



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 30th September 2020

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, 2020. Barclays Bank Plc – Indian Branches (the “**Bank**”) is a branch of Barclays Bank Plc, which is incorporated in the United Kingdom with limited liability. Barclays Bank Plc. (UK) (the “**Group**”) is regulated by its home regulator, viz. Prudential Regulatory Authority (PRA), in the United Kingdom (UK). The Bank has been operating in India with 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) and Liquidity Return (LR).

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

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Amt in Rs. '000
					Total balance sheet assets *
Barclays Securities (India) Private Limited	Registered as Stock Broker & Underwriter	1,670,002	-	NA	6,541,157
Barclays Wealth Trustees (India) Private Limited	Trust Advisory	1,37,665	-	NA	314,861

*as stated in the audited balance sheet of the legal entity as on March 31, 2020

C - List of group entities considered for consolidation

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity *	Amt in Rs. '000
			Total balance sheet assets *
Barclays Investments and Loans (India) Limited	NBFC	8,736,742	21,152,998

*as stated in the audited balance sheet of the legal entity as on March 31, 2020 as per IND AS Regulation

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

Name of the subsidiaries / country of incorporation	Principle activity of the entity	Total balance sheet equity *	% of bank's holding in the total equity	Amt in Rs. '000
				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 - Restrictions or impediments on transfer of funds or regulatory capital within the banking group :

Transfer of funds and regulatory capital are subject to local laws and applicable regulations.

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 maintain adequate capital to cover the Group's current and forecast business needs and associated risks in order to provide a viable and sustainable business offering.
- Support its credit rating by maintaining capital ratios aligned with rating agency expectations

Governance structure

The management of capital risk is integral to the Group's approach to financial stability and sustainability management, and is embedded in the way businesses and legal entities operate

Capital risk management is underpinned by a control framework and policy. The capital management strategy, is driven by the strategic aims and risk appetite of the Group. The capital plan is managed on a top-down and bottom-up basis through both short-term and medium-term financial planning cycles, and is developed with the objective that Barclays Group maintains an adequate level of capital to support its capital requirements.

Responsibility for risk management resides at all levels within the Group, from the Board and the Executive Committee down through the organisation to each business manager and risk specialist. Barclays distributes these responsibilities so that risk/return decisions are taken at the most appropriate level; as close as possible to the business, and subject to robust and effective review and challenge. The responsibilities for effective review and challenges reside with senior managers, risk oversight committees, Barclays Internal Audit, the Independent Group Risk function, the Board Risk Committee and, ultimately, the Board. Treasury has the primary responsibility for managing and monitoring capital. The Treasury and Capital Risk function provides oversight of capital risk and is an independent risk function that reports to the Group CRO.

In addition, each business unit has an embedded risk management function, headed by a business risk director. Business risk directors and their teams are responsible for assisting business heads in the identification and management of their business risk profiles and for implementing appropriate controls. These teams also assist Group Risk in the formulation of Group policies and their implementation across the businesses.

Enterprise Risk Management Framework (ERMF) operating within the broad policy framework reviews and monitors various aspects of risk arising from the business. The ERMF sets the strategic direction for risk management by defining standards, objectives and responsibilities for all areas of Barclays Independent Committee(s) like Executive Committee (ExCO), Operations Committee (OPCO), Internal Controls Forum (ICF), Assets and Liabilities Management Committee (ALCO) have been constituted across the Bank to facilitate independent evaluation, monitoring and reporting of various risks. Treasury is responsible for complying with these limits as the first line of defense for the management of capital risk. Limits are monitored through appropriately governed forums in the first and second line of defense.

Local management assures compliance with an entity's minimum regulatory capital requirements by reporting to local Asset and Liability Committees with oversight by the Group's Treasury Committee, as required.

Regulatory capital

Reserve Bank of India (RBI) issued Basel III guidelines applicable with effect from April 1, 2013.

As at September 30, 2020, as per Basel III guidelines bank is required to maintain minimum CET1 capital ratio of 8.875%, minimum Tier-1 capital ratio of 10.375% and minimum total capital ratio of 12.375%. The minimum capital requirement includes capital conservation buffer (CCB) of 1.875% and additional CET1 capital surcharge of 1.50% on account of the Bank being designated as a G-SIB. The implementation of the last tranche of 0.625% of Capital conservation buffer (CCB) have been extended by 6 months from September 30, 2020 to April 1, 2021.

Internal assessment of capital

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

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

Capital

Bank does not have any subsidiaries in India. Any entity required to be consolidated as per RBI requirements individually assesses the adequate level of capital required to meet its respective regulatory requirements and business needs. The Board of each entity maintains oversight over the capital adequacy framework either directly or through separately constituted committees.

Capital monitoring

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

2.2 Capital Requirement for Pillar 1 Risks (September 31, 2020)

Capital required for credit, market and operational risks given below is arrived at after multiplying the risk weighted assets by 12.375%.

		(Rs. in '000s)
No	Description	September 30, 2020
A	Capital Requirement for Credit Risk	34,322,484
	(Standardised Approach)	
	- On-balance sheet exposures excluding securitisation exposures	9,907,956
	- Off- balance sheet exposures excluding securitisation exposures	24,375,834
	a) Non-market related	1,286,583
	b) Market-related	23,089,251
	- On-balance sheet-securitisation exposures	0
	- Counterparty Risk as Borrower of funds	38,694
B	Capital Requirement for Market Risk	15,269,754
	(Standardised Duration Approach)	
	- Interest rate related instruments	13,475,379
	- Equity	0
	- Foreign Exchange and Gold	1,794,375
C	Operational-risk-weighted exposures	2,727,028
	(Basic Indicator Approach)	
D	Capital Adequacy Ratio of the Bank	15.61%

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, 2020 total capital base (Tier1 + Tier2) of the Bank stood at Rs. **65,987,169** ('000s)

		(Rs. in '000s)	
No	Description	Sep 30,2020	March 31,2020
A	Tier 1 Capital	62,530,531	62,440,946
B	Tier 2 Capital	3,456,638	3,374,436
C	Total Eligible Capital (A+B)	65,987,169	65,815,382

The capital ratios of the Bank are as follows:

Capital ratios	Sep 30,2020	March 31,2020
CET1 capital ratio	14.79%	14.87%
Tier - 1 capital ratio	14.79%	14.87%
Total capital ratio	15.61%	15.67%

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.

Enterprise Risk Management Framework (ERMF)

Barclays has an extensive and comprehensive Enterprise Risk Management Framework (ERMF) which sets out the activities, tools, approach and organisational arrangements to ensure that all material risks facing the Group are identified, understood, and appropriately responded to, enabling the Group to meet its goals.

3.1 The purpose of the ERMF is to:

- a. Set out clear standards of risk management to protect Barclays, and our clients, customers and markets.
- b. Support the Group Chief Executive Officer in embedding a strong risk culture within the firm by setting out clear risk management practices and requirements.
- c. Identify the principal Risks faced by the firm.
- d. Describe the way in which the firm establishes a Risk Appetite, in aggregate and for each Principal Risk (as appropriate) and operates within it. The Risk Appetite is the level of risk that Barclays is prepared to accept in pursuit of its business strategy.
- e. Delineate the key responsibilities of different groups of employees in enabling the firm to operate within its Risk Appetite. (The Lines of Defense).
- f. Specify risk management accountabilities and responsibilities for key roles.
- g. Explain the role of frameworks, policies and standards within risk management in implementing this framework.
- h. Describe the governance of risk within the firm.

3.2 Principal Risks

Under ERMF Bank has created a Principal Risk Framework. The Principal Risks Framework creates clear ownership and accountability; ensures the Group's most significant risk-exposures are understood and managed in accordance with agreed risk appetite and risks tolerances; and also ensures regular reporting of both risks exposures and the operating effectiveness of controls. These principal risks are:

Financial Principal Risks:

- a. Credit Risk: The risk of loss to the firm from the failure of clients, customers or counterparties, including Sovereigns, to fully honor their obligations to the firm, including the whole and timely payment of principal, interest, collateral and other receivables.
- b. 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.
- c. Treasury and Capital Risk: This comprises of:

1. Liquidity Risk: The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.
2. Capital Risk: The risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the firm's pension plans.
3. Interest Rate Risk in the Banking Book: The risk that the firm is exposed to capital or income Volatility because of a mismatch between the interest rate exposures of its (non traded) assets and liabilities.

Non-Financial Principal Risks:

- d. 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.
- e. Model risk: The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.
- f. Reputation risk: The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the firm's integrity and/or competence.
- g. Conduct risk: The risk of detriment to customers, clients, market integrity, competition or Barclays from the inappropriate supply of financial services, including instances of willful or negligent misconduct.
- h. 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 for Barclays follows below principals:

- 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 Defense".

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, Administration etc. Employees in the first line have primary responsibility for their risks, including:

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

The first line must establish their own policies and controls, 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 has the authority and responsibility to perform independent challenge of all risks in the first line at any time.

It is important to note that the second line will not customarily 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. The second line is responsible for defining the policies which detail its own responsibilities and activities and governing them, establishing controls to manage its performance, and assessing its conformance to these policies and controls.

The second line can also undertake certain additional activity if, in the judgment 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.

Measurement of risks for capital adequacy purposes

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

Under Pillar 1 of the extant RBI guidelines on Basel III, the Bank currently follows the standardised approach for credit risk, standardised measurement method for market risk and the Basic Indicator Approach for operational risk.

4. CREDIT RISK: (Table DF- 3)

Credit risk is the risk of suffering financial loss should any of the customers, clients or market counterparties fail to fulfill their contractual obligations. The credit risk that the Group faces arises mainly from wholesale loans and advances together with the counterparty credit risk arising from derivative contracts with clients. Other sources of credit risk arise from trading activities, including: debt securities, settlement balances with market counterparties, available for sale assets and reverse repurchase loans.

4.1 Credit Risk Management Objectives and Policies:

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

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

The granting of credit is one the Bank's major sources of income and, as a Principal Risk, considerable resources are dedicated to its control. The credit risk that the Bank faces arises mainly from wholesale and 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 circular on Large Exposure Framework DBR.No.BP.BC.43/21.01.003/2018-19 on a periodic basis. The exposure ceiling limits is 20 percent of bank's available capital base in case of a single borrower and 25 percent of capital funds in the case of group of connected counterparties. In addition to the exposure permitted above, bank may, in exceptional circumstances, with the approval of its India Executive Committee, consider enhancement of the single borrower exposure to a borrower up to a further 5 percent of available capital base.

Interbank Limits: The exposure ceiling limits for Indian banks and Indian Branch of foreign Bank is 25 percent of bank's eligible capital base. Limit on exposure to GSIB – Foreign Branch is 20 percent of banks eligible capital base.

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

For Exposures mentioned above based on the RBI clarification derivative exposure are outside the purview of exposure till April 01, 2021.

4.6 COVID 19-Regulatory Package

In order to mitigate the burden of debt servicing brought about by disruptions on account of Covid-19 on borrowers who otherwise have been servicing their accounts regularly, but would have defaulted on account of the temporary stress due to Covid-19, RBI had announced guidelines under the COVID-19 Regulatory Package, that, inter-alia, relate to rescheduling of payments for Term Loans and Working Capital Facilities falling due between 1st March 2020 and 31st August 2020.

Accordingly, the Bank has established a Policy to provide the said reliefs (discussed later) to all eligible borrowers and also laid out the objective criteria to be considered while considering the borrower eligible for the relief. All eligible borrowers do not have blanket approval to avail relief and it will be subject to Bank's satisfaction and approval and for which Banks can request for additional information for it to assess the financial stress the borrower is exposed to.

Some of the reliefs announced by RBI include:

Rescheduling of Payments under Term Loans – All term loans, irrespective of the amortization schedule, the Bank is permitted to grant moratorium on payment of all installments falling due between the dates mentioned above. Thus, if moratorium granted, the repayment schedule inclusive of interest gets shifted further by the period of moratorium or six months, whichever is lower. However, the interest will continue to accrue over the loan during the moratorium period and the same will get capitalized.

Rescheduling of Payments under Working Capital facilities – in case of working capital facilities in the nature of cash credit/D, if moratorium granted, the interest on the said facilities shall be deferred till the end of the moratorium to be paid either at the end of the moratorium period or converted into Funded Interest Term Loan, at the discretion of the Bank, to be paid before 31st March, 2021.

RBI has also announced certain steps in easing the calculation of Drawing Power, for borrowers who are facing stress on account of the economic fallout of the pandemic.

Impact of the Relief Package on Special Mention Account (SMA) and Non Performing Account (NPA) classification.

As the moratorium/deferment/recalculation of the 'drawing power' as described above is specifically to enable borrowers to tide over economic fallout from COVID-19, the benefit where granted will not be treated as (i) concession, or (ii) change in terms and conditions of loan/facility agreements due to financial difficulty of the borrower. Consequently, such a measure, by itself, shall not result in asset classification downgrade.

The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs).

The asset classification of facilities, including SMA classification, shall be determined on the basis of revised due date and revised repayment schedule.

4.7 Definition of Non-Performing Assets

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

- interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,

- the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
- in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- an account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.
- The account remains 'out of order' in respect of an Overdraft/Cash Credit (OD/CC). An account is treated as 'out of order' if -
 - the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for a period of 90 days
 - In cases where the outstanding balance in the principal operating account (CC/OD) is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period

A performing asset facing financial difficulties is classified as NPA pursuant to restructuring.

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

4.8 Definition of Impairment

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset.

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

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

4.9 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 (including rollover of term loans) 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 restructured non performing asset will become eligible for upgrading to standard category only after all the outstanding loan/facilities in the account demonstrate satisfactory performance during the specified period, i.e. higher of either - a. period from the date of implementation of restructuring upto the date by which atleast 10% of the sum of the outstanding principal debt as per the restructuring (including capitalized interest, if any) is repaid or b. minimum 1 year from the commencement of the first payment of interest or principal installment (whichever is later)

4.10 Credit Risk exposures

Total gross credit risk exposure including geographic distribution of exposure

(Rs. In 000's)

		September 30, 2020		
		Domestic	Overseas ²	Total
A)	Fund based exposure	76,761,015	-	76,761,015
B)	Non fund based exposure ¹	21,915,746	-	21,915,746
	Total³	98,676,761	-	98,676,761

1. Non-fund based exposures are guarantees given on behalf of constituents, letters of credit and acceptances and endorsements without giving the effect of Credit Conversion Factor (CCF) and does not include exposures arising on the derivative contracts.
2. Advances/ bills discounted in India against letters of credit issued by banks outside India are considered under domestic exposure. Bank does not have any overseas branches.
3. Exposures mentioned above are outstanding as on date and does not include undrawn limits.
4. Excluding specific risk on available for sale (AFS) portfolio.

Industry classification of gross credit exposure

Industry classification	September 30, 2020 (Rs. In 000's)	
	Fund based	Non fund based (Non derivatives)
Cement	79,400	-
Mining	1,478,000	208,474
Other Metal and Metal products	1,985,837	-
All Engineering	4,227,515	279,210
Other Textiles	29,562	-
Tea	170,937	-
Food Processing	-	-
Paper and Paper Products	-	-
Rubber and Rubber Products	382,417	-
Chemicals, Dyes, Paints etc.	13,478,044	1,912,695
Gems and Jewellery	4,432,848	368,850
Sugar	235,000	-
Petroleum	-	-
Automobiles including trucks	2,855,929	5,340
Computer Software	2,060,865	188,678
Infrastructure	20,468,563	3,379,107
NBFCs & Trading	8,108,814	-
Other Industries	327,918	-
Banking Sector	8,823,015	13,909,699
Residual exposures	7,615,813	1,663,693
Total	76,761,015	21,915,746

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

Industry Classification	September 30, 2020 (Rs. In 000's)	
	Fund Based	Non Fund Based (Non Derivatives)
Banking Sector	8,823,015	13,909,699
Chemicals, Dyes, Paints etc.	13,478,044	1,912,695
NBFCs & Trading	8,108,814	-
Infrastructure	20,468,563	3,379,107

Residual contractual maturity breakdown of assets as at September 30, 2020

(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	1,401,396	9,785,231	64,915,667	1,768,798	-	32,510,761	110,381,853
2 to 7 days	-	-	6,195,636	1,476,257	-	-	7,671,893
8 to 14 days	-	-	2,971,388	2,522,034	-	-	5,493,422
15 to 30 days	765,366	-	3,062,783	5,204,112	-	9	9,032,270
31 days to 2 months	765,222	-	3,062,571	4,422,537	-	463	8,250,793
2 to 3 months	738,722	-	2,949,474	17,758,809	-	68,974	21,515,979
3 to 6 months	420,369	-	1,847,520	17,518,091	-	12,254	19,798,234
6 to 12 months	317,095	-	1,624,799	11,799,539	-	26,051	13,767,484
1 to 3 years	298,775	100	2,367,550	9,891,512	-	5,285,058	17,842,995
3 to 5 years	189,494	-	878,813	989,580	-	446,018	2,503,905
Over 5 years	551	-	(508,483)	19,046	97,562	118,171,595	117,780,271
Total	4,896,990	9,785,331	89,367,718	73,370,314	97,562	156,521,183	334,039,098

The above disclosure is as per the Asset Liability Management ("ALM") / Liquidity Guidelines issued by RBI.

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

(Rs. In 000's)

Particulars	Sep 30, 2020
Amount of NPAs (Gross)	3,390,701
- Substandard	-
- Doubtful	3,389,142
- Doubtful 1	3,389,142
- Doubtful 2	-
- Doubtful 3	-
- Loss	1,559
Net NPAs	-
NPA Ratios	
- Gross NPAs to gross advances	4.42%
- Net NPAs to Net advances	0.00%
Movement of NPAs (Gross)	
- Opening balance	3,390,701
- Additions	-
- Reductions	-
- Closing balance	3,390,701

Particulars	Sep 30, 2020
Movement of provision for NPAs	
-Opening balance	3,390,701
-Provision made during the year	-
-Write-offs / write back of excess provisions	-
-Closing balance	3,390,701

Movement in provision as of September 30, 2020:

(Rs. In 000's)

	General Provision*	Specific Provision
-Opening balance	1,681,196	3,390,701
-Provision made during the period	72,466	-
-Write-offs / write back of excess provisions	-	-
- Any other adjustments, including transfers between provisions	-	-
-Closing balance	1,753,662	3,390,701

* General Provision includes provision on standard assets, unhedged foreign currency exposure and NPLL

Details of write-offs and recoveries as of September 30, 2020:

(Rs. In 000's)

Write-off that have been booked directly to the income statement	-
Recoveries that have been booked directly to the income statement	4,603

Major Industry-wise NPAs, provisions and write-off as of September 30, 2020

(Rs. In 000's)

Industry Classification	Gross NPA	Specific Provisions ¹	General Provision	Specific Provision during the Year	Write-Off/Write-back during the year
Paper & Paper Products	-	-	-	-	-
All Engineering	1,214,270	1,214,270	-	-	-
Infrastructure	2,174,872	2,174,872	-	-	-
Chemicals Dyes & Paints	1,559	1,559	-	-	-
TOTAL	3,390,701	3,390,701	-	-	-

1. Specific provision relating to NPAs

Geography-wise breakup of gross NPAs, specific provisions and general provision as of September 30, 2020

(Rs. In 000's)

Category	Gross NPA	Specific Provisions ¹	General Provision
Domestic	3,390,701	3,390,701	-
Overseas ²	-	-	-
TOTAL	3,390,701	3,390,701	-

1. Specific provision relating to NPAs

2. Bank does not have any overseas branches.

NPIs and movement of provision for depreciation on investments

(Rs. In 000's)	
	Sep 30, 2020
Amount of non-performing investments	-
Amount of provision held for non – performing investments	-
Movement of provisions for depreciation on investments	
-Opening balance	11,657
-Provision made from during the year	498,977
-Write –offs	-
-Write back of excess provisions	-
-Closing balance	510,634

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, Brickworks and SMERA 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 short term derivative trades 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 the case of long term derivative exposures, the rating assigned to any Debt Capital Market instrument issued by the Obligor, whose maturity is within the maturity profile of the outstanding trades is considered, however the Risk weight would be one notch higher than what is applicable to the assigned long term rating. In absence of any Debt Capital Market rating, the exposure is treated as unrated and accordingly risk weights are assigned.
- In case of long term exposures, rating of any long term bank loan rating assigned to the counterparty is assigned. However, long term fund based rating cannot be applied to a long term non-fund based exposure and vice versa.
- Cash Credit / Overdraft/ Short Term Loan exposures shall be considered as long term exposures and treatment applicable to long term exposures shall be applied. Since short term loans typically get rolled over on a conservative basis the same would be assigned long term ratings even though their original maturity is less than one year.
- The claims on banks incorporated in India and foreign bank branches in India is risk weighted based on the Common Equity Tier 1 capital of that bank, as per the RBI guidelines. In respect of claims on non-resident corporate and foreign bank, ratings assigned by international rating agencies i.e. S&P, Moody's and Fitch are used for assigning the risk weights.

Details of credit risk exposure based on risk- weight

(Rs In 000's)

Description	September 30, 2020
Fund Based Exposure *	73,370,314
Less : Credit Risk Mitigant	2,936,654
Net Exposure	70,433,660
-Below 100% risk weight	21,642,363
- 100% risk weight	22,659,512
-More than 100% risk weight	26,131,785
* The above comprises of Net loans and advances as reported to RBI in regulatory filings	

Description	September 30, 2020
Non Fund Based Exposure *	21,915,746
Less : Credit Risk Mitigant	345,665
Net Exposure	21,570,081
-Below 100% risk weight	15,935,323
- 100% risk weight	1,995,083
-More than 100% risk weight	3,639,675
* The above comprises of Non fund based Exposure excluding derivatives	

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

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

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

- **Eligible financial collateral** which include cash (deposited with the Bank, fixed deposits, others), securities issued by Central and State Governments, , certain debt securities rated by a 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.

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

Details of gross credit risk exposure

(Rs In 000's)

Particulars	Sep 30, 2020
Total exposure covered by eligible financial collateral	3,282,319
Total exposure covered by credit support agreement *	3,526,285
Total exposure covered by guarantees/ credit derivatives	-

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

*The Bank has entered into the Credit Support Agreement (CSA) agreements for exposure arising out of derivative contracts with some of the major counterparties. The Bank has received INR 5,609,600 (000's) (Previous year INR 13,877,616 (000's)) and placed INR 7,035,700 (000's) (Previous year INR 6,092,700 (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:

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

- i. Total outstanding exposures securitised by the Bank and the related unrecognised gains/ (losses) (Sep 30, 2020):

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

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

in INR million	
Exposure type	Sep 30, 2020
Corporate loans	-
Total	-

iii. Assets to be securitised within a year at Sep 30, 2020

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 (Sep 30, 2020)

in INR million

Exposure type*	On-balance sheet	Off-balance sheet	Total
Vehicle/equipment loans			
Mixed asset pool	2,158.43		2,158.43
Total	2,158.43		2,158.43

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

v. Risk weight bands break-up of securitisation exposures retained or purchased (Sep 30, 2020)

in INR million

Exposure type*	<100% risk weight	100% risk weight	>100% risk weight	Total
Vehicle/equipment loans	-			-
Mixed asset pool	2,158.43		-	2,158.43
Total	2,158.43		-	2,158.43

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

vi. Securitisation exposures deducted from capital (Sep 30, 2020)

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	-	-	-

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

- **Banking Book** – There was no outstanding under the securitization exposure as at 30th Sep 2020.

8. MARKET RISK (Table DF-7)

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

Market risk management objective and policies:

Barclays market risk objectives are to:

- 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

The bank identifies 2 principal markets risks under Enterprise Risk Management Framework which sets the strategic direction for Risk Management. These risks are:

- **Traded Market Risk:** The risk of loss arising from potential adverse changes in the mark-to-market value of the bank's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

- **Non-Traded Market Risk (Interest Rate Risk in the Banking Book “IRRBB”):** 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.

8.1 TRADED MARKET RISK

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

Market Risk monitoring

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

STANDALONE RISK MEASURES

- **Interest Rate Risk:** It is measured through DV01 which determines the change in value of underlying portfolio for 1 basis point change in the interest rate.
- **Credit Spread Risk:** It is measured through CS01 which determines the change in value of underlying portfolio for 1 basis point change in the credit spread of underlying issuers.

Foreign Exchange Risk: For linear portfolio, the Forex Risk is monitored through measures such as: FX Delta, which indicates change in the value of portfolio with respect to the change in the value of FX Spot. For non linear portfolio, the bank uses other Greeks such as: FX Vega, which determines the change in value of option portfolio for 1% increase in the FX Volatility, FX Gamma, which indicates the change in FX Delta for 1 point change in FX Spot.

AGGREGATE RISK MEASURES

- **DVaR:** The aggregated risk is monitored through daily management Var, which is an estimate of the potential loss arising from unfavorable market movements, if the current positions were to be held unchanged for one business day. The bank uses the historical simulation methodology with a 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	Sep 30, 2020
- Interest rate risk	13,475,379
- Equity position risk	-
- Foreign exchange risk	1,794,375

9. OPERATIONAL RISK (Table DF-8)

Under ERMF, Operational Risk (OR) is defined as a Principal Risk. The Group Head of OR is the Principal Risk Accountable Officer for the management of OR.

Operational Risk is defined as - 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.

Overview

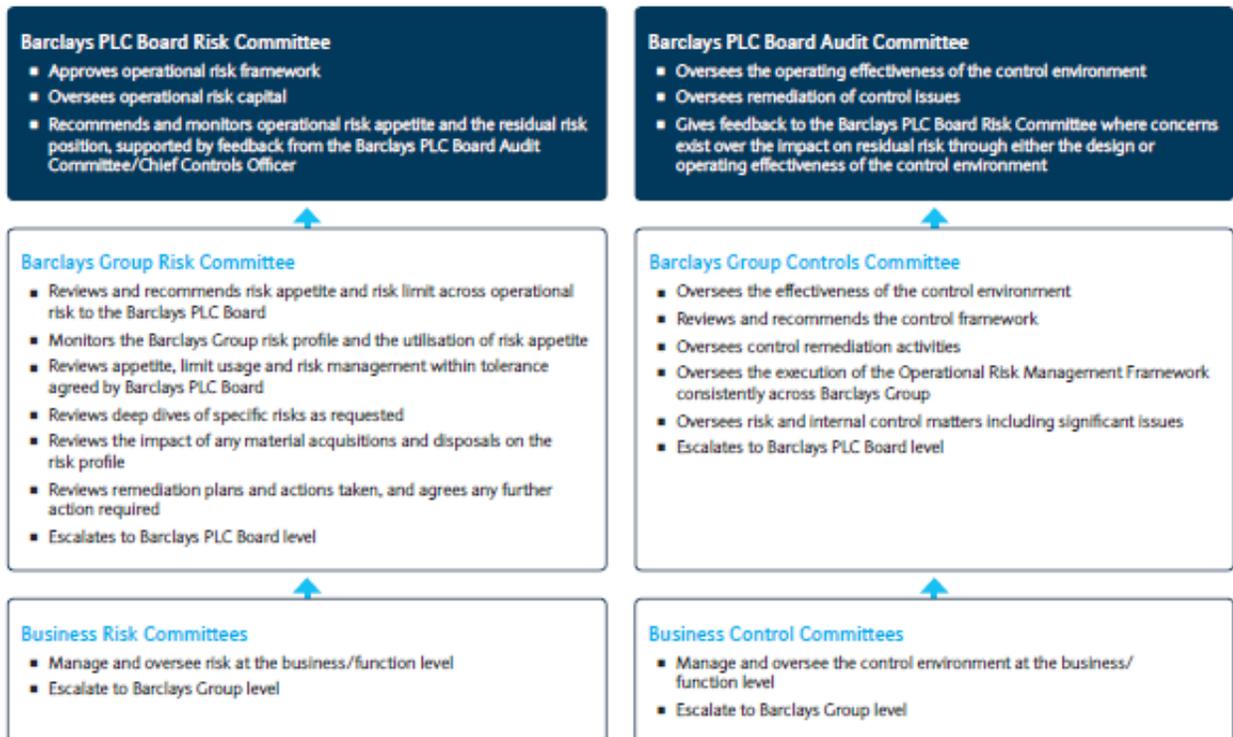
The management of operational risk has three key objectives:

- Deliver an operational risk capability owned and used by business leaders.
- Provide the frameworks, policies and standards to enable management to meet their risk management responsibilities while the second line of defence provides robust, independent, and effective oversight and challenge.
- Deliver a consistent and aggregated measurement of operational risk that will provide clear and relevant insights, so that the right management actions can be taken to keep the operational risk profile consistent with the Group's strategy, the stated risk appetite and stakeholder needs.

The Group operates within a strong system of internal controls that enables business to be transacted and risk taken

without exposing the Group to unacceptable potential losses or reputational damages.

Organisation and Structure



Operational risk categories:

Operational risks are grouped into risk categories to support effective risk management, measurement and reporting.

These are defined as follows:

1. Data Management and Information Risk - The risk that the Group information is not captured, retained, used or protected in accordance with its value and legal and regulatory requirements.
2. Financial Reporting Risk - The risk of a material misstatement or omission within the Group's external financial reporting, regulatory reporting or internal financial management reporting.
3. Fraud Risk - The risk of financial loss when an internal or external party acts dishonestly with the intent to obtain an undue benefit, cause a loss to, or to expose either the Group or its customers and clients to a risk of loss.
4. Payments Process Risk - The risk of payments being processed inaccurately, with delays or without appropriate authentication and authorisation. It includes payments processes from initiation through to external settlement, including any repairs or amendments.
5. People Risk - The set of risks associated with employing and managing people, including compliance with regulations, appropriate resourcing for requirements, recruitment and development risks (excluding health and safety related risk).
6. Physical Security Risk - The risk of business detriment, financial loss or harm to people as a result of any physical security incident impacting the Group or a Group employee – relating to harm to people, unauthorized access, intentional damage to premises or theft or intentional damage to moveable assets.
7. Premises Risk - The risk of business detriment or harm to people due to premises and infrastructure issues.
8. Supplier Risk - The risk that is introduced to the Group or a Group's entity as a consequence of obtaining services or goods from another legal entity, or entities, whether external or internal as a result of inadequate selection, inadequate management or inadequate exit management.
9. Tax Risk - The risk of unexpected tax cost in relation to any tax for which the Group is liable, or of reputational damage on tax matters with key stakeholders such as tax authorities, regulators, shareholders or the public. Tax cost includes tax, interest or penalties levied by a taxing authority.
10. Technology Risk - The risk of dependency on technological solutions and failure to develop, deploy and maintain technology solutions that are stable, reliable and deliver business need.
11. Transaction Operations Risk - The risk of customer/client or the Group detriment due to unintentional error and/or failure in the end-to-end process of initiation, processing and fulfilment of an interaction between a customer/client and the Group with an underlying financial instrument (e.g. mortgage, derivative product, trade product etc.) in consideration.

In addition to the above, operational risk encompasses risks associated with prudential regulation. This includes the risk of failing to: adhere to prudential regulatory requirements; provide regulatory submissions; or monitor and manage adherence to new prudential regulatory requirements.

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

The Group also recognises that there are certain threats/risk drivers that are more thematic and have the potential to impact the Group's strategic objectives. These are enterprise risk themes which require an overarching and integrated risk management approach. Including:

1. Cyber - The potential loss or detriment to Barclays caused by individuals or groups (threat actors) with the capabilities and intention to cause harm or to profit from attacks committed via network information systems against us, our suppliers, or customers/clients.
2. Data - Aligned to the data strategy of the Group and encompassing data risks to the Group from multiple risk categories, including data management, data architecture, data security & protection, data resilience, data retention and data privacy.
3. Resilience - The risk of the organisation's ability to survive and prosper in its commercial endeavors in the presence of adverse events, shocks and chronic or incremental changes.

Operational risk framework

The Operational Risk Framework comprises a number of elements which allow Barclays Group to manage and measure its operational risk profile and to calculate the amount of operational risk capital that Barclays Group needs to hold to absorb potential losses. The minimum, mandatory requirements for each of these elements are set out in the Operational Risk Framework and supporting policies. This framework is implemented across Barclays Group with all legal entities, businesses and functions required to implement and operate an Operational Risk Framework that meets, as a minimum, the requirements detailed in the operational risk policies. The Operational Risk Framework includes the following elements:

- Risk and Control Self-Assessment ("RCSA"): Risk and control self-assessments (RCSAs) are the way in which Barclays Group identifies and assesses the risks which are inherent in the material processes operated by Barclays Group. Managers in the business use the RCSA approach to evaluate the controls in place to mitigate those risks and assess the residual risk exposure to Barclays Group. The businesses / functions are then able to make decisions on what action, if any, is required to reduce the level of residual risk to Barclays Group. These risk assessments are monitored on a regular basis to maintain that each business understands the risks it faces.
- Internal Risk Events: where, through the lack or failure of a control, Barclays Group has actually, or could have, made a loss. The definition includes situations in which Barclays Group could have made a loss, but in fact made a gain, as well as incidents resulting in reputational damage or regulatory impact only. A standard threshold is used across Barclays Group for reporting risk events and part of the analysis includes the identification of improvements to processes or controls, to reduce the recurrence and/or magnitude of risk events. For significant events, both financial and non-financial, this analysis includes the completion of a formal lessons learnt report.

- External Risk Events: Barclays Group also maintains a record of external risk events which are publicly available and is a member of the Operational Riskdata eXchange (ORX), a not-for-profit association of international banks formed to share anonymous loss data information. This external loss information is used to support and inform risk identification, assessment and measurement.
- Operational Risk Appetite: The Board approves an Operational Risk Appetite Statement on an annual basis, establishing the level of operational risk that is acceptable in pursuit of Barclays Group's strategic objectives. Operational risks are assessed and monitored against the Board approved Operational Risk Appetite, with Risk Reduction Plans established for any risks that are above the acceptable level. The Operational Risk Profile is monitored through Risk Committees at legal entity, Barclays Group and Board level in the context of Operational Risk Appetite.
- Key Indicators: Key indicators (KIs) are metrics which allow the Operational Risk Profile to be measured and monitored against Management's Risk Appetite. KIs include defined thresholds and performance is reported regularly to Management to drive action.
- Risk Scenarios: Risk scenarios are a summary of the extreme potential risk exposures for Barclays Group covering the complete range of risks. These are done at global level and include an assessment of the key drivers for the exposure, occurrence and impact of the scenario and a review of the corresponding control environment. The assessment considers analysis of internal and external loss experience, Key Risk Indicators, Risk and Control Self-Assessments and other relevant information.

Process at Barclays Bank PLC India branch

- India branch follows the same rigor and process mandated by Barclays Group for treatment and reporting of internal risk events. Relevant external events are also reviewed by management to understand potential exposure to losses.
- Risk Events data for India is considered under the Group Medium Term Plan (MTP), Internal Stress Test (IST) and Economic Capital / Pillar 2 purposes at global level. This ensures that operational risk loss projections and Economic Capital assessments include additional impact informed by historical operational risk events in India.
- The operational risks (listed above) are assessed and reported in "India Control Forum" a local operational risk forum. Risks which are not within tolerance are monitored and tracked along with remedial actions and timelines.

Capital requirement for operational risk (Sep 30, 2020)

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, 2020 was INR 2,727.03 Million.

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

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

behavior, which result into income and capital volatility through changes in Net Interest Income and changes to the economic value of banking book assets and liabilities.

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

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

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

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

- A. Duration Gap Analysis - It measures the mismatch in duration of assets & liabilities and the resultant impact on market value of equity on account of changes in interest rates.
- B. Modified Duration Gap - It measures the repricing duration mismatch between time weighted assets and time weighted liabilities.
- C. Change in Economic Value of Equity - The Bank monitors the erosion on the economic value of equity for parallel interest rate shocks.

Further, the bank also performs stress testing to assess the earnings impact and economic value impact for extreme moves in interest rates.

Risk assessment technique:

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

Methods for measurement of the IRRBB:

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

Economic value perspective

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

Change in market value of equity (MVE) with 100 bps change in yield (value in absolute terms)
(Rs. In 000's)

Currency	Sep 30, 2020
Rupees	1,263,902.39
US Dollar	131,044.81
Other Currency	9,942.57

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	Sep 30, 2020
Earnings at Risk	27,931.79

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, 2020 is given below.

(Rs. In 000's)	
<u>Description</u>	<u>Sep 30, 2020</u>
Gross positive fair value of contracts	112,705,015
Netting benefits	31,883,131
Netted current credit exposure	80,821,884
Collateral held (including type, e.g. cash, government securities, etc.)	3,526,285
Net derivative credit exposure	77,295,599
Measures for Exposure At Default (EAD)	
Exposure amount, under CEM	288,320,170
Notional value of credit derivative hedges	-
Distribution of current credit exposure by types of credit exposure	
- Current credit exposure - Interest rate	98,261,728
- Current credit exposure – Currency Derivatives	190,058,442
Description	
Sep 30, 2020	
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**

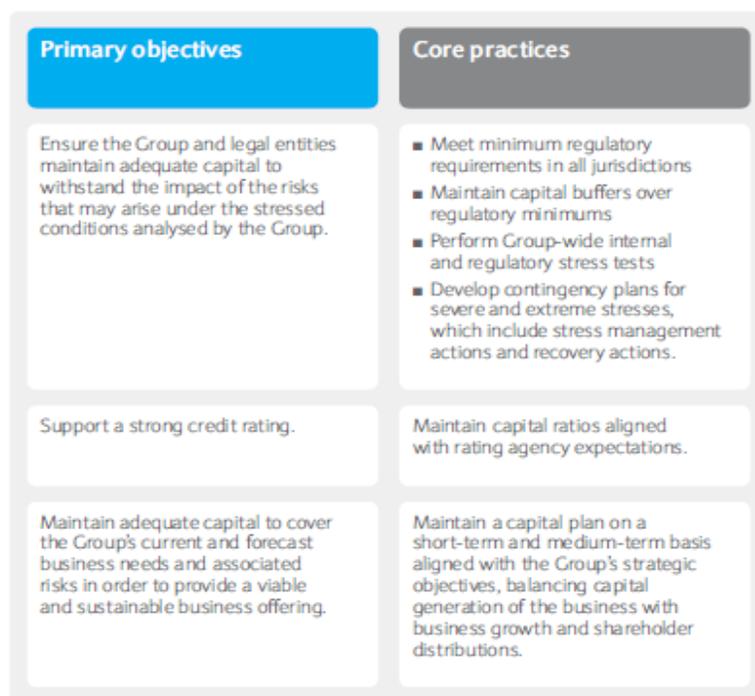
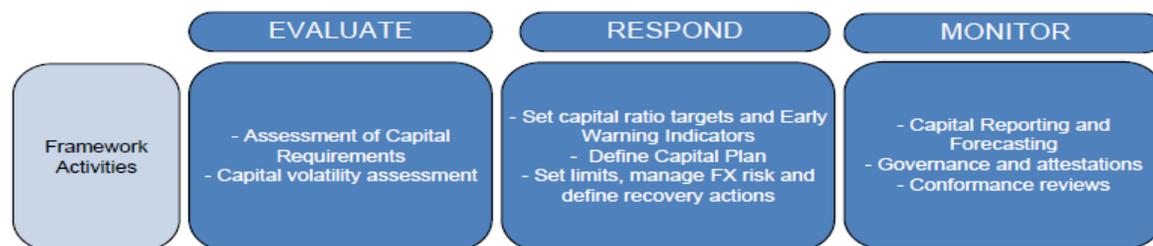
Treasury manages TFI and Capital Risk on a day to day basis with the ALCO acting as the principal management body.

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.

Liquidity risk management framework

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

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

Risk Appetite and planning

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

The Group LRA stress test is approved by the Board. The LRA is reviewed on a continuous basis and is subject to formal review at least annually as part of the Individual Liquidity Adequacy Assessment Process (ILAAP).

The Group LRA stress outflows are used to determine the minimum size of the Group Liquidity Pool. The Liquidity Pool represents those resources immediately available to meet outflows in a liquidity stress. In addition to the liquidity pool, the control framework and policy details available management actions that could be used to raise additional liquidity. Available management actions are assessed to determine their suitability, effectiveness and time to delivery

Liquidity limits

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

Early warning indicators

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

13. CONDUCT AND REPUTATIONAL RISK

Conduct Risk

Conduct Risk is the risk of detriment to customers, clients, market integrity, effective competition or Barclays from the inappropriate supply of financial services, including instances of wilful or negligent misconduct.

The Group defines, manages and mitigates conduct risk with the objective of providing good customer and client outcomes, protecting market integrity and promoting effective competition.

This includes taking reasonable steps to assure that (i) the Group's culture and strategy are appropriately aligned to these goals; (ii) its products and services are reasonably designed and delivered to meet the needs of customers and clients; (iii) the fair and orderly operation of the markets in which the Group does business is promoted; and (iv) the Group does not commit or facilitate money laundering, terrorist financing, bribery and corruption or breaches of economic sanctions.

Product Lifecycle, Culture and Strategy and Financial Crime are the risk categories within the Group definition of conduct risk.

The Compliance function sets the minimum standards required, and provides oversight to monitor that these risks are effectively managed and escalated where appropriate.

Conduct risk management

The governance of conduct risk within the Bank is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Executive Committee. The Conduct Risk Management Framework (CRMF) outlines how the Bank manages and measures its conduct risk profile. The Chief Compliance Officer is responsible for oversight of the implementation of controls to manage and escalate the risk.

Reputational Risk

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

Reputation risk is managed by embedding our purpose and values and maintaining a controlled culture within the Group, with the objective of acting with integrity, enabling strong and trusted relationships with customers and clients, colleagues and broader society.

Any material lapse in standards of integrity, compliance, customer service or operating efficiency may represent a potential reputation risk. Stakeholder expectations constantly evolve, and so reputation risk is dynamic and varies between geographical regions, groups and individuals. A risk arising in one business area can have an adverse effect upon the Group's overall reputation and any one transaction, investment or event (in the perception of key stakeholders) can reduce trust in the Group's integrity and competence. The Group's association with sensitive topics and sectors has been, and in some instances continues to be, an area of concern for stakeholders, including (i) the financing of, and investments in, businesses which operate in sectors that are sensitive because of their relative carbon intensity or local environmental impact; (ii) potential association with human rights violations (including combating modern slavery) in the Group's operations or supply chain and by clients and customers; and (iii) the financing of businesses which manufacture and export military and riot control goods and services.

Reputation risk could also arise from negative public opinion about the actual, or perceived, manner in which the Group conducts its business activities, or the Group's financial performance, as well as actual or perceived practices in banking and the financial services industry generally. Modern technologies, in particular online social media channels and other broadcast tools that facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and accelerate the distribution and effect of damaging information and allegations. Negative public opinion may adversely affect the Group's ability to retain and attract customers, in particular, corporate and retail depositors, and to retain and motivate staff, and could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In addition to the above, reputation risk has the potential to arise from operational issues or conduct matters which cause detriment to customers, clients, market integrity, effective competition.

Reputational risk management framework

The Group Chief Compliance Officer is accountable for developing a Reputation Risk Management Framework (RRMF), and the Head of Corporate Relations is responsible for developing a reputation risk policy and associated standards, including tolerances against which data is monitored, reported on and escalated, as required. The RRMF sets out what is required to manage reputation risk across the Group. The primary responsibility for identifying and managing reputation risk and adherence to the control requirements sits with the business and support functions where the risk arises.

Handling reputation Risk in India:

The above guidelines are followed group wide (globally) across Barclays in terms of reputation risk management. In particular in India, the following additional steps are taken:

- Proactive daily and weekly monitoring of media (press) for any potential mis-representation/reportage that may impact the firm's reputation and raise risk events
- Periodic refreshers and communication to employees about their responsibilities towards the firm in terms of handling/managing reputation risk

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.

Legal Risk:

The Legal Risk Management Framework supports the Enterprise Risk Management Framework and prescribes Group-wide requirements for the identification, measurement and management of legal risk in the firm globally. The legal risk policies and practices are designed to ensure that Barclays personnel identify issues that have potential risk implications and bring them to the attention of Legal function. 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 under seven areas of identified risk and includes control requirements, processes and delegated authorities to support the management of legal risks.

The Legal risk policies are aligned to the following legal risks:

- **Contractual Arrangements** – The Groups' rights and remedies in its relationships with other parties not being enforceable as intended due to the absence of appropriate contractual documentation or defects therein.
- **Litigation Management** – failure to adequately manage litigation involving the Group
- **Intellectual Property (IP)** – failure to protect the Group's IP assets or the Group infringing valid IP rights of third parties.
- **Competition/Antitrust law** – failure to adequately manage competition/antitrust issues or failure to manage relationships with competition and antitrust authorities.
- **Use of Law Firms** – failure to control instruction of an external law firm.
- **Contact with Regulators** – Failure to adequately manage interaction with regulators or failure to manage receipt and handling of regulatory information from a regulatory or government agency appropriately.
- **Legal Engagement** – Stakeholders to engage Legal Function ahead of making any key business decisions, which could have potential, significant, financial, operational, customer, regulatory or reputational implications

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	A
2	Retained earnings	12,619	B+C+D
3	Accumulated other comprehensive income (and other reserves) *	0	
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	65,114	
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)	2	K
10	Deferred tax assets	2,295	L
11	Cash-flow hedge reserve	-	
12	Shortfall of provisions to expected losses	-	
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined-benefit pension fund net assets	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in common stock of banking, financial and insurance entities that are outside the scope of regulatory consideration, net of eligible short positions (amount above 10% threshold3)	-	
20	Mortgage servicing rights4 (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences	-	
	(amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the common stock of financial entities	-	

(Rs. in million)			
Particulars		Amounts Subject to Pre-Basel III Treatment	Ref No.
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	
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	286	
	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	2,583	
29	Common Equity Tier 1 capital (CET1)	62,531	
Additional Tier 1 capital : instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-	
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	Additional Tier 1 capital before regulatory adjustments	-	
Additional Tier 1 capital : regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	

(Rs. in million)			
Particulars		Amounts Subject to Pre-Basel III Treatment	Ref No.
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities	-	
	that are outside the scope of regulatory consolidation (net of eligible short position) ¹⁰	-	
41	National specific regulatory adjustments (41 a+41 b)		
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)	62,531	
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	3,457	E+F+I+J+M
51	Tier 2 capital before regulatory adjustments	3,457	
Tier 2 capital : regulatory adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	

(Rs. in million)			
Particulars		Amounts Subject to Pre-Basel III Treatment	Ref No.
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant 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 adequacy ¹⁴	3,457	
b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	-	
c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	3,457	
59	Total capital (TC = T1 + T2) (45 + 58c)	65,987	
	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)	422,782	
a	of which: total credit risk weighted assets	277,353	
b	of which: total market risk weighted assets	123,392	
c	of which: total operational risk weighted assets	22,037	
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.79%	
62	Tier 1 (as a percentage of risk weighted assets)	14.79%	
63	Total capital (as a percentage of risk weighted assets)	15.61%	
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)	3,457	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	3,467	
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 million)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	2,295
	Total as indicated in row 10	2,295
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	3,457
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	3,457
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	63,399
	Reserves & Surplus	15,509	16,456
	Minority Interest	-	-
	Total Capital	68,004	79,854
ii	Deposits	115,994	115,994
	of which : Deposits from banks	7,380	7,380
	of which : Customer deposits	108,614	108,614
	of which : Other deposits (pl. specify)	-	-
iii	Borrowings	3,201	14,232
	of which : From RBI	-	-
	of which : From banks	-	551
	of which : From other institutions & agencies	3,201	13,656
	of which : Others (pl. specify)	-	26
	of which : Capital instruments	-	-
iv	Other liabilities & provisions #	146,840	146,858
	Total	334,039	356,939
B	Assets		
i	Cash and balances with Reserve Bank of India	4,897	4,897
	Balance with banks and money at call and short notice	9,785	10,286
ii	Investments :	89,368	89,608
	of which : Government securities	78,079	78,079
	of which : Other approved securities	-	-
	of which : Shares	-	241
	of which : Debentures & Bonds	9,131	9,131
	of which : Subsidiaries / Joint Ventures / Associates	-	-
	of which : Others (Commercial Papers, Mutual Funds etc.)	2,158	2,158
iii	Loans and advances	73,370	90,925
	of which : Loans and advances to banks	-	-
	of which : Loans and advances to customers	73,370	90,925
iv	Fixed assets	98	114

				(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	
v	Other assets #	156,521		158,085	
	of which : Goodwill and intangible assets	2		2	
	of which : Deferred tax assets	2,295		2,295	
vi	Goodwill on consolidation	-		-	
vii	Debit balance in Profit & Loss account	-		3,023	
Total Assets		334,039		356,938	

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		63,399		A
	of which : Amount eligible for CET1	52,495		63,399		
	of which : Amount eligible for AT1	-		-		
	Reserves & Surplus	15,509		16,456		
	of which : Capital Reserves	19		19		B
	of which : Statutory Reserve Fund	8,563		8,563		C
	of which : Remittable Surplus retained for CRAR requirements	4,036		4,036		D
	of which : Investment Reserve Account	275		275		E
	of which : Investment Fluctuation Reserve	1,150		1,150		F
	of which : General Reserve	13		13		G
	of which : Balance in the Profit and Loss Account	1,452		1,452		H
	Others	-		947		
		Total Capital	68,004		79,854	
ii	Deposits	115,994		115,994		
	of which : Deposits from banks	7,380		7,380		
	of which : Customer deposits	108,614		108,614		
	of which : Other deposits (pl. specify)	-		-		
iii	Borrowings	3,201		14,232		
	of which : From RBI	-		-		
	of which : From banks	-		551		
	of which : From other institutions &	3,201		13,656		

(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	
	agencies			
	of which : Others (pl. specify)	-	26	
	of which : Capital instruments	-	-	
iv	Other liabilities & provisions #	146,840	146,858	
	of which : DTLs related to goodwill	-	-	
	of which : DTLs related to intangible assets	-	-	
	of which : Provision on Standard Assets	1,731	1,731	I
	of which : Provision on Country Risk	66	66	J
	of which : Provision for other impaired assets	234	234	M
	Total	334,039	356,938	
B				
i	Cash and balances with Reserve Bank of India	4,897	4,897	
	Balance with banks and money at call and short notice	9,785	10,286	
ii	Investments	89,368	89,608	
	of which : Government securities	78,079	78,079	
	of which : Other approved securities	-	-	
	of which : Shares	-	241	
	of which : Debentures & Bonds	9,131	9,131	
	of which : Subsidiaries / Joint Ventures / Associates	-	-	
	of which : Others (Commercial Papers, Mutual Funds etc.)	2,158	2,158	
iii	Loans and advances	73,370	90,925	
	of which : Loans and advances to banks	-	-	
	of which : Loans and advances to customers	73,370	90,925	
iv	Fixed assets	98	114	
v	Other assets #	156,521	158,085	
	of which : Goodwill and intangible assets	2,298	2,298	
	Out of which :			
	Goodwill	-	-	
	Other intangibles (excluding MSRs)	2	2	K
	Deferred tax assets	2,295	2,295	L
vi	Goodwill on consolidation	-	-	
vii	Debit balance in Profit & Loss account	-	3,023	
	Total Assets	334,039	356,938	

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

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. DOR.Appt.BC.No.23/29.67.001/2019-20 dated 4 Nov 2019, the Head Office of the Bank has submitted a declaration vide its letter dated 14 February, 2020 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:

S.No	Leverage ratio framework	(Rs. in million)
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	190,079
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(2,298)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	187,782
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	112,705
5	Add-on amounts for PFE associated with all derivatives transactions	207,498
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)	320,203
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	31,255
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)	31,255
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	127,519
18	(Adjustments for conversion to credit equivalent amounts)	(101,473)
19	Off-balance sheet items (sum of lines 17 and 18)	26,046
	Capital and total exposures	
20	Tier 1 capital	62,531
21	Total exposures (sum of lines 3, 11, 16 and 19)	565,286
	Leverage ratio	
22	Basel III leverage ratio	11.06%

Summary of comparison of accounting assets and leverage ratio exposure

S. No	Particulars	(Rs. in million)
1	Total consolidated assets as per published financial statements	334,039
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	207,498
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)	26,046
7	Other adjustments	(2,298)
8	Leverage ratio exposure	565,286

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

S. No	Leverage ratio framework	(Rs. in million)
1	Total consolidated assets as per published financial statements	334,039
2	Replacement cost associated with all derivatives transactions, i.e. net of eligible cash variation margin	112,705
3	Gross SFT Assets	31,255
4	On-balance sheet exposure under leverage ratio (excluding derivatives and SFTs)	190,079