



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 2017

BACKGROUND

The BASEL III – Pillar 3 disclosures contained herein relate to Barclays Bank Plc, India Branches (herein also referred to as the 'Bank') for the year ended September 30, 2017. Barclays Bank Plc – Indian Branches (the “**Bank**”) is a branch of Barclays Bank Plc, which is incorporated in the United Kingdom with limited liability. Barclays Bank Plc. (UK) (the “**Group**”) is regulated by its home regulator, viz. Prudential Regulatory Authority (PRA), in the United Kingdom (UK). The Bank has been operating in India since 1990 and has now 6 branches (excluding 1 service branch). The Bank operations are conducted in accordance with the banking license granted by the Reserve Bank of India (RBI) under the Banking Regulation Act 1949.

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

The Basel III framework implemented in the Bank is made up of three pillars.

- Pillar 1: Minimum Capital Requirements - This Pillar includes the calculation of RWAs for credit risk, counterparty credit risk, market risk and operational risk.
- Pillar 2: Supervisory Review and Evaluation Process (SREP) – This Pillar requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available.
- Pillar 3: Market Discipline – This Pillar covers external communication of risk and capital information by banks as specified in the Basel rules to promote transparency and good risk management.



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1. SCOPE OF APPLICATION FOR CONSOLIDATION (Table DF-1)

No entities are required to be consolidated with Barclays Bank Plc, India Branches for the purpose of accounting requirements. However, consolidation for regulatory purposes as per the Pillar 3 guidelines is as below:

A - List of group entities considered for consolidation

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

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



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

					Amt in Rs. '000
Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets *
Barclays Securities (India) Private Limited	Registered as Stock Broker & Underwriter	2,622,439	-	NA	6,706,075
Barclays Wealth Trustees (India) Private Limited	Trust Advisory	130,896	-	NA	139,605

*as stated in the audited balance sheet of the legal entity as on March 31, 2017

C - List of group entities considered for consolidation

			Amt in Rs. '000
Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *	Total balance sheet assets *
Barclays Investments and Loans (India) Limited	NBFC	6,162,290	24,144,710

*as stated in the audited balance sheet of the legal entity as on March 31, 2017

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

Amt in Rs. '000				
Name of the subsidiaries / country of incorporation	Principle activity of the entity	Total balance sheet equity *	% of bank's holding in the total equity	Capital deficiencies
N.A.	N.A.	N.A.	N.A.	N.A.

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



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

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

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

F - Any restrictions or impediments on transfer of funds or regulatory capital within the banking group – NIL.

2. CAPITAL ADEQUACY (Table DF-2)

2.1 Capital Management

Objective

The Bank's objectives are to:

- Meet minimum regulatory requirements in jurisdictions. The Bank's authority to operate as a bank is dependent on the maintenance of adequate capital resources at each level where prudential capital requirements are applied
- Supports its growth and strategic options
- Support its credit rating.

Governance structure

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.

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

Regulatory capital

Reserve Bank of India (RBI) issued Basel III guidelines applicable with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019. Upon full implementation, Basel III guidelines target minimum capital to risk weighted assets ratio (CRAR) would be 11.5% (excluding capital required to comply with Global Systemically Important Bank (G-SIB) norms), minimum Common Equity Tier-1 (CET1) CRAR ratio would be 8.0% and minimum Tier-1 CRAR ratio would be 9.5%.

As at September 30, 2017, as per Basel III guidelines bank is required to maintain minimum Common Equity Tier 1 (CET1) capital ratio of 7.75%, minimum Tier-1 capital ratio of 9.25% and minimum total capital ratio of 11.25%. The minimum capital requirement includes capital conservation buffer (CCB) of 1.25% and additional CET1 capital surcharge of 1.00% on account of the Bank being designated as a G-SIB.

Internal assessment of capital

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

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

Capital

Each group subsidiary present in India assesses the adequate level of capitalisation required to meet its respective host regulatory requirements and business needs. The Board of each subsidiary maintains oversight over the capital adequacy framework for the subsidiary either directly or through separately constituted committees.

Capital monitoring

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

2.2 Capital Requirement for Pillar 1 Risks (September 30, 2017)

Capital required for credit, market and operational risks given below is arrived at after multiplying the risk weighted assets by 11.25%.

No	Description	(Rs. in '000s)
		September 30,2017
A	Capital Requirement for Credit Risk	25,493,899
	(Standardised Approach)	
	- On-balance sheet exposures excluding securitisation exposures	8,950,894
	- Off- balance sheet exposures excluding securitisation exposures	16,528,976
	a) Non-market related	1,624,781
	b) Market-related	14,904,195
	- On-balance sheet-securitisation exposures	14,029
	- Counterparty Risk as Borrower of funds	-
B	Capital Requirement for Market Risk	6,867,689
	(Standardised Duration Approach)	
	- Interest rate related instruments	5,193,569
	- Equity	42,870
	- Foreign Exchange and Gold	1,631,250
C	Operational-risk-weighted exposures	2,765,059
	(Basic Indicator Approach)	
D	Capital Adequacy Ratio of the Bank	18.73%

2.3 Capital Structure / Instruments of the Bank

Tier 1 capital comprises of:

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

Tier 2 capital comprises of:

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

As on September 30, 2017 total capital base (Tier1 + Tier2) of the Bank stood at Rs. 59,610,080 ('000s)

(Rs. in '000s)

No	Description	Sept 30,2017	March 31,2017
A.1	Tier 1 Capital	57,655,407	57,869,064
	Common equity tier 1 capital	57,655,407	57,869,064
	of which		
	-Paid-up share capital	52,495,224	52,495,224
	-Reserves and surplus	7,383,621	7,383,621
	Less: Deductions from tier 1 capital		
	-Amount deducted from tier1 capital (deferred tax asset & other intangibles)	(2,223,438)	(2,009,781)
	-Debit balance in HO / unearned credit spreads/ illiquidity premia	-	-
A.2	Additional Tier 1 Capital	-	-
B	Tier 2 Capital	1,954,673	1,700,880
	of which		
	- Investment reserve	265,098	265,098
	- Provision for standard assets	1,278,070	1,278,070
	- Provision for Unhedged Foreign Currency Exposure	394,944	141,151
	- Provision for country risk	16,561	16,561
	- Excess provision on sale of NPA's	-	-
C	Total Eligible Capital (A+B)	59,610,080	59,569,944

The capital ratios of the Bank are as follows:

Capital ratios	Sept 30,2017	March 31,2017
CET1 capital ratio	18.11%	17.29%
Tier - 1 capital ratio	18.11%	17.29%
Total capital ratio	18.73%	17.80%

3. RISK EXPOSURE AND ASSESSMENT

Introduction

Barclays engages in activities which entail risk taking, every day, throughout its business. This section introduces these risks, and outlines key governance arrangements for managing them. These include roles and responsibilities, frameworks, policies and standards, assurance and lessons learned processes.

Enterprise Risk Management Framework (ERMF)

The Group has clear risk management objectives and a strategy to deliver them through core risk management processes. The ERMF sets the strategic direction by defining clear standards, objectives and responsibilities for all areas of Barclays

The ERMF sets out:

- Principal Risks faced by the Group
- Risk Appetite requirements
- Roles and responsibilities for risk management

Principal Risks

The ERMF identifies Principal Risks and sets out responsibilities and risk management standards. Note that Legal, Reputation and Model risks are Principal Risks from January 2017 following Group Board approval in December 2016.

Financial Principal Risks:

- Credit risk: The risk of loss to the firm from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the firm, including the whole and timely payment of principal, interest, collateral and other receivables
- Market risk: The risk of loss arising from potential adverse changes in the value of the firm's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations
- Treasury and capital risk: This comprises:
 - Liquidity risk: The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets
 - Capital risk: The risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This includes the risk from the firm's pension plans
 - Interest rate risk in the banking book: The risk that the firm is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

Non-Financial Principal Risks:

- Operational risk: The risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.
- Model risk: The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.
- Reputation risk: The risk that an action, transaction, investment or event will reduce trust in the firm's integrity and competence by clients, counterparties, investors, regulators, employees or the public.
- Conduct risk: The risk of detriment to customers, clients, market integrity, competition or Barclays from the inappropriate supply of financial services, including instances of wilful or negligent misconduct.
- Legal risk: The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet its legal obligations including regulatory or contractual requirements.

Risk Appetite for the Principal Risks

Risk Appetite is defined as the level of risk which the firm is prepared to accept in the conduct of its activities. The Risk Appetite of the firm:

- specifies the level of risk we are willing to take and why, to enable specific risk taking activities
- considers all Principal Risks individually and, where appropriate, in aggregate

- communicates the acceptable level of risk for different risk types; this may be expressed in financial or non-financial terms, and is measured and effectively monitored
- describes agreed parameters for the firm's performance under varying levels of financial stress with respect to profitability is considered in key decision-making processes, including business planning, mergers and acquisitions, new product approvals and business change initiatives.

Risk Appetite is approved and disseminated across legal entities and businesses, including by use of Mandate and Scale limits to enable and control specific activities that have material concentration risk implications for the firm. These limits also help reduce the likelihood and size of one-off losses. The Risk Appetite must be formally reviewed on at least an annual frequency in conjunction with the Medium Term Planning (MTP) process and approved by the Board.

Roles and responsibilities in the management of risk – the Three Lines of Defense

All colleagues have a responsibility to contribute to the risk management of the Group. These responsibilities are set out in the "Three Lines of Defence". In 2016 these definitions were simplified. Regardless of their function, all teams who manage processes in the firm are responsible for designing, implementing, remediating, monitoring and testing the controls for those processes.

First Line of Defense:

The First Line comprises all employees engaged in the revenue generating and client facing areas of the firm and all associated support functions, including Finance, Treasury, Technology and Operations, Human Resources etc. Employees in the first line are responsible for:

- identifying all the risks in the activities in which they are engaged, and developing appropriate policies, standards and controls to govern their activities
- operating within any and all limits which the Risk and Compliance functions establish in connection with the Risk Appetite of the firm
- Escalating risk events to senior managers and Risk and Compliance.

Internal controls are critical to running a cost-effective and stable business. To ensure these controls remain strong, sustainable, and efficient the new strategic position of Chief Controls Officer has been created. The Chief Controls Office will help to maintain and enhance an effective and consistent control framework across the organisation.

The First Line must establish their own policies and controls (subject to the Controls Framework of the firm), particularly with respect to operational activities, and require their colleagues to manage all controls to specified tolerances. These control-related activities are also considered First Line and are permitted so long as they are within any applicable limits established by Risk or Compliance. All activities in the first line are subject to oversight from the relevant parts of the second and third lines.

Second Line of Defense:

Employees of Risk and Compliance comprise the Second Line of Defense. The role of the Second Line is to establish the limits, rules and constraints under which first line activities shall be performed, consistent with the Risk Appetite of the firm, and to monitor the performance of the First Line against these limits and constraints.

The Second Line may not establish limits for all First Line activities, especially those related to Operational Risk. The controls for these will ordinarily be established by Controls Officers operating within the Controls Framework of the firm, under the oversight of the Second Line.

The Second Line can also undertake certain additional activities if, in the judgement of the Group CRO, this will reduce the firm's exposure to risk.

Third Line of Defense:

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

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

Stress testing

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

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

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

4. CREDIT RISK: (Table DF- 3)

Credit risk is the risk of suffering financial loss should any of the customers, clients or market counterparties fail to fulfill their contractual obligations.

4.1 Credit Risk Management Objectives and Policies:

The Group has clear risk management objectives and a well established strategy to deliver them through core risk management processes. At a strategic level, the Group's risk management objectives are to:

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

A key element in the setting of clear management objectives is the Enterprise Risk Management Framework (ERMF) which sets out key activities, tools, techniques and organizational arrangements so that material risks facing the Group are identified and understood, and that appropriate responses are in place to protect the Bank and prevent detriment to its customers, employees or community.

The aim of the risk management process is to provide a structured, practical and easily understood set of three steps, Evaluate, Respond and Monitor (the E-R-M process), that enables management to identify and assess risks, determine the appropriate risk response and then monitor the effectiveness of the risk response and changes to the risk profile.

The granting of credit is one the Bank's major sources of income and, as a Principal Risk, considerable resources are dedicated to its control. The credit risk that the Bank faces arises mainly from wholesale and other small-ticket loans together with the counterparty credit risk arising from derivative contracts

with clients. Other sources of credit risk arise from trading activities, including debt securities; settlement balances with market counterparties, available for sale assets and reverse repurchase loans.

Credit risk management objectives are to:

- To establish a framework of controls to ensure credit risk-taking is based on sound credit risk management principles
- To identify, assess and measure credit risk clearly and accurately across the Group and within each separate business from the level of individual facilities, up to the total portfolio
- To control and plan credit risk-taking in line with external stakeholder expectations and avoiding undesirable concentrations
- To monitor credit risk and adherence to agreed controls
- To ensure that the risk reward benefits are met

4.2 Structure and Organization

The Group has structured the responsibilities of credit risk management so that decisions are taken as close as possible to the business, whilst ensuring robust review and challenge of performance, risk infrastructure and strategic plans. The credit risk management teams in each business are accountable to the relevant Business Chief Risk Officer who in turn reports to the Group CRO.

Credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers entrusted with the higher levels of delegated authority. The largest credit exposures which are outside of individual delegated authorities or relevant credit approval committees require the support of the Group Senior Credit Officer (GSCO), the Group's most senior credit risk sanctioner. For exposure in excess of the GSCO authority, approval by Group CRO is required. Credit risk managers are generally organized in sanctioning team by geography, industry and / or product.

The role of the Central Risk function is to provide Group-wide direction, oversight and challenge of credit-risk taking. Central Risk sets the Credit Risk Control Framework, which provides the structure within which credit risk is managed, together with supporting credit risk policies.

4.3 Credit risk monitoring

For effective monitoring of credit facilities, the relevant Risk Control Unit / Transaction Management Group verifies adherence to the terms of approval prior to commitment and disbursement of credit facilities.

4.4 Reporting, assessment and measurement

Risk management policies and processes are designed to identify and analyze risk, to set appropriate risk appetite, limits and controls, and to monitor the risks and adherence to limits by means of reliable and timely data. This process can be summarised in five broad stages:

- Measuring exposures and concentrations
- Monitoring performance and asset quality
- Monitoring weaknesses in portfolios
- Raising allowances for impairment and other credit provisions; and
- Returning assets to a performing status or writing off assets when the whole or part of a debt is considered irrecoverable.

The principal objective of credit risk measurement is to produce the most accurate possible quantitative assessment of the credit risk to which the Bank is exposed, from the level of individual facilities up to the total portfolio. Integral to this is the assignment of obligor ratings, which are used in numerous aspects of credit risk management and in the calculation of regulatory and economic capital.

The key building blocks in this quantitative assessment are:

- Probability of default (PD)
- Exposure at default (EAD)
- Loss given default (LGD)

4.5 Credit Concentration Risk

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

The Bank monitors the Exposure norms as prescribed by Reserve Bank of India vide its Master circular on Exposure norms DBOD.No.Dir.BC.12/13.03.00/2015-16 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 Executive Committee, consider enhancement of the exposure to a borrower up to a further 5 percent of capital funds.

In addition to the above, the Bank controls and limits concentration of risk via the application of sectoral caps and identifying high-risk sectors.

4.6 Definition of Non-Performing Assets

Assets (Loans and credit substitutes in the nature of advances) are identified as performing or non-performing assets (NPAs) based on the management's periodic internal assessment or in accordance with RBI guidelines, whichever is earlier. An asset becomes non-performing when it ceases to generate income for the bank. A payment obligation (principal/interest) which remains unpaid for more than 90 days past due is classified as NPA.

An overdraft /cash credit facility is classified as NPA when the account remains "out of order". An account is treated as 'out of order' if:

- the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days; or
- where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of the balance sheet; or
- credits in the account are not enough to cover the interest debited during the accounting period; or

- drawings have been permitted in the account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than three months old even though the unit may be working or the borrower's financial position is satisfactory; or
- the regular/ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/date of adhoc sanction.

A bill purchased / discounted by the Bank remaining overdue for a period of more than 90 days will be classified as an NPA.

NPA in respect of derivative transactions, are when the overdue receivables representing positive mark-to-market value of a derivative contract, remain unpaid for a period of 90 days from the specified due date for payment.

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

4.7 Definition of Impairment

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

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

4.8 Restructured Assets

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

4.9 Credit Risk exposures

Total gross credit risk exposure including geographic distribution of exposure

(Rs. In 000's)

		September 30, 2017			March 31, 2017		
		Domestic	Overseas ²	Total	Domestic	Overseas ²	Total
A)	Fund based exposure	121,160,091	-	121,160,091	110,238,498	-	110,238,498
B)	Non fund based exposure ¹	25,376,564	-	25,376,564	22,577,697	-	22,577,697
	Total³	146,536,655	-	146,536,655	132,816,195	-	132,816,195

1. 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.
2. Advances/ bills discounted in India against letters of credit issued by banks outside India are considered under domestic exposure.
3. Exposures do not include undrawn limits.
4. Excluding specific risk on available for sale (AFS) portfolio.

Industry classification of gross loans and advances

Industry classification	Sept 30, 2017 (Rs. In 000's)	
	Fund based	Non fund based (non derivatives)
Mining	-	-
Iron and Steel	-	-
Other Metal and Metal products	80,336	-
All Engineering	3,003,823	595,524
Cotton Textiles	-	-
Other Textiles	63,104	-
Tea	425,967	251,347
Food Processing	17,568	-
Vegetable Oil and Vanaspati	16,533	-
Tobacco and Tobacco Products	247,000	-
Paper and Paper Products	781,961	-
Rubber and Rubber Products	811,364	-
Chemicals, Dyes, Paints etc.	11,766,711	515,977
Leather and Leather Products	26,897	-
Gems and Jewellery	1,301,868	-
Construction	19,987	-
Petroleum	652,850	-
Automobiles including trucks	543,339	534,263
Computer Software	4,881,682	51,450
Infrastructure	12,237,900	5,911,105
NBFCs & Trading	8,729,734	-
Aviation	-	-
Other Industries	2,349,994	3,264,250
Banking Sector	64,833,787	13,496,249
Retail Loans	-	-
Residual exposures	8,367,686	756,399
Total	121,160,091	25,376,564

Industry Classification	March 31, 2017 (Rs. In 000's)	
	Fund Based	Non Fund Based (Non Derivatives)
Mining	-	-
Iron and Steel	-	-
Other Metal and Metal products	106,098	-
All Engineering	729,810	1,896,355
Cotton Textiles	-	-
Other Textiles	37,413	-
Tea	350,993	441,629
Food Processing	183,075	-
Vegetable Oil and Vanaspati	33,689	-
Tobacco and Tobacco Products	152,800	-
Paper and Paper Products	781,961	-
Rubber and Rubber Products	617,435	37,830
Chemicals, Dyes, Paints etc.	8,263,295	-
Leather and Leather Products	13,100	-
Gems and Jewellery	120,354	-
Construction	62,500	-
Petroleum	-	-
Automobiles including trucks	330,972	683,665
Computer Software	1,929,850	41,450
Infrastructure	18,398,869	5,099,314
NBFCs & Trading	11,446,793	114,882
Aviation	-	-
Other Industries	-	-
Banking Sector	61,932,923	13,607,124
Retail Loans	1	-
Residual exposures	4,746,567	655,448
Total	110,238,498	22,577,697

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

Industry Classification	Sept 30, 2017 (Rs. In 000's)	
	Fund Based	Non Fund Based (Non Derivatives)
Banking Sector	64,833,787	13,496,249
Infrastructure	12,237,900	5,911,105
NBFCs & Trading	8,729,734	-
Chemicals, Dyes, Paints etc.	11,766,711	515,977

Industry Classification	March 31, 2017 (Rs. In 000's)	
	Fund Based	Non Fund Based (Non Derivatives)
Banking Sector	61,932,923	13,607,124
Infrastructure	18,398,869	5,099,314
NBFCs & Trading	11,446,793	114,882
Chemicals, Dyes, Paints etc.	8,263,295	-

Residual contractual maturity breakdown of assets as at September 30, 2017

(Rs. In 000's)

Maturity buckets	Cash and Balances with Reserve Bank of India	Balances with Banks and Money at Call and Short Notice	Investments	Advances	Fixed Assets	Other Assets	Total
1 day	1,232,632	1,697,022	25,566,322	2,998,660	-	644,752	32,139,388
2 to 7 days	1,000,009	2,329,100	16,058,618	10,555,965	-	47,227	29,990,919
8 to 14 days	-	-	3,805,044	6,046,572	-	5	9,851,621
15 to 30 days	323,630	-	1,359,485	18,057,076	-	2,712,600	22,452,791
31 days to 2 months	626,664	-	2,533,460	14,261,296	-	1,690,488	19,111,908
2 to 3 months	719,264	-	2,754,161	12,539,963	-	26,996	16,040,384
3 to 6 months	949,738	-	3,847,688	18,328,069	-	-	23,125,495
6 to 12 months	113,046	-	1,285,190	29,591,770	-	128,191	31,118,197
1 to 3 years	207,506	100	3,181,194	7,540,042	-	2,752,653	13,681,495
3 to 5 years	90,190	-	313,544	614,172	-	412,010	1,429,916
Over 5 years	-	-	63,262	77,571	241,565	55,908,231	56,290,629
Total	5,262,679	4,026,222	60,767,968	120,611,156	241,565	64,323,153	255,232,743

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

(Rs. In 000's)

Particulars	Sept 30, 2017	March 31, 2017
Amount of NPAs (Gross)		
	783,520	826,020
- Substandard	781,961	781,961
- Doubtful	-	-
- Doubtful 1	-	-
- Doubtful 2	-	-
- Doubtful 3	-	-
- Loss	1,559	44,059
Net NPAs	234,588	469,177
NPA Ratios		
- Gross NPAs to gross advances	0.65%	0.75%
- Net NPAs to Net advances	0.19%	0.43%
Movement of NPAs (Gross)		
- Opening balance	826,020	1,855,148
- Additions	-	781,961
- Reductions	(42,500)	(1,811,089)
- Closing balance	783,520	826,020
Movement of provision for NPAs		
- Opening balance	356,843	1,849,429
- Provision made during the year	234,588	313,790
- Write-offs / write back of excess provisions	(42,500)	(1,806,376)
- Closing balance	548,931	356,843

Movement in provision as of September 30, 2017

(Rs. In 000's)

	General Provision*	Specific Provision
- Opening balance	1,419,222	356,843
- Provision made during the period	253,792	234,588
- Write-offs / write back of excess provisions		(42,500)
- Any other adjustments, including transfers between provisions	-	-
- Closing balance	1,673,014	548,931

*Movement in General Provision is only on account of provision on unhedged foreign currency exposure.

Details of write-offs and recoveries as of September 30, 2017

(Rs. In 000's)

Write-off that have been booked directly to the income statement	42,500
Recoveries that have been booked directly to the income statement	23,954

Major Industry-wise NPAs, provisions and write-off as of September 30, 2017

(Rs. In 000's)

Industry Classification	NPA	Provisions	Write-off
Paper & Paper Products	781,961	547,372	-
Infrastructure	-	-	-
Chemicals Dyes & Paints	1,559	1,559	-
TOTAL	783,520	548,931	-

NPIs and movement of provision for depreciation on investments

(Rs. In 000's)

	Sept 30, 2017	March 31, 2017
Amount of non-performing investments	-	-
Amount of provision held for non – performing investments	-	-
Movement of provisions for depreciation on investments		
-Opening balance	38,747	-
-Provision made from during the year	68,095	38,747
-Write –offs	-	-
-Write back of excess provisions	-	-
-Closing balance	106,842	38,747

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

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

- With respect to short term exposures, short term ratings are assigned wherever available for the facilities extended by the Bank.
- In case, ratings are not available for the facilities extended, ratings as applicable for the other facilities of the counterparty are assigned. The applicable risk weight would be one notch higher. However, mingling of fund based and non-fund based facilities is not permitted.
- Similarly for derivative trades with original maturity equal to or less than one year, and where issue-specific short term rating is not available, the applicable risk weight would be one notch higher as would be applicable for issue-specific short term rated facility.
- In case of long term exposures, ratings of the facilities, if available is assigned, else the rating of other facilities of the same counterparty is applied. Further, if facilities ratings are not available, then counterparty rating is applied.
- Cash Credit / Overdraft/ Short Term Loan exposures shall be considered as long term exposures and treatment applicable to long term exposures shall be applied. Since short term loans typically get rolled over on a conservative basis the same would be assigned long term ratings even though their original maturity is less than one year.

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

Details of credit risk exposure based on risk- weight

Description	(Rs. In 000's)	
	Sept 30, 2017	March 31, 2017
Outstanding net loans and advances (rated and unrated) :	120,611,159	109,881,655
-Below 100% risk weight	88,811,454	69,439,577
-100% risk weight	7,064,134	35,033,839
-More than 100% risk weight	24,735,571	5,408,239
-Deductions	NIL	NIL
<i>* The above comprises of Net loans and advances as reported to RBI in regulatory filings</i>		

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

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

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

- Eligible financial collateral** which include cash (deposited with the Bank), gold, securities issued by Central and State Governments, Kisan Vikas Patra, National Savings Certificates, life insurance policies with a declared surrender value issued by an insurance company which is regulated by the insurance sector regulator, certain debt securities rated by a recognised credit rating agency, mutual fund units where daily net asset value is available in public domain and the mutual fund is limited to investing in the instruments listed above.
- On-balance sheet netting** which is confined to loans/advances and deposits, where banks have legally enforceable netting arrangements, involving specific lien with proof of documentation.
- Guarantees** where these are direct, explicit, irrevocable and unconditional. Further, the eligible guarantors would comprise:
 - Sovereigns, sovereign entities stipulated in the RBI guidelines on Basel II, bank and primary dealers with a lower risk weight than the counterparty
 - Other entities, which are rated AA(-) or better

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

Details of gross credit risk exposure

(Rs In 000's)

Particulars	Sept 30, 2017	March 31, 2017
Total exposure covered by eligible financial collateral	-	-
Total exposure covered by guarantees #/ credit derivatives	862,083	425,060

Issued by Bank/ Government.

The bank does not have any concentration risk within credit risk mitigation

The above gross credit exposures are secured by bank guarantees.

The Bank has entered into the Credit Support Annex (CSA) agreements with some of the major counterparties. The Bank has received INR 1,091,500 (000's) (Previous year INR 1,291,900 (000's)) and placed INR 5,084,400 (000's) (Previous year INR 4,273,080 (000's)) as deposits under Credit Support Arrangement (CSA).

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

Securitisation objectives and policies:

Securitisation of assets is undertaken with the following objectives:

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

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

The Bank participates in Securitisation transaction in the following roles:

Originator/Seller:

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

Servicing and Collection agent:

For sold assets, the Bank undertakes the activity of collecting and other servicing activities

Investor:

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

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

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

- Credit Risk – Risk arising on account of payment delinquencies from underlying obligors/borrowers in the assigned pool.
- Market Risk
 - Liquidity Risk - This is the risk arising on account of absence of a secondary market for asset backed securities, which provides exit options to the investor/participant.

- Interest Rate Risk - Fluctuation in interest rates impact the valuation of securitisation and may lead to mark to market losses.
- Prepayment Risk - Prepayments in the securitised /assigned pool result in early amortization and loss of future interest (reinvestment risk) to the investor.
- Operational Risk
 - Co-mingling risk – Risk arising on account of co-mingling of funds belonging to the investor with that of originators and/or collection agent.
 - Performance risk – Risk arising on account of inability of the servicing/collection agent to recover the monies from the underlying obligors as well as operational difficulties in processing of the payments
- Reputation risk:
 - Risk arising on account of rating downgrade of a securitised instrument due to unsatisfactory performance of the underlying asset pool; and
 - inappropriate practices followed by the collection and processing agent.

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

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

d. Rating of the securitisation transactions:

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

e. Monitoring credit risk of securitization exposures:

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

f. Monitoring market risk of securitization exposures:

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

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

- **Banking Book** - Breakup of the exposure securitised by the bank during the year and subject to securitization framework:
- i. Total outstanding exposures securitised by the Bank and the related unrecognised gains/ (losses) (September 30, 2017):

in INR million		
Exposure type	Outstanding	Unrecognised gains/(losses)
Corporate loans	554.22	4.74
Total	554.22	4.74

* The amounts represent the total outstanding principal at September 30, 2017 for securitisation deals and include direct assignments in the nature of sell-downs.

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

in INR million

Exposure type	Sept 30, 2017
Corporate loans	36.74
Total	36.74

* The amounts include gain amortised during the year.

iii. Assets to be securitised within a year at September 30, 2017

in INR million

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

iv. Securitisation exposures retained or purchased (September 30, 2017)

in INR million

Exposure type*	On-balance sheet	Off-balance sheet	Total
Vehicle/equipment loans	3,125.07		3,125.07
Corporate loans	554.22		554.22
Mixed asset pool	1,300.00		1,300.00
Total	4,979.29		4,979.29

* Securitization exposure includes PTCs originated by the bank as well as PTCs purchased in case of third party originated securitization transaction and it includes direct assignments in the nature of sell-downs.

v. Risk weight bands break-up of securitisation exposures retained or purchased (September 30, 2017)

in INR million

Exposure type*	<100% risk weight	100% risk weight	>100% risk weight	Total
Vehicle/equipment loans	3,125.07			3,125.07
Corporate loans	554.22			554.22
Mixed asset pool			1,300.00	1,300.00
Total	3,679.29		1,300.00	4,979.29

* Securitization exposure includes PTCs originated by the bank as well as PTCs purchased in case of third party originated securitization transaction and it includes direct assignments in the nature of sell-downs.

vi. Securitisation exposures deducted from capital (September 30, 2017)

in INR million

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

- **Trading Book** – There was no outstanding under the securitization exposure as at 30th September 2017.

8. MARKET RISK IN TRADING BOOK (Table DF-7)

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

Market risk management objective and policies:

Barclays market risk objectives are to:

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

Barclays Bank manages the market risk of underlying positions as part of its day-to-day trading operations within the VaR and position limits set by Risk. The limit structure is guided by the market risk policies and governance framework.

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

Market Risk monitoring

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

Reporting and 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:

- **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 change in credit spread) on the corporate bonds portfolio.
- **Foreign Exchange (Forex) Risk:** The Forex Risk is monitored through linear measures (Delta) and higher order Greek limits along with other regulatory limits (NOP, AGL) on daily basis.
- **Equities Risk:** The bank doesn't trade into equity products.

Risk Aggregation Techniques

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

- **Stress Test:** On periodic basis, the bank performs stress testing which provides an estimate of potential significant future losses that might arise from extreme market moves. Stress tests apply stress moves to key liquid risk factors for each of the major trading asset classes including interest rate, credit, commodity, equity and foreign exchange.

Market Risk in Trading Book

(Rs. In 000's)

Capital required	Sept 30, 2017
- Interest rate risk	5,193,569
- Equity position risk	42,870
- Foreign exchange risk	1,631,250

9. OPERATIONAL RISK (Table DF-8)

Operational risk is the risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.

The management of operational risk has two key objectives:

- minimize the impact of losses suffered both in the normal course of business (small losses) and from extreme events (large losses)
- Improve the effective management of the Group and strengthen its brand and external reputation.

Barclays is committed to the management and measurement of operational risk and follows the Basic Indicator Approach to compute capital requirements for operational risk. The bank is committed to operating within a strong system of internal controls that enables business to be transacted and risk taken without exposing the bank to unacceptable potential losses or reputational damages. The bank has an overarching framework that sets out the approach to internal governance. This guide establishes the mechanisms and processes by which the Board directs the organization, through setting the tone and expectations from the top, delegating authority and monitoring compliance.

Organization and Structure

As per the Barclays PLC Annual Report 2016, Operational risk comprises a number of specific risks defined as follows:

- **External supplier:** inadequate selection and ongoing management of external suppliers
- **Financial reporting:** reporting misstatement or omission within external financial or regulatory reporting
- **Fraud:** dishonest behavior with the intent to make a gain or cause a loss to others
- **Information:** inadequate people capabilities, and/or performance/reward structures, and/or inappropriate behaviors
- **Payment process:** failure in operation of payment processes
- **People:** inadequate people capabilities, and/or performance/reward structures, and/or inappropriate behaviors
- **Premises and security:** unavailability of premises (to meet business demand) and/or safe working environments, and inadequate protection of physical assets, employees and customers against external threats
- **Taxation:** failure to comply with tax laws and practice which could lead to financial penalties, additional tax charges or reputational damages
- **Technology (including cyber security):** failure to develop and deploy secure, stable and reliable technology solutions which includes risk of actions committed or facilitated through the use of networked information systems
- **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 damages.

Roles and responsibilities

The primary responsibility for the management of operational risk and the compliance with control requirements rests with the business and functional units where the risk arises. The operational risk

profile and control environment is reviewed by business management through specific meetings which cover governance, risk and control. 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 that may threaten the achievement of their objectives and the effectiveness of key controls, operational risk events and a review of scenarios.

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

Operational risk management acts in a Second Line of Defence capacity, and is responsible for implementation of the framework and monitoring operational risk events and risk exposures. Key indicators (KIs) allow the Group to monitor its operational risk profile and alert management when risk levels exceed acceptable ranges or risk appetite levels and drive timely decision making and actions. Through attendance at business Group Risk Committee meetings, operational risk management provides specific risk input into the issues highlighted and the overall risk profile of the business. Operational risk issues escalated from these meetings are considered through the Second Line of Defence review meetings. Depending on their nature, the outputs of these meetings are presented to the Board Risk Committee or the Board Audit Committee.

Risk and control self-assessments

The Group 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 being effectively managed. The businesses are then able to make decisions on what action, if any, is required to reduce the level of risk to the Group. These risk assessments are monitored on a regular basis to ensure that each business continually understands the risks it faces.

Capital requirement for operational risk (September 30, 2017)

As per the RBI guidelines on Basel III, the Bank has adopted Basic Indicator approach for computing capital charge for operational risk. The capital required for operational risk at September 30, 2017 was 2,765.06 INR Million.

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

Interest rate risk in the banking book (IRRBB) refers to the potential adverse financial impact on the Bank's banking book from changes in interest rates.

The banking book, prone to interest rate risk, predominantly comprises of the commercial loans, commercial and retail deposits, in addition to the non-maturity transactions such as current and saving account balances, and other assets and liabilities.

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

Risk assessment technique:

- The assessment should take into account both the earnings perspective (Traditional Gap Analysis) and economic value perspective (Duration Gap Analysis) of interest rate risk.
- The impact on the market value of equity should be calculated by applying an interest rate shock defined on time to time basis.
- Interest rate risk shall be measured with respect to Earnings & economic value perspective

Methods for measurement of the IRRBB:

- The Bank measures the level of its exposures of the present value of all assets and liabilities in the banking book to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements as stipulated in the relevant RBI guidelines.
- The Bank measures Earning at Risk (EaR) to assess the sensitivity of its net interest income to parallel movement in interest rates over the one year horizon.
- The Bank performs gap analysis with the assumed change in yield over one year

Economic value perspective

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

Change in market value of equity (MVE) with 100 bps change in yield (value in absolute terms)

(Rs. In 000's)

Currency	September 30, 2017
Rupees and other currency	406,456.76
US Dollar	71,995.96

Earnings perspective

Earnings Perspective measures the sensitivity of net interest income to changes in interest rate over the next 12 months. It involves bucketing of rate sensitive assets, liabilities and off-balance sheet items as per residual maturity/ re-pricing date in various time bands and computing change of income under 100 basis points upward and downward rate shocks over a one year horizon.

Change in Earnings at Risk with 100 bps change in yield (value in absolute terms)

(Rs. In 000's)

Details	September 30, 2017
Earnings at Risk	359,680.86

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

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

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

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

The derivative exposure is calculated using Current Exposure Method (CEM). The balance outstanding as on September 30, 2017 is given below.

Description	(Rs. In 000's)	
	September 30, 2017	March 31, 2017
Gross positive fair value of contracts	50,547,758	64,450,433
Netting benefits	-	-
Netted current credit exposure	50,547,758	64,450,433
Collateral held (including type, e.g. cash, government securities, etc.)	1,091,500	274,500
Net derivative credit exposure	49,458,258	64,175,933
Measures for Exposure At Default (EAD)		
Exposure amount, under CEM	179,945,503	189,772,032
Notional value of credit derivative hedges	-	-
Distribution of current credit exposure by types of credit exposure		
- Current credit exposure - Interest rate	32,861,823	33,241,524
- Current credit exposure – Currency Derivatives	142,083,680	156,530,508
Credit derivative transactions that create exposures to CCR (notional value)	-	-
of which :-		
- use for the institution's own credit portfolio	-	-
- intermediation activities, including the distribution of the credit derivatives products	-	-
a) Protection bought	-	-
b) Protection sold	-	-

12. Treasury and Capital Risk

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

- Capital Risk
- Liquidity Risk

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

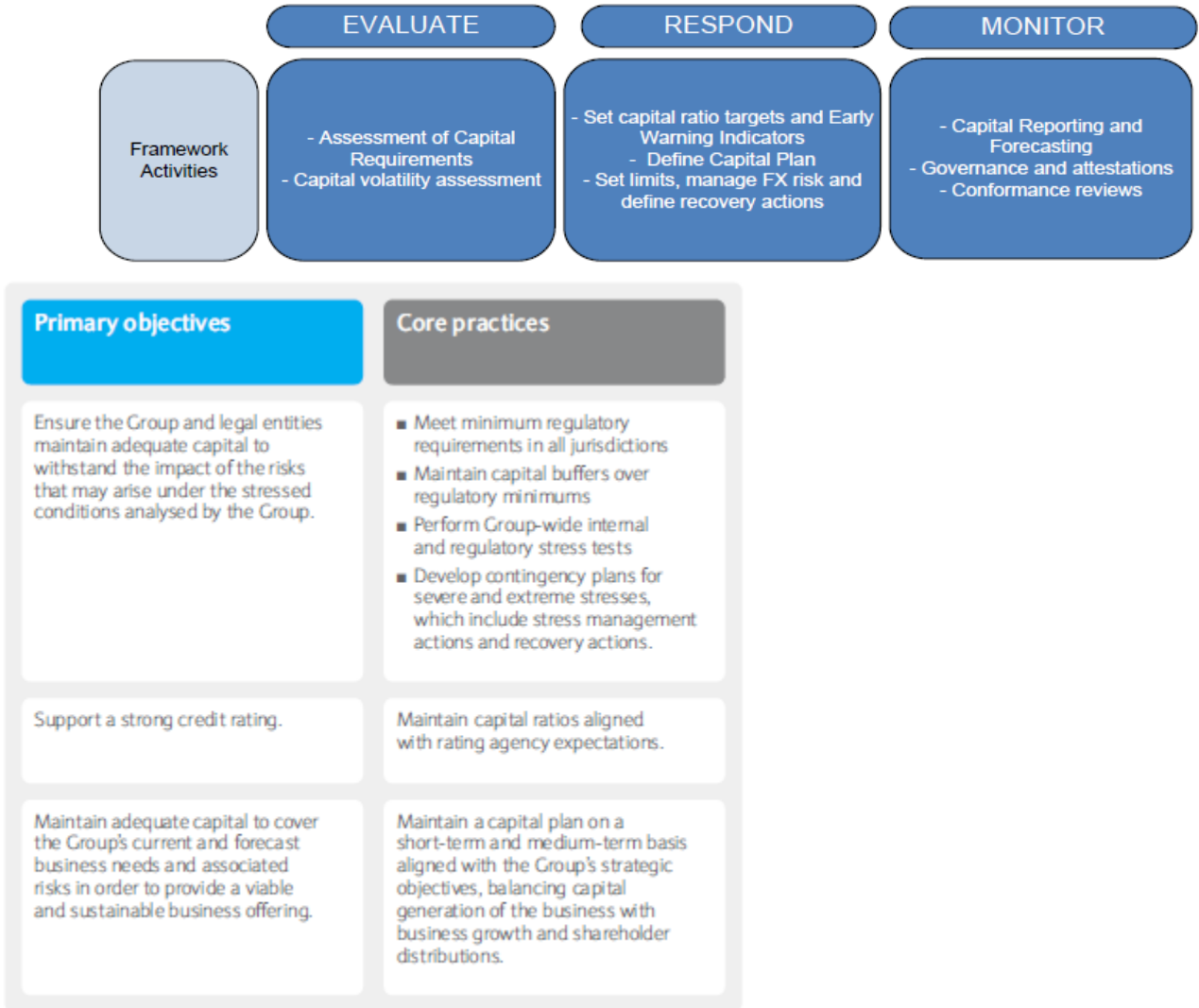
12.1 Capital Risk

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

- To support its normal business activities
- Meet regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes)

- Support its credit ratings. A weaker credit rating would increase the Bank’s cost of funds

Capital Risk is managed through ongoing monitoring and management of the capital position, regular stress testing and a robust capital governance framework. This is illustrated through the below schematic of primary objectives and core practices:



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

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

Capital Planning

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

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

Economic Capital

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

Capital risk management framework

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

12.2 Liquidity Risk

Liquidity risk is the risk that the bank, is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. This also results in the bank's inability to meet regulatory liquidity requirements. This risk is inherent in all financial operations and can be affected by a range of Group-specific and market-wide events. The efficient management of liquidity is essential to the Bank in retaining the confidence of financial markets and ensuring that business is sustainable.

Liquidity risk management framework

The Key Risk Control Framework requires that a liquidity policy is established which defines the requirements for short/medium/long-term management via an established process for assessing risk and defining minimum requirements for managing the liquidity risk. There is a control framework in place for managing liquidity risk that is designed to meet the following objectives

- To maintain liquidity resources that are sufficient in amount and quality and a funding profile that is appropriate to meet the liquidity risk appetite as expressed by the ExCo
- To maintain market confidence in the Bank's name

This is achieved by a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. Together these meet internal and regulatory requirements

The bank has established the Liquidity Risk Appetite (LRA) as the level of liquidity risk the group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. The key expression of the liquidity risk is through stress tests. The LRA is defined as an ability to remain liquid under a defined period of stress for each of the approved stressed scenarios against which it is assessed. It is measured with reference to the liquidity pool compared to anticipated stressed net contractual and contingent outflows for defined stress scenarios. The LRA is maintained along with appropriate limits and other controls for the management of liquidity risk. These are designed to mitigate and control liquidity risks within acceptable tolerances. Liquidity risk limits are tailored to the characteristics and complexity of balance sheets that give rise to liquidity risk.

The firm's ability to meet its obligations and fund itself under a stress is critical and a buffer of liquid assets should be maintained in order to meet outflows as defined under both the Liquidity Coverage Ratio (LCR) and the LRA stress scenarios. The bank has implemented the LCR in accordance with the requirements set out by the Reserve Bank of India (RBI) to measure the level stock of High Quality Liquid Assets (HQLA) held against outflows in a prescribed stress scenario lasting for a period of 30 days.

The liquidity framework also provides for other management actions including the generation of liquidity from other assets and steps to preserve the pool of liquidity in the event of a stress. This is managed in conjunction with various standards which outline the limits structure, stress testing guidelines, contingency funding plans as well as early warning indicators.

13. CONDUCT AND REPUTATIONAL RISK

Conduct Risk

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

The Bank defines, manages and mitigates conduct risk with the goal of providing good customer outcomes and protecting market integrity.

Barclays has defined seven Key Risks that are the main sub-risk types to Conduct Risk:

- our products or services do not meet customers' needs or have the potential to cause customer detriment
- the way we design and undertake transaction services has the potential to cause customer detriment
- the way we design or undertake customer servicing has the potential to cause customer detriment
- our strategy or business model has the potential to cause customer detriment
- our governance arrangements or culture has the potential to cause customer detriment
- we fail to obtain and maintain relevant regulatory authorisations, permissions and license requirements
- damage to Barclays reputation is caused during the conduct of our business

Conduct risk management framework

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

- Vertically, through an organisational structure that requires all businesses to implement and operate their own conduct risk framework that meets the requirements detailed within the Enterprise Risk Management Framework ;and
- Horizontally, with Key Risk Officers (KROs) required to monitor information relevant to their Key Risk from each element of the Conduct Risk PRF.

Reporting

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

Reputational Risk

Reputation risk is the risk of damage to the Barclays brand arising from association, action or inaction which is perceived by stakeholders to be inappropriate or unethical. Given its significance, Barclays has designated reputation risk as a principal risk within conduct risk

Reputation risk may arise in many different ways, like:

- failure to act in good faith and in accordance with the Group's values and code of conduct
- failure (real or perceived) to comply with the law or regulation, or association (real or implied) with illegal activity
- failures in corporate governance, management or technical systems
- failure to comply with internal standards and policies
- association with controversial sectors or clients
- association with controversial transactions, projects, countries or governments
- association with controversial business decisions, including but not restricted to, decisions relating to: products (in particular new products), delivery channels, promotions/advertising, acquisitions, branch representation, sourcing/supply chain relationships, staff locations, treatment of financial transactions
- Association with poor employment practices.

In each case, the risk may arise from failure to comply with either stated norms, which are likely to change over time, so an assessment of reputation risk cannot be static.

As a part of reputational risk management, the Bank also reviews and monitors the effectiveness of its Citizenship (CSR) strategy, including the management of Barclays' economic, social and environmental contribution.

Reputational risk management framework

The Enterprise Risk Management Framework (ERMF), owned by the Group Chief Risk Officer (GCRO) and approved by the Board, governs the way in which Barclays identifies and manages its risks. The ERMF is designed to protect Barclays and prevent detriment to its customers, colleagues and other stakeholders. The ERMF recognises that certain risks are relevant and material enough to merit establishing specific bankwide control frameworks. These are known as Principal Risks. Reputation Risk is identified within the ERMF as a Principal Risk. The Chief Compliance Officer has been appointed by the GCRO to manage Barclays Reputation Risk. Under the ERMF the Chief Compliance Officer is accountable for developing Principal Risk Frameworks. This document is the Framework for Reputation Risk. The Reputation Risk Framework includes a list of policies that augment the framework and contains control objectives that must be met. The number and scope of individual policies used to address the Principal Risk is at the discretion of the Chief Compliance Officer. However, the framework and policies must be taken together.

This Framework sets out what is required to ensure Reputation Risk is managed effectively and consistently across the bank. Reputation Risk is by nature pervasive and can be difficult to quantify, requiring more subjective judgement than many other risks. The Framework is designed explicitly in the light of that subjectivity. The Framework supports, and should be applied in the context of, decision making tools such as the Barclays Lens and The Barclays Way Code of Conduct which articulates the purpose, values and behaviours to which all employees must adhere and which are relevant to all our business processes, practices and decisions.

Reputation Risk Escalation

Barclays businesses and functions may escalate material Reputation Risk issues to the Group Risk Committee via their Governance, Risk and Controls process, which must have a specified means of considering reputation related issues on an ad hoc basis as they arise (e.g. a Reputation Risk sub-committee or equivalent). Issues may merit escalation due to i) the degree of risk involved; ii) the fact that the issue sets a significant precedent; or iii) the fact that the issue impacts on more than one Barclays business. In particular, escalation is advised if the nature of the risk i) calls into question existing policy or ii) highlights a need to develop new or enhanced policy to cover such risk.

Reputation Risk Controls

Reputation Risk, like other Barclays risks, uses a three lines of defence model which differentiates between those employees engaged in revenue generating/client facing areas of the firm and all associated support functions who identify and manage all risks in the activities in which they are engaged (first line); those employees in Risk and Compliance who establish the limits, rules and constraints under which first line activities are performed (second line); and those employees of Internal Audit who provide independent assurance over the effectiveness of governance, risk management and control over current, systemic and evolving risks (third line).

Model Risk:

Model risk is the risk of the incorrect valuation numbers due to the Weakness in the Model or uncertainty in the Model used for the Valuation. On certain occasions the books and records valuation method may use market data or a model that contains an approximation for a particular product.

This may be due to the following reasons:

- Variation in a particular trade or position from standard market product characteristics
- Market data shows characteristics or richness that cannot be wholly incorporated within the model

These issues are addressed by techniques such as using a different or modified model, using modified market data or using another technique to quantify the impact of any implication. Such adjustments must be made to books and records to ensure that assets are held at fair value. These provisions pertaining to the market data weakness / Model uncertainty (risk) are calculated as per the group policy by the Product control group and are charged to the profit and loss account of the local entity. Hence, no further capital is provided on account of Model / Market data risk on derivative portfolios.

Legal Risk:

With effect from 2017, legal risk, which was previously a Key Risk under operational risk, has been redesignated as a Principal Risk within the Enterprise Risk Management Framework.

The Legal Risk Framework prescribes Group-wide requirements for the identification, measurement and management of legal risk, covering assessment, risk appetite, key indicators and governance. The Group General Counsel (GCC) is the Legal Principal Risk Officer and owns the Legal Risk Framework and the associated legal policies. Legal risk is defined by the five respective Legal Policies:

- **Contractual arrangements** – failure to have enforceable contracts in place or for contracts to be enforceable as intended.
- **Litigation management** – failure to adequately manage litigation involving Barclays as either claimant or defendant.
- **Intellectual property (IP)** – failure to protect the Group's IP assets or Barclays infringing IP rights of third parties.
- **Competition/antitrust law** – failure to follow competition/antitrust law or failure to manage relationships with competition and antitrust authorities.

- **Use of law firms** – failure to control instruction of an external law firm.

Group-wide and Business/Function specific Standards may be put in place to support the implementation of the legal policies. The standards are aligned to one of the policies and are implemented by Businesses/ Functions.

The primary responsibility for managing legal risk and adherence to the control requirements sits with the business where the risk arises.

On behalf of the businesses, the aligned General Counsel or Legal Senior Management, will undertake legal risk appetite assessments and provide advice and guidance on legal risk management

14. COMPOSITION OF CAPITAL (Table DF-11)

Composition of capital (Barclays Bank PLC, India branch)

			(Rs. in million)	
Particulars			Amounts Subject to Pre-Basel III Treatment	Ref No.
Common Equity Tier 1 capital : instruments and reserves				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)		52,495.22	
2	Retained earnings		7,383.62	
3	Accumulated other comprehensive income (and other reserves) *		0.00	
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		59,878.84	
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		2,177.25	
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		-	

(Rs. in million)			
Particulars		Amounts Subject to Pre-Basel III Treatment	Ref No.
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	
a	of which : Investments in the equity capital of the unconsolidated insurance subsidiaries	-	
b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries ⁸	-	
c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	
d	of which : Unamortised pension funds expenditures	-	
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	46.19	
	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	2,223.44	
29	Common Equity Tier 1 capital (CET1)	57,655.41	
Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-	
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	Additional Tier 1 capital before regulatory adjustments	-	
Additional Tier 1 capital : regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	

(Rs. in million)			
Particulars		Amounts Subject to Pre-Basel III Treatment	Ref No.
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 adequacy ¹¹	-	
45	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	57,655.41	
Tier 2 capital : instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	1,954.67	
51	Tier 2 capital before regulatory adjustments	1,954.67	
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	-	

(Rs. in million)			
Particulars		Amounts Subject to Pre-Basel III Treatment	Ref No.
	above the 10% threshold)		
55	Significant investments ¹³ 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	1,954.67	
b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	-	
c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	1,954.67	
59	Total capital (TC = T1 + T2) (45 + 58c)	59,610.08	
	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)	318,334.29	
a	of which: total credit risk weighted assets	232,595.15	
b	of which: total market risk weighted assets	61,170.84	
c	of which: total operational risk weighted assets	24,578.30	
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	18.11%	
62	Tier 1 (as a percentage of risk weighted assets)	18.11%	
63	Total capital (as a percentage of risk weighted assets)	18.73%	
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	-	

(Rs. in million)				
Particulars			Amounts Subject to Pre-Basel III Treatment	Ref No.
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)		1,954.67	
77	Cap on inclusion of provisions in Tier 2 under standardised approach		2,907.44	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		-	
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements		-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		-	
82	Current cap on AT1 instruments subject to phase out arrangements		-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		-	
84	Current cap on T2 instruments subject to phase out arrangements		-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		-	

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

Notes to the composition of capital disclosure

Row No	Particular	(Rs. in millions)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	2,177.25
	Total as indicated in row 10	2,177.25
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which : Increase in Common Equity Tier 1 capital	-
	of which : Increase in Additional Tier 1 capital	-
	of which : Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then :	-
	i) Increase in Common Equity Tier 1 capital	-
	ii) Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which : Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	1,954.67
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	1,954.67
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)	-

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

Three -step approach to reconciliation requirements

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

				(Rs. in million)		
Description		Balance sheet as in financial statements		Balance sheet under regulatory scope of consolidation @		
		As on reporting date		As on reporting date		
A	Capital & Liabilities					
	i	Paid-up Capital	52,495.22		63,398.96	
		Reserves & Surplus	15,552.92		14,312.98	
		Minority Interest			-	
		Total Capital	68,048.14		77,711.94	
	ii	Deposits	79,491.05		105,317.79	
		of which : Deposits from banks	523.07		1,189.81	
		of which : Customer deposits	78,967.98		104,127.98	
		of which : Other deposits (pl. specify)	0.00		-	
	iii	Borrowings	29,031.91		39,298.38	
		of which : From RBI	0.00		-	
		of which : From banks	14,510.05		11,917.75	
		of which : From other institutions & agencies	14,521.86		27,380.63	
		of which : Others (pl. specify)			-	
		of which : Capital instruments			-	
	iv	Other liabilities & provisions # \$	78,768.50		90,518.29	
		Total	255,339.60		280,846.57	
B	Assets					
	i	Cash and balances with Reserve Bank of India	5,262.68		5,262.68	
		Balance with banks and money at call and short notice	4,026.22		4,748.14	
	ii	Investments :	60,874.81		61,321.06	
		of which : Government securities	43,666.77		43,666.77	
		of which : Other approved securities			-	
		of which : Shares	169.36		615.61	
		of which : Debentures & Bonds	12,059.40		12,059.40	
		of which : Subsidiaries / Joint Ventures / Associates			-	
		of which : Others (Commercial Papers, Mutual Funds etc.)	4,979.28		4,979.28	

(Rs. in million)			
Description		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation @
		As on reporting date	As on reporting date
iii	Loans and advances	120,611.16	139,322.88
	of which : Loans and advances to banks	-	-
	of which : Loans and advances to customers	120,611.16	139,322.87
iv	Fixed assets	241.57	258.37
v	Other assets #	64,323.16	65,019.51
	of which : Goodwill and intangible assets	46.19	46.19
	of which : Deferred tax assets	2,177.25	2,177.25
vi	Goodwill on consolidation	-	-
vii	Debit balance in Profit & Loss account	-	4,913.93
Total Assets		255,339.60	280,846.57

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

\$ includes provision for depreciation on investments

Step 2

(Rs. in million)				
		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Ref No.
		As on reporting date	As on reporting date	
A	Capital & Liabilities			
i	Paid-up Capital	52,495.22	63,398.97	A
	of which : Amount eligible for CET1	52,495.22	63,398.51	
	of which : Amount eligible for AT1	-	0.00	
	Reserves & Surplus	15,552.92	15,955.84	
	Minority Interest	-	0.00	
	Total Capital	68,048.14	79,354.81	
ii	Deposits	79,491.05	79,491.05	
	of which : Deposits from banks	523.07	523.07	
	of which : Customer deposits	78,967.98	78,967.98	
	of which : Other deposits (pl. specify)	-	0.00	
iii	Borrowings	29,031.91	42,874.26	
	of which : From RBI	0.00	0.00	
	of which : From banks	14,510.05	14,510.05	

(Rs. in million)				
		Balance sheet as in	Balance sheet under	Ref No.
		financial statements	regulatory scope of	
		As on reporting date	As on reporting date	
	of which : From other institutions & agencies	14,521.86	28,364.21	
	of which : Others (pl. specify)	-	0.00	
	of which : Capital instruments	-	0.00	
iv	Other liabilities & provisions #	78,768.50	79,126.45	
	of which : DTLs related to goodwill	-	0.00	
	of which : DTLs related to intangible assets	-	0.00	
	Total	255,339.60	280,846.57	
B				
i	Cash and balances with Reserve Bank of India	5,262.68	5,262.68	
	Balance with banks and money at call and short notice	4,026.22	4,748.14	
ii	Investments	60,874.81	61,321.06	
	of which : Government securities	43,666.77	43,666.77	
	of which : Other approved securities	-	0.00	
	of which : Shares	169.36	615.61	
	of which : Debentures & Bonds	12,059.40	12,059.40	
	of which : Subsidiaries / Joint Ventures / Associates	-	0.00	
	of which : Others (Commercial Papers, Mutual Funds etc.)	4,979.28	4,979.28	
iii	Loans and advances	120,611.16	139,322.87	
	of which : Loans and advances to banks	-	0.00	
	of which : Loans and advances to customers	120,611.16	139,322.87	
iv	Fixed assets	241.57	258.37	
v	Other assets #	64,323.16	65,019.51	
	of which : Goodwill and intangible assets		2,223.44	
	Out of which :	2,223.44		
	Goodwill	-	0.00	
	Other intangibles (excluding MSRs)	46.19	46.19	
	Deferred tax assets	2,177.25	2,177.25	
vi	Goodwill on consolidation	-	0.00	
vii	Debit balance in Profit & Loss account	-	4,913.93	
	Total Assets	255,339.60	280,846.56	

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

Step 3

Common Equity Tier 1 capital : instruments and reserves			
	Component of regulatory capital reported by bank	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation from step 2	Ref No.
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	63,398.51	A
2	Retained earnings	2,866.47	
3	Accumulated other comprehensive income (and other reserves)	0.00	
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	66,264.98	
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	

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

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

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

The Bank's compensation policies including that of Chief Executive Officer, is in conformity with the Financial Stability Board principles and standards. In accordance with the requirements of RBI Circular No. DBOD.NO.BC.72 / 29.67.001 / 2011-12 dated 13 January 2012, the Head Office of the Bank has submitted a declaration vide its letter dated 27 March, 2017 to RBI confirming the above mentioned aspect.

18. EQUITIES: Disclosure for Banking Book Positions (Table DF-16)

The Bank does not have any equity under the Banking Book.

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

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

	Leverage ratio framework	(Rs. in million)
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	203,683
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(2,223)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	201,460
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	50,550
5	Add-on amounts for PFE associated with all derivatives transactions	129,396
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	179,946
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,000
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	1,000
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	73,128
18	(Adjustments for conversion to credit equivalent amounts)	(41,118)
19	Off-balance sheet items (sum of lines 17 and 18)	32,011
	Capital and total exposures	
20	Tier 1 capital	57,655
21	Total exposures (sum of lines 3, 11, 16 and 19)	414,416
	Leverage ratio	
22	Basel III leverage ratio	13.91%

Summary of comparison of accounting assets and leverage ratio exposure

	Particulars	(Rs. in million)
1	Total consolidated assets as per published financial statements (Unaudited)	255,340
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	
4	Adjustments for derivative financial instruments	129,396
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	32,011
7	Other adjustments	(2,223)
8	Leverage ratio exposure	442,740