

Barclays Bank PLC Pillar 3 Report

31 March 2022

Table of Contents

Pillar 3	Page
Basis of preparation relating to the over issuance of securities in the US	3
Summary	
KM1 – Key Metrics	4
Capital	
IFRS 9/Article 468-FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR	6
Risk weighted assets (RWA)	
RWAs by risk type	7
OV1 - Overview of RWAs by risk type and capital requirements	7
CR8 - RWA flow statement of credit risk exposures under the advanced IRB approach	8
CCR7 - RWA flow statement of counterparty credit risk exposures under the IMM	8
MR2-B - RWA flow statement of market risk exposures under the IMA	9
Liquidity	
LIQ1 - Liquidity Coverage ratio	10
Notes	
Forward-looking statements	12

Basis of preparation relating to the over issuance of securities in the US

In March 2022, Barclays Bank PLC became aware it had issued securities in excess of the amount it had pre-registered with the SEC under Barclays Bank PLC's Registration Statement on Form F-3, as declared effective by the SEC in August 2019. The securities issued in excess of the registered amount comprised structured products and exchange traded notes. As these securities were not issued in compliance with the Securities Act, a right of rescission has arisen for certain purchasers of the securities. A proportion of the expected costs associated with the rescission offer are attributable to the financial statements for the year ended 31 December 2021. This omission in the financial statements has resulted in the restatement of the 2021 figures in the tables 1 and 2.

Litigation and conduct charges in the income statement in relation to 2021 were under reported by £170m (post-tax). Total transitional CET1 decreased by £200m from £24,128m to £23,928m, inclusive of the impact on regulatory threshold deductions. For the key regulatory metrics, this resulted in reductions in the transitional CET1 ratio (13.0% to 12.9%), transitional tier 1 ratio (17.6% to 17.5%) and transitional total capital ratio (20.6% to 20.5%).

Summary

Table 1: KM1 - Key metrics - Part 1

KM1 ref		As at	Restated ¹
		31.03.22 £m	As at 31.12.21 £m
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital ²	24,765	23,928
1a	Fully loaded common Equity Tier 1 (CET1) capital ³	24,520	23,376
2	Tier 1 capital	31,310	32,395
2a	Fully loaded tier 1 capital	31,064	31,094
3	Total capital ⁴	36,785	37,954
3a	Fully loaded total capital ⁵	35,552	36,241
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount ²	200,074	185,467
4a	Fully loaded total risk-weighted exposure amount ³	199,854	184,991
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%) ²	12.4%	12.9%
5a	Fully loaded common Equity Tier 1 ratio (%) ³	12.3%	12.6%
6	Tier 1 ratio (%) ²	15.6%	17.5%
6a	Fully loaded tier 1 ratio (%) ³	15.5%	16.8%
7	Total capital ratio (%) ^{2,4}	18.4%	20.5%
7a	Fully loaded total capital ratio (%) ^{3,5}	17.8%	19.6%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
UK 7a	Additional CET1 SREP requirements (%)	2.7%	
UK 7b	Additional AT1 SREP requirements (%)	0.9%	
UK 7c	Additional T2 SREP requirements (%)	1.2%	
UK 7d	Total SREP own funds requirements (%)	12.8%	
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%
11	Combined buffer requirement (%)	2.5%	2.5%
UK 11a	Overall capital requirements (%)	15.3%	
12	CET1 available after meeting the total SREP own funds requirements (%)	5.2%	

Notes

1. Capital metrics as at 31 December 2021 have been restated, refer to page 3 for further information.

2. CET1 capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

3. Fully loaded CET1 capital and RWAs are calculated without applying the transitional arrangements of the CRR as amended by CRR II.

4. Transitional Tier 2 and Total capital is calculated applying the grandfathering of CRR II non-compliant capital instruments. Prior period comparatives include the grandfathering of CRR non-compliant capital instruments.

5. Fully loaded Tier 2 and Total capital is calculated without applying the grandfathering of CRR II non-compliant capital instruments.

The CET1 ratio decreased to 12.4% (December 2021: 12.9%)

- CET1 capital increased by £0.7bn to £24.8bn (December 2021: £23.9bn) as profits for the period of £2.2bn were partially offset by £(0.5)bn decrease in fair value through other comprehensive income reserve, £(0.4)bn dividends paid and foreseen and £(0.4)bn as a result of regulatory capital deductions including prudent valuation adjustments and significant holdings
- RWAs increased £14.6bn to £200.1bn (December 2021: £185.5bn) primarily due to the introduction of regulatory changes that took effect from 1 January 2022, an increase in respect of short-term hedging arrangements designed to manage the risks of the rescission offer and increased client and trading activity within CIB

Summary

Table 1: KM1 - Key metrics

KM1 ref	LR 2 Ref		As at 31.03.22 £m	As at 31.12.21 £m
Leverage ratio				
13	UK 24b	Total exposure measure excluding claims on central banks ¹	764,848	
14	25	Leverage ratio excluding claims on central banks (%) ¹	4.1 %	
Additional own funds requirements to address risks of excessive leverage (as a				
UK 14a	UK 25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%) ²	4.1 %	
UK 14b	UK 25c	Leverage ratio including claims on central banks (%) ¹	3.4 %	
Liquidity Coverage Ratio				
15		Total high-quality liquid assets (HQLA) (Weighted value -average)	188,159	
UK 16a		Cash outflows - Total weighted value	220,498	
UK 16b		Cash inflows - Total weighted value	78,741	
16		Total net cash outflows (adjusted value)	141,757	
17		Liquidity coverage ratio (%)	139.4 %	

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 transitional arrangements of the CRR as amended by CRR II.

Capital

Table 2: IFRS 9¹ / Article 468-FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR²

		As at 31.03.22	Restated ³ As at 31.12.21
		£m	£m
Available capital (amounts)			
1	CET1 capital ⁴	24,765	23,928
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	24,520	23,376
3	Tier 1 capital ⁵	31,310	32,395
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	31,064	31,843
5	Total capital ⁵	36,785	37,954
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	36,576	37,493
Risk-weighted assets (amounts)			
7	Total risk-weighted assets ⁴	200,074	185,467
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	199,854	184,991
Capital ratios			
9	CET1 (as a percentage of risk exposure amount) ⁴	12.4%	12.9%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.3%	12.6%
11	Tier 1 (as a percentage of risk exposure amount) ^{4,5}	15.6%	17.5%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.5%	17.2%
13	Total capital (as a percentage of risk exposure amount) ^{4,5}	18.4%	20.5%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.3%	20.3%
Leverage ratio			
15	Leverage ratio total exposure measure	764,848	
16	Leverage ratio ²	4.1%	
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4.1%	

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 31 December 2021, the Barclays Bank 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 Group's capital and leverage ratios reflecting the full impact of unrealised gains and losses measured at fair value through other comprehensive income.
- Capital metrics as at 31 December 2021 have been restated, refer to page 3 for further information.
- Transitional CET1 capital, RWAs and leverage ratio are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
- Transitional capital is calculated applying the transitional arrangements of the CRR as amended by CRR II. Prior period comparatives include the grandfathering of CRR II non-compliant capital instruments and IFRS 9 transitional arrangements.

Risk weighted assets

Table 3: 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 31.03.22	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Barclays Bank PLC	48,687	66,070	17,637	15,813	196	2,728	8,830	23,100	17,013	200,074
As at 31.12.21										
Barclays Bank PLC	40,900	59,380	15,908	15,343	63	1,862	8,239	26,588	17,184	185,467

Table 4: OV1 - Overview of RWAs by risk type and capital requirements

The table shows RWAs and minimum capital requirement by risk type and approach.

	RWA	Minimum capital requirements
		As at 31.03.22
	As at 31.03.22	As at 31.03.22
	£m	£m
1 Credit risk (excluding CCR)	102,269	8,182
2 Of which the standardised approach	40,182	3,215
4 Of which: slotting approach	4,782	383
5 Of which the advanced IRB (AIRB) approach	57,305	4,584
6 Counterparty credit risk - CCR	36,101	2,888
7 Of which the standardised approach	3,190	255
8 Of which internal model method	24,604	1,968
UK 8a Of which exposures to a CCP	644	52
UK 8b Of which credit valuation adjustment - CVA	2,728	218
9 Of which other CCR	4,935	395
15 Settlement risk	196	16
16 Securitisation exposures in the non-trading book (after the cap)	12,565	1,005
17 Of which SEC-IRBA approach	8,504	680
18 Of which SEC-ERBA (including IAA)	1,549	124
19 Of which SEC-SA approach	2,509	201
UK 19a Of which 1250%/ deduction	2	—
20 Position, foreign exchange and commodities risks (Market risk)	31,930	2,554
21 Of which the standardised approach	8,830	706
22 Of which IMA	23,100	1,848
UK 22a Large exposures	—	—
23 Operational risk	17,013	1,361
UK 23b Of which standardised approach	17,013	1,361
24 Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	9,288	743
29 Total	200,074	16,006

Risk weighted assets

Table 5: 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 3.

	RWA amount £m	Capital requirements £m
1 As at 01.01.22	48,644	3,892
2 Asset size	2,740	219
3 Asset quality	(7)	(1)
4 Model updates	—	—
5 Methodology and policy	2,032	163
6 Acquisitions and disposals	—	—
7 Foreign exchange movements	675	54
8 Other	—	—
9 As at 31.03.22	54,085	4,327

Advanced credit risk RWAs increased £5.4bn to £54.1bn primarily driven by:

- A £2.7bn increase in asset size mainly driven by lending activities within CIB
- A £2.0bn increase in methodology and policy as a result of regulatory changes that took effect from 1 January 2022, relating to the implementation of IRB roadmap changes

Table 6: CCR7 - RWA flow statement of counterparty credit risk exposures under the IMM

The total in this table shows the contribution of Internal Model Method (IMM) exposures to CCR RWAs (under both standardised and AIRB) and will not directly reconcile to the CCR AIRB RWAs in table 3.

	RWA amount £m	Capital requirements £m
1 As at 01.01.22	23,321	1,866
2 Asset size	501	39
3 Credit quality of counterparties	(150)	(12)
4 Model updates (IMM only)	—	—
5 Methodology and policy (IMM only)	549	44
6 Acquisitions and disposals	—	—
7 Foreign exchange movements	383	31
8 Other	—	—
9 As at 31.03.22	24,604	1,968

Internal Model Method RWAs increased by £1.3bn to £24.6bn primarily driven by regulatory changes that took effect from 1 January 2022, relating to the implementation of IRB roadmap changes

Risk weighted assets

Table 7: MR2-B - RWA flow statement of market risk exposures under the IMA

	VaR £m	SVaR £m	IRC £m	CRM £m	Other £m	Total RWA £m	Total Capital requirements £m
1 As at 01.01.22	3,776	14,004	4,209	—	4,598	26,587	2,127
<i>1a Regulatory adjustment¹</i>	(2,018)	(4,325)	—	—	—	(6,343)	(507)
<i>1b RWAs at the previous quarter-end (end of the day)</i>	1,758	9,679	4,209	—	4,598	20,244	1,620
2 Movement in risk levels	1,844	(5,731)	(1,111)	—	11	(4,987)	(399)
3 Model updates/changes	—	—	—	—	—	—	—
4 Methodology and policy	—	—	—	—	—	—	—
5 Acquisitions and disposals	—	—	—	—	—	—	—
<i>8a RWAs at the end of the disclosure period (end of the day)</i>	3,602	3,948	3,098	—	4,609	15,257	1,221
<i>8b Regulatory adjustment²</i>	2,450	4,522	871	—	—	7,843	627
8 As at 31.03.22	6,052	8,470	3,969	—	4,609	23,100	1,848

Notes

- Row 1a reflects the difference between reported RWA (row 1) and the relevant spot measure (row 1b) for the previous period
- Row 8b reflects the difference between the relevant spot measure (row 8a) and reported RWA (row 8) for the current period

Internal Model approach RWAs decreased £3.5bn to £23.1bn primarily driven by a reduction in SVaR model adjustment as a result of changes in portfolio composition, partially offset by increased client and trading activity within CIB

Liquidity

Table 8: 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)	<u>Total period</u>	
	31.03.22	
Barclays Bank PLC	£m	
Total high-quality liquid assets (HQLA)	194,904	
Total net cash outflows	139,785	
Liquidity coverage ratio (%) (period end)	139%	
LIQ1 - Liquidity coverage ratio (average)	Total unweighted value (average)	Total weighted value (average)
UK-1a	31.03.22	31.03.22
UK-1b Number of data points used in calculation of averages ¹	12	12
High-quality liquid assets	£m	£m
1 Total high-quality liquid assets (HQLA)		188,159
Cash outflows		
2 Retail deposits and deposits from small business customers, of which:	24,289	3,187
3 <i>Stable deposits</i>	735	37
4 <i>Less stable deposits</i>	19,228	3,150
5 Unsecured wholesale funding, of which:	196,990	107,427
6 <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	51,565	12,707
7 <i>Non-operational deposits (all counterparties)²</i>	139,812	89,108
8 <i>Unsecured debt</i>	5,612	5,612
9 Secured wholesale funding		60,677
10 Additional requirements, of which:	145,028	41,383
11 <i>Outflows related to derivative exposures and other collateral requirements</i>	12,825	10,346
12 <i>Outflows related to loss of funding on debt products</i>	7,300	7,300
13 <i>Credit and liquidity facilities</i>	124,903	23,737
14 Other contractual funding obligations	4,826	4,438
15 Other contingent funding obligations	60,764	3,386
16 Total cash outflows		220,498
Cash inflows		
17 Secured lending (e.g. reverse repos)	521,969	56,310
18 Inflows from fully performing exposures	15,754	13,025
19 Other cash inflows ³	11,446	9,406
UK-19 (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 currencies)		
UK-19 (Excess inflows from a related specialised credit institution)		
20 Total cash inflows	549,168	78,741
UK-20 Fully exempt inflows	—	—
UK-20 Inflows subject to 90% cap	—	—
UK-20 Inflows subject to 75% cap	444,735	78,741
UK-21 Liquidity buffer		188,159
22 Total net cash outflows		141,757
23 Liquidity coverage ratio (%) (average)		133 %

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

As at 31 Mar 2022, the Barclays Bank PLC LCR was 139%, equivalent to a surplus of £55bn above the 100% regulatory requirement. The trailing 12 month-end average LCR to 31 March 2022 was 133%.

Notes

Barclays Bank PLC is a wholly-owned subsidiary of Barclays PLC and is the non ring-fenced bank within the Barclays Group. The abbreviation '£m' represents millions of Pounds Sterling.

Barclays Bank PLC is currently regulated by the PRA on a solo-consolidated basis and comprises Barclays Bank PLC plus certain additional subsidiaries, whose inclusion within the consolidation is subject to the PRA's approval. The disclosures provided in this document for Barclays Bank PLC are based on this regulatory scope of consolidation. This differs from the accounting disclosures, where Barclays Bank PLC Group relates to Barclays Bank PLC and all its subsidiaries.

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 Q1 2022 results glossary available at home.barclays/investor-relations/reports-and-events.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Barclays Bank Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Barclays Bank 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 Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, capital distributions (including dividend pay-out 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 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 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; UK, US, Eurozone and global macroeconomic and business conditions; 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 Group or any securities issued by such entities; 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 and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Barclays Bank Group's reputation, 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 Group's control. As a result, the Barclays Bank 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 or ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Barclays Bank Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank Group's future financial condition and performance are identified in Barclays Bank PLC's filings with the SEC (including, without limitation, Barclays Bank PLC's Annual Report on Form 20-F for the financial year ended 31 December 2021, as amended), which are available on the SEC's website at www.sec.gov.

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