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 30 September 2013

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 half year ended September 30, 2013. 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 2013 and Guidelines on Composition of Capital Disclosure Requirements dated 28 May 2013.

Disclosures required under Table DF1 of Pillar 3 framework given in Annex - 1.

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 standardised approaches for local regulatory Pillar 1 purposes.

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.

2.2. 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.

Scope of application for consolidation:

Please refer to Annex – 1 given below for scope of application for consolidation.

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Annex - 1: Scope of Application
Qualitative disclosures

A - List of group entities considered for consolidation

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

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

Quantitative disclosures:

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

					Amt in Rs. '000
Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets *
Barclays Securities (India) Private Limited	Registered as Stock Broker & Underwriter	1,602,148	-	NA	11,014,607
Barclays Wealth Trustees (India) Private Limited	Wealth management company	47,617	-	NA	146,708

*as stated in the accounting balance sheet of the legal entity as on 31st March 2013

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	10,903,744	9,615,739

*as stated in the accounting balance sheet of the legal entity as on 30th Sept 2013

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

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 accounting balance sheet of the legal entity

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

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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 accounting balance sheet of the legal entity

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

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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 September 30, 2013 total capital base (Tier1 + Tier2) of the Bank stood at Rs. 44,989,049 ('000s)

Capital Structure

No	Description	Rs.in'000s
A.1	Tier 1 Capital	**43,430,790**
	Common equity tier 1 capital	43,430,790
	of which	
	-Paid-up Share Capital	52,495,224
	-Reserves and surplus	(4,028,225)
	Less: Deductions from Tier 1 Capital	
	-Amount deducted from Tier1 capital (Deferred Tax Asset & other Intangibles)	(5,035,384)
	-Debit balance in HO / Unearned Credit Spreads	(825)
A.2	Additional Tier 1 capital	-
B	Tier 2 Capital	**1,558,259**
	of which	
B.1	Other Tier 2 Capital:	
	- Provision for Standard Assets	1,278,070
	- Provision for Country Risk	1,051
	- Excess Provision on sale of NPA's	279,138
C	Total Eligible Capital (A+B)	**44,989,049**

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 2018. 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 30th September 2013 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)**	**17,710,397**
	I) On-balance sheet exposures excluding securitisation exposures	6,033,833
	II) Off- balance sheet exposures excluding securitisation exposures	11,672,260
	a) Non-market related	565,246
	b) Market-related	11,107,014
	III) On-balance sheet-securitisation exposures	*0*
	IV) Counterparty Risk as Borrower of funds	4,304

No.	Description	Capital amount in INR 000s
B	**Capital Requirement for Market Risk (Standardised Duration Approach)**	**5,103,465**
	Interest rate related instruments	4,169,169
	Equity	34,296
	Foreign Exchange and Gold	900,000
C	**Operational-risk-weighted exposures (Basic Indicator Approach)**	**1,388,673**
D	**Capital Adequacy Ratio of the Bank**	**16.73%**
E	**Tier 1 CRAR (%)**	**16.15%**

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'.

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:

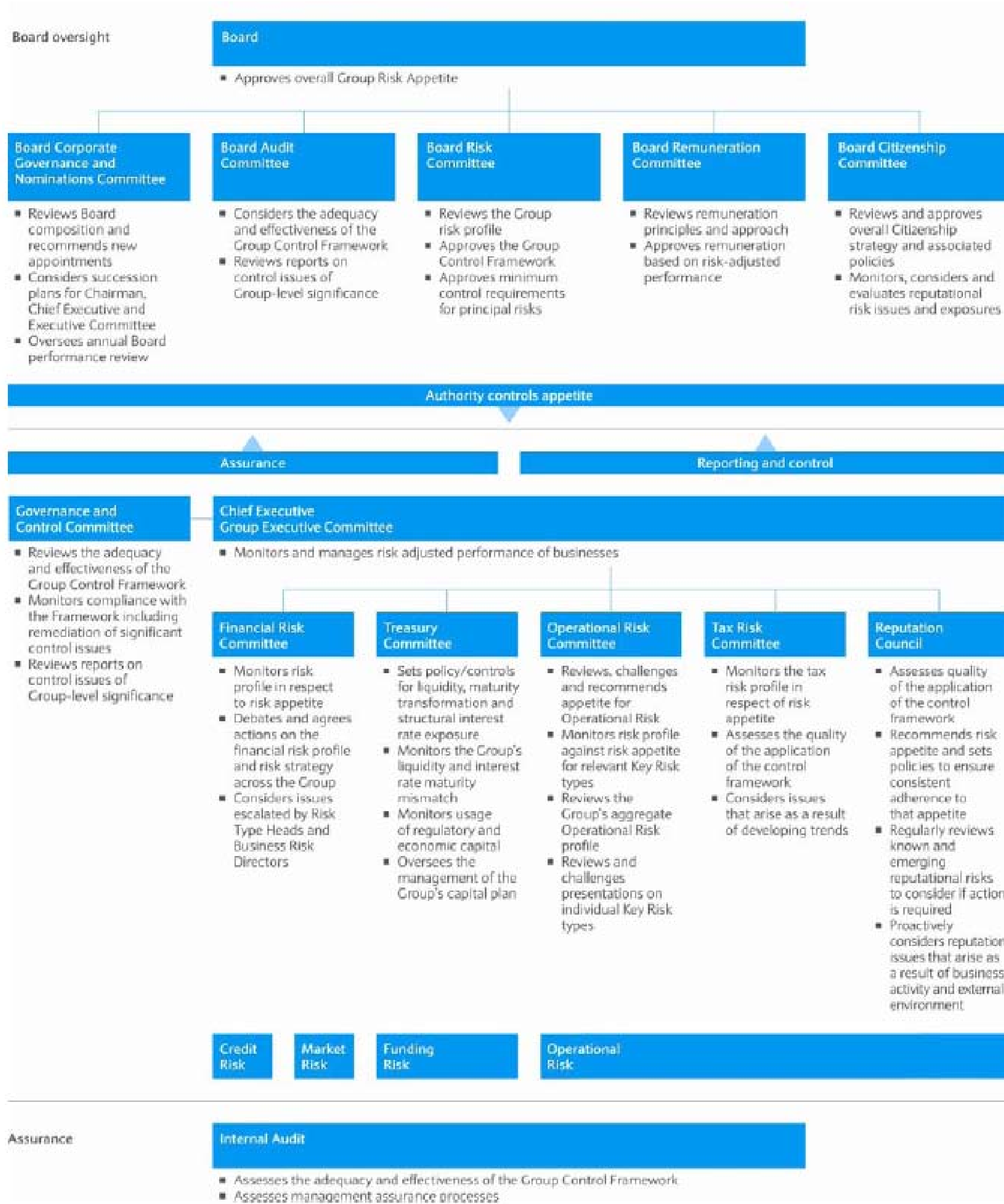
- limit concentration risk;
- keep business activities within Group and individual business mandate;
- ensure activities remain of an appropriate scale relative to the underlying risk and reward; and
- ensure risk-taking is supported by appropriate expertise and capabilities.

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.



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.
	Ensure that risk management practices and conditions are appropriate for the business environment.
Report	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.14/13.03.00/ 2011-12 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).

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 #	90,929,533	-	90,929,533
B)	Non Fund Based exposure*	8,045,809	-	8,045,809
	Total	**98,975,342**	**-**	**98,975,342**

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	11,267	-
3	Iron and Steel	1,432	-
4	Other Metal and Metal products	1,684,039	36,204
5	All Engineering	1,611,657	329,190
6	Electricity	-	-
7	Cotton Textiles	336,035	-
8	Jute Textiles	-	-
9	Other Textiles	-	-
10	Sugar	100,000	-

BARCLAYS

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C) Industry Classification of Loans and Advances		Amount in INR 000s	
S.No.	Industry Classification	Fund Based	Non Fund Based (Non Derivatives)
11	Tea	-	325,546
12	Food Processing	76,500	-
13	Vegetable Oil and Vanaspati	-	359,943
14	Tobacco and Tobacco Products	90,000	-
15	Paper and Paper Products	-	-
16	Rubber and Rubber Products	219,671	636,155
17	Chemicals, Dyes, Paints etc.	2,480,923	-
18	Cement	-	-
19	Leather and Leather Products	20,000	-
20	Gems and Jewellery	-	-
21	Construction	3,800,984	309,895
22	Petroleum	-	-
23	Automobiles including trucks	600,000	-
24	Computer Software	447,259	777,908
25	Infrastructure	26,353,784	1,373,807
26	NBFCs & Trading	6,036,994	100,031
27	Other Industries	5,415,481	1,896,937
28	Banking Sector	-	-
29	Retail Loans	-	-
30	Residual exposures	41,643,507	1,900,193
	Total	**90,929,533**	**8,045,809**

E) Residual contractual maturity breakdown of Loans & advances	
Maturity buckets	**Rs in '000**
1 day	3,648,459
2 to 7 days	502,695
8 to 14 days	8,296,266
15 to 28 days	30,990,979
29 days to 3 months	7,183,629
3 to 6 months	22,218,285
6 to 12 months	7,504,954
1 to3 years	9,879,875
3 to 5 years	704,391
Over 5 years	-
Total	**90,929,533**

F) to J) Movement of NPAs and Provision for NPA (Loans and Advances Portfolio)		
	Particulars	(Rs. In '000s)
		Amount
F	Amount of NPAs (Gross)	6,388,951

F) to J) Movement of NPAs and Provision for NPA (Loans and Advances Portfolio)		
	Particulars	(Rs. In '000s)
	- Substandard	1,800,088
	-Doubtful	4,360,678
	- Doubtful 1	2,047,125
	- Doubtful 2	1,737,805
	- Doubtful 3	575,748
	- Loss	228,185
G	**Net NPAs**	**1,488,660**
H	**NPA Ratios**	
	- Gross NPAs to gross advances	6.67%
	-Net NPAs to Net advances	1.66%
I	**Movement of NPAs (Gross)**	
	-Opening balance as on 1 April 2013	5,542,957
	-Additions	1,492,438
	-Reductions	646,443
	-Closing balance as at 30 September 2013	**6,388,952**
J	**Movement of Provision for NPAs**	
	-Opening balance as on 1 April 2013	4,069,511
	-Provision made from Apr to Sept 2013	856,785
	- Write –offs / Write back of excess provisions	26,005
	-Closing balance as at 30 September 2013	**4,900,291**

K) to M) NPIs and movement of Provision for Depreciation on NPIs		
		(Rs. In '000s)
K	Amount of Non-Performing Investments	165,000
L	Amount of provision held for non – performing investments	165,000
M	Movement of provisions for depreciation on investments	
	-Opening balance as on 1 April 2013	275,000
	-Provision made from Apr to Sept 2013	-
	- Write –offs	-
	- Write back of excess provisions	110,000
	-Closing balance as at 30 September 2013	**165,000**

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General Disclosure for Exposures Related to Counterparty Credit Risk - Table DF10

Description	Amt in '000
Gross positive fair value of contracts	138,859,658
Netting benefits	-
Netted current credit exposure	-
Collateral held (including type, e.g. cash, government securities, etc.)	3,622,942
Net derivative credit exposure	252,943,070
Measures for exposure at default	
Exposure amount, under CEM	256,566,012
Notional value of credit derivative hedges	-
Distribution of current credit exposure by types of credit exposure	
- Current credit exposure - Interest rate	52,518,876
- Current credit exposure - Forex	204,047,136
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	-
a) Protection sold	-

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 bank, 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%.

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 (rates and unrated) in the following :	**90,929,532**
-Below 100% risk weight	46,380,185
- 100% risk weight	40,532,121
-More than 100% risk weight	4,017,226
-Deductions	NIL
* The above comprises of Net loans and advances as reported to RBI in regulatory filings	

8. CREDIT RISK MITIGATION

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.

The above collateral types are applicable to all customer segments including corporates and financial institutions, though exposures to banks are generally non collateralised. 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 Total Credit Exposure (after on or off Balance sheet Netting) as on 30th September' 2013.

Particulars	Amount Rs (000s)
Eligible Financial Collaterals after application of haircuts	-
Covered by Guarantees#/ credit Derivatives	17,131,680

Issued by Bank/ Government.

Securitisation exposure - NIL

9 MARKET RISK

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 runs two types of market risk in its Indian entity – traded and non-traded market risk. Traded risk in the businesses resides primarily in Investment Bank (more specifically referred as Trading Book), while non-traded market risk resides mainly in Retail Banking, Corporate Banking, Wealth and Investment Management and Treasury (more specifically referred as Banking Book).

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;
- Minimize non-traded market risk.

Barclays Investment Bank manages the market risk of underlying positions (internal as well as external) 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 daily to top management including business heads, finance head, compliance head and market risk. On periodic basis, market risk exposure is presented to various committees such as: ALCO, Executive Committee etc., which include members from senior management of the Bank, to assist them in their respective oversight roles.

10.1 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:

A. Trading Book

a. **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.

b. **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.

c. **Equities Risk:** The bank monitors its Equities risk i.e. investments in equity instruments using General market risk and Specific market risk model, as prescribed by the RBI.

B. Banking Book

a. **Earnings at Risk (EaR):** EaR measures the impact on Net Interest Income for a certain shock in interest rates from short term perspective. The bank monitors and calculates its earnings at risk on a monthly basis for its banking book.

b. **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.

C. Risk Aggregation Techniques

a. **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 for all trading portfolios and certain banking books. 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

Capital Required	Rs. in 000's
- Interest Rate Risk	4,169,169
- Equity Position Risk	34,296
- Foreign Exchange Risk	900,000

11. FUNDING RISK:

This is the risk that the Group is unable to achieve its business plans due to the following:

- **CAPITAL RISK**
- **LIQUIDITY RISK**

11.1 CAPITAL RISK

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

(i) An inability to support business activity;
(ii) Failure to meet regulatory requirements; or
(iii) Changes to 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 centralised 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 Management Committee 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.

11.2 LIQUIDITY RISK

Liquidity risk arises in any bank's general funding of its activities. 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 Wholesale Borrowing (WBG) limits have been stipulated by Group Treasury. The WBG 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 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.
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.

12. OPERATIONAL RISK

12.1 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.

12.2 Organization and Structure

Operational Risk is one of four 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;

- Product: Inadequate design, assessment and testing of products/ services;
- 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;
- Regulatory: Failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry;
- 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.

12.3 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:

i. 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.

ii. 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.

i. **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.

ii. **Insurance**

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

iii. **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.

iv. **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 30th September2013.

13. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest rate risk in the banking book is primarily the change in the net interest income and the value of the bank's assets and liabilities, due to changes in interest rates. Interest rate risk arises on account of banking products (non trading nature) offered to retail and corporate customers

The Bank's approach is to transfer risk from the businesses to Treasury using an internal transfer price.

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.

IRRBB is monitored as part of the Bank's Internal Capital Adequacy Assessment Process and capital maintained, if required, based on this assessment.

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 200 bps change in yield (value in absolute terms)-

Rs in 000's

Currency	Value at risk
Rupees and other currency	728,997
US Dollar	254,166

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

Annex – 2: 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	2,914.75	2,914.75
		Minority Interest	-	-
		Total Capital	55,409.97	66,313.71
	ii	Deposits	51,382.88	51,382.88
		of which : Deposits from banks	3,730.75	3,730.75
		of which : Customer deposits	47,652.13	47,652.13
		of which : Other deposits (pl. specify)	-	-
	iii	Borrowings	101,067.90	105,037.08
		of which : From RBI	300.00	300.00
		of which : From banks	47,733.77	47,733.77
		of which : From other institutions & agencies	53,034.13	57,003.31
		of which : Others (pl. specify)	-	-
		of which : Capital instruments	-	-
	iv	Other liabilities & provisions	18,446.86	19,008.92
		Total	**226,307.61**	**241,742.59**
B	Assets			
	i	Cash and balances with Reserve Bank of India	1,846.88	1,846.88
		Balance with banks and money at call and short notice	4,730.31	6,368.59
	ii	Investments :	112,135.52	112,581.77
		of which : Government securities	82,598.65	82,598.65
		of which : Other approved securities	-	-
		of which : Shares	169.36	615.61
		of which : Debentures & Bonds	5,147.16	5,147.16
		of which : Subsidiaries / Joint Ventures / Associates	-	-
		of which : Others (Commercial Papers, Mutual Funds etc.)	24,220.35	24,220.35
	iii	Loans and advances	90,929.53	96,611.37

(Rs. in million)

Description			Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation @
			As on reporting date	As on reporting date
		of which : Loans and advances to banks	-	-
		of which : Loans and advances to customers	90,929.53	96,611.37
	iv	Fixed assets	195.01	213.49
	v	Other assets	11,037.40	12,868.29
		of which : Goodwill and intangible assets	-	-
		of which : Deferred tax assets	5,208.10	5,208.10
	vi	Goodwill on consolidation	-	-
	vii	Debit balance in Profit & Loss account	5,432.96	11,252.20
		Total Assets	**226,307.61**	**241,742.59**

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	2,914.75	2,914.75	
		Minority Interest	-	-	
		Total Capital	55,409.97	66,313.71	
	ii	Deposits	51,382.88	51,382.88	
		of which : Deposits from banks	3,730.75	3,730.75	
		of which : Customer deposits	47,652.13	47,652.13	
		of which : Other deposits (pl. specify)	-	-	
	iii	Borrowings	101,067.90	105,037.08	
		of which : From RBI	300.00	300.00	
		of which : From banks	47,733.77	47,733.77	
		of which : From other institutions & agencies	53,034.13	57,003.31	
		of which : Others (pl. specify)	-	-	

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Barclays Bank PLC – Indian Branches
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					(Rs. in million)	
				Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
				As on reporting date	As on reporting date	
			of which : Capital instruments	-	-	
		iv	Other liabilities & provisions	18,446.86	19,008.92	
			of which : DTLs related to goodwill	-	-	
			of which : DTLs related to intangible assets	-	-	
	Total			226,307.61	241,742.59	
B	Assets					
		i	Cash and balances with Reserve Bank of India	1,846.88	1,846.88	
			Balance with banks and money at call and short notice	4,730.31	6,368.59	
		ii	Investments	112,135.52	112,581.77	
			of which : Government securities	82,598.65	82,598.65	
			of which : Other approved securities	-	-	
			of which : Shares	169.36	615.61	
			of which : Debentures & Bonds	5,147.16	5,147.16	
			of which : Subsidiaries / Joint Ventures / Associates	-	-	
			of which : Others (Commercial Papers, Mutual Funds etc.)	24,220.35	24,220.35	
		iii	Loans and advances	90,929.53	96,611.37	
			of which : Loans and advances to banks	-	-	
			of which : Loans and advances to customers	90,929.53	96,611.37	
		iv	Fixed assets	195.01	213.49	
		v	Other assets	11,037.40	12,868.29	
			of which : Goodwill and intangible assets Out of which :	-	-	
			Goodwill	-	-	
			Other intangibles (excluding MSRs)	-	-	
			Deferred tax assets	5,208.10	5,208.10	
		vi	Goodwill on consolidation	-	-	
		vii	Debit balance in Profit & Loss account	5,432.96	11,252.20	
			Total Assets	226,307.61	241,742.59	

Barclays Bank PLC – Indian Branches
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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	63,398.96	A
	2	Retained earnings	2,901.71	
	3	Accumulated other comprehensive income (and other reserves)	(6,929.93)	
	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	52,923.20	
	7	Prudential valuation adjustments	-	
	8	Goodwill (net of related tax liability)	-	

Annex – 3

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		2,901.71	
3	Accumulated other comprehensive income (and other reserves)		(6,929.93)	

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Barclays Bank PLC – Indian Branches
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		(Rs. in million)	
	Particulars	**Amounts Subject to Pre-Basel III Treatment**	**Ref No.**
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	48,467.00	
	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	5,035.38	
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in common stock of banking, financial and insurance entities that are outside the scope of regulatory consideration, net of eligible short positions (amount above 10% threshold3)	-	
20	Mortgage servicing rights4 (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences	-	
	(amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the common stock of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	

BARCLAYS

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				(Rs. in million)	
Particulars				Amounts Subject to Pre-Basel III Treatment	Ref No.
26	National specific regulatory adjustments7 (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 bank9		-	
	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			0.83	
	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**			11,966.14	
29	**Common Equity Tier 1 capital (CET1)**			43,430.79	
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					

		(Rs. in million)	
	Particulars	Amounts Subject to Pre-Basel III Treatment	Ref No.
37	Investments in own Additional Tier 1 instruments	-	
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)**	43,430.79	
	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	-	

BARCLAYS

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

		Particulars	Amounts Subject to Pre-Basel III Treatment (Rs. in million)	Ref No.
50		Provisions	1,558.26	
51		**Tier 2 capital before regulatory adjustments**	1,558.26	
		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)	-	
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**	1,558.26	
	b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-	
	c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	1,558.26	
59		**Total capital (TC = T1 + T2) (45 + 58c)**	**44,989.05**	
		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)**	**268,915.71**	
	a	of which: total credit risk weighted assets	196,780.83	

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(Incorporated in the United Kingdom with limited liability)

				(Rs. in million)	
	Particulars			Amounts Subject to Pre-Basel III Treatment	Ref No.
	b	of which: total market risk weighted assets		56,705.18	
	c	of which: total operational risk weighted assets		15,429.70	
Capital ratios					
61	Common Equity Tier 1 (as a percentage of risk weighted assets)			16.15%	
62	Tier 1 (as a percentage of risk weighted assets)			16.15%	
63	Total capital (as a percentage of risk weighted assets)			16.73%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)			-	
65	of which: capital conservation buffer requirement			-	
66	of which: bank specific countercyclical buffer requirement			-	
67	of which: G-SIB buffer requirement			-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)			-	
National minima (if different from Basel III)					
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)			-	
70	National Tier 1 minimum ratio (if different from Basel III minimum)			-	
71	National total capital minimum ratio (if different from Basel III minimum)			-	
Amounts below the thresholds for deduction (before risk weighting)					
72	Non-significant investments in the capital of other financial entities			-	
73	Significant investments in the common stock of financial entities			-	
74	Mortgage servicing rights (net of related tax liability)			-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)			-	
Applicable caps on the inclusion of provisions in Tier 2					
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)			1,558.26	
77	Cap on inclusion of provisions in Tier 2 under standardised approach			2,459.76	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)			-	

		(Rs. in million)	
	Particulars	**Amounts Subject to Pre-Basel III Treatment**	**Ref No.**
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)	-	

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	5,035.38
	Total as indicated in row 10	5,035.38
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)	-

Barclays Bank PLC – Indian Branches

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Row No	Particular	(Rs. in millions)
	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	1,558.26
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	1,558.26
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)	-