



BANK OF BHRAIN & 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

- 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 2021, 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.
- 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 2021, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

- 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

- 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

- 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 Base 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.
- 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

- 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.
- 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

- 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.
- 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. Undersection 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.

Report on Other Legal and Regulatory Requirements

- The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013.
- As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - 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.
- Further, as required by section 143(3) of the Act, we report that:

Information other than financial statements and auditor's report thereon

 - 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;
 - 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;
 - 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

- 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;
- 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;
- 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;
- 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";
- with respect to the matter to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12 and Note 56 of Schedule 18 to the financial statements;
 - 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;
 - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
 - 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 25, 2021
UDIN: 21113784AAAACS1196

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BANK OF BHRAIN 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

- 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 2021 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

- 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

- 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.
- 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.

- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

- 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

- 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

- 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 2021, 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)

BALANCE SHEET AS AT MARCH 31, 2021

	Sched-ule	As at March 31, 2021 Rs. (000's)	As at March 31, 2020 Rs. (000's)
CAPITAL AND LIABILITIES			
Capital	1	2,928,863	2,928,863
Reserves & Surplus	2	1,524,923	1,385,232
Deposits	3	24,299,089	26,407,239
Borrowings	4	800,000	1,010,000
Other Liabilities and Provisions	5	763,453	628,708
TOTAL		30,316,328	32,360,042
ASSETS			
Cash and balances with Reserve Bank of India	6	966,414	1,137,061
Balances with Banks and Money at Call and Short Notice	7	5,838,757	6,541,411
Investments	8	6,846,006	7,446,020
Advances	9	14,828,029	15,798,006
Fixed Assets	10	225,718	216,053
Other Assets	11	1,611,404	1,221,491
TOTAL		30,316,328	32,360,042
Contingent Liabilities	12	13,264,095	6,028,907
Bills for Collection		2,702,776	3,286,691
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
Place: **Mumbai** Date: **25th June, 2021**

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2021

	Sched-ule	For the year ended March 31, 2021 Rs (000's)	For the year ended March 31, 2020 Rs (000's)
INCOME			
Interest Earned	13	1,633,742	1,936,759
Other Income	14	254,768	194,623
		1,888,510	2,131,382
EXPENDITURE			
Interest Expended	15	1,214,525	1,354,764
Operating Expenses	16	388,141	450,185
Provisions and Contingencies		146,153	382,470
		1,748,819	2,187,419
PROFIT			
Net Profit for the year		139,691	(56,037)
Profit/(Loss) Brought Forward		17,057	73,094
		156,748	17,057
APPROPRIATIONS			
Transfer to Statutory Reserve		34,923	-
Transfer to/(from) Investment Reserve Account		(19,527)	-
Transfer to Capital Reserve Account		1,841	-
Transfer to Investment Fluctuation Reserve Account		107,264	-
Transfer to surplus retained for Capital Adequacy		-	-
Balance carried over to Balance Sheet		32,247	17,057
		156,748	17,057
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
Place: **Mumbai** Date: **25th June, 2021**

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

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	For the year ended March 31, 2021 Rs (000's)	For the year ended March 31, 2020 Rs (000's)
Cash flows from operating activities		
Net profit/(loss) before taxation	191,488	(141,593)
Adjustments for:		
Depreciation on Fixed Assets	29,138	32,401
(Profit)/Loss on sale of fixed assets	(66)	(94)
Other Provisions	-	-
Provision in respect of Non performing advances	15,523	470,947
Provision in respect of Non performing advances written back	(614,693)	(47,439)
Provision for Diminution in Fair Value of restructured advances	-	-
Bad Debts written off	612,500	98,612
Provision on country risk	1,743	(1,326)
Provision on Standard Assets	(5,605)	283
Provision on Investments	84,888	(53,050)
Operating profit before working capital changes	314,917	358,741
(Increase)/Decrease in Investments	515,126	(1,808,172)
(Increase)/Decrease in Advances	956,647	707,813
(Increase)/Decrease in Other Assets	(480,539)	(263,294)
Increase/(Decrease) in Deposits	(2,108,150)	3,928,568
Increase/(Decrease) in Other Liabilities & Provisions	138,606	134,471
Increase/(Decrease) in Borrowings	(210,000)	(1,789,959)
Income taxes (paid)/received	38,829	(142,558)
Net Cash Flow generated from/(used in) Operating Activities	(834,563)	1,125,610
Cash flows from investing activities		
Purchase of fixed assets	(39,156)	(2,479)
Proceeds from sale of fixed assets	419	251
Net Cash Flow generated from/(used in) Investing Activities	(38,737)	(2,228)
Cash flows from financing activities		
Injection of capital	-	-
Remittance of profits	-	-
Net Cash Flow generated from/(used in) Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents	(873,300)	1,123,382
Cash and Cash equivalents at the beginning of the year	7,678,472	6,555,090
Cash and Cash equivalents at the end of the year	6,805,171	7,678,472

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
Place: **Mumbai** Date: **25th June, 2021**

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

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

	As at March 31, 2021 Rs. (000's)	As at March 31, 2020 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	530,000
(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	520,544
Add: Transfer from Profit & Loss Account	34,923	-
	555,467	520,544
II PROPERTY INVESTMENT RESERVE	9,976	9,976
III CAPITAL RESERVE	30,158	30,158
Add: Transfer from Profit & Loss Account	1,841	-
	31,999	30,158
IV SURPLUS RETAINED FOR CAPITAL ADEQUACY		
As per Last Balance Sheet	787,970	787,970
Add: Transfer from Profit & Loss Account	-	-
	787,970	787,970
V INVESTMENT RESERVE ACCOUNT (IRA)		
As per Last Balance Sheet	19,527	19,527
Add/(Less): Transfer from/(to) Profit & Loss Account	(19,527)	-
	-	-
VI INVESTMENT FLUCTUATION RESERVE		
As per Last Balance Sheet	-	-
Add/(Less): Transfer from/(to) Profit & Loss Account	107,264	-
	107,264	-
VII BALANCE IN PROFIT AND LOSS ACCOUNT	32,247	17,057
Total	1,524,923	1,385,232
SCHEDULE 3		
DEPOSITS		
A I Demand Deposits		
(i) From Banks	23,791	242
(ii) From Others	3,895,569	3,629,958
	3,919,360	3,630,200

	As at March 31, 2021 Rs. (000's)	As at March 31, 2020 Rs. (000's)
As at March 31, 2021 Rs. (000's)		
II Saving Bank Deposits	2,012,257	1,546,452
III Term Deposits		
(i) From Banks	-	-
(ii) From Others	18,367,472	21,230,587
	18,367,472	21,230,587
Total	24,299,089	26,407,239
B (i) Deposits of branches in India	24,299,089	26,407,239
(ii) Deposits of branches outside India	-	-
Total	24,299,089	26,407,239
SCHEDULE 4		
BORROWINGS		
I Borrowings in India from		
(i) Reserve Bank of India	800,000	1,010,000
(ii) Other Banks	-	-
(iii) Other institutions and agencies	-	-
	800,000	1,010,000
II Borrowings outside India	-	-
Total (I+II)	800,000	1,010,000
Secured borrowings included in I & II above - Rs.		



بنك البحرين والكويت

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

Table with 3 columns: For the year ended March 31, 2021, For the year ended March 31, 2020, and a blank column for Rs (000's).

SCHEDULE 13 INTEREST EARNED. Table with 3 columns: Particulars, 2020-21, 2019-20.

SCHEDULE 14 OTHER INCOME. Table with 3 columns: Particulars, 2020-21, 2019-20.

SCHEDULE 15 INTEREST EXPENDED. Table with 3 columns: Particulars, 2020-21, 2019-20.

SCHEDULE 16 OPERATING EXPENSES. Table with 3 columns: Particulars, 2020-21, 2019-20.

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES

- 1. Basis of preparation
2. Use of estimates
3. Transaction involving foreign exchange
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.

Advances and Provisions
Advances are stated net of bills re-discounted, specific loan 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.

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:

Table with 2 columns: Assets, Useful Life. Includes 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.

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-cancellable lease are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

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.

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.

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.

Maturity Profile:
As at March 31, 2021

Table with 12 columns: 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.

As at March 31, 2020

Table with 12 columns: 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.

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

8. A) Movement in Non-Performing Advances:

Table with 6 columns: Particulars, 2020-21, 2019-20, Gross NPA (net of interest in suspense), Provisions, Net NPA.

(**) 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:

Table with 3 columns: Particulars, 2020-21, 2019-20.

7. Movement in Floating Provision:

Table with 3 columns: Particulars, 2020-21, 2019-20.

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:

Table with 3 columns: Particulars, 31.03.2021, 31.03.2020.

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:

Table with 3 columns: Particulars, 31 March, 2021, 31 March, 2020.

3. Business Ratios:

Table with 3 columns: Particulars, 31.03.2021, 31.03.2020.

(*) 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 losses as 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, 2021 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 93.20% (previous year 92.96%).

Table with 3 columns: Particulars, 2020-21, 2019-20.

ii. RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 requires banks to maintain adequate Investment Fluctuation Reserve (IFR) to protect against increase in yields in future with effect from financial year end March 31, 2019. The amount to be transferred to IFR should not be less than the lower of the (a) net profit on sale of investments during the year (b) net profit for the year less mandatory appropriations, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis and shown under Reserves and Surplus in Schedule 2.

In terms of RBI circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 on creation of Investment Fluctuation Reserve, the Bank has transferred Rs. 10.73 crores during the FY 2020-21 (Previous year Nil).

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

Table with 3 columns: Particulars, 2020-21, 2019-20.

9. Issuer composition of Non SLR investments -

Table with 7 columns: No., Issuer, Amount, Extent of private placement, Extent of 'below investment grade' securities, Extent of 'unrated' Securities, Extent of 'unlisted' securities.

2019-20

Table with 7 columns: No., Issuer, Amount, Extent of private placement, Extent of 'below investment grade' securities, Extent of 'unrated' Securities, Extent of 'unlisted' securities.

ii) Non performing Non-SLR investments

Table with 3 columns: Particulars, 2020-21, 2019-20.

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

Table with 5 columns: Minimum outstanding during the year (@), Maximum outstanding during the year, Daily average outstanding during the year (#), As on March 31, 2021.

2020-21

Table with 5 columns: Minimum outstanding during the year (@), Maximum outstanding during the year, Daily average outstanding during the year (#), As on March 31, 2021.

2019-20

Table with 5 columns: Minimum outstanding during the year (@), Maximum outstanding during the year, Daily average outstanding during the year (#), As on March 31, 2020.

(*) 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

Table with 3 columns: Category, 2020-21, 2019-20.

(*) 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

Table with 3 columns: Sr. No., Particulars, 2020-21, 2019-20.

8. INVESTMENTS
i. Details of Investments:

Table with 3 columns: Particulars, 2020-21, 2019-20.



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

Sr. No.	Particulars	2020-21	2019-20
(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;	-	-

Sr. No.	Particulars	2020-21	2019-20
(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		0.01	0.02

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

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

Particulars	2020-21	2019-20
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 2021 (Rs. in Crore)

Sr. No.	Type of Restructuring →	Under CDR Mechanism	Under SME Debt Restructuring Mechanism				Others				Total			
			Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss
Asset Classification → Details ↓														
1	Restructured Accounts as on April 1, 2020	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
2	Additional/Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31, 2021	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-

As at 31 March 2020 (Rs. in Crore)

Sr. No.	Type of Restructuring →	Under CDR Mechanism	Under SME Debt Restructuring Mechanism				Others				Total			
			Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss
Asset Classification → Details ↓														
1	Restructured Accounts as on April 1, 2018	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
2	Additional/Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31, 2020	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-

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:

Item	2020-21	2019-20
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:

(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 - Deputy Chairman
- 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.

- Fixed pay includes cash payouts like Basic Pay, Allowances, Medical Benefits, Leave Travel Allowance, and retirement accruals like Provident Fund, & Gratuity; it also includes Furnished Residential Quarters, Telephone, use of Bank's car, Club Membership, Medical Insurance Benefit etc.
- Variable Pay is a monetary reward paid to the employee in recognition of their contribution to the performance of the Bank.
- Employee Performance Share Plan, under which eligible employees are allocated shares which are vested with reference to a performance measure which is tested over a 3 consecutive financial years.

The Objectives of remuneration policy are:

- Effective governance of compensation.
- Effective alignment of compensation with prudent risk taking.
- 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, (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.
(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 2020-21. (Previous year – 5 meetings) ii) Rs. 0.19 crores was paid as remuneration. (Previous year – Rs. 0.18 crores)
(h) Number of employees having received a variable remuneration award during the financial year/ (Previous Year - 6)	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.0.00 Crores (Previous Year – 0.09 Crore) Employee Performance Share Plan: 33,044 shares. (Previous Year – 47,963 shares)
• Total amount of deferred remuneration paid out in the financial year.	Deferred Remuneration paid in 2020-21: Cash: 0.09 Crore (Previous Year – 0.16 Crore) Employee Performance Share Plan: 16,465 shares in the current year. (Previous Year –12,116 shares)
(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Rs. in crore
	2020-21: Fixed Variable
	Deferred - -
	Non-deferred 3.46 0.65
	2019-20: Fixed Variable
	Deferred - -
	Non-deferred 3.64 0.69
(k) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. (Previous Year – 0.09)	Nil
• 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)

Risk category	As on March 31, 2021		As on March 31, 2020	
	Exposures	Provisions	Exposures	Provisions
Insignificant	390.98	0.21	478.19	0.27
Low Risk	619.21	0.37	194.28	0.14
Moderate Low Risk	1.02	-	-	-
Moderate Risk	5.72	-	3.97	-
Moderate High Risk	-	-	-	-
High Risk	-	-	-	-
Very High Risk	-	-	-	-
Total	1016.93	0.58	676.44	0.41

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

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

Particulars	2020-21	2019-20
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	2020-21	2019-20
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 31.03.2021: Rs. 6.12

As on 31.03.2020: Rs. 6.62

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

Concentration of Deposits (Rs. in crore)

Particulars	2020-21	2019-20
Total deposits of twenty largest depositors	946.86	1004.28
% of deposits of twenty largest depositors to total deposits of the Bank	38.97%	38.03%

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

Particulars	2020-21	2019-20
Total Advances to twenty largest borrowers	1098.25	1143.21
% of Advances to twenty largest borrowers to total advances of the Bank	55.83%	46.18%

*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	2020-21	2019-20
Total Exposure to twenty largest borrowers/ customers	1099.39	1143.21
% of exposures to twenty largest borrowers/ customers to total exposure of the Bank on borrowers/customers	55.31%	45.90%

*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	2020-21	2019-20
Total Exposure to top four NPA accounts	13.39	77.69

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

Particulars	2020-21	2019-20
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

26. Off-balance Sheet SPVs sponsored:

Particulars	2020-21	2019-20
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:

Sr. No.	Nature of Income	2020-21	2019-20
1.	For selling life insurance policies	0.13	0.05
2.	For selling non-life insurance policies	0.04	0.03
3.	For selling mutual fund products	0.36	0



بنك البحرين والكويت

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

(Incorporated in Bahrain with Limited Liability)
In accordance with RBI guidelines, this transfer was excluded from the 5% cap prescribed for value of sales and transfer of securities to/from the HTM category.

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

Table with 3 columns: Particulars, As at 31 March 2021, As at 31 March 2020. Rows include At cost at March 31st of preceding year, Additions during the year, Deductions during the year, Depreciation to date, Net block.

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

The bank's Information Security policies and practices are guided by policies and practices as outlined by our Head Office and local RBI/CSITE regulations.
a) Information Technology Governance
The Bank's IT activities are overseen through well-structured committees, with representation from Risk Management, Business, and Operations etc.

37. Sector-wise Advances

Table with 7 columns: Sl. No., Sector, Outstanding Total Advances, Current year Gross NPAs, % of Gross NPAs to Total Advances in that sector, Previous year Outstanding Total Advances, Previous year Gross NPAs, % of Gross NPAs to Total Advances in that sector.

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

Table with 3 columns: Particulars, 2020-21, 2019-20. Rows include Opening balance of amounts transferred to DEAF, (+) Amounts transferred to DEAF during the year, (-) Amounts reimbursed by DEAF towards Claims, Closing balance of amounts transferred to DEAF.

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.

40. Intra group exposures

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

41. Liquidity Coverage Ratio

a) Quantitative disclosure

Table with 10 columns: Particulars, Q1 2020-21, Q2 2020-21, Q3 2020-21, Q4 2020-21. Sub-columns for Total Unweighted and Total Weighted Value (average).

Table with 10 columns: Particulars, Q1 2019-20, Q2 2019-20, Q3 2019-20, Q4 2019-20. Sub-columns for Total Unweighted and Total Weighted Value (average).

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.

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.

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.

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.

Table with 10 columns: Particulars, Q1 2019-20, Q2 2019-20, Q3 2019-20, Q4 2019-20. Sub-columns for Total Unweighted and Total Weighted Value (average).

b) Qualitative disclosure

The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered HQLA that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario as specified by supervisors.

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

The Liquidity Coverage Ratio (LCR) standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 days' time horizon under a significantly severe liquidity stress scenario.

(b) Intra period changes

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

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

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.

(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.

(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 HQLAs 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-

Table with 7 columns: Particulars, Backed by NPAs sold by the Bank as underlying, Backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying, Total. Sub-columns for As at March 31, 2021 and As at March 31, 2020.

(Rs. In crore)

Table with 4 columns: Sr No., Particulars, 2021, 2020. Rows include PSLC - General, PSLC - Micro Enterprises, PSLC - Agriculture, Total.

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

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 2020-21.

49. Disclosure on COVID19 Regulatory Package

a) 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.

Table with 10 columns: Particulars, 2020-21, 2019-20. Rows include Current service cost, Interest cost, Expected return on plan assets, Actuarial (gains)/losses, Past Service Cost, Net expenses.

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).

b) Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package:

In terms of RBI circular DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021, for the year ended March 31, 2021, the bank has reversed Rs. 0.05 crores from interest income during FY 2020-21 and refunded the same to customers on 5th November 2020.

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)

Table with 3 columns: Particulars, 2020-21, 2019-20. Rows include Current service cost, Interest cost, Expected return on plan assets, Actuarial (gains)/losses, Past Service Cost, Net expenses.

Balance Sheet: Details of provision for gratuity

Table with 3 columns: Particulars, 2020-21, 2019-20. Rows include Fair value of plan assets, Present value of obligations, Asset/(Liability), Asset/(Liability) recognised in the balance sheet.

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

Table with 3 columns: Particulars, 2020-21, 2019-20. Rows include Opening defined benefit obligation, Interest cost, Current service cost, Past service cost, Cost of Plan Amendment, Benefits paid, Actuarial (gains) / losses on obligation, Closing defined benefit obligation.

Changes in the fair value of plan assets are as follow:

Table with 3 columns: Particulars, 2020-21, 2019-20. Rows include Opening fair value of plan assets, Expected return, Contributions by employer, Benefits paid, Actuarial gains / (losses) on plan assets, Closing fair value of plan assets.

Experience adjustments:

Table with 3 columns: Particulars, 2020-21, 2019-20. Rows include (Gain)/Loss on obligation due to change in assumption, Experience (Gain)/Loss on obligation, Actuarial Gain/(Loss) on planned assets.

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

Table with 3 columns: Particulars, 2020-21, 2019-20. Rows include Discount Rate (% p.a.), Expected rate of return on assets (% p.a.), Salary escalation rate (% p.a.), Attrition Rate (% p.a.) : For first 4 years, : After 4 years.

Compensated Absences

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

Table with 3 columns: Particulars, 2020-21, 2019-20. Row include Total actuarial liability for sick leave.

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

Table with 3 columns: Particulars, 2020-21, 2019-20. Rows include Discount Rate (% p.a.), Salary escalation rate (% p.a.).

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.80/21.04.018/2010-11 dated February 09, 2011 is Rs. Nil for the year under review (Previous Year: Rs. Nil).

Provident Fund

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



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

52. Segment Reporting

Segment Information about Primary Business Segments for the year March 31, 2021.						(Rs. in crore)
Business Segments	Treasury	Corporate Banking	Retail Banking	Other Banking Operations	Total	
Revenue	60.35	121.65	4.37	2.48	188.84	
Unallocated Revenue					0.01	
Total Segment revenue					188.85	
Expense	50.71	95.05	6.14	0.94	152.84	
Unallocated Expense					7.42	
Total Segment Expense					160.26	
Operating Profit	9.64	26.60	(1.77)	1.53	36.00	
Unallocated operating profit					(7.41)	
Net Operating Profit					28.59	
Segment Result	1.16	25.50	(1.62)	1.53	26.57	
Unallocated result					(7.42)	
Total Segment Result					19.15	
Income Taxes (net of deferred tax)					5.18	
Net Profit					13.97	
Other Information						
Segment Assets	1,400.91	1,467.26	43.55	0.21	2,911.94	
Unallocated Assets					119.69	
Total Assets					3,031.63	
Segment Liabilities	85.99	826.19	1,639.51	0.16	2,551.84	
Unallocated Liabilities					479.78	
Total Liabilities					3,031.63	

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					106.04	
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.

Notes:-

- The Bank operates as a single unit in India and as such has no identifiable geographical segments subject to dissimilar risk and returns. Hence no information regarding the same has been given.
- The Bank is organised into three main business segments, namely:
 - Treasury – primarily comprising of Dealing Room operations, trading/ investments in Bonds and Government securities.
 - Corporate Banking – primarily comprising of Wholesale Loans and Advances to Corporates, Investments in Corporate Bonds.
 - Retail Banking – Primarily comprising of retail loans & advances to customers.
- 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.
- Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts apportioned/allocated on a reasonable basis.
- The classification of assets to the respective segments conform to the guidelines issued by RBI vide DBOD.No.BPBC.81/21.01.018/2006-07 dated April 18, 2007.
- 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**
- CrediMax
 - Invita Bahrain
 - Global Payment Services
 - Invita-Kuwait
 - Invita Claims Management Company
- Associated Company of Parent**
- Bahrain Kuwait Insurance (BKIC)
 - Securities Investment Company
 - Bahrain Commercial Facilities Company
 - Ithmar Bank
 - Ithmar Holding B.S.C
 - Social Insurance Organization (Pension Fund Commission)
 - Kuwait Investment Authority (KIA)
 - Social Insurance Organization (GOSI)
 - The Benefit Company
 - Naseej Company
 - Alosra Bank
 - Diyar Al Haramene Al Ola Limited
 - BBK Geojit Securities KSC
 - Bahrain Liquidity Fund
 - Magnum Partners Holding Limited
 - Evogue Holdings Jersey Limited
 - Citrus OB JP Limited
 - Aegila Capital Management Limited
- Key Management Personnel**
Mr. Mallikarjun Kota – Country Head & CEO - India

In line with the RBI circular DBR.BPBC.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. Nil crores in the current financial year. (previous year Rs. 0.06 crores) There is no amount outstanding for the said related party as on 31st March 2021. (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:
- | Particulars | (Rs. in crore) | |
|---|----------------|---------|
| | 2020-21 | 2019-20 |
| Not later than one year | 5.51 | 3.28 |
| Later than one year and not later than five years | 15.91 | 0.83 |
| Later than five years | Nil | Nil |
- b) Lease payments of Rs. 6.67 crore (previous year Rs. 6.89 crore) 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, 2021	As at March 31, 2020
Deferred Tax Assets		
Provision on Advances	8.75	34.75

	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	0.30	0.28
Bonus payable	0.50	0.59
Depreciation on Fixed Assets	-	-
Carried forward losses	20.34	-
Others	0.21	0.11
Total	30.10	35.73
Deferred Tax Liability		
Depreciation on Fixed Assets	1.17	0.95
Total	1.17	0.95
Net Deferred tax asset	28.93	34.78

56. Provisions and contingencies

- Claims against the Bank not acknowledged as debts: Includes legal proceeding in the normal course of business, which is disputed by the Bank.
 - 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.
 - 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 (2020: 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 25, 2021

DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (BASEL III GUIDELINES) FOR THE YEAR ENDED MARCH 31, 2021

- Scope of application:**
The bank has no subsidiary and hence no consolidation is applicable.
- 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 134.46
b. Deduction from Capital (Deferred Tax Asset and Software) 29.59
c. Tier II Capital 17.57
Total Eligible Capital 415.33
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 1,397.07
Securitization exposures 0.00
Total @ 11.50% CRAR 160.66

Capital requirement for market risk.	
- Standardized duration approach	
Interest Rate Risk	18.14
Foreign exchange risk (including gold)	2.53
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	16.01
Total and Tier 1 capital ratios	(INR in crore)
Tier I Capital	397.76
Tier II Capital	17.57
Total	415.33
Total CRAR	23.85%
Core CRAR	22.84%

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 inter bank placements, government bonds, bills and other short term instruments to meet maturing liabilities. The day to day management of liquidity is looked after by treasury with support from Asset-Liability management Committee (ALCO). The monitoring is done by risk management department.

Market Risk:

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

The Bank has clearly defined policies for conducting investment and foreign 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.

Particulars	(INR in crore)											
	1 Day	2-7 Days	8 to 14 Days	15 to 30 Days	31 days up to 2 months	2- to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
1 Cash	1.09	-	-	-	-	-	-	-	-	-	-	1.09
2 Balance with RBI	-	-	5.23	0.84	2.95	7.42	9.92	22.67	41.96	4.52	0.04	95.55
3 Balances with banks & money at call & short notice	48.01	345.78	73.03	-	44.46	72.60	-	-	-	-	-	583.88
4 Investments	-	7.99	10.56	-	-	48.11	-	-	82.60	393.48	141.86	684.60
5 Advances	0.35	113.49	49.42	108.86	324.48	232.78	307.99	83.64	200.81	16.35	44.63	1,482.80
6 Fixed Assets	-	-	-	-	-	-	-	-	-	-	22.57	22.57
7 Other assets	-	-	0.05	-	0.11	0.13	0.05	13.39	126.39	-	21.02	161.14

Particulars	(INR in crore)	
	2020-2021	2020-2021
Opening Balance	0.55	
Add: Provisions for depreciation made during the year	-	
Less: Write-off /Write back of provisions during the year	-	
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	3,472.38
100% risk weight	1,463.71
More than 100%	54.52
Deducted	Nil

Particulars	(Rs. in crore as of 31-03-2021)	
	Gross outstanding	Financial Mitigant
Corporate loans*	204.42	108.11
Retail Loans	0.00	0.00

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

7. **Securitization: Standardized 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 18.14
ii) Equity position risk 0.00
iii) Foreign exchange risk 2.53
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 (IRBB)**
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 6.58 crore based on Asset Liability position of March 2021 using the traditional gap analysis.

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

- Interest and /or installment of principal amount remains overdue for a period of 90 days or above in respect of a term loan
- The account remains out of order for a period of more than 90 days in respect of Overdraft/Cash Credit
- Bills remain overdue for a period of more than 90 days in case of bills purchased/discounted.
- 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 2963.95
- Non-fund based 1092.30
- 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 31-03-2021 (INR in crore)

INDUSTRY NAME	FUND BASED O/S			NFB O/S		
	STD	NPA	TOTAL	STD	NPA	TOTAL
A. Mining and Quarrying	-	-	-	-	-	-
B. Food Processing	97.88	-	97.88	-	-	-
C. Beverages (excluding Tea & Coffee) and Tobacco	-	-	-	-	-	-
D. Textiles	33.87	-	33.87	2.51	-	2.51
E. Leather and Leather products	-	-	-	-	-	-
F. Wood and Wood Products	-	-	-	-	-	-
G. Paper and Paper Products	-	-	-	-	-	-
H. Petroleum (non-infra						



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

(Incorporated in Bahrain with Limited Liability)

TABLE DF-11: COMPOSITION OF CAPITAL

Part II: Template to be used before March, 2021, (i.e. during the transition period of Basel III regulatory adjustments) (Rs. in million)

Table with 4 columns: Sr No., Particulars, Amount, Ref No. Rows include Common Equity Tier 1 capital, Additional Tier 1 capital, and Tier 2 capital.

DF-12 COMPOSITION OF CAPITAL-RECONCILIATION REQUIREMENTS

Table with 4 columns: Sr No., Particulars, Balance sheet as in financial statements, Balance Sheet under regulatory scope of consolidation. Rows include Capital & Liabilities, Paid-up Capital, Reserves & Surplus.

Table with 4 columns: Sr No., Particulars, Balance sheet as in financial statements, Balance Sheet under regulatory scope of consolidation. Rows include Minority Interest, Total Capital, Deposits, Borrowings, Assets, Liabilities & Provisions, Total.

Step 2 (Rs in Million)

Table with 4 columns: Sr No., Particulars, Balance sheet as in financial statements, Balance sheet under regulatory scope of consolidation, Reference No. Rows include Capital & Liabilities, Paid-up Capital, Reserves & Surplus, Assets.

Step 3 (Rs in Million)

Table with 4 columns: 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. Rows include Directly issued qualifying common share, Retained Earnings, etc.

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, 2021 is as follows

a) Table DF 17- Summary comparison of accounting assets vs. leverage ratio exposure measure

Table with 2 columns: Sr No., Particulars, (INR in '000s). Rows include Total consolidated assets as per published financial statements, Adjustments for investments in banking, etc.

Table with 2 columns: Sr No., Particulars, (INR in '000s). Rows include On-balance sheet exposures, Derivative exposures, Securities financing transaction exposures, Other off-balance sheet exposures, Capital and total exposures, Leverage ratio.