







BANK OF BAHRAIN & KUWAIT B.S.C. - INDIAN BRANCHES

(Incorporated in Bahrain with Limited Liability)

12. Letters of Comfort (LoCs): (Rs. in crore)
Particulars 2016-17 2015-16
No. of LoCs issued during the year 32 71
Financial impact of LoCs issued during the year - -
Cumulative financial obligation under the LoCs issued in the past and outstanding 5.04 22.31

13. Subordinated Debt raised during the year Rs. Nil (Previous year Rs. Nil)

14. Disclosure of Restructured Accounts As at 31 March 2017 (Rs. in Crore)

Table with columns: Sr. No., Type of Restructuring, Under CDR Mechanism, Under SME Debt Restructuring Mechanism, Others, Total. Rows include Restructured Accounts as on April 1, 2016, Additional/Fresh restructuring during the year, Upgradations to restructured standard category during the FY, etc.

\* decrease in asset outstanding mainly on account of recovery.

As at 31 March 2016 (Rs. in Crore)

Table with columns: Sr. No., Type of Restructuring, Under CDR Mechanism, Under SME Debt Restructuring Mechanism, Others, Total. Rows include Restructured Accounts as on April 1, 2015, Additional/Fresh restructuring during the year, Upgradations to restructured standard category during the FY, etc.

\* includes increase in asset outstanding mainly on account of disbursements.

\*\* Includes interest reversals on downgradation of the accounts and sale of an NPA account to Asset Reconstruction Company.

15. The Bank has not extended any finance for margin trading during the year.

16. During the year March 31, 2017 the Bank has/had exposure in excess of the single borrower prudential exposure ceiling in the following cases during the year:

- 1. Rastrya Chemicals and Fertilizers Limited
2. Laurus Labs Private Limited
However the exposure in all the above cases is approved by the Risk Management Committee (RMC) and is within the prescribed ceiling of 20%.

The bank has not exceeded regulatory group borrower exposure limits during the year.

During the year March 31, 2016 the Bank has/had exposure in excess of the single borrower prudential exposure ceiling in the following cases during the year:

- 1. Arch Pharamalabs Limited
2. Rastrya Chemicals and Fertilizers Limited
3. Laurus Labs Private Limited
However the exposure in all the above cases is approved by the Risk Management Committee (RMC) and is within the prescribed ceiling of 20%.

The bank has not exceeded regulatory group borrower exposure limits during the year.

17. Details of financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction: (Rs. in crore)

Table with columns: Item, 2016-17, 2015-16. Rows include No. of accounts, Aggregate value (net of provisions) of accounts sold to SC/RC, Aggregate consideration, Additional consideration realized in respect of accounts transferred in earlier years, Aggregate gain/(loss) over net book value.

(\*\*) of the above write off of Rs. 4.99 crores (11.63 Crores of the previous year) has been deferred in accordance with RBI Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances DBR No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015.

18. Disclosures relating to Securitisation: The Bank is not the originating Bank to any securitization transactions during the year under review (previous year Nil).

19. Credit Default Swaps: The Bank has not entered into any credit default swaps during the year under review (previous year Nil).

20. Disclosure on remuneration: (a) Information relating to the composition and mandate of the Remuneration Committee.

Summary terms of reference, roles and responsibilities:
• The Board appoints not less than three members for a one year term. The Chairman is an Independent Director and the majority of members should also be independent.
• The Chairman and the Deputy Chairman must be elected by the members of the Committee, in its first meeting after the appointment of the members.
• Minimum number of meetings required each year: 2
• Quorum shall be more than half of the members and must include the Chairman or the Deputy Chairman. The attendance by proxies is not permitted.
• The Chairman or Deputy Chairman shall be available at the Annual General Meeting to answer questions relating to the Committee's functions
• The Committee conducts an annual self-assessment of the performance of the Committee / members and report conclusions and recommendations to the Board.

Table with columns: (b) Information relating to the design and structure of remuneration processes, (c) Description of the ways in which current and future risks are taken into account, (d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration, (e) A discussion of the Bank's policy on deferral and vesting of variable remuneration, (f) Description of the different forms of variable remuneration, (g) Number of meetings held by the Remuneration Committee, (h) Number of employees having received a variable remuneration award, (i) Total amount of outstanding deferred remuneration, (j) Breakdown of amount of remuneration awards, (k) Total amount of outstanding deferred remuneration and retained remuneration.

21. Risk Category wise Country Exposure: (Rs. in crore)

Table with columns: Risk category, As on March 31, 2017 Exposures, Provisions, As on March 31, 2016 Exposures, Provisions. Rows include Insignificant, Low Risk, Moderate Low Risk, Moderate Risk, Moderate High Risk, High Risk, Very High Risk.

22. Details of non-performing financial assets purchased/sold:

A. Details of non-performing financial assets purchased (Rs. in crore)

Table with columns: Particulars, 2016-17, 2015-16. Rows include No. of accounts purchased during the year, Aggregate outstanding, Of these, number of accounts restructured during the year, Aggregate outstanding.

B. Details of non-performing financial assets sold (Rs. in crore)

Table with columns: Particulars, 2016-17, 2015-16. Rows include No. of accounts sold, Aggregate outstanding, Aggregate consideration received.

23. Provision on Standard Asset: (Rs. in crore)

As on 31.03.2017: Rs. 5.07
As on 31.03.2016: Rs. 4.04

24. Concentration of Deposits, Advances, Exposures and NPAs:

Concentration of Deposits (Rs. in crore)

Table with columns: Particulars, 2016-17, 2015-16. Rows include Total deposits of twenty largest depositors, % of deposits of twenty largest depositors to total deposits of the Bank.

Concentration of Advances (net) (Rs. in crore)

Table with columns: Particulars, 2016-17, 2015-16. Rows include Total Advances to twenty largest borrowers, % of Advances to twenty largest borrowers to total advances of the Bank.

\*Advances are computed as per the definition of credit exposure including derivatives furnished in RBI master circular on exposure norms DBOD.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

Note:- Advances to borrowers exclude exposure to Banks.

Concentration of Exposures (net) (Rs. in crore)

Table with columns: Particulars, 2016-17, 2015-16. Rows include Total Exposure to twenty largest borrowers/customers, % of exposures to twenty largest borrowers/customers to total exposure of the Bank on borrowers/customers.

\*Exposure is computed based on credit and investment exposure as prescribed in RBI circular on exposure norms DBOD.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

Note:- Exposure to borrowers/customers exclude exposure to Banks.

Concentration of NPAs (net) (Rs. in crore)

Table with columns: Particulars, 2016-17, 2015-16. Rows include Total Exposure to top four NPA accounts.

25. Overseas Assets, NPAs and Revenue: (Rs. in crore)

Table with columns: Particulars, 2016-17, 2015-16. Rows include Total Assets, Total NPAs, Total Revenue.

26. Off-balance Sheet SPVs sponsored:

Table with columns: Particulars, 2016-17, 2015-16. Rows include Domestic, Overseas, Name of the SPV sponsored, Name of the SPV sponsored.

27. Fee/remuneration received in respect of bancassurance business: (Rs. in crore)

Table with columns: Sr. No., Nature of Income, 2016-17, 2015-16. Rows include For selling life insurance policies, For selling non-life insurance policies, For selling mutual fund products.

28. Unsecured Advances: (Rs. in crore)

Table with columns: Particulars, 2016-17, 2015-16. Rows include Total amount of advances for which intangible securities such as charge over rights, licenses, authority etc has been taken, Estimated value of intangibles collaterals as stated above.

29. Disclosure on derivatives:

The Bank has not dealt with any Forward Rate Agreement (FRA)/Interest Rate Swaps. The Bank does not deal in Exchange Traded Interest Rate Derivatives. Hence, the disclosure in respect of the same is not applicable. The Bank has very limited exposure to derivatives viz. forward foreign exchange contracts.

a. Qualitative Disclosure

1) The structure and organisation for management of risk in derivatives trading: Treasury operation is segregated into three different department's viz. front office, mid-office and back office. The primary role of front office is to conduct business, that of mid-office is to ensure compliance in accordance with set norms and policies and that of back office is to process / settle the transactions.

The Bank has in place policies / procedures which have been approved by the Management Committee to ensure adherence to various risk parameters and prudential limits.

2) The scope and nature of risk measurement, risk reporting and risk monitoring systems:

a) Risk Measurement: For forward foreign exchange contracts, risk is measured through a daily report called Value at Risk (VaR), which computes VaR on the foreign exchange, gaps using FEDAI VaR factors.

b) Risk Reporting and Risk monitoring systems: The Bank has the following reports/systems in place which are reviewed by the top management: (i) VaR (ii) Net open position (iii) AGL / IGL (iv) Dealer wise limits (v) Stop loss limits (vi) Bankline limits

3) Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants: The Bank has the following two policy papers in place, approved by Management Committee. (i) Integrated Foreign Exchange policy and (ii) Asset - Liability Management (ALM) Policy

The Bank monitors the hedges/mitigants on a continuous basis through daily and monthly reports that are reviewed by the dealing room/top management.

4) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts, provisioning and credit risk mitigation As stated in Schedule 17: Principal accounting policies point no 3 (a) and (d).

b. Quantitative Disclosure (Rs. in crore)

Table with columns: Sr. No., Particular, Currency swaps (Forward Foreign exchange contracts) As on March 31, 2017, As on March 31, 2016. Row 1: Derivatives (Notional Principal Amount) a) For hedging 32.42 53.00 b) For trading 195.85 265.72

2 Marked to Market Positions a) Asset (+) 5.67 5.18 b) Liability (-) 1.81 1.41

3 Credit Exposure 9.58 10.28

4 Likely impact of one percentage change in interest rate (100\*PV01) a) on hedging derivatives - - b) on trading derivatives - -

5 Maximum and Minimum of 100\*PV01 observed during the year a) on hedging - - b) on trading - -

30. No penalties were levied by Reserve Bank of India under section 46 (4) of the Banking Regulation Act, 1949 during the year. Reserve Bank of India imposed a penalty of Rs. 32,185/- for an instance of shortfall on a single day in maintenance of cash reserve ratio under section 42 of Reserve Bank of India Act, 1934.

31. Draw down from Reserves: Investment Reserve Account: (Rs. in crore)

Table with columns: Particulars, 2016-17, 2015-16. Rows include Opening Balance 1.40 1.31 (+) Additions during the year 0.50 0.09 (-) Utilized during the year - -

Closing Balance 1.90 1.40

32. Analysis and Disclosure of complaints: A. Customer Complaints

Table with columns: Sr. No., Particulars, 2016-17, 2015-16. Row (a) No. of complaints pending at the beginning of the year Nil Nil

(b) No. of complaints received during the year 3 1

(c) No. of complaints redressed during the year 3 1

(d) No. of complaints pending at the end of the year Nil Nil

(No ATM complaints were received during the year: Previous year Nil)

\*Data provided by management and relied upon by the auditors.





BANK OF BAHRAIN & KUWAIT B.S.C. - INDIAN BRANCHES

Notes: - (i) The Bank operates as a single unit in India and as such has no identifiable geographical segments subject to dissimilar risk and returns. Hence no information regarding the same has been given.

- 1. Credimax
2. Invita Bahrain
3. Global Payment Services
4. Invita-Kuwait
5. BBK Shares Incentive

51. Related Parties
Parent
Bank of Bahrain & Kuwait, Bahrain, its branches and representative office.
Subsidiaries of Parent
1. Credimax
2. Invita Bahrain
3. Global Payment Services
4. Invita-Kuwait
5. BBK Shares Incentive

52. Operating Leases
a) Details of total of future minimum lease payments are as follows:
Table with columns: Particulars, 2016-17, 2015-16

b) Lease payments of Rs. 6.05 crore (previous year Rs. 5.68 crore) have been recognized in the Profit and Loss Account for the year.

53. Deferred Taxes
In accordance with Accounting Standard 22 on "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, the Bank has recognized Deferred Tax Asset (DTA) on timing differences to the extent there is reasonable certainty based on contracts and arrangements in place which will enable the Deferred Tax Asset to be reversed.

Table with 3 columns: Particulars, As at March 31, 2017, As at March 31, 2016. Rows include Deferred Tax Assets and Deferred Tax Liability.

54. Provisions and contingencies
(i) Claims against the Bank not acknowledged as debts:
Includes legal proceeding in the normal course of business, which is disputed by the Bank.

55. There are no outstanding dues towards principal amount or interest thereon remaining unpaid to any supplier covered under Micro, Small and Medium Enterprises Development Act, 2006 as at the end of accounting year.

For Bank of Bahrain & Kuwait B.S.C. - Indian Branches
Mallikarjun Kota Country Head & CEO - India
Mehjabeen Saifi Vice President Financial Control - India

Disclosures under the New Capital Adequacy Framework (BASEL III guidelines) for the year ended March 31, 2017

- 1. Scope of application: The bank has no subsidiary and hence no consolidation is applicable.
2. Capital Structure: Qualitative Disclosures: Tier 1 - Capital of the bank comprises of capital funds injected by HO, Statutory reserves and retained earnings.

Table showing Capital Adequacy: Capital requirement for credit risk, Portfolios subject to standardized approach, Securitization exposures, Total @ 9% CRAR.

3. Capital Adequacy: Qualitative Disclosures: The primary objective of the Bank's capital management framework is to ensure that the Bank complies with externally imposed capital requirements and maintains healthy capital ratios in order to support its business and to maximize the return on equity.

Table showing Capital requirement for operational risk, Basic indicator approach.

Table showing Capital requirement for operational risk, Basic indicator approach.

Table showing Capital required for operational risk, Tier I Capital, Tier II Capital, Total CRAR, Core CRAR.

Table showing Capital requirement for operational risk, Basic indicator approach.

4. General Disclosures: Qualitative Disclosures: Risk Management involves identifying, measuring, monitoring and managing risks on a regular basis.

(i) Liquidity Risk (ii) Market Risk (iii) Credit Risk (iv) Operational Risk. Country Head - India is the head of Indian operations who functions under the guidance of the Head office at Bahrain.

Liquidity Risk: Liquidity risk is defined as the potential inability of the Bank to meet its financial obligations (liquidity needs) due to funding mismatch.

Market Risk: Market risk is defined as the risk of losses in on or off balance sheet positions arising from movements in market prices of interest rate related instruments, equities, Forex and commodity prices.

Credit Risk: Credit Risk is defined as the risk of the bank's borrowers or counterparties failing to meet their obligations in accordance with the agreed terms.

Traditional gap analysis and Duration gap analysis are followed for interest rate risk management. Fixing of IGL/AGL and forex VAR are followed for managing the forex risk.

Non-performing Assets: The Bank has followed the 90-day norm for NPA classification. Accordingly, an advance is treated as a Non-performing asset when

- (i) Interest and /or installment of principal amount remains overdue for a period of 90 days or above in respect of a term loan
(ii) The account remains out of order for a period of more than 90 days in respect of Overdraft/Cash Credit
(iii) Bills remain overdue for a period of more than 90 days in case of bills purchased/discounted.

Discussion of Bank's Credit Risk Management policy
As discussed under the sub head Credit risk
Qualitative Disclosures: Total gross credit risk exposures - Fund based Rs. 1,988.09 crore

Geographic distribution of exposure-Fund based and non fund based separately. The Bank operates as a single unit in India and as such has no identifiable geographical segment subject to dissimilar risk and returns.

Industry type distribution of exposures- funded and non-funded exposure separately.

Industry-wise break up on as 31-03-2017

Table with columns: CODE, INDUSTRY, Rs.in crores (Fund based, Non Fund Based). Rows include Iron & Steel, All Engineering, Electricity, Cotton Textiles, Other Textiles, Food Processing, Chemicals, dyes paints etc.

Table showing Residual Contractual Maturity break-down of assets: 1 Day, 2-7 Days, 8 to 14 Days, 15 to 30 Days, 31 days - 2 months, 2 month - 3 months, 3-6 months, 6-12 months, 1-3 years, 3-5 years, 5-10 years, 10-20 years, Over 20 Years, Total.

Amount of NPA's Gross
Substandard Rs. 0.04 crore
Doubtful 1 Rs. 25.63 crore
Doubtful 2 Rs. 27.69 crore
Doubtful 3 Rs. 0.02 crore
Loss Rs. 5.14 crore
Net NPA's Rs. 0.02 crore

Particulars 2016-2017
Opening Balance 1.71
Add: Provisions for depreciation made during the year 0.13
Less: Write-off/write back of provision during the year 1.30
Closing balance 0.54

5. Credit Risk: Portfolios subject to standardized approach
Qualitative Disclosures: As per RBI Guidelines, the Bank has identified CARE, CRISIL, Brickworks, ICRA and India Ratings in India as the domestic credit rating agencies and FITCH, MOODY and S & P as international credit rating agencies.

Quantitative Disclosures: The quantitative disclosures for exposure amounts after risk mitigation subject to the standardized approach are given in three major risk buckets- Below 100% risk weight Rs. 2,110.92 crore

6. Credit risk mitigation: Standardized approach
Qualitative Disclosures: The Bank has in place credit risk mitigation and collateral management policy which summarizes the Bank's approach for an indication of the extent to which the bank makes use of on and off balance sheet netting.

Table showing Rs. in crore as of 31-03-2017: Gross outstanding, Financial Mitigant, Corporate loans\* 49.37, 16.53, Retail loans\* Nil, Nil

Table DF-11: Composition of Capital
Part II: Template to be used before March, 2017
(i.e. during the transition period of Basel III regulatory adjustments)

Table with columns: Sr No., Particulars, Amount, Amt Subject to Pre Basel III Treatment, Ref No. Rows include Funds from Head Office, Retained earnings, Accumulated other comprehensive income, etc.

Table with columns: Sr No., Particulars, Amount, Amt Subject to Pre Basel III Treatment, Ref No. Rows include Of Which fertilizers, Of Which petro chemicals, Of Which drugs & pharmaceuticals, etc.

7. Securitisation: Standardised approach
The Bank has not securitized any of its assets portfolios.
8. Market Risk
Qualitative Disclosures: a) The Bank is following the standardized duration for calculating market risk on the following portfolios

Quantitative Disclosures: i) Interest rate risk Rs. 4.16 crore, ii) Equity position risk Rs. 0.00 crore, iii) Foreign exchange risk Rs. 1.09 crore

9. Operational Risk
Qualitative Disclosures: Operational Risk is the exposure to loss resulting from inadequate or failed internal processes or people or systems or from external events.

Interest Rate Risk in the Banking book
The Asset Liability Management Committee which is responsible for evolving appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks.

10. Interest rate Risk in the banking Book (IRRBB)
Qualitative Disclosures: The Bank has practice of monitoring Interest rate risk in Banking Book on a monthly basis.

Quantitative Disclosures: The impact on the bank's financial condition due to change in interest rate is being monitored. The impact of 200 basis points change upward/downward in interest rate on Net Interest Income (Nil) amounted to an expected loss of INR 9.02 crore based on Asset Liability position of March 2017 using the traditional gap analysis.

