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

(Incorporated in Bahrain with Limited Liability)

INDEPENDENT AUDITOR'S REPORT

To,
The Country Head and CEO,
Bank of Bahrain and Kuwait B.S.C. - Indian Branches

Report on audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Bank of Bahrain and Kuwait B.S.C. – Indian Branches** ('the Bank'), which comprise the Balance Sheet as at 31st March 2020, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2020, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note 49 of the financial statements which describes the extent to which the COVID-19 pandemic will have impact the Bank's financial performance.

   Our opinion is not modified in respect of this matter.

Information other than financial statements and auditor's report thereon

5. The Bank's Apex Committee is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Basel III Pillar 3 disclosures, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover such other information and we do not express any form of assurance conclusion thereon.
6. Our responsibility in connection with the audit of the financial statements is to read the other information and in doing so, examine if the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our examination, we conclude that there is material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. The Bank's Apex Committee is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 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 Companies Act, 2013, provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines 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 adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, Apex Committee is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Apex Committee either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Bank's Apex Committee is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Apex Committee.
    - Conclude on the appropriateness of Apex Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

12. 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 and Section 133 of the Companies Act, 2013.
13. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
    (a) 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;
    (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
    (c) During the course of our audit we have performed select relevant procedures at one branch. Since the Bank's key operations are automated, with the key application largely integrated to the core banking systems, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at the Head Office, based on the necessary records and data required for the purpose of the audit being made available to us.
14. Further, as required by section 143(3) of the Act, we report that:

    Information other than financial statements and auditor's report thereon

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
    c) the financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparation of financial statement are not required to be submitted by the branches
    d) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
    e) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
    f) the requirements of section 164(2) of the Companies Act, 2013 are not applicable considering the Bank is a branch of Bank of Bahrain and Kuwait B.S.C., which is incorporated with limited liability in Bahrain;
    g) 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";
    h) 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:
       i. the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12 and Note 56 of Schedule 18 to the financial statements;
       ii. the Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 58 of Schedule 18 to the financial statements;
       iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
       iv. with respect to the matter to be included in the Auditor's Report under section 197(16), the requirements of Section 197 of the Companies Act, 2013 are not applicable considering the Bank is a branch of Bank of Bahrain and Kuwait B.S.C., which is incorporated with limited liability in Bahrain.

For and on behalf of
Bilimoria Mehta & Co.
Chartered Accountants
Firm Regn. No. 101490W
Sd/-
Kiran Suvarna
Partner
(Membership No.113784)

Place: Mumbai
Date: June 24, 2020
UDIN: 20113784AAAAEV8961

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BANK OF BAHRAIN AND KUWAIT B.S.C. – INDIAN BRANCHES

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls over financial reporting of **Bank of Bahrain and Kuwait B.S.C. – Indian Branches** ('the Bank') as at 31 March 2020 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

2. The Bank's Apex Committee is responsible for establishing and maintaining internal 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 Financial 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 Bank'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 Companies Act, 2013.

Auditor's Responsibility

3. 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 ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. 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 financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.
5. 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

6. A Bank's 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 generally accepted accounting principles. A Bank's internal financial control over financial 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 assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of Apex Committee of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, 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.

Opinion

8. 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 31 March 2020, 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 issued by the ICAI.

For and on behalf of
Bilimoria Mehta & Co.
Chartered Accountants
Firm Regn. No. 101490W
Sd/-
Kiran Suvarna
Partner
(Membership No.113784)

Place: Mumbai
Date: June 24, 2020
UDIN: 20113784AAAAEV8961

BALANCE SHEET AS AT MARCH 31, 2020

	Sched-ule	As at March 31, 2020 Rs. (000's)	As at March 31, 2019 Rs. (000's)
CAPITAL AND LIABILITIES			
Capital	1	2,928,863	2,928,863
Reserves & Surplus	2	1,385,232	1,441,269
Deposits	3	26,407,239	22,478,671
Borrowings	4	1,010,000	2,799,959
Other Liabilities and Provisions	5	628,708	495,280
TOTAL		**32,360,042**	**30,144,042**
ASSETS			
Cash and balances with Reserve Bank of India	6	1,137,061	958,500
Balances with Banks and Money at Call and Short Notice	7	6,541,411	5,596,591
Investments	8	7,446,020	5,637,848
Advances	9	15,798,006	16,974,889
Fixed Assets	10	216,053	246,132
Other Assets	11	1,221,491	730,082
TOTAL		**32,360,042**	**30,144,042**
Contingent Liabilities	12	6,028,907	9,109,873
Bills for Collection		3,286,691	2,538,838
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 Bilimoria Mehta & Co.
Chartered Accountants
Firm Registration No. 101490W
Sd/-
Kiran Suvarna
Partner
Membership No. 113784

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

Sd/-
Mallikarjun Kota
Country Head & CEO - India

Sd/-
Mehjabeen Saifi
Vice President Financial Control - India

Place: Mumbai
Date: June 24, 2020

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

	Sched-ule	For the year ended March 31, 2020 Rs (000's)	For the year ended March 31, 2019 Rs (000's)
INCOME			
Interest Earned	13	1,936,759	1,765,378
Other Income	14	194,623	96,432
		2,131,382	**1,861,810**
EXPENDITURE			
Interest Expended	15	1,354,764	1,103,645
Operating Expenses	16	450,185	375,357
Provisions and Contingencies		382,470	281,322
		2,187,419	**1,760,324**
PROFIT			
Net Profit for the year		(56,037)	101,486
Profit/(Loss) Brought Forward		73,094	91,990
		17,057	**193,476**
APPROPRIATIONS			
Transfer to Statutory Reserve		-	25,371
Transfer to/(from) Investment Reserve Account		-	568
Transfer to Capital Reserve Account		-	2,452
Remittance of profits		-	56,715
Transfer to surplus retained for Capital Adequacy		-	35,275
Balance carried over to Balance Sheet		17,057	73,094
		17,057	**193,476**
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to herein form an integral part of the Profit and Loss Account.

As per our report of even date attached

For Bilimoria Mehta & Co.
Chartered Accountants
Firm Registration No. 101490W
Sd/-
Kiran Suvarna
Partner
Membership No. 113784

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

Sd/-
Mallikarjun Kota
Country Head & CEO - India

Sd/-
Mehjabeen Saifi
Vice President Financial Control - India

Place: Mumbai
Date: June 24, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	For the year ended March 31, 2020 Rs (000's)	For the year ended March 31, 2019 Rs (000's)
Cash flows from operating activities		
Net profit/(loss) before taxation	(141,593)	142,685
Adjustments for:		
Depreciation on Fixed Assets	32,401	32,948
(Profit)/Loss on sale of fixed assets	(94)	(238)
Other Provisions	-	(121)
Provision in respect of Non performing advances	470,947	239,022
Provision in respect of Non performing advances written back	(47,439)	(896)
Provision for Diminution in Fair Value of restructured advances	-	-
Bad Debts written off	98,612	118
Provision on country risk	(1,326)	2,459
Provision on Standard Assets	283	886
Provision on Investments	(53,050)	(1,345)
Operating profit before working capital changes	**358,741**	**415,518**
(Increase)/Decrease in Investments	(1,808,172)	(947,345)
(Increase)/Decrease in Advances	707,813	(1,011,319)
(Increase)/Decrease in Other Assets	(263,294)	(91,916)
Increase/(Decrease) in Deposits	3,928,568	4,607,403
Increase/(Decrease) in Other Liabilities & Provisions	134,471	(38,747)
Increase/(Decrease) in Borrowings	(1,789,959)	1,950,001
Income taxes (paid)/received	(142,558)	(27,137)
Net Cash Flow generated from/(used in) Operating Activities	**1,125,610**	**4,856,458**
Cash flows from investing activities		
Purchase of fixed assets	(2,479)	(13,452)
Proceeds from sale of fixed assets	251	394
Net Cash Flow generated from/(used in) Investing Activities	**(2,228)**	**(13,058)**
Cash flows from financing activities		
Injection of capital	-	-
Remittance of profits	-	(56,715)
Net Cash Flow generated from/(used in) Financing Activities	**-**	**(56,715)**
Net increase/(decrease) in cash and cash equivalents	**1,123,382**	**4,786,685**
Cash and Cash equivalents at the beginning of the year	6,555,090	1,768,405
Cash and Cash equivalents at the end of the year	**7,678,472**	**6,555,090**

As per our report of even date attached

For Bilimoria Mehta & Co.
Chartered Accountants
Firm Registration No. 101490W
Sd/-
Kiran Suvarna
Partner
Membership No. 113784

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

Sd/-
Mallikarjun Kota
Country Head & CEO - India

Sd/-
Mehjabeen Saifi
Vice President Financial Control - India

Place: Mumbai
Date: June 24, 2020

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

	As at March 31, 2020 Rs. (000's)	As at March 31, 2019 Rs. (000's)
SCHEDULE 1		
SHARE CAPITAL		
(i) Amount of deposit kept with the Reserve Bank of India under section 11(2)(b) of the Banking Regulation Act, 1949	530,000	510,000
(ii) Amount brought in by Bank by way of Capital		
Opening Balance	2,928,863	2,928,863
Add: Capital infusion during the year	-	-
Total	**2,928,863**	**2,928,863**
SCHEDULE 2		
RESERVES AND SURPLUS		
I STATUTORY RESERVE		
As per Last Balance Sheet	520,544	495,173
Add: Transfer from Profit & Loss Account	-	25,371
	520,544	520,544
II PROPERTY INVESTMENT RESERVE	9,976	9,976
III CAPITAL RESERVE	30,158	27,706
Add: Transfer from Profit & Loss Account	-	2,452
	30,158	30,158
IV SURPLUS RETAINED FOR CAPITAL ADEQUACY		
As per Last Balance Sheet	787,970	752,695
Add: Transfer from Profit & Loss Account	-	35,275
	787,970	787,970
V INVESTMENT RESERVE ACCOUNT (IRA)		
As per Last Balance Sheet	19,527	18,959
Add/(Less): Transfer from/(to) Profit & Loss Account	-	568
	19,527	19,527
VI BALANCE IN PROFIT AND LOSS ACCOUNT	17,057	73,094
Total	**1,385,232**	**1,441,269**
SCHEDULE 3		
DEPOSITS		
A I Demand Deposits		
(i) From Banks	242	231
(ii) From Others	3,629,958	3,852,091
	3,630,200	3,852,322
II Saving Bank Deposits	1,546,452	1,312,511
III Term Deposits		
(i) From Banks	-	-
(ii) From Others	21,230,587	17,313,838
	21,230,587	17,313,838
Total	**26,407,239**	**22,478,671**
B (i) Deposits of branches in India	26,407,239	22,478,671
(ii) Deposits of branches outside India	-	-
Total	**26,407,239**	**22,478,671**
SCHEDULE 4		
BORROWINGS		
I Borrowings in India from		
(i) Reserve Bank of India	1,010,000	-
(ii) Other Banks	-	2,700,000
(iii) Other institutions and agencies	-	99,959
	1,010,000	2,799,959
II Borrowings outside India	-	-
Total (I+II)	**1,010,000**	**2,799,959**
Secured borrowings included in I & II above - Rs. 101 crores (Previous year Rs. 10 crores)		
SCHEDULE 5		
OTHER LIABILITIES AND PROVISIONS		
I Bills Payable	6,607	4,181
II Interest Accrued	185,684	133,687
III Provision for standard assets	65,127	65,876
IV Provision for tax (net of advance tax)	-	-
V Others (including provisions)	371,290	291,536
Total	**628,708**	**495,280**
SCHEDULE 6		
CASH AND BALANCE WITH RESERVE BANK OF INDIA		
I Cash in hand (including foreign currency notes)	12,081	14,801
II Balances with Reserve Bank of India		
(i) In Current Account	1,124,980	943,699
(ii) In Other Account	-	-
Total (I+II)	**1,137,061**	**958,500**
SCHEDULE 7		
BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE		
I In India		
(i) Balances with Banks		
(a) In Current Account	24,471	9,189
(b) In Other Deposit Account	-	-
(ii) Money at Call and Short Notice		
(a) With Banks	680,985	-
(b) With Other Institutions	-	-
(c) Lending under reverse repo (RBI and banks)	3,930,000	440,000
	4,635,456	449,189
II Outside India		
(i) In Current Account	506,152	839,045
(ii) In Other Deposit Accounts	983,645	-
(iii) Money at Call and Short Notice	416,158	4,308,357
	1,905,955	5,147,402
Total (I+II)	**6,541,411**	**5,596,591**
SCHEDULE 8		
INVESTMENTS		
I Investments in India		
(i) Government securities (*)	7,297,383	5,240,223
(ii) Other approved securities	-	-
(iii) Shares	-	-
(iv) Debentures and bonds	-	-
(v) Subsidiaries / Joint Ventures	-	-
(vi) Others	148,637	397,625
	7,446,020	**5,637,848**
II Investments outside India	-	-
	7,446,020	**5,637,848**
III Investments in India		
Gross Value	7,451,470	5,696,348
Less:- Provision on Investments	(5,450)	(58,500)
Net Value	**7,446,020**	**5,637,848**
* includes Securities of FV Rs. 972,300 (Previous Year FV 803,300) deposited with CCIL,securities of FV of Rs. 987,070 (Previous Year 'NIL') given under LAF and securities of FV of Rs. 530,000 kept with RBI under section 11(2)(b)(ii) of Banking Regulation Act, 1949 (Previous Year FV Rs. 510,000).		
SCHEDULE 9		
ADVANCES		
A (i) Bills purchased and discounted	3,251,911	3,187,766
(ii) Cash credits, Overdrafts & Loans repayable on demand	7,456,548	8,079,355
(iii) Term Loans	5,089,547	5,707,768
Total	**15,798,006**	**16,974,889**
B (i) Secured by tangible assets*	7,987,156	7,370,602
(ii) Covered by Bank/Government Guarantees	2,635,996	2,927,859
(iii) Unsecured	5,174,854	6,676,428
*includes advances against book debts		
Total	**15,798,006**	**16,974,889**
C I Advances in India		
(i) Priority Sector	6,412,319	4,988,481
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	9,385,687	11,986,408
Sub-total	**15,798,006**	**16,974,889**
II Advances outside India	-	-
Sub-total	-	-
Total	**15,798,006**	**16,974,889**

BBK

بنك البحرين والكويت

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

(Incorporated in Bahrain with Limited Liability)

		As at March 31, 2020 Rs. (000's)	As at March 31, 2019 Rs. (000's)
SCHEDULE 10			
FIXED ASSETS			
I	Premises		
	At cost as per last Balance Sheet	188,860	188,705
	Additions during the year	-	155
	Deductions during the year	-	-
	Depreciation to date	(10,710)	(7,573)
		178,150	181,287
II	Other fixed assets		
	At cost as per last Balance Sheet	288,686	300,699
	Additions during the year	2,914	11,077
	Deductions during the year	(296)	(23,090)
	Depreciation to date	(255,656)	(226,531)
		35,648	62,155
III	Capital work in progress (including capital advances)	2,255	2,690
	Total	**216,053**	**246,132**
SCHEDULE 11			
OTHER ASSETS			
I	Interest accrued	144,602	160,889
II	Tax paid in advance/ tax deducted at source (net of provisions)	137,698	74,876
III	Deferred Tax (net) (Refer Accounting Policy 10 & Notes to Accounts 55)	347,759	182,467
IV	Stationery and stamps	12	17
V	Others	591,420	311,833
	Total	**1,221,491**	**730,082**
SCHEDULE 12			
CONTINGENT LIABILITIES			
I	Claims against the bank not acknowledged as debts	219,767	383,269
II	Liabilities on account of outstanding forward exchange contracts	2,510,072	5,319,100
III	Guarantees given on behalf of constituents		
	(a) In India	2,416,442	2,369,567
	(b) Outside India	273,547	344,929
IV	Acceptances, endorsements and other obligations	578,902	665,526
V	Other items for which the Banks is contingently liable		
	- Capital Commitments	3,304	3,304
	- Unclaimed customer balances transferred to RBI DEAF Scheme	13,873	11,178
	- Securities of Staff Gratuity Trust held in Constituent SGL account	13,000	13,000
	Total	**6,028,907**	**9,109,873**

		For the year ended March 31, 2020 Rs (000's)	For the year ended March 31, 2019 Rs (000's)
SCHEDULE 13			
INTEREST EARNED			
I	Interest/Discount on Advances/Bills	1,425,940	1,368,082
II	Income on Investments	382,828	338,000
III	Interest on balance with Reserve Bank of India and other inter-bank funds	127,280	42,982
IV	Others	711	16,314
	Total	**1,936,759**	**1,765,378**
SCHEDULE 14			
OTHER INCOME			
I	Commission, Exchange and Brokerage	65,533	73,129
II	Profit/(Loss) on sale of Investments (net)	43,585	(17,611)
III	Profit/(Loss) on sale of assets (net)	94	238
IV	Profit/(Loss) on Exchange Transactions (net)	68,165	25,338
V	Income earned by way of dividends, etc. from subsidiaries, companies, joint venture abroad/in India	-	-
VI	Processing Fee	12,769	15,253
VII	Miscellaneous Income	4,477	85
	Total	**194,623**	**96,432**
SCHEDULE 15			
INTEREST EXPENDED			
I	Interest on Deposits	1,325,349	964,222
II	Interest on RBI/Inter-bank borrowings	29,415	132,756
III	Others representing hedging cost	-	6,667
	Total	**1,354,764**	**1,103,645**
SCHEDULE 16			
OPERATING EXPENSES			
I	Payment to and provisions for employees	190,495	172,137
II	Rent, Taxes and Lighting	62,236	62,049
III	Printing and Stationery	1,785	2,003
IV	Advertisement and Publicity	93	649
V	Depreciation on Bank's Property	32,401	32,948
VI	Directors' Fees, Allowances and Expenses	-	-
VII	Auditors' Fees and Expenses	1,103	1,065
VIII	Law Charges	4,815	1,605
IX	Postage, Telegrams, Telephones etc.	1,203	2,455
X	Repairs and Maintenance	16,555	14,905
XI	Insurance	28,076	22,194
XII	Other Expenditure	111,423	63,347
	Total	**450,185**	**375,357**

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 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.

2. **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.

3. **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.

c) 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.

4. **Investments**

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, 1949.

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.

Valuation

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 quotes 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 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 as interest.

5. **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 India.

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

6. **Fixed Assets and Depreciation**

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.

b) 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.

c) 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.

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.

a) Interest income on advances, other than on Non-Performing Advances, is recognised on accrual basis.

b) 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 of India.

d) 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 the period of guarantee.

9. **Employee Benefits**

a) **Gratuity**

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.

b) **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.

c) **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 actuary.

Short term compensated absences are provided for without discounting the liability.

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).

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 tax assets can be realised.

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.

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;

b) 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 there is:

a) 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 because:

i. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

ii. A reliable estimate of the amount of obligation cannot be made.

13. **Cash and Cash Equivalents**

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

Disclosure requirements as per RBI guidelines

1. The breakup of "Provisions & Contingencies" as appearing in the Profit and Loss Account is as under:

(Rs. in crore)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Specific Provision for Non Performing Advances	47.09	23.90
Bad Debts written off (including Investments of Rs. 5.30 crores (Previous year Nil))	9.86	0.01
Provision for Non Performing Advances written back	(4.74)	(0.09)
Provision for depreciation on Investments (Net)	(5.30)	(0.13)
Provision for income tax (including earlier years)	7.97	7.76
MAT credit (entitlement)/reversal	-	(7.76)
Provision for deferred tax	(16.53)	4.11
Other Provisions	-	(0.01)
Provision for country risk	(0.13)	0.25
ProvisionforUnhedgedForeignCurrencyExposure	-	(0.05)
Provision for standard assets	0.03	0.14
Total	**38.25**	**28.13**

2. 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: **(Rs. in Crore)**

Particulars	31 March, 2020	31 March, 2019
Capital Adequacy		
Common Equity Tier I	386.20	407.01
Tier I Capital	386.20	407.01
Including capital infusion during the year	-	-
Tier II Capital	9.08	9.29
Amount of Tier II capital raised	-	-
Amount of subordinated debt raised as Tier–II capital	-	-
Total Capital	395.28	416.30
Percentage of the shareholding of the Government of India in nationalized Banks	N.A.	N.A.
Total risk weighted assets and contingents	1735.66	1603.61
Capital Ratios		
Common Equity Tier I	22.25%	25.38%
Tier I	22.25%	25.38%
Tier II	0.52%	0.58%
CRAR	22.77%	25.96%

3. **Business Ratios:**

	Particulars	31.03.2020	31.03.2019
a.	Net NPAs to Net Advances	0.35%	2.88%
b.	Interest income as a percentage to working funds **($)**	6.51%	7.20%
c.	Non-interest income as a percentage to working funds **($)**	0.65%	0.39%
d.	Operating Profit as a percentage to working funds **($)**	1.10%	1.56%
e.	Return on assets **(@)**	(0.18)%	0.38%
f.	Business (Deposits plus Advances) per employee **(#)**	39.44 Crore	35.87 Crore
g.	Profit per employee **(#)**	(0.05) Crore	0.09 Crore

($) 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.

(@) Assets are reckoned as average of total assets less accumulated lossesas at beginning of the year and as at end of the year.

(#) Productivity ratios are based on year end employee numbers.

4. **Provision Coverage Ratio (PCR)**

The provision coverage ratio of the Bank as on March 31, 2020 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 92.96% (previous year 38.67%).

5. **Maturity Profile:**

As at March 31, 2020 **(Rs. in crore)**

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	Total
Deposits	7.18	142.32	37.08	121.74	48.50	83.42	263.00	607.86	1,152.70	176.38	0.54	**2,640.72**
Borrowings	-	-	-	-	-	-	-	21.00	80.00	-	-	**101.00**
Loans & Advances	199.77	91.31	31.90	161.06	115.41	233.92	240.94	340.29	42.25	103.73	19.22	**1,579.80**
Investments	-	-	69.57	-	24.95	104.12	88.80	14.62	114.17	152.10	176.27	**744.60**
Foreign currency assets	95.89	211.92	24.52	27.07	26.74	56.96	10.05	49.47	-	-	14.75	**517.37**
Foreign currency liabilities	27.54	14.90	11.01	5.75	16.59	18.97	80.70	180.75	257.99	6.25	-	**620.45**

As at March 31, 2019 **(Rs. in crore)**

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	Total
Deposits	20.39	48.90	288.10	74.72	72.70	126.50	97.05	498.02	914.46	103.11	3.92	**2,247.87**
Borrowings		230.00	-	50.00			-	-	-	-	-	**280.00**
Loans & Advances	0.63	13.81	24.79	68.26	96.41	58.57	127.12	68.17	1,055.94	170.83	12.96	**1697.49**
Investments	-	-	10.28	52.16	46.61	32.72	46.69	137.36	199.72	20.74	17.50	**563.78**
Foreign currency assets	84.71	440.56	12.67	1.05	6.51	-	-	-	220.55	-	13.49	**779.54**
Foreign currency liabilities	3.08	27.05	22.39	23.15	21.93	12.52	48.65	130.33	255.93	5.84	0.01	**550.88**

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

6. A) **Movement in Non-Performing Advances:** **(Rs. in crore)**

Particulars	2019-20			2018-19		
	Gross NPA (net of interest in suspense)	Provisions	Net NPA	Gross NPA (net of interest in suspense)	Provisions	Net NPA
Opening balance	79.55	29.71	49.84	18.62	5.90	12.72
(+) Additions	7.63	47.09	(39.46)	62.86	23.90	38.96
(-) Recoveries	3.95	0.18	3.77	1.92	0.08	1.84
(-) Upgradations	0.03	0.01	0.02	-	-	-
(-)Technical/Prudential Write-offs	-	-	-	-	-	-
(-)Other Write-offs	4.55	4.55	-	0.01	0.01	-
Closing balance	**78.65**	**72.06**	**6.59**	**79.55**	**29.71**	**49.84**
Less: Floating Provision (**)			**1.05**			**1.05**
Net Closing balance			**5.54**			**48.79**

(**)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 provision' the Bank has two options being:

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

b) 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 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	2019-20	2018-19
Opening Balance of Technical/Prudential written-off accounts	-	-
(+) Additions	-	-
(-) Recoveries	-	-
Closing Balance of Technical/Prudential written-off accounts	-	-

7. **Movement in Floating Provision:**

Particulars	2019-20	2018-19
Opening Balance	1.05	1.05
Add: Provisions made during the year	-	-
Less: Amount of draw-down made during the year	-	-
Closing balance	**1.05**	**1.05**

8. **INVESTMENTS**

i. Details of Investments: **(Rs.in crore)**

	Particulars	2019-20	2018-19
1)	Value of Investments		
i)	Gross Value of Investments		
	(a) In India	745.15	569.63
	(b) Outside India	-	-
ii)	Provision for Depreciation		
	(a) In India	(0.55)	(5.85)
	(b) Outside India		
iii)	Net Value of Investments		
	(a) In India	744.60	563.78
	(b) Outside India		
2)	Movement of provisions held towards depreciation on Investments		
	i) Opening balance	5.85	5.98
	ii) Add: Additions during the year	-	4.68
	iii) Less: Write off/write back of excess provision during the year	5.30	4.81
	iv) Closing balance	0.55	5.85

ii. In accordance with RBI circular no. DBR No BP.BC.102/21.04.048/2017-18 dated April 2, 2018 bank has not made Investment Fluctuation Reserve on investment in HFT and AFS portfolio as the bank has recorded a net loss during the year ended March 31, 2020.

iv. Classification of net Investments under various categories is as under:

(Rs. in crore)

Particulars	2019-20	2018-19
Held for Trading		
a) Approved Securities	-	-
b) Unapproved Securities	-	-
Available for Sale		
a) Approved Securities	575.94	390.97
b) Unapproved Securities	14.86	39.76
Held for Maturity		
a) Approved Securities	153.80	133.05
b) Unapproved Securities	-	-
Total	**744.60**	**563.78**

9. i) **Issuer composition of Non SLR investments –**

2019-20 **(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	-	-	-	-	-
3	Banks (certificate of deposits)	-	-	-	-	-
4	Private corporates	-	-	-	-	-
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	15.41	15.41	15.41	15.41	15.41
7	Provision held towards depreciation	**(0.55)**				
	Total	**14.86**				

2018-19 **(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	-	-	-	-	-
3	Banks (certificate of deposits)	-	-	-	-	-
4	Private corporates	30.20	24.90	5.30	5.30	5.30
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	15.41	15.41	15.41	15.41	15.41
7	Provision held towards depreciation	**(5.85)**				
	Total	**39.76**				

BBK

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

(Incorporated in Bahrain with Limited Liability)

ii) **Non performing Non-SLR investments** **(Rs. in crore)**

Particulars	2019-20	2018-19
Opening balance	5.85	5.85
Additions during the year since 1st April	-	-
Reductions during the above period	5.30	-
Closing balance	0.55	5.85
Total provisions held	**0.55**	**5.85**

10. Information on repos during the year (including Liquidity Adjustment facility with the Reserve Bank of India) (in face value terms):

2019-20 **(Rs in crore)**

	Minimum outstanding during the year (@)	Maximum outstanding during the year	Daily average outstanding during the year (#)	As on March 31, 2020
Securities sold under repos	12.78	110.58	8.11	98.71
Securities purchased under reverse repos	1.84	515.38	125.16	372.13

2018-19 **(Rs in crore)**

	Minimum outstanding during the year (@)	Maximum outstanding during the year	Daily average outstanding during the year (#)	As on March 31, 2019
Securities sold under repos	4.01	8.01	0.04	-
Securities purchased under reverse repos	1.84	114.80	15.27	41.92

(@) Minimum outstanding is considered only for those days when such transactions were outstanding.

(#) Average is based on transactions outstanding divided by 365/366 days as relevant.

11. Lending to Sensitive Sectors

(A) Exposure to Real Estate Sector **(Rs. in crore)**

Category		2019-20	2018-19
A	Direct exposure (*)		
(i)	Residential Mortgages –	-	-
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	13.91	13.51
	- of which individual housing loans eligible for inclusions in priority sector advances	-	-
(ii)	Commercial Real Estate –	-	-
(iii)	Investments in Mortgage Backed Securities (MBS) and other securities exposure -	-	-
	a. Residential	-	-
	b. Commercial Real Estate	-	-
B	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	7.50	15.12
	Total Exposure to Real Estate Sector	**21.41**	**28.63**

(*) 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 **(Rs. in crore)**

Sr. No.	Particulars	2019-20	2018-19
(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;	-	-
(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;	0.02	0.03
(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 flows / issues;	-	-
(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;	-	-
(ix)	financing to stockbrokers for margin trading;	-	-
(x)	all exposures to Venture Capital Funds (both registered and unregistered);	-	-
Total Exposure to Capital Market		**0.02**	**0.03**

Exposure is higher of limits sanctioned or the amount outstanding as at the year end.

12. Letters of Comfort (LoCs): **(Rs. in crore)**

Particulars	2019-20	2018-19
No. of LoCs issued during the year	-	-
Financial impact of LoCs issued during the year	-	-
Cumulative financial obligation under the LoCs issued in the past and outstanding	-	-

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

14. Disclosure of Restructured Accounts

As at 31 March 2020 **(Rs. in Crore)**

Sr. No.	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification → Details ↓		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2018	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	1	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	9.81	9.81	-	-	-	9.81	9.81
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	9.81	9.81	-	-	-	9.81	9.81
2	Additional/Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1
		Amount outstanding	-				-	-	-	-	-	-	-	-	0.03	-	0.03	-	-	0.03	-	0.03
		Provision thereon					-	-	-	-	-	-	-	-	0.03	-	0.03	-	-	0.03	-	0.03
3	Upgradations to restructured standard category during the FY	**No. of borrowers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/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	No. of borrowers	-				-	-				-	-				-	-	-	-	-	-
		Amount outstanding	-				-	-				-	-				-	-	-	-	-	-
		Provision thereon	-				-	-				-	-				-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	1	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	9.81	9.81	-	-	-	9.81	9.81
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	9.81	9.81	-	-	-	9.81	9.81
8	Restructured Accounts as on March 31, 2020	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	-	-	1	-	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	0.03	-	-	0.03	-	0.03
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	0.03	-	0.03	-	-	0.03	-	0.03

As at 31 March 2019 **(Rs. in Crore)**

Sr. No.	Type of Restructuring →		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification → Details ↓		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2018	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	1	-	-	1	1	1	-	-	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	5.32	5.30	-	-	10.62	5.32	5.30	-	-	10.62
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	3.56	-	-	3.56	-	3.56	-	-	3.56
2	Additional/Fresh restructuring during the year (*)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-				-	-	-	-	-	-	(0.81)	-	-	-	(0.81)	(0.81)	-	-	-	(0.81)
		Provision thereon					-	-	-	-	-	-	4.51	1.74	-	-	6.25	4.51	1.74	-	-	6.25
3	Upgradations to restructured standard category during the FY	**No. of borrowers**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and/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	No. of borrowers	-				-	-				-	-				-	-	-	-	-	-
		Amount outstanding	-				-	-				-	-				-	-	-	-	-	-
		Provision thereon	-				-	-				-	-				-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	1	-	1	-	1	1	-	1	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(4.51)	(5.30)	-	9.81	-	(4.51)	(5.30)	-	9.81	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(4.51)	(5.30)	-	9.81	-	(4.51)	(5.30)	-	9.81	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2019	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	1	1
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	9.81	9.81	-	-	-	9.81	9.81
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	9.81	9.81	-	-	-	9.81	9.81

(*) decrease in asset outstanding mainly on account of netting of interest capitalised.

Exposure to a single borrower was broken-up as Standard and NPA as per S4A scheme of RBI. Hence the number of accounts has been shown as 1 in the total column.

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

16. The bank has not exceeded regulatory single and group borrower exposure limits during the year. (Previous year: Nil).

17. Details of financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction:

(Rs. in crore)

	Item	2019-20	2018-19
a)	No. of accounts	-	-
b)	Aggregate value (net of provisions) of accounts sold to SC/RC	NA	NA
c)	Aggregate consideration	NA	NA
d)	Additional consideration realized in respect of accounts transferred in earlier years	NA	NA
e)	Aggregate gain/(loss) over net book value.	NA	NA

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:

Qualitative disclosure

(a) *Information relating to the composition and mandate of the Remuneration Committee.*

Summary terms of reference, roles and responsibilities:

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

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.

Members

- **Murad Ali Murad** Chairman
- **Sh. Khalifa bin Duaij Al Khalifa-**Member
- **Marwan Mohammed Al Saleh** -Member
- **Mohamed Abdulrahman Hussain - 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.

1. 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.
2. Variable Pay is a monetary reward paid to the employee in recognition of their contribution to the performance of the Bank.
3. 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.

b) 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 into account in the remuneration processes including the nature and type of the key measures used to take account of these risks.* — Ensuring effective alignment of compensation with prudent risk taking. The annual goals of executives in Business segment shall include Key Performance Indicators that measure the 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 performance during a performance measurement period with levels of remuneration.* — At the end of the period, the performances are appraised against measurable business and other qualitative goals, in a scale of 1 to 5 (5 being maximum). The increment percentage 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 remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.* — Variable pay, in form of Bonus is decided with reference to the performance measurement and is capped at 70% of the Fixed Pay. Variable pay upto 50% is paid immediately on 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. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.* —

i) **Bonus**: paid on the basis of performance measurement, to incentivize the performance and as motivation.

ii) **Employee Performance Share Plan:** Shares are allotted as per plan approved by the Board of Directors.

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.

Quantitative disclosures

(g) *Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.* —

i) 5 meetings were held during 2019-20.(Previous year –4 meetings)

ii) Rs. 0.18 crores was paid as remuneration.(Previous year – Rs. 0.14 crores)

(h)

• Number of employees having received a variable remuneration award during the financial year/ (Previous Year - 5)	6
• Number and total amount of sign-on awards made during the financial year. (Previous Year – Nil)	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

(i) • *Total amount of outstanding deferred remuneration, split remuneration, split into cash, shares and share-linked instruments and other forms.* —

Total Deferred Remuneration outstanding:

Cash: Rs.0.09 Crores (Previous Year – 0.24 Crore)

Employee Performance Share Plan: 47,963 shares. (Previous Year – 45,465 shares)

• *Total amount of deferred remuneration paid out in the financial year.* —

Deferred Remuneration paid in 2019-20:

Cash: 0.16 Crore (Previous Year – 0.21 Crore)

Employee Performance Share Plan: 12,116 shares in the current year. (Previous Year – 12,758 shares)

(j) • *Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.*

Rs. in crore

2019-20:	Fixed	Variable
Deferred	-	-
Non-deferred	3.64	0.69

2018-19:	Fixed	Variable
Deferred	-	-
Non-deferred	3.64	0.45

(k)

• Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. (Previous Year–0.24)	0.09
• Total amount of reductions during the financial year due to ex- post explicit adjustments. (Previous Year - Nil)	Nil
• Total amount of reductions during the financial year due to ex- post implicit adjustments. (Previous Year - Nil)	Nil

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

	As on March 31, 2020		As on March 31, 2019	
Risk category	**Exposures**	**Provisions**	**Exposures**	**Provisions**
Insignificant	478.19	0.27	702.67	0.43
Low Risk	194.28	0.14	193.83	0.11
Moderate Low Risk	-	-	7.15	-
Moderate Risk	3.97	-	3.22	-
Moderate High Risk	-	-	-	-
High Risk	-	-	-	-
Very High Risk	-	-	-	-
Total	**676.44**	**0.41**	**906.87**	**0.54**

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

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

Particulars			2019-20	2018-19
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 **(Rs. in crore)**

Particulars		2019-20	2018-19
1.	No. of accounts sold	Nil	Nil
2.	Aggregate outstanding	NA	NA
3.	Aggregate consideration received	NA	NA

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

As on 31.03.2020: Rs. 6.62

As on 31.03.2019: Rs.6.59

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

Concentration of Deposits **(Rs. in crore)**

Particulars	2019-20	2018-19
Total deposits of twenty largest depositors	1004.28	954.53
% of deposits of twenty largest depositors to total deposits of the Bank	38.03%	42.46%

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

Particulars	2019-20	2018-19
Total Advances to twenty largest borrowers	1143.21	1099.71
% of Advances to twenty largest borrowers to total advances of the Bank	46.18%	45.67%

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

Note:- Advances to borrowers exclude exposure to Banks.

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

Particulars	2019-20	2018-19
Total Exposure to twenty largest borrowers/customers	1143.21	1099.71
% of exposures to twenty largest borrowers/customers to total exposure of the Bank on borrowers/customers	45.90%	45.38%

*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(including non-performing Investments) **(Rs. in crore)**

Particulars	2019-20	2018-19
Total Exposure to top four NPA accounts	77.69	78.76

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

Particulars	2019-20	2018-19
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

26. Off-balance Sheet SPVs sponsored:

Particulars	2019-20	2018-19
Domestic:-		
Name of the SPV sponsored	Nil	Nil
Overseas:-		
Name of the SPV sponsored	Nil	Nil

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

(Rs. in crore)

Sr. No.	Nature of Income	2019-20	2018-19
1.	For selling life insurance policies	0.05	0.04
2.	For selling non-life insurance policies	0.03	0.01
3.	For selling mutual fund products	0.38	0.61

28. Unsecured Advances: **(Rs. in crore)**

Particulars	2019-20	2018-19
Total amount of advances for which intangible securities such as charge over rights, licenses, authority etc has been taken	Nil	Nil
Estimated value of intangibles collaterals as stated above	Nil	Nil

29. Disclosure on derivatives:

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

a. Qualitative Disclosure

1) The structure and organisation for management of risk in derivatives trading:

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

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

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

a) Risk Measurement:

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

b) Risk Reporting and Risk monitoring systems:

The Bank has the following reports/systems in place which are reviewed by the top management:

(i) VaR

(ii) Net open position

(iii) AGL / IGL

(iv) Dealer wise limits

(v) Stop loss limits

(vi) Bankline limits

3) Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:

The Bank has the following two policy papers in place, approved by Management Committee.

(i) Integrated Foreign Exchange policy and

(ii) Asset – Liability Management (ALM) Policy

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

4) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts, provisioning and credit risk mitigation

As stated in Schedule 17: Principal accounting policies point no 3 (a) and (d).

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

(Incorporated in Bahrain with Limited Liability)

b. **Quantitative Disclosure** **(Rs. in crore)**

Sr. No	Particular	Currency swaps (Forward Foreign exchange contracts)	
		As on March 31, 2020	As on March 31, 2019
1	Derivatives (Notional Principal Amount)		
	a) For hedging	-	-
	b) For trading	251.01	531.91
2	Marked to Market Positions		
	a) Asset (+)	2.41	1.07
	b) Liability (-)	5.45	3.87
3	Credit Exposure	7.87	11.73
4	Likely impact of one percentage change in interest rate (100*PV01)		
	a) on hedging derivatives	-	-
	b) on trading derivatives	-	-
5	Maximum and Minimum of 100*PV01 observed during the year		
	a) on hedging	-	-
	b) on trading	-	-

30. No penalties were levied by Reserve Bank of India during the year. (Previous year : Nil)

31. Draw down from Reserves:

Investment Reserve Account: **(Rs. in crore)**

Particulars	2019-20	2018-19
Opening Balance	1.95	1.90
(+) Additions during the year	-	0.05
(-) Utilized during the year	-	-
Closing Balance	**1.95**	**1.95**

32. Analysis and Disclosure of complaints:

A. Customer Complaints

Sr. No.	Particulars	2019-20	2018-19
(a)	No. of complaints pending at the beginning of the year	1	Nil
(b)	No. of complaints received during the year	2	5
(c)	No. of complaints redressed during the year	2	4
(d)	No. of complaints pending at the end of the year (*)	1	1

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

(*) The redressal for this complaint filed with banking ombudsman team is pending as the meeting for the same was postponed due to Covid -19. (previous years pending complaint was resolved by 20th April, 2019)

Data provided by management and relied upon by the auditors.

B. Awards passed by the Banking Ombudsman

Sr. No.	Particulars	2019-20	2018-19
(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

The Bank has shifted a security having face value of Rs. 50 crore from HTM to AFS category during the year at the beginning of the accounting year with approval of the Board of Directors.There has been no transfer of securities to HTM category during the 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. The market value and book value of HTM investments as on 31st March 2020 is Rs. 158.52 crores and Rs. 153.80 crores respectively and there is no excess of book value over the market value.

(Previous year Nil).

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

(Rs. in crore)

Particulars	As at 31 March 2020	As at 31 March 2019
At cost at March 31st of preceding year	13.35	13.04
Additions during the year	0.24	0.31
Deductions during the year	-	-
Depreciation to date	12.34	10.85
Net block	**1.25**	**2.50**

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.

b) **Information Security**

The Bank has a well laid Information Security Policy addressing Confidentiality, Integrity and availability besides authenticity, non-repudiation 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.

e) **IS Audit**

The vital observations of IS Audit last conducted have been addressed.

f) **Cyber frauds**

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.

i) **Legal issues**

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.0.37 crores. During the year, Bank has contributed an aggregate of Rs. 0.37 crores towards measures of environment preservation and eradication of hunger and malnutrition which is included under Other Expenditure of Schedule 16.

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

Sl. No.	Sector	Current year			Previous year		
		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
A	**Priority Sector**						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Advances to industries sector eligible as priority sector lending (*)	408.97	-	-	413.56	-	-
3	Services	188.82	-	-	85.28	-	-
4	Personal loans	-	-	-	-	-	-
	Sub-total (A)	597.79	-	-	498.85	-	-
B	**Non Priority Sector**						
1	Agriculture and allied activities	-			-		
2	Industry (*)	630.80	70.12	11.12%	689.38	78.35	11.36%
3	Services (#)	374.31	7.50	2.00%	485.00	-	-
4	Personal loans	49.07	1.03	2.10%	53.97	1.20	2.23%
	Sub-total (B)	1,054.18	78.65	7.46%	1,228.35	79.55	6.48%
	Total (A+B)	**1,651.97**	**78.65**	**4.76%**	**1,727.20**	**79.55**	**4.61%**
	* Industry of which						
	Chemicals, dyes paints etc.	287.18	-	0.00%	287.40	-	0.00%
	All Engineering	103.66	-	0.00%	95.75	-	0.00%
	Infrastructure	218.27	70.11	32.12%	184.27	78.35	42.52%
	# Services of which						
	NBFC	189.01	7.5	3.97%	189.91	-	-

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

Particulars	2019-20	2018-19
Opening balance of amounts transferred to DEAF	1.12	1.10
(+)Amounts transferred to DEAF during the year	0.28	0.06
(-) Amounts reimbursed by DEAF towards Claims	(0.01)	(0.04)
Closing balance of amounts transferred to DEAF	**1.39**	**1.12**

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. 0.21 crores (previous year of Rs. 0.21 crores) and additional capital of Rs. Nil crores (previous year of Rs. Nil crores) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2020.

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 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, 2020.

41. Liquidity Coverage Ratio

a) **Quantitative disclosure**

Sr.	Particulars	Q1 2019-20		Q2 2019-20		Q3 2019-20		Q4 2019-20	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA)	434.77	434.77	503.14	503.14	710.76	709.02	848.23	848.23
	Cash Outflows								
2	Retail deposits and deposits from small business customers, of which:	195.78	19.50	178.95	17.82	196.12	19.54	217.93	21.71
	(i) Stable deposits	1.47	0.07	1.40	0.07	1.48	0.07	1.49	0.07
	(ii) Less stable deposits	194.31	19.43	177.55	17.75	194.63	19.46	216.45	21.64
3	Unsecured wholesale funding, of which :	468.82	258.98	400.28	215.74	617.82	345.22	619.10	397.32
	(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	(ii) Non-operational deposits (all counterparties)	468.82	258.98	400.28	215.74	617.82	345.22	619.10	397.32
	(iii) Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding	8.33	-	13.33	-	3.33	-	45.00	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	(ii) Outflows related to loss of funding on debt products-	-	-	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	387.84	38.67	485.48	48.45	578.87	57.80	642.86	64.20
6	Other contingent funding obligations	310.89	9.33	328.90	9.87	309.82	9.29	318.40	9.55
7	Other contractual funding obligations	192.67	192.67	41.67	41.67	-	-	-	-
8	Total Cash Outflows	1,564.33	519.15	1,448.61	333.55	1,705.96	431.85	1,843.29	492.79
	Cash Inflows								
9	Secured lending (e.g. reverse repos)	51.67	-	91.99	-	231.33	-	324.00	-
10	Inflows from fully performing exposures	8.69	4.34	366.02	183.01	383.70	191.85	460.75	230.38
11	Other cash inflows	384.18	384.18	298.76	298.76	324.19	324.19	641.96	641.96
12	Total Cash Inflows	444.54	388.52	756.77	481.77	939.22	516.04	1,426.71	872.34
	Total Adjusted Value								
21	TOTAL HQLA		434.77		503.14		709.02		848.23
22	Total Net Cash Outflows		165.05		83.39		107.96		123.20
23	Liquidity Coverage Ratio (%)		**263.42%**		**603.38%**		**656.71%**		**688.51%**

Sr.	Particulars	Q1 2018-19		Q2 2018-19		Q3 2018-19		Q4 2018-19	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA)	242.30	242.30	280.99	280.99	312.89	312.89	415.71	415.71
	Cash Outflows								
2	Retail deposits and deposits from small business customers, of which:	198.96	19.79	207.81	20.69	176.38	17.56	191.69	19.10
	(i) Stable deposits	2.05	0.10	1.75	0.09	1.56	0.08	1.43	0.07
	(ii) Less stable deposits	196.91	19.69	206.06	20.60	174.82	17.48	190.26	19.03
3	Unsecured wholesale funding, of which :	190.73	85.73	300.66	111.43	424.91	225.61	437.33	245.33
	(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	(ii) Non-operational deposits (all counterparties)	190.73	85.73	300.66	111.43	424.91	225.61	437.33	245.33
	(iii) Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding	-	-	5.00	-	5.33	-	16.67	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	(ii) Outflows related to loss of funding on debt products-	-	-	-	-	-	-	-	-
	(iii) Credit and liquidity facilities	337.86	31.67	327.98	30.63	349.51	33.09	552.47	55.10
6	Other contingent funding obligations	205.32	6.16	233.92	7.02	259.49	7.78	301.73	9.05
7	Other contractual funding obligations	131.33	131.33	266.01	266.01	161.78	161.78	148.03	148.03
8	Total Cash Outflows	1064.20	274.68	1341.38	435.79	1377.40	445.82	1647.91	476.61
	Cash Inflows								
9	Secured lending (e.g. reverse repos)	14.67	-	12.00	-	43.00	-	15.67	-
10	Inflows from fully performing exposures	10.67	5.33	13.92	6.96	16.16	8.08	20.31	10.16
11	Other cash inflows	95.52	95.52	180.94	180.94	128.25	128.25	254.04	254.04
12	Total Cash Inflows	120.85	100.85	206.86	187.90	187.41	136.33	290.02	264.20
	Total Adjusted Value								
21	TOTAL HQLA		242.30		280.99		312.89		415.71
22	Total Net Cash Outflows		173.83		247.89		309.49		215.64
23	Liquidity Coverage Ratio (%)		**139.39%**		**113.35%**		**101.10%**		**192.78%**

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. 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.

(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, by which time it is assumed that appropriate corrective action 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

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 14.5% 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 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.

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

(Rs. in crore)

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, 2020	**As at March 31, 2019**	**As at March 31, 2020**	**As at March 31, 2019**	**As at March 31, 2020**	**As at March 31, 2019**
Book value of investments in security receipts	14.86	14.86	Nil	Nil	14.86	14.86

43. The Bank has not reported any instance of fraud during the financial year ended 31st March 2020 (Previous year –Rs. 0.16 crores. The bank does not expect to incur any loss in the said instance and hence no provision has been made for the same).

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/ 21.04.018/2016-17dated April 18, 2017)

There was no divergence in asset classification and provisioning observed by RBI for the financial year ended 31stMarch 2020.

46. Priority Sector Lending Certificates (PSLC) (RBIcircular 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.(Previous year: Nil)

47. i) Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A).

(Rs. in crore)

No. of accounts where S4A has been applied	As on 31st March 2020				As on 31st March 2019			
	Aggregate amount outstanding	Amount outstanding: In part A as NPA	Amount outstanding: In part B as NPA	Provision Held	Aggregate amount outstanding	Amount outstanding: In part A as Standard	Amount outstanding: In part A as Standard	Provision Held
Classified as Standard	-	-	-	-	-	-	-	-
Classified as Loss	-	-	-	-	9.81	4.51	5.30	9.81

ii) Disclosures on Strategic Debt Restructuring Scheme (Accounts which are currently under the stand-still period): Nil (Previous year: Nil)

iii) Disclosures on Flexible Debt Restructuring Scheme: Nil (Previous year: Nil)

iv) Disclosures on Restructuring of advances to MSME: Nil (Previous year: Nil)

v) Disclosures on Resolution of Stressed Assets –Revised Framework: As per RBI circular no: DBR.No. BP.BC.101/21.04.048/2017-18 dated February 12, 2018: Nil (Previous year: Nil)

48. Disclosure on framework for Resolution of Stressed Assets

In terms of RBI Circular, June 7,2019, the Bank has not implemented Resolution Plan during FY 2019-2020.

49. Disclosure on COVID19 Regulatory Package – Asset Classification and Provisioning

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On 11th March, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently unascertainable. Various governments, civil society and man organizations, including the Bank, have introduced a variety of measures to contain the spread of the virus to protect lives and livelihood. On 24th March, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and again by 14 days across the country to contain the spread of virus. There is a high level of uncertainty about the duration of the lockdown and the time required for life and business to get normal. The extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on the future developments, which are highly uncertain, including among many the other things, any new information concerning the severity of the pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank. The bank does not expect any significant impact on its business and financial results in the long term based on the impact assessment done by the bank.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27th March, 2020 and 17th April, 2020, and clarification issued by RBI through Indian Bankers Association, dated 6th May 2020 the Bank is granting moratorium on the payment of installments and / or interest, as applicable, falling due between 1st March, 2020 and 31st May, 2020 ('moratorium period') to eligible borrowers classified as Standard, even if overdue, as on 29th February, 2020. In accordance with RBI guidelines, the moratorium period, wherever granted, is excluded by the Bank from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. The Bank holds provisions as at 31st March 2020 against the potential impact of COVID-19 based on the information available up to a point in time. The provisions held by theBank are higher than the RBI prescribed norms. Following are the details of such accounts and provisions made by the Bank:

(Rs. in crore)

Particular	As on 31st March 2020
Advances outstanding in SMA/overdue categories, where the moratorium/deferment was extended as per COVID-19 Regulatory Package - Account Level - Customer Level	1.92 -
Advances outstanding where asset classification benefits is extended up to 31st March, 2020	-
Provision made as per para 5 of the COVID-19 Regulatory Package for the financial year ended 31st March,2020	0.10
Provisions adjusted during the financial year ended 31st March, 2020	-
Residual provisions in terms of paragraph 6 of COVID-19 Regulatory Package	0.09

50. 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). The Ministry of Corporate Affairs (MCA) has notified these accounting standards (Ind-AS) for adoption. The Reserve Bank of India (RBI) through its press release dated March 22, 2019 has deferred the implementation of Indian Accounting Standards (Ind-AS) till further notice for scheduled commercial banks. In preparedness towards achieving the same, the Bank had prepared proforma financial statements as required by Reserve Bank of India (RBI) vide its circular ref. DBR.BP.BC.No.106/21.07.001/2015-16 dated June 23, 2016, ref. DO.DBR.BP.No.2535/21.07.001/2017-18 dated September 13, 2017 and mail dated July 20, 2018 for every quarter, starting from quarter ended June 30, 2018 up to December 31, 2019 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)

BBK
بنك البحرين والكويت

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

(Incorporated in Bahrain with Limited Liability)

51. Employee Benefits (AS-15)

Gratuity

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	2019-20	2018-19
Current service cost	0.53	0.43
Interest cost	0.35	0.30
Expected return on plan assets	0.30	0.27
Actuarial (gains)/losses	0.57	0.25
Past Service Cost	-	-
Net expenses	**1.15**	**0.71**

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

Particulars	2019-20	2018-19
Fair value of plan assets	4.04	3.84
Present value of obligations	5.19	4.55
Asset/(Liability)	(1.15)	(0.71)
Asset/(Liability)recognised in the balance sheet	(1.15)	(0.71)

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

(Rs. in crore)

Particulars	2019-20	2018-19
Opening defined benefit obligation	4.55	3.84
Interest cost	0.35	0.30
Current service cost	0.53	0.43
Past service cost	-	-
Cost of Plan Amendment	-	-
Benefits paid	(0.82)	(0.24)
Actuarial (gains) / losses on obligation	0.58	0.22
Closing defined benefit obligation	**5.19**	**4.55**

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

Particulars	2019-20	2018-19
Opening fair value of plan assets	3.84	3.38
Expected return	0.29	0.27
Contributions by employer	0.71	0.45
Benefits paid	(0.82)	(0.24)
Actuarial gains / (losses) on plan assets	0.01	(0.02)
Closing fair value of plan assets	**4.03**	**3.84**

Experience adjustments: **(Rs. in crore)**

Particulars	2019-20	2018-19
(Gain)/Loss on obligation due to change in assumption	0.35	0.13
Experience (Gain)/Loss on obligation	0.23	0.09
Actuarial Gain/(Loss) on planned assets	0.01	(0.02)

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

Particulars	2019-20	2018-19
Discount Rate (%) p.a.	6.83%	7.69%
Expected rate of return on assets (%) p.a.	6.83%	7.69%
Salary escalation rate (%) p.a.	8.00%	8.00%
Attrition Rate (%) p.a. : For first 4 years	10.00%	10.00%
: After 4 years	4.00%	4.00%

Compensated Absences

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

(Rs. in crore)

Particulars	2019-20	2018-19
Total actuarial liability for sick leave	0.51	0.44

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

Particulars	2019-20	2018-19
Discount Rate (%) p.a.	6.83%	7.69%
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 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. Hence, the Bank has not disclosed contingent liability amount for past liability.

52. Segment Reporting

Segment Information about Primary Business Segments for the year March 31, 2020. **(Rs. in crore)**

Business Segments	Treasury	Corporate Banking	Retail Banking	Other Banking Operations	Total
Revenue	62.19	142.92	5.37	2.65	213.13
Unallocated Revenue					0.01
Total Segment revenue					213.14
Expense	54.40	105.13	6.73	0.92	167.18
Unallocated Expense					13.31
Total Segment Expense					180.49
Operating Profit	7.79	37.79	(1.36)	1.72	45.94
Unallocated operating profit					(13.30)
Net Operating Profit					32.64
Segment Result	7.79	(8.88)	(1.49)	1.72	(0.86)
Unallocated result					(13.30)
Total Segment Result					(14.16)
Income Taxes (net of deferred tax)					8.56
Net Profit					(5.60)
Other Information					
Segment Assets	1,528.54	1,554.26	47.03	0.14	3,129.97
Unallocated Assets					106.03
Total Assets					3,236.00
Segment Liabilities	107.22	1,009.42	1,678.88	0.13	2,795.65
Unallocated Liabilities					440.35
Total Liabilities					3,236.00

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, 2019.

(Rs. in crore)

Business Segments	Treasury	Corporate Banking	Retail Banking	Other Banking Operations	Total
Revenue	38.87	137.17	5.81	4.31	186.16
Unallocated Revenue					0.02
Total Segment revenue					186.18
Expense	40.25	92.29	6.82	0.89	140.25
Unallocated Expense					7.65
Total Segment Expense					147.90
Operating Profit	(1.38)	44.89	(1.01)	3.42	45.92
Unallocated operating profit					(7.63)
Net Operating Profit					38.29
Segment Result	(1.38)	21.42	(1.57)	3.42	21.89
Unallocated result					(7.63)
Total Segment Result					14.26
Income Taxes (net of deferred tax)					(4.11)
Net Profit					10.15
Other Information					
Segment Assets	1,205.53	1,696.47	53.24	0.19	2,955.43
Unallocated Assets					58.97
Total assets					3,014.40
Segment Liabilities	281.56	914.53	1,368.36	0.15	2,564.60
Unallocated liabilities					449.80
Total liabilities					3,014.40

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. Hence no information regarding the same has been given.

(ii) 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 and Advances to Corporates, Investments in Corporate Bonds.

– Retail Banking – Primarily comprising of retail loans & advances to customers.

(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 identifiable to each of the segments and amounts apportioned/allocated on a reasonable basis.

(v) 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 April 18, 2007.

(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.

53. 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. Invita Claims Management Company

Associated Company of Parent

1. Bahrain Commercial Facilities Company
2. Securities Investment Company
3. Bahrain Kuwait Insurance (BKIC)
4. Ithmaar Bank
5. Pension Fund Commission (PFC)
6. Social Insurance Organisation (GOSI)
7. Kuwait Investment Authority (KIA)
8. The Benefit Company
9. Naseej Company
10. Alosra Bank
11. Sakana Holistic Housing Solutions
12. Diyyar Al Harameen Al Ola Limited
13. BBK Geojit Securities KSC
14. Aegila Capital Management Limited
15. Bahrain Liquidity Fund
16. Magnum Partners Holding Limited
17. Evoque Holdings Jersey Limited
18. Citrus OB JP Limited

Key Management Personnel

Mr. Mallikarjun 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.

The bank has shared commission with an associated enterprise aggregating to Rs. 0.06 crores in the current financial year.(previous year Nil) There is no amount outstanding for the said related party as on 31st March 2020. (previous year Nil)

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

54. Operating Leases

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

(Rs. in crore)

Particulars	2019-20	2018-19
Not later than one year	3.28	6.32
Later than one year and not later than five years	0.83	3.61
Later than five years	Nil	Nil

b) Lease payments of Rs.6.89crore(previous year Rs. 6.69crore) have been recognized in the Profit and Loss Account for the year.

c) 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.

55. 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.

Items on which DTA is created are as follows:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets		
Provision on Advances	34.75	16.64
Provision for Employee Benefits	0.28	0.23
Bonus payable	0.59	0.62
Depreciation on Fixed Assets	-	-
Carried forward losses	-	1.52
Others	0.11	0.12
Total	**35.73**	**19.13**
Deferred Tax Liability		
Depreciation on Fixed Assets	0.95	0.88
Total	**0.95**	**0.88**
Net Deferred tax asset	**34.78**	**18.25**

56. 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.

57. There are no outstanding dues towards principal amount or interest thereon remaining unpaid to any supplier covered under Micro, Small and Medium Enterprises Development Act, 2006 as at the end of accounting year. 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 (2019: Nil)

58. 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.

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

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

Sd/-	**Sd/-**
Mallikarjun Kota	**Mehjabeen Saifi**
Country Head & CEO - India	Vice President Financial Control – India

Place: Mumbai
Dated: June 24, 2020

DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (BASEL III GUIDELINES) FOR THE YEAR ENDED MARCH 31, 2020

1. Scope of application:

The bank has no subsidiary and hence no consolidation is applicable.

2. Capital Structure:

Qualitative Disclosures:

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

Regulatory deductions are on account of intangible assets being deferred tax asset

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

Quantitative Disclosures: **(INR in crore)**

a.	**Tier I Capital**	
	Capital	292.89
	Reserves	134.86
b.	Deduction from Capital	
	Deferred Tax Asset and Software	35.95
	Net loss for the year	5.60
c.	Tier II Capital	9.08
	Total Eligible Capital	395.28

3. Capital Adequacy:

Qualitative Disclosures:

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

CAR of the Bank is estimated to be well above the regulatory CAR of 11.5 % 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 yearly basis.

Quantitative Disclosures:

Capital requirement for credit risk	(INR in crore)
Portfolios subject to standardized approach	1,444.10
Securitization exposures	0.00
Total @ 11.50% CRAR	166.07

Capital requirement for market risk.

- Standardized duration approach

Interest Rate Risk	13.03
Foreign exchange risk (including gold)	1.52
Equity Risk	0.00
Specific Risk Capital Charge - Security Receipts	2.88

Capital requirement for operational risk;

Basic indicator approach

Capital required for operational risk 16.09

Total and Tier 1 capital ratios	(INR in crore)
Tier I Capital	386.20
Tier II Capital	9.08
Total	395.28
Total CRAR	22.77%
Core CRAR	22.25%

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.

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 inters 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:

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 commoditytprices.

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

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

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 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. 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 are reviewed annually.

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 purchased/discounted.

(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: **(INR in crore)**

- Total gross credit risk exposures – Fund based 3223.45
- Non-fund based 1092.99
- Geographic distribution of exposure-Fund based and non-fund based separately.

  The Bank operates as a single unit in India and as such has no identifiable geographical segment subject to dissimilar risk and returns. Hence no information regarding the same has been given.
- Industry type distribution of exposures- funded and non-funded exposure separately.

Industry break up as at 31-03-2020

	(INR in crore)					
INDUSTRY NAME	**FUND BASED O/S**			**NFB O/S**		
	STD	**NPA**	**TOTAL**	**STD**	**NPA**	**TOTAL**
A. Mining and Quarrying	-	-	-	34.00	-	34.00
B. Food Processing	61.50	-	61.50	-	-	-
C. Beverages (excluding Tea & Coffee) and Tobacco	-	-	-	-	-	-
D. Textiles	24.28	-	24.28	5.61	-	5.61
E. Leather and Leather products	-	-	-	-	-	-
F. Wood and Wood Products	7.31	-	7.31	-	-	-
G. Paper and Paper Products	9.10	-	9.10	-	-	-
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	-	-	-	-
I. Chemicals and Chemical Products	287.18	-	287.18	35.78	-	35.78
J. Rubber, Plastic and their Products	138.18	-	138.18	-	-	-
K. Glass & Glassware	-	-	-	-	-	-
L. Cement and Cement Products	29.21	-	29.21	-	-	-
M. Basic Metal and Metal Products	-	-	-	-	-	-
N. All Engineering	103.66	-	103.66	69.75	-	69.75
O. Vehicles, Vehicle Parts and Transport Equipment's	55.61	-	55.61	-	-	-
P. Gems and Jewellery	9.03	-	9.03	-	-	-
Q. Construction	85.11	-	85.11	-	-	-
R. Infrastructure	148.16	2.75	150.91	68.00	-	68.00
S. Other Industries	72.30	-	72.30	59.48	-	59.48
T. NBFC	181.51	3.75	185.26	-	-	-
Residuary other advances (to tally with gross advances)	361.07	0.09	361.16	54.27	-	54.27
Total	**1,573.21**	**6.59**	**1,579.80**	**326.89**	**-**	**326.89**

- Residual Contractual Maturity break-down of assets: **(INR in crore)**

		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 to10 years	10 to 20 years	Over 20 Years	Total
1	Cash	1.21	-	-	-	-	-	-	-	-	-	-	-	-	1.21
2	Balance with RBI	-	-	8.88	5.22	2.03	3.58	11.23	25.59	48.52	7.43	0.02	-	-	112.50
3	Balances with banks & money at call & short notice	53.06	601.08	-	-	-	-	-	-	-	-	-	-	-	654.14
4	Investments	-	-	69.57	-	24.95	104.12	88.80	14.62	114.17	152.10	176.27	-	-	744.60
5	Advances	199.77	91.31	31.90	161.06	115.41	233.92	240.94	340.29	42.25	103.73	19.22		-	1,579.80
6	Fixed Assets	-	-	-	-		-	-	-	-	-	-	-	21.61	21.61
7	Other assets	-	-	0.09	11.25	2.85	0.17	0.05	0.18	86.25	-	21.31	-	-	122.15

- Amount of NPA's Gross **(INR in crore)**

Substandard	7.61
Doubtful 1	58.10
Doubtful 2	12.80
Doubtful 3	0.00
Loss	0.14

- Net NPA's 5.54

- NPA Ratios

  Gross NPA's to Gross Advances 4.76%

  Net NPA's to net advances 0.35%

  Movement of NPA's (Gross)

  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.

BBK
بنك البحرين والكويت

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

(Incorporated in Bahrain with Limited Liability)

Amount of Non –Performing Investments	0.55
Amount of provision held for Non – Performing Investments	0.55

Movement of provision for depreciation on investments

(Rs. in crore)

Particulars	2019-2020
Opening Balance	5.85
Add: Provisions for depreciation made during the year	-
Less: Write-off/Write back of provisions during the year	5.30
Closing balance	0.55

5. Credit Risk: Portfolios subject to standardized approach

Qualitative Disclosures:

As per RBI Guidelines, the Bank has identified CARE, CRISIL, Brickworks, ICRA, SMERA 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-

	(INR in crore)
Below 100% risk weight	3,104.00
100% risk weight	1,383.17
More than 100%	80.28
Deducted	Nil

6. Credit risk mitigation: Standardized approach

Qualitative Disclosures:

The Bank has in place credit risk mitigation and collateral management policy which summarizes the Bank's approach for 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 haircuts:

	Rs. in crore as of 31-03-2020	
	Gross outstanding	Financial Mitigant
Corporate loans*	135.41	40.55
Retail Loans	0.00	0.00

*Corporate Exposure includes both fund based and Non Fund based exposure.

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.

c) 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:

The capital requirements for	(INR in crore)
i) Interest rate risk	13.03
ii) Equity position risk	0.00
iii) Foreign exchange risk	1.52
iv) Specific Risk Capital Charge - Security Receipts	2.88

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. 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 banking software. A system of prompt submission of reports on frauds is in place in 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 investment activities of the Bank.

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)

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. 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 interest rate on Net Interest Income (NII) amounted to an expected loss of INR 12.64 crore based on Asset Liability position of March 2020 using the traditional gap analysis.

TABLE DF-11: COMPOSITION OF CAPITAL

Part II: Template to be used before March, 2020

(i.e. during the transition period of Basel III regulatory adjustments)

(Rs. in million)

Sr. No.	Particulars	Amount	Amt Subject to Pre Basel III Treatment	Reference No.
	Common Equity Tier 1 capital: instruments and reserves			
1	Funds from Head Office	2,929		A1
2	Retained earnings	1,292		B1+B2+B3+B4
3	Accumulated other comprehensive income (and other reserves)	-		
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			
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	**Common Equity Tier 1 capital before regulatory adjustments**	4,221		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	12		D1
10	Deferred tax assets 2	348		E1
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	-		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
19	Significant investments in 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	-		
20	Mortgage servicing rights4 (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold6	-		
23	of which: significant investments in the common stock of financial entities	-		
24	of which: mortgage servicing rights	-		
25	of which: deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments7 (26a+26b+26c+26d)	-		
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
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	-		
28	**Total regulatory adjustments to Common equity Tier 1**	360		
29	**Common Equity Tier 1 capital (CET1)**	3,861		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	-		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	*of which: instruments issued by subsidiaries subject to Phase out*	-		
36	**Additional Tier 1 capital before regulatory adjustments**	-		
	Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10 %of the issued common share capital of the entity(Amount above 10 % threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)10	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which:DTA	-		
	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 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	**Total regulatory adjustments to Additional Tier 1 capital**	-		
44	**Additional Tier 1 capital (AT1)**	-		
44a	**Additional Tier 1 capital reckoned for capital adequacy11**	-		
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	3,861		
	Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	-		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	*of which: instruments issued by subsidiaries subject to phase out*	-		
50	Provisions(provision for Standard advances,unhedged foreign currency exposures and country risk provisions)	91		C1+C2
51	**Tier 2 capital before regulatory adjustments**	91		
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	-		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56a	of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-		
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of	-		
	Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT	-		
57	**Total regulatory adjustments to Tier 2 capital**	-		
58	**Tier 2 capital (T2)**	91		
58a	**Tier 2 capital reckoned for capital adequacy14**	91		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	91		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	3,952		
60	**Total risk weighted assets (60a + 60b + 60c)**	**17,357**		
60a	*of which: total credit risk weighted assets*	14,441		
60b	*of which: total market risk weighted assets*	1,516		
60c	*of which: total operational risk weighted assets*	1,400		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	22.25%		
62	Tier 1 (as a percentage of risk weighted assets)	22.25%		
63	Total capital (as a percentage of risk weighted assets)	22.77%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	8.00%		
65	*of which: capital conservation buffer requirement*	2.50%		
66	*of which: bank specific countercyclical buffer requirement*	-		
67	*of which: G-SIB buffer requirement*	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	-		
73	Significant investments in the common stock of financial entities	-		
74	Mortgage servicing rights (net of related tax liability)	N.A.		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N.A.		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	91		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	91		
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.		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N.A.		
	Capital instruments subject to phase-out arrangements			
	(only applicable between March 31, 2017 and March 31, 2022)			
80	*Current cap on CET1 instruments subject to phase out arrangements*	N.A.		
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	N.A.		
82	*Current cap on AT1 instruments subject to phase out*	N.A.		
	arrangements	N.A.		
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	N.A.		
84	*Current cap on T2 instruments subject to phase out arrangements*	N.A.		
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	N.A.		

DF-12 COMPOSITION OF CAPITAL-RECONCILIATION REQUIREMENTS

Step 1 (Rs. in million)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance Sheet under regulatory scope of consolidation
A	**Capital & Liabilities**		
i	**Paid-up Capital**	2,929	2,929
	Reserves & Surplus	1,385	1,385
	Minority Interest	-	-
	Total Capital	4,314	4,314
ii	**Deposits**	26,407	26,407
	of which: Deposits from banks	0	0
	of which: Customer deposits	26,407	26,407
	of which: Other deposits (pl. specify)	-	-
iii	**Borrowings**	1,010	1,010
	of which: From RBI	1,010	1,010
	of which: From banks	-	-
	of which: From other institutions & agencies	-	-
	of which: Others (Borrowings outside India)	-	-
	of which: Capital instruments	-	-
iv	**Other liabilities & provisions**	629	629
	Total	**32,360**	**32,360**
B	**Assets**		
i	Cash and balances with Reserve Bank of India	1,137	1,137
	Balance with banks and money at call and short notice	6,541	6,541
ii	**Investments:**	7,446	7,446
	of which: Government securities	7,297	7,297
	of which: Other approved securities	-	
	of which: Shares	-	-
	of which: Debentures & Bonds	-	-
	of which: Subsidiaries / Joint Ventures / Associates	-	-
	of which: Others (Commercial Papers, Mutual Funds etc.)	149	149
iii	**Loans and advances**	15,798	15,798
	of which: Loans and advances to banks	-	
	of which: Loans and advances to customers	15,798	15,798
iv	**Fixed assets**	216	216
v	**Other assets**	1,221	1,221
	of which: Goodwill and intangible assets	-	-
	of which: Deferred tax assets	348	348
vi	Goodwill on consolidation	-	-
vii	Debit balance in Profit & Loss account	-	-
	Total Assets	**32,360**	**32,360**

Step 2 (Rs. in million)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
A	**CAPITAL & LIABILITIES**			
i	**Paid-up Capital**	2,929	2,929	
	of which: Amount eligible for CET1	2,929	2,929	A1
	of which: Amount eligible for AT1			
	Reserves & Surplus	1,385	1,385	
	of which:			
	Statutory Reserve	521	521	B1
	Property Investment Reserve	10	10	B2
	Capital Reserve	30	30	B3
	Capital Adequacy	788	788	B4
	Investment Reserve Account	19	19	C1
	Balance in Profit /Loss A/c	17	17	
	Total Capital	**4,314**	**4,314**	
ii	**Deposits**	26,407	26,407	

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

(Incorporated in Bahrain with Limited Liability)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
	of which: Deposits from banks	0	0	
	of which: Customer deposits	26,407	26,407	
	of which: Other deposits (pl. specify)	-	-	
iii	**Borrowings**	1,010	1,010	
	of which: From RBI	1,010	1,010	
	of which: From banks	-	-	
	of which: From other institutions & agencies	-	-	
	of which: Others (Borrowings outside India)	-	-	
iv	**Other liabilities & provisions**	629	629	
	of which:Provision for Standard Advances,Country Risk,Unhedged foreign currency Exposures)	71	71	C2
	TOTAL Capital & Liabilities	**32,360**	**32,360**	
B	**ASSETS**			
i	Cash and balances with Reserve Bank of India	1,137	1,137	
	Balance with banks and money at call and short notice	6,541	6,541	
ii	**Investments**	7,446	7,446	
	of which: Government securities *of which:* Other approved securities	7,297	7,297	
	of which: Shares	-	-	
	of which: Debentures & Bonds	-	-	
	of which: Subsidiaries / Joint	-	-	
	Ventures / Associates	-	-	
	of which: Others (Commercial Papers,Mutual Funds etc.)	149	149	
iii	**Loans and advances**	15,798	15,798	
	of which: Loans and advances to Banks	-	-	
	of which: Loans and advances to customers	15,798	15,798	
iv	**Fixed assets**	216	216	
	of which:Intangibles	12	12	D1
v	**Other assets**	1,221	1,221	
	of which: Goodwill and intangible assets			
	of *which*: Deferred tax assets	348	348	E1
vi	**Goodwill on consolidation**	-	-	
vii	**Debit balance in Profit & Loss account**	-	-	
	Total Assets	**32,360**	**32,360**	

Step 3 **(Rs. in million)**

Sr. No.	Particulars	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from Step 2	Reference No.
1	Directly issued qualifying common share (and equivalent for non- joint stock companies) capital plus related stock surplus	2,929	2,929	
2	Retained Earnings (after reducing net loss of current year of Rs. 56 MM.)	1,292	1,292	
3	Accumulated other comprehensive income (and other reserves)	-	-	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	-	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**4,221**	**4,221**	
7	Prudential valuation adjustments	-	-	
8	Goodwill (net of related tax liability)	-	-	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	12	12	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	348	348	
11	Regulatory adjustments applied to Common Equity Tier 1 and Tier 2 to cover deductions	-	-	
	Common Equity Tier 1 capital (CET1)	**3,861**	**3,861**	

Leverage Ratio

The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk based capital framework) divided by the exposure measure, with this ratio expressed as a percentage. As per RBI guidelines, disclosures required for leverage ratio for the Bank at the consolidated level at March 31, 2020 is as follows

a)	**Table DF 17- Summary comparison of accounting assets vs. leverage ratio exposure measure**	
Sr. No.	**Particulars**	**(INR in '000s)**
1	Total consolidated assets as per published financial statements	32,360,042
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	75,827
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	4,170,664
7	Other adjustments	-359,504
8	**Leverage ratio exposure**	**36,247,029**

b)	**Table DF-18: Leverage ratio common disclosure template**	**(INR in '000s)**
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	28,430,042
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-359,504
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**28,070,538**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	24,159
5	Add-on amounts for PFE associated with all derivatives transactions	51,668
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**75,827**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	3,930,000
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**3,930,000**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	11,209,842
18	(Adjustments for conversion to credit equivalent amounts)	-7,039,178
19	**Off-balance sheet items (sum of lines 17 and 18)**	**4,170,664**
	Capital and total exposures	
20	**Tier 1 capital**	**3,861,970**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**36,247,029**
	Leverage ratio	
22	**Basel III leverage ratio**	**10.65%**