



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 December 31, 2014

1. 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 period ended December 31, 2014. 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 1 July 2014 and Guidelines on Composition of Capital Disclosure Requirements dated 28 May 2013.

2. SCOPE OF BASEL III FRAMEWORK

2.1. Pillar 1

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 standardized approaches for local regulatory Pillar 1 purposes.

2.2. Pillar 2

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.

2.3 Pillar 3

The Bank has implemented a Pillar 3 framework to address the requirements laid down for Pillar 3 disclosures. For reconciliation requirement, please refer Annex – 2.



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3. CAPITAL STRUCTURE

Capital Structure / Instruments of the Bank

Tier 1 capital comprises of:

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

Tier 2 capital comprises of:

- i. General provisions and Loss Reserves created in line with RBI regulations.
- ii. Excess provision on sale of NPA portfolio.

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

As on December 31, 2014 total capital base (Tier1 + Tier2) of the Bank stood at Rs. 49,871,636 ('000s)

Capital Structure

No	Description	Rs. in '000s
A.1	Tier 1 Capital	47,919,219
	Common equity tier 1 capital	47,919,219
	of which	
	-Paid-up Share Capital	52,495,224
	-Reserves and surplus	(447,636)
	Less: Deductions from Tier 1 Capital	
	-Amount deducted from Tier1 capital (Deferred Tax Asset & other Intangibles)	(3,489,114)
	-Debit balance in HO / Unearned Credit Spreads/ illiquidity premia	(639,255)
A.2	Additional Tier 1 capital	-
B	Tier 2 Capital	1,952,417
	of which	
B.1	Other Tier 2 Capital:	
	- Provision for Standard Assets	1,424,527
	- Investment Reserve Account	240,766
	- Provision for Country Risk	7,986
	- Excess Provision on sale of NPAs	279,138
C	Total Eligible Capital (A+B)	49,871,636



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4. CAPITAL ADEQUACY

Capital management

Capital risk is the risk that the Group is unable to maintain appropriate capital ratios which could lead to:

- An inability to support business activity;
- A failure to meet regulatory requirements; or
- rating agency concerns.

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.

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 in the India ALCO to assess any capital requirements.

During the year, the Reserve Bank of India had issued guidelines on implementation of Basel III capital regulation in India. These guidelines are to be implemented beginning 1st April 2013 in a phased manner and are to be fully implemented as on 31st March 2019. 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.

A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on December 31, 2014 is presented below. For composition of capital please refer Annex – 3.

Capital Adequacy

No.	Description	Capital amount in INR 000s
A	Capital Requirement for Credit Risk (Standardised Approach)	18,104,647
	I) On-balance sheet exposures excluding securitisation exposures	6,676,019
	II) Off- balance sheet exposures excluding securitisation exposures	11,364,079
	<i>a) Non-market related</i>	436,038
	<i>b) Market-related</i>	10,928,041
	III) On-balance sheet-securitisation exposures	0
	IV) Counterparty Risk as Borrower of funds	64,549
B	Capital Requirement for Market Risk (Standardised Duration Approach)	5,876,164
	Interest rate related instruments	4,941,868
	Equity	34,296
	Foreign Exchange and Gold	900,000
C	Operational-risk-weighted exposures (Basic Indicator Approach)	1,394,135
D	Capital Adequacy Ratio of the Bank	17.69%
E	Tier 1 CRAR (%)	17.00%

5. RISK MANAGEMENT: OBJECTIVES AND ORGANISATION STRUCTURE

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;
- Optimise 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 that Barclays is prepared to sustain whilst pursuing its business strategy, recognising a range of possible outcomes as business plans are implemented.

Taken as a whole, the risk appetite framework provides a basis for the allocation of risk capacity across Barclays Group and consists of two elements: ‘Financial Volatility’ and ‘Mandate & Scale’.



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Financial Volatility

Financial Volatility is defined as the level of potential deviation from expected financial performance that Barclays is prepared to sustain at relevant points on the risk profile. The Board sets the Group's financial volatility risk appetite in terms of broad, top down, financial objectives for a through the cycle, a moderate stress and a severe stress events;

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).

Barclays uses the Mandate & Scale framework to:

- limit concentration risk;
- keep business activities within Group and individual business mandate;
- ensure activities remain of an appropriate scale relative to the underlying risk and reward; and
- ensure risk-taking is supported by appropriate expertise and capabilities.

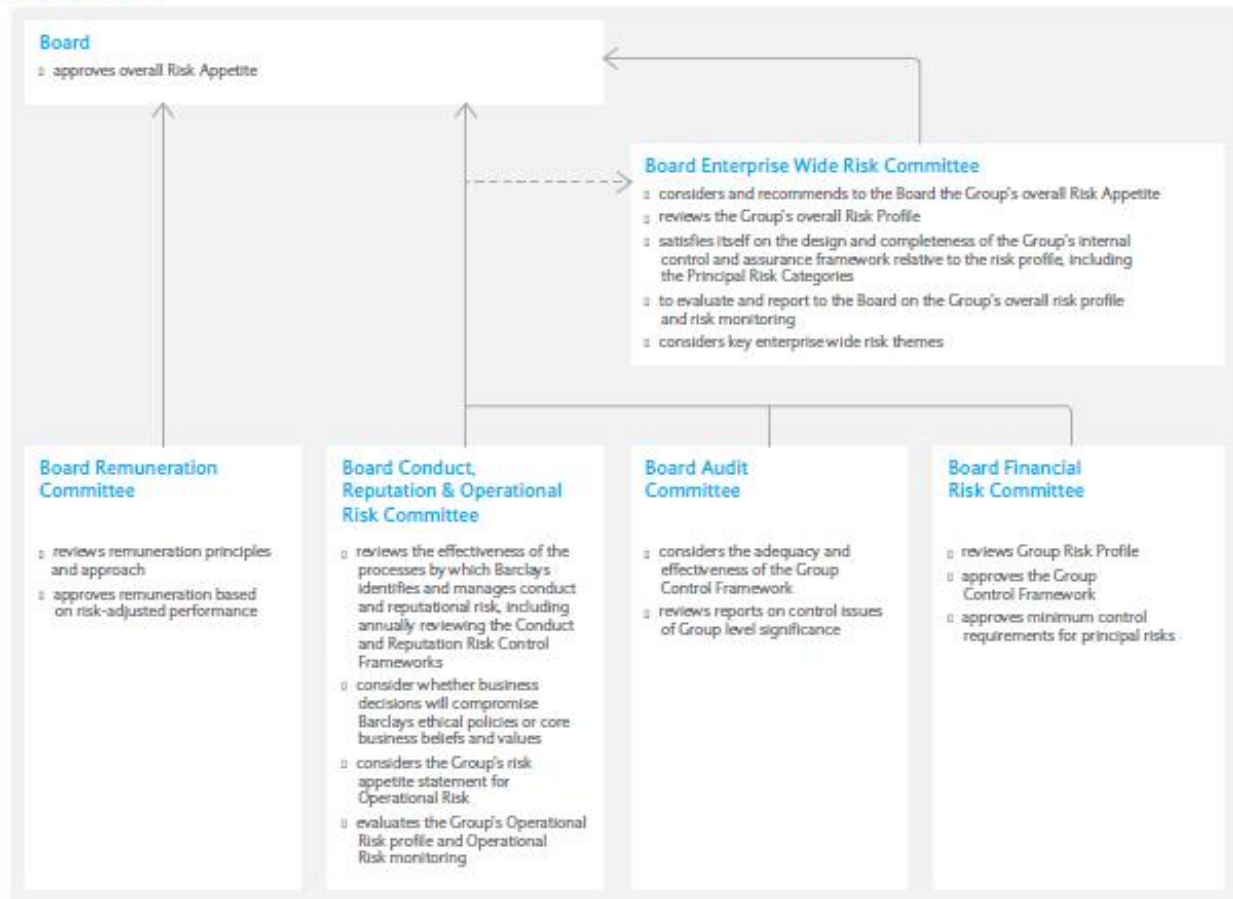
As well as Group-level Mandate & Scale limits, further limits are set by risk managers within each business unit, covering particular portfolios.

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.

Board Oversight



At the Bank level, Global Financial Risk Management (GFRM) operating within the broad policy framework reviews and monitors various aspects of risk arising from the business. Independent Committee(s) have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of various risks.

Each Key Risk is owned by a senior individual known as the Group Key Risk Owner who is responsible for proposing a risk appetite statement and managing the risk in line with the Principal Risks Policy.

6. CREDIT RISK

Credit risk is the risk of suffering financial loss should any of the Group's customers, clients or market counterparties fail to fulfill their contractual obligations to the Group. The credit risk that the Group faces arises mainly from loans and advances together with the counterparty credit risk arising from derivative contracts entered into with our clients. The Group is also exposed to other credit risks arising from its trading activities, including debt securities; settlement balances with market counterparties, available for sale assets and reverse repurchase loans.

6.1 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, 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 risk-reward objectives are met.

6.1.1 Strategies and 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.

Steps	Activity
Identify	Establish the process for identifying and understanding business-level risks.
Assess	Agree and implement measurement and reporting standards and methodologies.
Control	Establish key control processes and practices, including limit structures, impairment allowance criteria and reporting requirements.
	Monitor the operation of the controls and adherence to risk direction and limits.
	Provide early warning of control or appetite breaches.
Report	Ensure that risk management practices and conditions are appropriate for the business environment.
	Interpret and report on risk exposures, concentrations and risk-taking outcomes.
	Interpret and report on sensitivities and Key Risk Indicators.
	Communicate with external parties.

Manage and Challenge	Review and challenge all aspects of the Group’s risk profile.
	Assess new risk-return opportunities.
	Advise on optimizing the Group’s risk profile.
	Review and challenge risk management practices.

6.1.2 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.

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 Group Risk.

6.1.3 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 Group 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)

6.1.4 Policies for hedging and / or mitigating risk

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.

6.1.5 Credit risk 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 India Management 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 retail businesses by:

- Maximum Hold 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

6.1.6 Derivatives and counterparty credit risk

- Methodology used to assign economic capital and credit limits for counterparty credit exposures

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 Investment 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 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. 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. This is equivalent to the cost of hedging the counterparty risk, which is replicated by purchasing and selling credit default swaps (CDS) on the counterparty to create a hedge position that mirrors the Expected Exposure profile for the counterparty.

Credit Value Adjustment for derivative positions are calculated as a function of the 'Expected Exposure', which is the average of future hypothetical exposure values (or mark to market) for a single transaction or group of transactions by the same counterparty, and the CDS spread for a given horizon.

In order to calculate the Expected Exposure, the expected mark to market is calculated using Monte Carlo simulations of risk factors that may affect the valuation of the derivative. These simulations include credit mitigants such as exposure netting, collateral, mandatory break clauses and set-off clauses. Counterparties with appropriate credit mitigants will generate a lower Expected Exposure profile compared to counterparties without credit mitigants in place for the same derivative transactions.

- Discussion of policies with respect to wrong-way risk exposures

Wrong Way Risk (WWR) arises when there is adverse (positive) correlation between an obligor's probability of default (PD) and Barclays' credit exposure to that obligor.

WWR for trading products can arise from:

- Positive correlation between the obligor's PD and transaction exposure (i.e. exposure increases and PD increases simultaneously); and/or,
- Negative correlation between the obligor's PD and the financial securities held as collateral (i.e. collateral value decreases and PD increases simultaneously).

WWR for primary products typically arises from negative correlation between the obligor PD and the value of the collateral provided against the credit facility.

The bank has the WWR policy to define WWR and modify the standard risk credit risk management approach to accommodate the additional risk issues generated by the presence of WWR. In doing this, the Investment Bank distinguishes between Specific Wrong Way Risk (SWWR) and General Wrong Way Risk (GWWR).



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SWWR arises due to the particular nature of the transaction. The Business is required to refer counterparty credit risk SWWR transactions to the Credit Responsible Executive (CRE) or Sector Head for approval prior to entering the transaction. Pre-approved limits advised to the Business are not to be used by the Business for executing SWWR transactions, without prior reference to the CRE or Sector Head.

GWWR arises where there is positive correlation between the client PD and the Bank's exposure, net of collateral, to the client, owing to co-dependency of PD and exposure on the same risk factors. GWWR can arise due to the behaviour of market risk or credit risk factors and impact both collateral and/or exposure. GWWR is managed by ongoing review of portfolios and no adjustments are made to individual risk estimates.

In the case of specific wrong-way risk trades, which are self-referencing or reference other entities within the same counterparty, specific approval by a senior credit officer is required.

6.2 Definition of Non-Performing Assets

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines. NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. An asset becomes non-performing when it ceases to generate income for the bank.

6.2.1 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. Credit risk management processes and policy are incorporated in the Bank's Loan Policy, which is reviewed periodically. The policy lays down the framework for credit risk assessment as well as post-sanction activities encompassing facility and security documentation, control & monitoring, portfolio management and problem resolution.

Specific provisions are made based on management's assessment of the degree of impairment of the advances, subject to minimum provisioning norms laid down by the RBI.

Provisions are made to reflect the risk tendency of the portfolio. Provisions as applicable to the loan assets in the 'Standard' category are made on credit exposures computed as per the current MTM value of the contract, arising on account of the interest rate and foreign exchange derivative transactions, of the concerned counterparties. Specific provisions are made based on management's assessment of the degree of impairment with respect to derivative transactions subject to minimum provisioning norms laid down by RBI.

6.2.2 Restructured Assets

As per RBI guidelines, a fully secured standard loan can be restructured by rescheduling principal repayments and/or the interest element, but must be separately disclosed as a restructured loan in the year of restructuring. Similar guidelines apply to restructuring of substandard and doubtful loans.

A sub-standard asset, which has been restructured, will be upgraded to the standard category only after a satisfactory performance of the borrower over a period of time.

6.2.3 Credit Risk exposures

B) Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure				
				(Rs. In '000s)
		Domestic	Overseas	Total
A)	Fund Based exposure #	114,180,109		114,180,109
B)	Non Fund Based exposure*	7,509,819		7,509,819
	Total	121,689,928		121,689,928

The above comprises of Net loans and advances as reported to RBI in regulatory filings

* 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.

C) Industry Classification of Loans and Advances		Amount in INR 000s	
S.No.	Industry Classification	Fund Based	Non Fund Based (Non Derivatives)
1	Coal	-	-
2	Mining	620,000	-
3	Iron and Steel	3,762	-
4	Other Metal and Metal products	393,823	16,942
5	All Engineering	1,939,190	576,264
6	Electricity		
7	Cotton Textiles	10,150	-
8	Jute Textiles		
9	Other Textiles		
10	Sugar	180,000	-
11	Tea	18,782	327,782
12	Food Processing	503,505	-
13	Vegetable Oil and Vanaspati	-	22,731
14	Tobacco and Tobacco Products	90,000	-
15	Paper and Paper Products	22,713	-
16	Rubber and Rubber Products	3,283,058	410,672
17	Chemicals, Dyes, Paints etc.	3,852,901	-
18	Cement		
19	Leather and Leather Products	31,518	-
20	Gems and Jewellery		
21	Construction	180,000	-
22	Petroleum	-	-
23	Automobiles including trucks	1,616,188	18,446
24	Computer Software	804,676	376,047
25	Infrastructure	22,563,355	1,141,140

C) Industry Classification of Loans and Advances		Amount in INR 000s	
S.No.	Industry Classification	Fund Based	Non Fund Based (Non Derivatives)
26	NBFCs & Trading	15,296,787	6,561
27	Other Industries	1,399,139	1,497,702
28	Banking Sector	50,602,453	2,568,850
29	Retail Loans	6,864	-
30	Residual exposures	10,761,245	546,681
	Total	114,180,110	7,509,819

E) Residual contractual maturity breakdown of Loans & advances		
Maturity buckets		Rs in '000
1 day		273,821
2 to 7 days		2,751,105
8 to 14 days		4,419,031
15 to 28 days		17,016,094
29 days to 3 months		15,763,875
3 to 6 months		16,089,971
6 to 12 months		27,892,611
1 to 3 years		27,915,280
3 to 5 years		1,734,212
Over 5 years		324,110
Total		114,180,110

F) to J) Movement of NPAs and Provision for NPA (Loans and Advances Portfolio)		
	Particulars	(Rs. In '000s)
		Amount
F	Amount of NPAs (Gross)	3,155,356
	- Substandard	291,183
	- Doubtful	2,862,609
	- Doubtful 1	1,738,358
	- Doubtful 2	1,124,251
	- Doubtful 3	
	- Loss	1,564
G	Net NPAs	369,175
H	NPA Ratios	
	- Gross NPAs to gross advances	2.76%
	-Net NPAs to Net advances	0.33%
I	Movement of NPAs (Gross)	
	-Opening balance as on 1 April 2014	4,638,547

F) to J) Movement of NPAs and Provision for NPA (Loans and Advances Portfolio)		
	Particulars	(Rs. In '000s)
	-Additions	84,741
	-Reductions	1,567,932
	-Closing balance as at 31 December 2014	3,155,356
J	Movement of Provision for NPAs	
	-Opening balance as on 1 April 2014	3,751,328
	-Provision made from Apr to Dec 2014	642,550
	- Write –offs / Write back of excess provisions	1,607,697
	-Closing balance as at 31 December 2014	2,786,181

K) to M) NPIs and movement of Provision for Depreciation on NPIs		
		(Rs. In '000s)
K	Amount of Non-Performing Investments	-
L	Amount of provision held for non – performing investments	
		-
M	Movement of provisions for depreciation on investments	
	-Opening balance as on 1 April 2014	55,000
	-Provision made from Apr to Dec 2014	
	- Write –offs	
	- Write back of excess provisions	(55,000)
	-Closing balance as at 31 December 2014	-

7. CREDIT RISK: Disclosure of Portfolio subject to Standardised Approach

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 published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign banks, ratings assigned by international rating agencies i.e. S&P, Moody's and Fitch are used for assigning the risk weights.

- Where the customer has availed working capital facilities with maturity equal to or less than one year, and where no short term rating is available from any of the recognized credit rating agency, the same shall be treated as unrated and risk weight corresponding to the unrated short term claim shall be applied.
- Where the customer has availed working capital facilities or entered into a derivative trade with original maturity equal to or less than one year, and where a short term rating is available from the recognized credit rating agency, risk weight applicable would be one notch higher as would be applicable for the rated facility. 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.
- Long term ratings shall be applied to long term funded exposures only. For counterparties risk weighted 150%, exposures of that counterparty as applicable will be risk weighted at 150%.



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Disclosures for Portfolios Subject to the Standardised Approach

Details of Credit Risk Exposure based on Risk- Weight

Description	Rs. in 000's
Amount of bank's outstanding (rated and unrated) in the following :	111,386,022
-Below 100% risk weight	70,568,839
- 100% risk weight	38,389,902
-More than 100% risk weight	2,427,281
-Deductions	NIL