

# Basel III Pillar III Disclosure

*(For the six month period ended 30 June  
2018)*

**Basel III Pillar III Disclosure****(For the six month period ended 30 June 2018)**

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**1. Statement of financial position under the Regulatory Scope of Consolidation**

The table below shows the link between the statement of financial position in the published financial statements (accounting statement of financial position) and the regulatory statement of financial position.

	Statement of financial position as in published financial statements	Statement of financial position as per Regulatory Reporting	Reference
	BD '000	BD '000	
<b>Assets</b>			
<b>Cash and balances with central banks</b>	<b>298,568</b>	<b>298,568</b>	
<b>Treasury bills</b>	<b>423,640</b>	<b>423,640</b>	
<b>Deposits and amounts due from banks and other financial institutions</b>	<b>205,064</b>	<b>203,484</b>	
<b>Loans and advances to customers</b>	<b>1,824,512</b>	<b>1,824,512</b>	
Of which collective impairment provisions	30,568	30,568	a
Of which net loans and advances (gross of collective impairment provisions)	1,793,944	1,793,944	
<b>Investment securities</b>	<b>764,057</b>	<b>764,057</b>	
Of which equity investments in financial entities under CET1		26,142	b
Of which equity investments in financial entities under Tier 2		2,277	c
Of which related to other investments		735,638	
<b>Investments in associated companies and joint ventures</b>	<b>54,231</b>	<b>57,137</b>	
Of which Investment in own shares	687	687	d
Of which equity investments in financial entities	32,319	32,319	e
Of which other investments	21,225	24,131	
<b>Interest receivable and other assets</b>	<b>89,010</b>	<b>87,909</b>	
Of which deferred tax assets due to temporary differences	1,236	1,236	f
Of which Intangibles	2,279	2,279	g
Of which Interest receivable and other assets	85,495	84,394	
<b>Premises and equipment</b>	<b>26,697</b>	<b>26,387</b>	
<b>Total assets</b>	<b>3,685,779</b>	<b>3,685,694</b>	
<b>Liabilities and Equities</b>			
<b>Liabilities</b>			
<b>Deposits and amounts due to banks and other financial institutions</b>	<b>253,147</b>	<b>253,147</b>	
<b>Borrowings under repurchase agreement</b>	<b>161,314</b>	<b>161,314</b>	
<b>Term borrowings</b>	<b>150,800</b>	<b>150,800</b>	
<b>Customers' current, savings and other deposits</b>	<b>2,559,734</b>	<b>2,561,596</b>	
<b>Interest payable and other liabilities</b>	<b>86,297</b>	<b>84,858</b>	
<b>Total liabilities</b>	<b>3,211,292</b>	<b>3,211,715</b>	
<b>Equity</b>			
<b>Share capital</b>	<b>108,165</b>	<b>108,165</b>	h
<b>Treasury stock</b>	<b>(1,157)</b>	<b>(1,157)</b>	i
<b>Perpetual tier 1 convertible capital securities</b>	<b>86,098</b>	<b>86,098</b>	j
<b>Share premium</b>	<b>41,016</b>	<b>41,016</b>	k
<b>Statutory reserve</b>	<b>54,082</b>	<b>54,082</b>	l
<b>General reserve</b>	<b>54,082</b>	<b>54,082</b>	m
<b>Cumulative changes in fair values</b>	<b>(23,537)</b>	<b>(23,537)</b>	
of which cumulative changes in fair values on bonds and equities	(24,042)	(24,042)	n
of which Fair value changes in cash flow hedges	505	505	o
<b>Foreign currency translation adjustments</b>	<b>(11,165)</b>	<b>(11,165)</b>	
Of which related to unconsolidated subsidiary		(75)	p
Of which related to Parent		(11,090)	q
<b>Retained earnings</b>	<b>164,442</b>	<b>164,442</b>	
Of which employee stock options	2,802	2,802	
Of which Retained earnings	161,640	161,640	r
<b>ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>	<b>472,026</b>	<b>472,026</b>	
Non-controlling interest	2,461	1,953	
<b>Total equity</b>	<b>474,487</b>	<b>473,979</b>	
<b>Total Liabilities and equities</b>	<b>3,685,779</b>	<b>3,685,694</b>	

• **Legal entities included within the accounting scope of consolidation but excluded from the regulatory scope of consolidation:**

Name	Principle activities	Total Assets	Total Equities
Invita B.S.C. (c)	Business process outsourcing services	4,854	3,415

**2. Capital ratios of subsidiaries above 5% of group capital**

	Total capital ratio	Tier 1 capital ratio
CrediMax	66.15%	66.15%

### 3. Regulatory Capital Components - Consolidated

The table below provides a detailed breakdown of the bank's regulatory capital components, including all regulatory adjustments. The table also provides reference to the comparison displayed

	Component of regulatory capital	Amounts subject to pre-2015 treatment	Source based on reference letters of the statement of financial positions under the regulatory scope of consolidation
<b>Common Equity Tier 1: Instruments and reserves</b>			
Directly issued qualifying common share capital plus related stock surplus	148,024		h+i+k
Retained earnings	161,565		p+r
Accumulated other comprehensive income and losses (and other reserves)	73,537		l+m+n+o+q
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>383,126</b>	-	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Other intangibles other than mortgage servicing rights (net of related tax liabilities)	1,823.00		g
Cash flow hedge reserve	505.00		m
Investments in own shares	687		d
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)	-	26,142	b
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>3,015.00</b>	<b>26,142.00</b>	
<b>Common Equity Tier 1 capital (CET1)</b>	<b>380,111.00</b>		
<b>Additional Tier 1 capital: instruments</b>			
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	86,098.00		
of which: classified as equity under applicable accounting standards	86,098.00		
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>86,098.00</b>	-	
<b>Additional Tier 1 capital: regulatory adjustments</b>			
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	-	
<b>Additional Tier 1 capital (AT1)</b>	<b>86,098.00</b>	-	
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>466,209.00</b>		
<b>Tier 2 capital: instruments and provisions</b>			
Provisions	30,568		
<b>Tier 2 capital before regulatory adjustments</b>	<b>30,568.00</b>		
<b>Tier 2 capital: regulatory adjustments</b>			
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	2,277	c
Total regulatory adjustments to Tier 2 capital	-	2,277	
<b>Tier 2 capital (T2)</b>	<b>30,568.00</b>		
<b>Total capital (TC = T1 + T2)</b>	<b>496,777.00</b>		
<b>Total risk weighted assets</b>	<b>2,716,627.00</b>		
<b>Capital ratios and buffers</b>			
Common Equity Tier 1 (as a percentage of risk weighted assets)	13.99%		
Tier 1 (as a percentage of risk weighted assets)	17.16%		
<b>Total capital (as a percentage of risk weighted assets)</b>	<b>18.29%</b>		
Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	9.00%		
of which: capital conservation buffer requirement	2.50%		
of which: bank specific countercyclical buffer requirement	N/A		
of which: G-SIB buffer requirement	N/A		
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	13.99%		
<b>National minima (where different from Basel III)</b>			
CBB Common Equity Tier 1 minimum ratio (Excluding Capital Conservation Buffer)	6.50%		
CBB Tier 1 minimum ratio (Excluding Capital Conservation Buffer)	8.00%		
CBB total capital minimum ratio (Excluding Capital Conservation Buffer)	10.00%		
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
Non-significant investments in the capital of other financials	28,419		
Significant investments in the common stock of financials	32,319		e
Deferred tax assets arising from temporary differences (net of related tax liability)	1,236		f
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	51,438		
Cap on inclusion of provisions in Tier 2 under standardised approach	30,568		a

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(For the six month period ended 30 June 2018)

**4 . Capital Requirement for Risk Weighted Exposure***BD '000*

	<b>Gross credit exposures (before risk mitigation)</b>	<b>Eligible financial collateral</b>	<b>Credit risk after risk mitigation</b>	<b>Risk weighted asset</b>	<b>Regulatory capital required 12.5%</b>
Sovereign	1,023,046	-	1,023,046	23,272	2,909
Public Sector Entities	14,208	-	14,208	-	-
Banks	432,064	-	432,064	239,018	29,877
Corporates	1,589,084	16,050	1,573,034	1,395,117	174,390
Regulatory retail	424,984	545	424,439	318,329	39,791
Mortgage	92,552	49	92,503	69,377	8,672
Investment in securities	101,510	-	101,510	155,687	19,461
Past Due	48,048	365	47,683	48,299	6,037
Real Estate	61,314	-	61,314	108,430	13,554
Other assets and Cash items	101,806	-	101,806	87,883	10,985
<b>Total Credit Risk</b>	<b>3,888,616</b>	<b>17,009</b>	<b>3,871,607</b>	<b>2,445,412</b>	<b>305,676</b>
<b>Market Risk</b>	-	-	-	28,938	3,617
<b>Operational Risk*</b>	-	-	-	242,277	30,285
<b>Total Risk Weighted Exposure</b>	<b>3,888,616</b>	<b>17,009</b>	<b>3,871,607</b>	<b>2,716,627</b>	<b>339,578</b>

\* The bank is currently using the Basic Indicator Approach whereby the operational risk weighted exposures and regulatory capital requirement are calculated by applying an alpha co-efficient of 15 per cent to the average gross income for the preceding three financial years adjusted for exceptional income. The amount of adjusted average gross income for the year 2018 is BD 129,214 thousands

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(For the six month period ended 30 June 2018)

**5. Funded and Unfunded Total Credit Exposure***BD '000*

<b>Total gross credit exposures</b>	<b>Total funded credit exposure</b>	<b>Total un-funded credit exposure</b>	<b>Average quarterly credit exposure</b>
Sovereign	1,022,896	150	1,009,838
Public sector entities	13,616	592	14,390
Banks	418,290	13,774	425,925
Corporates	1,447,842	141,242	1,570,630
Regulatory retail	424,984	-	418,092
Mortgage	92,552	-	93,082
Investment in securities	101,510	-	102,463
Past due	48,048	-	53,811
Real estate	61,314	-	56,545
Other assets and Cash items	101,806	-	98,777
<b>Total credit risk</b>	<b>3,732,858</b>	<b>155,758</b>	<b>3,843,553</b>

**BBK B.S.C.****Basel III Pillar III Disclosure****(For the six month period ended 30 June 2018)****6 . Concentration of credit risk by region (Exposures subject to risk weighting)***BD'000*

	<b>GCC</b>	<b>North America</b>	<b>Europe</b>	<b>Asia</b>	<b>Others</b>	<b>Total</b>
Cash and balances with central banks	294,552	-	-	4,016	-	<b>298,568</b>
Treasury bills	415,427	-	-	8,213	-	<b>423,640</b>
Deposits in banks & other financial institutions	145,760	27,874	10,013	19,837	-	<b>203,484</b>
Loans & advances to customers	1,620,578	58	108,105	127,327	18,672	<b>1,874,740</b>
Investments in associated companies	45,130	-	8,414	-	-	<b>53,544</b>
Investment securities	547,930	10,472	102,940	76,857	26,902	<b>765,101</b>
Other assets	107,702	-	1,030	5,049	-	<b>113,781</b>
<b>Total funded exposure</b>	<b>3,177,079</b>	<b>38,404</b>	<b>230,502</b>	<b>241,299</b>	<b>45,574</b>	<b>3,732,858</b>
Unfunded commitments and contingencies	127,770	40	6,213	20,141	1,594	<b>155,758</b>
<b>Total credit risk</b>	<b>3,304,849</b>	<b>38,444</b>	<b>236,715</b>	<b>261,440</b>	<b>47,168</b>	<b>3,888,616</b>

**BBK B.S.C.****Basel III Pillar III Disclosure**

(For the six month period ended 30 June 2018)

**7 . Concentration of credit risk by industry (Exposures subject to risk weighting)***BD '000*

	Trading and manufacturing	Banks & other financial institutions	Construction & real estate	Government & public sector	Individuals	Others	Total
Cash and balances with central banks	-	20,291	-	278,277	-	-	<b>298,568</b>
Treasury bills	-	-	-	423,640	-	-	<b>423,640</b>
Deposits in banks & other financial institutions	-	203,484	-	-	-	-	<b>203,484</b>
Loans & advances to customers	613,422	226,490	369,060	12,690	483,924	169,154	<b>1,874,740</b>
Investments in associated companies	-	41,663	7,664	-	-	4,217	<b>53,544</b>
Investment securities	128,616	201,146	26,659	336,081	-	72,599	<b>765,101</b>
Other assets	-	-	-	-	-	113,781	<b>113,781</b>
<b>Total funded exposure</b>	<b>742,038</b>	<b>693,074</b>	<b>403,383</b>	<b>1,050,688</b>	<b>483,924</b>	<b>359,751</b>	<b>3,732,858</b>
Unfunded commitments and contingencies	83,412	14,127	37,863	742	120	19,494	<b>155,758</b>
<b>Total credit risk</b>	<b>825,450</b>	<b>707,201</b>	<b>441,246</b>	<b>1,051,430</b>	<b>484,044</b>	<b>379,245</b>	<b>3,888,616</b>

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**Basel III Pillar III Disclosure**

**(For the six month period ended 30 June 2018)**

**8 . Concentration of credit risk by maturity (Exposures subject to risk weighting)**

***BD '000***

	<b>Within 1 month</b>	<b>1 to 3 months</b>	<b>3 to 6 months</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>5 to 10 years</b>	<b>10 to 20 years</b>	<b>Above 20 years</b>	<b>Total</b>
Cash and balances with central banks	218,692	-	-	-	-	-	-	79,876	<b>298,568</b>
Treasury bills	52,526	163,210	91,822	116,082	-	-	-	-	<b>423,640</b>
Deposits in banks & other financial institutions	149,600	53,386	498	-	-	-	-	-	<b>203,484</b>
Loans & advances to customers	264,282	140,193	109,306	105,575	763,768	385,167	62,791	43,658	<b>1,874,740</b>
Investments in associated companies	-	-	-	-	-	-	-	53,544	<b>53,544</b>
Investment securities	24,950	22,330	29,704	21,728	297,976	231,812	26,186	110,415	<b>765,101</b>
Other assets	75,810	-	-	-	34,815	268	1,213	1,675	<b>113,781</b>
<b>Total funded exposure</b>	<b>785,860</b>	<b>379,119</b>	<b>231,330</b>	<b>243,385</b>	<b>1,096,559</b>	<b>617,247</b>	<b>90,190</b>	<b>289,168</b>	<b>3,732,858</b>
Unfunded commitments and contingencies	14,820	26,978	14,684	61,758	33,042	3,237	604	635	<b>155,758</b>
<b>Total credit risk</b>	<b>800,680</b>	<b>406,097</b>	<b>246,014</b>	<b>305,143</b>	<b>1,129,601</b>	<b>620,484</b>	<b>90,794</b>	<b>289,803</b>	<b>3,888,616</b>

**BBK B.S.C.****Basel III Pillar III Disclosure**

(For the six month period ended 30 June 2018)

*BD '000***9 . Impaired loans and provisions**

	Impaired loans	Stage 3: Lifetime ECL credit-impaired	Stage 1: 12-month ECL and stage 2 : Lifetime ECL not credit- impaired	Net Specific charges during the period	Write off during the period
Trading and manufacturing	67,562	41,230	28,757	5,955	-
Banks & other financial institutions	1,895	1,785	1,693	-	-
Construction & real estate	32,009	19,366	7,330	(293)	637
Government & public sector	16,204	7,240	-	-	-
Individuals	7,298	7,365	10,651	146	898
Others	88	22	1,797	-	-
<b>Total</b>	<b>125,056</b>	<b>77,008</b>	<b>50,228</b>	<b>5,808</b>	<b>1,535</b>

**10 . Reconciliation of changes in Expected credit losses***BD'000*

	Stage 3: Lifetime ECL credit-impaired	Stage 1: 12-month ECL and stage 2 : Lifetime ECL not credit- impaired
At beginning of the period	66,262	46,065
Amounts written off	(1,535)	-
Write backs/cancellation due to improvement	(3,267)	-
Additional provisions made	9,075	9,618
Exchange adjustment and other movements	6,473	(5,455)
<b>Balance at reporting date</b>	<b>77,008</b>	<b>50,228</b>

**BBK B.S.C.****Basel III Pillar III Disclosure**

(For the six month period ended 30 June 2018)

**11 . Ageing of impaired and past due loans by region****BD '000**

	<b>GCC</b>	<b>North America</b>	<b>Europe</b>	<b>Asia</b>	<b>Others</b>	<b>Total</b>
3 months up to 1 year	46,740	-	-	971	-	<b>47,711</b>
1 to 3 years	64,544	-	-	4	-	<b>64,548</b>
Over 3 years	12,784	-	-	13	-	<b>12,797</b>
<b>Total past due and impaired loans</b>	<b>124,068</b>	<b>-</b>	<b>-</b>	<b>988</b>	<b>-</b>	<b>125,056</b>
Stage 3: Lifetime ECL credit- impaired	(76,489)	-	-	(519)	-	<b>(77,008)</b>
Stage 1: 12-month ECL and stage 2 : Lifetime ECL not credit- impaired	(47,617)	-	(1,547)	(1,026)	(39)	<b>(50,228)</b>

**12 . Ageing of impaired and past due loans by industry****BD '000**

	<b>Trading and manufacturing</b>	<b>Banks &amp; other financial institutions</b>	<b>Construction &amp; real estate</b>	<b>Government &amp; public sector</b>	<b>Individuals</b>	<b>Others</b>	<b>Total</b>
3 months up to 1 year	36,128	1,873	7,397	-	2,252	61	<b>47,711</b>
1 to 3 years	28,653	22	17,233	16,204	2,433	3	<b>64,548</b>
Over 3 years	2,781	0	7,379	-	2,613	24	<b>12,797</b>
<b>Total past due and impaired loans</b>	<b>67,562</b>	<b>1,895</b>	<b>32,009</b>	<b>16,204</b>	<b>7,298</b>	<b>88</b>	<b>125,056</b>

**13 . Restructured Loans****BD'000**

Loans restructured during the period	<b>16,929</b>
Impact of restructured facilities and loans on provisions	<b>3,854</b>

The above restructuring did not have any significant impact on present and future earnings and were primarily extensions of the loan tenor, revisions in interest rate, and additional collateral received.

**14 . Market Risk Disclosures for banks using the Internal Models Approach (IMA) for trading portfolios**

The “Market Risk Internal Model” is being used to measure Value-at-Risk (VaR) for calculating Capital Charge arising from Market Risk exposures (mainly Foreign Exchange and Interest Rate Risk positions) of the Trading Book. The VaR Model quantifies the maximum potential loss that could occur in the Trading book risk positions under normal market conditions, at 99% confidence level, on a 10-day horizon.

BBK maintains a prudent approach to handle Market Risk exposures guided by Market Risk Policy and Procedure. The Position, Stoploss and VaR limits are

In addition to the above, the Treasury Middle Office also carries out valuation of the Investment Portfolio independently as per the internal policies and procedures. Furthermore BBK also conducts Stress Testing and Back Testing of Market Risk positions.

The summary of VaR of the trading book for the period January 2018 to June 2018 is as follows:

**VaR Results for 2018 (10 day 99%)  
Global (BAHRAIN & KUWAIT)  
1 January 2018 to 30 June 2018**

<b>Asset class</b>	<b>Limit</b>	<b>VaR</b>			<i>BD '000</i>
		<b>30 June 2018</b>	<b>High VaR</b>	<b>Low VaR</b>	<b>Average VaR</b>
<b>Foreign exchange</b>	641.00	193.43	259.66	142.39	<b>188.16</b>
<b>Interest rate</b>	151.00	2.18	4.33	0.00	<b>1.34</b>
	<b>792.00</b>	<b>195.61</b>	<b>262.30</b>	<b>145.37</b>	<b>189.53</b>

The Bank conducts Backtesting of VaR on a daily basis in compliance with CBB regulations to validate the internal VaR model and to check whether or not the model can predict potential losses with a fair degree of accuracy. Under Backtesting, the daily VaR numbers are compared with the mark-to-market profit or loss figures (on actual average Profit & Loss basis and also hypothetical Profit & Loss basis). If this comparison is close enough, the Backtest raises no issues regarding quality of the risk measurement model.

The Backtesting results for the period January-June 2018 confirmed that there was no occasion on which a daily trading loss exceeded VaR figure.

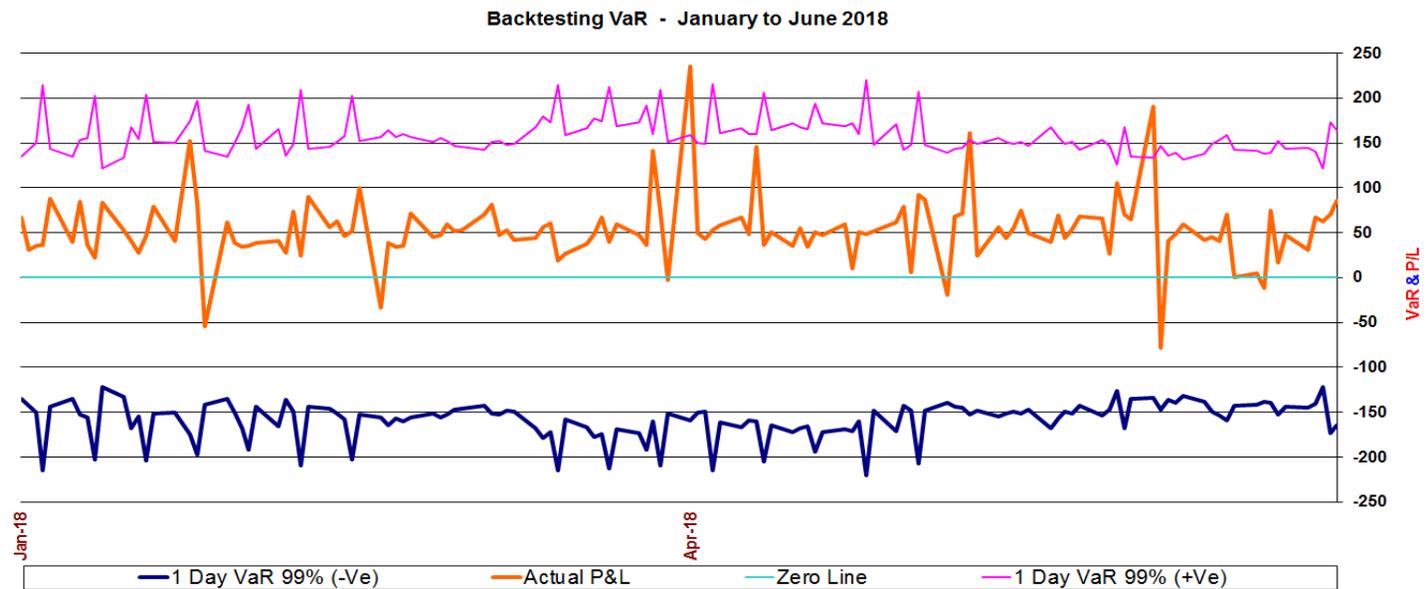
14 . Market Risk Disclosures for banks using the Internal Models Approach (IMA) for trading portfolios (continued)

Month end VaR (10 day 99%)

Month	VaR in BD'000
January 2018	199
February 2018	181
March 2018	181
April 2018	204
May 2018	200
June 2018	196

The following graph shows that the daily average Profit & Loss (Actual Average P & L basis) vis-à-vis one day VaR, for the review period.

Value- at-Risk Backtesting January – June 2018



## BBK B.S.C.

### Basel III Pillar III Disclosure

(For the six month period ended 30 June 2018)

#### 15 . Currency Risk

The functional currency of the Bank together with their subsidiaries ("the Group") is the Bahraini Dinar.

The Group has the following significant non - strategic net exposures denominated in foreign currencies as of 30 June 2018:

	<u>BD '000</u>
US Dollars	67,314
EURO	1,233
G.C.C. Currencies (pegged to the USD)	5,040
Kuwaiti Dinars	(799)
Others	523
<b>Total</b>	<b>73,311</b>

\* All of the above currency positions are unhedged

#### 16 . Concentration risk to individuals where the total exposure is in excess of single obligor limit of 15%

	<u>BD '000</u>
Sovereign	846,954
<b>Total</b>	<b>846,954</b>

#### 17 . Derivatives

	<u>BD '000</u>		
Derivatives	Positive fair value	Negative fair value	Notional Amount
<b>Derivatives held for Trading</b>			
Forward foreign exchange contracts	455	490	127,467
<b>Derivatives held as fair value hedges</b>			
Interest rate swap	17,075	1,399	555,891
<b>Total</b>	<b>17,530</b>	<b>1,889</b>	<b>683,358</b>

#### 18 . Credit Derivatives Exposure

BBK is not exposed to any credit derivatives as at 30 June 2018.

## BBK B.S.C.

### Basel III Pillar III Disclosure

(For the six month period ended 30 June 2018)

#### 19 . Equity positions in the banking book

	<i>BD '000</i>
Publicly traded equity shares	48,589
Privately held equity shares	23,696
<b>Total</b>	<b>72,285</b>
<b>Capital required</b>	<b>9,036</b>

#### 20 . Gains on equity instruments

	<i>BD '000</i>
Realised Gains/ Losses in the statement of profit or loss	0
Realised Gains/ Losses in retained earnings	(1,221)
Unrealised Gains/ Losses in CET1 Capital	(13,939)

#### 21 . Legal risk and claims

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Group has developed sufficient preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are avoided. The Group also has well established legal procedures to scrutinize product offerings and manage risks arising out of its transactions.

As at 30 June 2018, there were legal suits pending against the Group aggregating to BD 795 thousand. Based on the opinion of the Group's legal advisors, the management believes that no liability is likely to arise from these suits and does not consider it necessary to carry any provisions in this regard.

#### 22 . Interest rate risk in the banking book (IRRBB)

An increase of 200 basis point in interest rates, with all other variables held constant, will result in a negative impact on equity of approximately 4.67%. Similarly, a decrease of 200 basis point in interest rates, with all other variables held constant, will result in a positive impact on equity of approximately 4.67%.