

Barclays Bank UK PLC
Q1 2022 Pillar 3 Report

31 March 2022

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Summary

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

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 31.03.22 £m	As at 31.12.21 £m	As at 30.06.21 £m
Available capital (amounts)					
1	1	Common Equity Tier 1 (CET1) ³	10,641	10,828	11,330
1a	2	Fully loaded Expected Credit Loss (ECL) accounting model ⁴	10,583	10,572	11,029
2	3	Tier 1 ³	13,201	13,388	13,890
2a	4	Fully loaded ECL accounting model Tier 1 ⁴	13,143	13,132	13,589
3	5	Total capital ³	16,037	16,442	17,088
3a	6	Fully loaded ECL accounting model total capital ⁴	16,028	16,359	16,951
Risk-weighted exposure amounts					
4	7	Total risk-weighted assets (RWA) ³	71,220	71,213	71,014
4a	8	Fully loaded ECL accounting model total risk-weighted assets (RWA) ⁴	71,244	71,116	70,984
Risk-based capital ratios as a percentage of RWA					
5	9	Common Equity Tier 1 ratio (%) ³	14.9%	15.2%	16.0%
5a	10	Fully loaded ECL accounting model Tier 1 ratio (%) ⁴	14.9%	14.9%	15.5%
6	11	Tier 1 ratio (%) ³	18.5%	18.8%	19.6%
6a	12	Fully loaded ECL accounting model Tier 1 ratio (%) ⁴	18.4%	18.5%	19.1%
7	13	Total capital ratio (%) ³	22.5%	23.1%	24.1%
7a	14	Fully loaded ECL accounting model total capital ratio (%) ⁴	22.5%	23.0%	23.9%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a		Additional CET1 SREP requirements (%)	2.4 %		
UK 7b		Additional AT1 SREP requirements (%)	0.8 %		
UK 7c		Additional T2 SREP requirements (%)	1.1 %		
UK 7d		Total SREP own funds requirements (%)	12.2 %		
Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8		Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%
9		Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%
UK 10a		Other Systemically Important Institution buffer	1.0%	1.0%	1.0%
11		Combined buffer requirement (%)	3.5%	3.5%	3.5%
UK 11a		Overall capital requirements (%)	15.7%		
12		CET1 available after meeting the total SREP own funds requirements (%)	8.0%		

Notes

1 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.

2 As at 31 December 2021, 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.

3 Transitional capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

4 Fully loaded capital and RWAs are calculated without applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

The CET1 ratio decreased to 14.9% (December 2021: 15.2%)

- CET1 capital decreased by £0.2bn to £10.6bn primarily driven by a reduction in the IFRS9 transitional relief due to the amount of relief applied to the pre-2020 impairment charge reducing to 25% in 2022 from 50% in 2021 and the relief applied to the post-2020 impairment charge reducing to 75% in 2022 from 100% in 2021
- RWAs have remained relatively flat at £71.2bn (December 2021: £71.2bn) as a result of regulatory changes that took effect from 1 January 2022, relating to the implementation of IRB roadmap changes partially offset by the benefit in mortgages from an increase in the House Price Index (HPI)

Summary

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

KM1 ref	IFRS9-FL Ref	LR 2 Ref		31.03.22 £m	31.12.21 £m	30.06.21 £m
Leverage ratio						
13	15	UK 24b	Total exposure measure excluding claims on central banks ¹	241,491	241,173	247,974
14	16	25	Leverage ratio excluding claims on central banks (%) ¹	5.5%	5.6%	5.6%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
UK 14a	17	UK 25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%) ²	5.4%		
UK 14b		UK 25c	Leverage ratio including claims on central banks (%) ¹	4.1%		
UK 14c		UK 33	Average leverage ratio excluding claims on central banks (%) ^{1,3}	5.5%	5.5%	5.6%
UK 14d		UK 34	Average leverage ratio including claims on central banks (%) ^{1,3}	4.2%		
UK 14e		UK 27b	Countercyclical leverage ratio buffer (%)	0.0%		
UK 14f		UK 27	Leverage ratio buffer (%)	0.4%		
Liquidity Coverage Ratio						
15			Total high-quality liquid assets (HQLA) (Weighted value) ⁴	80,530	77,863	69,557
UK 16a			Cash outflows - Total weighted value	42,837	42,339	40,532
UK 16b			Cash inflows - Total weighted value	1,472	1,371	1,341
16			Total net cash outflows (adjusted value) ⁴	41,365	40,968	39,191
17			Liquidity coverage ratio (%)	186.9%	204.0%	202.6%

Notes

¹ Transitional Leverage ratios are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

² Fully loaded Leverage ratio is calculated without applying the IFRS 9 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.

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 £m	A-IRB £m	Std £m	A-IRB £m	Settlement risk £m	CVA £m	Std £m	IMA £m		
As at 31.03.22										
Risk weighted assets	5,357	54,209	281	—	—	286	155	—	10,932	71,220
As at 31.12.21										
Risk weighted assets	5,326	53,687	829	—	—	379	100	—	10,892	71,213

Risk weighted assets

Table 3: OV1 - Overview of RWAs by risk type and capital requirements

The table shows RWAs, split by risk type and approach.

		RWA		Minimum capital requirements	
		As at 31.03.22	As at 31.12.21 ¹	As at 31.03.22	As at 31.12.21
		£m	£m	£m	£m
1	Credit risk (excluding CCR)	58,275	57,745	4,662	4,619
2	Of which the standardised approach	4,654	4,647	372	372
4	Of which: slotting approach	509	500	41	40
5	Of which the advanced IRB (AIRB) approach	53,112	52,598	4,249	4,207
6	Counterparty credit risk - CCR	566	1,208	45	97
7	Of which the standardised approach	171	244	14	20
UK 8a	Of which exposures to a CCP	46	198	3	16
UK 8b	Of which credit valuation adjustment - CVA	286	379	23	30
9	Of which other CCR	63	387	5	31
15	Settlement risk	—	—	—	—
16	Securitisation exposures in the non-trading book (after the cap)	1,292	1,268	103	101
17	Of which SEC-IRBA approach	589	589	47	47
18	Of which SEC-ERBA (including IAA)	—	123	—	10
19	Of which SEC-SA approach	703	556	56	44
20	Position, foreign exchange and commodities risks (Market risk)	155	100	12	8
21	Of which the standardised approach	155	100	12	8
23	Operational risk	10,932	10,892	875	871
UK 23b	Of which standardised approach	10,932	10,892	875	871
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	2,653	2,764	212	221
29	Total	71,220	71,213	5,697	5,696

Note

¹ Prior period comparatives have been updated to reflect the new CRR II requirements.

Overall RWAs have remained relatively flat at £71.2bn (December 2021: £71.2bn) mainly due to:

- Credit risk RWAs increased £0.6bn to £58.3bn primarily due to regulatory changes which took effect from 1 January 2022, relating to the implementation of IRB roadmap changes partially offset by a decrease driven by the benefit in mortgages from an increase in the House Price Index (HPI)
- Counterparty Credit risk RWAs decreased £0.6bn to £0.6bn primarily due to the maturity of reverse repo trades

Risk weighted assets

Table 4: CR8 - RWA flow statement 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.

	RWA amount £m	Capital requirements £m
1 As at 01.01.22¹	49,853	3,988
2 Asset size	385	31
3 Asset quality	(1,560)	(125)
4 Model updates	—	—
5 Methodology and policy	1,829	146
6 Acquisitions and disposals	(67)	(5)
7 Foreign exchange movements	—	—
8 Other	—	—
9 As at 31.03.22	50,440	4,035

Note

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

Advanced credit risk RWAs increased £0.5bn to £50.4bn primarily driven by:

- A £1.6bn decrease in asset quality primarily driven by the benefit in mortgages from an increase in the House Price Index (HPI)
- A £1.8bn increase in methodology and policy as a result of regulatory changes that took effect from 1 January 2022, 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		
	31.03.22	31.12.21	30.06.21
	£m	£m	£m
Liquidity buffer	81,140	85,092	77,723
Total net cash outflows	43,411	41,690	38,354
Liquidity coverage ratio (%) (period end)	187 %	204 %	203 %

LIQ1 - Liquidity coverage ratio (average)

	Total unweighted value (average)			Total weighted value (average)		
	31.03.22	31.12.21	30.06.21	31.03.22	31.12.21	30.06.21
	£m	£m	£m	£m	£m	£m
UK-1a						
UK-1b	Number of data points used in calculation of averages ¹	12	12	12	12	12
High-quality liquid assets						
1	Total high-quality liquid assets (HQLA)			80,530	77,863	69,557
Cash outflows						
2	Retail deposits and deposits from small business customers, of which:	223,497	221,275	212,691	16,863	16,512
3	Stable deposits	139,543	138,702	134,491	6,977	6,935
4	Less stable deposits	79,130	76,856	71,595	9,875	9,568
5	Unsecured wholesale funding, of which:	36,489	35,634	32,690	16,622	16,399
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	6,647	6,529	5,820	1,522	1,496
7	Non-operational deposits (all counterparties) ²	26,220	25,193	22,793	11,478	10,991
8	Unsecured debt	3,623	3,912	4,077	3,623	3,912
9	Secured wholesale funding				73	4
10	Additional requirements, of which:	19,112	19,343	20,118	5,526	5,525
11	Outflows related to derivative exposures and other collateral requirements	4,317	4,472	4,817	4,317	4,472
12	Outflows related to loss of funding on debt products	264	83	169	264	83
13	Credit and liquidity facilities	14,530	14,788	15,132	944	970
14	Other contractual funding obligations	243	219	252	0	0
15	Other contingent funding obligations	44,159	47,881	50,280	3,753	3,899
16	Total cash outflows				42,837	42,339
Cash inflows						
17	Secured lending (e.g. reverse repos)	3,106	2,738	2,150	0	0
18	Inflows from fully performing exposures	1,811	1,870	1,868	911	939
19	Other cash inflows	2,234	2,009	1,964	561	432
20	Total cash inflows	7,151	6,617	5,982	1,472	1,371
UK-20a	Fully exempt inflows	—	—	—	—	—
UK-20b	Inflows subject to 90% cap	—	—	—	—	—
UK-20c	Inflows subject to 75% cap	7,151	6,617	5,983	1,472	1,371
UK-21	Liquidity buffer				80,530	77,863
22	Total net cash outflows				41,365	40,968
23	Liquidity coverage ratio (%) (average)				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).

As at 31 March 2022, the Barclays Bank UK PLC LCR was 187% (December 2021: 204%). The trailing 12 month-end average LCR to 31 March 2022 was 195% (December 2021: 190%).

Notes

Barclays Bank UK Group refers to Barclays Bank UK 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 Bank UK Group cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. 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 growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, capital distributions (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets (including, without limitation, environmental, social and governance (ESG) commitments and targets), estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The 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; the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, emerging and developing ESG reporting standards, the outcome of current and future legal proceedings and regulatory investigations; future levels of conduct provisions; the policies and actions of governmental and regulatory authorities; the Barclays Bank UK Group's ability along with government and other stakeholders to manage and mitigate the impacts of climate change effectively; environment geopolitical risks; 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 any systemically important economy which impacts the UK; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Barclays Bank UK Group or any securities issued by such entities; 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 business or operations; and the success of future 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 non-financial metrics or performance measures may differ materially from the statements or guidance set forth in the Barclays Bank UK Group's forward-looking statements.

Subject to our 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.