

(Incorporated in Bahrain with Limited Liability)

INDEPENDENT AUDITORS' REPORT

Bank of Bahrain & Kuwait B.S.C - Indian Branches

Report on the Financial Statements

The Country Head & CEO,

We have audited the accompanying financial statements of Bank of Bahrair & Kuwait B.S.C - Indian Branches ("the Bank"), which comprises the Balance Sheet as at 31 March 2017, the Profit and Loss account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Bank's Management is responsible for the matters stated in section 134(5) of the Companies Act. 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- Our responsibility is to express an opinion on these financial statements based
- We have taken into account the applicable provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder
- We conducted our audit in accordance with Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from materia misstatement
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's management, as well as evaluating the overall presentation of the financial statements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Act, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally
- in the case of the Balance Sheet, of the state of affairs of the Bank as at
- in the case of the Profit and Loss account, of the Profit of the Bank for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date

Report on Other Legal and Regulatory Requirements

- The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act read with Rule 7 of the Companies Accounts) Rules, 2014.
- As required sub section (3) of section 30 of the Banking Regulation Act. 1949 and the appointment letter dated February 27, 2017, we report that:
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- The transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
- The Bank's financial accounting systems are centralised and therefore separate accounting returns for the purpose of preparation of financial statement are not required to be submitted by the branches. We have visited the Bank's Mumbai, Delhi and Hyderabad Branches for the purpose
- The disclosure required on holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016 as envisaged in notification GSR 308(E) dated March 30, 2017 issued by the Ministry of Corporate Affairs, is not applicable to the Bank - Refer Note 48 of Schedule 18 to the financial statements.
- 11. Further, as required by section 143(3) of the Act, we further report that:
 - We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books
 - The Balance Sheet, the Profit and Loss Account and the Cash Flo Statement dealt with by this report are in agreement with the books of
 - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting guidelines prescribed by the RBI.
 - considering the Bank is branches of Bank of Bahrain & Kuwait B.S.C. which is incorporated with limited liability in Bahrain.

The requirements of Section 164(2) of the Act are not applicable

With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report.

Other Matters

- 12. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
 - The Bank has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Schedule 12 and Note 54 of
 - Schedule 18 to the financial statements. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 57 of Schedule 18 to the financial statements.
 - There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Bank

For Borkar & Muzumdar Chartered Accountants

Firm's Reg. No. 101569W Sd/-

Place: Mumbai Partner Date: June 23, 2017 M. No. 870

Annexure A to the Independent Auditor's Report of even date on the Financial Statements of Bank of Bahrain & Kuwait B.S.C- Indian Branches

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") We have audited the internal financial controls over financial reporting of Bank

of Bahrain & Kuwait B.S.C- Indian Branches ("the Bank") as of March 31, 2017 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining interna financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financia Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financia Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls ove financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over inancial reporting, assessing the risk that a material weakness exists, and testing nd evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement ncluding the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting

Meaning of Internal Financial Controls Over Financial Reporting

A Banks internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with enerally accepted accounting principles. A Bank's internal financial control over nancial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable ssurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, nd that receipts and expenditures of the Bank are being made only in accordance rith authorisations of management of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition use, or disposition of the Bank's assets that could have a material effect on the

nherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial eporting, including the possibility of collusion or improper management override of ontrols, material misstatements due to error or fraud may occur and not be detected Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the nternal control over financial reporting criteria established by the Bank considering he essential components of internal control stated in the Guidance Note issued by the ICAI.

> For Borkar & Muzumdar Chartered Accountants Firm's Reg. No. 101569W

Dilip Muzumdar Place: Mumbai Partner Date: June 23, 2017 M. No. 8701

BALANCE SHEET AS AT MARCH 31, 2017			
	Sche- dule	As at March 31, 2017 Rs. (000's)	As at March 31, 2016 Rs. (000's)
CAPITAL AND LIABILITIES			
Capital	1	2,928,863	2,928,863
Reserves & Surplus	2	1,298,754	1,129,303
Deposits	3	14,734,406	12,440,667
Borrowings	4	500,000	-
Other Liabilities and Provisions	5	471,498	469,490
TOTAL		19,933,520	16,968,323
ASSETS			
Cash and balances with Reserve Bank of India	6	787,586	617,973
Balances with Banks and Money at Call and Short Notice	7	2,862,803	2,525,429
Investments	8	3,820,388	3,901,301
Advances	9	11,570,144	9,041,744
Fixed Assets	10	61,508	55,711
Other Assets	11	831,091	826,165
TOTAL		19,933,520	16,968,323
Contingent Liabilities	12	4,352,261	4,645,169
Bills for Collection		2,037,295	4,137,496
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to herein form an integral part of the Balance Sheet. As per our report of even date attached			

For Borkar & Muzumdar For Bank of Bahrain & Kuwait B.S.C. Chartered Accountants Indian Branches Firm Registration

NO. 101309W		
Sd/-	Sd/-	Sd/-
Dilip Muzumdar	Mallikarjun Kota	Mehjabeen Saifi
Partner	Country Head &	Vice President
Membership No. 8701	CEO - India	Financial Control - India
Place: Mumbai		

	Sche- dule	For the year ended year ende		
		March 31, 2017 Rs (000's)	March 31, 2016 Rs (000's)	
INCOME				
Interest Earned	13	1,271,292	1,120,701	
Other Income	14	241,188	244,185	
		1,512,480	1,364,886	
EXPENDITURE				
Interest Expended	15	727,516	715,718	
Operating Expenses	16	313,447	311,466	
Provisions and Contingencies		288,743	325,322	
		1,329,706	1,352,506	
PROFIT				
Net Profit for the year		182,775	12,380	
Profit/(Loss) Brought Forward		22,380	118,087	
		205,155	130,467	
APPROPRIATIONS				
Transfer to Statutory Reserve		45,694	3,095	
Transfer to/(from) Investment Reserve Account		4,966	905	
Remittance of profits		13,324		
Transfer to surplus retained for Capital Adequacy		114,771	104,087	
Balance carried over to Balance Sheet		26,400	22,380	
		205,155	130,467	
Significant Accounting Policies and Notes to Accounts	17 & 18			

SCHEDULE 4

BORROWINGS

I Borrowings in India from

II Borrowings outside India

- Rs. Nil (Previous year Rs. Nil)

(ii) Other Banks

Total (I+II)

I Bills Payable

SCHEDULE 6

BANK OF INDIA

Total (I+II)

SCHEDULE 7

I In India

II Outside India

Total (I+II)

currency notes)

(i) In Current Account

(ii) In Other Account

CALL & SHORT NOTICE

(i) Balances with Banks

(a) With Banks

(i) In Current Account

(a) In Current Account

(b) In Other Deposit Account

(ii) Money at Call and Short Notice

(b) With Other Institutions (c) Lending under reverse repo

(RBI and banks)

(ii) In Other Deposit Accounts

(iii) Money at Call and Short Notice

II Interest Accrued

(i) Reserve Bank of India

(iii) Other institutions and agencies

Secured borrowings included in I & II above

OTHER LIABILITIES AND PROVISIONS

IV Provision for tax (net of advance tax)

CASH AND BALANCE WITH RESERVE

Balances with Reserve Bank of India

BALANCES WITH BANKS & MONEY AT

Cash in hand (including foreign

Provision for standard assets

V Others (including provisions)

Schedules referred to herein form an integral part of the Profit and Loss Account As per our report of even date attached

or Borkar & Muzumdar For Bank of Bahrain & Kuwait B.S.C. Chartered Accountants Indian Branches Firm Registration

Date: June 23, 2017

Provision on Investments

No. 101569W Mallikariun Kota Dilip Muzumdar Mehiabeen Saifi Country Head & Vice President CEO - Índia Financial Control - India lembership No. 8701 Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	For the year ended March 31, 2017 Rs (000's)	For the year ended March 31, 2016 Rs (000's)
Cash flows from operating activities		
Net profit/(loss) before taxation	279,726	(28,022)
Adjustments for:		
Depreciation on Fixed Assets	16,291	20,229
(Profit)/Loss on sale of fixed assets	(32)	(38)
Premium amortised on Held to Maturity category	-	13
Provision in respect of Non performing advances	178,487	520,451
Provision in respect of Non performing advances written back	(96,684)	(249,804)
Provision for Diminution in Fair Value of restructured advances	(1,900)	(97,841)
Bad Debts written off	112,045	249,444
Provision on country risk	1,234	(757)
Provision on Standard Assets	10,280	(54,271)

(11.669)

(1.498)

Operating profit before working capital		
changes	487,778	357,906
(Increase)/Decrease in Investments	92,582	(611,287)
(Increase)/Decrease in Advances	(2,720,347)	61,050
(Increase)/Decrease in Other Assets	48,957	(262,590)
Increase/(Decrease) in Deposits	2,293,739	1,994,971
Increase/(Decrease) in Other Liabilities & Provisions	(9,506)	(20,693)
Increase/(Decrease) in Borrowings	500,000	(562,500)
Income taxes (paid)/received	(150,834)	(106,051)
Net Cash Flow generated from/(used in) Operating Activities	542,369	850,806
Cash flows from investing activities		
Purchase of fixed assets	(22,096)	(7,612)
Proceeds from sale of fixed assets	39	123
Net Cash Flow generated from/(used in) Investing Activities	(22,057)	(7,489)
Cash flows from financing activities		
Injection of capital	-	-
Remittance of profits	(13,324)	-
Net Cash Flow generated from/(used in) Financing Activities	(13,324)	-
Net increase/(decrease) in cash and cash equivalents	506,988	843,317
Cash and Cash equivalents at the beginning of the year	3,143,402	2,300,085
Cash and Cash equivalents at the end of	3,650,390	3,143,402

SCHEDULE 8

INVESTMENTS

I Investments in India

(iii) Shares

(vi) Others

(i) Government securities (*)

(ii) Other approved securities

(v) Subsidiaries / Joint Ventures

Less:- Provision on Investments

includes Securities of book value of Rs.

Year BV 9,91,569 FV 9,90,000) deposited

with CCIL, securities of FV of Rs. 6,67,000

7,98,946 (FV Rs. 8,03,000) (Previous

(Previous Year Rs. Nil) received under

LAF and securities of FV of Rs. 450,000

kept with RBI under section 11(2)(b)(ii) of

Banking Regulation Act, 1949 (Previous

A (i) Bills purchased and discounted

repayable on demand

(i) Secured by tangible assets*

(ii) Covered by Bank/Government

*includes advances against book debts

(ii) Cash credits, Overdrafts & Loans

(iv) Debentures and bonds

II Investments outside India

III Investments in India

Gross Value

Net Value

Year FV Rs. 440,000).

(iii) Term Loans

Guarantees

I Advances in India

(iii) Unsecured

SCHEDULE 9

ADVANCES

Total

Total

В

ΙΙс

3.669.088

151.300

3,820,388

3,820,388

3,825,838

3,820,388

2,463,495

5,197,143

3,909,506

11.570.144

5,473,469

2.148.468

3,948,207

11,570,144

3,575,801

7,994,343

11,570,144

11,570,144

24,988

(3,801)

21,187

222,383

(206,498)24,125

8.617

(377)

16.196

61,508

110,393

119,346

284,948

316.394

831,091

91,400

2,282,739

928.776

820.751

137,400

10.276

11,500

982

1,568

205

10.058

14 589

35 372

313,447

800

164

419

9.097

13,255

36.745

311,466

4,352,261

69,419

10

(5,450)

3.745.270

4,731

151.300

3,901,301

3,901,301

3,918,420

3,901,301

1,160,895

3,413,176

4,467,673

9.041.744

3,826,308

1.487.146

3,728,290

9,041,744

3,298,295

5,743,449

9,041,744

9,041,744

24,988

(3,394)

21,594

216,188

8.427

(2,231)

31,400

2,717

55,711

64,606

118,922

231,445

411.187

826,165

91,400

3,187,195

721,607

276,970

352.000

2,120

9.377

4.500

4,645,169

(190,984)

(17,119)

Firm Registration

No. 101569W		
Sd/-	Sd/-	Sd/-
Dilip Muzumdar	Mallikarjun Kota	Mehjabeen Saifi
Partner	Country Head &	Vice President
Membership No. 8701	CEO - India	Financial Control - India
Place: Mumbai Date: June 23, 2017		

	e: Mumbai : June 23, 2017			C I Advances in India (i) Priority Sector
	SCHEDULES FORMING PART OF FINA	NCIAL STAT	EMENTS	(ii) Public Sector
	AS ON MARCH 31, 2			(iii) Banks
		As at March	As at March	(iv) Others
		31, 2017	31, 2016	Sub-total
		Rs. (000's)	Rs. (000's)	II Advances outside India
	HEDULE 1			Sub-total
SH	ARE CAPITAL			Total
(i)	Amount of deposit kept with the			SCHEDULE 10
	Reserve Bank of India under section 11(2)(b) of the Banking Regulation			FIXED ASSETS
	Act, 1949	450,000	440,000	I Premises
(ii)	Amount brought in by Bank by way of		.,	At cost as per last Balance Sheet
` ′	Capital			Additions during the year
	Opening Balance	2,928,863	2,928,863	Deductions during the year
	Add: Capital infusion during the year	-	-	Depreciation to date
	Total	2,928,863	2,928,863	II Other fixed assets
SC	HEDULE 2			At cost as per last Balance Sheet
	SERVES AND SURPLUS			Additions during the year
I	STATUTORY RESERVE			Deductions during the year
'	As per Last Balance Sheet	418,657	415,562	Depreciation to date
	Add: Transfer from Profit & Loss	410,057	415,502	
	Account	45,694	3,095	III Capital work in progress (including
	7.0000.11	464,351	418,657	capital advances)
ш	PROPERTY INVESTMENT RESERVE	9,976	9,976	Total
iii	CAPITAL RESERVE	27,231	27,231	SCHEDULE 11
ıv	SURPLUS RETAINED FOR CAPITAL	27,251	27,231	OTHER ASSETS
''	ADEQUACY			I Interest accrued
	As per Last Balance Sheet	637,066	532,979	II Tax paid in advance/ tax deducted at
	Add: Transfer from Profit & Loss		,	source (net of provisions) (*)
	Account	114,771	104,087	III Deferred Tax (net) (Refer Accounting Policy 10 & Notes to Accounts 53)
		751,837	637,066	IV Stationery and stamps
V	INVESTMENT RESERVE ACCOUNT (IRA)			V Others
	As per Last Balance Sheet	13,993	13,088	Total
	Add/(Less): Transfer from/(to) Profit &			* includes MAT credit entitlement of Rs. Nil
	Loss Account	4,966	905	(Previous year Rs. 9,554)
		18,959	13,993	SCHEDULE 12
VI	BALANCE IN PROFIT AND LOSS			CONTINGENT LIABILITIES
	ACCOUNT	26,400	22,380	I Claims against the bank not
	Total	1,298,754	1,129,303	acknowledged as debts II Liabilities on account of outstanding
sc	HEDULE 3			II Liabilities on account of outstanding forward exchange contracts
DE	POSITS			III Guarantees given on behalf of
Α	I Demand Deposits			constituents
	(i) From Banks	15,942	13,533	(a) In India
	(ii) From Others	2,854,076	2,453,811	(b) Outside India
	W 0 1 - P - 1 - F	2,870,018	2,467,344	IV Acceptances, endorsements and other obligations
	II Saving Bank Deposits	1,161,536	914,139	V Other items for which the Banks is
	III Term Deposits		0.465	contingently liable
	(i) From Banks (ii) From Others	10,702,852	2,465 9,056,719	- Capital Commitments
	(ii) From Others	10,702,852	9,050,719	- Unclaimed customer balances
	Total	14,734,406	12,440,667	transferred to RBI DEAF Scheme
В	(i) Deposits of branches in India	14,734,406	12,440,667	- Securities of Staff Gratuity Trust held in Constituent SGL account
_	(ii) Deposits of branches outside India	-	-	Total
	Total	14,734,406	12,440,667	SCHEDULES FORMING PART OF FIN

500,000

500,000

500,000

6,714

111,758

50,661

302.365

471,498

13,686

773.900

787,586

35,437

710,000

745,437

353,446

1.763.920

2,117,366

2,862,803

574,447

715.554

1,290,001

2,525,429

VII Auditors' Fees and Expenses

X Repairs and Maintenance

IX Postage, Telegrams, Telephones etc.

VIII Law Charges

XII Other Expenditure

XI Insurance

Total

1,235,428

FORMING PART OF FINANCIAL STATEMENTS

	FOR THE YEAR ENDED MAR	CH 31, 2017	
-		For the year ended March 31, 2017 Rs (000's)	For the year ended March 31, 2016 Rs (000's)
-	SCHEDULE 13		
-	INTEREST EARNED		
-	I Interest/Discount on Advances/Bills	989,396	789,218
	II Income on Investments (net of	245,475	292,502
-	premium amortised Rs. in 000's) (Previous year Rs.13 in 000's)	,	,,,,
	III Interest on balance with Reserve Bank of India and other inter-bank funds	36,390	37,235
	IV Others	31	1,746
11,084	Total	1,271,292	1,120,701
93,419	SCHEDULE 14		
40,369	OTHER INCOME		
-	I Commission, Exchange and Brokerage	89,327	68,735
324,618	II Profit/(Loss) on sale of Investments	13,638	5,478
469,490	(net) III Profit/(Loss) on sale of assets (net)	32	38
	III Profit/(Loss) on sale of assets (net) IV Profit/(Loss) on Exchange Transactions	118,288	145,295
	(net)	110,200	145,295
	V Income earned by way of dividends,	_	-
11,674	etc. from subsidiaries, companies, joint venture abroad/in India		
11,674	VI Processing Fee	16,382	24,619
606 200	VII Miscellaneous Income	3,521	20
606,299	Total	241,188	244,185
617,973	SCHEDULE 15		
617,973	INTEREST EXPENDED		
	I Interest on Deposits	678,050	694,091
	II Interest on RBI/Inter-bank borrowings	33,660	3,059
	III Others representing hedging cost	15,806	18,568
	Total	727,516	715,718
	SCHEDULE 16		
55,428	OPERATING EXPENSES		
950,000	Payment to and provisions for employees	156,055	158,007
100,000	II Rent, Taxes and Lighting	75,629	69,956
-	III Printing and Stationery	1,649	1,952
	IV Advertisement and Publicity	1,049	842
130,000	V Depreciation on Bank's Property	16,291	20,229
1,235,428	VI Directors' Fees, Allowances and Expenses		



BANK OF BAHRAIN & KUWAIT B.S.C. - INDIAN BRANCHES (Incorporated in Bahrain with Limited Liability)

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying financial statements are prepared and presented under the historical cost convention and accrual basis of accounting unless otherwise stated and in accordance with the generally accepted accounting principles and statutory provisions prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the Reserve Bank of India (RBI), notified Accounting Standards (AS) specified under section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounting Rules) 2014 to the extent applicable and current practices prevailing within the banking industry in India.

Use of estimates

The preparation of financial statements requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Future results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

Transaction involving foreign exchange

- a) Monetary assets and liabilities denominated in foreign currencies and outstanding forward exchange contracts except foreign currency deposit swaps are revalued at the year end exchange rates notified by the Foreign Exchange Dealers' Association of India (FEDAI) and the resultant gains or losses at present values are recognised in Profit and Loss Account.
- b) Income and expenditure in foreign currencies are translated at the rates prevailing on the date of the transaction.
- Acceptances, endorsements and other obligations in foreign currencies are stated at the year end exchange rates notified by FEDAI
- d) Foreign currency swaps are marked to market using respective discount rates for foreign currency cash flows. All transactions are then recorded at spot rates notified by FEDAI. The profit or loss on revaluation is recorded in the profit and loss account and is included in other assets/other liabilities. The notional values of these swaps are recorded as contingent liabilities The premium or discount on swap contracts hedging the foreign currency risk is amortised over the period of the swap contract in accordance with FEDAI guidelines

For presentation in the Balance sheet, investments (net of provisions) are classified under the following heads - Government securities, Other approved securities, Shares, Debentures and Bonds, Subsidiaries and Joint Ventures and Others, in accordance with Third Schedule to the Banking Regulation Act,

Accounting and Classification

As per the guidelines for investments laid down by the Reserve Bank of India. the investment portfolio of the Bank is classified under "Held to Maturity" "Available for Sale" and "Held for Trading" categories.

Investments classified under "Held to Maturity" are carried at acquisition cost unless it is more than the face value in which case, the premium is amortised over the period remaining to maturity and is disclosed in Schedule 13 after netting off from Interest Income on Investments

Investments classified under "Available for Sale" and "Held for Trading" are valued at lower of cost or market value, in aggregate for each balance sheet classification and net depreciation in aggregate for each balance sheet classification is recognised in the Profit and Loss Account

Treasury bills and Commercial papers are valued at carrying cost.

Market value, in case of Government, other approved securities, Bonds Debentures and Pass through Certificates for which guotes are not available is determined on the basis of the 'yield to maturity' rates indicated by Primary Dealers Association of India (PDAI) jointly with the Fixed Income Money Market and Derivatives Association of India (FIMMDA).

Securitization Receipts are valued at lower of Net Book Value and Net Asset Value declared by Securitization/Reconstruction Company.

Investments where interest/dividend is not serviced regularly are classified in accordance with prudential norms for classification, valuation and operation of Investment Portfolio by Banks prescribed by the Reserve Bank of India. Transfer between categories

Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines and any such transfer is accounted for at the Disclosure requirements as per RBI guidelines acquisition cost/book value/market value, whichever is lower, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.

Sale of Investments under Held to Maturity

Realized gains on investments under Held to Maturity ("HTM") category are recognized in the profit and loss account and subsequently appropriated, from the profit available for appropriation, if any, to capital reserve account in accordance with RBI guidelines after adjusting for income tax and appropriations to the statutory reserve.

Accounting for repos/reverse repos (Including Borrowing/Lending under Liquidity Adjustment Facility)

Repo/Reverse repo transactions are disclosed as secured borrowing/lending transactions and correspondingly the expense and income thereon are treated

Advances and Provisions

Advances are stated net of bills re-discounted, specific loan loss provisions and unrealised interest on non-performing advances. Specific provision for loan losses is made in respect of non-performing advances are in accordance with or higher than the prudential norms on income recognition, asset classification and provisioning pertaining to Advances laid down by the Reserve Bank of

Provision for standard advances is made the rates prescribed by the Reserve 2. Bank of India

- a) Fixed Assets are stated at original cost of acquisition including taxes, duties, freight and the incidental expenses related to acquisition and installation less accumulated depreciation.
- Considering the applicability of Schedule II of the Companies Act 2013, the management has estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets. Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, determined by the management, as mentioned below:

Assets	Useful Life
Vehicle	8 years
Equipment	5 years
Furniture	10 years
Hardware & Software *	3 years
Freehold Premises	60 years
Leasehold Improvements	Over 10 years or the primary period of the lease whichever is lower

*Depreciated as per RBI Guidelines

Assets individually costing Rs. 5 000/- and below are fully depreciated in the month they are put to commercial use.

- Assets purchased during the year are depreciated from the month that the asset has been put to use in the year. Assets disposed off during the year are depreciated upto the month before the date of disposal.
- d) The Bank considers fixed assets as corporate assets of the banking business (cash-generating unit) as a whole. The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired and provides for impairment loss, if any, in the profit and loss account.

7. Lease Transactions

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease payments for assets taken as non-cancelable lease are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

- a) Interest income on advances, other than on Non-Performing Advances is recognised on accrual basis. Income from investments other than non performing investments is
- accounted for on accrual basis except dividend on shares of Corporates and Mutual Funds, if any, which is accounted for on cash basis
- c) Interest income on Non-Performing Assets is recognised only on realisation in accordance with the norms prescribed by the Reserve Bank
- Commission income on letters of credit is accounted on issuance of the letter of credit. Loan processing fees is recognised at inception of the loan. Guarantee commission is accrued on a time proportion basis over

Employee Benefits

The Bank operates a Gratuity Fund Scheme and the contributions are remitted to a Trust established for this purpose. The Bank makes annual contributions to the Fund based on actuarial valuation carried out by an independent external actuary using the projected unit credit method. The annual contribution payable / paid is charged to the Profit and Loss Account.

Provident Fund

Contribution to Provident Fund is a defined contribution calculated at the designated rate and is charged to the Profit and Loss Account on an accrual basis. Both the employer and employee contributions are made to the

Employees' Provident Fund Organization (EPFO) of the Government of India. Compensated Absences The bank provides for long term compensated absences on the balance sheet

date based on an actuarial valuation carried out by an independent external

Short term compensated absences are provided for without discounting the

liability.

The Bank makes provision for Income-tax after considering both current and deferred taxes. The tax effect of timing differences between the book profit

Current Tax is determined in accordance with the provisions of Income Tax Act 1961 and rules framed there under after considering the contested past

adjustments on a prudent basis based on management estimates Deferred taxation is provided on timing differences, using the liability method

between the accounting and tax statement on income and expenses

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits

At each balance sheet date the Bank re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Bank writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

The net profit disclosed in Profit and Loss Account is after:

- a) Provision for current taxes, wealth tax and deferred taxes on income in accordance with statutory requirements
- Provision/write off for loan losses and Investments:
- c) Provision for contingency and other usual and necessary provisions.

12. Provisions, Contingent Assets And Contingent Liabilities

The Bank establishes provisions when it has a present obligation as a result of past event (s) that probably requires an outflow of resources embodying economic benefit to settle the obligation will be required and a reliable estimate can be made of such an obligation. Such provisions are not discounted to present value. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Contingent assets are not recognized in the Financial Statements. A disclosure of Contingent Liability is made when

- A possible obligation, arising from a past event (s), the existence of which will be confirmed by occurrence or non-occurrence of one or more
- uncertain future events not within the control of the Bank or b) Any present obligation that arises from past events but is not recognized
- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- A reliable estimate of the amount of obligation cannot be made.

Cash and cash equivalents include cash in hand, balances with Reserve Bank of India, balances with other banks/ institutions and money at call and short notice (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

SCHEDULE 18: NOTES TO ACCOUNTS

The breakup of "Provisions & Contingencies" as appearing in the Profit and

Loss Account is as under.		
		(Rs. in crore)
Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Specific Provision for Non Performing Advances	17.85	52.04
Bad Debts written off	11.20	24.94
Provision for Non Performing Advances written back	(9.67)	(24.98)
Provision for Diminution in fair value of restructured advances written back	(0.19)	(9.78)
Provision for depreciation on Investments (Net)	(1.17)	(0.15)
Provision for income tax (including earlier years)	14.09	1.37
MAT credit (entitlement)/reversal	0.96	(0.96)
Provision for deferred tax	(5.35)	(4.46)
Provision for country risk	0.12	(0.07)
Provision for Unhedged Foreign Currency Exposure	-	(1.24)
Provision for standard assets	1.03	(4.18)
Total	28.87	32.53

The Capital to Risk Assets Ratio, as assessed by the Bank on the basis of the guidelines issued by the Reserve Bank of India is as under:

As per Basel III:	/5)- '- O\
	`	Rs. in Crores)
Particulars	31 March, 2017	31 March, 2016
Capital Adequacy		
Common Equity Tier I	389.03	378.17
Tier I Capital	389.03	378.17
Including capital infusion during the year	-	-
Tier II Capital	8.36	5.66
Amount of Tier II capital raised	-	-
Amount of subordinated debt raised as Tier-II capital	-	-
Total Capital	397.39	383.83
Percentage of the shareholding of the Government of India in nationalized Banks	N.A.	N.A.
Total risk weighted assets and contingents	1611.99	1,386.82
Capital Ratios		
Common Equity Tier I	24.13%	27.27%
Tier I	24.13%	27.27%
Tier II	0.52%	0.41%
CRAR	24.65%	27.68%

24.03/6		27.0070		
Business Ratios:				
Particulars	31.03.2017 31.03.201		1.03.2016	
Net NPAs to Net Advances(**)		-		2.24%
Interest income as a percentage to working funds (\$)		7.41%		7.37%
Non-interest income as a percentage to working funds (\$)		1.41%		1.60%
Operating Profit as a percentage to working funds (\$)		2.75%		2.22%
Return on assets (@)		0.99%		0.08%
Business (Deposits plus Advances) per employee (#)	Rs. 24	1.57 Crore	Rs.	19.88 Crore
Profit per employee (#)	Rs. 0	.17 Crore	Rs.	0.01 Crore
	Business Ratios: Particulars Net NPAs to Net Advances(**) Interest income as a percentage to working funds (\$) Non-interest income as a percentage to working funds (\$) Operating Profit as a percentage to working funds (\$) Return on assets (@) Business (Deposits plus Advances) per employee (#)	Business Ratios: Particulars Net NPAs to Net Advances(**) Interest income as a percentage to working funds (\$) Non-interest income as a percentage to working funds (\$) Operating Profit as a percentage to working funds (\$) Return on assets (@) Business (Deposits plus Advances) per employee (#)	Business Ratios: Particulars Net NPAs to Net Advances(**) Interest income as a percentage to working funds (\$) Operating Profit as a percentage to working funds (\$) Questing Profit as a percentage to working funds (\$) Return on assets (@) Business (Deposits plus Advances) per employee (#) 31.03.2017 7.41% 7.41% 8.1.41%	Business Ratios: Particulars Net NPAs to Net Advances(**) Interest income as a percentage to working funds (\$) Non-interest income as a percentage to working funds (\$) Operating Profit as a percentage to working funds (\$) Return on assets (@) Business (Deposits plus Advances) per employee (#) 31.03.2017 3 1.41% 7.41% 7.41% 2.75% 8.24.57 Crore Rs.

osses, if any) as reported to Reserve Bank of India in Form X during the 12 months of the financial year. (@) Assets are reckoned as average of total assets less accumulated losses as at

beginning of the year and as at end of the year. (#) Productivity ratios are based on year end employee numbers

Provision Coverage Ratio (PCR)

The provision coverage ratio of the Bank as on March 31, 2017 computed as per the RBI circular no. DBOD.No.BP.BC. 64 /21.04.048/2009-10 dated December 1, 2009 on 'Provision Coverage for Advances' is 99.96% (previous

Maturity Profile:

As at March 31, 2017											(R	Rs. in crore)
Maturity Profile	1 day	2-7 days	8-14		31 days -		3-6	6-12	1-3	3-5	Over	Total
			days	days	2 Months	Months	months	months	years	years	5 years	
Deposits	11.51	65.21	43.42	28.20	66.32	39.34	144.46	335.33	694.87	44.78		1,473.44
Borrowings	-	-	-	-	-	-	50.00	-	-	-	-	50.00
Loans & Advances	0.20	1.44	2.86	25.76	134.43	27.99	114.89	82.37	705.57	50.14	11.36	1,157.01
Investments		24.98	49.25	34.00	29.41	5.63	40.22	76.42	100.60	6.40	15.13	382.04
Foreign currency assets	43.59	174.00	6.24	13.57	16.75	7.08	10.37	22.03	133.14	-	12.65	439.42
Foreign currency liabilities	1.03	14.39	6.11	2.58	9.33	4.29	21.49	56.12	115.00	3.30	-	233.64

. orongin danional mademator			•		0.00	0			0.0	٠	
As at March 31, 2016										(Rs. in crore)
Maturity Profile	1 day	2-7 days	8-14	15-28	29 days-3	3-6	6-12	1-3 years	3-5	Over	Total
			days	days	months	months	months		years	5 years	
Deposits	16.75	51.28	87.21	45.51	115.66	145.11	201.67	554.55	26.33	-	1,244.07
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Loans & Advances	2.97	26.39	16.33	4.61	79.62	16.78	121.36	568.04	46.16	21.91	904.17
Investments	-	24.97	34.82	9.39	112.76	29.90	42.30	115.48	5.39	15.12	390.13
Foreign currency assets	62.84	66.41	0.02	18.89	44.44	71.61	12.60	81.86	-	14.56	373.23
Foreign currency liabilities	1.15	17.06	6.50	1.75	13.05	23.53	53.54	129.18	3.15	-	248.91

and taxable profits are reflected through deferred tax asset (DTA)/deferred tax In computing the above information, certain estimates and assumptions have been made which have been relied upon by the auditors.

A) Movement in Non-Perform	rming Advances:				(Rs	s. in crore				
Particulars	2016-17			2015-16	2015-16					
	Gross NPA (net of interest in suspense)	Provisions	Net NPA	Gross NPA (net of interest in suspense)	Provisions	Net NPA				
Opening balance	71.61	50.32	21.29	39.92	13.60	26.32				
(+) Additions (*)	0.04	17.85	(17.81)	88.09	61.70	26.39				
(-) Recoveries	8.57	5.11	3.46	19.82	0.04	19.78				
(-) Upgradations	ı	-	-	-	-	-				
(-)Technical/Prudential Write-offs	1	-	-	-	-	-				
(-)Other Write-offs (**)	4.56	4.56	-	36.58	24.94	11.64				
Closing balance	58.52	58.50	0.02	71.61	50.32	21.29				
Less: Floating Provision (***)			NA			(1.05)				
Net Closing balance			0.02			20.24				

(*) Addition to provision includes provision for DFV of Rs. Nil (Previous year-Rs. 9.66) made earlier and now included in the above schedule as the said account is re-classified as NPA

*) Includes write off of Rs.Nil (Previous year Rs.11.63) under Gross NPA deferred as per 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.

***)In accordance with RBI circular no. DBOD.NO.BP.BC. 89/21.04.048/2005-06 dated June 22, 2006 on 'Prudential norms on creation and utilization of floating rovision' the Bank has two options being:

a) Deducting the existing floating provisions from gross NPAs to arrive at net NPAs or

Reckoning it as part of Tier II capital subject to the overall ceiling of 1.25% of total Risk Weighted Assets.

The Bank has exercised the option of reckoning floating provision as part of Tier II capital subject to the overall ceiling of 1.25% of total Risk Weighted Assets. In the previous year the bank had exercised the option of deducting such floating provisions from Gross NPAs to arrive at net NPAs

B) Movement in stock of Technical/Prudential Written-offs:

		(Rs. in crore)
Particulars	2016-17	2015-16
Opening Balance of Technical/Prudential written-off accounts	-	-
(+) Additions	-	-
(-) Recoveries	-	-

(+) Additions					-	-	
(-) Recoveries					-	-	
Closing Balance of Technical/Prudential written-off account	nts				-	-	
7. Movement in Floating Provision:			10. Information on repos				nent facil
Particulars	2016-17	2015-16	with the Reserve Bank	of India) (in	face value ten	ms):	
Opening Balance	1.05	1.05	2016-17			(Rs in cro
Add: Provisions made during the year	-	-	11	Minimum	Maximum	Daily average	
Less: Amount of draw-down made during the year	-	-	11	utstanding during the	outstanding during the	outstanding during the	March 31, 201
Closing balance	1.05	1.05		voar (@)	voar	voar (#)	31, 201

fΙ	Les	ss: Amount of draw-down made during the year	-	-	Ш		
<u>`</u>	Clo	osing balance	1.05	1.05			
١	8.	INVESTMENTS				ecurities sol	d under
1		i. Details of Investments:	(F	Rs. in crore)	_	pos	
		Particulars	2016-17	2015-16		ecurities pur nder reverse	
1	1)	Value of Investments			-		repos
١	i)	Gross Value of Investments			201	15-16	
١		(a) In India	382.58	391.84			
٦		(b) Outside India	-	-			
ìΙ	ii)	Provision for Depreciation					
i		(a) In India	(0.54)	(1.71)	Se	ecurities sol	d under
_		(b) Outside India		-	re	pos	
١	iii)	Net Value of Investments				ecurities pur	
١		(a) In India	382.04	390.13	ur	nder reverse	repos
ŀ		(b) Outside India		-) Minimum c	
	2)	Movement of provisions held towards depreciation on Investments			(#)	re outstandi Average is	0
1		i) Opening balance	1.71	1.86	rele	evant.	
╢		ii) Add: Additions during the year	0.13	1.54	11.	Lending	to Sensi
$\ $		iii) Less: Write off/write back of excess provision	1.30	1.69	_	(A) Expo	osure to F
		during the year				Categor	у
11	1	iv) Closing balance	0.54	1 71		Discort	

	during the year	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
	iv) Closing balance		0.	.54	1.71
	ii. Classification of net Investments unde	r various ca	ategorie		s under: . in crore
Pa	rticulars	2016-17	'	201	15-16
He	ld for Trading				
a)	Approved Securities		-		-
b)	Unapproved Securities		-		-
Αv	ailable for Sale				
a)	Approved Securities	332	2.60		340.22
b)	Unapproved Securities	15	5.13		15.60
He	ld for Maturity				
a)	Approved Securities	34	1.31		34.31
b)	Unapproved Securities		-		-
To	tal	382	2.04		390.13
9.	i) Issuer composition of Non SI R inve	etments			

2016	5-17				(F	Rs. in crore
No.	Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' Securities (*)	Extent of 'unlisted' securities (*)
1	PSU's	-	-	-	-	
2	FI's	15.13	15.13	15.13	15.13	15.13
3	Banks (certificate of deposits)	-	-		-	
4	Private corporates	-	-	-	-	
5	Subsidiaries/ Joint ventures	-	-	-	_	
6	Others	0.54	0.54	0.54	0.54	0.54
7	Provision held towards depreciation	(0.54)				
	Total	15.13				

	** **				11	acpicolation	(0.04)					111
CF	RAR	2	4.65%	27.68%		Total	15.13					1
3.	Business Ratios:		2015-16 (Rs. in crore)									
	Particulars	31.03.2017		31.03.2016	No.	Issuer	Amount	Extent of	Extent of	Extent of	Extent of	11,
a.	Net NPAs to Net Advances(**)		-	2.24%				private	'below	'unrated'	'unlisted'	11
b.	Interest income as a percentage to working funds (\$)	7.41	%	7.37%				placement	investment grade' securities	Securities	securities	
C.	Non-interest income as a percentage to working funds (\$)	1.41	%	1.60%	1	PSU's	-	-	-			
d.	Operating Profit as a percentage to				2	FI's	15.13	15.13	15.13	15.13	15.13	Ш
	working funds (\$)	2.75	%	2.22%	3	Banks						l
e.	Return on assets (@)	0.99	%	0.08%		(certificate of deposits)	_	_	_			(
f.	Business (Deposits plus Advances) per employee (#)	Rs. 24.57 Cro	re Rs	s. 19.88 Crore	4	Private corporates	1.64	1.64	1.64	1.64	_	-
g.	Profit per employee (#)	Rs. 0.17 Cro	re Rs	s. 0.01 Crore	5	Subsidiaries/	1.04	1.04	1.04	1.04		$\ ($
	excluding deferred write off on sale of N				I - ~	Joint ventures						П
	evious year Rs.11.63 crores) as per RBI Ma				6	Others	0.54	0.54	0.54	0.54	0.54	
	ome Recognition, Asset Classification and F R No.BP.BC.2/21.04.048/2015-16 dated Ju	7	Provision held towards									
	(\$) Working funds are reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X during the 12 months					depreciation	(1.71)					ľ
	of the financial year.					Total	15.60					(
	A Accests are realizated as average of total as	l	ii) Non perfo	rming No	n-SLR inves	tments			Ш			

		(Rs. in crore)		bonds or convertible debentures or units of equity		
Particulars	2016-17	2015-16		oriented mutual funds;	-	-
Opening balance	2.18	0.54	(ix)	financing to stockbrokers for margin trading;	-	-
Additions during the year since 1st April	-	1.64	(x)	all exposures to Venture Capital Funds (both		
Reductions during the above period	(1.64)	-		registered and unregistered);	-	-
Closing balance	0.54	2.18	Tot	al Exposure to Capital Market	0.18	1.82
Total provisions held	0.54	1.71	Ехро	osure is higher of limits sanctioned or the amount outsta	anding as at t	he year end.

		Minimum	Daily average	As on March
1	2016-17		(F	Rs in crore)
٦	with the Reserve Ba			lent racinty

	during the year (@)	during the year	during the year (#)	31, 2017
Securities sold under repos	1.04	1.04	0.01	-
Securities purchased under reverse repos	1.04	177.84	20.26	66.70
2015-16			(1	Rs in crore
	Minimum outstanding during the year (@)	Maximum outstanding during the year	Daily average outstanding during the year (#)	As on March 31, 2016
Securities sold under repos	_	_	_	

Minimum outstanding is considered only for those days when such transactions ere outstanding t) Average is based on transactions outstanding divided by 365/366 days as

. Lending to Sensitive Sectors

ш		Londing to ocholdre ocotors		
1		(A) Exposure to Real Estate Sector	(1	Rs. in crore)
		Category	2016-17	2015-16
ı	Α	Direct exposure (*)		
I	(i)	Residential Mortgages –	-	-
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	10.22	8.30
		- of which individual housing loans eligible for inclusions in priority sector advances	-	0.14
	(ii)	Commercial Real Estate –	-	-
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securities exposure -	-	-
		a. Residential	-	-
		b. Commercial Real Estate	-	-
	В	Indirect Exposure		
		Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance	20.00	
ı		Companies (HFCs).	30.00	- 0.00
1	L	Total Exposure to Real Estate Sector	40.22	8.30

(*) In some cases the lending is based on collateral security which is in the nature of charge on real estate. However, these exposures are not considered as exposure to real estate sector since neither the borrowers are engaged in real estate development activity nor the credit facility used for real estate development

(B) Exposure to Capital Market

Sr. No.	Particulars	2016-17	2015-16
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	1.64
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0.18	0.18
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity		

(viii) underwriting commitments taken up by Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds; financing to stockbrokers for margin trading; all exposures to Venture Capital Funds (both registered and unregistered); **Total Exposure to Capital Market**



(incorporated in Banfain 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)

	As at 31 March 2017	T											_								Rs. ii	n Crore	
Sr. No.	Type of Restructuring →	Under	CDR Med	chan	ism				nder Rest Med	ructu	uring			С	ther	S				Total	Total		
	Asset Classification → Details ↓		Standard	Sub-Standard	Doubful	Loss	Total	Standard	Sub-Standard	Doubful	Loss	Total	Standard	Sub-Standard	Doubful	Loss	Total	Standard	Sub-Standard	Doubful	Loss	Total	
1	Restructured Accounts as on	No. of borrowers	1	-	1	-	2	-	-	-	-	-	-	-	-	-	-	1	-	1	-	2	
	April 1, 2016	Amount outstanding	11.48	-	29.32	-	40.80	-	-	-	-	-	-	-	-	-	-	11.48	-	29.32	-	40.80	
		Provision thereon	0.97	-	21.89	-	22.86	-	-	-	-	-	-	-	-	-	-	0.97	-	21.89	-	22.86	
2	Additional/Fresh restructuring	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	during the year (*)	Amount outstanding	(1.27)	-	(1.64)	-	(2.91)	-	-	-	-	-	-	-	-	-	-	(1.27)	-	(1.64)	-	(2.91)	
		Provision thereon	(0.20)	-	5.79	-	5.59	-	-	-	-	-	-	-	-	-	-	(0.20)	-	5.79	-	5.59	
3	Upgradations to restructured	No. of borrowers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	standard category during the FY	Amount outstanding	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Restructured standard	No. of borrowers	-				-	-				-	-				-	-	-	-	-	-	
	advances which cease to attract higher provisioning and/	Amount outstanding	-				-	-				-	-				-	-	-	-	-	-	
	or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	Provision thereon	-				-	,				1	1				-	-	-	-		-	
5	Downgradations of	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	restructured accounts during the FY	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Write-offs of restructured	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	accounts during the FY	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8	Restructured Accounts as on	No. of borrowers	1	-	1	-	2	-	-	-	-	-	-	-	-	-	-	1	-	1	-	2	
	March 31, 2017	Amount outstanding	10.21	-	27.68	-	37.89	-	-	-	-	-	-	-	-	-	-	10.21	-	27.68	-	37.89	
1	1																						

0.77 - **27.68** - 28.45

decrease in asset outstanding mainly on account of recovery.

	As at 31 March 2016											_									Rs. i	n Crore)
Sr. No.	Type of Restructuring →	Under	CDR Med	han	ism				nder Rest Med		ıring			С	ther	S				Total		
	Asset Classification → Details ↓		Standard	Sub-Standard	Doubful	Loss	Total	Standard	Sub-Standard	Doubful	Loss	Total	Standard	Sub-Standard	Doubful	Loss	Total	Standard	Sub-Standard	Doubful	Loss	Total
1	Restructured Accounts as on	No. of borrowers	3	-	-	-	3	-	-	-	-	-	-	-	-	-	-	3	-	-	-	3
	April 1, 2015	Amount outstanding	113.02	-	-	-	113.02	-	-	-	-	-	-	-	-	-	-	113.02	-	-	-	113.02
		Provision thereon	25.79	-	-	-	25.79	-	-	-	-	-	-	-	-	-	-	25.79	-	-	-	25.79
2	Additional/Fresh restructuring	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	during the year (*)	Amount outstanding	0.30	-	-	-	0.30	-	-	-	-	-	-	-	-	-	-	0.30	-	-	-	0.30
		Provision thereon	(0.07)	-	-	-	(0.07)	-	-	-	-	-	-	-	-	-	-	(0.07)	-	-	-	(0.07)
3	Upgradations to restructured	No. of borrowers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	standard category during the FY	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard	No. of borrowers	-				-	-				-	-				-	-				-
	advances which cease to attract higher provisioning and/	Amount outstanding	-				-	-				-	-				-	-				-
	or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	Provision thereon	-				-					-						_				-
5	Downgradations of	No. of borrowers	(2)	-	2	-	-	-	-	-	-	-	-	-	-	-	-	(2)	-	2	-	-
	restructured accounts during the FY	Amount outstanding	(101.84)	-	101.84	-	-	-	-	-	-	-	-	-	-	-	-	(101.84)	-	101.84	-	-
		Provision thereon	(24.75)	-	34.37	-	10	-	-	-	-	-	-	-	-	-	-	(24.75)	-	34.37	-	9.62
6	Write-offs of restructured	No. of borrowers	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1
	accounts during the FY	Amount outstanding (**)	-	-	72.52	-	72.52	-	-	-	-	-	-	-	-	-	-	-	-	72.52	-	72.52
		Provision thereon	-	-	12.48	-	12.48	-	-	-	-	-	-	-	-	-	-	-	-	12.48	-	12.48
8	Restructured Accounts as on	No. of borrowers	1	-	1	-	2	-	-	-	-	-	-	-	-	-	-	1	-	1	-	2
	March 31, 2016	Amount outstanding	11.48	-	29.32	-	40.80	-	-	-	-	-	-	-	-	-	-	11.48	-	29.32	-	40.80
		Provision thereon	0.97	-	21.89	-	22.86	-	-	-	-	-	-	-	-	-	-	0.97	-	21.89	-	22.86

- includes increase in asset outstanding mainly on account of disbursals.
- * 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. Rastriya Chemicals and Fertilzers Limited
- 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:

- Arch Pharmalabs Limited
- 2. Rastriya Chemicals and Fertilzers 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:

١.				(Rs. in crore)
		ltem	2016-17	2015-16
	(i)	No. of accounts	-	1
	(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	NA	31.10
	(iii)	Aggregate consideration	NA	17.80
	(iv)	Additional consideration realized in respect of accounts transferred in earlier years	NA	Nil
	(v)	Aggregate gain/(loss) over net book value.(**)	NA	(13.30)
	**\ _£	the change with off of Do. 4.00 areas (44.00 Cross of the gravity control to be an electronic control to DDI Mac	tar Circular Davidan	tial

**) 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 Incom-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:

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 Summary of responsibilities:

Assesses, evaluate and advise to the Board of Directors on all matters associated with nominations and remunerations of the Directors and the Executive Management. Also, to ensure that the Bank adopts and enhances sound corporate governance practices, which are consistent with the Corporate Governance Code of the Kingdom of Bahrain and the regulatory requirements and also reflects the best market practices in corporate governance and makes recommendations to the Board as appropriate.

Murad Ali Murad Chairman

Sh. Khalifa bin Duaii Al Khalifa -Member Marwan Mohammed Al Saleh - Member

- (b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy. The remuneration is designed with the following pay components.
- Fixed pay includes cash payouts like Basic Pay, Allowances, Medical Benefits, Leave Travel Allowance, and retirement accruals like Provident Fund, & Gratuity; it also includes Furnished Residential Quarters, Telephone, use of Bank's car, Club Membership, Medical Insurance Benefit etc.
- Variable Pay is a monetary reward paid to the employee in recognition of their contribution to the performance of the Bank Employee Performance Share Plan, under which eligible employees are allocated shares which are vested with reference to a performance measure
- which is tested over a 3 consecutive financial years.
- The Objectives of remuneration policy are:
- a) Effective governance of compensation. Effective alignment of compensation with prudent risk taking.
- c) Effective supervisory oversight and engagement by stakeholders.
- (c) Description of the ways in which current and future risks are taken Ensuring effective alignment of compensation with prudent risk taking. The annual goals into account in the remuneration processes including the nature of executives in Business segment shall include Key Performance Indicators that measure and type of the key measures used to take account of these risks. Ithe risk profile such as RAROC, NPAs, ROA, ROE and weighted average loan grading of portfolio etc. Suitable qualitative KPIs are used for other support and control executives.
- d) Description of the ways in which the Bank seeks to link At the end of the period, the performances are appraised against measurable business and performance during a performance measurement period with other qualitative goals, in a scale of 1 to 5 (5 being maximum). The increment percentage levels of remuneration. is then decided based on the approved performance matrix and pay positioning. (e) A discussion of the Bank's policy on deferral and vesting of variable Variable pay, in form of Bonus is decided with reference to the performance measurement
- remuneration and a discussion of the Bank's policy and criteria for and is capped at 70% of the Fixed Pay. Variable pay upto 50% is paid immediately on adjusting deferred remuneration before vesting and after vesting. vesting. If the variable pay exceeds 50% but upto 60%, then 60% of such vested bonus is paid immediately and the balance 40% is deferred over the next 3 years. If the same is between 60% and 65%, then 50% of vested bonus is paid, (and if the same is 65% or above, then 40% of vested bonus is paid) and the balance is deferred over the next 3 years.
- (f) Description of the different forms of variable remuneration (i.e. | i) Bonus: paid on the basis of performance measurement, to incentivize the performance cash, shares, ESOPs and other forms) that the Bank utilizes and and as motivation. Employee Performance Share Plan: Shares are allotted as per plan approved by the rationale for using these different forms
- Country Head & CEO (India) is the eligible employee for this Plan. Shares are vested after 3 years. This is to attract and retain the performing / critical talent and to provide long term wealth creation opportunities.
- (g) Number of meetings held by the Remuneration Committee during | i) 4 meetings were held during 2016-17.(Previous year – 4 meetings) ii) Rs. 0.12 crores was paid as remuneration.(Previous year – Rs. 0.09 crores) the financial year and remuneration paid to its members. Number of employees having received a variable remuneration award during the financial year/ (Previous Year - 5) Number and total amount of sign-on awards made during the financial year. (Previous Year - Nil)
- Details of guaranteed bonus, if any, paid as joining / sign on bonus. (Previous Year Nil) Nil Details of severance pay, in addition to accrued benefits, if any. (Previous Year - Nil) Nil Total amount of outstanding deferred remuneration, split | Total Deferred Remuneration outstanding:

remuneration, split into cash, shares and share-linked | Cash: Rs.0.18 Crores (Previous Year – 0.23 Crore)

- instruments and other forms. Employee Performance Share Plan: 50,067 shares. (Previous Year – 40,355 shares) Total amount of deferred remuneration paid out in the financial year.

 Deferred Remuneration paid in 2016-17:
 Cash: 0.23 Crore (Previous Year – 0.12 Crore) Employee Performance Share Plan: 6,480 shares in the current year. (Previous Year
- Breakdown of amount of remuneration awards for the Rs. in crore financial year to show fixed and variable, deferred and non 2016-17: Fixed Variable Deferred 0.18 Non-deferred 2.65 0.59 2015-16: Fixed Variable 0.07
- Deferred Non-deferred 2.60 0.49 Total amount of outstanding deferred remuneration and retained remuneration exposed to exposit explicit and / or implicit adjustments. 0.18
- (Previous Year 0.23) Total amount of reductions during the financial year due to ex- post explicit adjustments. (Previous Year - Nil) Total amount of reductions during the financial year due to ex- post implicit adjustments. (Previous Year - Nil)

0.17

(Rs. in crore

21. Risk Category wise Country Exposure: As on March 31, 2017 As on March 31, 2016 Risk category Exposures Provisions Insignificant 222.34 0.12 115.87 0.10 Low Risk 226.52 0.17 89.32 0.07 Moderate Low Risk 5.97 6.92 1.80 Moderate Risk 0.41 Moderate High Risk High Risk Very High Risk

0.29

212.52

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

A. Details of non-performing financial assets purchased

			(rs. III Gible)
Par	rticula	ars	2016-17	2015-16
1.	(a)	No. of accounts purchased during the year	Nil	Nil
	(b)	Aggregate outstanding	NA	NA
2.	(a)	Of these, number of accounts restructured during the year	Nil	Nil
	(b)	Aggregate outstanding	NA	NA

B. Details of non-performing financial assets sold

	ı		(Rs. In crore)
	Pai	ticulars	2016-17	2015-16
	1.	No. of accounts sold	Nil	1
.	2.	Aggregate outstanding	NA	31.80
	3.	Aggregate consideration received	NA	17.80

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

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

Total

- - 0.77 - 27.68 - 28.45

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

	L	Concentration of Deposits	(Rs. In crore)
1	Ш	Particulars	2016-17	2015-16
1	Ш	Total deposits of twenty largest depositors	582.80	418.93
+	Ш	% of deposits of twenty largest depositors to total		
4	Ш	deposits of the Bank	39.55%	33.67%
	ľ	Concentration of Advances (net)	(Rs. in crore)

Concentration of Advances (net)	(1	(Rs. in crore)				
Particulars	2016-17	2015-16				
Total Advances to twenty largest borrowers	936.59	874.21				
% of Advances to twenty largest borrowers to total advances of the Bank	61.66%	63.85%				

*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)

2016-17 2015-16 Total Exposure to twenty largest borrowers/customers 936.59 874.21 % 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)					
Particulars	2016-17	2015-16				
Total Exposure to top four NPA accounts	0.02	21.28				
25. Overseas Assets, NPAs and Revenue:	erseas Assets, NPAs and Revenue: (Rs. in crore)					
Particulars	2016-17	2015-16				
Total Assets	Nil	Nil				
Total NPAs	Nil	Nil				
Total Revenue	Nil	Nil				

26. Off-balance Sheet SPVs sponsored:

ı	Particulars	2016-17	2015-16
	Domestic:-		
	Name of the SPV sponsored	Nil	Nil
	Overseas:-		
ı	Name of the SPV sponsored	Nil	Nil

27. Fee/remuneration received in respect of bancassurance business:

		(KS. III CIOIE)			
Sr. No.	Nature of Income	2016-17	2015-16			
1.	For selling life insurance policies	0.03	0.02			
2.	For selling non-life insurance policies	-	-			
3.	For selling mutual fund products	0.34	0.30			
(0.1)						

28. Unsecured Advances: (Rs. in crore) **Particulars** 2016-17 2015-16 Total amount of advances for which intangible securities Nil Nil such as charge over rights, licenses, authority etc has

Estimated value of intangibles collaterals as stated above

(Rs. in crore) 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.

Nil

a. Qualitative Disclosure

The structure and organisation for management of risk in derivatives

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 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:
- 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.

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
- 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
- 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

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).

Quantitative Disclosure Particular Currency swaps

	No			l Foreign contracts)
:)			As on March 31, 2017	As on March 31, 2016
4	1	Derivatives (Notional Principal Amount)		
4		a) For hedging	32.42	53.00
		b) For trading	195.85	265.72
d	2	Marked to Market Positions		
d d		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		
1		a) on hedging	-	-
\exists		b) on trading	-	-
41	30.	No penalties were levied by Reserve Bank o	f India under se	ection 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

Draw down from Reserves:

Investment Reserve Account: (Rs. in crore 2016-17 2015-16 1.31 Opening Balance 1.40 (+) Additions during the year 0.50 0.09 (-) Utilized during the year 1.40 1.90 **Closing Balance**

32. Analysis and Disclosure of complaints:

A. Customer Complaints

	7. <u>Customer Complaints</u>								
Sr.	Particulars	2016-17	2015-16						
No									
(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	(No ATM complaints were received during the year: Previous year Nil)								

*Data provided by management and relied upon by the auditors



(Incorporated in Bahrain with Limited Liability)

		(
B. Awards passed by the Banking Ombudsman							
Sr. No.	Particulars	2016-17	2015-16				
(a)	No. of unimplemented Awards at the beginning of the year	Nil	Nil				
(b)	No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil				
(c)	No. of Awards implemented during the year	Nil	Nil				
(d)	No. of unimplemented Awards at the end of the year	Nil	Nil				

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

33. Sale and transfer to/from HTM category

There was no sale and transfer to/from HTM category during the year. In the previous year at the beginning of the accounting year with approval of the Board of Directors the Bank has shifted a security having face value of Rs. 10 crore from HTM to AFS category. There has been no transfer of securities to HTM category during the previous year. In accordance with RBI guidelines, this transfer was excluded from the 5% cap prescribed for value of sales and transfer of securities to/from the HTM category.

34. Fixed Assets

The following table sets forth, for the periods indicated, the movement in computer software acquired by the Bank, as included in fixed assets

(1.6.11.6.6.1						
Particulars	As at 31 March 2017	As at 31 March 2016				
At cost at March 31st of preceding year	8.82	8.26				
Additions during the year	0.31	0.56				
Deductions during the year	-	-				
Depreciation to date	8.43	7.95				
Net block	0.70	0.87				

35. Measures taken on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds

a) Information Technology Governance

The Bank's IT activities are overseen through well-structured committees with representation from Risk Management, Business, and Operations etc. Important issues are reported and discussed at IORC periodically.

Information Security

The Bank has a well laid Information Security Policy addressing Confidentiality, Integrity and availability besides authenticity, nonrepudiation and accountability. Frequent Vulnerability Audit and Penetration Tests are done to assure the robustness of the systems and to identify the requirements of enhancements and improvement in protection etc. to meet the organisation's objectives.

c) IT operations

The Bank has a well-defined IT Organisation Structure to address the requirements of Operational Control, Application Development, Maintenance, Facilities Management and Infrastructure Management IT initiatives are guided by Board Approved IT Strategy.

d) IT services outsourcing Only ATM card management activity of the Bank is outsourced.

The vital observations of IS Audit last conducted have been addressed

f) Cyber frauds During the period under review, there have been an instance of cyber fraud as reported in Note 43. There was no instance of cyber-crime resulting in loss of money to the Bank. The Bank has set up required machinery

to monitor the frauds. g) Business Continuity Planning

The Bank has in place a well-defined Business Continuity Plan and has also established Business Continuity Centers to support the Branch Operations in Mumbai and Hyderabad. Periodical testing and drills are conducted. Back-ups as per Policy are maintained.

h) Customer education

The user manual for usage of eBanking channel and do's and don'ts are made available in the website of the Bank. Caution message to guard against the Phishing attempts is displayed while accessing the website, for the knowledge of the customers. The latest developments with regard to the delivery channels are presented and discussed in the periodical Customer Service Meetings.

There were no legal issues in the IT area during the period under review

36. Corporate Social Responsibility

The Head Office of the Bank undertakes various activities/contributions in the areas of social, health, sports, education, environment as a CSR initiative. The Bank's Management Committee has constituted a CSR committee.

As required under provisions of Companies Act. 2013. Bank is required to contribute 2% of average profits before tax of three immediately preceding financial years which works out to Rs.0.29 crores. During the year, Bank has contributed an aggregate of Rs. 0.29 crores towards measures of environment preservation and eradication of hunger and malnutrition which is included under Other Expenditure of Schedule 16.

37.	37. Sector-wise Advances (Rs. in crore)								
SI.	Sector		Current y	/ear	Previous year				
No.		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector		
Α	Priority Sector								
1	Agriculture and allied activities	0.60	-	-	-	-	-		
2	Advances to industries sector eligible as priority sector lending (*)	242.25	6.38	2.63%	237.39	6.38	2.69%		
3	Services	121.10	-	-	98.68	-	-		
4	Personal loans	-	-	-	0.14	-	-		
	Sub-total (A)	363.96	6.38	1.75%	336.21	6.38	1.90%		
В	Non Priority Sector								
1	Agriculture and allied activities	-	-	-	-	-	-		
2	Industry (*)	461.30	51.82	11.23%	376.74	64.93	17.23%		
3	Services (#)	342.81	-	-	198.15	-	-		
4	Personal loans	47.71	0.32	0.68%	43.85	0.30	0.69%		
	Sub-total (B)	851.81	52.14	6.12%	618.74	65.23	10.54%		
	Total (A+B)	1215.77	58.52	4.81%	954.95	71.61	7.50%		
	* Industry of which								
	Chemicals, dyes paints etc.	155.28	4.89	3.15%	169.14	4.90	2.89%		
	All Engineering	121.29	25.63	21.13%	99.80	64.13	64.23%		
	Infrastructure	131.34	27.68	21.07%	79.00	29.96	37.92%		
	# Services of which								
	NBFC	160.00	-	-	115.00	-	-		

38. Transfer to Depositor Education and Awareness Fund (DEAF)

	(Rs. in crore)
Particulars	2016-17	2015-16
Opening balance of amounts transferred to DEAF	0.94	0.81
(+) Amounts transferred to DEAF during the year	0.12	0.16
(-) Amounts reimbursed by DEAF towards Claims	(0.03)	(0.03)
Closing balance of amounts transferred to DEAF	1.03	0.94

The amount transferred to DEAF is also shown as contingent liability under Schedule 12 of the Balance Sheet

39. Unhedged Foreign Currency Exposure

The Bank encourages its borrowers' to hedge their un-hedged exposure. The Bank assesses the un-hedged foreign currency exposure of the borrowers as a part of credit risk assessment. A policy is in place to manage the credit risk arising out of un-hedged foreign currency exposure of the borrowers. The Bank

also reviews the portfolio on a periodic basis and maintains provision towards the un-hedged foreign currency exposure of the Borrowers in line with the extant RBI guidelines.

The Bank has maintained provision of Rs. 0.06 crores (previous year of Rs. 0.06 crores) and additional capital of Rs. Nil crores (previous year of Rs. 0.08 crores) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2017.

40. Intra group exposures

RBI Circular No.RBI/201 3-14/487 DBOD.No.BP.BC. 96/21.06.102/2013-14 dated Feb 11, 2014 deals with Management of Intra Group Exposure and Transactions As an Point of Point of Intra Group Exposure and Transactions As an Point of Intra Group Exposure and International Properties of International Propertie Transactions. As per Point no. 2.4 c on entities exempted from definition of group entities of the said circular, exposure of Foreign Banks' (operating as branches in India) to their Head Office and overseas branches of the parent bank are not covered under these guidelines (except for proprietary derivative transactions undertaken with them). Also, the Bank has no other Group Entities in India and thus no Intra-Group exposure to be reported as on March 31, 2017.

41. Liquidity Coverage Ratio

a) Quantitative disclosure

Particulars		s	Q1 20	16-17	Q2 20	16-17	Q3 20	16-17	Q4 20	16-17	201	5-16	
			Total Unweighted	Total Weighted	Total Unweighted	Total Weighted	Total Unweighted	Total Weighted	Total Unweighted	Total Weighted	Total Unweighted Value	Total Weighted	
			Value (average)	Value (average)	Value (average)	Value (average)	Value (average)	Value (average)	Value (average)	Value (average)	(average)	Value (average)	
High	n Quali	ty Liquid Assets											
1	Total (HQL	High Quality Liquid Assets LA)	192.28	192.28	174.95	174.95	198.98	198.98	215.09	215.09	213.93	212.70	
Cas	h Outfl	ows											
2		deposits and deposits from business customers, of which:	165.11	16.41	152.12	14.86	184.46	17.00	182.30	18.13	879.79	87.75	
	(i) S	Stable deposits	1.96	0.10	1.98	0.10	2.10	0.11	1.96	0.10	4.58	0.23	
	(ii) L	ess stable deposits	163.16	16.32	150.14	14.76	182.36	16.90	180.34	18.03	875.21	87.52	
3	Unsec which	cured wholesale funding, of :	380.08	184.92	316.20	154.05	323.77	142.58	298.40	130.04	332.74	151.50	
	(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	_	-	-	-	
	(ii)	Non-operational deposits (all counterparties)	380.08	184.92	316.20	154.05	323.77	142.58	298.40	130.04	332.74	151.50	
	(iii)	Unsecured debt	-	-	-	-	-	-	-	-	-	-	ĮΙ
4	Secure	ed wholesale funding	18.19	-	17.00	-	17.81	-	-	-	5.05	-	ا
5		onal requirements, of which	-	-	-	-	-	-	-	-	0.36	0.36	
	(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	_	-	0.36	0.36	
	(ii)	Outflows related to loss of funding on debt products-	-	-	-	_	-	-	_	-	-	_	
	(iii)	Credit and liquidity facilities	133.27	13.21	163.73	16.25	229.23	22.82	324.12	31.80	251.17	25.02	
6	Other	contractual funding obligations	-	-	61.67	61.67	25.00	25.00	63.67	63.67	22.21	22.21	
7		contingent funding obligations	122.71	3.68	386.00	11.58	119.96	3.60	133.12	3.99	197.09	9.44	
8	Total C	Cash Outflows	819.37	218.22	1,096.71	258.41	900.24	211.00	1,001.61	247.63	1,688.41	296.28	
Cas	h Inflo	ws	-	-	-	-	-	-	-	-	-	-	
9		red lending (e.g. reverse repos)	-	-	17.67	-	11.00	-	32.00	-	-	-	
10		ws from fully performing sures	12.87	6.43	85.23	46.02	61.28	30.64	23.77	11.88	209.26	117.43	
11	Othe	r cash inflows	169.01	169.01	96.21	49.63	121.07	121.07	125.24	125.24	148.70	147.72	
12	Total	Cash Inflows	181.88	175.44	199.11	95.65	193.34	151.70	181.01	137.12	357.97	265.16	
		sted Value											
21	TOTA	AL HQLA		192.28		174.95		198.98		215.09		212.70	

23 Liquidity Coverage Ratio (%) b) Qualitative disclosure

22 Total Net Cash Outflows

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLA that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario as specified by supervisors. At a minimum, the stock of liquid assets should enable the Bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective action can be taken.

162.76

107.49%

59.30

335.58%

110.50

194.65%

74.07

287.15%

(a) Main drivers of LCR and evolution of contribution of inputs

54.56

352.45%

The Liquidity Coverage Ratio(LCR) standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 days' time horizon under a significantly severe liquidity stress scenario by which time it is assumed that appropriate corrective actions can be taken. The LCR position depends upon the level of High Quality Liquid Assets (HQLA) and level of inflows and outflows in 30 days stress horizon computed as per the RBI guidelines in this regard.

(b) Intra period changes

The intra period changes are mainly on account of changes in un encumbered excess SLR positions

(c) The composition of High Quality Liquid Assets(HQLA)

Banks' High Quality Liquid Assets consists of the following

Balance with RBI in excess of CRR requirement

- Un encumbered portion of investments in Government securities in excess of SLR requirement.
- Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Margina Standing facility (MSF)
- Investment in Government Securities held up to 8% of Net Demand and Time Liabilities (NDTL) permissible under Facility to Avail Liquidity for Liquidity Coverage Ratio(FALLCR).

(d) Concentration of funding

The Bank seeks to diversify its funding sources across retail commercial, corporate and institutional clients, as well as across products, tenors and currency. Funding from significant counterparties, products/instruments and currency is monitored regularly as part of its ongoing liquidity management. The Bank endeavors to fund its customer's loans from deposits and capital thereby ensuring minimal / no reliance on interbank borrowing.

(e) Derivative exposure and potential collateral calls

Bank does not have derivative business except forward contracts Exposure to derivative contracts has been incorporated in the calculation of LCR.

(f) Currency Mismatch in LCR

LCR computation is aggregated across currencies, with the predominant currency being INR. The Bank's foreign currency liabilities support its foreign currency exposures, however all HQLA is maintained in INR only

(g) Centralisation of liquidity management

Banks' liquidity management and monitoring is centralized. Bank has a Board adopted liquidity management policy in line with RBI regulation and guidelines

(h) Other Inflows and outflows in the LCR calculation that are not

All Inflows and outflows are comprehensively captured in LCR Bank's LCR is higher than minimum required LCR and as such Bank is in compliance with RBI guidelines

42. Details of Investments held as Security Receipts received by sale of NPA to securitization/Reconstruction Company are as follows-

					(175	. III Crore)	
Particulars	NPAs s the Ba	ed by sold by ank as rlying	Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total		
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	
Book value of investments in security receipts	15.13	15.13	Nil	Nil	15.13	15.13	
13. The Bank has 1 case of fraud during the financial year ended 31st March 2017							

- amounting to Rs. 0.07 crores (Previous year -Rs. Nil). The bank has made full provision there against
- 44. The Bank does not provide any factoring services
- 45. Divergence in asset classification and provisioning for NPA's-(Ref: DBR. BP.BC.NO. 63/ 21.04.018/2016-17 dated April 18, 2017)

There was no divergence in asset classification and provisioning observed by RBI for the financial year ended 31st March 2016.

46. Priority Sector Lending Certificates (PSLC) (RBI circular FIDD.CO.Plan. BC.23/ 04.09.01/2015-16 dated April 7, 2016)

During the financial year the bank has not traded in priority sector portfolio by selling or buying PSLC's.

47. Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A) and Strategic Debt Restructuring Scheme (Accounts which

are currently under the stand-still period) Bank does not have any accounts under S4A category and Strategic Debt

Restructuring Scheme as on March 31, 2017. 48. Disclosures on Specified Bank Notes (SBNs)

The Bank believes that the MCA notification G.S.R. 308(E) dated March 30, Principal assumptions used in determining sick leave provision for the Bank's plans 2017 regarding holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 is not applicable to banking companies. Accordingly, the disclosures prescribed under the said notification is not made by the Bank.

Implementation of Indian Accounting standards (Ind As)

The Ministry on Corporate Affairs (MCA), the Government of India has notified the companies (Indian accounting standards) rules, 2015 on February 16th, 2015. Further, a press release was issued by the MCA on January 18th, 2016 outlining the roadmap for implementation of Indian accounting standards (Ind As) converged with International Financial reporting standards (IFRS) for Banks. Banks in India shall comply with the Ind As for financial statements for accounting period beginning from April 01, 2018 onwards, with comparatives

for the period ending March 31st, 2018 of thereafter. In preparedness towards achieving the same, the bank had prepared proforma financial statements as per Ind As as on September 30th, 2016 as per extant regulatory guidelines and submitted the same to the RBI. The Bank will continue its preparation towards migration to adopting Ind As as per Regulatory requirement.

Disclosure requirements as per Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI)

49. Employee Benefits (AS-15)

Gratuity

Particulars

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amount recognised in the Balance Sheet for the respective plans.

Profit and Loss account: Net employee benefit expense (recognised in payment to and provision to employees)

	(Rs. in crore)
Particulars	2016-17	2015-16
Current service cost	0.33	0.29
Interest cost	0.24	0.14
Expected return on plan assets	(0.12)	(0.10)
Actuarial (gains)/losses	0.10	0.17
Past Service Cost	-	1.03
Net expenses	0.55	1.53
Balance Sheet: Details of provision for gratuity	(Rs. in crore)

	,	,
Particulars	2016-17	2015-16
Fair value of plan assets	3.03	1.49
Present value of obligations	3.58	3.02
Asset/(Liability)	(0.55)	(1.53)
Asset/Liability recognised in the balance sheet	(0.55)	(1.53)

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in cror				
Particulars	2016-17	2015-16		
Opening defined benefit obligation	3.02	1.75		
Interest cost	0.24	0.14		
Current service cost	0.33	0.29		
Past service cost	-	1.03		
Cost of Plan Amendment	-	-		
Benefits paid	(0.17)	(0.37)		
Actuarial (gains) / losses on obligation	0.16	0.18		
Closing defined benefit obligation	3.58	3.02		
Changes in the fair value of plan assets are as follow: (Rs. in cror				

Opening fair value of plan assets	1.49	1.32
Expected return	0.12	0.10
Contributions by employer	1.53	0.43
Benefits paid	(0.17)	(0.37)
Actuarial gains / (losses) on plan assets	0.06	0.01
Closing fair value of plan assets	3.03	1.49
Experience adjustments:	(Rs. in crore)
Particulars	2016-17	2015-16
(Gain)/Loss on obligation due to change in assumption	0.21	0.01
Experience (Gain)/Loss on obligation	(0.05)	0.17
Actuarial Gain/(Loss) on planned assets	0.06	0.01

2016-17 2015-16

Principal assumptions used in determining gratuity for the Bank's plans are shown below:

Particulars	2016-17	2015-16
Discount Rate (%) p.a.	7.27 %	7.86%
Expected rate of return on assets (%) p.a.	7.27%	7.86%
Salary escalation rate (%) p.a.	8.00%	8.00%
Attrition Rate (%) p.a. : For first 4 years	25.00%	25.00%
: After 4 years	2.00%	2.00%

Compensated Absences

are shown below:

The actuarial liability of compensated absences of unencashable accumulated sick leaves of the employees of the Bank is given below: (Rs. in crore

Jι	Particulars	2016-17	2015-16
	Total actuarial liability for sick leave	0.38	0.36
	District and the second		

Particulars	2016-17	2015-16
Discount Rate (%) p.a.	7.27%	7.86%
Salary escalation rate (%) p.a.	8.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Unamortised Pension and Gratuity Liabilities

Amortisation of pension and gratuity liabilities expenditure in terms of circular no. DBOD.No.BP.BC.80/21.04.018/2010-11dated February 09, 2011 is Nil for the year under review (Previous Year: Nil).

Segment Information about Primary Business Segments for the year March 31, 2017

					(Rs. in crore)
Business Segments	Treasury	Corporate Banking	Retail Banking	Other Banking Operations	Total
Revenue	41.38	100.99	5.76	3.11	151.24
Unallocated Revenue					0.01
Total Segment revenue					151.25
Expense	23.97	67.75	6.53	0.89	99.14
Unallocated Expense					4.96
Total Segment Expense					104.10
Operating Profit	17.41	33.24	(0.77)	2.22	52.10
Unallocated operating profit					(4.95)
Net Operating Profit					47.15
Segment Result	17.41	14.12	(0.83)	2.22	32.92
Unallocated result					(4.95)
Total Segment Result					27.97
Income Taxes (net of deferred tax)					(9.69)
Net Profit					18.28
Other Information					
Segment Assets	754.46	1132.64	50.00	0.14	1937.24
Unallocated Assets					56.12
Total Assets					1993.36
Segment Liabilities	52.34	549.58	960.28	0.18	1562.38
Unallocated Liabilities					430.98
Total Liabilities					1993.36
la commutica the character contra	ain actionates and ac			lied was by the auditors	

In computing the above information, certain estimates and assumptions have been made which have been relied upon by the auditors.

Segment Information about Primary Business Segments for the year March 31, 2016.

					(Rs. in crore)
Business Segments	Treasury	Corporate Banking	Retail Banking	Other Banking Operations	Total
Revenue	46.62	80.58	4.36	4.74	136.30
Unallocated Revenue					0.19
Total Segment revenue					136.49
Expense	27.00	64.15	6.09	0.89	98.13
Unallocated Expense					4.59
Total Segment Expense					102.72
Operating Profit	19.62	16.43	(1.73)	3.85	38.17
Unallocated operating profit					(4.41)
Net Operating Profit					33.76
Segment Result	20.46	(20.86)	(1.84)	3.85	1.61
Unallocated result					(4.41)
Total Segment Result					(2.80)
Income Taxes (net of deferred tax)					(4.04)
Net Profit					1.24
Other Information					
Segment Assets	709.62	883.49	43.20	0.12	1636.43
Unallocated Assets					60.40
Total assets					1696.83
Segment Liabilities	1.93	456.08	830.16	0.19	1288.36
Unallocated liabilities					408.47
Total liabilities					1696.83
n computing the above information, certain estimates and assumptions have been made which have been relied upon by the auditors.					



(Incorporated in Bahrain with Limited Liability)

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.
- The Bank is organised into three main business segments, namely: Treasury - primarily comprising of Dealing Room operations, trading/

investments in Bonds and Government securities.

- Corporate Banking primarily comprising of Wholesale Loans an Advances to Corporates, Investments in Corporate Bonds.
- Retail Banking Primarily comprising of retail loans & advances to
- (iii) The above segments are based on the currently identified segments taking into account the nature of services provided, the risks and returns, overall
- organisation structure of the Bank and the internal financial reporting system (iv) Segment revenue, results, assets and liabilities include the respective amounts 3. Capital Adequacy: identifiable to each of the segments and amounts apportioned/allocated on a
- reasonable basis The classification of assets to the respective segments conform to the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated
- (vi) Segment revenues stated above are aggregate of Schedule 13 Interest income and Schedule 14 - Other Income with zero spread on account of transfer pricing

51. Related Parties

April 18, 2007.

Parent

Bank of Bahrain & Kuwait, Bahrain, its branches and representative office.

Subsidiaries of Parent 1. CrediMax

- Invita Bahrain 2.
- Global Payment Services
- Invita-Kuwait
- **BBK Shares Incentive** 5. **Associated Company of Parent**

- Bahrain Commercial Facilities Company Securities Investment Company
- Bahrain Kuwait Insurance (BKIC) 3.
- Ithmaar Bank
- Pension Fund Commission (PFC)
- Social Insurance Organisation (GOSI)
- Kuwait Investment Authority (KIA)
- The Benefit Company
- Naseei Company
- Alosra Bank
- 11. Sakana Holistic Housing Solutions
- 12. Divvar Al Harameen Al Ola Limited
- 13. BBK Geojit Securities KSC
- 14. Aegila Capital Management Limited
- 15. Bahrain Liquidity Fund

Key Management Personnel

Mr. Mallikariun Kota - Country Head & CEO - India

In line with the RBI circular DBR.BP.BC.No.23/21.04.018/2015-16 dated July 01, 2015 the Bank is not required to disclose details pertaining to related party where under a category there is only one entity (i.e. Head Office & its branches). Similarly there has been only one entity/person under Key Management Personnel at any point of time and therefore those details are also not disclosed.

There were no transactions with other related parties during the year.

52. Operating Leases

a) Details of total of future minimum lease payments are as follows

	(1	Rs. in crore)
Particulars	2016-17	2015-16
Not later than one year	6.26	5.40
Later than one year and not later than five years	14.19	5.39
Later than five years	Nil	Nil

- 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.
- The lease agreements entered into pertain to use of premises (including fixed assets) at the branches. The lease agreements do not have any undue restrictive or onerous clauses other than those normally prevalent in similar agreement regarding use of assets, lease escalations, renewals and a restriction on sub-leases.

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.

	(Rs. in crore)
As at March 31, 2017	As at March 31, 2016
27.55	24.25
-	-
0.24	0.23
0.52	0.33
0.07	-
0.11	0.11
28.49	24.92
-	0.27
-	1.51
-	1.78
28.49	23.14
	31, 2017 27.55 - 0.24 0.52 0.07 0.11 28.49

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.
- (ii) Liabilities on account of forward contracts:

The Bank enters into forward exchange contracts with Inter-Bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.

(iii) Guarantees given on behalf of constituents, acceptances, endorsements and others

As a part of its normal banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

- 55. There are no outstanding dues towards principal amount or interest thereor remaining unpaid to any supplier covered under Micro, Small and Medium Enterprises Development Act, 2006 as at the end of accounting year. Further, no interest was due or payable by the Bank to any supplier during the year under the provisions of the said Act. The determination has been made to the extent such parties were identified based on the available information (2016:
- 56. In the current financial year the bank has changed its accounting policy of accounting for guarantee commission. Earlier gguarantee commission exceeding Rs.1,00,000/- was accrued on a time proportion basis over the period of guarantee. The bank is now accruing guarantee commission on all guarantees on a time proportion basis over the period of guarantee. As a result, guarantee commission recognized in the profit and loss accounts stands $% \left(1\right) =\left(1\right) \left(1\right) \left($ reduced by Rs. 0.07 crores.
- **57.** Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

Previous year figures have been regrouped wherever necessary to conform to current year's presentation.

For Bank of Bahrain & Kuwait B.S.C - Indian Branches

Mallikariun Kota Country Head & CEO - India Place: Mumbai

Dated: June 23, 2017

Mehiabeen Saifi Vice President Financial Control - India Disclosures under the New Capital Adequacy Framework (BASEL III Indu

guidelines) for the year ended March 31, 2017

Scope of application: The bank has no subsidiary and hence no consolidation is applicable.

Capital Structure:

Tier 1 - Capital of the bank comprises of capital funds injected by HO, Statutory reserves and retained earnings.

Regulatory deductions are on account of intangible assets being deferred tax asset and computer software.

Tier 2 Capital consists of general loss reserves and investment reserve subject to restrictions as per RBI guidelines.

-	Quantitative Disclosures.		(NS. III CIOIE)
nd	a.	Tier Capital	
		Capital	292.89
to		Reserves	125.34
	b.	Deduction from Capital (Deferred Tax Asset and Software)	29.20
ng	C.	Tier II Capital	8.36
all		Total Fligible Capital	397 39

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.

CAR of the Bank is estimated to be well above the regulatory CAR of 9 % for the next two years. For maintaining adequate capital, Bank has the additional option of augmenting the capital by raising subordinated debt.

The Bank has finalized its ICAAP Policy and the same will be reviewed on a

Oua	ntitative	Disclosures:

Capital requirement for credit risk	
Portfolios subject to standardized approach	Rs. 1,405.56 crore
Securitization exposures	Rs. 0.00
Total @ 9% CRAR	Rs. 126.50 crore
Capital requirement for market risk Standardized duration approach	
Interest Rate Risk	Rs. 4.16 crore

ı	Foreign exchange risk (including gold)	Rs. 1.09 crore
	_1-1	Rs. 0.00 crore
	Specific Risk Capital Charge - Security Receipts	Rs. 2.04 crore
ı	Conital requirement for energianal right	

Capital requirement for operational	risk
Danie indicator annuach	

Badio indicator approach	
Capital required for operational risk	Rs. 9.23 crore
Total and Tier 1 capital ratios	
Tier I Capital	Rs. 389.03 crore
Tier II Capital	Rs. 8.36 crore
Total	Rs. 397.39 crore
Total CRAR	24.65%
Core CRAR	24.13%

General Disclosures:

Qualitative Disclosures:

Risk Management involves identifying, measuring, monitoring and managing risks on a regular basis. The objective of risk management is to increase return on equity and achieve a return on equity commensurate with the risks

The Bank faces a range of risks in its business and operations. These include among other things

(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. The Bank has a full-fledged risk management department which looks after the risk functions pertaining to Indian operations. The Risk related policies and procedures applicable to Indian operations are discussed and approved by the Management Committee. The head office at Bahrain has a fully equipped risk management department which guides the Indian counterparts on the risk related issues.

Liquidity Risk:

Liquidity risk is defined as the potential inability of the Bank to meet its financial obligations (liquidity needs) due to funding mismatch, The Bank has in place ALM policy which describes the measures for tracking and managing liquidity. It is the Bank's policy to keep part of its assets in high quality liquid assets such as inter-bank placements, government bonds, bills and other short term instruments to meet maturing liabilities. The day to day management of liquidity is looked after by treasury with support from Asset-Liability management Committee (ALCO). The monitoring is done by risk management department.

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

The Bank has clearly defined policies for conducting investment and foreign | Co exchange business, which stipulates limits for these activities. The Bank has no Ret direct exposure to equity except the case where debt has been converted as a part of Debt Restructuring package. The Bank has no exposure to commodity

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

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. The goal of credit risk management is to maximize the Bank's risk adjusted rate of return by maintaining credit-risk exposures within acceptable parameters. The bank has well defined policies and procedures for identifying, measuring, monitoring and controlling credit risk in all its activities. Credit limits are approved after thorough assessment of the creditworthiness of the borrower or counterparty including the purpose and structure of credit and its source of repayment. Credit proposals are reviewed by the designated credit officer independently before obtaining approval from the appropriate authority.

Credit growth, quality and portfolio composition are monitored continuously to maximize return and reduce incidence of impairment. The Bank monitors concentration risk by setting up limits for maximum exposure to individual borrower or counterparty, country, bank or industry. These limits are approved after detailed analysis and are monitored regularly

The Bank's credit administration unit ensures that credit facilities are released after proper approval and against proper documentation. It also monitors excesses over limits, past dues, expired credits, and highlights corrective

The Bank has a risk asset rating guidelines and all credits are assigned a rating in accordance with the defined criteria. All lending relationships are reviewed at least once a year and more frequently wherever warranted. The Internal Audit Department conducts independent reviews of risk assets periodically and submits its report to Senior Management/Audit Committee

It is the Bank's policy to ensure that provisions for credit loss are maintained at adequate levels

The bank line limits are set by Head Office at Bahrain giving due weightage to political, economic and commercial risks attached to various countries and the size, track record and performance indicator of various banks. These limits

Definition of past due and impaired assets (for accounting purpose) 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 (iv) Any amount to be received remains overdue for a period of more than

90 days in respect of other accounts Discussion of Bank's Credit Risk Management policy

As discussed under the sub head Credit risk Quantitative Disclosures:

Total gross credit risk exposures – Fund based Rs. 1.988.09 crore Rs. 764.10 crore Non-fund based

Geographic distribution of exposure-Fund based and non fund based

The Bank operates as a single unit in India and as such has no identifiable geographical segment subject to dissimilar risk and returns. Hence no information regarding the same has been given.

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

Industr	y-wise break up on as 31-03-2017			0171	Of Which fertilizers		
CODE INDUSTRY De in everes			I				
CODE INDOSTRI		II		0172	Of Which petro chemicals	9.65	-
		Fund based	Non Fund Based	0173	Of Which drugs & pharmaceuticals	126.19	0.48
			Daseu	021	Construction	25.35	0.07
003	Iron & Steel	-	-	025	Infrastructure	103.40	9.99
005	All Engineering	95.65	38.23	0252	Of which telecommunications	-	-
006	Electricity	-	-	0253	Of which road & ports	68.25	-
007	Cotton Textiles	53.44	-	026	Other industries	473.02	85.72
009	Other Textiles	8.70	-	027	NBFCS	160.00	-
012	Food Processing	39.63	-	028	Residual advances to balance gross adv.	47.44	0.31
017	Chemicals, dyes paints etc.	150.39	47.57		Grand Total	1,157.01	181.89

e) [Residual Contractual Maturity break-down of assets: (Rs. in cro													. in crore)		
)			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
븨	1	Cash	1.37	-	-	-'			- '	-	-	-'	-	-	-	1.37
ᆀ	2	Balance with RBI	-	-	6.96	1.48	3.45	2.03	7.52	17.35	36.28	2.32	-	- '		77.39
ا إ	1 - 1	Balances with banks &	46.67	239.61												286.28
<u>ا</u> اك	Щ	money at call & short notice	40.07		-	<u> </u>	+ ⁻	- '	-	-		<u>-</u> '	-		<u> </u>	
	4	Investments	-	24.98	49.25	34.00	29.41	5.63	40.22	76.42	100.59	6.41	15.13			382.04
-	5	Advances	0.20	1.44	2.86	25.76	134.43	27.99	114.89	82.37	705.57	50.14	11.36		-	1157.01
to	6	Fixed Assets	-	-	[-]	- '		-'	- '		-	- '	- '	- '	6.15	6.15
ts	7	Other assets	-	-	0.77	7.91	0.39	1.15	1.46	0.00	47.61	'	23.81	_	-	83.10

•	Amount of NPA's Gross		7
	Substandard	Rs. 0.04 crore	i
	Doubtful 1	Rs. 25.63 crore	8
	Doubtful 2	Rs. 27.69 crore	l
	Doubtful 3	Rs. 0.02 crore	
	Loss	Rs. 5.14 crore	l
•	Net NPA's	Rs. 0.02 crore	

NPA Ratios 4.81% Gross NPA's to Gross Advances Net NPA's to net advances 0.00%

Disclosed in Schedule 18 of the year accounts Note no 6. Movement of provisions for NPA's Disclosed in Schedule 18 of the year accounts Note no 6.

Movement of NPA's (Gross)

Amount of Non -Performing Investments Rs. 0.55 crore Amount of provision held for Non – Performing Investments Rs. 0.55 crore Movement of provision for depreciation on investments

	(Rs. In 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 for all exposures (Corporate exposures and banking exposures) wherever applicable The bank is not using any process to transfer public issue ratings on to comparable assets in the banking book

Also rated facilities have been considered as those facilities where the bank's exposure has been explicitly rated; else that exposure has been treated by the bank as unrated.

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 100% risk weght Rs. 827.12 crore More than 100% Rs. 96.68 crore

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 and an indication of the extent to which the bank makes use of on and off balance sheet netting. The valuation of collaterals is being carried out periodically. The collaterals considered for Risk mitigation includes bank's fixed deposits, insurance policies and counter guarantees of Banks including Head Office and Branch guarantee.

Quantitative Disclosures:

Total Exposure covered by eligible financial collateral after the application of

Corporate Exposure includes both fund based and Non Fund based exposure

Particulars

	Rs. in crore as of 31-03-2017									
	Gross outstanding	Financial Mitigant								
orporate loans*	49.37	16.53								
etail loans*	Nil	Nil								

28 Total regulatory adjustments to Common equity Tier 1

30 Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)

33 Directly issued capital instruments subject to phase out from Additional Tier 1

31 of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference

32 of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)

29 Common Equity Tier 1 capital (CET1)

Shares)

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

Securities held under HFT and AFS categories

Forward foreign exchange contracts b) Risk Management Department is responsible for identification

assessment, monitoring and reporting the market risks. Risk Management and reporting is based on parameters such as Modified Duration, Maximum permissible exposures, Net Open Position limits, Gap

limits, Value at Risk (VAR). d) The Bank does not have any direct exposure to Capital Market.

Quantitative Disclosures:

iii) Foreign exchange risk

The capital requirements for Rs. 4.16 crore i) Interest rate risk ii) Equity position risk Rs. 0.00 crore

Rs. 1.09 crore

Rs .2.04 crore

iv) Specific Risk Capital Charge - Security Receipts 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. The Bank has clearly defined operations procedures for each of its products and services. It also has advanced computer systems that enable it to run operations with speed and accuracy. The Bank has got in place concurrent audit and internal audit systems which help in identifying and rectifying the operational deficiencies. The approved Business Continuity Plan is in place and implementation of the same is in process. The regular back-ups are made for important data and stored outside the bank's premises. All our branches are integrated under core

place in the Bank.

investment activities of the Bank

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 and laying down parameters for efficient management of these risks through Assets Liability Management Policy of the Bank. ALCO therefore periodically monitors and controls the risks and returns, funding and deployment, setting Bank's lending and deposit rates, and directing the

banking software. A system of prompt submission of reports on frauds is in

It is the Bank's policy to keep its assets and liabilities mismatches at acceptable levels to maintain steady net interest income. The Bank monitors interest rate risk based on gap limits. The Interest rate sensitivity statements are prepared on a fortnightly basis to monitor the interest rate risk. The Asset Liability management committee (ALCO) reviews the interest rate risk periodically and suggests measures to tackle the dynamic situations

10. Interest rate Risk in the banking Book (IRRBB)

The bank has practice of monitoring Interest rate risk in Banking Book on a

monthly basis. The liabilities and assets are grouped in to different buckets based on the interest re-pricing horizon. The gaps between the Assets and Liabilities are analyzed with the help of pre-determined gap limits. The reasons for the breaches are identified and necessary steps are initiated 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

Amount

292

3,890

interest rate on Net Interest Income (NII) amounted to an expected loss of INR 9.02 crore based on Asset Liability position of March 2017 using the traditiona gap analysis

Table DF-11: Composition of Capital Part II: Template to be used before March, 2017 transition period of Basel III reg

		(Rs. in	million)
Amt Subje Basel III Tr	ct to Pre	Ref	No.
Basel III Tr	eatment		

al	Com	mon Equity Tier 1 capital: instruments and reserves			
וי	1	Funds from Head Office	2,929		A1
[[2	Retained earnings	1,253		B1+B2+B3+B4
r	3	Accumulated other comprehensive income (and other reserves)	-		
۷ ا	4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies1)	-		
		Public sector capital injections grandfathered until January 1 2018			
1	5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
٧l	6	Common Equity Tier 1 capital before regulatory adjustments	4,182		
ś		Common Equity Tier 1 capital: regulatory adjustments			
	7	Prudential valuation adjustments	-		
1	8	Goodwill (net of related tax liability)	-		
	9	Intangibles other than mortgage-servicing rights (net of related tax liability)	7	-	D1
s	10	Deferred tax assets 2	285	-	E1
9	11	Cash-flow hedge reserve	-		
1	12	Shortfall of provisions to expected losses	-		
9	13	Securitisation gain on sale	-		
	14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
ÿΙ	15	Defined-benefit pension fund net assets	-		
	16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
l b	17	Reciprocal cross-holdings in common equity	-		
e	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)	_		
s	19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)3	-		
1	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)	-		
1	22	Amount exceeding the 15% threshold6	-		
,	23	of which: significant investments in the common stock of financial entities	-		
1	24	of which: mortgage servicing rights	-		
۱	25	of which: deferred tax assets arising from temporary differences	-		
1	26	National specific regulatory adjustments7 (26a+26b+26c+26d)	-		
s	26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
1	26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
۱	26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank9	-		
	26d	of which: Unamortised pension funds expenditures Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	_		
		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	-		
- 1				I	



	بن <i>ک</i> البصرين و الکويت BANK OF BAHRAIN & KUWAIT B.S.C INDIAN BRANCHES				No.	Capital & Liabilities	fina	ncial statements	scope of cons	olidation
l	(Incorporated in Bahrain with Limited Liability)				i	Paid-up Capital		2,929		2,929
Sr	Particulars	Amount	Amt Subject to Pre	Ref No.		Reserves & Surplus		1,299		1,299
No. 34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and		Basel III Treatment			Minority Interest		-		-
34	held by third parties (amount allowed in group AT1)	-				Total Capital		4,228 14,734		4,228
	of which: instruments issued by subsidiaries subject to Phase out Additional Tier 1 capital before regulatory adjustments	-				Deposits of which: Deposits from banks		14,734		14,734
	tional Tier 1 capital: regulatory adjustments	_				of which: Customer deposits		14,718		14,718
37	Investments in own Additional Tier 1 instruments	-				of which: Other deposits (pl. specify)		-		-
38	Reciprocal cross-holdings in Additional Tier 1 instruments Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory	-			iii	Borrowings		500		500
	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)					of which: From RBI of which: From banks		500		500
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope					of which: From other institutions & agencies		-		-
41	of regulatory consolidation (net of eligible short positions)10 National specific regulatory adjustments (41a+41b)	-				of which: Others (Borrowings outside India)		-		-
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-				of which: Capital instruments	-		-	
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank				iv	Other liabilities & provisions Total		472 19,934		472 19,934
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-			В	Assets		19,934		19,934
	of which:DTA	-			i	Cash and balances with Reserve Bank of India	788		788	
⊩	Intangibles other than mortgage-servicing rights (net of related tax liability) of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1	-				Balance with banks and money at call and short notice		2,863		2,863
IL.	at 50%]	-			l ii	Investments:		3,820		3,820
42	of which: [INSERT TYPE OF ADJUSTMENT] Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-			\parallel	of which: Government securities of which: Other approved securities		3,669		3,669
43	Total regulatory adjustments to Additional Tier 1 capital	-				of which: Shares		-		-
44	Additional Tier 1 capital (AT1) Additional Tier 1 capital reckoned for capital adequacy11	-				of which: Debentures & Bonds		-		-
	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	3,890				of which: Subsidiaries / Joint Ventures / Associates		-		-
	2 capital: instruments and provisions					of which: Others (Commercial Papers, Mutual Funds etc.) Loans and advances		151		151 11,570
46	Directly issued qualifying Tier 2 instruments plus related stock surplus Directly issued capital instruments subject to phase out from Tier 2	-				of which: Loans and advances to banks		-		11,570
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries					of which: Loans and advances to customers		11,570		11,570
49	and held by third parties (amount allowed in group Tier 2) of which: instruments issued by subsidiaries subject to phase out	-			iv	Fixed assets		62		62
	Provisions(provision for Standard advances,unhedged foreign currency exposures and country risk				V V	Other assets		831		831
51	provisions) Tier 2 capital before regulatory adjustments	84		C1+C2		of which: Goodwill and intangible assets of which: Deferred tax assets		285		285
	2 capital: regulatory adjustments				vi	Goodwill on consolidation		-		-
52	Investments in own Tier 2 instruments Reciprocal cross-holdings in Tier 2 instruments	-			vii	Debit balance in Profit & Loss account		-		-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory					Total Assets		19,934		19,934
Ш	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)	_			Step 1	ı				(Rs in Million)
55	Significant investments 13 in the capital banking, financial and insurance entities that are outside the scope				Sr	Particulars	Balance sheet as in		under regulatory	Reference
56a	of regulatory consolidation (net of eligible short positions) of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-			No.	Contact 9 Linkilities	financial statements	scope of	consolidation	No.
	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated				A	Capital & Liabilities Paid-up Capital	2,929		2,929	
	with the bank Regulatory Adjustments Applied To Tier 2 in respect of	-				of which: Amount eligible for CET1	2,929		2,929	
	Amounts Subject to Pre-Basel III Treatment	-				of which: Amount eligible for AT1				
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	_				Reserves & Surplus of which:	1,299		1,299	
	of which: [INSERT TYPE OF ADJUSTMENT	-				Statutory Reserve	465		465	B1
	Total regulatory adjustments to Tier 2 capital Tier 2 capital (T2)	84				Property Investment Reserve	10		10	B2
	Tier 2 capital reckoned for capital adequacy14	84			<u> </u>	Capital Reserve	27		27	
	Excess Additional Tier 1 capital reckoned as Tier 2 capital	-				Capital Adequacy Investment Reserve Account	752 19		752 19	
580	Total Tier 2 capital admissible for capital adequacy (58a + 58b) Total capital (TC = T1 + T2) (45 + 58c)	3,974				Balance in Profit /Loss A/c	26		26	
60	Total risk weighted assets (60a + 60b + 60c)	16,120				Total Capital	4,229		4,229	
	of which: total credit risk weighted assets of which: total market risk weighted assets	14,056 1,153			ii	Deposits of which: Deposits from banks	14,734		14,734	
	of which: total operational risk weighted assets	911				of which: Deposits from banks of which: Customer deposits	16 14,718		14,718	
64	Capital ratios Common Equity Tier 1 (as a percentage of risk weighted assets)	24 420/				of which: Other deposits (pl. specify)	-		-	
62	Tier 1 (as a percentage of risk weighted assets)	24.13% 24.13%			iii	Borrowings	500		500	
63	Total capital (as a percentage of risk weighted assets)	24.65%				of which: From RBI of which: From banks	500		500	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	6.750%				of which: From other institutions & agencies	- 500		-	
65	of which: capital conservation buffer requirement	1.250%				of which: Others (Borrowings outside India)	-		-	
66	of which: bank specific countercyclical buffer requirement of which: G-SIB buffer requirement	-			iv	Other liabilities & provisions	472		472	
	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-				of which:Provision for Standard Advances,Country Risk,Unhedged foreign currency Exposures)	65		65	C2
60	National minima (if different from Basel III) National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%				TOTAL Capital & Liabilities	19,934		19,934	
70	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum) National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%			B :	ASSETS Cash and balances with Reserve Bank of India	700		700	
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%				Cash and balances with Reserve Bank of India Balance with banks and money at call and short notice	788 2,863		788 2,863	
72	Amounts below the thresholds for deduction (before risk weighting) Non-significant investments in the capital of other financial entities	-			ii	Investments	3,820		3,820	
73	Significant investments in the common stock of financial entities	-				of which: Government securities of which: Other approved securities	3,669		3,669	
74 75	Mortgage servicing rights (net of related tax liability) Deferred tax assets arising from temporary differences (net of related tax liability)	N.A.				of which: Shares of which: Debentures & Bonds	-		-	
	Applicable caps on the inclusion of provisions in Tier 2	14.74.				of which: Subsidiaries / Joint	-		-	
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	84				Ventures / Associates	-		-	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	84				of which: Others (Commercial Papers,Mutual Funds etc.)	151		151	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N.A.				Loans and advances of which: Loans and advances to Banks	11,570		11,570	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N.A.				of which: Loans and advances to customers	11,570		11,570	
	Capital instruments subject to phase-out arrangements				iv	Fixed assets	62		62	
80	(only applicable between March 31, 2017 and March 31, 2022) Current cap on CET1 instruments subject to phase out arrangements	N.A.				of which:Intangibles	7		7	D1
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N.A.			V	Other assets of which: Goodwill and intangible assets	831		831	
82	Current cap on AT1 instruments subject to phase out arrangements	N.A.				of which: Deferred tax assets	285		285	E1
	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N.A.			vi	Goodwill on consolidation	-			
	Current cap on T2 instruments subject to phase out arrangements	N.A. N.A.			vii	Debit balance in Profit & Loss account Total Assets	40.004		40.004	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N.A.				Total Assets	19,934		19,934	

Step 1

Sr Particulars

DF-12 Composition of Capital-Reconciliation Requirements

(Rs in Million)

Balance sheet as in financial statements Balance Sheet under regulatory scope of consolidation