24	19
Share premium	1,582,100	16,199
Profit and loss reserve	2,867	3,816
Other reserves	(894,807)	-
Total capital resources (before deductions)	**690,184**	**20,034**
Regulatory deductions		
Deferred tax	(250,927)	(145)
Significant investments	(199,308)	-
Total capital resources (after deductions)	**239,949**	**19,889**
Capital resources	**239,949**	**19,889**
Capital requirement	39,588	4,656
Capital adequacy ratio (%)	606%	427%

Figures subject to rounding

Figure 4.13 BIL capital requirements

Requirements	**2020 £000**	**2019 £000**
Credit risk	2,276	2,551
Market risk	430	778
Sum of credit risk and market risk	**2,706**	**3,329**
FOR	**918**	**987**
Capital requirement	2,706	3,329

Figures subject to rounding

Figure 4.14 BIL components of credit risk

Categories	2020 £000	2019 £000
Exposures to central governments or central banks	-	-
Exposures to regional governments or local authorities	-	9
Exposures to public sector entities	1	1
Exposures to multilateral development banks	-	-
Exposures to international organisations	-	-
Exposures to institutions	-	-
Exposures to corporates	705	755
Retail exposures	-	-
Exposures secured by mortgages on immoveable property	-	-
Exposures in default	47	29
Exposures associated with particularly high risk	-	-
Exposures in the form of covered bonds	-	-
Items representing securitisation positions	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-
Exposures in the form of units or shares in collective investment undertakings	-	-
Equity exposures	-	-
Other items	1,523	1,757
Total credit risk	2,276	2,551

BIL – Credit quality steps	2020 £000	2019 £000
Credit quality step 1	-	-
Credit quality step 2	-	-
Credit quality step 3	-	-
Credit quality step 4	-	-
Credit quality step 5	-	-
Credit quality step 6	-	-
Other	2,276	2,551
Total	2,276	2,551

Figures subject to rounding

Figure 4.15 BIL capital resources and capital adequacy ratios

Balance sheet description	2020 £000	2019 £000
Share capital	1,300	1,300
Share premium	253,406	353,406
Profit and loss reserve	129,586	81,798
Other reserves	8,019	8,019
Interim net losses	(67,381)	-
Total capital resources (before deductions)	324,930	444,523
Regulatory deductions		
Investment in subsidiaries	(217,025)	(318,025)
Total capital resources (after deductions)	107,905	126,498
Capital resources	**107,905**	**126,498**
Capital requirement	2,706	3,329
Solvency ratio (%) (BIPRU)	3,988%	3,800%

Figures subject to rounding

Figure 4.16 BIMD capital requirements

Requirements	2020 €000	2019 €000
Credit risk	1,164	1,530
Market risk	368	503
Sum of credit risk and market risk	**1,532**	**2,033**
FOR	**4,067**	**3,877**
Capital requirement	4,067	3,877

Figures subject to rounding

Figure 4.17 BIMD components of credit risk

Categories	2020 €000	2019 €000
Exposures to central governments or central banks	-	38
Exposures to regional governments or local authorities	-	25
Exposures to public sector entities	-	-
Exposures to multilateral development banks	-	-
Exposures to international organisations	-	-
Exposures to institutions	506	456
Exposures to corporates	414	755
Retail exposures	-	-
Exposures secured by mortgages on immoveable property	-	-
Exposures in default	-	-
Exposures associated with particularly high risk	-	-
Exposures in the form of covered bonds	-	-
Items representing securitisation positions	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-
Exposures in the form of units or shares in collective investment undertakings	-	-
Equity exposures	-	-
Other items	244	256
Total credit risk	1,164	1,530

BIMD – Credit quality steps	2020 €000	2019 €000
Credit quality step 1	-	-
Credit quality step 2	-	-
Credit quality step 3	-	-
Credit quality step 4	-	-
Credit quality step 5	-	-
Credit quality step 6	-	-
Other	1,164	1,530
Total	1,164	1,530

Figures subject to rounding

Figure 4.18 BIMD capital resources and capital adequacy ratios

Balance sheet description	2020 €000	2019 €000
Share capital	347	347
Share premium	6,314	6,314
Profit and loss reserve	1,734	1,343
Other reserves	10,990	10,990
Total capital resources	19,385	18,994
Capital resources	**19,385**	**18,994**
Capital requirement	4,067	3,877
Capital adequacy ratio (%)	477%	490%

Figures subject to rounding

5. Disclosure of remuneration

The below disclosures are made in accordance with the requirements of Article 450 of Regulation (EU) 575/2013 as amended by the Capital Requirements (Amended) (EU Exit) Regulation 2018. This disclosure provides information regarding the remuneration policies and practices for staff identified in accordance with the UK version of Commission Delegated Regulation (EU) No 604/2014 by virtue of the European Union (Withdrawal) Act 2018, which establishes qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on the firm's risk profile.

5.1 Remuneration governance

BlackRock's remuneration governance for EMEA operates as a tiered structure.

Responsibility for the remuneration policy for the BGL Group (the 'Policy'), its adoption and ongoing oversight of remuneration policies and practices for staff based in EMEA rests with the Board of Directors of BGL (BGL Board).

The Management Development and Compensation Committee (MDCC), which is the global, independent remuneration committee for BlackRock, Inc. and comprises the Non-Executive Directors of BlackRock, Inc., supports the BGL Board in meeting its remuneration related obligations by overseeing the design and implementation of the Policy in accordance with applicable regulations.

Both the Policy and its practical application must be consistent with the business strategy, objectives and long-term interests of the firm.

(a) BGL Board

The BGL Board, as the management body for BGL, has ultimate responsibility for the Policy. The BGL Board delegates the implementation of the Policy to the MDCC. Periodic management information is provided to the BGL Board to enable an understanding of the operation of the Policy and oversight of the outcome of remuneration decisions, with updates provided to the BGL Board from accountable executives as necessary. The BGL Board will liaise with the Chair of the MDCC as necessary.

(b) MDCC

The MDCC's purposes include:

- providing oversight of:
    - BlackRock's executive compensation programmes;
    - BlackRock's employee benefit plans; and
    - such other compensation plans as may be established by BlackRock from time to time for which the MDCC is deemed as administrator;
- reviewing and discussing the compensation discussion and analysis included in the BlackRock, Inc. annual proxy statement with management and approving the MDCC's report for inclusion in the proxy statement;
- reviewing, assessing and making reports and recommendations to the BlackRock, Inc. Board of Directors (the 'BlackRock, Inc. Board') as appropriate on BlackRock's talent development and succession planning, with the emphasis on performance and succession at the highest management levels; and

- supporting the boards of BlackRock's EMEA regulated entities (including the BGL Board) in meeting their remuneration-related obligations by overseeing the design and implementation of EMEA remuneration policy in accordance with applicable regulations.

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, which has no relationship with BlackRock, Inc. or its Board of Directors that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The BlackRock, Inc. Board has determined that all of the members of the MDCC are "independent" within the meaning of the listing standards of the New York Stock Exchange, which requires each meet a "non-employee director" standard.

The MDCC held 9 meetings during 2020. The MDCC Charter is available on BlackRock, Inc.'s website (www.blackrock.com).

5.2 Decision-making process

Remuneration decisions for employees are made annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for remuneration decision-making is tied to financial performance, significant discretion is used to determine individual variable remuneration based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual remuneration amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award. The variable remuneration awarded to any individual(s) for a particular performance year may also be zero.

Annual incentive awards are paid from a bonus pool. The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after year-end. As part of this review, the MDCC receives actual and projected financial information over the course of the year as well as final year-end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of BlackRock's financial performance (e.g. net inflows of AUM and investment performance), as well as information regarding market conditions and competitive compensation levels.

Throughout the year, the MDCC also reviews other measures of our performance, market intelligence on compensation and information about market conditions. In December and January, management reports to the MDCC on absolute and/or relative performance metrics compared to major competitors, year-over-year and budget. These metrics include growth in revenues, operating income, net income, operating margin, net new inflows of AUM, and other quantitative and strategic measures.

The MDCC regularly considers management's recommendation as to the percentage of pre-incentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the "accrual rate"). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool.

Following the end of the performance year, the MDCC approves the final bonus pool amount.

The Human Resources department plays a key part in the year-end compensation review process. It facilitates the process and partners with management at all levels throughout BlackRock on both the distribution cascade of bonus pools and individual compensation decisions.

As part of the year-end compensation review process, the Enterprise Risk and Regulatory Compliance departments report to the MDCC on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

5.3 Control functions

Each of the control functions (Enterprise Risk, Legal & Compliance, Finance and Internal Audit) has its own organisational structure which is operationally independent. The head of each control function is either a member of the Global Executive Committee, BlackRock's global management committee, or has a reporting obligation to the BGL Board.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the MDCC.

5.4 Link between pay and performance

BlackRock has a clear and well-defined pay-for-performance philosophy and compensation programmes which are designed to meet the following key objectives:

- appropriately balance BlackRock's financial results between shareholders and employees;
- attract, retain and motivate employees capable of making significant contributions to the long-term success of the business;
- align the interests of senior employees with those of shareholders by awarding BlackRock, Inc. stock as a significant part of both annual and long-term incentive awards;
- control fixed costs by ensuring that compensation expense varies with profitability;
- link a significant portion of an employee's total compensation to the financial and operational performance of the business as well as its common stock performance;
- discourage inappropriate risk-taking; and
- ensure that client interests are not negatively impacted by remuneration awarded on a short-term, mid-term and/or long-term basis.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but do not pre-determine remuneration outcomes. Remuneration decisions remain discretionary and are made as part of the year-end remuneration process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of BlackRock's business and the relevant functional department;

- factors relevant to an employee individually (e.g. relevant working arrangements, relationships with clients and colleagues, teamwork, skills, any compliance and/or conduct issues, and subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);

- the management of risk within the risk profiles appropriate for BlackRock's clients;

- strategic business needs, including intentions regarding retention;

- market intelligence; and

- criticality to business.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Remuneration practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

BlackRock operates a total compensation model for remuneration which includes a base salary that is contractual, and a discretionary bonus scheme.

BlackRock operates an annual discretionary bonus scheme. Although all employees are eligible to be considered for a bonus, there is no contractual obligation to make any award to an employee under the discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above (under section 5.4 - Link between pay and performance) may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year. The firm may alter the factors it takes into account or the importance given to any one factor at any time.

BlackRock's financial year-end is 31 December and the discretionary bonus awards (if any) made to eligible employees will normally be made at the end of January of the following year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion deferred into BlackRock, Inc. stock (as Restricted Stock Units) and subject to additional vesting / clawback conditions. Stock awards are subject to further performance adjustment through variation in BlackRock, Inc.'s share price over the vesting period. As annual total compensation increases, a greater portion is deferred into stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the total compensation package for eligible employees, including the executive officers. The portion deferred into stock vests in equal instalments over the three years following grant.

Supplementary to the annual discretionary bonus as described above, equity-based awards are made to select individuals to provide greater linkage with future business results. These long-term incentive awards have been established individually to provide meaningful incentive for continued performance over a multi-year period recognising the scope of the individual's role, business expertise and leadership skills. These awards usually vest fully three years after they are granted. These types of time vesting equity awards are designed to reward individuals across the organisation.

- Partner Plan Awards aim to reward individuals for sustained long-term development and future growth potential (typically Managing Directors with significant operational breadth);

- Equity Ownership Awards aim to reward and retain high potential employees and ensure they are tied to the long-term success of the firm; and

- Target Equity Awards are special one-time awards designed to reward exceptional performance.

Selected senior leaders are eligible to receive performance-adjusted equity-based awards from the “BlackRock Performance Incentive Plan (‘BPIP’)”. Awards made from the BPIP have a three-year performance period based on a measurement of As Adjusted Operating Margin[22] and Organic Revenue Growth[23]. Determination of pay-out will be made based on the firm’s achievement relative to target financial results at the conclusion of the performance period. The maximum number of shares that can be earned is 165% of the award in those situations where both metrics achieve pre-determined financial targets. No shares will be earned where the firm’s financial performance in both of the above metrics is below a pre-determined performance threshold. These metrics have been selected as key measures of shareholder value which endure across market cycles.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the relevant employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have “skin in the game” through significant personal investments. These awards vest in equal instalments over the three years following grant.

5.5 Quantitative remuneration disclosure

BGL is required to disclose quantitative remuneration information for its Code Staff population in a manner that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

The aggregate remuneration awarded for the 2020 performance year for BGL’s Code Staff population as at 31 December 2020 was £442.8m, of which £9.2m was awarded to BGL’s management body.

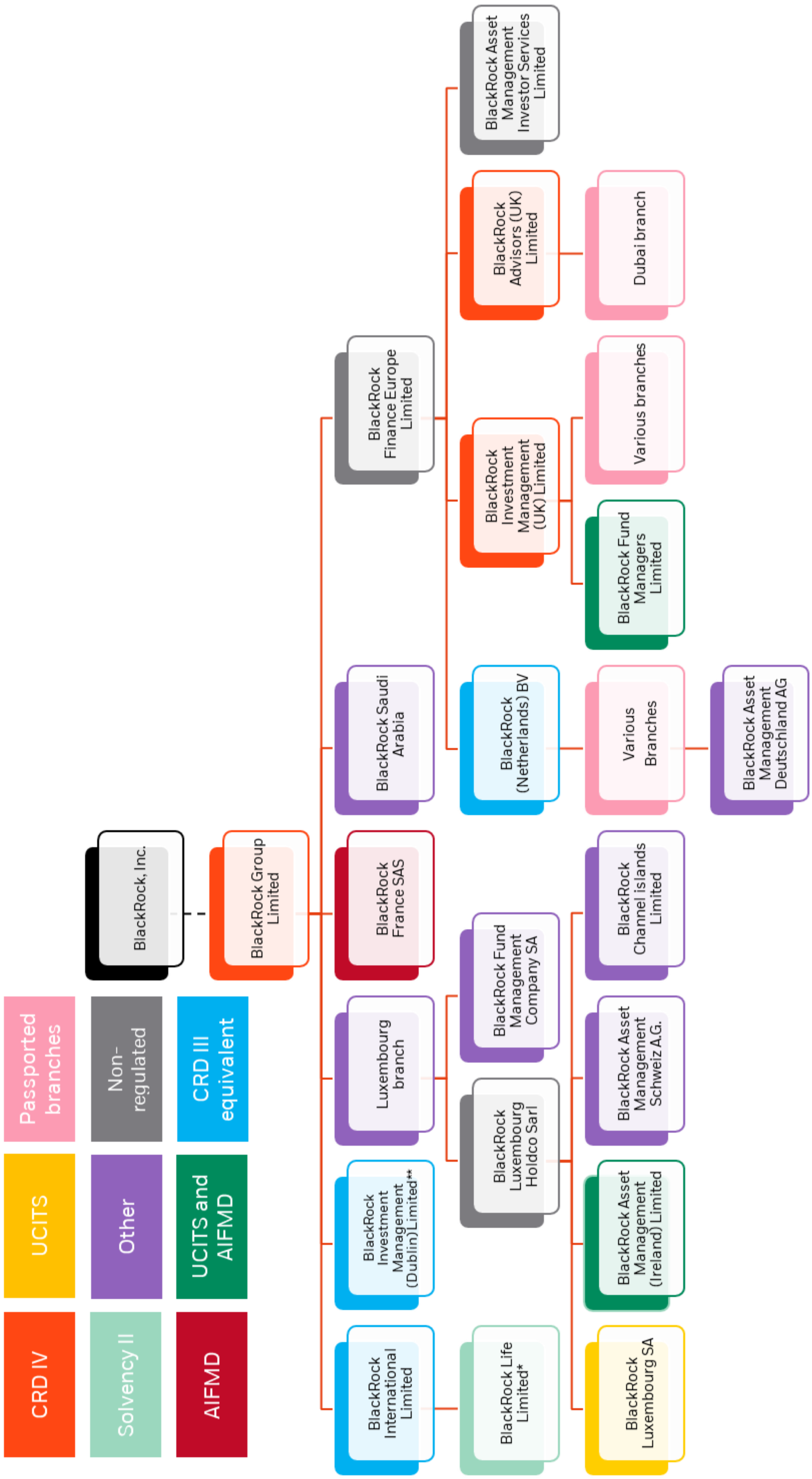
[22] As Adjusted Operating Margin: As reported in BlackRock’s external filings, reflects adjusted Operating Income divided by Total Revenue net of distribution and servicing expenses and amortisation of deferred sales commissions.
[23] Organic Revenue Growth: Equal to net new base fees plus net new Aladdin revenue generated in the year (in dollars).

Appendix A – Glossary

Abbreviation	Definition
AIFMD	Alternative Investment Fund Managers Directive
Article	Article of EU Regulation 575/2013
AUM	Assets under Management
BAL	BlackRock Advisors (UK) Limited
BAMIL	BlackRock Asset Management Ireland Limited
BAMIS	BlackRock Asset Management Investor Services Limited
BFM	BlackRock Fund Managers Limited
BGI	Barclays Global Investors
BGL	BlackRock Group Limited
BGL Board	Joint Boards of BGL, BAL, BIL and BIM (UK)
BIL	BlackRock International Limited
BIMD	BlackRock Investment Management (Dublin) Limited
BIM (UK)	BlackRock Investment Management (UK) Limited
BIPRU	Prudential Sourcebook for Banks, Building Societies and Investment Firms
BlackRock	BlackRock, Inc.
BLK Lux S.A.	BlackRock Luxembourg S.A.
BLL	BlackRock Life Limited
BNBV	BlackRock (Netherlands) B.V.
BOCIM	Bank of China Investment Management Company Limited
BPIP	BlackRock Performance Incentive Plan
CASS	Client Assets Sourcebook
CBI	Central Bank of Ireland
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLO	Collateralised loan obligation (the formal naming convention is 'BlackRock European CLO' e.g. CLO 2 is formally named 'BlackRock European CLO II')
COO	Chief Operating Officer
COREP	Common Reporting
CRD	Capital Requirements Directive
CRD IV	Capital Requirements Directive 2013/36/EU of the European Parliament and of the Council
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation 575/2013 of the European Parliament and of the Council
CVA	Credit Value Adjustment
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
EMEA	Europe, Middle East and Africa
ERMC	Enterprise Risk Management Committee
EROC	EMEA Regulatory Oversight Committee
ESG	Environmental, Social and Governance
ETF	Exchange Traded Funds
EU	European Union
FCA	Financial Conduct Authority
FG	Final Guidance

Abbreviation	Definition
FMA	Financial Markets Advisory
FOR	Fixed Overhead Requirement
FVTOCI	Fair Valued Through Other Comprehensive Income
FX	Foreign Exchange
GBP	Great British Pound
IA	Investment Association
ICAAP	Internal Capital Adequacy Assessment Process
IFD	Investment Firms Directive
IFPR	Investment Firm Prudential Regime
IFPRU	FCA Prudential Sourcebook for Investment Firms
IFR	Investment Firms Regulation
IFRS	International Reporting Financial Standards
KRI	Key Risk Indicator
MAM	Mercury Asset Management
MBA	Master of Business Administration
MDCC	Management Development and Compensation Committee of the Board of Directors (BlackRock, Inc.'s independent remuneration committee)
MiFID	Markets in Financial Instruments Directive
MLIM	Merrill Lynch Investment Managers
PLC	Public Limited Company
Policy	The Remuneration Policy
PRA	Prudential Regulatory Authority
RCI	Risk and Control Issue
RCSA	Risk and Control Self-Assessment
RMF	Risk Management Framework
RQA	Risk & Quantitative Analysis
RtC	Risk to Client
RtF	Risk to Firm
RtM	Risk to Market
RTS	Risk Tolerance Statement
SASB	Sustainability Accounting Standards Board
SMF	Senior Management Function
SREP	Supervisory Review and Evaluation Process
SSM	Single Supervisory Mechanism
SYSC	FCA Senior Management Arrangements, Systems and Controls Handbook
S&P	Standard & Poor's
TCFD	Task Force on Climate-related Financial Disclosure
TREA	Total Risk Exposure Amount
UCITS	Undertakings in Collective Investment in Transferable Securities
UK	United Kingdom
UK CRD IV	UK legislation and rules implementing the Capital Requirements Directive
UK CRR	UK Capital Requirements Regulation (575/2013) as amended by the Capital Requirements (Amendment) (EU Exit) Regulations 2018
UK group	BGL and its subsidiaries (refer to Appendix B) excluding BlackRock Life Limited

Appendix B – Summarised BGL structure chart



Note: For the purposes of this presentation, a number of intermediate holding companies and non-regulated entities have been omitted

* Excluded from the regulatory consolidation

** An application to revoke BIMD's MiFID licence was submitted to the CBI on 29 January 2021. The CBI confirmed BIMD's permissions were revoked on 13 May 2021.

Appendix C – Own funds disclosure template

Appendix C1 – BlackRock Group Limited Consolidation		£000	Regulation (EU) No. 575/2013 Article Reference	Ref
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	1,035,166	26 (1), 27, 28, 29	a + b
	of which: instrument type 1	1,035,166	EBA list 26 (3)	a + b
	of which: instrument type 2	-	EBA list 26 (3)	
	of which: instrument type 3	-	EBA list 26 (3)	
2	Retained earnings	2,433,418	26 (1) (c)	d
3	Accumulated other comprehensive income (and other reserves)	(39,748)	26 (1)	c
3a	Funds for general banking risk	-	26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and related share premium account subject to phase out from CET1	-	486 (2)	
5	Minority Interests (amount allowed in consolidated CET1)	-	84	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	524,408		d
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	3,953,244	Sum of rows 1 to 5a	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(66)	34, 105	j
8	Intangible assets (net of related tax liability) (negative amount)	(1,475,569)	34, 105	e + f
9	Empty Set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditional in Article 38 (3) are met)	(129,171)	36 (1)(c), 38	i
11	Fair value reserves related to gains or losses on cash flow hedges	-	33 (1)(a)	
12	Negative amount resulting from the calculation of expected loss amounts	-	36 (1)(d), 40, 159	
13	Any increase in equity that results from securitised assets (negative amount)	-	32 (1)	
14	Gain or losses on liabilities values at fair value resulting from changes in own credit standing	-	33 (1)(b)	
15	Defined-benefit pension fund assets (negative amount)	-	36 (1)(e), 41	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	36 (1)(f), 42	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	36 (1)(g), 44	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in	-	36 (1)(h), 43, 45, 46, 49 (2) (3),79	

	Appendix C1 – BlackRock Group Limited Consolidation	£000	Regulation (EU) No. 575/2013 Article Reference	Ref
	those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)			
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(127,721)	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79	h
20	Empty Set in the EU			
20a	Exposure amount of the following items which qualify for the risk weight of 1,250%, where the institution opts for the deduction alternative	(17,902)	36 (1) (k)	g
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	36 (1) (k) (i), 89 to 91	
20c	of which: securitisation positions (negative amount)	(17,902)	36 (1) (k) (ii) 243 (1) (b), 244 (1) (b), 258	g
20d	of which: free deliveries (negative amount)	-	36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 48 (1) (a)	
22	Amount exceeding the 15% threshold (negative amount)	-	48 (1)	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has as significant investment in those entities	-	36 (1) (i), 48 (1) (b)	
24	Empty Set in the EU			
25	of which: deferred tax assets arising from temporary differences	-	36 (1) (c), 38, 48 (1) (a)	
25a	Losses for the current financial year (negative amount)	-	36 (1) (a)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36 (1) (i)	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	36 (1) (j)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(1,750,429)	**Sum of rows 7 to 20a, 21, 22 and 25a to 27**	
29	**Common Equity Tier 1 (CET1) capital**	2,202,815	**Row 6 minus row 28**	k
Additional Tier 1 (AT1) capital: instruments				
30-35	These rows have been omitted as all entries would be blank			
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	**Sum of rows 30, 33 and 34**	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37-42	These rows have been omitted as all entries would be blank			

	Appendix C1 – BlackRock Group Limited Consolidation	£000	Regulation (EU) No. 575/2013 Article Reference	Ref
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	**Sum of rows 37 to 42**	
44	**Additional Tier 1 (AT1) capital**	-	**Row 36 minus row 43**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	2,202,815	**Sum of row 29 and row 44**	k
Tier 2 (T2) capital: instruments and provisions				
46-50	These rows have been omitted as all entries would be blank	-		
51	**Tier 2 (T2) capital before regulatory adjustments**	-		
Tier 2 (T2) capital: regulatory adjustments				
52-56	These rows have been omitted as all entries would be blank			
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	**Sum of rows 52 to 56**	
58	**Tier 2 (T2) capital**	-	**Row 51 minus row 57**	
59	**Total capital (TC = T1 + T2)**	2,202,815	**Sum of row 45 and row 58**	k
60	**Total risk weighted assets**	5,779,372		ab
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	38.12%	92 (2) (a)	y
62	Tier 1 (as a percentage of risk exposure amount)	38.12%	92 (2) (b)	y
63	Total capital (as a percentage of risk exposure amount)	38.12%	92 (2) (c)	y
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer expressed as a percentage of risk exposure amount)	N/A	CRD 128, 129, 130, 131, 133	
65	of which: capital conservation buffer requirement	-		
66	of which: countercyclical buffer requirement	-		
67	of which: systemic risk buffer requirement	-		
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	N/A	CRD 128	
69	[non relevant in EU regulation]			
70	[non relevant in EU regulation]			
71	[non relevant in EU regulation]			
Amounts below the threshold for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the	164,810	36 (1) (i), 45, 48	

	Appendix C1 – BlackRock Group Limited Consolidation	£000	Regulation (EU) No. 575/2013 Article Reference	Ref
	institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)			
74	Empty Set in the EU			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	165,669	36 (1) (c), 38, 48	
Applicable caps on the inclusion of provisions in Tier 2				
76-79	These rows have been omitted as all entries would be blank			
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022				
80-85	These rows have been omitted as all entries would be blank			

Figures subject to rounding

Appendix C2 – BlackRock Investment Management (UK) Limited		£000	Regulation (EU) No. 575/2013 Article Reference	Ref
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	194,485	26 (1), 27, 28, 29	l + m
	of which: instrument type 1	194,485	EBA list 26 (3)	l + m
	of which: instrument type 2	-	EBA list 26 (3)	
	of which: instrument type 3	-	EBA list 26 (3)	
2	Retained earnings	406,883	26 (1) (c)	o
3	Accumulated other comprehensive income (and other reserves)	17,877	26 (1)	n
3a	Funds for general banking risk	-	26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and related share premium account subject to phase out from CET1	-	486 (2)	
5	Minority Interests (amount allowed in consolidated CET1)	-	84	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	282,218		o
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	901,463	Sum of rows 1 to 5a	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(93)	34, 105	r
8	Intangible assets (net of related tax liability) (negative amount)	(6,305)	34, 105	p
9	Empty Set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditional in Article 38 (3) are met)	-	36 (1)(c), 38	
11	Fair value reserves related to gains or losses on cash flow hedges	-	33 (1)(a)	
12	Negative amount resulting from the calculation of expected loss amounts	-	36 (1)(d), 40, 159	
13	Any increase in equity that results from securitised assets (negative amount)	-	32 (1)	
14	Gain or losses on liabilities values at fair value resulting from changes in own credit standing	-	33 (1)(b)	
15	Defined-benefit pension fund assets (negative amount)	-	36 (1)(e), 41	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	36 (1)(f), 42	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	36 (1)(g), 44	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the	-	36 (1)(h), 43, 45, 46, 49 (2) (3),79	

Appendix C2 – BlackRock Investment Management (UK) Limited		£000	Regulation (EU) No. 575/2013 Article Reference	Ref
	institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)			
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79	
20	Empty Set in the EU			
20a	Exposure amount of the following items which qualify for the risk weight of 1,250%, where the institution opts for the deduction alternative	(17,903)	36 (1) (k)	q
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	36 (1) (k) (i), 89 to 91	
20c	of which: securitisation positions (negative amount)	(17,903)	36 (1) (k) (ii) 243 (1) (b), 244 (1) (b), 258	q
20d	of which: free deliveries (negative amount)	-	36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 48 (1) (a)	
22	Amount exceeding the 15% threshold (negative amount)	-	48 (1)	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has as significant investment in those entities	-	36 (1) (i), 48 (1) (b)	
24	Empty Set in the EU			
25	of which: deferred tax assets arising from temporary differences	-	36 (1) (c), 38, 48 (1) (a)	
25a	Losses for the current financial year (negative amount)	-	36 (1) (a)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36 (1) (i)	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	36 (1) (j)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(24,301)	**Sum of rows 7 to 20a, 21, 22 and 25a to 27**	
29	**Common Equity Tier 1 (CET1) capital**	877,162	**Row 6 minus row 28**	s
Additional Tier 1 (AT1) capital: instruments				
30-35	These rows have been omitted as all entries would be blank			

	Appendix C2 – BlackRock Investment Management (UK) Limited	£000	Regulation (EU) No. 575/2013 Article Reference	Ref
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	**Sum of rows 30, 33 and 34**	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37-42	These rows have been omitted as all entries would be blank			
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	**Sum of rows 37 to 42**	
44	**Additional Tier 1 (AT1) capital**	-	**Row 36 minus row 43**	
45	**Tier 1 capital (t1 = CET1 + AT1)**	877,162	**Sum of row 29 and row 44**	s
Tier 2 (T2) capital: instruments and provisions				
46-50	These rows have been omitted as all entries would be blank			
51	**Tier 2 (T2) capital before regulatory adjustments**	-		
Tier 2 (T2) capital: regulatory adjustments				
52-56	These rows have been omitted as all entries would be blank			
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	**Sum of rows 52 to 56**	
58	**Tier 2 (T2) capital**	-	**Row 51 minus row 57**	
59	**Total capital (TC = T1 + T2)**	877,162	**Sum of row 45 and row 58**	s
60	**Total risk weighted assets (driven by FOR)**	3,352,419		ac
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	26.17%	92 (2) (a)	z
62	Tier 1 (as a percentage of risk exposure amount)	26.17%	92 (2) (b)	z
63	Total capital (as a percentage of risk exposure amount)	26.17%	92 (2) (c)	z
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer expressed as a percentage of risk exposure amount)	N/A	CRD 128, 129, 130, 131, 133	
65	of which: capital conservation buffer requirement	-		
66	of which: countercyclical buffer requirement	-		
67	of which: systemic risk buffer requirement	-		
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	N/A	CRD 128	
69	[non relevant in EU regulation]			
70	[non relevant in EU regulation]			

Appendix C2 – BlackRock Investment Management (UK) Limited		£000	Regulation (EU) No. 575/2013 Article Reference	Ref
71	[non relevant in EU regulation]			
Amounts below the threshold for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	79,422	36 (1) (i), 45, 48	
74	Empty Set in the EU			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	43,987	36 (1) (c), 38, 48	
Applicable caps on the inclusion of provisions in Tier 2				
76-79	These rows have been omitted as all entries would be blank			
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022				
80-85	These rows have been omitted as all entries would be blank			

Figures subject to rounding

	Appendix C3 – BlackRock Advisors (UK) Limited	£000	Regulation (EU) No. 575/2013 Article Reference	Ref
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	162,882	26 (1), 27, 28, 29	t + u
	of which: instrument type 1	162,882	EBA list 26 (3)	t + u
	of which: instrument type 2	-	EBA list 26 (3)	
	of which: instrument type 3	-	EBA list 26 (3)	
2	Retained earnings	45,904	26 (1) (c)	v
3	Accumulated other comprehensive income (and other reserves)	-	26 (1)	
3a	Funds for general banking risk	-	26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and related share premium account subject to phase out from CET1	-	486 (2)	
5	Minority Interests (amount allowed in consolidated CET1)	-	84	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-		
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	208,786	Sum of rows 1 to 5a	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-	34, 105	
8	Intangible assets (net of related tax liability) (negative amount)	(93,646)	34, 105	w
9	Empty Set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditional in Article 38 (3) are met)	-	36 (1)(c), 38	
11	Fair value reserves related to gains or losses on cash flow hedges	-	33 (1)(a)	
12	Negative amount resulting from the calculation of expected loss amounts	-	36 (1)(d), 40, 159	
13	Any increase in equity that results from securitised assets (negative amount)	-	32 (1)	
14	Gain or losses on liabilities values at fair value resulting from changes in own credit standing	-	33 (1)(b)	
15	Defined-benefit pension fund assets (negative amount)	-	36 (1)(e), 41	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	36 (1)(f), 42	
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	36 (1)(g), 44	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	36 (1)(h), 43, 45, 46, 49 (2) (3),79	

	Appendix C3 – BlackRock Advisors (UK) Limited	£000	Regulation (EU) No. 575/2013 Article Reference	Ref
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79	
20	Empty Set in the EU			
20a	Exposure amount of the following items which qualify for the RW of 1,250%, where the institution opts for the deduction alternative	-	36 (1) (k)	
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	36 (1) (k) (i), 89 to 91	
20c	of which: securitisation positions (negative amount)	-	36 (1) (k) (ii) 243 (1) (b), 244 (1) (b), 258	
20d	of which: free deliveries (negative amount)	-	36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 48 (1) (a)	
22	Amount exceeding the 15% threshold (negative amount)	-	48 (1)	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has as significant investment in those entities	-	36 (1) (i), 48 (1) (b)	
24	Empty Set in the EU			
25	of which: deferred tax assets arising from temporary differences	-	36 (1) (c), 38, 48 (1) (a)	
25a	Losses for the current financial year (negative amount)	-	36 (1) (a)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36 (1) (i)	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	36 (1) (j)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(93,646)	**Sum of rows 7 to 20a, 21, 22 and 25a to 27**	
29	**Common Equity Tier 1 (CET1) capital**	115,140	**Row 6 minus row 28**	x
Additional Tier 1 (AT1) capital: instruments				
30-35	These rows have been omitted as all entries would be blank			
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	**Sum of rows 30, 33 and 34**	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37-42	These rows have been omitted as all entries would be blank			
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	**Sum of rows 37 to 42**	
44	**Additional Tier 1 (AT1) capital**	-	**Row 36 minus row 43**	

	Appendix C3 – BlackRock Advisors (UK) Limited	£000	Regulation (EU) No. 575/2013 Article Reference	Ref
45	**Tier 1 capital (T1 = CET1 + AT1)**	115,140	**Sum of row 29 and row 44**	x
Tier 2 (T2) capital: instruments and provisions				
46-50	These rows have been omitted as all entries would be blank			
51	**Tier 2 (T2) capital before regulatory adjustments**	-		
Tier 2 (T2) capital: regulatory adjustments				
52-56	These rows have been omitted as all entries would be blank			
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	**Sum of rows 52 to 56**	
58	**Tier 2 (T2) capital**	-	**Row 51 minus row 57**	
59	**Total capital (TC = T1 + T2)**	115,140	**Sum of row 45 and row 58**	x
60	**Total risk weighted assets (driven by FOR)**	492,322		ad
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	23.39%	92 (2) (a)	aa
62	Tier 1 (as a percentage of risk exposure amount)	23.39%	92 (2) (b)	aa
63	Total capital (as a percentage of risk exposure amount)	23.39%	92 (2) (c)	aa
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer expressed as a percentage of risk exposure amount)	N/A	CRD 128, 129, 130, 131, 133	
65	of which: capital conservation buffer requirement	-		
66	of which: countercyclical buffer requirement	-		
67	of which: systemic risk buffer requirement	-		
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	N/A	CRD 128	
69	[non relevant in EU regulation]			
70	[non relevant in EU regulation]			
71	[non relevant in EU regulation]			
Amounts below the threshold for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	36 (1) (h), 45, 46, 56 (c), 59, 60, 66 (c), 69, 70	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below	-	36 (1) (i), 45, 48	

Appendix C3 – BlackRock Advisors (UK) Limited		£000	Regulation (EU) No. 575/2013 Article Reference	Ref
	10% threshold and net of eligible short positions)			
74	Empty Set in the EU			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-	36 (1) (c), 38, 48	
Applicable caps on the inclusion of provisions in Tier 2				
76-79	These rows have been omitted as all entries would be blank			
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022				
80-85	These rows have been omitted as all entries would be blank			

Figures subject to rounding

Appendix D – Description of main features of capital instruments

Appendix D1 – BlackRock Group Limited Consolidation			
Capital instruments main features template			
1	Issuer	BlackRock Group Limited	BlackRock Group Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	Private Placement
3	Governing law(s) of the instrument	English Law	English Law
	Regulatory treatment		
4	Transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1
6	Eligible at sole/(sub-)consolidated/ solo & (sub) consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary A Shares	Ordinary B Shares
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£117.6m	£917.6m (includes £800m share premium)
9	Nominal amount of instrument	£0.05	£0.00263
9a	Issue price	N/A	N/A
9b	Redemption price	N/A	N/A
10	Accounting classification	Shareholders' Funds	Shareholders' Funds
11	Original date of issuance	Company incorporated on 28 March 1969. During 2014, the following issue took place: 1 June 2014 £5.9m	Company incorporated on 28 March 1969. During 2014, the following issue took place: 1 June 2014 £112.1m
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	N/A	N/A
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	N/A	N/A
19	Existence of a dividend stopper	N/A	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary	Fully Discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	N/A	N/A
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A

Appendix D1 – BlackRock Group Limited Consolidation			
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	N/A	N/A
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	N/A
36	Non-compliant transitioned features	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A

Figures subject to rounding

Appendix D2 – BlackRock Investment Management (UK) Limited		
Capital instruments main features template		
1	Issuer	BlackRock Investment Management (UK) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement
3	Governing law(s) of the instrument	English Law
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at sole/(sub-)consolidated/ solo & (sub-) consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£194.5m (includes £100m share premium)
9	Nominal amount of instrument	£1
9a	Issue price	N/A
9b	Redemption price	N/A
10	Accounting classification	Shareholders' Funds
11	Original date of issuance	Company incorporated on 16 May 1986. No shares were issued in 2014.
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write down, description of write-up mechanism	N/A

Appendix D2 – BlackRock Investment Management (UK) Limited		
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Figures subject to rounding

Appendix D3 – BlackRock Advisors (UK) Limited		
Capital instruments main features template		
1	Issuer	BlackRock Advisors (UK) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement
3	Governing law(s) of the instrument	English Law
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at sole/(sub-)consolidated/ solo & (sub-) consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£162.9m (includes £162m of share premium)
9	Nominal amount of instrument	£1
9a	Issue price	N/A
9b	Redemption price	N/A
10	Accounting classification	Shareholders' Funds
11	Original date of issuance	Company incorporated on 18 March 1964. No shares were issued in 2014.
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A

Appendix D3 – BlackRock Advisors (UK) Limited		
33	If write-down, permanent or temporary	N/A
34	If temporary write down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

Figures subject to rounding

Contact Information

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