









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, As at March 31, 2020.

43. The Bank had reported 3 instances of fraud during the financial year ended 31st March 2021 aggregating to Rs. 0.01 crores.

44. The Bank does not provide any factoring services.

45. Divergence in asset classification and provisioning for NPAs-(Ref: DBR. BP.BC.No. 63/ 21.04.018/2016-17 dated April 18, 2017) : Nil (Previous year -Nil)

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

Table with 3 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.

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. Rows 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.



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Table with 6 columns: Business Segments, Treasury, Corporate Banking, Retail Banking, Other Banking Operations, Total. Rows include Revenue, Expense, Operating Profit, etc.

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

Notes: - (i) The Bank operates as a single unit in India and as such has no identifiable geographical segments... (ii) The Bank is organized into three main business segments...

Table with 3 columns: Description, As at March 31, 2021, As at March 31, 2020. Rows include Provision for Employee Benefits, Bonus payable, etc.

56. Provisions and contingencies (i) Claims against the Bank not acknowledged as debts: Includes legal proceeding in the normal course of business...

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...

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...

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

1. Scope of application: The bank has no subsidiary and hence no consolidation is applicable. 2. Capital Structure: Qualitative Disclosures: Tier 1 - Capital of the bank comprises of capital funds injected by HO, Statutory reserves and retained earnings...

Table with 2 columns: Risk Category, Value. Rows include Capital requirement for market risk, Interest Rate Risk, Foreign exchange risk, etc.

4. General Disclosures: Qualitative Disclosures: Risk Management involves identifying, measuring, monitoring and managing risks on a regular basis...

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...

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

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

Residual Contractual Maturity break-down of assets: Table with 12 columns: 1 Day, 2-7 Days, 8 to 14 Days, 15 to 30 Days, 31 days up to 2 months, 2-3 months, 3 to 6 months, 6 to 12 months, 1 to 3 years, 3 to 5 years, Over 5 years, Total. Rows include Cash, Balance with RBI, etc.

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...

Amount of NPA's Gross (INR in crore) Substandard 3.00, Doubtful 1 0.09, Doubtful 2 10.90, Doubtful 3 0.04, Loss 0.13

Net NPA's (Net of floating provision) 0.96 NPA Ratios Gross NPA's to Gross Advances 0.95% Net NPA's to net advances 0.06%

Table with 2 columns: Particulars, 2020-2021. Rows include Opening Balance, Add: Provisions for depreciation made during the year, etc.

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...

Table with 3 columns: Description, Rs. in crore as of 31-03-2021. Rows include Corporate loans, Retail Loans, Total @ 11.50% CRAR

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...

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...

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...

Table with 5 columns: Industry Name, FUND BASED O/S (STD, NPA, TOTAL), NFB O/S (STD, NPA, TOTAL). Rows include A. Mining and Quarrying, B. Food Processing, etc.

Quantitative Disclosures: 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. 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.

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...

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.

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...

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.



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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.

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.

b) Table DF-18: Leverage ratio common disclosure template

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, Tier 1 capital, Total exposures, Basel III leverage ratio.