**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 Mar 2024**

**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 March 31, 2024. 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 (yes / no) | Explain the method of consolidation | Whether the entity is included under regulatory scope of consolidation (yes / no) | Explain the method of consolidation | Explain the reasons if consolidated under only one of the scopes of consolidation |
|---|---|---|---|---|---|
| | | | | | |
| 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**

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 | 913,915 | - | NA | 7,463,784 |
| Barclays Wealth Trustees (India) Private Limited | Trust Advisory | 81,355 | - | NA | 509,318 |

*as stated in the audited balance sheet of the legal entity as on March 31, 2023

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| 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 | Amt in USD '000<br>Total balance sheet assets * |
|---|---|---|---|---|---|
| Barclays Bank PLC – Gift City Branch | IBU – Gift City | 23,554 | - | NA | 23,689 |

*Numbers are in USD as stated in audited Balance Sheet as on 31st March 2023

**C** - List of group entities considered for consolidation

| Name of the entity / country of incorporation | Principle activity of the entity | Total balance sheet equity * | Amt in Rs. '000<br>Total balance sheet assets * |
|---|---|---|---|
| Barclays Investments and Loans (India) Limited | NBFC | 10,064,450.63 | 38,549,623.89 |

*as stated in the audited balance sheet of the legal entity as on March 31, 2024 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

**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.

**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), 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 March 31, 2024, as per Basel III guidelines bank is required to maintain minimum CET1 capital ratio of 9.5%, 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 1.5% 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 (Mar 31, 2024)**

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** | **Mar 31, 2024** |
|---|---|---|
| **A** | **Capital Requirement for Credit Risk** | **46,720,819** |
| | **(Standardised Approach)** | |
| | - On-balance sheet exposures excluding securitisation exposures | 17,713,801 |
| | - Off- balance sheet exposures excluding securitisation exposures | 28,992,884 |

| | | |
|---|---|---|
| | a) Non-market related | 5,602,976 |
| | b) Market-related | 23,389,907 |
| | - On-balance sheet-securitisation exposures | - |
| | - Counterparty Risk as Borrower of funds | 14,134 |
| | | |
| **B** | **Capital Requirement for Market Risk** | **34,832,091** |
| | **(Standardised Duration Approach)** | |
| | - Interest rate related instruments | 32,882,091 |
| | - Equity | - |
| | - Foreign Exchange and Gold | 1,950,000 |
| | | |
| **C** | **Operational-risk-weighted exposures** | **4,261,441** |
| | **(Basic Indicator Approach)** | |
| | | |
| **D** | **Capital Adequacy Ratio of the Bank** | **15.93%** |
| | | |

### 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 other than the amount held as deposit under Section 11(2) of the Banking Regulation Act, 1949 which has been designated as credit risk mitigation (CRM)
- Capital reserves not eligible for repatriation so long the Bank operates in India.
- Reduce by intangible assets and any deduction recommended by regulator

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
- Investment reserve account

As on Mar 31, 2024 total capital base (Tier1 + Tier2) of the Bank stood at Rs**. 105,118,054** ('000s)

**(Rs. in '000s)**

| **No** | **Description** | **Mar 31, 2024** | **March 31, 2023** |
|---|---|---|---|
| A | Tier 1 Capital | 96,022,378 | 93,480,245 |
| B | Tier 2 Capital | 9,095,676 | 7,871,036 |
| **C** | **Total Eligible Capital (A+B)** | **105,118,054** | 101,351,281 |

The Head Office has infused NIL capital of during the current year.

An amount of Rs. 7,632,328 ('000) held as deposit under Section 11(2) of the Banking Regulation Act, 1949 has been designated as credit risk mitigation (CRM) for offsetting of non-centrally cleared derivative exposures to Head Office (including overseas branches), and is not reckoned for regulatory capital and any other statutory requirements. The above amount has been sourced as below :

| Description | (Rs. In 000's) |
|---|---|
| Balance utilized from Remittable Surplus | 4,005,454 |
| Balance utilized from Interest-free funds from Head Office | 3,626,874 |
| **Total** | **7,632,328** |

The capital ratios of the Bank are as follows:

| Capital ratios | Mar 31, 2024 | March 31, 2023 |
|---|---|---|
| CET1 capital ratio | 14.55% | 15.94% |
| Tier - 1 capital ratio | 14.55% | 15.94% |
| **Total capital ratio** | **15.93%** | 17.28% |

## 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.

### 3.1 Enterprise Risk Management Framework (ERMF)

The Enterprise Risk Management Framework (ERMF) governs the way in which Barclays identifies and manages the risks.

The purpose of the ERMF is to:

- Set out clear principles of risk management to protect Barclays, and our clients, customers and markets.
- Support embedding a strong risk culture within the firm by setting out clear risk management practices and requirements.
- Identify the Principal Risks faced by the firm.
- Describe the way in which the firm establishes a Risk Appetite and operates within it.
- Delineate the key responsibilities of different groups of employees (the Lines of Defence) in enabling the firm to operate within its Risk Appetite.
- Specify risk management accountabilities and responsibilities for key roles.
- Explain the role of frameworks, policies and standards within risk management in implementing this Framework.
- Describe the governance of risk within the firm.

Additionally, we have also formulated a Barclays Bank India Branch ("Branch") specific Risk Management Procedure ("RMP") which sets out the requirements for the Branch to identify and manage its risks. The RMP is aligned with the Barclays Enterprise Risk Management Framework ("ERMF"), which sets out the Group's comprehensive approach for the management of the broad range of risks faced globally. The ERMF shall supersede the RMP in resolution of any identified inconsistency to the extent it complies with the local regulatory standards.

The RMP addresses the following areas:

- Identify the Principal Risks faced by the Branch and explain the material risks which impact the Branch's operations;
- The Branch's Risk Appetite Statement ("RAS") which details the Risk Appetite and Risk Tolerance of the Branch;

- The Branch's approach to monitor and manage each material risk.;
- The Risk Management functions that exist and their roles;
- The review process to ensure the RMP remains effective

### 3.2 Principal Risks

The following nine risks, referred to as Principal Risks, account for the vast majority of the total risk faced by the Branch:

- Credit Risk: The risk of loss to the firm from the failure of clients, customers or counterparties (including sovereigns), to fully honour their obligations to the firm, including the whole and timely payment of principal, interest, collateral and other receivables.

- 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.

- Treasury and Capital Risk: This comprises: 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 and 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

- 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.

- 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.

- Model Risk: The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.

- 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.

- Compliance 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 (also known as 'Conduct Risk'. and the risk to Barclays, its clients, customers or markets from a failure to comply with the laws, rules and regulations applicable to the firm (also known as Laws, Rules and Regulations Risk 'LRR Risk').

- 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 or to assert or defend its intellectual property rights.

**Risk Appetite**
Risk appetite is defined as the level of risk which the firm is prepared to accept in carrying out its activities. It provides a basis for ongoing dialogue between management and Board with respect to the Group's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

The Risk Appetite Statement for the Branch ("RAS") takes into consideration the Barclays Bank (the Group) Risk Appetite, and embeds the Branch's Business Plan. It defines the level of risk the Branch is prepared to accept whilst pursing its business strategy, recognising a range of possible outcomes as business plans are implemented.

The risk appetite process at India Branch ensures that senior management understand the business plan's sensitivities to risk types and includes a set of portfolio limits to ensure the branch remains within the approved Risk Appetite and Tolerance levels.

Therefore, the Risk Appetite aims to:

- to identify the risks that are acceptable in the course of conduct of activities.
- to specify the acceptable level of risk to enable specific risk taking activities.
- to consider all Principal Risks individually and, where appropriate, in aggregate.
- to consistently communicate the acceptable level of risk for different risk types.

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

All colleagues have a specific responsibility for enabling the firm to operate within its Risk Appetite. These responsibilities are defined in terms of the role of the employee in the "Three Lines of Defence". The 3 Lines of Defence are responsible for risk identification, monitoring and management as follows:

**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 to which they are exposed as a result of the activities in which they are engaged.
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 as per the Operational Risk Framework and to Risk and Compliance as per the requirements in their respective frameworks.

The first line may establish their own policies, standards and controls, particularly with respect to 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. Where activities are not within applicable limits and/or tolerances, Policies and/or Standards, the first line is responsible for identifying, raising and remediating these in accordance with the Operational Risk Framework. 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 frameworks, policies and standards, limits, rules and constraints under which all activities shall be performed, consistent with the Risk Appetite of the firm, and to oversee the performance of the firm against these frameworks, policies and standards, limits, rules and constraints. 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 will ordinarily be established by Controls Officers operating within the Controls Framework of the firm.

**Third Line of Defence:**
Employees of Internal Audit comprise the Third Line of Defence. 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 except in relation to the legal advice it provides or procures, the Legal function is, however, subject to oversight from the Risk and Compliance functions with respect to its own Operational and Conduct risks, as well as with respect to the Legal and Regulatory Risks to which Barclays is exposed.

The Legal function and the services it provides does not sit in any of the three lines of defence, but supports them all. The responsibilities of the Legal function supplement and do not replace any of the responsibilities of the first and second line. Except in relation to the legal advice it provides or procures, the Legal function and the Legal principal risk is subject to oversight from the Risk and Compliance functions with respect to its own Operational and Compliance Risks, as well as with respect to the Legal Risk to which Barclays is exposed.

**Measurement of risks for capital adequacy purposes**

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

Under Pillar 1, 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 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. Credit risk managers are generally organized in sanctioning team by geography, industry and / or product, but in India the credit team, given the experience, is fungible across the Industry and product group. The largest credit exposures which are outside of individual delegated authorities are presented to the India Credit Committee for approval. The Credit Committee composition has representation from the India Chief Executive Officer, Relationship team and Credit Risk, thus providing diverse views while approving the large exposures. The members from both Relationship team as well as Credit Risk eligible to vote in the committee are well experienced bankers.

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 mentioned in the terms of approval/term sheet 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 the 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 the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
- 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 (OD/CC) is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days or credits are not enough to cover the interest debited during the previous 90 days 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 abnormal concessions to the borrower (concessions may involve modifications of terms of the advances/securities including but not restricted to alteration of payment period, payment amount, instalment amount, rate of interest, interest amount, (rollover of credit facilities/term loans, enhancement of existing facilities, sanction/release of additional facilities, compromise settlements envisaging payment over 3 months, 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 borrower demonstrate satisfactory performance during the monitoring period, i.e. higher of either - a. period from the date of implementation of restructuring upto the date by which at least 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) on the credit facility with the longest period of moratorium. Additionally, as and where applicable, the residual restructured credit facilities needs to be rated as investment grade (BBB- or better) by RBI accredited Credit Rating Agencies (CRAs).

### 4.9 Credit Risk exposures

Total gross credit risk exposure including geographic distribution of exposure

**(Rs. In 000's)**

| | | **Mar 31, 2024** | | |
|---|---|---|---|---|
| | | **Domestic** | **Overseas[2]** | **Total** |
| A) | Fund based exposure | 90,262,159 | - | 90,262,159 |
| B) | Non fund based exposure[1] | 36,198,560 | - | 36,198,560 |
| | **Total[3]** | **126,460,719** | - | **126,460,719** |

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.

### Industry classification of gross credit exposure

| | Mar 31, 2024 (Rs. In 000's) | |
|---|---|---|
| **Industry classification** | **Fund based** | **Non fund based (Non-derivatives)** |
| All Engineering | 1,485,211 | 10,463,318 |
| Other Textiles | - | - |
| Tea | 44,997 | - |
| Food Processing | 113 | - |
| Chemicals Dyes & Paints | 1,698,955 | 139,077 |
| Gems & Jeweler | 4,199,784 | - |
| Petroleum | - | - |
| Automobiles including Trucks | 79,920 | - |
| Computer Software | 13,205,373 | 21,191 |
| Infrastructure | 12,980,812 | 3,953,127 |
| NBFC & Trading | 14,598,740 | 2,151,849 |
| Other Industries | 997,500 | 10,593 |
| Banking Sector | 129,372 | 10,880,737 |
| Retail Sector | 2 | - |
| Residual Exposures | 7,595,022 | 4,350,291 |
| Other Metal & Metal Products | 10,000,000 | - |
| Electricity | 23,246,360 | 4,228,377 |
| Total | **90,262,159** | **36,198,560** |

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

| | Mar 31, 2024 (Rs. In 000's) | |
|---|---|---|
| **Industry Classification** | **Fund Based** | **Non Fund Based (Non Derivatives)** |
| All Engineering | 1,485,211 | 10,463,318 |
| Computer Software | 13,205,373 | 21,191 |
| Infrastructure | 12,980,812 | 3,953,127 |
| NBFC & Trading | 14,598,740 | 2,151,849 |
| Banking Sector | 129,372 | 10,880,737 |
| Residual Exposures | 7,595,022 | 4,350,291 |
| Other Metal & Metal Products | 10,000,000 | - |
| Electricity | 23,246,360 | 4,228,377 |
| **Total** | **83,240,888** | **36,048,890** |

**Barclays Bank PLC – Indian Branches**
(Incorporated in the United Kingdom with limited liability)

**Residual contractual maturity breakdown of assets as at Mar 31, 2024**

**(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 (Net)** | **Fixed Assets** | **Other Assets** | **Total** |
|---|---|---|---|---|---|---|---|
| 1 day | 1,260,657 | 4,316,831 | 213,239,031 | 647,031 | - | 5,494,376 | 224,957,926 |
| 2 to 7 days | - | - | 60,026,129 | 975,117 | - | 6,415,233 | 67,416,479 |
| 8 to 14 days | - | - | 16,651,330 | 1,288,137 | - | 1,580,772 | 19,520,239 |
| 15 to 30 days | 3,342,593 | - | 9,186,198 | 1,842,201 | - | 430,127 | 14,801,119 |
| 31 days to 2 months | 1,096,608 | - | 3,381,789 | 3,374,218 | - | 814,227 | 8,666,842 |
| 2 to 3 months | 1,825,372 | - | 5,267,238 | 2,437,327 | - | 2,169,273 | 11,699,210 |
| 3 to 6 months | 1,964,715 | - | 6,573,372 | 18,518,226 | - | 1,523,975 | 28,580,288 |
| 6 to 12 months | 296,159 | - | 6,044,021 | 16,758,837 | - | 44,200 | 23,143,217 |
| 1 to 3 years | 421,570 | 100 | 10,006,153 | 37,462,746 | - | 4,228,059 | 52,118,628 |
| 3 to 5 years | 394,391 | - | 1,019,866 | 6,604,456 | - | - | 8,018,713 |
| Over 5 years | - | - | (24,341) | 352,304 | 283,316 | 79,566,959 | 80,178,238 |
| **Total** | **10,602,065** | **4,316,931** | **331,370,786** | **90,260,600** | **283,316** | **102,267,201** | **539,100,899** |

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** | **Mar 31, 2024** |
|---|---|
| | |
| **Amount of NPAs (Gross)** | 1,559 |
| - Substandard | - |
| -Doubtful | - |
| - Doubtful 1 | - |
| - Doubtful 2 | - |
| - Doubtful 3 | - |
| - Loss | 1,559 |
| | |
| **Net NPAs** | - |
| | |
| **NPA Ratios*** | |
| - Gross NPAs to gross advances | 0.00% |
| -Net NPAs to Net advances | 0.00% |
| | |
| **Movement of NPAs (Gross)** | |
| -Opening balance | 315,587 |
| -Additions | - |
| -Reductions | 314,028 |
| -Closing balance | 1,559 |
| | |
| **Movement of provision for NPAs** | |
| -Opening balance | 315,587 |

BARCLAYS

**Barclays Bank PLC – Indian Branches**
(Incorporated in the United Kingdom with limited liability)

| Particulars | Mar 31, 2024 |
|---|---|
| -Provision made during the year | - |
| -Write –offs / write back of excess provisions | 314,028 |
| -Closing balance | 1,559 |

** Denotes value below rounding off rules applicable*

**Movement in provision as of Mar 31, 2024:**

**(Rs. In 000's)**

| | General Provision* | Specific Provision |
|---|---|---|
| -Opening balance | 1,984,807 | 315,587 |
| -Provision made during the period | 267,871 | - |
| -Write –offs / write back of excess provisions | (232,147) | (314,028) |
| - Any other adjustments, including transfers between provisions | - | - |
| -Closing balance | 2,020,530 | 1,559 |

** General Provision includes provision on standard assets, unhedged foreign currency exposure, Country risk, Provision on receivables and NPLL.*

**Details of write-offs and recoveries as of Mar 31, 2024:**

**(Rs. In 000's)**

| | |
|---|---|
| Write-off that have been booked directly to the income statement | - |
| Recoveries that have been booked directly to the income statement | 1,265 |

**Major Industry-wise NPAs, provisions and write-off as of Mar 31, 2024**

**(Rs. In 000's)**

| Industry Classification | Gross NPA | Specific Provisions[1] | Specific Provision during the Year | Write-Off/Write-back during the year |
|---|---|---|---|---|
| Retail Trade | - | - | - | 314,028 |
| Infrastructure | - | - | - | - |
| Drugs and Pharmaceuticals | 1,559 | 1,559 | - | - |
| **TOTAL** | **1,559** | **1,559** | **-** | 314,028 |

1. Specific provision relating to NPAs

**Geography-wise breakup of gross NPAs, specific provisions and general provision as of Mar 31, 2024**

**(Rs. In 000's)**

| Category | Gross NPA | Specific Provisions[1] |
|---|---|---|
| Domestic | 1,559 | 1,559 |
| Overseas | - | - |
| **TOTAL** | **1,559** | **1,559** |

1. Specific provision relating to NPAs

**NPIs and movement of provision for depreciation on investments**

**(Rs. In 000's)**

| | Mar 31, 2024 |
|---|---|
| Amount of non-performing investments | - |
| | |
| Amount of provision held for non – performing investments | - |
| | |
| Movement of provisions for depreciation on investments | |

| | |
|---|---|
| -Opening balance | 1,696,334 |
| -Provision made from during the year | (1,671,993) |
| -Write –offs | - |
| -Write back of excess provisions | - |
| -Closing balance | **24,341** |

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

The Bank is using issuer ratings, short-term and long-term instrument ratings which are assigned by the accredited rating agencies viz. assigned by CRISIL, CARE, ICRA, Fitch, and ACUITE 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.

- In line with RBI circular of October 2022, the Credit Ratings published by the above mentioned rating agencies are considered only, if the rating press release mentions Barclay Banks name along with the exposure sanctioned by the bank. The exposure mentioned in the press release has to be more than or equal to the facility sanctioned by the bank. In absence of these conditions, the rating will be ignored and the exposure will be treated as UNRATED. Unrated claims coupled with the obligor enjoying more than INR 200crs exposure from the Banking system, will attract highest risk weight of 150%.

- If the rating mentions the bank name as well as the exposure, then the short term rating, if any can be assigned to the short term exposure and similarly a long term rating, if assigned can be used for our long term exposure. However, a short term rating cannot be used for long term exposure and vice-a –versa.

- If any obligor is not rated by any of the rating agencies and also enjoys exposure of more than INR 200crs from the banking system, will be considered for a highest risk weight of 150%. Similarly, if any facility of the obligor attracts highest risk weights of 150%, then all claims against that counterparty will attract highest risk weight of 150%.

- However, in case of unrated short-term exposure, any short-term rating enjoyed by the obligor from the approved rating agencies, can be considered as alternate rating and will attract a risk weight which is one notch higher than what that short term rating attracts. In such a scenario, the short-term exposure shall not be considered as UNRATED and need not be tested for more than INR 200crs from the banking system criteria.

- In case the rating agencies are specific of the facilities covered under the rating and the condition around the banks name and amount is met, then, we will consider the rating for that specific facility and the others will be treated as Unrated. In case the rating is general and mentions only fund based and/or non-fund based then the fund based rating can be applied across all fund based facilities and non-fund based rating for non-fund based facilities sanctioned by the bank, provided other conditions are satisfied

- All long-term derivative exposure, unless finds a mention in the rating rationale along with the limits we have sanctioned, will be considered as UNRATED and will be tested for more than INR 200crs from banking system criteria. Similarly, as mentioned earlier, any short-term rating enjoyed by the obligor from the approved rating agencies, can be considered as alternate rating for short term derivative exposures and will attract risk weight one notch higher than what the said short term rating attracts.

- 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 | Mar 31, 2024 |
|---|---|
| Fund Based Exposure * | **90,260,598** |
| Less : Credit Risk Mitigant | **0** |
| Net Exposure | **90,260,598** |
| -Below 100% risk weight | 23,987,753 |
| - 100% risk weight | 2,334,974 |
| -More than 100% risk weight | 63,937,871 |
| * The above comprises of Net loans and advances as reported to RBI in regulatory filings | |

| Description | Mar 31, 2024 |
|---|---|
| Non Fund Based Exposure * | **36,198,560** |
| Less : Credit Risk Mitigant | - |
| Net Exposure | **36,198,560** |
| -Below 100% risk weight | 22,361,459 |
| - 100% risk weight | 59,850 |
| -More than 100% risk weight | 13,777,251 |
| * The above comprises of Non fund based Exposure excluding derivatives | |

6. **CREDIT RISK MITIGATION: Disclosure for standardised approach (Table DF-5)**

The Bank's credit risk mitigation techniques, apart from traditional practices of taking security of cash / other physical collaterals, include taking guarantees of high credit quality parties, avoidance of credit concentration in a single industry / counterparty, perfection of legal documentation and master netting agreements.

Bank's Credit Risk Mitigation policy has been drafted taking into consideration RBI guidelines on the same. As per the policy, the following credit risk mitigants to be recognized for regulatory capital purposes under the comprehensive approach:

- **Eligible financial collateral** which include cash (deposited with the Bank, fixed deposits, others), securities issued by Central and State Governments, , certain debt securities rated by a recognized credit rating agency, mutual fund units where daily net asset value is available in public domain and the mutual fund is limited to investing in the instruments listed above.

- **On-balance sheet netting** which is confined to loans/advances and deposits, where banks have legally enforceable netting arrangements, involving specific lien with proof of documentation.

- We also consider, as directed by the Reserve Bank of India, the credit protection in the form of Guarantees, provided the guarantee is direct explicit, irrevocable and unconditional. However, the Guarantor needs to be an entity with a lower risk weight than the counterparty.

There are well laid down policies and processes for valuation / revaluation of collaterals covering source of valuation, haircuts / margins on collateral market values, re-margining requirements and reassessment of credit limits. The frequency of collateral valuation is driven by the volatility in each class of collateral.

**Details of gross credit risk exposure**

**(Rs In 000's)**

| **Particulars** | **Mar 31, 2024** |
|---|---|
| Total exposure covered by eligible financial collateral | - |
| Total exposure covered by credit support agreement * (Net CSA) | 16,913,750 |
| Total exposure covered by guarantees/ credit derivatives | - |
| Total exposure covered by deposit under Section 11(2) designated as Credit risk mitigation (CRM) | 6,157,681 |

The bank does not have any concentration risk within credit risk mitigation.
*The Bank has entered into the Credit Support Agreement (CSA) agreements for exposure arising out of derivative contracts with some of the major counterparties. The Bank has received **Rs 16,913,750 ('000s) and placed Rs 6,314,460 ('000s)** (Previous year Rs 25,608,670 ('000s)) and placed Rs 8,056,150 ('000s).

7. **SECURITISATION EXPOSURES: Disclosure for Standardised approach (Table DF-6)**

Securitisation objectives and policies:

Securitisation of assets is undertaken with the following objectives:
Maximising return on capital employed, managing liquidity, maximizing yield on asset opportunities and meeting priority sector lending requirements. Also, securitization also helps us in meeting credit needs of our borrowers. Due to various constraints such as single party and group exposure norms, paucity of capital, internal sectoral exposure norms, etc., at times the Group is unable to meet the entire credit requirements of the borrowers. Securitisation helps overcoming such constraints and meet customer's credit needs.

The Bank also invests in third party originated securitization transactions in accordance with the investment policy of Bank.

The Bank participates in Securitisation transaction in the following roles:

Originator/Seller:
The Bank originates assets in the books and subsequently down-sells them through the securitization or assignment route

Servicing and Collection agent:
For sold assets, the Bank undertakes the activity of collecting and other servicing activities

Investor:

a. The Bank invests in Pass Through Certificates ('PTC') backed by financial assets originated by third parties for the purpose of holding or trading and meeting priority sector lending requirements.

   The Bank has not provided any credit support facility/credit enhancement, where we are acting as the Sellers/Originator of the assets.

b. The major risks inherent in securitisation/loan assignment transactions are given below:

- Credit Risk – Risk arising on account of payment delinquencies from underlying obligors/borrowers in the assigned pool.

- Market Risk
  - Liquidity Risk - This is the risk arising on account of absence of a secondary market for asset backed securities, which provides exit options to the investor/participant.
  - Interest Rate Risk - Fluctuation in interest rates impact the valuation of securitisation and may lead to mark to market losses.
  - Prepayment Risk - Prepayments in the securitised /assigned pool result in early amortization and loss of future interest (reinvestment risk) to the investor.

- Operational Risk
  - Co-mingling risk – Risk arising on account of co-mingling of funds belonging to the investor with that of originators and/or collection agent.
  - Performance risk – Risk arising on account of inability of the servicing/collection agent to recover the monies from the underlying obligors as well as operational difficulties in processing of the payments

- Reputation risk:
  - Risk arising on account of rating downgrade of a securitised instrument due to unsatisfactory performance of the underlying asset pool; and
  - inappropriate practices followed by the collection and processing agent.

c. Summary of Group's accounting policies for securitisation activities:

- In terms of RBI guidelines the Group sells assets to SPV only on cash basis and the sale consideration is received not later than the transfer of the asset to the SPV. Any loss arising on account of the sale is accounted immediately and reflected in the profit and loss account for the period during which the sale is affected and any profit/premium arising on account of sale is amortized over the life of the securities issued or to be issued by the SPV.
- In case the securitised assets qualify for derecognition from the books of the Group, the entire expenses incurred on the transaction e.g. legal fees, etc., is expensed at the time of the transaction and is not deferred. Where the securitised assets do not qualify for derecognition the sale consideration received is treated as a secured borrowing.

d. Rating of the securitisation transactions:

The Bank uses the ratings provided by external credit rating agencies viz. CRISIL, India Ratings (erstwhile FITCH India), ICRA and CARE for computing capital requirements for securitized exposures.

e. Monitoring credit risk of securitization exposures:

The Bank monitors the performance of the pool purchased under securitization route basis information received from the servicing agent/trustee. The performance of the pool is measured by analyzing parameters such as collection ratios, overdue trends, credit enhancement utilization and level of available credit enhancement (where applicable). This analysis is shared with the sanctioner as well as the relationship, in case the performance of pools shows concerning trends. The above process holds true for sold pools – where securitization is carried out through a route other than Direct Assignment.

f. Monitoring market risk of securitization exposures:

The bank ascertains market value of the securitization exposures based on extant norms, which is compared with their book value to assess the marked to market impact of these exposures monthly

g. Breakup of the exposure securitised by the Bank during the year and subject to securitization framework:

- **Trading Book** - Breakup of the exposure securitised by the bank during the year and subject to securitization framework:

i. Total outstanding exposures securitised by the Bank and the related unrecognised gains/ (losses) (**Mar 31, 2024**):

**(Rs In 000's)**

| **Exposure type** | **Outstanding** | **Unrecognised gains/(losses)** |
|---|---|---|
| Corporate loans | - | - |
| Total | - | - |

ii. Break-up of securitisation gains/(losses) (net)

**(Rs In 000's)**

| **Exposure type** | **Mar 31, 2024** |
|---|---|
| Corporate loans | - |
| Total | - |

iii. Assets to be securitised within a year at Mar 31, 2024

**(Rs In 000's)**

| | Amount |
|---|---|
| Amount of assets intended to be securitised within a year | - |
| Of which amount of assets originated within a year before securitisation | - |

iv. Securitisation exposures retained or purchased (Mar 31, 2024)

**(Rs In 000's)**

| Exposure type* | On-balance sheet | Off-balance sheet | Total |
|---|---|---|---|
| Vehicle/equipment loans | 17,322,412 | - | 17,322,412 |
| Mixed asset pool | - | - | - |
| Total | 17,322,412 | - | 17,322,412 |

* Securitization exposure includes PTCs purchased in case of third party originated securitization transaction

v. Risk weight bands break-up of securitisation exposures retained or purchased (Mar 31, 2024)

**(Rs In 000's)**

| Exposure type* | <100% risk weight | 100% risk weight | >100% risk weight | Total |
|---|---|---|---|---|
| Vehicle/equipment loans | 17,322,412 | - | | 17,322,412 |
| Mixed asset pool | - | | | - |
| Total | 17,322,412 | - | | 17,322,412 |

* Securitization exposure PTCs purchased in case of third party originated securitization transaction

vi. Securitisation exposures deducted from capital (Mar 31, 2024)

**(Rs In 000's)**

| Exposure type | Exposures deducted entirely from Tier-1 capital # | Credit enhancing interest-only strips deducted from total capital | Other exposures deducted from total capital |
|---|---|---|---|
| Vehicle/equipment loans | - | - | - |
| Corporate loans | - | - | - |
| Mixed asset pool | - | - | - |
| Total | - | - | - |

#Excludes illiquidity premium deducted from capital on account of Securitization Exposure.

- **Banking Book –** There was no outstanding under the securitization exposure as at 31st March 2024.

**MARKET RISK (Table DF-7)**

Market risk is the risk that bank earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates.

**Market risk management objective and policies:**

Barclays market risk objectives are to:

1. Understand and control market risk by robust measurement, limit setting, reporting and oversight
2. Facilitate business growth within a controlled and transparent risk management framework
3. Ensure that traded market risk in the businesses resides primarily in the trading book; and

- **TRADED MARKET RISK**

This is the risk of loss arising from potential adverse changes in the mark-to-market value of the bank'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.

The bank manages the market risk of underlying positions as part of its day-to-day trading operations within the VaR and position limits set by Risk. The limit structure is guided by the governance framework detailed under Market Risk Procedures

**Market Risk monitoring**

The market risk is monitored through a granular risk limit structure using above risk indicators and reported to the relevant stakeholders on daily basis.

**STANDALONE RISK MEASURES**

4. **Interest Rate Risk:** It is measured through DV01 which determines the change in value of underlying portfolio for 1 basis point change in the interest rate.
5. **Credit Spread Risk:** It is measured through CS01 which determines the change in value of underlying portfolio for 1 basis point change in the credit spread of underlying issuers.
6. **Foreign Exchange Risk:** For linear portfolio, the Forex Risk is monitored through measures such as: FX Delta, which indicates change in the value of portfolio with respect to the change in the value of FX Spot. For nonlinear portfolio, the bank uses other Greeks such as: FX Vega, which determines the change in value of option portfolio for 1% increase in the FX Volatility, FX Gamma, which indicates the change in FX Delta for 1-point change in FX Spot

**AGGREGATE RISK MEASURES**

- **DvaR:** The aggregated risk is monitored through daily management Var, which is an estimate of the potential loss arising from unfavorable market movements, if the current positions were to be held unchanged for one business day. The bank uses the historical simulation methodology with a one-year equally weighted historical period, at the 95% confidence level. DVaR model is regularly assessed and reviewed using back-testing which counts the number of days when trading losses exceed the corresponding DVaR estimate and subject to independent model validation at least annually
- **Stress Test:** On periodic basis, the bank performs stress testing which provides an estimate of potential significant future losses that might arise from extreme market moves. Stress tests apply stress moves to

key liquid risk factors for each of the major trading asset classes including interest rate, credit, commodity, equity and foreign exchange.

**Market Risk in Trading Book**

**(Rs. In 000's)**

| Capital required | Mar 31, 2024 |
|---|---|
| - Interest rate risk | 32,882,091 |
| - Equity position risk | 0 |
| - Foreign exchange risk | 1,950,000 |

8. **OPERATIONAL RISK (Table DF-8)**

Operational Risk is defined as the risk of loss to the Bank 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:

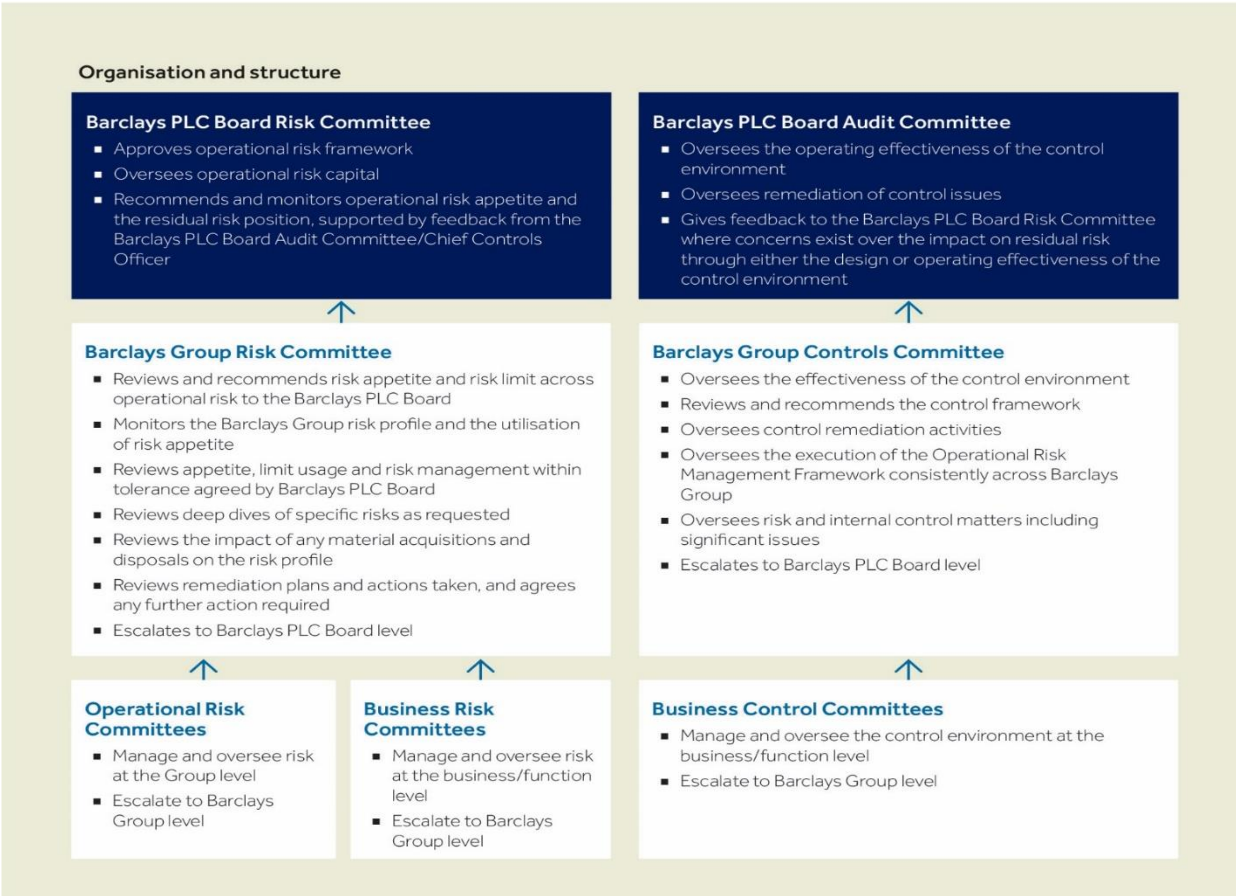
deliver an operational risk capability owned and used by business leaders

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 Bank's strategy, the stated risk appetite and stakeholder needs.

The Bank 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.

### Organization 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 & Information 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
- Information Security Risk: The risk that Barclays information is not protected against potential unauthorised access, use, modification, disruption or destruction
- Operational Recovery Planning Risk: The risk that Barclays does not understand the impact of operational disruption on its business services, is unable to recover business services within agreed timeframes, or does not have the ability to effectively respond to a crisis

- 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
- Change Delivery Management Risk: The risk of failing to deliver and implement the agreed change initiatives and business outcomes required to deliver the Group and Business Unit Strategy within targeted timelines.
- 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 resulting in operational, reputational and/or conduct risk to Barclays.
- Risk Reporting Risk: The risk that risk reports within the scope of BCBS239, produced for internal risk decision-making or external regulatory purposes, are not adaptable, accurate, comprehensive, clear and useful, generated at appropriate frequency, or distributed to relevant parties.
- 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 which may lead to customer harm or loss (or gain) to the Bank, in the form of financial or non-financial impacts.

The Operational Risk Taxonomy also includes operational risks associated with other Principal Risks, including Compliance, Legal, Climate, Model, Reputation Risk, and Financial Risks (Credit, Market, Treasury and Capital). These risks may result in financial and/or non-financial impacts including legal/regulatory breaches or reputational damage.

Barclays also recognises that there are certain threats and risk drivers which are interconnected and have the potential to impact the Group's strategic objectives. Referred to as Connected Risks, these risks require an integrated risk management and reporting approach:

- Data: The risks associated with the management, quality and control of data, its protection, confidentiality and correct usage.
- Resilience: The risk of the organisation's ability to (a) anticipate, prevent, adapt, respond to, recover and learn from internal or external disruption; (b) continue to provide important business services to customers and clients; and (c) minimise any impact on the wider financial system.
- Third-Party Service Management: The risk associated with third-party service providers - defined as all entities that have entered into an arrangement with Barclays in order to provide business functions, activities, goods, and/or services.

## Roles and responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests with the legal entities, business and functional units where the risk arises. The operational risk profile and control environment are reviewed by business management through specific meetings which cover these items. Operational risk issues escalated via these meetings are further considered through second line of defense review meetings. Depending on their nature, the escalated outputs of these meetings are presented to a Control Forum.

Barclays legal entities, businesses and functions are required to report their operational risks on regular and event-driven bases, where the report includes a profile of the material risks that may threaten the achievement of business objectives and the effectiveness of key controls; operational risk events; and a review of scenarios.

The Group Head of Operational Risk is responsible for establishing, owning and maintaining an appropriate Bank-wide Operational Risk Framework and for overseeing the portfolio of operational risks across the Group.

The Operational Risk function which acts in a second line of defense capacity is responsible for defining and overseeing the implementation of the framework and monitoring the Group's operational risk profile.

## Operational Risk Framework

The Operational Risk Framework comprises a number of elements which allow the Bank to manage and measure its operational risk profile and to calculate the amount of operational risk capital that the Bank needs to hold to absorb potential losses. The minimum requirements for each of these elements are set out in the Operational Risk Framework and supporting policies implemented in Barclays Group across operating entities, businesses and functions.

The Operational Risk Framework which is a key component of the Group-wide Enterprise Risk Management Framework (ERMF) has been designed to promote effective risk management and to meet governance and regulatory requirements.

The key elements of the Operational Risk Framework are set out below.

## Risk and Control Self-Assessments

Risk and control self-assessments (RCSAs) are the way in which Bank 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 Bank. 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, Bank has actually, or could have, made a loss. The definition includes situations in which Bank 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 Bank 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 is a member of the Operational Risk data eXchange (ORX), a not-for-profit association of international banks formed to share loss data information anonymously. The ORX-sourced data and other, publicly available external risk event information are used by Barclays 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 Bank'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.

In the context of risk appetite, the underlying risk profile is monitored through Risk Committees and the Board at Barclays Group and legal entity level

### 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.

### Risk Scenarios

Scenario analysis is one of the risk assessment methodologies in the Operational Risk Framework. The Risk scenario process assesses extreme yet plausible operational risks (tail risks*) within Barclays using a set of industry-based scenarios tailored to reflect Barclays' tail risks. *High direct impact, low frequency events.

Risk scenarios are done mostly at global level and include an assessment of the key drivers for the exposure, occurrence, and impact of the scenario. This can lead to a review of the corresponding control environment. The assessment considers analysis of internal and external loss experience, Key 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;
- likelihood of an extreme event occurring.

Management then determines 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 risks are 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 the associated risk events.

The operational risk profile is reviewed by senior management at Risk Committee meetings, including the Operational Risk Committee and the Board Risk Committee.

### Operational Risk Measurement

India branch follows Basic Indicator approach for assessment of Operational Risk Capital requirements.
Capital requirement for operational risk (Mar 31, 2024)

As per the RBI guidelines on Basel III, the Bank has adopted Basic Indicator approach for computing capital charge for operational risk. The capital required for operational risk at Mar 31, 2024 was INR 32,780.31 Million.

## 9. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB) (Table DF-9)

IRRBB refers to the potential adverse financial impact on the bank's earnings and capital due to the changes in interest rates. Such risk arises from maturity mismatches in assets and liabilities from both cash items and from off-balance-sheet instruments held in the banking book and are driven by repricing mismatches, yield curve/benchmark differences and unanticipated change in asset-liability gaps due to change in customer behavior, which result into income and capital volatility through changes in Net Interest Income and changes to the economic value of banking book assets and liabilities.

Market Risk assessment accounts for both earnings perspective and economic value perspective of IRRBB.

The Earnings Perspective focuses on the impact of changes in interest rates on accruals or reported earnings or Net Interest Income. This perspective focuses on risk to earnings in the near term, typically the next one year. Fluctuations in interest rates generally affect reported earnings through changes in a bank's net interest income. The branch uses following risk measurements to assess this risk:

A. Interest Rate Sensitivity Report (Traditional Gap analysis) - This analysis measures the net mismatch between rate sensitive assets (RSA) and rate sensitive liabilities (RSL) including off balance sheet positions into each time buckets.
B. Earnings at Risk (EaR) - The bank estimates the impact on net interest income over one year horizon due to changes in interest rates.
C. Basis Risk Analysis - Under basis risk analysis, the bank assesses the impact of steepening/flattening of various benchmark interest rate curves.

The Economic Value perspective identifies risk arising from long-term interest rate gaps. Since the economic value perspective considers the potential impact of interest rate changes on the present value of all future cash flows, it provides a more comprehensive view of the potential long-term effects of changes in interest rates than is offered by the earnings perspective. The branch uses following risk measurements to assess this risk:

A. Duration Gap Analysis - It measures the mismatch in duration of assets & liabilities and the resultant impact on market value of equity on account of changes in interest rates.
B. Modified Duration Gap - It measures the repricing duration mismatch between time weighted assets and time weighted liabilities.
C. Change in Economic Value of Equity - The Bank monitors the erosion on the economic value of equity for parallel interest rate shocks.
Further, the bank also performs stress testing to assess the earnings impact and economic value impact for extreme moves in interest rates.

**Risk assessment technique:**

- The assessment should take into account both the earnings perspective (Traditional Gap Analysis) and economic value perspective (Duration Gap Analysis) of interest rate risk.

- The impact on the market value of equity should be calculated by applying an interest rate shock defined on time to time basis.

- Interest rate risk shall be measured with respect to Earnings & economic value perspective

**Methods for measurement of the IRRBB:**

- The Bank measures the level of its exposures of the present value of all assets and liabilities in the banking book to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements as stipulated in the relevant RBI guidelines.

- The Bank measures Earning at Risk (EaR) to assess the sensitivity of its net interest income to parallel movement in interest rates over the one-year horizon.

- The Bank performs gap analysis with the assumed change in yield over one year.

**Economic value perspective**

The Bank uses Duration gap analysis (DGA), as prescribed by RBI in its circular on interest rate risk, methodology to measure the interest rate risk on the banking book. Duration gap approach measures the impact of interest rate shocks on bank's economic value of capital from long term perspective. The bank measures, monitors and reports the DGaP to the local regulator as part of the monthly return.

Change in market value of equity (MVE) with 200 bps change in yield (value in absolute terms)

**(Rs. In 000's)**

| **Currency** | **Mar 31, 2024** |
|---|---:|
| Rupees | 2,507,054 |
| US Dollar | 1,094 |
| Other Currency | 2,023 |

**Earnings perspective**

Earnings Perspective measures the sensitivity of net interest income to changes in interest rate over the next 12 months. It involves bucketing of rate sensitive assets, liabilities and off-balance sheet items as per residual maturity/ re-pricing date in various time bands and computing change of income under 200 basis points upward and downward rate shocks over a one year horizon.

Change in Earnings at Risk with 200 bps change in yield (value in absolute terms)

**(Rs. In 000's)**

| **Details** | **Mar 31, 2024** |
|---|---:|
| Earnings at Risk | 3,133,002 |

10. **COUNTERPARTY CREDIT RISK: General disclosure for Exposure Related to Counterparty Credit Risk (Table DF-10)**

Barclays participates in derivative transactions, and is therefore exposed to counterparty credit risk (or 'counterparty risk') Counterparty credit exposure arises from the risk that parties are unable to meet their payment obligations under certain financial contracts such as derivatives or securities financing transactions. Credit limits for CCR are assessed and allocated using the PFE measure. A number of factors are taken into account when settling credit limits for individual counterparties, including but not limited to the credit quality and nature of the counterparty the rationale for the trading activity entered into and any wrong-way risk considerations. The expected exposures generated through internal systems are also used as an input into both internal and regulatory calculations covering CCR. The counterparty risk arising under derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the value is known as Credit Value Adjustment (CVA). It is the difference between the value of a derivative contract with a risk free counterparty and that of a contract with the actual counterparty.

Also, the Bank has entered into the Credit Support Annex (CSA) agreements with some of the counterparties. CSA defines the terms or rules under which collateral is posted or transferred between derivative counterparties to mitigate the credit risk arising from the derivative contracts.

Further, the Bank participates in the guaranteed settled mechanism with the central clearing counterparty (offered by CCIL), which attracts risk weights which are comparatively lower than other counterparties.

The derivative exposure is calculated using Current Exposure Method (CEM) as per Master Circular – Basel III Capital Regulations and bilateral netting guidelines. The balance outstanding as on Mar 31, 2024 is given below.

**(Rs. In 000's)**

| **Description** | **Mar 31, 2024** |
|---|---|
| | |
| Gross positive fair MTM of contracts | 76,533,342 |
| Netting benefits | 46,647,807 |
| Net MTM | 29,885,535 |
| Collateral held* | 23,071,431 |
| **MTM (Net of collateral)** | 6,814,104 |

| **Measures for Exposure At Default (EAD)** | | |
|---|---|---|
| | **Notional Amount** | **Current Credit Exposure** |
| Interest rate | 10,977,965,069 | 131,336,422 |
| Currency Derivatives | 4,414,312,735 | 239,411,865 |

| **Description** | **Mar 31, 2024** |
|---|---|
| Credit derivative transactions that create exposures to CCR (notional value) | - |
| of which : - | |
| - use for the institution's own credit portfolio | - |
| - intermediation activities, including the distribution of the credit derivatives products | - |
| a) Protection bought | - |
| b) Protection sold | - |

11. **Treasury and Capital Risk**

The risk that the Bank may not achieve its business plans because of the availability of planned liquidity or a shortfall in capital. This includes the following risks:

- **Capital Risk**
- **Liquidity Risk**

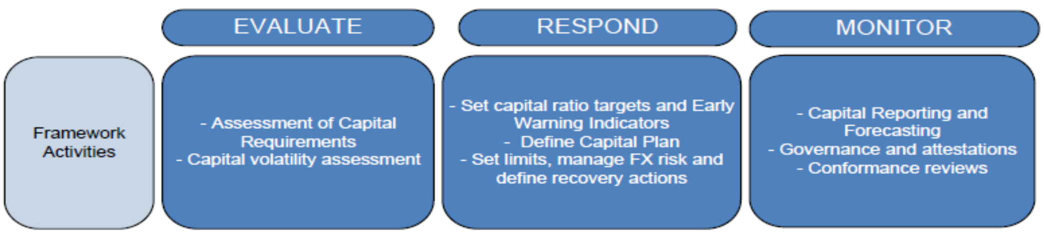
Treasury TFI manages Liquidity Risk on a day to day basis with the ALCO acting as the principal management body.

### 11.1 Capital Risk

Capital risk is the risk that the Group has insufficient level or composition of capital:

- To support its normal business activities
- Meet regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes
- Support its credit ratings. A weaker credit rating would increase the Bank's cost of funds

Capital Risk is managed through ongoing monitoring and management of the capital position, regular stress resting and a robust capital governance framework. The objectives of the framework are to maintain adequate capital for the Group and legal entities to withstand the impact of the risks that may arise under normal and stressed conditions, and maintain adequate capital to cover current and forecast business needs and associated risks to provide a viable and sustainable business offering. This is illustrated through the below schematic of primary objectives and core practices:




| Primary objectives | Core practices |
|---|---|
| Ensure the Group and legal entities maintain adequate capital to withstand the impact of the risks that may arise under the stressed conditions analysed by the Group. | ■ Meet minimum regulatory requirements in all jurisdictions<br>■ Maintain capital buffers over regulatory minimums<br>■ Perform Group-wide internal and regulatory stress tests<br>■ Develop contingency plans for severe and extreme stresses, which include stress management actions and recovery actions. |
| Support a strong credit rating. | Maintain capital ratios aligned with rating agency expectations. |
| 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. | Maintain a capital plan on a short-term and medium-term basis aligned with the Group's strategic objectives, balancing capital generation of the business with business growth and shareholder distributions. |

The management of Capital risk is integral to the Bank's approach to financial stability and sustainability management and is embedded in the way businesses operate. Capital Risk management is underpinned by a control framework and policy. Local management ensures compliance with an entity's minimum regulatory capital requirements by reporting to the local ALCO with oversight by Treasury as required.

The capital management strategy is driven by the strategic aims of the Bank and risk appetite as defined by the Executive Committee ("ExCo"). These objectives are achieved through well embedded capital management practices.

**Capital Planning**

The Bank assesses its capital requirements on multiple bases, with the Capital plan set in consideration of the risk profile and appetite, strategic and performance objectives, regulatory requirements, market and internal factors, Capital forecasts are managed on a top-down and bottom-up analysis through both short term and medium term financial planning cycles. The Group capital plan is developed with the objective of maintaining capital that is adequate in quantity and quality to support our risk profile and business needs. The Capital Plan ensures that Barclays continues to support is capital requirements and meet its capital ratio targets.

Local management ensures compliance with an entity's minimum regulatory capital requirements by reporting to India Executive Committee (ExCo) with oversight by the Treasury, as required.

**Economic Capital**

Economic capital is an internal measure of the risk profile of the bank expressed as the estimated stress loss at a given confidence level. Barclays assesses capital requirements by measuring the Group's risk profile using both internally and externally developed models. The Group assigns economic capital primarily within the following risk categories: credit risk, market risk, operational risk, fixed asset risk (property and equipment) and pension risk.

**Capital risk management framework**

The Bank's capital management framework includes a comprehensive internal capital adequacy assessment process (ICAAP) and recommendation of the minimum level of capital which needs to be held conducted annually. The ICAAP assesses the capital adequacy of Barclays Bank PLC India given the current financial projections, the material risks to which it is exposed to and the strategy that the Bank employs for managing its risk profile and takes into account all relevant regulations and capital forecasts. The capital assessment in the ICAAP uses the assessments based on the Group's Economic Capital (EC) modeling and stress testing as well as regulatory requirements which are combined to give an overall assessment of the Bank's capital adequacy.

**11.2 Liquidity Risk**

Liquidity risk is the risk that the bank, 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.

**Liquidity risk management framework**

The efficient management of liquidity is essential to the Bank in retaining the confidence of financial markets and ensuring that business is sustainable. The liquidity risk control framework is used to manage all liquidity risk exposures under both BAU and stressed conditions. The framework is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to support the liquidity risk appetite as expressed by the Barclays PLC Board. The liquidity risk appetite is monitored against both internal and regulatory liquidity metrics.

Treasury has the primary responsibility for managing liquidity risk within the set risk appetite. Both Risk and Treasury contribute to the production of the Internal Liquidity Adequacy Assessment Process (ILAAP). The Treasury and Capital Risk function is responsible for the management and governance of the liquidity risk mandate, as defined by the Board. The liquidity risk control framework is designed to deliver the appropriate term and structure of funding, consistent with the liquidity risk appetite set by the Board. The control framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Group's balance sheet, contingent liabilities and the recovery plan. Limit setting and transfer pricing are tools that are designed to control the level of liquidity risk taken and drive the appropriate mix of funds. Together, these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet Group's obligations as they fall due.

**Risk Appetite and planning**
Barclays has established a Group LRA stress test to represent the level of liquidity risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. The key expression of the liquidity risk is through stress tests. It is measured with reference to the liquidity pool compared to anticipated net stressed outflows for each of the stress scenarios.

The Group LRA stress test is approved by the Board. The LRA is reviewed on a continuous basis and is subject to formal review at least annually as part of the Individual Liquidity Adequacy Assessment Process (ILAAP). The Group LRA stress outflows are used to determine the minimum size of the Group Liquidity Pool. The Liquidity Pool represents those resources immediately available to meet outflows in a liquidity stress. In addition to the liquidity pool, the control framework and policy details available management actions that could be used to raise additional liquidity. Available management actions are assessed to determine their suitability, effectiveness and time to delivery

Liquidity limits

Barclays manages limits on a variety of on and off-balance sheet exposures. These limits serve to control the overall extent and composition of liquidity risk taken by managing exposure to each risk driver. The firm's ability to meet its obligations and fund itself under a stress is critical and a buffer of liquid assets should be maintained in order to meet outflows as defined under both the Liquidity Coverage Ratio (LCR) and the LRA stress scenarios. The bank has implemented the LCR in accordance with the requirements set out by the Reserve Bank of India (RBI) to measure the level stock of High Quality Liquid Assets (HQLA) held against outflows in a prescribed stress scenario lasting for a period of 30 days.

Early warning indicators

Barclays Treasury FLM monitor a range of market indicators for early signs of liquidity risk. Both market indicators and Barclays specific indicators are tracked, a sample of which is shown in the table below. These are designed to immediately identify the emergence of increased liquidity risk in order to maximise the time available to execute appropriate mitigating management actions. Early warning indicators are used as part of the assessment of whether to invoke the Contingency Plan, which provides a framework for how a liquidity stress would be managed.

12. **COMPLIANCE, REPUTATIONAL AND LEGAL RISK**

## Compliance Risk

Compliance risk is the risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of Barclays' Products and Services (aka Conduct risk), and the risk to Barclays, its Clients, Customers or Markets from a failure to comply with the Laws, Rules and Regulations applicable to the firm (aka Laws, Rules and Regulation risk 'LRR Risk'). Poor outcomes can be financial or non-financial and Customers and Clients need not be aware they have suffered harm. Wilful or negligent misconduct can be aggravating factors in causing poor outcome or harm and must be considered within the assessment of Conduct risks alongside all other causal factors. Barclays is committed to conducting its activities in line with the Laws, Rules, and Regulations (LRR) placed upon it. LRR are legislative acts, regulatory decrees and rules that impose obligations on Barclays, which are enforced by: (i) a court of law; (ii) a regulator, authority or agency recognised in law to impose obligations; or (iii) a self-regulatory organization. LRR that are final, published and not yet in force but expected to be brought into force are also included. The Compliance function sets the minimum standards required, and provides oversight to monitor that these risks are effectively managed and escalated where appropriate.

**Compliance Risk Appetite, Tolerance & Risk Authorities**

Barclays acts at all times to operate its business in full accordance with all applicable laws, rules and regulations, and to deliver good outcomes for / avoid harm to customers, clients and markets.
Barclays will act in good faith; avoid causing foreseeable harm and enable and support customers to pursue their financial objectives.
The Compliance Risk Management Framework focuses on: (i) Compliance Risk being identified, assessed and managed such that: each Business and Function establishes a control environment with a Moderate (or lower) level of residual risk for each L3 Compliance risk; or, a formal risk reduction plan is established to achieve Moderate (or lower) level of residual risk within a timeline approved at the relevant Controls Committee; (ii) Ensuring timely remediation, escalation, reporting and notification where a Business or Function is found to be operating outside of Compliance Risk requirements.

Compliance risk could manifest itself in a variety of ways:

**a) Market Integrity**

Market integrity comprises the following elements:

- Conflicts of Interest – the risk that Conflicts of interest are not identified, appropriately managed or mitigated
- Market Conduct – the risk that Barclays fails to observe proper standards of market conduct.
- Issuance – the risk that Barclays fails to identify and appropriately manage applicable Legal Obligations on programmes.
- Conduct Regulation – the risk that Business activities, including cross border activities, lack appropriate license or breach jurisdictional requirements; and that Employees in authorised roles are not identified, approved, competent or supervised adequately
- Whistleblowing – the risk that Barclays culture does not empower employees to raise concerns about Inappropriate Conduct

Examples of employee misconduct which could have a material adverse effect on the business include (i) employees improperly selling or marketing the products and services; (ii) employees engaging in insider trading, market manipulation or unauthorised trading; or (iii) employees misappropriating confidential or proprietary information belonging to the Bank, its customers or third parties.

**b) Customer engagement**

Customer Protection comprises the following elements:

- Customer Engagement – the risk that Customers receive advice, information, Products or service that leads to poor customer outcomes and/or harm
- Complaints and Remediation – the risk that Remediation activity or response to customer complaints is not appropriate or consistent
- Client Money & Assets – the risk that Client money and assets are not identified and safeguarded sufficiently
- Data Privacy – the risk that Barclays does not comply with relevant data protection and privacy laws and regulations
- Fiduciary Investment – the risk that Barclays management of investment products/services is misaligned to clients' reasonable expectations or investment mandates, creating adverse outcomes

Poor customer outcomes can result from the failure to: (i) communicate fairly and clearly with customers; (ii) provide services in a timely and fair manner; and (iii) undertake appropriate activity to address customer detriment, including the adherence to regulatory and legal requirements on complaint handling. The Bank is at risk of financial loss and reputational damage as a result.

**c) Product design and review risk**

Product Design and Review comprises the following elements:

- NAPA – the risk that new, amended and withdrawn Products or Services inadequately designed

- Product Review – the risk that Product or Service review inadequate to identify or prevent client customer or market detriment

  Products and services must meet the needs of clients, customers, markets and the Bank throughout their lifecycle. However, there is a risk that the design and review of the Bank's products and services fail to reasonably consider and address potential or actual negative outcomes, which may result in customer detriment, enforcement action (including regulatory fines and/or sanctions), redress and remediation and reputational damage. Both the design and review of products and services are a key area of focus for regulators and the Bank.

**d) Financial crime**

Financial Crime comprises the following elements:

- Anti Money Laundering - the risk that Barclays facilitates money laundering or terrorist financing in breach of law or regulation
- Sanctions – the risk that Business activity is undertaken through Barclays in breach of sanctions regulations
- Barclays Anti-Tax Evasion Facilitation – the risk that Barclays and/or its associated persons breach anti-tax evasion facilitation laws
- Anti-Bribery & Corruption – the risk that Barclays, its employees or third parties engage in or facilitate bribery or corruption

**e) Laws, Rules, and Regulation**

Laws, Rules and Regulations comprises the following elements:

- Laws, Rules, and Regulations Risk Management – the risk that Barclays fails to identify, interpret, or allocate Laws, Rules and Regulations; Barclays fails to implement and operate appropriate processes and/or controls to manage Laws, Rules and Regulations; or Barclays fails to escalate and appropriately report breaches of Laws, Rules and Regulations

**e) Regulatory focus on culture and accountability**

Regulators around the world continue to emphasise the importance of culture and personal accountability and enforce the adoption of adequate internal reporting and whistleblowing procedures to help to promote appropriate conduct and drive positive outcomes for customers, colleagues, clients and markets.

**Compliance risk management**

The Compliance Risk Management Framework (CRMF) outlines how the Barclays Bank Group manages and measures its Compliance Risk Profile.
The Chief Compliance Officer is accountable for developing and overseeing the implementation of the Compliance Risk Framework, Policies and Associated Standards.

Business Senior Management are accountable for the overall assessment and management of Compliance Risks in their Business or Function and are responsible for implementing the requirements outlined in the CRMF.

Compliance must oversee adherence to the CRMF and the management of Compliance Risk, and provide independent Second Line of Defence oversight to all Barclays Businesses, providing advice and challenge where appropriate.

The governance of Compliance risk within the Barclays Bank is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Executive Committee

## Reputation Risk

Reputation risk is the risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Barclays Bank Group's integrity and/or competence.

Any material lapse in standards of integrity, compliance, customer service or operating efficiency may represent a potential reputation risk. Stakeholder expectations constantly evolve, and so reputation risk is dynamic and varies between geographical regions, groups and individuals.

A risk arising in one business area can have an adverse effect upon the Barclays Bank Group's overall reputation and any one transaction, investment or event (in the perception of key stakeholders) can reduce trust in the Barclays Bank Group's integrity and competence. The Barclays Bank Group's association with sensitive topics and sectors has been, and in some instances continues to be, an area of concern for stakeholders, including: (i) the financing of, and investments in, businesses which operate in sectors that are sensitive because of their relative carbon intensity or local environmental impact; (ii) potential association with human rights violations (including combating modern slavery) in the Barclays Bank Group's operations or supply chain and by clients and customers; and (iii) the financing of businesses which manufacture and export military and riot control goods and services.

Reputation risk could also arise from negative public opinion about the actual, or perceived, manner in which the Barclays Bank Group (including its employees, clients and other associations) conducts its business activities, or the Barclays Bank Group's financial performance, as well as actual or perceived practices in banking and the financial services industry generally. Modern technologies, in particular online social media channels and other broadcast tools that facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and accelerate the distribution and effect of damaging information and allegations. Negative public opinion may adversely affect the Barclays Bank Group's ability to retain and attract customers, in particular, corporate and retail depositors, and to retain and motivate staff, and could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

In addition to the above, reputation risk has the potential to arise from operational issues or conduct matters which cause detriment to customers, clients, market integrity, effective competition or the Barclays Bank Group.
Reputation risk is managed by embedding our purpose and values, and maintaining a controlled culture within the Barclays Bank Group, with the objective of acting with integrity, enabling strong and trusted relationships to be built with customers and clients, colleagues and broader society.

Barclays has tolerance for Reputational Risk where it is provided for by Group Policies and Standards or where Reputation Risks have been subject to the appropriate governance.
The governance of reputation risk is also fulfilled through the Executive Committee for India.

## Climate Risk

Climate Risk is defined as the impact on Financial and Operational Risks arising from climate change through physical risks and risks associated with transitioning to a lower carbon economy. Reputational impacts are managed under the Reputational Risk Principal Risk.

Barclays manages Climate Risk via both the Climate Risk Appetite Constraint, so the Bank aligns its financed emissions (a source of transition risk) to the goals of the Paris Agreement, and via the

Capital Risk Appetite Constraint, so that the Bank remains in an acceptable capital position even after a combined severe macroeconomic and near-to-medium term climate stress.

Barclays identifies and assesses, mitigates and manages, and monitors and reports climate risk within its lending and other key portfolios, in particular via quantitative controls over its retail and wholesale credit exposures and over financed emissions.

Climate Change will be a driver for other existing Principal Risk types. The Climate Risk Principal Risk encompasses the Financial (Credit, Market, Treasury & Capital Risks) and Operational risk impacts of climate change.

- Regulatory context: The global regulatory approach to considering climate risk within the capital framework is still developing. Emerging regulatory advice indicates that due to the uncertain and forward-looking nature of climate risk, scenario analysis is a helpful tool to assess the risk, hence considering climate risk within Pillar 2B may be appropriate. Regulators acknowledge that current data and modelling gaps make the capture of climate risks under Pillar 2A more challenging. The Bank will continue to monitor guidance from the Reserve Bank of India on potential adaptations to the capital framework to incorporate climate risk, along with guidance from the Group regulator. As this emerges, the India Branch will align its advances in the capital assessment methodology to regulatory expectations.

Development of Barclays' capabilities: Barclays has strengthened its capabilities in 2023 and will continue to do so as set out in its Climate Risk Integration Plan, which focuses on further integrating climate strategy into business activity and financial planning, and quantifying climate risk appetite.

**Legal Risk:**

The Barclays Enterprise Risk Management Framework defines Legal Risk as the risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet applicable laws, rules, regulations or contractual requirements or to assert or defend its intellectual property rights.

**Risk Appetite Statement**: Following from the Qualitative Statement for Legal Risk as part of Barclays' Risk Appetite statement as reflected in the Barclays Group-wide Legal Risk Management Framework (LRMF):

The multitude of laws and regulations across the globe are highly dynamic and their application to particular circumstances is often unclear resulting in a high level of inherent risk of loss or the imposition of penalties, damages or fines from the failure of the firm to meet applicable laws, rules, regulations (LRR) or contractual requirements or to assert or defend its intellectual property rights. The Legal Risk Management Framework seeks to mitigate that risk, including through the implementation of Group-wide Legal Risk Policies requiring the engagement of legal professionals to provide legal advice. The risk is also mitigated by the requirements in the Compliance Risk Management Framework to proactively identify, communicate and provide legal advice on applicable LRRs in accordance with the LRR Risk framework. Notwithstanding these mitigating actions, we operate with a level of residual Legal Risk, for which we have limited tolerance on the basis this results in a residual exposure of Moderate (or lower). It is also recognised that mistakes and errors of judgment or failures of processes can and do sometimes occur and, when identified will be corrected as soon as possible, together with internal reporting and regulatory notification where required.

Non-financial Legal Risk Key Indicators and Legal Risk Tolerances applicable to the Bank and its branches and subsidiaries, are reference
ed in the LRMF and reviewed by the Bank at least annually. The India Branch is overseen by the Bank's monitoring of Indicators in line with the Barclays Control Framework, and any item by which the Bank

would be out of Tolerance would be dealt with by the Bank in, where relevant, consultation with the India Branch.

**Management of Legal Risk**

Businesses and functions, including those in the India Branch, have primary responsibility for identifying and escalating Legal Risk in their area as well as responsibility for adherence to minimum control requirements. The LRMF and Legal Risk policies and associated standards (Legal Risk Policies) alongside the Compliance Risk Management Framework (CRMF) detail how Legal Risk is to be managed within Barclays. The CRMF includes a responsibility for the Legal Function to proactively identify, communicate and provide legal advice on applicable LRRs and for discharging this responsibility in accordance with the LRR Risk Management Policy (including its underlying processes and implementation). The LRR Risk Management Policy is designed to address the risk to Barclays, its clients, customers or markets from a failure to comply with the laws, rules and regulations applicable to the firm. The Legal Risk Policies set out minimum mandatory control requirements, responsibilities and obligations, including how to identify Legal Risk issues and bring these to the attention of the Legal Function. The LRMF, CRMF, the Legal Risk Policies and LRR Risk Management Policy should be read in conjunction with the Barclays Control Framework.

The Legal Risk Policies are referred to below, together with the corresponding risks: Contractual Arrangements - Failure to engage the Legal Function in relation to contractual arrangements; Litigation - Litigation not being managed by or with the support of the Legal Function; Intellectual Property - (a) Failure to protect the Group's Intellectual Property assets or (b) infringement of third party Intellectual Property Rights; Management of Competition Law and Anti-Trust Matters - Failure to identify and escalate competition/anti-trust issues to the Legal Function or inappropriate interactions with competition/anti-trust authorities; Use of Legal Firms - Inappropriate instruction of external legal advisors; Legal Engagement - Failure to appropriately engage the Legal Function in relation to key business decisions.

**The Legal Function**

The primary role of the Legal Function is to help and support the organization fulfil its purpose and execute on its strategy in a way that is consistent with the letter and spirit of applicable laws and regulations, which for the India Branch are those of India. The Legal Function collaborates with colleagues to advise on what the law and regulatory requirements are, and how they apply to activities. The India Branch's Legal team as part of the broader Legal Function acts for the India Branch within the overall framework of the LRMF and Legal Risk policies and associated standards that support Legal Risk management. The Legal Function organisation and coverage model aligns legal expertise to businesses, functions, products, activities and geographic locations so that the India Branch receives support from appropriate legal professionals, working in partnership to manage Legal Risk.

## 13. COMPOSITION OF CAPITAL (Table DF-11)

**Composition of capital (Barclays Bank PLC, India branch)**

| | | | | |
|---|---|---|---|---|
| | | | **(Rs. in million)** | |
| **Particulars** | | | **Amounts Subject to Pre-Basel III Treatment** | **Ref No.** |
| **Common Equity Tier 1 capital : instruments and reserves** | | | | |
| 1 | Directly issued qualifying common share capital plus related stock surplus (share premium) | | 86,739 | A |

| | | | (Rs. in million) | |
|---|---|---|---|---|
| **Particulars** | | | **Amounts Subject to Pre-Basel III Treatment** | **Ref No.** |
| 2 | Retained earnings | | 18,641 | B+C+D |
| 3 | Accumulated other comprehensive income (and other reserves) * | | - | |
| 4 | Directly issue capital Subject to phase out from CET1( only applicable to non-joint stock companies1) | | - | |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | | - | |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | | 105,380 | |
| **Common Equity Tier 1 capital : regulatory adjustments** | | | | |
| 7 | Prudential valuation adjustments | | - | |
| 8 | Goodwill (net of related tax liability) | | - | |
| 9 | Intangibles (net of related tax liability) | | - | K |
| 10 | Deferred tax assets | | 1,408 | L |
| 11 | Cash-flow hedge reserve | | - | |
| 12 | Shortfall of provisions to expected losses | | - | |
| 13 | Securitisation gain on sale | | - | |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | | - | |
| 15 | Defined-benefit pension fund net assets | | - | |
| 16 | Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | | - | |
| 17 | Reciprocal cross-holdings in common equity | | - | |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | | - | |
| 19 | Significant investments in common stock of banking, financial and insurance entities that are outside the scope of regulatory consideration, net of eligible short positions (amount above 10% threshold3) | | - | |
| 20 | Mortgage servicing rights4 (amount above 10% threshold) | | - | |
| 21 | Deferred tax assets arising from temporary differences | | - | |
| | (amount above 10% threshold, net of related tax liability) | | - | |
| 22 | Amount exceeding the 15% threshold | | - | |
| 23 | of which: significant investments in the common stock of financial entities | | - | |
| 24 | of which: mortgage servicing rights | | - | |
| 25 | of which: deferred tax assets arising from temporary differences | | - | |
| 26 | National specific regulatory adjustments (26a+26b+26c+26d) | | - | |

| | | | | | |
|---|---|---|---|---|---|
| | | | | **(Rs. in million)** | |
| **Particulars** | | | | **Amounts Subject to Pre-Basel III Treatment** | **Ref No.** |
| | a | of which : Investments in the equity capital of the unconsolidated insurance subsidiaries | - | - | |
| | b | of which : Investments in the equity capital of unconsolidated | - | - | |
| | | non-financial subsidiaries8 | - | - | |
| | c | of which : Shortfall in the equity capital of majority owned financial | - | - | |
| | | entities which have not been consolidated with the bank | - | - | |
| | d | of which : Unamortised pension funds expenditures | - | - | |
| | Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment | | | 7,949 | |
| | of which : [INSERT TYPE OF ADJUSTMENT] For example : filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)<br>of which : [INSERT TYPE OF ADJUSTMENT] | | | - | |
| | of which : [INSERT TYPE OF ADJUSTMENT] | | | - | |
| 27 | Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions | | | - | |
| 28 | **Total regulatory adjustments to Common equity Tier 1** | | | 9,357 | |
| 29 | **Common Equity Tier 1 capital (CET1)** | | | 96,023 | |
| **Additional Tier 1 capital : instruments** | | | | | |
| 30 | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32) | | | - | |
| 31 | of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares) | | | - | |
| 32 | of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments) | | | - | |
| 33 | Directly issued capital instruments subject to phase out from Additional Tier 1 | | | - | |
| 34 | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | | | - | |
| 35 | of which: instruments issued by subsidiaries subject to phase out | | | - | |
| 36 | **Additional Tier 1 capital before regulatory adjustments** | | | - | |
| **Additional Tier 1 capital : regulatory adjustments** | | | | | |
| 37 | Investments in own Additional Tier 1 instruments | | | - | |

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| | | | | (Rs. in million) | |
|---|---|---|---|---|---|
| **Particulars** | | | | **Amounts Subject to Pre-Basel III Treatment** | **Ref No.** |
| 38 | Reciprocal cross-holdings in Additional Tier 1 instruments | | | - | |
| 39 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | | | - | |
| 40 | Significant investments in the capital of banking, financial and insurance entities | | | - | |
| | that are outside the scope of regulatory consolidation(net of eligible short position)10 | | | - | |
| 41 | National specific regulatory adjustments (41a+41b) | | | | |
| | a | Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries | | - | |
| | b | Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank | | - | |
| | Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment | | | - | |
| | of which : [INSERT TYPE OF ADJUSTMENT e.g. DTAs] | | | - | |
| | of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%] | | | - | |
| | of which : [INSERT TYPE OF ADJUSTMENT] | | | - | |
| 42 | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions | | | - | |
| 43 | **Total regulatory adjustments to Additional Tier 1 capital** | | | - | |
| 44 | **Additional Tier 1 capital (AT1)** | | | - | |
| | a | Additional Tier 1 capital reckoned for capital adequacy11 | | - | |
| 45 | **Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)** | | | 96,023 | |
| **Tier 2 capital : instruments and provisions** | | | | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | | | - | |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | | | - | |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | | | - | |
| 49 | of which: instruments issued by subsidiaries subject to phase out | | | - | |
| 50 | Provisions | | | 9,096 | E+F+I+J+M |
| 51 | **Tier 2 capital before regulatory adjustments** | | | 9,096 | |
| **Tier 2 capital : regulatory adjustments** | | | | | |

| | | | | (Rs. in million) | |
|---|---|---|---|---|---|
| **Particulars** | | | | **Amounts Subject to Pre-Basel III Treatment** | **Ref No.** |
| 52 | Investments in own Tier 2 instruments | | | - | |
| 53 | Reciprocal cross-holdings in Tier 2 instruments | | | - | |
| 54 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | | | - | |
| 55 | Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | | - | |
| 56 | National specific regulatory adjustments (56a+56b) | | | | |
| | a | of which : Investments in the Tier 2 capital of unconsolidated subsidiaries | | - | |
| | b | of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank | | - | |
| | Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment | | | - | |
| | of which : [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%] | | | - | |
| | of which : [INSERT TYPE OF ADJUSTMENT | | | | |
| 57 | **Total regulatory adjustments to Tier 2 capital** | | | | |
| 58 | **Tier 2 capital (T2)** | | | | |
| | **a** | **Tier 2 capital reckoned for capital adequacy14** | | 9,096 | |
| | **b** | **Excess Additional Tier 1 capital reckoned as Tier 2 capital** | | - | |
| | **c** | **Total Tier 2 capital admissible for capital adequacy (58a + 58b)** | | 9,096 | |
| 59 | **Total capital (TC = T1 + T2) (45 + 58c)** | | | **105,119** | |
| | Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment | | | | |
| | of which : [INSERT TYPE OF ADJUSTMENT] of which : ... | | | - | |
| | of which : ... | | | - | |
| 60 | **Total risk weighted assets (60a + 60b + 60c)** | | | **660,110** | |
| | a | of which: total credit risk weighted assets | | 359,391 | |
| | b | of which: total market risk weighted assets | | 267,939 | |
| | c | of which: total operational risk weighted assets | | 32,780 | |
| **Capital ratios** | | | | | |
| 61 | Common Equity Tier 1 (as a percentage of risk weighted assets) | | | 14.55% | |

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| | | | (Rs. in million) | |
|---|---|---|---|---|
| **Particulars** | | | **Amounts Subject to Pre-Basel III Treatment** | **Ref No.** |
| 62 | Tier 1 (as a percentage of risk weighted assets) | | 14.55% | |
| 63 | Total capital (as a percentage of risk weighted assets) | | 15.93% | |
| 64 | Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets) | | - | |
| 65 | of which: capital conservation buffer requirement | | - | |
| 66 | of which: bank specific countercyclical buffer requirement | | - | |
| 67 | of which: G-SIB buffer requirement | | - | |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) | | - | |
| **National minima (if different from Basel III)** | | | | |
| 69 | National Common Equity Tier 1 minimum ratio (if different from Basel III minimum) | | - | |
| 70 | National Tier 1 minimum ratio (if different from Basel III minimum) | | - | |
| 71 | National total capital minimum ratio (if different from Basel III minimum) | | - | |
| **Amounts below the thresholds for deduction (before risk weighting)** | | | | |
| 72 | Non-significant investments in the capital of other financial entities | | - | |
| 73 | Significant investments in the common stock of financial entities | | - | |
| 74 | Mortgage servicing rights (net of related tax liability) | | - | |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | | - | |
| **Applicable caps on the inclusion of provisions in Tier 2** | | | | |
| 76 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap) | | 9,096 | |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | | 9,096 | |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | | - | |
| 79 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | | - | |
| **Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2023)** | | | | |
| 80 | Current cap on CET1 instruments subject to phase out arrangements | | - | |

| | | | (Rs. in million) | |
|---|---|---|---|---|
| **Particulars** | | | **Amounts Subject to Pre-Basel III Treatment** | **Ref No.** |
| 81 | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | | - | |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | | - | |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | | - | |
| 84 | Current cap on T2 instruments subject to phase out arrangements | | - | |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | | - | |

* Includes Accumulated losses of previous years and Current year profits (to the extant of amount meeting the criteria laid down in the Basel III Capital guidelines).

### Notes to the composition of capital disclosure

| Row No | Particular | (Rs. in million) |
|---|---|---|
| 10 | Deferred tax assets associated with accumulated losses | - |
| | Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability | 1,408 |
| | Total as indicated in row 10 | 1,408 |
| 19 | If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank | - |
| | of which : Increase in Common Equity Tier 1 capital | - |
| | of which : Increase in Additional Tier 1 capital | - |
| | of which : Increase in Tier 2 capital | - |
| 26b | If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then : | - |
| | i) Increase in Common Equity Tier 1 capital | - |
| | ii) Increase in risk weighted assets | - |
| 44a | Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a) | - |
| | of which : Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b | - |
| 50 | Eligible Provisions included in Tier 2 capital | 9,096 |
| | Eligible Revaluation Reserves included in Tier 2 capital | - |
| | Total of row 50 | 9,096 |
| 58a | Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a) | - |

## 14. COMPOSITION OF CAPITAL - RECONCILIATION REQUIREMENT (Table DF-12)

Three -step approach to reconciliation requirements

Step 1 - @ - Balance sheet of Barclays Bank PLC, India branch + Barclays Investments and Loans (India) Limited

(Rs. In million)

| Description | | | Balance sheet as in financial statements<br>As on reporting date | Balance sheet under regulatory scope of consolidation @<br>As on reporting date |
|---|---|---|---|---|
| A | Capital & Liabilities | | | |
| | I | Paid-up Capital | 86,739 | 95,461 |
| | | Reserves & Surplus | 30,462 | 31,803 |
| | | Minority Interest | - | - |
| | | Total Capital | 117,200 | 127,265 |
| | Ii | Deposits | 216,203 | 216,203 |
| | | of which : Deposits from banks | 1,569 | 1,569 |
| | | of which : Customer deposits | 214,635 | 214,635 |
| | | of which : Other deposits (pl. specify) | - | - |
| | Iii | Borrowings | 36,464 | 64,448 |
| | | of which : From RBI | - | - |
| | | of which : From banks | 10,885 | 10,885 |
| | | of which : From other institutions & agencies | 25,578 | 53,563 |
| | | of which : Others (pl. specify) | - | - |
| | | of which : Capital instruments | - | - |
| | Iv | Other liabilities & provisions # | 169,234 | 169,821 |
| | | **Total** | **539,101** | **577,737** |
| | | | | |
| B | Assets | | | |
| | I | Cash and balances with Reserve Bank of India | 10,602 | 10,602 |
| | | Balance with banks and money at call and short notice | 5,115 | 6,791 |
| | Ii | Investments : | 331,371 | 331,817 |
| | | of which : Government securities | 257,900 | 257,900 |
| | | of which : Other approved securities | - | - |
| | | of which : Shares | - | 446 |
| | | of which : Debentures & Bonds | 31,198 | 31,198 |
| | | of which : Investments in Foreign Government securities | - | - |
| | | of which : Others (Commercial Papers, Mutual Funds etc.) | 42,273 | 42,273 |
| | Iii | Loans and advances | 90,261 | 124,583 |
| | | of which : Loans and advances to banks | - | - |

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(Rs. In million)

| Description | | | Balance sheet as in financial statements | Balance sheet under regulatory scope of consolidation @ |
|---|---|---|---|---|
| | | | As on reporting date | As on reporting date |
| | | of which : Loans and advances to customers | 90,261 | 124,583 |
| | Iv | Fixed assets | 283 | 301 |
| | V | Other assets # | 101,470 | 103,643 |
| | | of which : Goodwill and intangible assets | - | - |
| | | of which : Deferred tax assets | 1,408 | 2,155 |
| | Vi | Goodwill on consolidation | - | - |
| | Vii | Debit balance in Profit & Loss account | - | - |
| | | **Total Assets** | **539,101** | **577,737** |

# Includes MTM

**Step 2**

(Rs. in million)

| | | | Balance sheet as in financial statements | Balance sheet under regulatory scope of consolidation | Ref No. |
|---|---|---|---|---|---|
| | | | As on reporting date | As on reporting date | |
| **A** | **Capital & Liabilities** | | | | |
| | i | Paid-up Capital | 86,739 | 95,461 | A |
| | | of which : Amount eligible for CET1 | 86,739 | 95,461 | |
| | | of which : Amount eligible for AT1 | - | - | |
| | | Reserves & Surplus | 30,462 | 31,803 | |
| | | of which : Capital Reserves | 19 | 19 | B |
| | | of which : Statutory Reserve Fund | 14,585 | 14,585 | C |
| | | of which : Remittable Surplus retained for CRAR requirements | 4,036 | 4,036 | D |
| | | of which : Investment Reserve Account | 706 | 706 | E |
| | | of which : Investment Fluctuation Reserve | 6,628 | 6,628 | F |
| | | of which : General Reserve | 13 | 13 | G |
| | | of which : Balance in the Profit and Loss Account | 4,474 | 4,474 | H |
| | | Others | - | 1,342 | |
| | | Total Capital | 117,200 | 127,265 | |
| | ii | Deposits | 216,203 | 216,203 | |
| | | of which : Deposits from banks | 1,569 | 1,569 | |
| | | of which : Customer deposits | 214,635 | 214,635 | |
| | | of which : Other deposits (pl. specify) | - | - | |
| | iii | Borrowings | 36,464 | 64,448 | |
| | | of which : From RBI | - | - | |
| | | of which : From banks | 10,885 | 10,885 | |

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| (Rs. in million) | | | | | |
|---|---|---|---|---|---|
| | | | Balance sheet as in financial statements | Balance sheet under regulatory scope of consolidation | Ref No. |
| | | | As on reporting date | As on reporting date | |
| | | of which : From other institutions & agencies | 25,578 | 53,563 | |
| | | of which : Others (pl. specify) | - | - | |
| | | of which : Capital instruments | - | - | |
| | iv | Other liabilities & provisions # | 169,234 | 169,821 | |
| | | of which : DTLs related to goodwill | - | - | |
| | | of which : DTLs related to intangible assets | - | - | |
| | | of which : Provision on Standard Assets | 1,527 | 1,527 | I |
| | | of which : Provision on Country Risk | 0 | 0 | J |
| | | of which : Provision for other impaired assets | 234 | 234 | M |
| | Total | | **539,101** | **577,737** | |
| **B** | | | | | |
| | i | Cash and balances with Reserve Bank of India | 10,602 | 10,602 | |
| | | Balance with banks and money at call and short notice | 5,115 | 6,791 | |
| | ii | Investments | 331,371 | 331,817 | |
| | | of which : Government securities | 257,900 | 257,900 | |
| | | of which : Other approved securities | - | - | |
| | | of which : Shares | - | 446 | |
| | | of which : Debentures & Bonds | 31,188 | 31,188 | |
| | | of which : Investments in Foreign Government Securities | - | - | |
| | | of which : Others (Commercial Papers, Mutual Funds etc.) | 42,283 | 42,283 | |
| | iii | Loans and advances | 90,261 | 124,583 | |
| | | of which : Loans and advances to banks | - | - | |
| | | of which : Loans and advances to customers | 90,261 | 124,583 | |
| | iv | Fixed assets | 283 | 301 | |
| | v | Other assets | 101,470 | 103,643 | |
| | | of which : Goodwill and intangible assets Out of which : | - | - | |
| | | Goodwill | - | - | |
| | | Other intangibles (excluding MSRs) | - | - | K |
| | | Deferred tax assets | 1,408 | 2,155 | L |
| | vi | Goodwill on consolidation | - | - | |
| | vii | Debit balance in Profit & Loss account | - | - | |
| | | **Total Assets** | **539,101** | **577,737** | |

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15. **REGULATORY CAPITAL INSTRUMENTS (Table DF-13 and DF -14)**

The Bank has not issued any Regulatory Capital Instruments during the period.

16. **COMPENSATION : Disclosure requirements for remuneration (Table DF-15)**

The Bank's compensation policies including that of Chief Executive Officer, is in conformity with the Financial Stability Board principles and standards.
In accordance with the requirements of RBI Circular No. DOR.Appt.BC.No.23/29.67.001/2019-20 dated 4 Nov 2019, the Head Office of the Bank has submitted a declaration vide its letter dated 25 March, 2024 to RBI confirming the above mentioned aspect.

17. **EQUITIES: Disclosure for Banking Book Positions (Table DF-16)**
The Bank does not have any equity under the Banking Book.

18. **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:

| S.No | **Leverage ratio framework** | **(Rs. in million)** |
|---|---|---|
| | | |
| | **On-balance sheet exposures** | |
| 1 | On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 461,770 |
| 2 | (Asset amounts deducted in determining Basel III Tier 1 capital) | (1,408) |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 460,362 |
| | **Derivative exposures** | |
| 4 | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 29,886 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions | 205,214 |
| 6 | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | - |
| 7 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | - |
| 8 | (Exempted CCP leg of client-cleared trade exposures) | - |
| 9 | Adjusted effective notional amount of written credit derivatives | - |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | - |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 235,099 |
| | **Securities financing transaction exposures** | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | - |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | - |
| 14 | CCR exposure for SFT assets | - |
| 15 | Agent transaction exposures | - |
| 16 | Total securities financing transaction exposures (sum of lines 12 to 15) | - |

| | | |
|---|---|---|
| | **Other off-balance sheet exposures** | |
| 17 | Off-balance sheet exposure at gross notional amount | 151,129 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (102,614) |
| 19 | Off-balance sheet items (sum of lines 17 and 18) | 48,515 |
| | **Capital and total exposures** | |
| 20 | Tier 1 capital | 96,023 |
| 21 | Total exposures (sum of lines 3, 11, 16 and 19) | 743,976 |
| | **Leverage ratio** | |
| 22 | **Basel III leverage ratio** | 12.91% |

**Summary of comparison of accounting assets and leverage ratio exposure**

| S. No | Particulars | (Rs. in million) |
|---|---|---|
| 1 | Total consolidated assets as per published financial statements | 539,101 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | |
| 3 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure | |
| 4 | Adjustments for derivative financial instruments | 158,566 |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured lending) | (798) |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures) | 48,515 |
| 7 | Other adjustments | (1,408) |
| 8 | Leverage ratio exposure | 743,976 |

**Reconciliation of total published balance sheet size and on balance sheet exposure**

| S. No | Leverage ratio framework | (Rs. in million) |
|---|---|---|
| 1 | Total consolidated assets as per published financial statements | 539,101 |
| 2 | Replacement cost associated with all derivatives transactions | 76,553 |
| 3 | Gross SFT Assets | 798 |
| 4 | On-balance sheet exposure under leverage ratio (excluding derivatives and SFTs) | 461,770 |

The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk-based capital framework) divided by the exposure measure. As per the RBI guidelines disclosure required for leverage ratio for the bank at the consolidated level at March 31, 2024:

| Particulars | 31-Mar-24 | 31-Dec-23 | 30-Sept-23 | 30-June-23 |
|---|---|---|---|---|
| Tier I Capital | 96,023 | 92,764 | 92,800 | 92,724 |
| Exposure Measure | 743,976 | 678,559 | 712,133 | 672,910 |
| Leverage Ratio | 12.91% | 13.67% | 13.03% | 13.78% |

**Net Stable Funding Ratio :**

| NSFR Ratio | Rs. In Crores |
|---|---|
| Panel-I - Available Stable Funding (Sources of Funds) | 20,689.97 |
| Panel- II - Required Stable Funding (Uses of Funds) | 16,119.08 |
| **NSFR Ratio** | **128.36%** |