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 31 March 2015

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, 2015. 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 since 1990 and has now 6 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, 2014'.

The Basel III framework consists of the following three mutually emphasizing pillars.

1.1. Pillar 1 : Minimum Capital Requirements

The Group and Bank recognize that Basel III is a driver for continuous improvement of risk management practices and believe that adoption of leading risk management practices are essential for achieving its strategic intent. In compliance with the local regulations, the Bank has adopted standardised approaches for local regulatory Pillar 1 purposes.

1.2. Pillar 2 : Supervisory Review and Evaluation Process (SREP)

Pillar 2 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. This risk and capital assessment is commonly referred to as Internal Capital Adequacy Assessment Process (ICAAP). The range of risks that need to be covered by the ICAAP is much broader than Pillar 1 which covers only credit risk, market risk and operational risk.

The Group has developed an ICAAP framework which closely integrates the risk and capital assessment processes and ensures that adequate levels of capital are maintained to support the Group's current and projected demand for capital under expected and stressed conditions. The Bank has developed its ICAAP in line with the RBI's guidelines and aligned the same to the Group's ICAAP framework.

1.3. Pillar 3 : Market Discipline

The Bank has implemented a Pillar 3 framework which seeks to achieve increased transparency through expanded disclosure requirements. For reconciliation requirement, please refer Table DF-12.

BARCLAYS

Barclays Bank PLC – Indian Branches

(Incorporated in the United Kingdom with limited liability)

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:

<u>**A -** List of group entities considered for consolidation</u>

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

<u>**Note: The bank does not hold any stake in the total equity of the above entity**</u>

BARCLAYS

Barclays Bank PLC – Indian Branches

(Incorporated in the United Kingdom with limited liability)

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

					Amt in Rs. '000
Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets *
Barclays Securities (India) Private Limited	Registered as Stock Broker & Underwriter	1,941,380	-	NA	8,512,756
Barclays Wealth Trustees (India) Private Limited	Trust Advisory	80,528	-	NA	161,936

*as stated in the audited balance sheet of the legal entity as on March 31, 2014

C - List of group entities considered for consolidation

			Amount in INR 000s
Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *	Total balance sheet assets *
Barclays Investments and Loans (India) Limited	NBFC	5,421,740	13,770,850

*as stated in the audited balance sheet of the legal entity as on March 31, 2015

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

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

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 - Any restrictions or impediments on transfer of funds or regulatory capital within the banking group – Not Applicable

2. CAPITAL ADEQUACY (Table DF-2)

2.1 Capital Structure / Instruments of the Bank

Tier 1 capital comprises of:

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

Tier 2 capital comprises of:

- General provisions created in line with RBI regulations like provision on standard assets, provision on unhedged foreign currency exposure.

Tier 2 capital available for inclusion in regulatory capital will be based on the limits prescribed by RBI from time to time.

As on March 31, 2015 total capital base (Tier1 + Tier2) of the Bank stood at Rs. 54,061,521 ('000s)

Capital Structure

(Rs. in '000s)

No	Description	March 31,2015	March 31,2014
A.1	Tier 1 Capital	**52,383,690**	**46,949,183**
	Common equity tier 1 capital	52,383,690	46,949,183
	of which		
	-Paid-up share capital	52,495,224	52,495,224
	-Reserves and surplus	3,647,154	(447,634)
	Less: Deductions from tier 1 capital		
	-Amount deducted from tier1 capital (deferred tax asset & other intangibles)	(3,556,955)	(4,459,152)
	-Debit balance in HO / unearned credit spreads/ illiquidity premia	(201,733)	(639,255)
A.2	Additional Tier 1 Capital	-	-
B	Tier 2 Capital	**1,677,831**	**1,805,882**
	of which		
	- Investment reserve	267,107	240,766
	- Provision for standard assets	1,278,070	1,278,070
	- Provision for Unhedged Foreign Currency Exposure	90,643	-
	- Provision for country risk	42,011	7,986
	- Excess provision on sale of NPA's	-	279,060
C	Total Eligible Capital (A+B)	**54,061,521**	**48,755,065**

2.2 Capital Management

Barclays' capital management objective is to prudently optimise the level, mix and distribution to businesses of its capital resources whilst maintaining sufficient capital resources, to ensure we are well capitalized to :

- Support business;
- Meet regulatory requirements; and
- Meet rating expectations.

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. 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.

The Basel III guidelines issued by RBI, applied with effect from April 1, 2013 to be fully implemented as on March 31, 2019, provides a transitional arrangement schedule as per the table below . The Bank has taken appropriate steps to ensure adoption of these guidelines within the timeframe stipulated by RBI. An assessment of capital requirements under Basel III has been conducted.

(% of RWAs)

Minimum capital ratios	**April 1, 2013**	**March 31, 2014**	**March 31, 2015**	**March 31, 2016**	**March 31, 2017**	**March 31, 2018**	**March 31, 2019**
Minimum Common Equity Tier 1 (CET1)	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital conservation buffer (CCB)	-	-	-	0.625	1.25	1.875	2.5
Minimum CET1+ CCB	4.5	5	5.5	6.125	6.75	7.375	8
Minimum Tier 1 capital	6	6.5	7	7	7	7	7
Minimum Total Capital*	9	9	9	9	9	9	9
Minimum Total Capital +CCB	9	9	9	9.625	10.25	10.875	11.5
Phase-in of all deductions from CET1 (in %) #	20	40	60	80	100	100	100

As per the guidelines, Barclays Bank is required to maintain CET1 of 5.5%, Minimum Tier1 capital of 7% and Minimum Total Capital is 9% as at March 31, 2015.

2.3 Capital Requirement for Various Risk

(Rs. in '000s)

No.	Description	March 31,2015	March 31,2014
A	**Capital Requirement for Credit Risk**	**19,238,094**	**15,365,147**
	(Standardised Approach)		
	I) On-balance sheet exposures excluding securitisation exposures	6,901,975	5,952,375
	II) Off- balance sheet exposures excluding securitisation exposures	12,329,489	9,411,300
	a) Non-market related	1,531,462	644,625
	b) Market-related	10,798,027	8,766,675
	III) On-balance sheet-securitisation exposures	*0*	-
	IV) Counterparty Risk as Borrower of funds	6,630	1,472
B	**Capital Requirement for Market Risk**	**5,902,196**	**5,494,119**
	(Standardised Duration Approach)		
	Interest rate related instruments	4,967,900	4,559,823
	Equity	34,296	34,296
	Foreign Exchange and Gold	900,000	900,000
C	**Operational-risk-weighted exposures**	**1,672,230**	**1,394,251**
	(Basic Indicator Approach)		
D	**Capital Adequacy Ratio of the Bank**	**18.15%**	**19.72%**
E	**Tier 1 CRAR (%)**	**17.59%**	**18.99%**

The capital ratios of the Bank are as follows:

Capital ratios	March 31,2015	March 31,2014
CET1 capital ratio	17.59%	18.99%
Tier - 1 capital ratio	17.59%	18.99%
Total capital ratio	18.15%	19.72%

3. RISK EXPOSURE AND ASSESSMENT

As a bank, Barclays is exposed to various risks vis-à-vis credit risk, market risk, liquidity risk, reputational risk. To combat these risks, Barclays has clear risk management objectives and a well established strategy to deliver them through core risk management processes.

At a strategic level, our risk management objectives are to:

- Identify the Group's significant risks;
- Formulate the Group's risk appetite and ensure that business profile and plans are consistent with it;
- Optimize risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures;
- Ensure that business growth plans are properly supported by effective risk infrastructure;

- Manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions; and
- Help executives improve the control and co-ordination of risk taking across the business.

Risk Appetite

Risk appetite is defined as the level of risk Barclays is prepared to accept whilst pursuing its business strategy, recognising a range of possible outcomes as business plans are implemented. Risk appetite sets the 'tone from the top' and provides a basis for on-going dialogue between management and Board with respect to Barclays current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

Barclays risk appetite framework consists of two parts: 'Financial Volatility', which is the level of potential deviation from expected financial performance Barclays is prepared to sustain, and 'Mandate and Scale', which ensures the Group stays within appetite. The strategy and business activities are reflected in key performance metrics, which are dependent in large part on risk performance.

Financial Volatility

Financial volatility is defined as the level of potential deviation from expected financial performance that Bank is prepared to sustain at relevant points on the risk profile. To assess Financial Volatility, the risk profile is examined at following points:

- Expected loss ("through-the-cycle")
- Worst case/stress loss, as laid out under the stress testing framework i.e.
    - in 7 (moderate) loss: the worst level of losses out of a random sample of 7 years; and
    - 1 in 25 (severe) loss: the worst level of losses out of a random sample of 25 years.

Mandate & Scale

The second element to the setting of risk appetite in Barclays is an extensive system of Mandate & Scale limits, which is a risk management approach that seeks to formally review and control business activities to ensure that they are within Barclays mandate and are of an appropriate scale (relative to the risk and reward of the underlying activities).

This is achieved by using limits and triggers to avoid concentrations which would be out of line with external expectations, and which may lead to unexpected losses of a scale that would be detrimental to the stability of the relevant business line or of the Bank. These limits are set by independent risk functions and will include any prudential limits set forth by Reserve Bank of India for any risk.

Bank uses the Mandate and Scale framework to:

- Limit concentration risk;
- Keep business activities within Bank's business mandate;
- Ensure activities remain of an appropriate scale relative to the underlying risk and reward;
- Ensure risk-taking is supported by appropriate expertise and capabilities.

The overall market risk appetite for the bank is defined as the 95% DVaR limit, since it is good representative of the bounds of P&L movements that occur under normal market conditions. The DVaR limit is currently set at £5m and a granular level market risk limit structure is formulated around it. The detailed limits are set out in the risk appetite statement of the Bank.

Stress testing

Stress Testing is performed by the Bank and helps to ensure that our medium term plan has sufficient flexibility to remain appropriate during times of stress. Stress testing allows us to analyse a potential economic scenario or event using defined macro and market based parameters.

Bank runs detailed analysis to assess the impact of the stress on their P&L, balance sheet and RWAs for the Bank. As part of the stress test process, Bank also identifies possible management actions to mitigate the impact of stress. The bottom-up approach ensures all levels of management are informed of the impact of the stress scenarios and are aware of appropriate management actions to be taken when a stress event occurs.

The stress results are reviewed and challenged by their local risk managers and senior management and by Local Risk Committee as part of detailed review meetings. The results are agreed with senior management in Barclays Risk and Barclays Treasury, and then reviewed and agreed by ALCO and ExCO.

Governance Structure at Group Level

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.

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.

At the Bank level, Enterprise Risk Management Framework (ERMF) operating within the broad policy framework reviews and monitors various aspects of risk arising from the business. Independent Committee(s) like Executive Committee (ExCO), Operations Committee (OPCO), Risk and Control Committee (R&CC), Assets and Liabilities Management Committee (ALCO) have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of various risks.

4. CREDIT RISK : General disclosures for all the Banks (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 Bank faces arises mainly from wholesale loans and advances together with the counterparty credit risk arising from derivative contracts entered into 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:

In managing credit risk, the Group applies the five-step risk management process. Credit risk management objectives are:

- 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, 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

4.1.1 Strategies and Processes

At a strategic level, our risk management objectives are to:

- Identify significant risks
- Formulate the risk appetite and ensure that business profile and plans are consistent with it
- Optimize risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures
- Ensure that business growth plans are properly supported by effective risk infrastructure
- Manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions, and
- Help executives improve the control and co-ordination of risk taking across the business.

4.1.2 Structure and Organization of the Relevant Risk Management Function

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 CRO.

Credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers entrusted with the higher levels of delegated authority. The largest credit exposures are approved at the Credit Committee which is managed by the central risk function. In the wholesale portfolios, credit risk managers are organized in sanctioning team by geography, industry and / or product.

4.1.3 Risk reporting and / or measurement

This process for clear and accurate reporting of credit risk is summarised in four broad stages:

- Measuring exposures and concentrations
- 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 Barclays is exposed, from the level of individual facilities up to the total portfolio. Integral to this is the calculation of internal 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 in the event of default (EAD)
- Loss given default (LGD)

4.1.4 Credit Concentration Risk

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

The Bank monitors the Exposure norms as prescribed by Reserve Bank of India vide its Master circular on Exposure norms DBOD.No.Dir.BC.12/13.03.00/2014-15 on a periodic basis. The exposure ceiling limits is 15 percent of capital funds in case of a single borrower and 40 percent of capital funds in the case of a borrower group. Credit exposure to a single borrower may exceed the exposure norm of 15 percent of the bank's capital funds by an additional 5 percent (i.e. up to 20 percent) provided the additional credit exposure is on account of extension of credit to infrastructure projects. Credit exposure to borrowers belonging to a group may exceed the exposure norm of 40 percent of the bank's capital funds by an additional 10 percent (i.e., up to 50 percent), provided the additional credit exposure is on account of extension of credit to infrastructure projects. In addition to the exposure permitted above, bank may, in exceptional circumstances, with the approval of its EXCO Executive Committee, consider enhancement of the exposure to a borrower up to a further 5 percent of capital funds.

The Bank controls and limits concentration risk of its commercial and liability businesses by:

- Maximum holding caps for individual borrowers
- Defining industry / sectoral caps as a percentage of total portfolio
- Caps/ limits for certain sectors which are identified as higher risk

4.2 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/positive MTM) which remains unpaid for more than 90 days past due is classified as NPA. NPAs are further classified into sub-standard, doubtful and loss assets based on the days past due criteria stipulated by RBI.

4.2.1 Definition of Impairment

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

4.2.2 Restructured Assets

As per RBI guidelines, a viable account facing financial difficulty due to economic/legal reasons can be restructured by grant of concessions including rescheduling and/or resetting principal repayments and/or the interest element, etc. Such restructuring must be separately disclosed as a restructured loan in the year of restructuring and the restructured asset would be subject to the applicable asset classification and provisioning criteria as prescribed by RBI from time to time. A non performing asset, which has been restructured, will become eligible for upgrading to standard category only after satisfactory performance of the terms of restructuring over a specified period of time of minimum one year from the commencement of the first payment of interest or principal installment whichever is later.

4.2.3 Credit Risk exposures

Total gross credit risk exposure including geographic distribution of exposure

(Rs. In 000's)

		March 31, 2015			March 31, 2014		
		Domestic	**Overseas#**	**Total**	**Domestic**	**Overseas#**	**Total**
A)	Fund based exposure	136,459,698	-	136,459,698	84,751,068	-	84,751,068
B)	Non fund based exposure*	27,125,837	-	27,125,837	8,853,750	-	8,853,750
	Total	**163,585,535**	**-**	**163,585,535**	**93,604,818**	**-**	**93,604,818**

*Non-fund based exposures are guarantees given on behalf of constituents, letters of credit and acceptances and endorsements and does not include exposures arising on the derivative contracts.
Advances/ bills discounted in India against letters of credit issued by banks outside India are considered under domestic exposure.

Industry classification of gross loans and advances

	March 31, 2015 (Rs. In 000's)	
Industry classification	**Fund based**	**Non fund based (non derivatives)**
Mining	680,000	-
Iron and Steel	354,329	-
Other Metal and Metal products	2,023,217	74,118
All Engineering	1,157,703	542,449
Cotton Textiles	14,114	-
Tea	18,702	463,125
Food Processing	22,209	-
Tobacco and Tobacco Products	90,000	-
Paper and Paper Products	22,713	-
Rubber and Rubber Products	3,244,869	386,692
Chemicals, Dyes, Paints etc.	7,656,065	1,320,313
Leather and Leather Products	31,250	-
Gems and Jewellery	201,250	-
Construction	6,573,964	309,375
Automobiles including trucks	585,445	4,395
Computer Software	4,566,883	292,768
Infrastructure	29,361,519	19,100,667
NBFCs & Trading	10,931,278	6,547
Other Industries	1,323,103	1,551,932
Banking Sector	63,279,677	2,877,578
Retail Loans	14,180	-
Residual exposures	4,307,227	195,878
Total	**136,459,698**	**27,125,837**

	March 31, 2014 (Rs. In 000's)	
Industry Classification	**Fund Based**	**Non Fund Based (Non Derivatives)**
Iron and Steel	51,910	-
Other Metal and Metal products	1,797,729	6,828
All Engineering	1,788,605	1,130,676
Cotton Textiles	135,876	-
Sugar	180,000	-
Tea	-	311,558
Food Processing	1,174,554	-
Vegetable Oil and Vanaspati	1,449,988	32,731
Tobacco and Tobacco Products	90,000	-
Paper and Paper Products	22,713	-
Rubber and Rubber Products	173,145	519,254
Chemicals, Dyes, Paints etc.	4,018,878	-
Construction	4,586,766	296,579
Petroleum	4,493,625	-
Automobiles including trucks	1,116,327	563,748

	March 31, 2014 (Rs. In 000's)	
Industry Classification	**Fund Based**	**Non Fund Based (Non Derivatives)**
Computer Software	1,198,071	640,839
Infrastructure	15,342,083	1,096,468
NBFCs & Trading	11,850,198	101,306
Other Industries	4,818,959	1,665,225
Banking Sector	30,173,697	2,488,538
Retail Loans	165,604	-
Residual exposures	122,340	-
Total	**84,751,068**	**8,853,750**

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

	March 31, 2015 (Rs. In 000's)	
Industry Classification	**Fund Based**	**Non Fund Based (Non Derivatives)**
Banking Sector	63,279,677	2,877,578
Infrastructure	29,361,519	19,100,667
NBFCs & Trading	10,931,278	6,547
Chemicals, Dyes, Paints etc.	7,656,065	1,320,313

	March 31, 2014 (Rs. In 000's)	
Industry Classification	**Fund Based**	**Non Fund Based (Non Derivatives)**
Banking Sector	30,173,697	2,488,538
Infrastructure	15,342,083	1,096,468
NBFCs & Trading	11,850,198	101,306
Construction	4,586,766	296,579

Residual contractual maturity breakdown of net loans & advances

(Rs. In 000's)

Maturity buckets	**March 31, 2015**	**March 31, 2014**
1 day	1,459,385	1,438,167
2 to 7 days	1,063,640	498,422
8 to 14 days	6,714,861	5,668,369
15 to 28 days	6,872,269	12,298,996
29 days to 3 months	18,811,381	17,362,073
3 to 6 months	31,756,335	18,145,440
6 to 12 months	37,331,366	15,339,477
1 to 3 years	21,558,989	8,574,832
3 to 5 years	7,633,320	1,054,814
Over 5 years	174,723	619,150
Total Net loans and advances	**133,376,269**	**80,999,740**

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

(Rs. In 000's)

Particulars	March 31, 2015	March 31, 2014
Amount of NPAs (Gross)	**3,110,591**	**4,638,547**
- Substandard	34,847	694,575
-Doubtful	3,074,185	3,943,972
- Doubtful 1	1,281,568	2,814,908
- Doubtful 2	1,792,617	971,864
- Doubtful 3	-	157,200
- Loss	1,559	-
Net NPAs	**31,574**	**887,219**
NPA Ratios		
- Gross NPAs to gross advances	2.28%	5.47%
-Net NPAs to Net advances	0.02%	1.10%
Movement of NPAs (Gross)		
-Opening balance	4,638,547	5,542,957
-Additions	91,639	1,804,879
-Reductions	(1,619,595)	(2,709,289)
-Closing balance	**3,110,591**	**4,638,547**
Movement of provision for NPAs		
-Opening balance	**3,751,328**	4,069,509
-Provision made during the year	886,047	2,106,389
-Write –offs / write back of excess provisions	(1,558,358)	(2,424,570)
-Closing balance	**3,079,017**	**3,751,328**

NPIs and movement of provision for depreciation on investments

(Rs. In 000's)

	March 31, 2015	March 31, 2014
Amount of non-performing investments	-	55,000
Amount of provision held for non – performing investments	-	55,000
Movement of provisions for depreciation on investments		
-Opening balance	95,924	661,699
-Provision made from during the year	-	-
-Write –offs	-	-
-Write back of excess provisions	(61,898)	(565,775)
-Closing balance	**34,026**	95,924

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

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

- With respect to short term exposures, short term ratings are assigned wherever available for the facilities extended by the Bank.
- In case, ratings are not available for the facilities extended, ratings as applicable for the other facilities of the counterparty are assigned. The applicable risk weight would be one notch higher. However, mingling of fund based and non-fund based facilities is not permitted.
- Similarly for derivative trades with original maturity equal to or less than one year, and where issue-specific short term rating is not available, the applicable risk weight would be one notch higher as would be applicable for issue-specific short term rated facility.
- In case of long term exposures, ratings of the facilities, if available is assigned, else the rating of other facilities of the same counterparty is applied. Further, if facilities ratings are not available, then counterparty rating is applied.
- 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.

Details of credit risk exposure based on risk- weight

(Rs. In 000's)

Description	March 31, 2015	March 31, 2014
Outstanding net loans and advances (rated and unrated) :	**133,376,269**	**80,999,740**
-Below 100% risk weight	88,850,997	41,173,999
-100% risk weight	40,102,240	36,381,362
-More than 100% risk weight	4,423,032	3,444,379
-Deductions	NIL	NIL
* The above comprises of Net loans and advances as reported to RBI in regulatory filings		

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.

The RBI guidelines on Basel III allow the following credit risk mitigants to be recognised for regulatory capital purposes under the comprehensive approach:

- **Eligible financial collateral** which include cash (deposited with the Bank), gold, securities issued by Central and State Governments, Kisan Vikas Patra, National Savings Certificates, life insurance policies with a declared surrender value issued by an insurance company which is regulated by the insurance sector regulator, certain debt securities rated by a recognised 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.

- **Guarantees** where these are direct, explicit, irrevocable and unconditional. Further, the eligible guarantors would comprise:
  - Sovereigns, sovereign entities stipulated in the RBI guidelines on Basel II, bank and primary dealers with a lower risk weight than the counterparty
  - Other entities, which are rated AA(-) or better

There are well laid down policies and processes for valuation / revaluation of collaterals covering source of valuation, independent professional valuations, 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	**March 31, 2015**	**March 31, 2014**
Total exposure covered by eligible financial collateral	-	-
Total exposure covered by guarantees #/ credit derivatives	559,240	-

Issued by Bank/ Government.

The above gross credit exposures are secured by bank guarantees.

The Bank has entered into the Credit Support Annex (CSA) agreements with some of the major counterparties. The Bank has received INR 1,835,500 (000's) and placed INR 625,570 (000's) as deposits under Credit Support Arrangement (CSA).

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

The Bank does not have any securitization exposure.

8. MARKET RISK IN TRADING BOOK (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.

Barclays market risk objectives are to:

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

Barclays 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 market risk policies and governance framework.

Positions across the trading books are reported to the top management including business heads, finance head, compliance head and market risk. On periodic basis, market risk exposure is presented to Executive Committee, which include members from senior management of the Bank, to assist them in their respective oversight roles.

Market Risk Measurement

Barclays uses VaR based (DvaR) and non-VaR Based (IR01, CS01, FX Delta) risk measurements to monitor the market risk. These measurements are further complemented by stress testing and scenario analysis. Details of the same are as following:

- **Trading Book**

    - **Market risk on interest rate products:** The bank calculates its interest rate risk on its trading portfolio using the duration method. It also calculates CS01 (risk measurement for 1 bps increase in credit spread) on the corporate bonds portfolio.
    - **Foreign Exchange (Forex) Risk:** The Forex Risk is monitored through linear measures (Delta) and higher order Greek limits along with other regulatory limits (NOP, AGL) on daily basis.
    - **Equities Risk:** The bank monitors its Equities risk i.e. investments in equity instruments using general market risk (GMR) and Specific market risk model (SMR), as prescribed by the RBI.

- **Banking Book**

    - **Earnings at Risk (EaR):** EaR measures the impact on net interest income (NII) for a certain shock in interest rates from short term perspective. The bank monitors and calculates its earnings at risk at a predefined frequency for its banking book.
    - **Duration Gap Analysis (DGaP):** 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.

- **Risk Aggregation Techniques**

    - **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 two-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	March 31, 2015	March 31, 2014
- Interest rate risk	4,967,900	4,559,823
- Equity position risk	34,296	34,296
- Foreign exchange risk	900,000	900,000

9. FUNDING RISK

The ability of the Bank to achieve its business plans may be adversely impacted if it does not effectively manage its capital (including leverage) and liquidity ratios.

Funding Risk is the risk due to which the Group is unable to achieve its business plans, this includes:

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

9.1 Capital Risk

Capital risk is the risk that the Group has insufficient capital resources:

- Meet minimum regulatory requirements in jurisdictions where regulated activities are undertaken;
- Supports its growth and strategic options; or
- Support its credit ratings.

Capital Management is integral to the Group's approach to financial stability and sustainability management and is therefore embedded in the way our businesses and legal entities operate. Our capital management strategy is driven by the strategic aims of the Group and the risk appetite set by the Board.

Barclays adopts a forward-looking, risk based approach to capital risk management. Capital demand and supply is actively managed on a centralized basis, at a business level, at a local entity level and on a regional basis taking into account the regulatory, economic and commercial environment in which Barclays operates.

Capital Planning

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.

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 99.98% 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.

The Bank's capital management framework includes a comprehensive internal capital adequacy assessment process (ICAAP) 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. 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.

9.2 Liquidity Risk

Liquidity risk is the risk that a firm, although solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. As part of the liquidity management contingency planning, the bank assesses potential trends, demands, events and uncertainties that could reasonably result in adverse liquidity condition. The Bank's ALM policy defines the gap limits for the structural liquidity and the liquidity profile of the Bank. This is analyzed on a static basis as well as on a dynamic basis. Also, as part of Global practices, the stress testing limits have been stipulated by Group Treasury. The stress testing addresses the local currency and FX liquidity positions. The Bank undertakes behavioral analysis of the non-maturity products viz. savings and current deposits and cash credit/overdraft accounts on a periodic basis to ascertain the volatility of residual balances in those accounts. The bank's ability to meet its obligations and fund itself in a crisis scenario is critical and accordingly, daily liquidity projection and stress testing is performed to access the impact on liquidity. The Bank also prepares structural liquidity statements, dynamic liquidity statement and other liquidity reports to manage the liquidity position. The Bank has implemented liquidity coverage ratio (LCR) to measure liquidity under stress conditions. As per RBI guidelines, the bank is subject to LCR requirement in a phased manner. LCR was introduced to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days.

Under the liquidity framework, the Group has established the liquidity risk appetite, which is the level of liquidity risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. It is measured with reference to anticipated stressed net contractual and contingent outflows under stress scenarios and is used to size the liquidity pool. Under normal market conditions, the liquidity pool is managed to be at least 100% of anticipated outflows under stress. The Group is primarily focused upon the one month Barclays-specific stress scenario, which results in the greatest net outflows of each of the liquidity stress tests. The combined one month scenario assumes outflows consistent with a firm-specific stress for the first two weeks of the stress period, followed by relatively lower outflows consistent with a market-wide stress for the remainder of the stress period.

10. OPERATIONAL RISK (Table DF-8)

10.1 Overview

Operational risk is the risk of direct or indirect losses resulting from human factors, external events, and inadequate or failed internal processes and systems or external events.

Operational risks are inherent in the Bank's business activities and are typical of any large enterprise. It is not cost effective to attempt to eliminate all operational risks and in any event it would not be possible to do so. Losses from operational risks of small significance are expected to occur and are accepted as part of the normal course of business. Those of material significance are rare and the Bank seeks to reduce the likelihood of these in accordance with its risk appetite.

The management of operational risk has two key objectives:

- To minimize the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering an extreme (or unexpected) loss; and
- To improve the effective management of the Barclays Group and strengthen its brand and external reputation.

Barclays is committed to the management and measurement of operational risk. In particular, it has implemented improved management and measurement approaches for operational risk to strengthen control, improve customer service and minimize operating losses.

10.2 Organization and Structure

Operational risk is one of six principal risks in the Barclays Principal Risks Policy and comprises a number of specific key risks defined as follows:

- Cyber security: Risk of loss or detriment to Barclays business and customers as a result of actions committed or facilitated through the use of networked information systems;
- External supplier: Inadequate selection and ongoing management of external suppliers;
- Financial reporting: Reporting mis-statement or omission within external financial or regulatory reporting;
- Fraud: Dishonest behaviour with the intent to make a gain or cause a loss to others;
- Information: Inadequate protection of Barclays information in accordance with its value and sensitivity;
- Legal: Failure to identify and manage legal risks;
- Payment process: Failure in operation of payments processes;
- People: Inadequate people capabilities, and/or performance/reward structures, and/or inappropriate behaviours;
- Premises & security: Unavailability of premises (to meet business demand) and/or safe working environments, and inadequate protection of physical assets, employees and customers against external threats;
- Taxation: Failure to comply with tax laws and practice which could lead to financial penalties, additional tax charges or reputational damage;
- Technology: Failure to develop and deploy secure, stable and reliable technology solutions; and
- Transaction operations: Failure in the management of critical transaction processes.

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

The prime responsibility for the management of operational risk and the compliance with control requirements rests with the business and functional units where the risk arises. Operational risk managers are widely distributed throughout the Bank and support these areas, assisting line managers in understanding and managing their risks.

The Risk Committee is the senior executive body responsible for the oversight and challenge of operational risk in Barclays.

Businesses are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks to their business objectives and the effectiveness of key controls, control issues of Group-level significance, operational risk events and a review of scenarios and capital.

10.3 Operational risk management framework

The Barclays Operational risk framework has been designed to meet a number of external governance requirements including Basel. The Operational risk framework includes the following elements:

- **Risk Assessments**
  Barclays identifies and assesses all material risks within each business and evaluates the key controls in place to mitigate those risks. Managers in the businesses use self-assessment techniques to identify risks, evaluate the effectiveness of key controls in place and assess whether the risks are effectively managed within business risk appetite. The businesses are then able to make decisions on what, if any, action is required to reduce the level of risk to Barclays. These risk assessments are monitored on a regular basis to ensure that each business continually understands the risks it faces.

- **Risk Events**
  An operational risk event is any circumstance where through the lack or failure of a control, Barclays has actually or could have made a loss. The definition includes situations in which Barclays could have made a loss but in fact made a gain, as well as incidents resulting in reputational damage or regulatory impact only. As part of our analysis we seek to identify where improvements are needed to processes or controls, to reduce the recurrence and/or magnitude of risk events.

- **Key Indicators**
  Key Indicators (KIs) are metrics which allow Barclays to monitor its operational risk profile. KIs include measurable thresholds that reflect the risk appetite of the business. KIs are monitored to alert management when risk levels exceed acceptable ranges or risk appetite levels and drive timely decision making and actions.

- **Insurance**
  As part of its risk management approach, Barclays also uses insurance to mitigate the impact of some operational risks.

- **Operational Risk Appetite**
  Barclays approach to determining appetite for Operational risk combines both quantitative measures and qualitative judgment, in order to best reflect the nature of non-financial risks. The monitoring and tracking of Operational risk measures is supplemented with qualitative review and discussion at senior management executive committees on the action being taken to improve controls and reduce risk to an acceptable level. Operational risk appetite is aligned to the Bank's Risk Appetite Framework.

- **Reporting**
  The ongoing monitoring and reporting of Operational risk is a key component of an effective Operational risk Framework. Reports are used by the Operational risk function and by business management to understand, monitor, manage and control operational risks and losses.

- **Operational Risk Capital Assessment**
  As per the RBI guidelines, Bank has followed the Basic Indicator Approach prescribed under Pillar 3 of Basel III framework for the year ending March 31, 2015.

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

Interest rate risk in the banking book (IRRBB) refers to the potential adverse financial impact on the Bank's banking book from changes in interest rates.
The banking book, prone to interest rate risk, predominantly comprises of the commercial loans, commercial and retail deposits, in addition to the non-maturity transactions such as current and saving account balances, and other assets and liabilities.

Interest rate risk exposure of the banking book is primarily measured with interest rate gap analysis and value at risk, as per the Group norms.

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.
Change in market value of equity (MVE) with 1 bps change in yield (value in absolute terms)

(Rs. In 000's)

Currency	March 31, 2015	March 31, 2014
Rupees and other currency	6,949	15,703
US Dollar	949	985

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. Summary of this is placed at the ALCO meetings on a periodic basis.

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

Wholesale credit risk control framework of the Bank defines counterparty risk as the loss arising from the failure of counterparty to meet its pre-settlement obligations under a derivative or securities financing contract. The loss to the Bank is the cost of replacing or closing-out the contract and is recognised as a trading loss. All new counterparty credit risk (CCR) trades, or adjustments to existing CCR trades, which have the potential to expose the Bank to credit risk must undergo a pre-deal check to ensure that the transaction is within approved risk appetite. In order to expedite the credit approval process Risk team publishes counterparty credit risk limits, and makes available pre-deal check tools together with a list of trade type exclusions, which the business must check prior to trading. Credit Risk Trade Approval Standard (CRTAS) governs authorization of new and adjusted counterparty credit risk transactions. Internal capital for counterparty credit risk is assessed and allocated based on the economic capital for wholesale credit risk calculation. The magnitude of the exposure is determined by considering the current mark to market of the contract, the historic volatility of the underlying asset and the time to maturity. This allows calculation of a Credit Equivalent Exposure (CEE) for such exposures. The total economic capital for a portfolio of such exposures is then calculated in a manner similar to a book of loans. Adjustments to the calculated CEE are considered on a case by case basis.

Barclays participates in derivative transactions, and is therefore exposed to counterparty credit risk (or 'counterparty risk'). This is the risk that counterparty will fail to make the future payments agreed in the derivative contract. This is considered as a separate risk to the volatility of the mark to market payment flows. Modelling this counterparty risk is an important part of managing credit risk on derivative transactions. 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 major 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). The balance outstanding as on March 31, 2015 is given below.

(Rs. In 000's)

Description	March 31, 2015	March 31, 2014
Gross positive fair value of contracts	55,056,627	93,572,060
Netting benefits	-	-
Netted current credit exposure	55,056,627	93,572,060
Collateral held (including type, e.g. cash, government securities, etc.)	1,835,500	2,673,665
Net derivative credit exposure	53,221,127	90,898,395
Measures for exposure at default		
Exposure amount, under CEM	179,779,884	213,782,004
Notional value of credit derivative hedges	-	-
Distribution of current credit exposure by types of credit exposure		
- Current credit exposure - Interest rate	35,307,785	51,258,452
- Current credit exposure - Forex	144,472,099	162,523,552
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	-	-

13. REPUTATIONAL RISK

Barclays' reputation is its most precious asset, fundamental to business success and long term sustainability and to becoming the "Go-To" bank. The effective identification and management of reputation risk in conducting our business and in our decision-making is therefore an imperative for all employees.

Given its significance, Barclays has designated reputation risk as a principal risk and developed procedures and resources, including this reputation risk principal and key risk framework, to support businesses and functions in dealing with reputation risks arising in their areas of activity. This framework is aligned to the overarching Barclays enterprise risk management framework and its three step risk management process:

- Evaluate (identify and assess)
- Respond (mandate and control), and
- Monitor (report and manage/ challenge).

This framework supports, and should be applied in the context of, the Barclays Way code of conduct which articulates the purpose, values and behaviours to which all employees must adhere and which are relevant to all our business processes, practices and decisions.

The framework also complements other Barclays risk frameworks as reputation risk may arise as a result of issues and incidents relevant to other principal risks, in particular other non-financial risks e.g.: Conduct or operational risk.

Barclays enterprise risk management framework sets out the activities, tools, techniques and organisational arrangements to ensure that all material risks are identified and understood, and that appropriate responses are in place to protect Barclays and prevent detriment to customers clients, colleagues and community, enabling Barclays to meet its goals and enhancing our ability to respond to new opportunities.

This framework sets out what is required to ensure reputation risk is managed effectively and consistently across the bank. Reputation risk is by nature pervasive and can be difficult to quantify, requiring more subjective judgement than many other risks. The framework is designed explicitly in the light of that subjectivity and, together with supporting tools, policies and procedures, provides an holistic view of how Barclays manages reputation risk.

14. CONDUCT RISK

Conduct risk is the risk that detriment is caused to customers, clients, counterparties or the Bank because of inappropriate judgement in the execution of the Bank's business activities.

The Bank defines, manages and mitigates conduct risk with the goal of providing good customer outcomes and protecting market integrity. The Bank has defined ten outcomes which are positive indicators that it is delivering good customer outcomes and protecting market integrity:

- Culture places customer interests at the heart of our strategy, planning, decision making and judgements;
- Strategy is to develop long term banking relationships with our customers by providing products and services that meet their needs and do not cause detriment;
- Does not disadvantage or exploit customers, customer segments or markets and does not distort market competition
- Proactively identifies conduct risks and intervene before they crystallise by managing, escalating and mitigating them promptly;
- Products, services and distribution channels are designed, monitored and managed to provide value, accessibility, transparency, and to meet the needs of our customers;
- Provides banking products and services that meet our customers' expectations and perform as represented. Representations are accurate and comprehensible so customers understand the products and services they are purchasing;
- Addresses any customer detriment and dissatisfaction in a timely and fair manner;
- Safeguards the privacy of personal data;
- Does not conduct or facilitate market abuse; and
- Does not conduct or facilitate financial crime.

Conduct risk management framework

The Conduct Risk Principal Risk Framework (PRF) comprises a number of elements that allows the Bank to manage and measure its conduct risk profile.

- Vertically, through an organisational structure that requires all businesses to implement and operate their own conduct risk framework that meets the requirements detailed within the Enterprise Risk Management Framework ;and

- Horizontally, with Key Risk Officers (KROs) required to monitor information relevant to their Key Risk from each element of the Conduct Risk PRF.

Risk assessments
Accountable executives complete a top-down assessment of their business model and strategy. The analysis should take into consideration both internal (e.g. historic and current business strategy and banking activities) and external factors (e.g. economic and regulatory environment). This identifies all conduct risks arising from the business model, strategy or banking activity and includes recommendations and management actions to address the conduct risks identified.

Conduct risk appetite
Conduct risk is a non-financial risk and is intrinsic in all of the Bank's banking activities. There is no appetite for customer detriment resulting from inappropriate judgments in the execution of its business activities.

Reporting
Accountable executives must produce a quarterly Conduct Risk Report which documents their businesses' approach to understand, monitor, manage and control conduct risk.

15. **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)		52,495.22	
2	Retained earnings		4,887.33	
3	Accumulated other comprehensive income (and other reserves) *		(1,240.17)	
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		56,142.38	
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)		-	
10	Deferred tax assets		3,510.16	
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		-	

					Amounts Subject to Pre-Basel III Treatment	Ref No.
					(Rs. in million)	
	Particulars					
25	of which: deferred tax assets arising from temporary differences				-	
26	National specific regulatory adjustments (26a+26b+26c+26d)				-	
	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				248.52	
	of which : [INSERT TYPE OF ADJUSTMENT] For example : filtering out of unrealised losses on AFS debt securities (not relevant in Indian context) 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**				3,758.68	
29	**Common Equity Tier 1 capital (CET1)**				52,383.70	
	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				-	

				(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)**			52,383.70	
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			1,677.83	
51	**Tier 2 capital before regulatory adjustments**			1,677.83	
Tier 2 capital : regulatory adjustments					
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)			-	

					Amounts Subject to Pre-Basel III Treatment	Ref No.
					(Rs. in million)	
Particulars						
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**			1,677.83	
	b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**			-	
	c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**			1,677.83	
59	**Total capital (TC = T1 + T2) (45 + 58c)**				**54,061.53**	
	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)**				**297,916.90**	
	a	of which: total credit risk weighted assets			213,756.60	
	b	of which: total market risk weighted assets			65,579.97	
	c	of which: total operational risk weighted assets			18,580.33	
Capital ratios						
61	Common Equity Tier 1 (as a percentage of risk weighted assets)				17.59%	
62	Tier 1 (as a percentage of risk weighted assets)				17.59%	
63	Total capital (as a percentage of risk weighted assets)				18.15%	
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)						

			(Rs. in million)	
	Particulars		Amounts Subject to Pre-Basel III Treatment	Ref No.
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)		1,677.83	
77	Cap on inclusion of provisions in Tier 2 under standardised approach		2,671.96	
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, 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		-	
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 millions)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	3,510.16
	Total as indicated in row 10	3,510.16
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	1,677.83
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	1,677.83
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)	-

16. **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	Balance sheet under regulatory scope of consolidation @
			As on reporting date	As on reporting date
A	**Capital & Liabilities**			
	i	Paid-up Capital	52,495.22	63,398.96
		Reserves & Surplus	5,167.48	5,422.30
		Minority Interest	-	-
		Total Capital	57,662.70	68,821.26
	ii	Deposits	130,636.18	130,636.18
		of which : Deposits from banks	2,976.96	2,976.96
		of which : Customer deposits	127,659.22	127,659.22
		of which : Other deposits (pl. specify)	-	-
	iii	Borrowings	44,963.60	53,188.12
		of which : From RBI	5,200.00	5,200.00
		of which : From banks	21,257.05	21,257.05
		of which : From other institutions & agencies	18,506.56	26,731.08
		of which : Others (pl. specify)	-	-
		of which : Capital instruments	-	-
	iv	Other liabilities & provisions #$	88,610.96	88,735.55
		Total	**321,873.44**	**341,381.12**
B	**Assets**			
	i	Cash and balances with Reserve Bank of India	3,372.78	3,372.78
		Balance with banks and money at call and short notice	8,875.00	9,829.84
	ii	Investments :	106,672.94	107,119.19
		of which : Government securities	55,987.46	55,987.46
		of which : Other approved securities	-	-
		of which : Shares	169.36	615.61
		of which : Debentures & Bonds	9,803.24	9,803.24
		of which : Subsidiaries / Joint Ventures / Associates	-	-
		of which : Others (Commercial Papers, Mutual Funds etc.)	40,712.89	40,712.89

			Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation @
				(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
	iii	Loans and advances	133,376.27	145,114.29
		of which : Loans and advances to banks	-	-
		of which : Loans and advances to customers	133,376.27	145,114.29
	iv	Fixed assets	306.53	324.46
	v	Other assets #	68,029.75	68,643.56
		of which : Goodwill and intangible assets	46.79	46.79
		of which : Deferred tax assets	3,510.16	3,510.16
	vi	Goodwill on consolidation	-	-
	vii	Debit balance in Profit & Loss account	1,240.17	6,976.99
		Total Assets	**321,873.44**	**341,381.12**

# Includes MTM on derivative trades grossed up at trade level and reported accordingly in Other Assets or Other Liabilities as the case may be.
$ includes provision for depreciation on investments

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	52,495.22	63,398.96	A
		of which : Amount eligible for CET1	52,495.22	63,398.96	
		of which : Amount eligible for AT1	-	-	
		Reserves & Surplus	5,167.48	5,422.30	
		Minority Interest	-	-	
		Total Capital	57,662.70	68,821.26	
	ii	Deposits	130,636.18	130,636.18	
		of which : Deposits from banks	2,976.96	2,976.96	
		of which : Customer deposits	127,659.22	127,659.22	
		of which : Other deposits (pl. specify)	-	-	
	iii	Borrowings	44,963.60	53,188.12	
		of which : From RBI	5,200.00	5,200.00	
		of which : From banks	21,257.05	21,257.05	
		of which : From other institutions & agencies	18,506.56	26,731.08	
		of which : Others (pl. specify)	-	-	
		of which : Capital instruments	-	-	

					(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	
	iv	Other liabilities & provisions #	88,610.96	88,735.55	
		of which : DTLs related to goodwill	-	-	
		of which : DTLs related to intangible assets	-	-	
	Total		**321,873.44**	**341,381.12**	
B					
	i	Cash and balances with Reserve Bank of India	3,372.78	3,372.78	
		Balance with banks and money at call and short notice	8,875.00	9,829.84	
	ii	Investments	106,672.94	107,119.19	
		of which : Government securities	55,987.46	55,987.46	
		of which : Other approved securities	-	-	
		of which : Shares	169.36	615.61	
		of which : Debentures & Bonds	9,803.24	9,803.24	
		of which : Subsidiaries / Joint Ventures / Associates	-	-	
		of which : Others (Commercial Papers, Mutual Funds etc.)	40,712.89	40,712.89	
	iii	Loans and advances	133,376.27	145,114.29	
		of which : Loans and advances to banks	-	-	
		of which : Loans and advances to customers	133,376.27	145,114.29	
	iv	Fixed assets	306.53	324.46	
	v	Other assets #	68,029.76	68,643.57	
		of which : Goodwill and intangible assets Out of which :	3,556.96	3,556.96	
		Goodwill	-	-	
		Other intangibles (excluding MSRs)	46.79	46.79	
		Deferred tax assets	3,510.16	3,510.16	
	vi	Goodwill on consolidation	-	-	
	vii	Debit balance in Profit & Loss account	1,240.17	6,976.99	
		Total Assets	**321,873.45**	**341,381.12**	

Includes MTM on Derivative Trades grossed up at trade level and reported accordingly in Other Assets or Other Liabilities as the case may be.

Step 3

Common Equity Tier 1 capital : instruments and reserves				
		Component of regulatory capital reported by bank	**Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2**	**Ref No.**
	1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	63,398.51	A
	2	Retained earnings	5,135.99	
	3	Accumulated other comprehensive income (and other reserves)	(6,976.99)	
	4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
	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	61,557.52	
	7	Prudential valuation adjustments	-	
	8	Goodwill (net of related tax liability)	-	

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

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

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

In accordance with the requirements of the RBI Circular No, DBOD.NO.BC.72/29.67/001/2011-12 dated January 13, 2012, the Bank has submitted a declaration to RBI that the Banks, compensation policies including that of CEO's, is in conformity with the Financial Stability Board principles and standards.