

# **Barclays Bank PLC – Dubai Branch**

## **Pillar 3 Report**

*For the Quarter ended 30 September 2023*

## 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 period ended **30<sup>th</sup> September, 2023**. The Bank is required to comply with the Standards and Guidance re Capital Adequacy in the UAE.

Pillar 3 disclosures are compiled in accordance with the

- Central Bank's Regulations re Capital Adequacy (Circular 52/2017), which have been sent to all banks operating in the UAE via Notice No. 60/2017 dated 02/03/2017.
- 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.
- Explanatory notes issuance dated 30 November, 2021 (5508/2021), as applicable to foreign banks with total RWA of less than AED 5 billion.
- Notice No. CBUAE/BSD/N/2022/1887 dated 09/05/2022 regarding Update Pillar 3 templates and explanatory notes.
- Notice No. CBUAE/BSD/2022/5280 dated 30/12/2022 regarding Guidance re Internal Capital Adequacy Assessment Process (ICAAP)

### **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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### 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.

Sl No.	Available capital (amounts)	Sep-23	Jun-23	Mar-23	Dec-22	Sep-22
		AED (000)	AED (000)	AED (000)	AED (000)	AED (000)
1	Common Equity Tier 1 (CET1)	2,285,676	2,290,319	2,288,104	2,293,518	2,183,835
1a	Fully loaded ECL accounting model	2,285,676	2,290,319	2,288,104	2,293,518	2,183,835
2	Tier 1	2,285,676	2,290,319	2,288,104	2,293,518	2,183,835
2a	Fully loaded ECL accounting model Tier 1	2,285,676	2,290,319	2,288,104	2,293,518	2,183,835
3	Total capital	<b>2,314,291</b>	<b>2,321,925</b>	<b>2,322,163</b>	<b>2,327,414</b>	<b>2,218,070</b>
3a	Fully loaded ECL accounting model total capital	2,314,291	2,321,925	2,322,163	2,327,414	2,218,070
	<b>Risk-weighted assets (amounts)</b>					
4	Total risk-weighted assets (RWA)	2,478,045	2,718,370	2,913,459	2,923,047	2,949,104
	<b>Risk-based capital ratios as a percentage of RWA</b>					
5	Common Equity Tier 1 ratio (%)	92.24%	84.25%	78.54%	78.46%	74.05%
5a	Fully loaded ECL accounting model CET1 (%)	92.24%	84.25%	78.54%	78.46%	74.05%
6	Tier 1 ratio (%)	92.24%	84.25%	78.54%	78.46%	74.05%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	92.24%	84.25%	78.54%	78.46%	74.05%
7	Total capital ratio (%)	93.39%	85.42%	79.70%	79.62%	75.21%
7a	Fully loaded ECL accounting model total capital ratio (%)	93.39%	85.42%	79.70%	79.62%	75.21%

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### 2. Overview of risk management and RWA (continued)

#### 2.1 Key metrics (KM1) (continued)

		Sep-23	Jun-23	Mar-23	Dec-22	Sep-22
SI No.	Additional CET1 buffer requirements as a percentage of RWA	AED (000)	AED (000)	AED (000)	AED (000)	AED (000)
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	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%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	82.89%	74.92%	69.20%	69.12%	64.71%
	<b>Leverage Ratio</b>					
13	Total leverage ratio measure	6,900,111	8,323,063	7,316,340	7,651,147	7,321,866
14	Leverage ratio (%) (row 2/row 13)	33.13%	27.52%	31.27%	29.98%	29.83%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	33.13%	27.52%	31.27%	29.98%	29.83%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	33.13%	27.52%	31.27%	29.98%	29.83%
	<b>Liquidity Coverage Ratio</b>					
15	Total HQLA	N.A.	N.A.	N.A.	N.A.	N.A.
16	Total net cash outflow	N.A.	N.A.	N.A.	N.A.	N.A.
17	LCR ratio (%)	N.A.	N.A.	N.A.	N.A.	N.A.
	<b>Net Stable Funding Ratio</b>					
18	Total available stable funding	N.A.	N.A.	N.A.	N.A.	N.A.
19	Total required stable funding	N.A.	N.A.	N.A.	N.A.	N.A.
20	NSFR ratio (%)	N.A.	N.A.	N.A.	N.A.	N.A.

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### 2. Overview of risk management and RWA (continued)

#### 2.1 Key metrics (KM1) (continued)

Sl No.	ELAR	Sep-23	Jun-23	Mar-23	Dec-22	Sep-22
		AED (000)	AED (000)	AED (000)	AED (000)	AED (000)
21	Total HQLA	3,163,927	2,692,123	2,162,516	2,421,800	2,198,523
22	Total liabilities	3,863,763	3,707,080	3,583,289	3,980,628	4,227,827
23	Eligible Liquid Assets Ratio (ELAR) (%)	81.89%	72.62%	60.35%	60.84%	52.00%
	<b>ASRR</b>					
24	Total available stable funding	4,676,001	4,712,057	4,311,785	4,575,159	4,456,531
25	Total Advances	2,273,292	2,816,982	2,791,620	2,854,736	3,046,528
26	Advances to Stable Resources Ratio (%)	48.62%	59.78%	64.74%	62.40%	68.36%

\* ELAR and ASRR are calculated based on the average of the daily balances during the quarter.

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### 2.2 Overview of RWA (OV1)

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

		RWA	RWA	RWA	Minimum Capital Requirement*
		30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2023
		AED (000)	AED (000)	AED (000)	AED (000)
1	Credit risk (excluding counterparty credit risk)	2,288,581	2,525,443	2,710,211	240,301
2	Of which: standardised approach (SA)	2,288,581	2,525,443	2,710,211	240,301
3					
4					
5					
6	Counterparty credit risk (CCR)	591	3,014	1,442	62
7	Of which: standardised approach for counterparty credit risk	591	3,014	1,442	62
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	1,420	2,461	2,811	149
21	Of which: standardised approach (SA)	1,420	2,461	2,811	149
22					
23	Operational risk	187,453	187,453	208,584	19,683
24					
25					
26	<b>Total (1+6+10+11+12+13+14+15+16+20+23)</b>	<b>2,478,045</b>	<b>2,718,370</b>	<b>2,923,047</b>	<b>260,195</b>

\*Minimum Capital requirement does not consider the additional buffer requirements

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### 3. Leverage ratio

#### 3.1 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.

		Sep-23	Jun-23	Mar-23	Dec-22	Sep-22
		AED (000)	AED (000)	AED (000)	AED (000)	AED (000)
<b>On-balance sheet exposures</b>						
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	5,603,275	7,098,863	5,866,293	6,578,704	6,233,152
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)	1,173	1,699	2,419	3,138	-
7	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	5,602,102	7,097,164	5,863,874	6,578,704	6,233,152
<b>Derivative exposures</b>						
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	18.23	1.82	19.63	1.99	0.84
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	2,104.89	10,804.16	9,235.11	5,173.80	4,790.72
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	<b>Total derivative exposures (sum of rows 8 to 12)</b>	2,972.37	15,128.37	12,956.64	7,246.10	6,708.19



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### 3. Leverage ratio (continued)

#### 3.1 Leverage ratio common disclosure template (LR2) (continued)

		Sep-23	Jun-23	Mar-23	Dec-22	Sep-22
		AED (000)	AED (000)	AED (000)	AED (000)	AED (000)
<b>Securities financing transactions</b>						
14	Gross SFT <i>assets</i> (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	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	-	-	-	-	-
<b>Other off-balance sheet exposures</b>						
19	Off-balance sheet exposure at gross notional amount	7,559,507	7,410,411	6,933,916	6,742,742	6,388,212
20	(Adjustments for conversion to credit equivalent amounts)	-6,264,471	-6,199,640	-5,494,407	-5,674,407	-5,306,206
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-	-	-	-
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	1,295,036	1,210,771	1,439,509	1,068,335	1,082,006
<b>Capital and total exposures</b>						
23	<b>Tier 1 capital</b>	2,285,676	2,290,319	2,288,104	2,293,518	2,183,835
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	6,900,111	8,323,063	7,316,340	7,651,147	7,321,866
<b>Leverage ratio</b>						
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	33.13%	27.52%	31.27%	29.98%	29.83%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	33.13%	27.52%	31.27%	29.98%	29.83%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%	3.00%	3.00%	3.00%
27	<b>Applicable leverage buffers</b>	30.13%	24.52%	28.27%	26.98%	26.83%

## Barclays Bank PLC - Dubai Branch

### 4. Liquidity

#### 4.1 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	3,163,927	
1.2	UAE Federal Government Bonds and Sukuks	-	
	Sub Total (1.1 to 1.2)	3,163,927	3,163,927
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	<b>Total</b>	<b>3,163,927</b>	<b>3,163,927</b>
2	Total liabilities		3,863,763
3	<b>Eligible Liquid Assets Ratio (ELAR)</b>		<b>81.89%</b>

\* ELAR is calculated based on the average of the daily balances during the quarter.

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### 4. Liquidity (continued)

#### 4.2 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
<b>1</b>	<b>Computation of Advances</b>	<b>AED (000)</b>
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	948,895
1.2	Lending to non-banking financial institutions	179,987
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	33,359
1.4	Interbank Placements	1,111,050
<b>1.5</b>	<b>Total Advances</b>	<b>2,273,292</b>
<b>2</b>	<b>Calculation of Net Stable Resources</b>	
2.1	Total capital + general provisions	2,408,624
	<b>Deduct:</b>	
2.1.1	Goodwill and other intangible assets	1,284
2.1.2	Fixed Assets	29
2.1.3	Funds allocated to branches abroad	-
2.1.5	Unquoted Investments	-
2.1.6	Investment in subsidiaries, associates and affiliates	-
<b>2.1.7</b>	<b>Total deduction</b>	<b>1,313</b>
<b>2.2</b>	<b>Net Free Capital Funds</b>	<b>2,407,311</b>
<b>2.3</b>	<b>Other stable resources:</b>	
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	425,199
2.3.5	Customer Deposits	1,843,491
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-
<b>2.3.7</b>	<b>Total other stable resources</b>	<b>2,268,690</b>
<b>2.4</b>	<b>Total Stable Resources (2.2+2.3.7)</b>	<b>4,676,001</b>
<b>3</b>	<b>Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)</b>	<b>48.62%</b>

\* ASRR is calculated based on the average of the daily balances during the quarter.