Barclays Bank PLC – Indian Branches

(Incorporated in the United Kingdom with limited liability)

Basel III - Pillar 3 disclosures of Barclays Bank Plc - Indian Branches for the period ended 31st December 2021

BACKGROUND

The BASEL III – Pillar 3 disclosures contained herein relate to Barclays Bank Plc, India Branches (herein also referred to as the 'Bank') for the year ended December 31, 2021. Barclays Bank Plc – Indian Branches (the **"Bank"**) is a branch of Barclays Bank Plc, which is incorporated in the United Kingdom with limited liability. Barclays Bank Plc. (UK) (the **"Group"**) is regulated by its home regulator, viz. Prudential Regulatory Authority (PRA), in the United Kingdom (UK). The Bank has been operating in India with 3 branches (excluding 1 service branch). The Bank operations are conducted in accordance with the banking license granted by the Reserve Bank of India (RBI) under the Banking Regulation Act 1949.

These disclosures are compiled in accordance with Reserve Bank of India (the 'RBI') regulations on Pillar 3 as given in 'Master Circular – Basel III Capital Regulations dated July 1, 2015'.

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, counterparty credit risk, market risk and operational risk.
- Pillar 2: Supervisory Review and Evaluation Process (SREP) – This Pillar requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available.
- 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. **SCOPE OF APPLICATION FOR CONSOLIDATION (Table DF-1)**
   No entities are required to be consolidated with Barclays Bank Plc, India Branches for the purpose of accounting requirements. However, consolidation for regulatory purposes as per the Pillar 3 guidelines is as below:

A - List of group entities considered for consolidation

Name of the entity / country of incorporation	Whether the entity is included under accounting scope of consolidation	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation	Explain the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
	(yes / no)		(yes / no)		
Barclays Investments and Loans (India) Limited	No	NA	Yes	The RBI guidelines on Financial Regulation of Systemically Important NBFCs and Banks' Relationship vide circular ref. DBOD. No. FSD. BC.46 / 24.01.028/ 2006-07 December 12, 2006 read with 'Guidelines for consolidated accounting and other quantitative methods to facilitate consolidated supervision' vide circular ref. DBOD.No.BP.BC.72/ 21.04.018/2001-02 dated February 25, 2003 mandate coverage of the 'Consolidated Bank' (herein also referred to as 'Barclays Bank').	The bank has adopted consolidation approach for limited regulatory reporting i.e. only for Consolidated Prudential Return (CPR-2) and Liquidity Return (LR).

Note: The bank does not hold any stake in the total equity of the above entity

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B - List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Amt in Rs. '000

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets *
Barclays Securities (India) Private Limited	Registered as Stock Broker & Underwriter	1,093,033	-	NA	8,650,435
Barclays Wealth Trustees (India) Private Limited	Trust Advisory	1,73,426	-	NA	374,805

*as stated in the audited balance sheet of the legal entity as on March 31, 2021

C - List of group entities considered for consolidation

Amt in Rs. '000

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *	Total balance sheet assets *
Barclays Investments and Loans (India) Limited	NBFC	9,045,972	24,335,100

*as stated in the audited balance sheet of the legal entity as on March 31, 2021 as per IND AS Regulation

D - The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted

Amt in Rs. '000

Name of the subsidiaries / country of incorporation	Principle activity of the entity	Total balance sheet equity *	% of bank's holding in the total equity	Capital deficiencies
N.A.	N.A.	N.A.	N.A.	N.A.

*as stated in the audited balance sheet of the legal entity

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E - The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity *	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
N.A.	N.A.	N.A.	N.A.	N.A.

*as stated in the audited balance sheet of the legal entity

F - Restrictions or impediments on transfer of funds or regulatory capital within the banking group :

Transfer of funds and regulatory capital are subject to local laws and applicable regulations.

2. CAPITAL ADEQUACY (Table DF-2)

2.1 Capital Management

Objective

The Bank's objectives are to:

- Meet minimum regulatory requirements in jurisdictions. The Bank's authority to operate as a bank is dependent on the maintenance of adequate capital resources at each level where prudential capital requirements are applied
- Supports its growth and strategic options maintain adequate capital to cover the Group's current and forecast business needs and associated risks in order to provide a viable and sustainable business offering.
- Support its credit rating by maintaining capital ratios aligned with rating agency expectations

Governance structure

The management of capital risk is integral to the Group's approach to financial stability and sustainability management, and is embedded in the way businesses and legal entities operate

Capital risk management is underpinned by a control framework and policy. The capital management strategy, is driven by the strategic aims and risk appetite of the Group. The capital plan is managed on a top-down and bottom-up basis through both short-term and medium-term financial planning cycles, and is developed with the objective that Barclays Group maintains an adequate level of capital to support its capital requirements.

Responsibility for risk management resides at all levels within the Group, from the Board and the Executive Committee down through the organisation to each business manager and risk specialist. Barclays distributes these responsibilities so that risk/return decisions are taken at the most appropriate level; as close as possible to the business, and subject to robust and effective review and challenge. The responsibilities for effective review and challenges reside with senior managers, risk oversight committees, Barclays Internal Audit, the Independent Group Risk function, the Board Risk Committee and, ultimately, the Board. Treasury has the primary responsibility for managing and monitoring capital. The Treasury and Capital Risk function provides oversight of capital risk and is an independent risk function that reports to the Group CRO.

In addition, each business unit has an embedded risk management function, headed by a business risk director. Business risk directors and their teams are responsible for assisting business heads in the identification and management of their business risk profiles and for implementing appropriate controls. These teams also assist Group Risk in the formulation of Group policies and their implementation across the businesses.

Enterprise Risk Management Framework (ERMF) operating within the broad policy framework reviews and monitors various aspects of risk arising from the business. The ERMF sets the strategic direction for risk management by defining standards, objectives and responsibilities for all areas of Barclays Independent Committee(s) like Executive Committee (ExCO), Operations Committee (OPCO), Internal Controls Forum (ICF), Assets and Liabilities Management Committee (ALCO) have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of various risks. Treasury is responsible for complying with these limits as the first line of defense for the management of capital risk. Limits are monitored through appropriately governed forums in the first and second line of defense.

Local management assures compliance with an entity's minimum regulatory capital requirements by reporting to local Asset and Liability Committees with oversight by the Group's Treasury Committee, as required.

Regulatory capital

Reserve Bank of India (RBI) issued Basel III guidelines applicable with effect from April 1, 2013.

As at December 31, 2021, as per Basel III guidelines bank is required to maintain minimum CET1 capital ratio of 9%, minimum Tier-1 capital ratio of 11% and minimum total capital ratio of 13%. The minimum capital requirement includes capital conservation buffer (CCB) of 2.5% and additional CET1 capital surcharge of 1.50% on account of the Bank being designated as a G-SIB.

Internal assessment of capital

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. Capital planning is set in consideration of minimum regulatory requirements. Capital held to support the level of risk identified is set in consideration of minimum ratio requirements and internal buffers. The process provides an assurance that the Bank has adequate capital to support all risks in its business and an appropriate capital buffer based on its business profile.

The Bank's capital management framework includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually and which determines the adequate level of capitalization for the Bank to meet regulatory norms, current and future business needs, including those under stress scenarios. The ICAAP encompasses capital planning for a three year time horizon, identification and measurement of material risks and the relationship between risk and capital. These plans are reviewed to assess any capital requirements.

Capital

Bank does not have any subsidiaries in India. Any entity required to be consolidated as per RBI requirements individually assesses the adequate level of capital required to meet its respective regulatory requirements and business needs. The Board of each entity maintains oversight over the capital adequacy framework either directly or through separately constituted committees.

Capital monitoring

The Bank monitors its capital adequacy ratio on a regular basis. The Bank has a process of submitting a Capital Monitoring dashboard where the regulatory CRAR is put up to Treasury. Local management ensures compliance with an entity's minimum regulatory capital requirements by reporting to local Asset and Liability Committees (ALCO) with oversight by Group Treasury as required.

2.2 Capital Requirement for Pillar 1 Risks (Dec 31, 2021)

Capital required for credit, market and operational risks given below is arrived at after multiplying the risk weighted assets by 13%.

(Rs. in '000s)

No	Description	Dec 31, 2021
A	**Capital Requirement for Credit Risk**	**29,423,851**
	(Standardised Approach)	
	- On-balance sheet exposures excluding securitisation exposures	12,124,601
	- Off- balance sheet exposures excluding securitisation exposures	17,249,040
	a) Non-market related	2,945,651
	b) Market-related	14,303,389
	- On-balance sheet-securitisation exposures	*0*
	- Counterparty Risk as Borrower of funds	50,210
B	**Capital Requirement for Market Risk**	**17,341,508**
	(Standardised Duration Approach)	
	- Interest rate related instruments	15,456,508
	- Equity	0
	- Foreign Exchange and Gold	1,885,000
C	**Operational-risk-weighted exposures**	**3,126,520**
	(Basic Indicator Approach)	
D	**Capital Adequacy Ratio of the Bank**	**24.67%**

2.3 Capital Structure / Instruments of the Bank

Tier 1 capital comprises of:

- Capital funds (Interest free funds) injected by Head Office for capital adequacy
- Statutory reserves percentage of net profits retained (currently 25%)
- Remittable surplus in India specifically for capital adequacy purposes
- Capital reserves not eligible for repatriation so long the Bank operates in India.

Tier 2 capital comprises of:

- General provisions created in line with RBI regulations like provision on standard assets, provision on unhedged foreign currency exposure, provision for country risk and excess provision on account of sale of NPAs.
- Investment Fluctuation Reserve

As on Dec 31, 2021 total capital base (Tier1 + Tier2) of the Bank stood at Rs. **94,697,753** ('000s)

(Rs. in '000s)

No	Description	Dec 31,2021	March 31,2021
A	Tier 1 Capital	88,919,968	63,673,833
B	Tier 2 Capital	5,777,785	5,414,356
C	**Total Eligible Capital (A+B)**	**94,697,753**	**69,088,189**

The capital ratios of the Bank are as follows:

Capital ratios	Dec 31,2021	March 31,2021
CET1 capital ratio	23.17%	14.23%
Tier - 1 capital ratio	23.17%	14.23%
Total capital ratio	**24.67%**	**15.44%**

3. 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 organisational arrangements to ensure that all material risks facing the Group are identified, understood, and appropriately responded to, enabling the Group to meet its goals.

3.1 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 Defense).
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 of risk within the firm.

3.2 Principal Risks

Under ERMF Bank has created a Principal Risk Framework. The Principal Risks Framework creates clear ownership and accountability; ensures the Group's most significant risk-exposures are understood and managed in accordance with agreed risk appetite and risks tolerances; and also ensures regular reporting of both risks exposures and the operating effectiveness of controls. These principal risks are:

Financial Principal Risks:

a. 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.
b. 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.
c. Treasury and Capital Risk: This comprises of:
    1. 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.
    2. 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.
    3. 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.

Non-Financial Principal Risks:

d. 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.
e. Model risk: The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.
f. 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.
g. Conduct risk: The risk of detriment to customers, clients, market integrity, competition or Barclays from the inappropriate supply of financial services, including instances of willful or negligent misconduct.
h. 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 below principals:

- 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
- 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 is considered in key decision-making processes, including business planning, mergers and acquisitions, new product approvals and business change initiatives.

Risk Appetite is approved and disseminated across legal entities and businesses, including by 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 an annual frequency 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 Defense

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

First Line of Defense:

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 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 must establish their own policies and controls, particularly with respect to operational activities, and require their colleagues to manage all controls to specified tolerances. These control-related activities are also considered first line and are permitted so long as they are within any applicable limits established by Risk 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 Defense:

Employees of Risk and Compliance comprise the second line of defense. The role of the second line is to establish the 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 limits and constraints. The second line has the authority and responsibility to perform independent challenge of all risks in the first line at any time.

It is important to note that the second line will not customarily establish limits for all first line activities, especially those related to Operational Risk. The controls for these will ordinarily be established by Controls Officers operating within the Controls framework of the firm. The second line is responsible for defining the policies which detail its own responsibilities and activities and governing them, establishing controls to manage its performance, and assessing its conformance to these policies and controls.

The second line can also undertake certain additional activity if, in the judgment of the group CRO, this will reduce the firm's exposure to risk.

Third Line of Defense:

Employees of Internal Audit comprise the Third Line of Defense. They provide independent assurance to the Board and Executive Management over the effectiveness of governance, risk management and control over current, systemic and evolving risks.

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

Measurement of risks for capital adequacy purposes

Material risks are identified, measured, monitored and reported to the Barclays Independent Primary Committee(s) like Executive Committee (ExCO), India Controls Forum (ICF), Assets and Liabilities Management Committee (ALCO) and India Outsourcing Governance Forum.

Under Pillar 1 of the extant RBI guidelines on Basel III, the Bank currently follows the standardised approach for credit risk, standardised measurement method for market risk and the Basic Indicator Approach for operational risk.

4. CREDIT RISK: (Table DF- 3)

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.

4.1 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 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

4.2 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.

4.3 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.

4.4 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.

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)

4.5 Credit Concentration Risk

A risk concentration is any single exposure or a group of exposures with the potential to produce losses large enough (relative to a bank's capital, total assets, or overall risk level) to threaten a bank's health or ability to maintain its core operations.

The Bank monitors the Exposure norms as prescribed by Reserve Bank of India vide its circular on Large Exposure Framework DBR.No.BP.BC.43/21.01.003/2018-19 on a periodic basis. The exposure ceiling limits is 20 percent of bank's available capital base in case of a single borrower and 25 percent of capital funds in the case of group of connected counterparties. In addition to the exposure permitted above, bank may, in exceptional circumstances, with the approval of its India Executive Committee, consider enhancement of the single borrower exposure to a borrower up to a further 5 percent of available capital base.

Interbank Limits: The exposure ceiling limits for Indian banks and Indian Branch of foreign Bank is 25 percent of bank's eligible capital base. Limit on exposure to GSIB – Foreign Branch is 20 percent of banks eligible capital base.
In addition to the above, the Bank controls and limits concentration of risk via the application of sectoral caps and identifying high-risk sectors.

4.6 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 RBI 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,
- the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
- 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.

NPAs are further classified into sub-standard, doubtful and loss assets based on the days past due criteria stipulated by RBI.

4.7 Definition of Impairment

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset.

At periodic intervals, the Bank ascertains if there is any impairment in its assets. If such an indication is detected, the Bank estimates the recoverable amount of the asset. If the recoverable amount of the asset or the cash generating unit, which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

Provisions are made to reflect the risk tendency of the portfolio. Specific provisions are made based on management's assessment of the degree of impairment of the advances/derivative transactions subject to minimum prevailing provisioning norms laid down by RBI

4.8 Restructured Assets

As per RBI guidelines, 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)

4.9 Credit Risk exposures

Total gross credit risk exposure including geographic distribution of exposure

(Rs. In 000's)

		Dec 31, 2021		
		Domestic	Overseas[2]	Total
A)	Fund based exposure	86,630,990	-	86,630,990
B)	Non fund based exposure[1]	26,044,124	-	26,044,124
	Total[3]	112,675,114	-	112,675,114

1. Non-fund based exposures are guarantees given on behalf of constituents, letters of credit and acceptances and endorsements without giving the effect of Credit Conversion Factor (CCF) and does not include exposures arising on the derivative contracts.
2. Advances/ bills discounted in India against letters of credit issued by banks outside India are considered under domestic exposure. Bank does not have any overseas branches.
3. Exposures mentioned above are outstanding as on date and does not include undrawn limits.
4. Excluding specific risk on available for sale (AFS) portfolio.

Industry classification of gross credit exposure

	Dec 31, 2021 (Rs. In 000's)	
Industry classification	**Fund based**	**Non fund based (Non derivatives)**
Cement	30,000	-
Mining	-	195,278
Construction	16,976	948,484
Other Metal and Metal products	2,423,615	-
All Engineering	489,000	305,380
Other Textiles	22,343	11,393
Tea	136,719	-
Food Processing	39,212	-
Chemicals, Dyes, Paints etc.	12,903,060	378,150
Gems and Jewellery	3,310,900	371,675
Automobiles including trucks	660,191	4,350
Computer Software	6,016,751	57,709
Infrastructure	17,533,037	7,564,851
NBFCs & Trading	17,489,770	6,000,000
Other Industries	1,280,357	-
Banking Sector	8,784,522	10,057,942

Industry classification	Dec 31, 2021 (Rs. In 000's)	
	Fund based	Non fund based (Non derivatives)
Retails Loans	671	-
Residual exposures	15,493,866	148,912
Total	86,630,990	26,044,124

Exposure to industries in excess of 5% of the total exposure

Industry Classification	Dec 31, 2021 (Rs. In 000's)	
	Fund Based	Non Fund Based (Non Derivatives)
Chemicals, Dyes, Paints etc.	12,903,060	378,150
Computer Software	6,016,751	57,709
Infrastructure	17,533,037	7,564,851
NBFCs & Trading	17,489,770	6,000,000
Banking Sector	8,784,522	10,057,942
Residual exposures	15,493,866	148,912

Residual contractual maturity breakdown of assets as at Dec 31, 2021

(Rs. In 000's)

Maturity buckets	Cash and Balances with Reserve Bank of India	Balances with Banks and Money at Call and Short Notice	Investments	Advances	Fixed Assets	Other Assets	Total
1 day	7,670,453	4,276,138	54,561,252	805,053	-	68,262,486	135,575,382
2 to 7 days	-	2,837,000	13,821,387	3,553,093	-	50,171	20,261,651
8 to 14 days	-	-	9,778,596	859,587	-	121,253	10,759,436
15 to 30 days	1,615,950	-	4,376,191	1,376,098	-	801,755	8,169,994
31 days to 2 months	1,183,274	-	5,551,735	4,621,606	-	785,276	12,141,891
2 to 3 months	1,338,364	-	24,623,194	16,199,491		585,790	42,746,839
3 to 6 months	974,405	-	3,013,235	10,027,565	-	352,261	14,367,466
6 to 12 months	445,657	-	2,133,603	12,092,003	-	24,024	14,695,287
1 to 3 years	379,759	100	4,210,751	33,287,120	-	6,888,786	44,766,516
3 to 5 years	292,532	-	2,782,987	883,688	-	-	3,959,207
Over 5 years	-	-	-986,022	182,361	112,947	46,767,496	46,076,782
Total	13,900,394	7,113,238	123,866,909	83,887,665	112,947	124,639,298	353,520,451

The above disclosure is as per the Asset Liability Management ("ALM") / Liquidity Guidelines issued by RBI.

Movement of NPAs and provision for NPA (loans and advances portfolio)

(Rs. In 000's)

Particulars	Dec 31, 2021
Amount of NPAs (Gross)	**2,743,325**
- Substandard	-
-Doubtful	**2,741,766**
- Doubtful 1	566,894
- Doubtful 2	2,174,872
- Doubtful 3	-
- Loss	1,559
Net NPAs	**-**
NPA Ratios	
- Gross NPAs to gross advances	3.17%
-Net NPAs to Net advances	0.00%
Movement of NPAs (Gross)	
-Opening balance	**2,682,164**
-Additions	566,894
-Reductions	505,733
-Closing balance	**2,743,325**
Movement of provision for NPAs	
-Opening balance	**2,378,724**
-Provision made during the year	566,894
-Write –offs / write back of excess provisions	202,293
-Closing balance	**2,743,325**

Movement in provision as of Dec 31, 2021:

(Rs. In 000's)

	General Provision*	Specific Provision
-Opening balance	1,585,805	2,378,724
-Provision made during the period	352,015	566,894
-Write –offs / write back of excess provisions	-	(202,293)
- Any other adjustments, including transfers between provisions	-	-
-Closing balance	1,937,820	2,743,325

** General Provision includes provision on standard assets, unhedged foreign currency exposure and NPLL*

Details of write-offs and recoveries as of Dec 31, 2021:

(Rs. In 000's)

Write-off that have been booked directly to the income statement (Includes provision made in the previous years and written off in the current year)	8,647
Recoveries that have been booked directly to the income statement	3,142

Major Industry-wise NPAs, provisions and write-off as of Dec 31, 2021

(Rs. In 000's)

Industry Classification	Gross NPA	Specific Provisions[1]	General Provision	Specific Provision during the Year	Write-Off/Write-back during the year
Retail Trade	566,894	566,894[2]	-	566,894	202,293
All Engineering	-	-	-	-	-
Infrastructure	2,174,872	2,174,872	-	-	-
Chemicals Dyes & Paints	1,559	1,559	-	-	
TOTAL	**2,743,325**	**2,743,325**	**-**	**566,894**	**202,293**

1. Specific provision relating to NPAs

Geography-wise breakup of gross NPAs, specific provisions and general provision as of Dec 31, 2021

(Rs. In 000's)

Category	Gross NPA	Specific Provisions[1]	General Provision
Domestic	**2,743,325**	**2,743,325**	-
Overseas[2]	-	-	-
TOTAL	**2,743,325**	**2,743,325**	**-**

1. Specific provision relating to NPAs
2. Bank does not have any overseas branches.

NPIs and movement of provision for depreciation on investments

(Rs. In 000's)

	Dec 31, 2021
Amount of non-performing investments	-
Amount of provision held for non – performing investments	-
Movement of provisions for depreciation on investments	
-Opening balance	720,110
-Provision made from during the year	325,432
-Write –offs	-
-Write back of excess provisions	-
-Closing balance	**1,045,542**

5. CREDIT RISK: Disclosure of portfolio subject to standardised approach (Table DF-4)

The Bank is using issuer ratings and short-term and long-term instrument ratings which are assigned by the accredited rating agencies viz. assigned by CRISIL, CARE, ICRA, Fitch, Brickworks and SMERA and published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporate and foreign bank, ratings assigned by international rating agencies i.e. S&P, Moody's and Fitch are used for assigning the risk weights.

- With respect to short term exposures, short term ratings are assigned wherever available for the facilities extended by the Bank.

- In case, ratings are not available for the facilities extended, ratings as applicable for the other facilities of the counterparty are assigned. The applicable risk weight would be one notch higher. However, mingling of fund based and non-fund based facilities is not permitted.

- Similarly for short term derivative trades where issue-specific short term rating is not available, the applicable risk weight would be one notch higher as would be applicable for issue-specific short term rated facility. In the case of long term derivative exposures, the rating assigned to any Debt Capital Market instrument issued by the Obligor, whose maturity is within the maturity profile of the outstanding trades is considered, however the Risk weight would be one notch higher than what is applicable to the assigned long term rating. In absence of any Debt Capital Market rating, the exposure is treated as unrated and accordingly risk weights are assigned.

- In case of long term exposures, rating of any long term bank loan rating assigned to the counterparty is assigned. However, long term fund based rating cannot be applied to a long term non-fund based exposure and vice versa.

- Cash Credit / Overdraft/ Short Term Loan exposures shall be considered as long term exposures and treatment applicable to long term exposures shall be applied. Since short term loans typically get rolled over on a conservative basis the same would be assigned long term ratings even though their original maturity is less than one year.

- The claims on banks incorporated in India and foreign bank branches in India is risk weighted based on the Common Equity Tier 1 capital of that bank, as per the RBI guidelines. In respect of claims on non-resident corporate and foreign bank, ratings assigned by international rating agencies i.e. S&P, Moody's and Fitch are used for assigning the risk weights.

Details of credit risk exposure based on risk- weight

(Rs In 000's)

Description	Dec 31, 2021
Fund Based Exposure *	**83,887,664**
Less : Credit Risk Mitigant	**243,100**
Net Exposure	**83,644,564**
-Below 100% risk weight	33,367,971
- 100% risk weight	11,004,073
-More than 100% risk weight	39,272,520
* The above comprises of Net loans and advances as reported to RBI in regulatory filings	

Description	Dec 31, 2021
Non Fund Based Exposure *	**26,044,124**
Less : Credit Risk Mitigant	**9,981**
Net Exposure	26,034,143
-Below 100% risk weight	11,306,469
- 100% risk weight	2,481,156
-More than 100% risk weight	12,246,518
* The above comprises of Non fund based Exposure excluding derivatives	

6. **LEVERAGE RATIO: (Table DF-17 and DF - 18)**

The leverage ratio act as a credible supplementary measure to the risk based capital requirement. The Basel III leverage ratio is the capital measure (Tier-1 capital) divided by the exposure measure, with this ratio expressed as a percentage. The Bank's leverage ratio, calculated in accordance with the RBI guidelines is as follows:

Tier 1 capital	88,920
Total exposures	517,487
Basel III leverage ratio	**17.18%**