





بنك البحرين والكويت

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

SCHEDULE 12 CONTINGENT LIABILITIES table with columns for liability type and amounts.

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Table with columns for year ended March 31, 2019 and 2018, showing interest earned and other financial metrics.

SCHEDULE 13 INTEREST EARNED table with columns for interest types and amounts.

SCHEDULE 14 OTHER INCOME table with columns for income types and amounts.

SCHEDULE 15 INTEREST EXPENDED table with columns for interest types and amounts.

SCHEDULE 16 OPERATING EXPENSES table with columns for expense types and amounts.

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation: The accompanying financial statements are prepared and presented under the historical cost convention and accrual basis of accounting unless otherwise stated...

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...

Table with columns for Assets and Useful Life, listing items like Vehicle, Equipment, Furniture, etc.

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...

8. Revenue Recognition: 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...

9. Employee Benefits: a) Gratuity: The Bank operates a Gratuity Fund Scheme and the contributions are remitted to a Trust established for this purpose...

10. Taxation: The Bank makes provision for Income-tax after considering both current and deferred taxes. The tax effect of timing differences between the book profit and taxable profits are reflected through deferred tax asset (DTA)/deferred tax liability (DTL)...

11. Net Profit: 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...

SCHEDULE 18: NOTES TO ACCOUNTS Disclosure requirements as per RBI guidelines. Table with columns for Particulars, Year ended 31.03.2019, and Year ended 31.03.2018.

Table with columns for Particulars, 31 March, 2019, and 31 March, 2018, showing Capital Adequacy and other metrics.

Table with columns for Maturity Profile, 1 day, 2-7 days, 8-14 days, 15-30 days, 31 days-2 Months, 2-3 Months, 3-6 months, 6-12 months, 1-3 years, 3-5 years, Over 5 years, and Total.

Table with columns for Particulars, 2018-19, and 2017-18, showing Gross NPA, Provisions, and Net NPA.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 31.03.2019, and 31.03.2018, showing Business Ratios like Net NPAs to Net Advances, Interest income as a percentage to working funds, etc.

(\*) excludes net non-performing Investments of Rs. Nil (Previous year 1.73 crores). (\$) 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 of the financial year.

Table with columns for Maturity Profile, 1 day, 2-7 days, 8-14 days, 15-30 days, 31 days-2 Months, 2-3 Months, 3-6 months, 6-12 months, 1-3 years, 3-5 years, Over 5 years, and Total.

Table with columns for Particulars, 2018-19, and 2017-18, showing Gross NPA, Provisions, and Net NPA.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.

Table with columns for Particulars, 2018-19, and 2017-18, showing Opening Balance, Additions, Recoveries, and Closing Balance.





بنك البحرين والكويت

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

(Incorporated in Bahrain with Limited Liability)

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

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

(No ATM complaints were received during the year: Previous year Nil) \*Data provided by management and relied upon by the auditors.

B. Awards passed by the Banking Ombudsman

\*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.

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:

Table with 3 columns: Particulars, As at 31 March 2019, As at 31 March 2018

37. Sector-wise Advances (Rs. in crore)

Table with 5 columns: SI No., Sector, Current year (Outstanding Total Advances, Gross NPAs, % of Gross NPAs), Previous year (Outstanding Total Advances, Gross NPAs, % of Gross NPAs)

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

Table with 3 columns: Particulars, 2018-19, 2017-18

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.

41. Liquidity Coverage Ratio

a) Quantitative disclosure 2018-19

Table with 10 columns: Particulars, Q1 2018-19, Q2 2018-19, Q3 2018-19, Q4 2018-19 (Total Unweighted, Total Weighted, Value (average))

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

- a) Information Technology Governance
b) Information Security
c) IT operations
d) IT services outsourcing
e) IS Audit
f) Cyber frauds
g) Business Continuity Planning
h) Customer education
i) Legal issues

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.

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.

40. Intra group exposures

RBI Circular No.RBI/201 3-14/487 DBOD.No.BPBC. 96/21.06.102/2013-14 dated Feb 11, 2014 deals with Management of Intra Group Exposure and Transactions.

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

Table with 10 columns: Particulars, Backed by NPAs sold by the Bank as underlying, Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying, Total (As at March 31, 2019, As at March 31, 2018)

Table with 10 columns: Particulars, Q1 2017-18, Q2 2017-18, Q3 2017-18, Q4 2017-18 (Total Unweighted, Total Weighted, Value (average))

b) Qualitative disclosure

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.

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

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.

(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)

- i. Cash
ii. Balance with RBI in excess of CRR requirement
iii. Un encumbered portion of investments in Government securities in excess of SLR requirement.
iv. Investments in Government securities held within the mandatory SLR requirement, to the extent allowed by RBI under Marginal Standing facility (MSF)
v. 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.

(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 captured

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.

48. Implementation of Indian Accounting standards (Ind As)

The Institute of Chartered Accountants of India has issued Ind-AS (a revised set of accounting standards) which largely converges the Indian accounting standards with International Financial Reporting Standards (IFRS).

49. Employee Benefits (AS-15)

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.

Table with 3 columns: Particulars, 2018-19, 2017-18

Balance Sheet: Details of provision for gratuity (Rs. in crore)

Table with 3 columns: Particulars, 2018-19, 2017-18

Changes in the present value of the defined benefit obligation are as follows: (Rs. in crore)

Table with 3 columns: Particulars, 2018-19, 2017-18

Changes in the fair value of plan assets are as follow: (Rs. in crore)

Table with 3 columns: Particulars, 2018-19, 2017-18

Experience adjustments: (Rs. in crore)

Table with 3 columns: Particulars, 2018-19, 2017-18

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

Table with 3 columns: Particulars, 2018-19, 2017-18

Compensated Absences

The actuarial liability of compensated absences of unencashable accumulated sick leaves of the employees of the Bank is given below:

Table with 3 columns: Particulars, 2018-19, 2017-18

Principal assumptions used in determining sick leave provision for the Bank's plans are shown below:

Table with 3 columns: Particulars, 2018-19, 2017-18

Unamortised Pension and Gratuity Liabilities

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

Provident Fund

In February 2019, the honorable Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees Provident Funds and Miscellaneous Provisions Act, 1952 (the PF act). The Bank has been advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider that there is any probable obligation for past periods.



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

50. Segment Reporting

Segment Information about Primary Business Segments for the year March 31, 2019. (Rs. in crore)

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, 2018. (Rs. in crore)

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

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.

51. Related Parties

Parent Bank of Bahrain & Kuwait, Bahrain, its branches and representative office. Subsidiaries of Parent: 1. Credimax, 2. Invita Bahrain, 3. Global Payment Services, 4. Invita-Kuwait, 5. BBK Shares Incentive, 6. Invita Claims Management Company.

52. Operating Leases

a) Details of total of future minimum lease payments are as follows: (Rs. in crore) Table with columns: Particulars, 2018-19, 2017-18.

53. Deferred Taxes

Table with columns: Particulars, As at March 31, 2019, As at March 31, 2018. Rows include Deferred Tax Assets and Deferred Tax Liability.

54. Provisions and contingencies

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

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

Mallikarjun Kota Country Head & CEO - India, Mehjabeen Saifi Vice President Financial Control - India

Disclosures under the New Capital Adequacy Framework (BASEL II guidelines) for the year ended March 31, 2019

Table with columns: a. Tier I Capital, b. Tier II Capital, c. Total Eligible Capital. Rows include Capital, Reserves, Deduction from Capital, etc.

3. Capital Adequacy:

Table with columns: Particulars, Rs. in crore. Rows include Capital requirement for credit risk, Capital requirement for market risk, Interest Rate Risk, Foreign exchange risk, Equity Risk, Specific Risk Capital Charge, etc.

4. 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 assumed.

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.

Market Risk:

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

Credit Risk:

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

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.

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 action immediately.

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.

Residual Contractual Maturity break-down of assets:

Table with columns: 1 Day, 2-7 Days, 8 to 14 Days, 15 to 30 Days, 31 days upto 2 months, 2 to 3 months, 3 to 6 months, 6 to 12 months, 1 to 3 years, 3 to 5 years, 5 to 10 years, 10 to 20 years, Over 20 years, Total. Rows include Cash, Balance with RBI, Balances with banks & money at call & short notice, etc.

Amount of NPA's Gross

Table with columns: Particulars, Rs. in crore. Rows include Substandard, Doubtful 1, Doubtful 2, Doubtful 3, Loss, Net NPA's, NPA Ratios, etc.

7. Securitisation: Standardised approach

The Bank has not securitized any of its assets portfolios.

8. Market Risk

Qualitative Disclosures:

a) The Bank is following the standardized duration for calculating market risk on the following portfolios: Securities held under HFT and AFS categories.

9. Operational Risk

Qualitative Disclosures:

Operational Risk is the exposure to loss resulting from inadequate or failed internal processes or people or systems or from external events. The Bank has clearly defined operations procedures for each of its products and services.

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

Qualitative Disclosures

The bank has practice of monitoring Interest rate risk in Banking Book on a monthly basis. The liabilities and assets are grouped in to different buckets based on the interest re-pricing horizon.

Quantitative Disclosures

The impact on the bank's financial condition due to change in interest rate is being monitored. The impact of 200 basis points change upward/ downward in interest rate on Net Interest Income (NII) amounted to an expected loss of INR 11.63 crore based on Asset Liability position of March 2019 using the traditional gap analysis.

TABLE DF-11: COMPOSITION OF CAPITAL

Part II: Template to be used before March, 2019 (i.e. during the transition period of Basel III regulatory adjustments)

Table with columns: Sr No., Particulars, Amount, Amt Subject to Pre Basel III Treatment, Ref No. Rows include Common Equity Tier 1 capital: instruments and reserves.

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.

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

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. 2985.60 crore Non-fund based Rs. 1021.83 crore Geographic distribution of exposure-Fund based and non fund based separately.

Industry break up as 31-03-2019

Table with columns: CODE, INDUSTRY, FUND BASED O/S (STD, NPA, TOTAL), NFB O/S (STD, NPA, TOTAL). Rows include 003 Iron & Steel, 005 All Engineering, 006 Electricity, etc.

