

Barclays Bank PLC – Dubai Branch

Pillar 3 Report

For the year ended 31 December 2021

Barclays Bank PLC - Dubai Branch

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Barclays Bank PLC - Dubai Branch

1. Introduction

1.1 Background

Barclays Bank UAE, incorporated in 1975 in the UAE, is a full branch of Barclays Bank PLC (the Group). The frameworks, policies, standards and procedures of Barclays Group are applied consistently across its operating businesses and subsidiaries, amended where necessary to ensure compliance with local regulatory requirements.

The BASEL III – Pillar 3 disclosures contained herein relate to Barclays Bank Plc, UAE (herein also referred to as the 'Bank') for the year ended 31st December , 2021. The Bank is required to comply with the Standards and Guidance re Capital Adequacy in the UAE as given in “Update of Standards and Guidance re Capital Adequacy in the UAE”, Reference to Notice CBUAE/BSD/N/2020/4980 dated 12 November 2020.

Capital and other regulatory information of the bank as at 31st December , 2021 are provided in our annual [financial statements](#).

Capital adequacy, liquidity, funding and remuneration related Pillar 3 disclosures are compiled in accordance with the UAE Central Bank regulations as given in “Update of Standards and Guidance re Capital Adequacy in the UAE”, Reference to Notice CBUAE/BSD/N/2020/4980 dated 12 November 2020 and Explanatory notes issuance dated 30 November, 2021 (5508/2021), as applicable to foreign banks with total RWA of less than AED 5 billion.

1.2 Overview of Basel III requirements

The Basel III framework implemented in the Bank is made up of three pillars.

- Pillar 1: Minimum Capital Requirements - This Pillar includes the calculation of RWAs for credit risk including counterparty credit risk, market risk and operational risk.
- Pillar 2: Supervisory Review and Evaluation Process (SREP) – This Pillar covers the consideration of whether additional capital is required over and above the Pillar 1 risk calculations. A firm’s own internal models and assessments support this process
- Pillar 3: Market Discipline – This Pillar covers external communication of risk and capital information by banks as specified in the Basel rules to promote transparency and good risk management.

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1. Introduction (continued)

1.3 Governance

- Maker-checker process is strictly followed in compiling Pillar 3 report.
- The data is sourced from different teams and are reconcilled with the general ledger, audited financial statements and other regulatory reports.
- The Pillar 3 report undergoes multiple reviews by the department heads of HR, Credit, Finance, Risk, Treasury and other teams.
- The Pillar 3 report is presented at the Asset Liability Forum (ALFO), where it is reviewed and challenged by the senior management.
- The Country Manager/ COO & CFO review and provide approval to publish the final report.

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2. Overview of risk management and RWA

2.1 Key metrics (KM1)

The objective of below table is to provide an overview of bank's prudential regulatory metrics, which covers the key prudential metrics related to regulatory capital, leverage ratio and liquidity standards. Accordingly, the Bank has disclosed all applicable metric values using the standards specified for the reporting period.

		FY2021
SI No.	Available capital (amounts)	AED (000)
1	Common Equity Tier 1 (CET1)	2,160,496
1a	Fully loaded ECL accounting model	2,160,496
2	Tier 1	2,160,496
2a	Fully loaded ECL accounting model Tier 1	2,160,496
3	Total capital	2,197,711
3a	Fully loaded ECL accounting model total capital	2,197,711
Risk-weighted assets (amounts)		
4	Total risk-weighted assets (RWA)	3,228,712
Risk-based capital ratios as a percentage of RWA		
5	Common Equity Tier 1 ratio (%)	66.92%
5a	Fully loaded ECL accounting model CET1 (%)	66.92%
6	Tier 1 ratio (%)	66.92%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	66.92%
7	Total capital ratio (%)	68.07%
7a	Fully loaded ECL accounting model total capital ratio (%)	68.07%
Additional CET1 buffer requirements as a percentage of RWA		
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%
9	Countercyclical buffer requirement (%)	-
10	Bank D-SIB additional requirements (%)	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	57.57%
Leverage Ratio		
13	Total leverage ratio measure	8,644,644
14	Leverage ratio (%) (row 2/row 13)	24.99%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	24.99%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	24.99%
Liquidity Coverage Ratio		
15	Total HQLA	N.A.
16	Total net cash outflow	N.A.
17	LCR ratio (%)	N.A.

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2. Overview of risk management and RWA (continued)

2.1 Key metrics (KM1) (continued)

Net Stable Funding Ratio		
18	Total available stable funding	N.A.
19	Total required stable funding	N.A.
20	NSFR ratio (%)	N.A.
ELAR		
21	Total HQLA	3,053,379
22	Total liabilities	4,379,978
23	Eligible Liquid Assets Ratio (ELAR) (%)	69.71%
ASRR		
24	Total available stable funding	5,035,344
25	Total Advances	2,824,859
26	Advances to Stable Resources Ratio (%)	56.10%

2.2 Risk management approach (OVA)

This section outlines the governing bodies that are in place in the region that support the Middle East Risk & Governance framework.

RISK EXPOSURE AND ASSESSMENT

Introduction

Barclays engages in activities which entail risk taking, every day, throughout its business. This section introduces these risks, and outlines key governance arrangements for managing them. These include roles and responsibilities, Frameworks, Policies and Standards.

Enterprise Risk Management Framework (ERMF)

Barclays has an extensive and comprehensive Enterprise Risk Management Framework (ERMF) which sets out the activities, tools, approach and organizational arrangements to ensure that all material risks facing the Group are identified, understood, and appropriately responded to, enabling the Group to meet its goals.

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2. Overview of risk management and RWA (continued)

2.2 Risk management approach (OVA) (continued)

The purpose of the ERMF is to:

- a. Set out clear standards of risk management to protect Barclays, and our clients, customers and markets.
- b. Support the Group Chief Executive Officer in embedding a strong risk culture within the firm by setting out clear risk management practices and requirements.
- c. Identify the Principal Risks faced by the firm.
- d. Describe the way in which the firm establishes a Risk Appetite, in aggregate and for each Principal Risk (as appropriate) and operates within it. The Risk Appetite is the level of risk that Barclays is prepared to accept in pursuit of its business strategy.
- e. Delineate the key responsibilities of different groups of employees in enabling the firm to operate within its Risk Appetite (The Lines of Defence).
- f. Specify risk management accountabilities and responsibilities for key roles.
- g. Explain the role of Frameworks, Policies and Standards within risk management in implementing this Framework.
- h. Describe the governance for managing risk within the firm.

Principal Risks

The ERMF sets out the Banks Principal Risks which account for the vast majority of the total risk faced by the firm. These Principal Risks are:

- i. Credit Risk: The risk of loss to the firm from the failure of clients, customers or counterparties, including Sovereigns, to fully honor their obligations to the firm, including the whole and timely payment of principal, interest, collateral and other receivables.
- j. Market Risk: The risk of loss arising from potential adverse changes in the value of the firm's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.
- k. Treasury and Capital Risk: This comprises of:
 - Liquidity Risk: The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.
 - Capital Risk: The risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the firm's pension plans.

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2. Overview of risk management and RWA (continued)

2.2 Risk management approach (OVA) (continued)

- Interest Rate Risk in the Banking Book: The risk that the firm is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non traded) assets and liabilities.
- l. Operational Risk: The risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.
- m. Climate Risk: The impact on Financial and Operational Risks arising from climate change through, physical risks, risks associated with transitioning to a lower carbon economy and connected risks arising as a result of second order impacts on portfolios of these two drivers.
- n. Model Risk: The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.
- o. Reputation Risk: The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the firm's integrity and/or competence.
- p. Conduct Risk: The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the firm's products and services.
- q. Legal Risk: The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet its legal obligations including regulatory or contractual requirements.

Risk Appetite for the Principal Risks

Risk Appetite is defined as the level of risk which the firm is prepared to accept in the conduct of its activities. The Risk Appetite for Barclays follows the below principles:

- specifies the level of risk we are willing to take and why, to enable specific risk taking activities.
- considers all Principal Risks individually and, where appropriate, in aggregate and applies only at these levels.
- communicates the acceptable level of risk for different risk types; this may be expressed in financial or non-financial terms, and is measured and effectively monitored
- describes agreed parameters for the firm's performance under varying levels of financial stress with respect to profitability, loss and return metrics, Capital ratios and Liquidity metrics.

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2. Overview of risk management and RWA (continued)

2.2 Risk management approach (OVA) (continued)

Risk Appetite is approved and disseminated across legal entities and businesses, including the use of Mandate and Scale limits to enable and control specific activities that have material concentration risk implications for the firm. These limits also help reduce the likelihood and size of one-off losses. The Risk Appetite must be formally reviewed on at least annual in conjunction with the Medium Term planning (MTP) process and approved by the Board.

Roles and responsibilities in the management of risk – The Three Lines of Defence

All colleagues have a responsibility to contribute to the risk management of the Group. These responsibilities are set out in the “Three Lines of Defence”.

First Line of Defence:

The first line comprises all employees engaged in the revenue generating and client facing areas of the firm and all associated support functions, including Finance, Treasury, Technology and Operations, Human Resources, Administration etc. Employees in the first line have primary responsibility for their risks, including:

1. Identifying and managing all the risks in the activities in which they are engaged, and developing appropriate Policies, Standards and associated controls to govern their activities.
2. Operating within any and all limits which the Risk and Compliance functions establish in connection with the Risk Appetite of the firm.
3. Escalating Risk Events to senior managers and to Risk and Compliance.

The first line establish their own Policies, Standards and controls (subject to the Barclays Control Framework), for their operational activities, and require their colleagues to manage all controls to specified tolerances. These activities are permitted so long as they are within any applicable limits and/or tolerances, Policies and/or Standards established by Risk and/or Compliance. All activities in the first line are subject to oversight from the relevant parts of the second and third lines.

Second Line of Defence:

Employees of Risk and Compliance comprise the second line of defence. The role of the second line is to establish the Policies and Standards, limits, rules and constraints under which first line activities shall be performed, consistent with the Risk Appetite of the firm, and to monitor the performance of the first line against these Policies and Standards, limits, rules and constraints.

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2. Overview of risk management and RWA (continued)

2.2 Risk management approach (OVA) (continued)

Where these limits, rules and constraints are quantitative and/or model based, the measures may only be developed or approved by the second line. In the event that the first line breaches limits or contravenes rules or constraints, the second line may, at its discretion, direct the activities of the first line to bring it within compliance. Such activity will take place under the appropriate risk governance and/or oversight of the relevant risk committee. The second line has the authority and responsibility to perform independent challenge of all risks in the first line at any time.

The second line may establish limits for first line activities to manage risk exposure in line with Risk Appetite as appropriate. Controls for first line activities, especially those related to Operational Risk, will ordinarily be established by the Control Officers operating within the Control Framework of the firm. The inherent and residual operational risks of the firm will be self-assessed through a Risk and Control Self-Assessment program defined in the Operational Risk Framework, and subject to second line oversight.

The second line is responsible for defining the Policies and Standards which detail its own responsibilities and activities and governing them, establishing controls to manage its performance, and assessing its conformance to these Policies and Standards as well as controls. The Principal Risk Framework Owner assigns ownership for the Policies and Standards within the Risk function. The Group Chief Compliance Officer assigns ownership for Conduct and Reputation Risk Policies and Standards within the Compliance function. The Group General Counsel assigns ownership for Legal Risk Policies and Standards within the Legal function. Certain activities of the second line may be subject to independent oversight from other members of the second line (for example the Controls Testing team); both activities shall be deemed second line.

Third Line of Defence:

Employees of Internal Audit comprise the third line of defence. They provide independent assurance to the Board and Executive Management of the effectiveness of governance, risk management and controls over current, systemic and evolving risks.

The Legal function does not sit in any of the three lines, but supports them all. The Legal function is, however, subject to oversight from Risk and Compliance with respect to Operational and Conduct Risks to which the Legal function is exposed.

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2. Overview of risk management and RWA (continued)

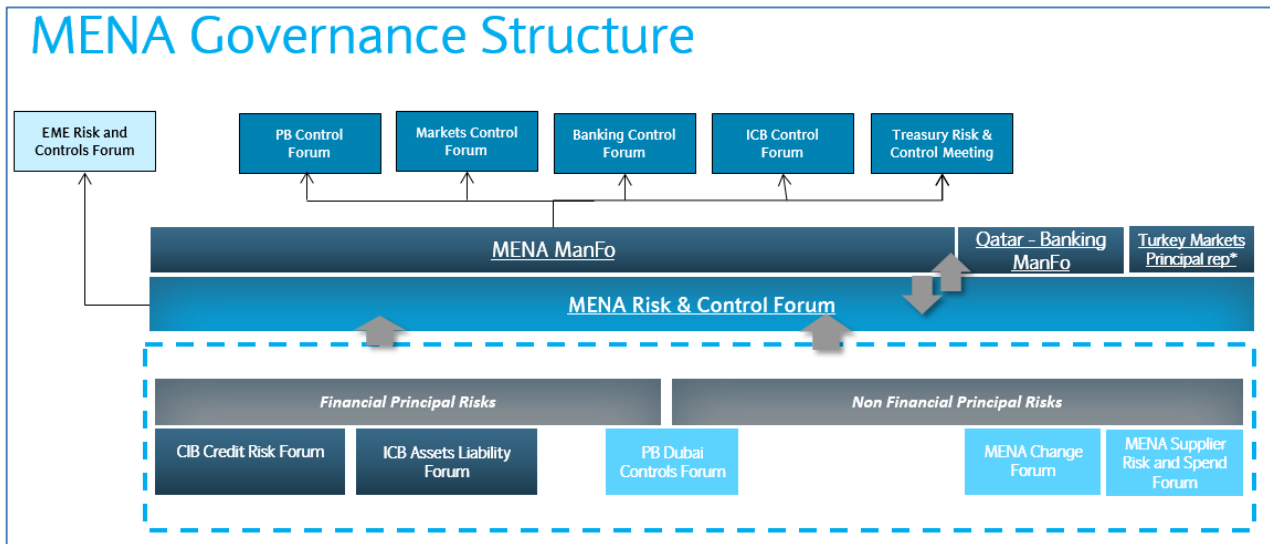
2.2 Risk management approach (OVA) (continued)

Measurement of risks for capital adequacy purposes

Material risks are identified, measured, monitored and reported to the below control forums/ committees:

- MENA Management Forum (Manfo)
- ME Regional Risk and Control Forum
- Corporate and Investment Bank Credit Risk Oversight Forum
- Asset and Liabilities Forum (ALFO)
- Middle East Change Forum
- Middle East Supplier Risk & Spend Forum

The below diagram outlines the regional forums that are in place to support the regional Risk and Governance Framework:



Under Pillar 1 of the extant Central Bank of the UAE guidelines on Basel III, the Bank currently follows the Basic Indicator Approach for operational risk.

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2. Overview of risk management and RWA (continued)

2.3 Overview of RWA (OV1)

The purpose of this metrics is to provide an overview of total risk weighted assets.

		RWA	Minimum Capital Requirement
		31 Dec 2021	31 Dec 2021
		AED (000)	AED (000)
1	Credit risk (excluding counterparty credit risk)	2,976,539	312,537
2	Of which: standardised approach (SA)	2,976,539	312,537
3			
4			
5			
6	Counterparty credit risk (CCR)	645	68
7	Of which: standardised approach for counterparty credit risk	645	68
8			
9			
10			
11			
12	Equity investments in funds - look-through approach	-	-
13	Equity investments in funds - mandate-based approach	-	-
14	Equity investments in funds - fall-back approach	-	-
15	Settlement risk	-	-
16	Securitisation exposures in the banking book	-	-
17			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-
20	Market risk	1,270	133
21	Of which: standardised approach (SA)	1,270	133
22			
23	Operational risk	250,258	26,277
24			
25			
26	Total (1+6+10+11+12+13+14+15+16+20+23)	3,228,712	399,015

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3. Linkages between financial statements and regulatory exposures

3.1 Main source of differences between regulatory exposures and financial statements (LI2)

Schedule of differences between financial statements and BRF 1, BRF 2 and BRF 3

		AED'000
(1)	Cash & Balances with Central Bank as per BRF1 (Item 1)	3,010,025
	Less: Available for Sale financial instruments as per FS (part of BRF 1 (Item 1))	(1,797,492)
	Less: Provision on balances with Central Bank as per FS (part of BRF 2 (Item 25.2))	0
	Balance as per financial statements	1,212,533
(2)	Due from Head Office and branches as per BRF1 (Item 2)	48,485
	Less: Provision on Bills discounted on own branches as per FS (part of BRF 2 (Item 25.2))	(2)
	Add: Fair value of derivatives from Head Office as per BRF 1 (Item 12.1)	16
	Balance as per financial statements	48,499
(3)	Balance due from other banks as per BRF 1 (Item 3)	2,530,296
	Less: Provision on Bills discounted with other banks as per FS (part of BRF 2 (Item 25.2))	(1,661)
	Less: Deferred Income on Bills discounted with other banks as per FS (part of BRF 2 (Item 26.4))	(13,685)
	Balance as per financial statements	2,514,950

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3. Linkages between financial statements and regulatory exposures

(continued)

3.1 Main source of differences between regulatory exposures and financial statements (LI2) (continued)

Schedule of differences between financial statements and BRF 1, BRF 2 and BRF 3

(continued)

		AED'000
(4)	Loans and advances as per BRF 1 (Items 4,7,8)	1,755,823
	Less: Interest In Suspense as per BRF 2 (Item 25.3)	(53,146)
	Less: Provision for specific bad & doubtful debts as per BRF2 (Item 25.1)	(457,207)
	Less: Gen. Prov. for bad & doubtful debts as per BRF 2 (Item 25.2)	(48,041)
	Add: Difference between CB 1.5% and Stage 1 & 2 provision under IFRS 9 (part of BRF 2 (Item 25.2))	30,817
	Add: Provision on balances with Central Bank as per FS (part of BRF 2 (Item 25.2))	0
	Add: Provision on Bills discounted on own branches as per FS (part of BRF 2 (Item 25.2))	2
	Add: Provision on Bills discounted with other banks as per FS (part of BRF 2 (Item 25.2))	1,661
	Add: Other Provision - Off Balance Sheet as per FS (part of BRF 2 (Items 25.2 and 25.6))	5,653
	Add: Interest Receivable Customers as per BRF 1 (Item 11.1)	1,898
	Add: Fee receivable (part of BRF 1 (Item 11.7))	2
	Less: Deferred Income (part of BRF 2 (Item 26.4))	(2,645)
	Loans and advances as per financial statements	1,234,817
(5)	Other Assets as per BRF 1 (Item 11)	25,322
	Less: Deferred tax as per FS (part of BRF 1 (Item 11.7))	(17,430)
	Less: Fee receivable as per FS (part of BRF 1 (Item 11.7))	(2)
	Less: Interest receivable from customers as per BRF 1 (Item 11.1)	(1,898)
	Balance as per financial statements	5,992
(6)	Deposit as per BRF 2 (Items 14,15,16,17)	3,384,623
	Add: Interest accrual on deposits as per BRF 2 (Item 26.1)	1,681
	Balance as per financial statements	3,386,304
(7)	Due to Head Office and Branches as per BRF 2 (Item 21)	1,201,455
	Add: Internal balance sheet liability -fair value uplift as per BRF 2 (part of Item 27.1)	294
	Balance as per financial statements	1,201,749

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3. Linkages between financial statements and regulatory exposures (continued)

3.1 Main source of differences between regulatory exposures and financial statements (LI2) (continued)

Schedule of differences between financial statements and BRF 1, BRF 2 and BRF 3 (continued)

		AED'000
(9)	Impairment provision as per BRF 2 (Item 25.1 & 25.2)	505,248
	Less: Difference between CB 1.5% and Stage 1 & 2 provision under IFRS 9 (part of BRF 2 (Item 25.2))	(30,817)
	Less: Other Provision - Off Balance Sheet as per FS (part of BRF 2 (Item 25.2))	(5,653)
	Balance as per financial statements	468,778
(10)	Others Liabilities as per BRF 2 (Item 26)	38,064
	Add: Staff benefits as per BRF 2 (Item 25.5)	1,335
	Add: Other provisions as per BRF 2 (Item 25.6)	2,102
	Add: Other Provision - Off Balance Sheet as per FS (part of BRF 2 (Item 25.2))	5,653
	Less: Deferred Income on Bills discounted with other banks as per FS (part of BRF 2 (Item 26.4))	(13,685)
	Less: Interest accrual on deposits as per BRF 2 (Item 26.1)	(1,681)
	Add: Bankers Draft as per BRF 2 (Item 19)	12,286
	Less: Deferred Income (part of BRF 2 (Item 26.4))	(2,645)
	Balance as per financial statements	41,429
(11)	Capital & Reserves as per BRF 2 (Item 28)	2,178,039
	Add: Difference between CB 1.5% and Stage 1 & 2 provision under IFRS 9 (part of BRF 2 (Item 25.2))	30,817
	Balance as per financial statements	2,208,856
(12)	Letter of Credit as per BRF3 (Item 1)	718,745
	Less: Acceptances (part of item 1 in BRF 3)	29,902
	Balance as per financial statements	688,843
(13)	Guarantees as per BRF3 (Item 2)	1,247,498
	Add: Acceptances (part of item 1 in BRF 3)	29,902
	Balance as per financial statements	1,277,400
(14)	Other commitments to extend credit as per BRF3 (Item 3)	2,868,155
	Balance as per financial statements	2,868,155

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4. Composition of capital

4.1 Composition of regulatory capital (CC1)

This template provides the breakdown of the constituent elements of a bank's capital.

		Amount AED(000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	2,540,214	Same as (h) from CC2 template
2	Retained earnings	(524,728)	
3	Accumulated other comprehensive income (and other reserves)	145,010	
4	<i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>	-	
5	Common share capital issued by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory deductions	2,160,496	
Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	CC2 (a) minus (d)
9	Other intangibles including mortgage servicing rights (net of related tax liability)	-	CC2 (b) minus (e)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	
11	Cash flow hedge reserve	-	
12	Securitisation gain on sale	-	
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
14	Defined benefit pension fund net assets	-	
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-	
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-	
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	

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4. Composition of capital (continued)

4.1 Composition of regulatory capital (CC1) (continued)

		Amount AED(000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
20	Amount exceeding 15% threshold	-	
21	Of which: significant investments in the common stock of financials	-	
22	Of which: deferred tax assets arising from temporary differences	-	
23	CBUAE specific regulatory adjustments	-	
24	Total regulatory adjustments to Common Equity Tier 1	-	
25	Common Equity Tier 1 capital (CET1)	2,160,496	
Additional Tier 1 capital: instruments			
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	CC2 (i)
27	Of which: classified as equity under applicable accounting standards	-	
28	Of which: classified as liabilities under applicable accounting standards	-	
29	<i>Directly issued capital instruments subject to phase-out from additional Tier 1</i>	-	
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	-	
31	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	
32	Additional Tier 1 capital before regulatory adjustments	-	

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4. Composition of capital (continued)

4.1 Composition of regulatory capital (CC1) (continued)

		Amount AED(000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Additional Tier 1 capital: regulatory adjustments		
33	Investments in own additional Tier 1 instruments	-	
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
36	CBUAE specific regulatory adjustments	-	
37	Total regulatory adjustments to additional Tier 1 capital	-	
38	Additional Tier 1 capital (AT1)	0	
39	Tier 1 capital (T1= CET1 + AT1)	2,160,496	
	Tier 2 capital: instruments and provisions		
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
41	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>	-	
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
43	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-	
44	Provisions	37,215	
45	Tier 2 capital before regulatory adjustments	37,215	

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4. Composition of capital (continued)

4.1 Composition of regulatory capital (CC1) (continued)

		Amount AED(000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 capital: regulatory adjustments			
46	Investments in own Tier 2 instruments	-	
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
49	CBUAE specific regulatory adjustments	-	
50	Total regulatory adjustments to Tier 2 capital	0	
51	Tier 2 capital (T2)	37,215	
52	Total regulatory capital (TC = T1 + T2)	2,197,711	
53	Total risk-weighted assets	3,228,712	
Capital ratios and buffers			
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	66.92%	
55	Tier 1 (as a percentage of risk-weighted assets)	66.92%	
56	Total capital (as a percentage of risk-weighted assets)	68.07%	
57	Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	2.50%	
58	Of which: capital conservation buffer requirement	2.50%	
59	Of which: bank-specific countercyclical buffer requirement	-	
60	Of which: higher loss absorbency requirement (e.g. DSIB)	-	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	57.57%	

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4. Composition of capital (continued)

4.1 Composition of regulatory capital (CC1) (continued)

		Amount AED(000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	The CBUAE Minimum Capital Requirement		
62	Common Equity Tier 1 minimum ratio	7.00%	
63	Tier 1 minimum ratio	8.50%	
64	Total capital minimum ratio	10.50%	
	Amounts below the thresholds for deduction (before risk weighting)		
66	Significant investments in common stock of financial entities	-	
68	Deferred tax assets arising from temporary differences (net of related tax liability)	17,430	
	Applicable caps on the inclusion of provisions in Tier 2		
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	37,215	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	37,215	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
73	<i>Current cap on CET1 instruments subject to phase-out arrangements</i>	-	
74	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	-	
75	<i>Current cap on AT1 instruments subject to phase-out arrangements</i>	-	
76	<i>Amount excluded from AT1 due to cap (excess after redemptions and maturities)</i>	-	
77	<i>Current cap on T2 instruments subject to phase-out arrangements</i>	-	
78	<i>Amount excluded from T2 due to cap (excess after redemptions and maturities)</i>	-	

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4. Composition of capital (continued)

4.2 Reconciliation of regulatory capital to balance sheet (CC2)

This template enables users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between a bank's balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template set out in Template CC1.

Please refer to note on Linkages between financial statements and regulatory exposures for the reconciliation.

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period-end	As at period- end	
Assets			
Cash and balances at central banks	1,212,533	3,010,025	(a)
Items in the course of collection from other banks	2,514,950	2,530,296	(b)
Trading portfolio assets	-	-	
Financial assets designated at fair value	-	-	
Derivative financial instruments	-	-	
Loans and advances to banks	48,499	48,485	(c)
Loans and advances to customers	1,234,817	1,755,823	(d)
Reverse repurchase agreements and other similar secured lending	-	-	
Available for sale financial investments (Includes FVOCI)	1,797,492	-	(a)
Current and deferred tax assets	17,430	17,430	
Prepayments, accrued income and other assets	5,992	7908	
Investments in associates and joint ventures	-	-	
Goodwill and other intangible assets	-	-	
Of which: goodwill	-	-	
Of which: intangibles (excluding MSRs)	-	-	
Of which: MSRs	-	-	
Property, plant and equipment	6,625	6,625	
Total assets	6,838,338	7,376,592	

(a) SI No. 1 of Template LI2

(b) SI No. 3 of Template LI2

(c) SI No. 2 of Template LI2

(d) SI No. 4 of Template LI2

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4. Composition of capital (continued)

4.2 Reconciliation of regulatory capital to balance sheet (CC2) (continued)

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period-end	As at period-end	
Liabilities			
Deposits from banks	1,201,749	1,201,455	(e)
Items in the course of collection due to other banks	-	-	
Customer accounts	3,386,304	3,384,623	(f)
Repurchase agreements and other similar secured borrowing	-	-	
Trading portfolio liabilities	-	-	
Financial liabilities designated at fair value	-	-	
Derivative financial instruments	-	-	
Debt securities in issue	-	-	
Accruals, deferred income and other liabilities	41,429	50,644	(g)
Current and deferred tax liabilities	-	-	
Of which: DTLs related to goodwill	-	-	
Of which: DTLs related to intangible assets (excluding MSRs)	-	-	
Of which: DTLs related to MSRs	-	-	
Subordinated liabilities	-	-	
Provisions	-	561,831	
Retirement benefit liabilities	-	-	
Total liabilities	4,629,482	5,198,553	
Shareholders' equity			
Paid-in share capital			
Of which: amount eligible for CET1	2,715,873	2,685,056	
Of which: amount eligible for AT1	-	-	
Retained earnings	(507,390)	(507,390)	
Accumulated other comprehensive income	373	373	
Total shareholders' equity	2,208,856	2,178,039	(h)

(e) SI No. 7 of Template LI2

(f) SI No. 6 of Template LI2

(g) SI No. 10 of Template LI2

(h) SI No. 11 of Template LI2

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4. Composition of capital (continued)

4.3 Main features of regulatory capital instruments (CCA)

Quantitative Disclosures

The Bank operates as a branch of Foreign bank in the UAE and share capital is composed only of the funding from the head office.

		Quantitative / qualitative information
1	Issuer	Not Applicable
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	
3	Governing law(s) of the instrument	
	Regulatory treatment	
4	Transitional arrangement rules (i.e. grandfathering)	
5	Post-transitional arrangement rules (i.e. grandfathering)	
6	Eligible at solo/group/group and solo	
7	Instrument type (types to be specified by each jurisdiction)	
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	
9	Nominal amount of instrument	
9a	Issue price	
9b	Redemption price	
10	Accounting classification	
11	Original date of issuance	
12	Perpetual or dated	
13	Original maturity date	
14	Issuer call subject to prior supervisory approval	
15	Optional call date, contingent call dates and redemption amount	
16	Subsequent call dates, if applicable	
	Coupons / dividends	
17	Fixed or floating dividend/coupon	
18	Coupon rate and any related index	
19	Existence of a dividend stopper	
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	
21	Existence of step-up or other incentive to redeem	
22	Non-cumulative or cumulative	
23	Convertible or non-convertible	
24	Writedown feature	
25	If writedown, writedown trigger(s)	
26	If writedown, full or partial	

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4. Composition of capital (continued)

4.3 Main features of regulatory capital instruments (CCA) (continued)

Quantitative Disclosures (continued)

		Quantitative / qualitative information
27	If writedown, permanent or temporary	Not Applicable
28	If temporary write-own, description of writeup mechanism	
28a	Type of subordination	
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	
30	Non-compliant transitioned features	
31	If yes, specify non-compliant features	

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5. Macro prudential Supervisory measures

5.1 Geographical distribution of credit exposures used in the countercyclical buffer

This template provides an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the countercyclical buffer

Geographical breakdown	a	b		c	d	e
	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Risk-weighted assets (AED'000)	Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
Exposure values (AED'000)						
United Arab Emirates	0%	1,239,536	990,098		0	0
Netherlands	0%	252,519	252,519		0	0
Bahrain	0%	132,144	132,144		0	0
Switzerland	0%	131,258	131,258		0	0
United Kingdom	0%	366	366		0	0
Total		1,755,823	1,506,385		0	0

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6. Leverage ratio

6.1 Leverage ratio common disclosure template (LR2)

This template provides a detailed breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers.

On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	7,379,770	
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	
6	(Asset amounts deducted in determining Tier 1 capital)	-	
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	7,379,770	
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	0.27489	
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	1,048.8	
10	(Exempted CCP leg of client-cleared trade exposures)	-	
11	Adjusted effective notional amount of written credit derivatives	-	
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	
13	Total derivative exposures (sum of rows 8 to 12)	1,468.7	
Securities financing transactions			
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	
16	CCR exposure for SFT assets	-	
17	Agent transaction exposures	-	
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	

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6. Leverage ratio (continued)

6.1 Leverage ratio common disclosure template (LR2) (continued)

Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	4,834,398	
20	(Adjustments for conversion to credit equivalent amounts)	(3,570,993)	
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	
22	Off-balance sheet items (sum of rows 19 to 21)	1,263,405	
Capital and total exposures			
23	Tier 1 capital	2,160,496	
24	Total exposures (sum of rows 7, 13, 18 and 22)	8,644,644	
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	24.99%	
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	24.99%	
26	CBUAE minimum leverage ratio requirement	3.00%	
27	Applicable leverage buffers	3.00%	

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7. Liquidity

7.1 Liquidity risk management (LIQA)

Qualitative disclosures

Barclays defines liquidity risk as the risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

The liquidity requirements could be principally through customer withdrawals, wholesale counterparties removing financing, or loan draw downs. This risk is inherent in all banking operations and can be affected by a range of name-specific and market-wide events which can result in:

- Inability to support normal business activity; and
- A failure to meet liquidity regulatory requirements.

At group level, Barclays undertakes an Individual Liquidity Adequacy Assessment (ILAA). This is managed by Group and is reviewed as and when circumstances require (e.g. markets events, new business activities). The ILAA contains an assessment of the key liquidity risk drivers along with a description of the system and controls in place to manage and mitigate these. These risks are analysed by Group and assumptions are determined about potential outflows that could arise from these risks. The sources of risk are analysed at least annually.

The ILAA is fully documented and is subject to review by the Group FLM Committee, Wholesale Treasury Committee and Board Risk Committee at least annually. Barclays has established a Group Liquidity Risk Appetite (LRA) which has been approved by the Board. The LRA is reviewed on a continuous basis and is subject to formal review at least annually as a part of the ILAA.

Barclays Bank UAE is required to operate within approved limits and metrics rolled out by Barclays Treasury at all times. The types of liquidity risk limits deployed for Barclays Bank UAE are in relation to the size and complexity of local balance sheet and are reviewed periodically in line with Group guidelines. These are designed to mitigate and control liquidity risks within the acceptable tolerances.

The limits comprise of:

- Country liquidity stress testing framework, Legal entity LRA as prescribed by local regulator (if applicable);

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7. Liquidity (continued)

7.1 Liquidity risk management (LIQA) (continued)

Qualitative disclosures (continued)

At Barclays Bank UAE, the Head of Treasury Funding and Investments is the Country Liquidity Principal Risk Owner. The Country Liquidity PRO must ensure that the processes and controls attributed to liquidity risk management operations in the country are embedded, and effective, capturing and managing all liquidity risk in the country.

Exposures against limits are monitored and reported to Local Treasury function periodically as well as reporting to Group Treasury functions and the Bank's Asset & Liability Forum (ALFO) on a monthly basis.

Barclays Bank UAE must at all times adhere to all local regulatory liquidity limits and ratios set by the Central Bank of UAE as well as meeting the requirements set out in the Group Liquidity Policy, where applicable.

Liquidity Risk Stress Testing

Barclays Bank UAE conducts Liquidity Stress Tests on monthly basis. The results of these stress tests are expressed in the form of positive cash flows over designated survival horizons.

The Stress Test assumes that there are concerns over the immediate or short term viability of the business. Barclays run stress test based on the following three scenarios:-

- Idiosyncratic or Name Specific Stress
- Market - wide Stress.
- Combined Stress

At country level, Barclays Bank UAE ensures that it maintains an overall liquidity position such that it is able to meet stress outflows defined under the stress scenarios.

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7. Liquidity (continued)

7.2 Eligible Liquid Assets Ratio (ELAR)

Quantitative disclosures

This template presents the breakdown of a bank's available high-quality liquid assets (HQLA), as measured and defined according to the CBUAE Liquidity Regulations.

1	High Quality Liquid Assets	Nominal amount (AED'000)	Eligible Liquid Asset (AED'000)
1.1	Physical cash in hand at the bank + balances with the CBUAE	3,053,379	
1.2	UAE Federal Government Bonds and Sukuks	-	
	Sub Total (1.1 to 1.2)	3,053,379	3,053,379
1.3	UAE local governments publicly traded debt securities	-	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub total (1.3 to 1.4)	0	0
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	0
1.6	Total	3,053,379	3,053,379
2	Total liabilities		4,379,978
3	Eligible Liquid Assets Ratio (ELAR)		69.71%

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7. Liquidity (continued)

7.3 Advances to Stable Resource Ratio (ASRR)

This template presents the breakdown of a bank's advances to Stables Resource ratio as per the Liquidity regulations.

		Items	Amount
1		Computation of Advances	(AED'000)
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	806,350
	1.2	Lending to non-banking financial institutions	98,610
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	85,193
	1.4	Interbank Placements	1,834,706
	1.5	Total Advances	2,824,859
2		Calculation of Net Stable Resources	
	2.1	Total capital + general provisions	2,302,906
		Deduct:	
	2.1.1	Goodwill and other intangible assets	-
	2.1.2	Fixed Assets	6,894
	2.1.3	Funds allocated to branches abroad	-
	2.1.5	Unquoted Investments	-
	2.1.6	Investment in subsidiaries, associates and affiliates	-
	2.1.7	Total deduction	6,894
	2.2	Net Free Capital Funds	2,296,012
	2.3	Other stable resources:	
	2.3.1	Funds from the head office	-
	2.3.2	Interbank deposits with remaining life of more than 6 months	-
	2.3.3	Refinancing of Housing Loans	-
	2.3.4	Borrowing from non-Banking Financial Institutions	948,155
	2.3.5	Customer Deposits	1,791,177
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
	2.3.7	Total other stable resources	2,739,332
	2.4	Total Stable Resources (2.2+2.3.7)	5,035,344
3		Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	56.10

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8. Credit Risk

8.1 General qualitative information about credit risk (CRA)

Credit risk is the risk of suffering financial loss should any of the customers, clients or market counterparties fail to fulfill their contractual obligations. The credit risk that the Group faces arises mainly from wholesale loans and advances together with the counterparty credit risk arising from derivative contracts with clients. Other sources of credit risk arise from trading activities, including: debt securities, settlement balances with market counterparties, available for sale assets and reverse repurchase loans.

Credit Risk Management Objectives and Policies:

A key element in the setting of clear management objectives is the Enterprise Risk Management Framework (ERMF) which sets out key activities, tools, techniques and organizational arrangements so that material risks facing the Group are identified and understood, and that appropriate responses are in place to protect the Bank and prevent detriment to its customers, employees or community.

The aim of the risk management process is to provide a structured, practical and easily understood set of three steps, Evaluate, Respond and Monitor (the E-R-M process), that enables management to identify and assess risks, determine the appropriate risk response and then monitor the effectiveness of the risk response and changes to the risk profile.

The granting of credit is one of the Bank's major sources of income and, as a Principal Risk, considerable resources are dedicated to its control. The credit risk that the Bank faces arises mainly from wholesale and other small-ticket loans together with the counterparty credit risk arising from derivative contracts with clients. Other sources of credit risk arise from trading activities, including debt securities; settlement balances with market counterparties, available for sale assets and reverse repurchase loans.

Credit risk management objectives are to:

- To establish a framework of controls to ensure credit risk-taking is based on sound credit risk management principles
- To identify, assess and measure credit risk clearly and accurately across the Group and within each separate business from the level of individual facilities, up to the total portfolio
- To control and plan credit risk-taking in line with external stakeholder expectations and avoiding undesirable concentrations
- To monitor credit risk and adherence to agreed controls
- To ensure that the risk reward benefits are met

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8. Credit Risk (continued)

8.1 General qualitative information about credit risk (CRA) (continued)

Structure and Organization

The Group has structured the responsibilities of credit risk management so that decisions are taken as close as possible to the business, whilst ensuring robust review and challenge of performance, risk infrastructure and strategic plans. The credit risk management teams in each business are accountable to the relevant Business Chief Risk Officer who in turn reports to the Group CRO.

Credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers entrusted with the higher levels of delegated authority. The largest credit exposures which are outside of individual delegated authorities or relevant credit approval committees require the support of the Group Senior Credit Officer (GSCO), the Group's most senior credit risk sanctioner. For exposure in excess of the GSCO authority, approval by Group CRO is required. Credit risk managers are generally organized in sanctioning team by geography, industry and / or product.

The role of the Central Risk function is to provide Group-wide direction, oversight and challenge of credit- risk taking. Central Risk sets the Credit Risk Control Framework, which provides the structure within which credit risk is managed, together with supporting credit risk policies.

As part of control requirements, UAE credit risk team undertakes 'The Middle East Corporate & Investment Bank (CIB) Credit Risk Oversight Forum' quarterly which serves as a cross-functional governance meeting to provide oversight on credit risk matters of Middle East clients pertaining to Barclays Bank PLC ("Barclays") and its Dubai Branch (the "Branch"). The Forum derives its authority from the MENA Governance Framework. In addition to this, KPIs for UAE credit risk function are reviewed/presented monthly as part of 'Middle East Regional Risk & Control' Forum headed by local Controls function.

Control procedures include audit requirements in line with Barclay' global standards, as part of which the credit risk function operations are thoroughly reviewed as part of internal (Barclays Internal Audit of Emerging Markets team) and external audits, as and when due.

Credit risk monitoring

For effective monitoring of credit facilities, the relevant Risk Control Unit / Transaction Management Group verifies adherence to the terms of approval prior to commitment and disbursement of credit facilities.

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8. Credit Risk (continued)

8.1 General qualitative information about credit risk (CRA) (continued)

Reporting, assessment and measurement

Risk management policies and processes are designed to identify and analyze risk, to set appropriate risk appetite, limits and controls, and to monitor the risks and adherence to limits by means of reliable and timely data. This process can be summarised in five broad stages:

- Measuring exposures and concentrations
- Monitoring performance and asset quality
- Monitoring weaknesses in portfolios
- Raising allowances for impairment and other credit provisions; and
- Returning assets to a performing status or writing off assets when the whole or part of a debt is considered irrecoverable.

8.2 Credit quality of assets (CR1)

The principal objective of credit risk measurement is to produce the most accurate possible quantitative assessment of the credit risk to which the Bank is exposed, from the level of individual facilities up to the total portfolio. Integral to this is the assignment of obligor ratings, which are used in numerous aspects of credit risk management and in the calculation of regulatory and economic capital.

The key building blocks in this quantitative assessment are:

- Probability of default (PD)
- Exposure at default (EAD)
- Loss given default (LGD)

		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
		Defaulted exposure	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	601,510	6,775,082	414,858	457,207	(42,349)	7,791,450
2	Debt securities	-	-	-	-	-	-
3	Off-balance sheet exposures	237	4,835,450	(5,641)	-	(5,641)	4,830,045
4	Total	601,747	11,610,532	409,217	457,207	(47,990)	12,621,496

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8. Credit Risk (continued)

8.3 Changes in the stock of defaulted loans and debt securities (CR2)

		As at 31 Dec 2021 (AED '000)
1	Defaulted loans and debt securities at the end of the previous reporting period (as at 31 Dec 2020)	885,447
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-default status	-
4	Amounts written off	(307,524)
5	Other changes	(29,555)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	548,368

8.4 Additional disclosure related to the credit quality of assets (CRB)

Definition of Non-Performing Assets

Assets (Loans and credit substitutes in the nature of advances) are identified as performing or non-performing assets (NPAs) based on the management's periodic internal assessment or in accordance with Central Bank guidelines, whichever is earlier. An asset becomes non-performing when it ceases to generate income for the bank. A payment obligation (principal/interest) which remains unpaid for more than 90 days past due is classified as NPA. A non-performing asset (NPA) is a loan or an advance where;

- interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- an account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.
- The account remains 'out of order' in respect of an Overdraft/Cash Credit (OD/CC). An account is treated as 'out of order' if -
 - The outstanding balance remains continuously in excess of the sanctioned limit/drawing power for a period of 90 days
 - In cases where the outstanding balance in the principal operating account (CC/OD) is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period. A performing asset facing financial difficulties is classified as NPA pursuant to restructuring.

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8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

Past Dues

The definition of default for the purpose of determining ECLs has been aligned to the Regulatory Capital CRR Article 178 definition of default (the institution considers that the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries in full, without recourse by the institution to actions such as realising security), which considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due. When exposures are identified as credit impaired or purchased or originated as such interest income is calculated on the carrying value net of the impairment allowance. The Bank's definition of default is consistent with the provisions of CUAЕ Circular 28/2010 (Regulation for Classification of Loans and their Provisions).

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1 – the recognition of 12 month expected credit losses (ECL), that is the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition;

Stage 2 – lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition; and

Stage 3 – lifetime expected credit losses for financial instruments which are credit impaired.

Refer to note 3 for further details regarding the impairment requirements.

Accounting for the impairment of financial assets

The Bank recognises expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

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8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs. The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Determining a significant increase in credit risk since initial recognition:

The Bank assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

i) Quantitative test

The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the portfolios' risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate.

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8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

For existing/historical exposures where origination point scores/data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- Back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible, (subject to a data start point no later than 1 January 2015); or
- Use of available historic account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

i) Qualitative test

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

High risk customers may not be in arrears but either through an event or an observed behavior exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, including industry and Group wide customer level data wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

ii) Backstop criteria

Accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at minimum: all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments. The Bank monitor such financial instruments for a minimum probationary period of 12 months to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Stage 2 to Stage 1.

The Bank does not rely on the low credit risk exemption which would assume facilities of investment grade are not significantly deteriorated.

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8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

Forward-looking information

The measurement of ECL involves complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives (where contractual life is not appropriate), and estimation of EAD and assessing significant increases in credit risk.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. When there is a non-linear relationship between forward-looking economic scenarios and their associated credit losses, five forward-looking economic scenarios are considered to ensure a sufficient unbiased representative sample of the complete distribution is included in determining the expected loss. Stress testing methodologies are leveraged within forecasting economic scenarios.

The Bank utilises an external consensus forecast as the baseline scenario. In addition, two adverse and two favourable scenarios are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also incorporating IFRS 9 specific sensitivities and non-linearity. The most adverse scenarios are benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenarios from Moody's inventory, but are not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios.

The scenarios include six core variables, (GDP, unemployment and House Price Index in both the UK & US markets), and expanded variables which include emerging market indicators, using statistical models based on historical correlations. The Head Office considers these macroeconomic forecasts as reasonable proxy of the economic environment of the Branch.

The probability weights of the scenarios are estimated such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables.

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8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

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

The definition of default for the purpose of determining ECLs has been aligned to the Regulatory Capital CRR Article 178 definition of default (the institution considers that the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries in full, without recourse by the institution to actions such as realising security), which considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due. When exposures are identified as credit impaired or purchased or originated as such interest income is calculated on the carrying value net of the impairment allowance. The Bank's definition of default is consistent with the provisions of CUAE Circular 28/2010 (Regulation for Classification of Loans and their Provisions).

Credit impaired is when the exposure has defaulted which is also anticipated to align to when an exposure is identified as individually impaired.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Bank's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

Loan modifications and renegotiations that are not credit-impaired

When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile. With regards to exposures that are restructured, the Bank observe a probationary period of a minimum of 3 instalments (for repayments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before upgrading from Stage 3 to 2.

Where terms are substantially different, the existing loan will be derecognised and new loan recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Barclays Bank PLC - Dubai Branch

8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

Expected life

Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For revolving facilities, expected lifetime is analytically derived to reflect behavioural life of the asset, i.e. the full period over which the business expects to be exposed to credit risk. Behavioural life is typically based upon historical analysis of the average time to default, closure or withdrawal of facility. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

Discounting

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk free rate. Lease receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

Modelling techniques

ECLs are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

- BCBS requires 12 months through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives.

Barclays Bank PLC - Dubai Branch

8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

- IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default.
- Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events.
- ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

For the IFRS 9 impairment assessment, Banks' risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, Bank applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

Forbearance

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in de-recognition of the original loan, except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forborne state.

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

Barclays Bank PLC - Dubai Branch

8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

Restructured Approach -

A viable account facing financial difficulty due to economic/legal reasons can be restructured by grant of concessions including rescheduling (including rollover of term loans) and/or resetting principal repayments and/or the interest element, etc. Such restructuring must be separately disclosed as a restructured loan in the year of restructuring and the restructured asset would be subject to the applicable asset classification and provisioning criteria as prescribed by RBI from time to time. A restructured non performing asset will become eligible for upgrading to standard category only after all the outstanding loan/facilities in the account demonstrate satisfactory performance during the specified period, i.e. higher of either - a. period from the date of implementation of restructuring upto the date by which atleast 10% of the sum of the outstanding principal debt as per the restructuring (including capitalized interest, if any) is repaid or b. minimum 1 year from the commencement of the first payment of interest or principal installment (whichever is later)

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8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

The following table breaks down the Bank's main credit exposure at their gross carrying amounts, as categorised by geographical regions as at 31 December 2021.

For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties:

31 December 2021	UAE AED'000	OECD AED'000	Asia AED'000	Others AED'000	Total AED'000
Cash and balances with the UAE Central Bank (excluding cash in hand)	1,193,705	-	-	-	1,193,705
Due from other banks	106,370	20,237	2,388,998	1,006	2,516,611
Due from Head Office and other branches	18,166	30,327	8	-	48,501
Loans and advances					
- Corporate loans	1,187,612	382,842	131,478	-	1,701,932
- Retail loans	-	-	-	-	-
Investments measured at fair value through other comprehensive income (FVOCI)	1,797,492	-	-	-	1,797,492
Other assets	3,312	-	-	-	3,312
Total	4,306,657	433,406	2,520,484	1,006	7,261,553

Barclays Bank PLC - Dubai Branch

8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

The following table breaks down the Bank's financial assets and off balance sheet items categorised by industry as at 31 December 2021.

31 December 2021	Financial institutions	Construction & real estate	Wholesale and retail trade	Other industries	Individual	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
On balance sheet items						
Cash and balances with the UAE Central Bank (excluding cash in hand)	1,193,705	-	-	-	-	1,193,705
Due from other banks	2,516,611	-	-	-	-	2,516,611
Due from Head Office and other branches	48,501	-	-	-	-	48,501
Loans and advances to customers:	-	-	-	-	-	-
Loans to individuals – Mortgages	-	-	-	-	-	-
Loans to corporate entities	-	30,742	228,930	1,442,260	-	1,701,932
Investments measured at fair value through other comprehensive income (FVOCI)	1,797,492	-	-	-	-	1,797,492
Other assets	-	-	-	3,312	-	3,312
Total	5,556,309	30,742	228,930	1,445,572	-	7,261,553
Off balance sheet items						
Letters of credit	673,650	-	5	15,188	-	688,843
Guarantees and acceptances	642,062	-	136,016	499,322	-	1,277,400
Undrawn credit commitments	953,844	-	907,935	1,006,376	-	2,868,155
Total	2,269,556	-	1,043,956	1,520,886	-	4,834,398

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8. Credit Risk (continued)

8.4 Additional disclosure related to the credit quality of assets (CRB) (continued)

The following table breaks down the Bank's impaired exposures categorised by industry and related allowances and write-offs, broken down by industry as at 31 December 2021. All these exposures are based out of UAE.

Industry	Exposure (AED'000)	Related Allowances (AED'000)	Write off during the year (AED'000)
Construction	30,742	30,742	-
NBFI	348	348	268,324
Other services	496,220	405,163	39,200
Trade*	21,059	20,955	-
Grand Total	548,369	457,208	307,524

All past due exposures of the Bank are due in excess of 181 days.

*Only restructured exposure

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8. Credit Risk (continued)

8.5 Standardised approach - credit risk exposure and CRM effects (CR4)

This template illustrates the effect of CRM (comprehensive and simple approach) on standardised approach capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

	Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	2,991,197	-	2,991,197	-	-	0%
2	Public Sector Entities	311,797	49,642	311,797	5,795	68,154	21%
3	Multilateral development banks	-	-	-	-	-	0%
4	Banks	2,578,781	2,270,844	2,578,780	763,678	1,504,625	45%
5	Securities firms	-	-	-	-	-	0%
6	Corporates	842,516	2,514,964	842,516	494,984	1,254,902	94%
7	Regulatory retail portfolios	-	-	-	-	-	0%
8	Secured by residential property	-	-	-	-	-	0%
9	Secured by commercial real estate	-	-	-	-	-	0%
10	Equity Investment in Funds (EIF)	-	-	-	-	-	0%
11	Past-due loans	601,510	237	91,157	237	91,394	100%
12	Higher-risk categories	-	-	-	-	-	0%
13	Other assets	50,791	-	50,791	-	58,108	114%
14	Total	7,376,592	4,835,687	6,866,238	1,264,694	2,977,184	36.62%

Barclays Bank PLC - Dubai Branch

8. Credit Risk (continued)

8.6 Standardised approach - exposures by asset classes and risk weights (CR5)

This template presents the breakdown of credit risk exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to standardised approach).

Risk Weight \ Asset Class		a	b	c	d	e	f	g	h	i
		0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	2,991,697	-	-	-	-	-	-	-	2,991,197
2	Public Sector Entities	-	311,797	-	-	-	5,795	-	-	317,592
3	Multilateral development banks	-	-	-	-	-	-	-	-	0
4	Banks	-	711,,828	-	2,536,743	-	93,888	-	-	3,342,458
5	Securities firms	-	-	-	-	-	-	-	-	0
6	Corporates	1,322	19,059	-	132,058	-	1,185,062	-	-	1,337,500
7	Regulatory retail portfolios	-	-	-	-	-	-	-	-	0
8	Secured by residential property	-	-	-	-	-	-	-	-	0
9	Secured by commercial real estate	-	-	-	-	-	-	-	-	0
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	0
11	Past-due loans	-	-	-	-	-	91,394	-	-	91,394
12	Higher-risk categories	-	-	-	-	-	-	-	-	0
13	Other assets	18,828	-	-	-	-	14,532	-	17,430	50,790
14	Total	3,011,847	1,042,684	0	2,668,801	0	1,390,671	0	17,430	8,130,931

Barclays Bank PLC - Dubai Branch

9. Market Risk

9.1 General qualitative disclosure requirements related to market risk (MRA)

Market Risk is the risk of loss arising from potential adverse changes in the value of the firm’s assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

Market Risk oversight is provided by Non Traded Market Risk team. The in-country Treasury Middle Office function collates all the market risk data and provides the same to Non Traded Market Risk team and to various stakeholders.

Currently, Bank does not hold any positions in commodities and equities. Bank also does not have a trading book positions. Bank has foreign currency exposures in its banking book, which are used in computing the market risk RWA.

9.2 Market risk under the standardised approach (MR1)

This table provides the components of the capital requirement under the standardised approach for market risk.

		RWA AED('000)
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	1,270
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7		
8	Securitisation	-
9	Total	1,270

Barclays Bank PLC - Dubai Branch

10. Interest rate risk in the banking book (IRRBB)

10.1 IRRBB risk management objectives and policies (IRRBBA)

Definition

Interest rate risk in the banking book (IRRBB) is defined as the risk that the firm is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

Overview

IRRBB is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. As per the Group's IRRBB policy to remain within the defined risk appetite, hedging strategies are executed to mitigate the risks. However, the Bank remains susceptible to interest rate risk and other non-traded market risks from key sources:

- Interest rate and repricing risk (Gap Risk): the risk that net interest income could be adversely impacted by a change in interest rates, differences in the timing of interest rate changes between assets and liabilities, and other constraints on interest rate changes as per product terms and conditions.
- Customer behavioural risk (Option Risk): the risk that net interest income could be adversely impacted by the discretion that customers and counterparties may have in respect of being able to vary their contractual obligations with the Bank. This risk is often referred to by industry regulators as 'embedded option risk'.
- Basis Risk: the risk that arises when floating rate products are linked to different interest rate indices, which are imperfectly correlated, especially under stressed market conditions.

Organisation, roles and responsibilities

UAE branch ALFO, together with the Group Treasury Committee, are responsible for monitoring and managing IRRBB risk in line with the Banks management objectives and risk frameworks. Entity and Group Treasury and Capital Risk Committee monitors and reviews the IRRBB risk profile and control environment, providing second line oversight of the management of IRRBB. The Entity Board Risk Committee reviews the interest rate risk profile, including annual review of the risk appetite and the impact of stress scenarios on the Banks IRRBB position.

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10. Interest rate risk in the banking book (IRRBB) (continued)

10.1 IRRBB risk management objectives and policies (IRRBBA) (continued)

In addition, the Group IRRBB policy sets out the processes and key controls required to identify all IRRBB risks arising from banking book operations, to monitor the risk exposures via a set of metrics with a frequency in line with the risk management horizon, and to manage these risks within agreed risk appetite and limits.

Management of IRRBB

Barclays executes hedging strategies to minimise IRRBB and maintain it within the agreed risk appetite. These hedging strategies, which incorporate assumptions around customer optionality and behavioural lives, are adopted in order to transfer interest rate risk from the individual banking book businesses and branches, where possible, to the central Entity treasury team, in line with the IRRBB policy and Entity risk appetite. UAE branch can execute swaps for risk management purposes at local level.

The primary control for IRRBB is calculating the risk metrics described in the table below and monitoring risk exposure vs. defined internal limits. Limits are set at an aggregate business level. IRRBB mitigation also forms part of new product approval processes and/or product design, the terms of which may be formally revised in response to a changing interest rate environment

Summary of measures for non-traded market risk

IRRBB is measured monthly using the following risk metrics:

<i>Measure</i>	<i>Definition</i>
Annual Earnings at Risk (AEaR)	A measure of the potential change in Net Interest Income (NII) due to an adverse interest rate movement over a predefined time horizon.
Economic Value of Equity (EVE)	A measure of the potential change in the present value of expected future cash flows due to an adverse interest rate movement, based on the existing balance sheet expected run-off profile.

Additionally, a Value at risk (VaR) measure is used to monitor the risk on daily basis. VaR is a measure of the potential loss of value arising from unfavourable market movements at a specific confidence level, if current positions were to be held unchanged for the predefined holding period.

Barclays Bank PLC - Dubai Branch

10. Interest rate risk in the banking book (IRRBB) (continued)

10.1 IRRBB risk management objectives and policies (IRRBBA) (continued)

Annual Earnings at Risk (AEaR)

AEaR measures the sensitivity of net interest income over a one-year period. It is calculated as the difference between the estimated income using the expected rate forecast and the lowest estimated income following a parallel increase or decrease in interest rates. The main model assumptions are:

- The balance sheet is kept at the current level, i.e. no growth is assumed, and run-off balances are reinvested to maintain a constant balance sheet
- Contractual positions are adjusted for an assumed behavioural profile, to align with the expected product life-cycle.

This metric provides a measure of how interest rate risk may impact the Banks earnings, providing a simple comparison between risk and returns.

AEaR sensitivity is measured against a range of parallel up and down shocks on a monthly basis, with limits set against some of these shocks for the purposes of risk appetite monitoring. The prescribed post-shock interest rate floor, as per EBA guidelines, is not implemented for internal limit monitoring.

Risk limits are reviewed annually in line with the internal risk appetite review process and relevant adverse interest rate shocks are selected to be monitored against the limit framework.

As AEaR provides a view on the next year's earnings impacts of interest rate risk, economic value metrics are also monitored to complement the view, as this captures the IRRBB impact of risk exposures beyond one year.

The AEaR sensitivity comprises an aggregated impact of a 200bps shock across all currencies against the base case. This is presented in the Table 1 shown below.

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10. Interest rate risk in the banking book (IRRBB) (continued)

10.1 IRRBB risk management objectives and policies (IRRBBA) (continued)

Economic Value of Equity (EVE)

EVE calculates the change in the present value of the Banks expected future cash-flows from a parallel upward or downward interest rate shock. The EVE calculation measures sensitivity in terms of present value, while AEaR measures income sensitivity, and as such are complimentary. The EVE measure is calculated on a monthly basis and is applied to the full life of transactions and hedges allowing the risk over the whole life of positions to be considered. It does not capture the impact of business growth or management actions, and is based on the expected balance sheet run-off profile.

EVE sensitivity is measured against a range of parallel shocks on a monthly basis, Limits are set against certain shocks for the purposes of risk appetite monitoring. EVE scenarios are run under two approaches, including and excluding commercial margins, so that this impact can be isolated. Consistent with AEaR, the prescribed post-shock interest rate floor is not implemented for internal limit monitoring. Risk Free Rates (RFRs) are used for discounting cash flows. Risk limits are reviewed annually in line with the internal risk appetite review process and relevant adverse interest rate shocks are selected to be monitored against the limit framework.

EVE sensitivity is also monitored quarterly against the six supervisory shock scenarios. For these scenarios commercial margins are excluded and the prescribed post-shock interest rate floor is implemented.

Maturity assigned to non-maturity deposits:

The core/stable portion of these balances is assigned a 2.5 year weighted average life; 5 year longest repricing maturity

Barclays Bank PLC - Dubai Branch

10. Interest rate risk in the banking book (IRRBB) (continued)

10.2 Quantitative information on IRRBB (IRRBB1)

Change in EVE and NII under the supervisory shock scenarios

The following table shows the impact on the Bank's EVE and NII from the six standardised supervisory interest rate shock scenarios prescribed by the UAE Central Bank.

Table IRRBB1: Quantitative information on IRRBB

In reporting currency (AED '000)	Δ EVE	Δ NII
Period	31-Dec-2021	
Parallel up	(10,417)	(18,777)
Parallel down	23,388	31,314
Short rate up	(21,148)	
Short rate down	20,158	
Steeper	19,992	
Flattener	(18,974)	
Maximum	(21,148)	
Period	31-Dec-2021	
Tier 1 capital	2,160,496	

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11. Operational Risk

11.1 Qualitative disclosures on operational risk (OR1)

OPERATIONAL RISK

Under the ERMF, Operational Risk (OR) is defined as a Principal Risk. The Group Head of OR is the Principal Risk delegate for the management of OR.

Operational Risk is defined as - The risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.

Overview

The management of operational risk has three key objectives:

- Deliver an operational risk capability owned and used by business leaders.
- Provide the frameworks, policies and standards to enable management to meet their risk management responsibilities while the second line of defence provides robust, independent, and effective oversight and challenge.
- Deliver a consistent and aggregated measurement of operational risk that will provide clear and relevant insights, so that the right management actions can be taken to keep the operational risk profile consistent with the Group's strategy, the stated risk appetite and stakeholder needs.

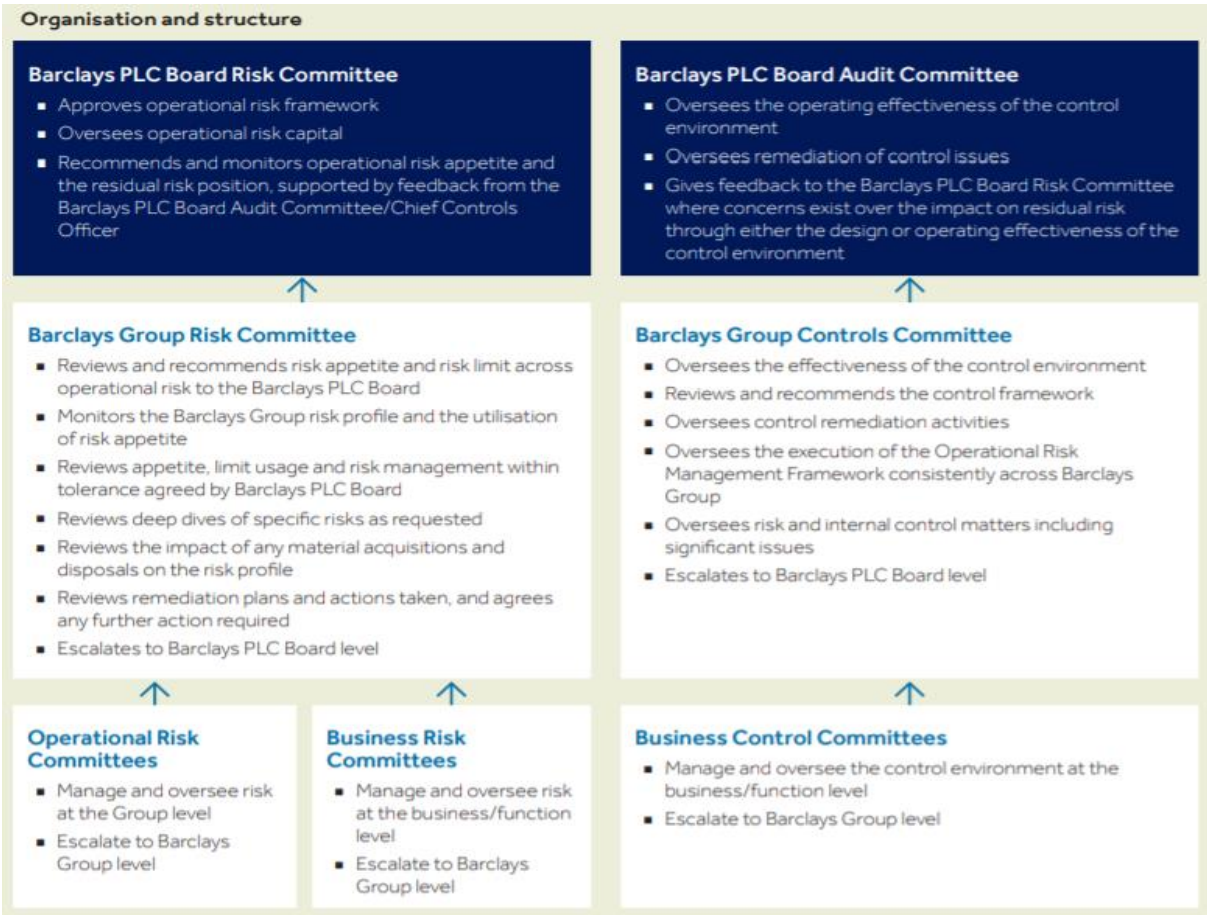
The Group operates within a strong system of internal controls that enables business to be transacted and risk taken without exposing the Group to unacceptable potential losses or reputational damages.

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11. Operational Risk (continued)

11.1 Qualitative disclosures on operational risk (OR1) (continued)

Organisation and Structure



Operational Risk Categories

Operational risks are grouped into risk categories to support effective risk management, measurement and reporting. These are defined as follows:

- **Data Management Risk:** The risk that Barclays Data and Records are not defined, captured, stored or managed in accordance with their value, and legal and regulatory requirements
- **Financial Reporting Risk:** The risk of a material misstatement or omission within the Group’s external financial reporting, regulatory reporting or internal financial management reporting.
- **Fraud Risk:** The risk of financial loss when an internal or external party acts dishonestly with the intent to obtain an undue benefit, cause a loss to, or to expose either the Group or its customers and clients to a risk of loss.

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11. Operational Risk (continued)

11.1 Qualitative disclosures on operational risk (OR1) (continued)

- Information Security Risk: The risk that Barclays information is not protected against potential unauthorised access, use, modification, disruption or destruction.
- Operational Resilience Planning Risk: The risk that is introduced as a consequence of inadequate or ineffective (i) Front to Back Process Planning, (ii) Business Recovery Planning, or (iii) Crisis Management Planning, thereby impacting service provision to customer, clients and / or financial infrastructure.
- Payments Process Risk: The risk of payments being processed inaccurately, with delays, without appropriate authentication and authorisation. It also covers the risk associated with ineffective management associated with Payment/Card Scheme membership
- People Risk: The set of risks associated with employing and managing people, including compliance with regulations, appropriate resourcing for requirements, recruitment and development risks
- Premises Risk: The risk of business detriment or harm to people due to premises and infrastructure issues.
- Physical Security Risk: The risk of business detriment, financial loss or harm to people as a result of any physical security incident impacting the Group or a Group employee - relating to harm to people, unauthorised access, intentional damage to premises or theft or intentional damage to moveable assets.
- Strategic Investment Change Management Risk: the risk of failing to deliver and implement the agreed initiatives, priorities and outcomes required to deliver the Group strategy, within agreed timelines. Strategic Investment Change Management Risk exists whenever there is 'change' underway.
- Supplier Risk: The risk that is introduced to the firm or entity as a consequence of obtaining services or goods from another legal entity or entities whether External or Internal as a result of inappropriate and/or inadequate selection, management, or exit management.
- Tax Risk: The risk of unexpected tax cost in relation to any tax for which Barclays is liable, or of reputational damage on tax matters with key stakeholders such as tax authorities, regulators, shareholders or the public. Tax cost includes tax, interest or penalties levied by a taxing authority.
- Technology Risk: The risk to Barclays that comes about through its dependency on Technological solutions.
- Transaction Operations Risk: The risk of an unintentional error in the execution of a customer transaction resulting in delayed or inaccurate processing.

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11. Operational Risk (continued)

11.1 Qualitative disclosures on operational risk (OR1) (continued)

In addition to the above, operational risk encompasses risks associated with prudential regulation. This includes the risk of failing to: adhere to prudential regulatory requirements; provide regulatory submissions; or monitor and manage adherence to new prudential regulatory requirements.

These risks may result in financial and/or non-financial impacts including legal/ regulatory breaches or reputational damage.

Risk Themes

The Group also recognises that there are certain threats/risk drivers which require a coordinated risk management approach. Risk Themes represent an exposure to risks that are linked either by a common threat, or the overall consequence if they are not managed through an effective, coordinated and prioritised approach. The current Risk Themes are:

- **Cyber:** The potential loss or detriment to Barclays caused by individuals or groups (threat actors) with the capabilities and intention to cause harm or to profit from attacks committed via network information systems against us, our suppliers, or customers/clients.
- **Data:** Aligned to the data strategy of the Group and encompassing data risks to the Group from multiple risk categories, including data management, data architecture, data security & protection, data resilience, data retention and data privacy.
- **Resilience:** The risk of the organisations ability to anticipate, prevent, adapt, respond to, recover and learn from internal or external disruption, continuing to provide important business services to customers and clients, and minimise any impact on the wider financial system

Operational risk framework

The Operational Risk Framework comprises a number of elements which allow Barclays Group to manage and measure its operational risk profile and to calculate the amount of operational risk capital that Barclays Group needs to hold to absorb potential losses. The minimum, mandatory requirements for each of these elements are set out in the Operational Risk Framework and supporting policies. This framework is implemented across Barclays Group with all legal entities, businesses and functions required to implement and operate an Operational Risk Framework that meets, as a minimum, the requirements detailed in the operational risk policies. The Operational

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11. Operational Risk (continued)

11.1 Qualitative disclosures on operational risk (OR1) (continued)

Risk Framework includes the following elements:

- Risk and Control Self-Assessment (“RCSA”): Risk and control self-assessments (RCSAs) are the way in which Barclays Group identifies and assesses the risks which are inherent in the material processes operated by Barclays Group. Managers in the business use the RCSA approach to evaluate the controls in place to mitigate those risks and assess the residual risk exposure to Barclays Group. The businesses / functions are then able to make decisions on what action, if any, is required to reduce the level of residual risk to Barclays Group. These risk assessments are monitored on a regular basis to maintain that each business understands the risks it faces.
- Risk Events: An operational risk event is any circumstance where, through the lack or failure of a control, Barclays Group has actually, or could have, made a loss. The definition includes situations in which Barclays Group could have made a loss, but in fact made a gain, as well as incidents resulting in reputational damage or regulatory impact only. A standard threshold is used across Barclays Group for reporting risk events and part of the analysis includes the identification of improvements to processes or controls, to reduce the recurrence and/or magnitude of risk events. For significant events, both financial and non-financial, this analysis includes the completion of a formal lessons learned report. Barclays Group also maintains a record of external risk events which are publicly available and is a member of the Operational Risk data eXchange (ORX), a not-for-profit association of international banks formed to share anonymous loss data information. This external loss information is used to support and inform risk identification, assessment and measurement.
- Operational Risk Appetite: The Board approves an Operational Risk Appetite Statement on an annual basis, establishing the level of operational risk that is acceptable in pursuit of Barclays Group’s strategic objectives. Operational risks are assessed and monitored against the Board approved Operational Risk Appetite, with Risk Reduction Plans established for any risks that are above the acceptable level. The Operational Risk Profile is monitored through Risk Committees at legal entity, Barclays Group and Board level in the context of Operational Risk Appetite.
- Key Indicators: Key indicators (KIs) are metrics which allow the Operational Risk Profile to be measured and monitored against Management’s Risk Appetite. KIs include defined thresholds and performance is reported regularly to Management to drive action when risk exceeds acceptable limits.

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11. Operational Risk (continued)

11.1 Qualitative disclosures on operational risk (OR1) (continued)

- Risk Scenarios: Risk scenarios are a summary of the extreme potential risk exposures for Barclays Group covering the complete range of risks. The scenarios include an assessment of the key drivers for the exposure, occurrence and impact of the scenario and a review of the corresponding control environment. The risk scenario assessments are a key input to the calculation and benchmarking of economic capital requirements (see following section on operational risk measurement). The assessment considers analysis of internal and external loss experience, Key Risk Indicators, Risk and Control Self-Assessments and other relevant information. The businesses and functions analyse potential extreme scenarios, considering the:
 - circumstances and contributing factors that could lead to an extreme event;
 - potential financial impacts;
 - controls that seek to limit the likelihood of such an event occurring; and
 - the mitigating actions that would be taken if the event were to occur (for example crisis management procedures, business continuity or disaster recovery plans).

Management then determine whether the potential risk exposure is acceptable or whether changes in risk management control or business strategy are required.

The risk scenarios are regularly re-assessed, taking into account trends in risk factors.

- Reporting: The ongoing monitoring and reporting of operational risk is a key component of the Operational Risk Framework. Reports and management information are used by the Operational Risk function and by legal entity and business management to understand, monitor, manage and control operational risks and losses. The operational risk profile is reviewed by senior management at legal entity Risk Committee meetings as well as the Operational Risk Profile Forum, Operational Risk Committee and BRC, BAC and the Board.
- OR Measurement: Barclays Group assesses its Operational Risk Capital requirements using the Standardised Approach (TSA). Barclays Group also maintains a voluntary floor for the Regulatory Capital. The floor is based on the Capital calculated by Barclays Group under the previous AMA regime.
- Insurance: As part of its risk management approach, Barclays Group also uses insurance to mitigate the impact of some operational risks.

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12. Remuneration Policy

12.1 Remuneration Policy (REMA)

Barclays has an annual 'Payround' process to review and make recommendations for employees' total compensation. This process is governed by the Board Remuneration Committee and approved by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Funding parameters reflect achievement of global and local business strategy and objectives, affordability based on overall performance, as well as being influenced by external factors such as the market context, industry challenges, and regulation.

During Payround, employees' total compensation is reviewed to ensure it continues to reflect the role, responsibilities, skills and that it is competitive within the market. Fixed pay is reviewed for the forthcoming year, and recommendations are made for Annual Incentive awards to recognise employees' performance against objectives, the Barclays Values and Behaviors, and their conduct.

The performance reviews result in colleagues being assigned a 'what' and 'how' rating. Recommending managers use these as one consideration when making compensation recommendations into the global TCR system. All recommendations are subject to a rigorous review process prior to being approved and finalised. These reward decisions are then communicated directly to employees prior to coming into effect.

Management of employee reward conforms to a defined remuneration philosophy approved by the Barclays Board Remuneration Committee.

The objectives of Barclays' remuneration philosophy are to:

- Attract and retain talent needed to deliver Barclays' strategy
- Align pay with investor interests
- Reward sustainable performance
- Support Barclays' culture and values
- Align with risk appetite, risk exposure and conduct expectations
- Be clear, transparent and as simple as possible

The Policy covers all business areas and functions to mandate high level principles that ensure appropriate governance of reward decisions and management in line with legal and regulatory requirements.

At a global level, the Committee reviews aggregated compensation decisions to ensure that they align employees' interests with those of investors and other relevant stakeholders. These decisions are informed by annually reviewed guidelines informing the appropriate balance should exist between fixed and variable remuneration, and short and long term incentives (the latter including deferral arrangements).

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12. Remuneration Policy (continued)

12.2 Remuneration Awarded during the Financial Year (REM1)

			FY 2021 AED('000)	FY 2021 AED('000)
			a	b
Remuneration Amount			Senior Management	Other Material Risk-takers
1	Fixed Remuneration	Number of employees	5	
2		Total fixed remuneration (3 + 5 + 7)	5,140	
3		Of which: cash-based	-	
4		Of which: deferred	-	
5		Of which: shares or other share-linked instruments	-	
6		Of which: deferred	-	
7		Of which: other forms	-	
8		Of which: deferred	-	
9	Variable Remuneration	Number of employees	5	
10		Total variable remuneration (11 + 13 + 15)	615	
11		Of which: cash-based		
12		Of which: deferred		
13		Of which: shares or other share-linked instruments		
14		Of which: deferred		
15		Of which: other forms		
16		Of which: deferred		
17	Total Remuneration (2+10)		5,755	

Footnotes:

- a) For the purposes of this submission Senior Managers are considered to be Barclays employees who are registered with the Central Bank but may be employed by a legal entity other than Barclays Bank PLC, UAE Branch.
- b) Due to confidentiality and data privacy requirements, any employees categorised as a Material Risk Takers have been combined with Senior Management.
- c) Due to confidentiality and data privacy requirements, no information is provided for deferred remuneration (whether Fixed or Variable Remuneration). However such remuneration:
 - a. is a small proportion of the relevant individual(s)' remuneration;
 - b. is not material to the branch as a whole; and
 - c. is subject to potential risk adjustment.