

Barclays Bank UK PLC
Q3 2022 Pillar 3 Report

30 September 2022

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Summary

Table 1: UK KM1 - Key metrics (KM1 / IFRS9-FL¹ / Article 468-FL² / UK LR 2) - Part 1

This table shows key regulatory metrics and ratios as well as related components like own funds, RWAs, capital ratios, additional requirements based on Supervisory Review and Evaluation Process (SREP), capital buffer requirements, leverage ratio and liquidity coverage ratio.

Barclays Bank UK Group's capital, RWAs and leverage is calculated applying transitional relief for IFRS9, no other transitional provisions in CRR as amended by CRR II are applicable. The table below therefore represents both transitional and fully loaded capital metrics which is equal to transitional capital and capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied. Part 2 of this table further includes all UK LR2 components which are required to be reported with a quarterly frequency as per Article 433a(4).

KM1 ref	IFRS9-FL ref		As at 30.09.22 £m	As at 30.06.22 £m	As at 31.03.22 £m	As at 31.12.21 £m
Available own funds (amounts)						
1	1	Common Equity Tier 1 (CET1) capital ³	10,662	10,536	10,641	10,828
1a	2	Fully loaded common Equity Tier 1 (CET1) capital ⁴	10,581	10,455	10,583	10,572
2	3	Tier 1 capital ³	13,222	13,096	13,201	13,388
2a	4	Fully loaded tier 1 capital ⁴	13,141	13,015	13,143	13,132
3	5	Total capital ³	15,993	15,877	16,037	16,442
3a	6	Fully loaded total capital ⁴	15,912	15,844	16,028	16,359
Risk-weighted exposure amounts						
4	7	Total risk-weighted exposure amount ³	72,014	71,088	71,220	71,213
4a	8	Fully loaded total risk-weighted exposure amount ⁴	71,981	71,055	71,244	71,116
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	9	Common Equity Tier 1 ratio (%) ³	14.8%	14.8%	14.9%	15.2%
5a	10	Fully loaded common Equity Tier 1 ratio (%) ⁴	14.7%	14.7%	14.9%	14.9%
6	11	Tier 1 ratio (%) ³	18.4%	18.4%	18.5%	18.8%
6a	12	Fully loaded tier 1 ratio (%) ⁴	18.3%	18.3%	18.4%	18.5%
7	13	Total capital ratio (%) ³	22.2%	22.3%	22.5%	23.1%
7a	14	Fully loaded total capital ratio (%) ⁴	22.1%	22.3%	22.5%	23.0%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)						
UK 7a		Additional CET1 SREP requirements (%)	2.4%	2.4%	2.4%	
UK 7b		Additional AT1 SREP requirements (%)	0.8%	0.8%	0.8%	
UK 7c		Additional T2 SREP requirements (%)	1.0%	1.1%	1.1%	
UK 7d		Total SREP own funds requirements (%)	12.2%	12.2%	12.2%	
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
8		Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%
9		Institution specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%	0.0%
UK 10a		Other Systemically Important Institution buffer	1.0%	1.0%	1.0%	1.0%
11		Combined buffer requirement (%)	3.5%	3.5%	3.5%	3.5%
UK 11a		Overall capital requirements (%)	15.7%	15.7%	15.7%	
12		CET1 available after meeting the total SREP own funds requirements (%)	7.9%	7.9%	8.0%	

Notes

- From 1 January 2018, Barclays Bank UK Group elected to apply the IFRS 9 transitional arrangements of the CRR. The transitional relief on the "day 1" impact on adoption of IFRS 9 and on increases in non-defaulted provisions between "day 1" and 31 December 2019 is phased out over a 5 year period with 25% applicable for 2022 and with no transitional relief from 2023. On 27 June 2020, CRR was amended to extend the transitional period by two years and to introduce a new modified calculation. The transitional relief for increases in non-defaulted provisions between 1 January 2020 and the reporting date is also phased out over a 5 year period with 75% applicable for 2022; 50% for 2023; 25% for 2024 and with no transitional relief from 2025.
- As at 30 September 2022, Barclays Bank UK PLC had not elected to apply the temporary treatment specified in Article 468 of the CRR, amended by Regulation EU 2020/873, resulting in the capital and leverage ratios reflecting the full impact of unrealised gains and losses measured at fair value through other comprehensive income.
- Transitional capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
- Fully loaded capital and RWAs are calculated without applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

CET1 ratio decreased by c140bps to 14.8% (December 2021: 15.2%) as CET1 capital decreased by £0.2bn and RWA increased by £0.8bn

The CET1 capital decrease reflects profits for the period which were more than offset by regulatory foreseeable dividends, decreases in the fair value through other comprehensive income reserve and a decrease in IFRS9 transitional relief

RWAs increased by £0.8bn to £72.0bn (December 2021: £71.2bn) primarily driven by mortgage growth and implementation of IRB roadmap changes. This was partially offset by the benefit in mortgages from an increase in the House Price Index (HPI) and maturity of reverse repo trades

Summary

Table 1: UK KM1 - Key metrics (KM1 / IFRS9-FL/ Article 468-FL / UK LR 2) - Part 2

KM1 ref	IFRS9 - FL ref	LR 2 Ref		As at 30.09.22 £m	As at 30.06.22 £m	As at 31.03.22 £m	As at 31.12.21 £m
Leverage ratio							
13	15	UK 24b	Total exposure measure excluding claims on central	249,298	248,241	241,491	241,173
14	16	25	Leverage ratio excluding claims on central banks	5.3%	5.3%	5.5%	5.6%
Additional leverage ratio disclosure requirements							
UK 14a	17	UK 25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%) ³	5.3%	5.2%	5.4%	
UK 14b		UK 25c	Leverage ratio including claims on central banks (%) ²	4.2%	4.2%	4.1%	
UK 14c		UK 33	Average leverage ratio excluding claims on central	5.3%	5.3%	5.5%	5.5%
UK 14d		UK 34	Average leverage ratio including claims on central	4.2%	4.2%	4.2%	
UK 14e		UK 27b	Countercyclical leverage ratio buffer (%)	0.0%	0.0%	0.0%	
UK 14f		UK 27	Leverage ratio buffer (%)	0.4%	0.4%	0.4%	
Liquidity Coverage Ratio							
15			Total high-quality liquid assets (HQLA) (Weighted	82,528	81,548	80,530	77,863
UK 16a			Cash outflows - Total weighted value	44,584	43,766	42,837	42,339
UK 16b			Cash inflows - Total weighted value	1,401	1,432	1,472	1,371
16			Total net cash outflows (adjusted value) ⁴	43,183	42,334	41,365	40,968
17			Liquidity coverage ratio (%) ⁵	191%	193%	195%	190%
17a			Liquidity coverage ratio (%) (period end)	182%	185%	187%	204%

Notes

1. Transitional UK leverage ratios are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
2. Fully loaded UK leverage ratio is calculated without applying the IFRS9 transitional arrangements of the CRR as amended by CRR II.
3. Average UK leverage ratio uses capital based on the last day of each month in the quarter and an exposure measure for each day in the quarter.
4. Prior period comparatives have been updated to reflect the average measures as amended by CRR II.
5. Liquidity Coverage Ratio computed as a trailing average of 12 month-end observations to the reporting date

The leverage ratio decreased to 5.3% (December 2021: 5.6%) primarily due to an increase in the leverage exposure of £8.1bn largely as a result of an increase in loans and advances and other assets.

Risk weighted assets

Table 2: RWAs by risk type

This table shows RWAs by risk type.

	Credit risk		Counterparty credit risk				Market risk		Operational risk	Total RWAs
	Std	A-IRB	Std	A-IRB	Settlement risk	CVA	Std	IMA		
As at 30 September 2022	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank UK PLC	5,313	55,038	272	—	0	203	256	—	10,932	72,014
As at 31 December 2021										
Barclays Bank UK PLC	5,326	53,687	829	—	—	379	100	—	10,892	71,213

Risk weighted assets

Table 3: OV1 - Overview of risk weighted exposure amounts

The table shows RWEAs and minimum capital requirement by risk type and approach

		Risk weighted exposure amounts (RWEAs)			Total own funds requirements		
		As at 30.09.22	As at 30.06.22	As at 31.12.21 ¹	As at 30.09.22	As at 30.06.22	As at 31.12.21 ¹
		£m	£m	£m	£m	£m	£m
1	Credit risk (excluding CCR)	58,898	58,043	57,745	4,712	4,643	4,619
2	Of which the standardised approach	4,520	4,733	4,647	362	378	372
4	Of which: slotting approach	489	489	500	39	39	40
5	Of which the advanced IRB (AIRB) approach	53,889	52,821	52,598	4,311	4,226	4,207
6	Counterparty credit risk - CCR	475	529	1,208	38	42	97
7	Of which the standardised approach	206	193	244	16	15	20
UK 8a	Of which exposures to a CCP	41	37	198	3	3	16
UK 8b	Of which credit valuation adjustment - CVA	203	235	379	16	19	30
9	Of which other CCR	25	64	387	2	5	31
15	Settlement risk	0	0	—	—	0	—
16	Securitisation exposures in the non-trading book (after the cap)	1,453	1,348	1,268	116	108	101
17	Of which SEC-IRBA approach	660	589	589	53	47	47
18	Of which SEC-ERBA (including IAA)	—	—	123	—	—	10
19	Of which SEC-SA approach	793	759	556	63	61	44
UK 19a	Of which 1250%/ deduction	—	—	—	—	—	—
20	Position, foreign exchange and commodities risks (Market risk)	256	236	100	20	19	8
21	Of which the standardised approach	256	236	100	20	19	8
23	Operational risk	10,932	10,932	10,892	875	875	871
UK 23b	Of which standardised approach	10,932	10,932	10,892	875	875	871
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	2,721	2,707	2,764	218	217	221
29	Total	72,014	71,088	71,213	5,761	5,687	5,696

Overall RWAs increased £0.9bn to £72.0bn (June 2022: £71.1bn) primarily driven by:

- Credit risk RWAs increased £0.9bn to £58.9bn primarily driven by mortgage growth and implementation of IRB roadmap changes. This was partially offset by the benefit in mortgages from an increase in the HPI and a reduction in carrying value of ESHLA² due to rising interest rates

Notes

1. Prior period comparatives have been updated to reflect the new CRR II requirements
2. Education, Social Housing and Local Authority

Risk weighted assets

Table 4: CR8 - RWEA flow statements of credit risk exposures under the AIRB approach

The total in this table shows the contribution of credit risk RWAs under the AIRB approach and will not directly reconcile to the CR AIRB RWAs in table 2.

	Three months ended 30 September 2022 £m	Nine months ended 30 September 2022 ¹ £m
1 Risk weighted exposure amount as at the end of the previous reporting period	50,110	49,853
2 Asset size	658	1,469
3 Asset quality	(204)	(2,488)
4 Model updates	—	—
5 Methodology and policy	799	2,684
6 Acquisitions and disposals	(192)	(347)
7 Foreign exchange movements	—	—
8 Other	—	—
9 Risk weighted exposure amount as at the end of the reporting period	51,171	51,171

Note

1. Opening balance has been updated to exclude Securitisation and non-credit obligation assets as per CRR II guidelines.

Three months ended advanced credit risk RWAs increased £1.1bn to £51.2bn primarily driven by:

- A £0.7bn increase in asset size primarily driven by mortgage growth
- A £0.8bn increase in methodology and policy primarily relating to implementation of IRB roadmap changes

Nine months ended advanced credit risk RWAs increased £1.3bn to £51.2bn primarily driven by:

- A £1.5bn increase in asset size primarily driven by mortgage growth
- A £2.5bn decrease in asset quality primarily driven by the benefit in mortgages from an increase in the HPI
- A £2.7bn increase in methodology and policy primarily relating to implementation of IRB roadmap changes

Liquidity

Table 5: LIQ1 - Liquidity Coverage ratio

This table shows the level and components of the Liquidity Coverage Ratio prepared in accordance with the requirements set out in the Annex XIV 'Instructions on Liquidity requirements' under Article 451a(2) CRR.

Liquidity coverage ratio (period end)		Total period end value							
		30.09.22	30.06.22	31.03.22	31.12.21	30.09.22	30.06.22	31.03.22	31.12.21
		£m	£m	£m	£m	£m	£m	£m	£m
Liquidity buffer		81,750	83,201	81,140	85,092				
Total net cash outflows		44,802	44,872	43,411	41,690				
Liquidity coverage ratio (%) (period end)		182%	185%	187%	204%				
LIQ1 - Liquidity coverage ratio (average)		Total unweighted value (average)				Total weighted value (average)			
UK-1a		30.09.22	30.06.22	31.03.22	31.12.21	30.09.22	30.06.22	31.03.22	31.12.21
UK-1b	Number of data points used in calculation of averages ¹	12	12	12	12	12	12	12	12
High-quality liquid assets		£m	£m	£m	£m	£m	£m	£m	£m
1	Total high-quality liquid assets (HQLA)	82,528	81,548	80,530	77,863				
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	223,600	223,823	223,497	221,275	17,246	17,089	16,863	16,512
3	Stable deposits	139,543	139,616	139,543	138,702	6,977	6,981	6,977	6,935
4	Less stable deposits	82,119	80,841	79,130	76,856	10,256	10,097	9,875	9,568
5	Unsecured wholesale funding, of which:	38,807	37,792	36,489	35,634	18,203	17,436	16,622	16,399
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	6,945	6,764	6,647	6,529	1,596	1,551	1,522	1,496
7	Non-operational deposits (all counterparties) ²	27,229	26,877	26,220	25,193	11,974	11,734	11,478	10,991
8	Unsecured debt	4,633	4,151	3,623	3,912	4,633	4,151	3,623	3,912
9	Secured wholesale funding	74	74	73	4				
10	Additional requirements, of which:	12,869	16,517	19,112	19,343	4,904	5,249	5,526	5,525
11	Outflows related to derivative exposures and other collateral requirements	4,057	4,195	4,317	4,472	4,057	4,195	4,317	4,472
12	Outflows related to loss of funding on debt products	264	264	264	83	264	264	264	83
13	Credit and liquidity facilities	8,548	12,057	14,530	14,788	583	790	944	970
14	Other contractual funding obligations	353	288	243	219	21	—	—	—
15	Other contingent funding obligations	49,017	45,712	44,159	47,881	4,137	3,919	3,753	3,899
16	Total cash outflows	44,584	43,766	42,837	42,339				
Cash inflows									
17	Secured lending (e.g. reverse repos)	1,979	3,004	3,106	2,738	—	—	—	—
18	Inflows from fully performing exposures	1,438	1,636	1,811	1,870	745	826	911	939
19	Other cash inflows ³	2,467	2,359	2,234	2,009	657	606	561	432
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible)	—	—	—	—	—	—	—	—
UK-19b	(Excess inflows from a related specialised credit)	—	—	—	—	—	—	—	—
20	Total cash inflows	5,883	6,999	7,151	6,617	1,401	1,432	1,472	1,371
UK-20a	Fully exempt inflows	—	—	—	—	—	—	—	—
UK-20b	Inflows subject to 90% cap	—	—	—	—	—	—	—	—
UK-20c	Inflows subject to 75% cap	5,883	6,999	7,151	6,617	1,401	1,432	1,472	1,371
UK-21	Liquidity buffer	82,528	81,548	80,530	77,863				
22	Total net cash outflows	43,183	42,334	41,365	40,968				
23	Liquidity coverage ratio (%) (average)	191%	193%	195%	190%				

Notes

1. Trailing average of 12 month-end observations to the reporting date.

2. Non-operational deposits in row 7 include excess deposits as defined in the Delegated Act Article 27(4).

3. Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there is transfer restrictions or which are denominated in non-convertible currencies.

Liquidity

The liquidity pool as at 30 September 2022 was £83bn (December 2021: £86bn) and the liquidity coverage ratio (LCR) remained significantly above the 100% regulatory requirement at 182% (December 2021: 204%), equivalent to a surplus of £37bn (December 2021: £43bn). The decrease in the liquidity pool was driven by loan growth and wholesale funding maturities in the first quarter of 2022. A slight increase in net stress outflows, related to higher short term commercial paper balances, resulted in a reduction in the LCR surplus. The trailing 12 month-end average LCR to 30 September 2022 remained broadly stable at 191% (December 2021: 190%).

The composition of the liquidity pool is subject to limits set by the Board and the independent liquidity risk, credit risk and market risk functions. In addition, the investment of the liquidity pool is monitored for concentration risk by issuer, currency and asset type. Given the returns generated by these highly liquid assets, the risk and reward profile is continuously managed.

The strong deposit franchise is a primary funding source for Barclays Bank UK PLC. Barclays Bank UK PLC continued to issue in the shorter-term markets and maintain capacity to issue from secured funding programmes. This funding capacity enables Barclays Bank UK PLC to maintain its stable and diversified funding base.

Barclays Bank UK PLC also supports various central bank monetary initiatives, such as the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME). These are reported under 'repurchase agreements and other similar secured borrowing' on the balance sheet.

Notes

Barclays Bank UK PLC is a wholly-owned subsidiary of Barclays PLC. The consolidation of Barclays Bank UK PLC and its subsidiaries is referred to as the Barclays Bank UK Group. The term Barclays refers to Barclays PLC and Barclays Group refers to Barclays PLC, together with its subsidiaries. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at home.barclays/investor-relations/reports-and-events/latest-financial-results.

Forward-looking statements

This document contains certain forward-looking statements with respect to the Barclays Bank UK Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Barclays Bank UK Group (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank UK Group's future financial position, income levels, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including dividend pay-out ratios and expected payment strategies), projected levels of growth in banking and financial markets, projected expenditures, costs or savings, any commitments and targets (including, without limitation, environmental, social and governance (ESG) commitments and targets), business strategy, plans and objectives for future operations, group structure, International Financial Reporting Standards (IFRS) impacts and other statements that are not historical or current facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulation and the interpretation thereof, the development of IFRS and other accounting standards, including evolving practices with regard to the interpretation and application of accounting standards, emerging and developing ESG reporting standards, the outcome of current and future legal proceedings and regulatory investigations and any related impact on provisions, the policies and actions of governmental and regulatory authorities, the Barclays Bank UK Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, environmental, social and geopolitical risks and incidents or similar events beyond the Barclays Bank UK Group's control, and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; macroeconomic and business conditions in the UK and in any systemically important economy which impacts the UK; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; changes in valuation of credit market exposures; changes in valuation of issued securities; changes in credit ratings of any entity within the Barclays Bank UK Group or any securities issued by such entities; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the Russia-Ukraine War on European and global macroeconomic conditions, political stability and financial markets; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union (EU), the effects of the EU-UK Trade and Cooperation Agreement and the disruption that may subsequently result in the UK; the risk of cyber-attacks, information or security breaches or technology failures on the Barclays Bank UK Group's reputation, business or operations; the Barclays Bank UK Group's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank UK Group's control. As a result, the Barclays Bank UK Group's actual financial position, future results, capital distributions, capital, leverage or other regulatory ratios or other financial and nonfinancial metrics or performance measures or ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Barclays Bank UK Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank UK Group's future financial condition and performance are identified in the Barclays Bank UK PLC's 2021 Annual Report, which is available on home.barclays.

Subject to Barclays' obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, the UK), in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.