

BANK OF INDIA HONG KONG BRANCH

FINANCIAL DISCLOSURE STATEMENT

FOR THE YEAR ENDED

31ST MARCH 2017

BANK OF INDIA HONG KONG BRANCH
DISCLOSURE STATEMENT

SECTION A -Branch Information (Hong Kong Offices only)

I. Profit & Loss

	31.03.2017 (HK\$'000)		31.03.2016 (HK\$'000)	
Income				
Interest income	671,194		805,687	
Interest expense	(378,323)		(439,483)	
Net interest income		292,871		366,204
Other operating income				
Gain less losses arising from trading in foreign currencies		7,003		12,109
Gain less losses on securities held for trading purposes	0	0	0	0
Gain less losses from other trading activities	0	0	0	0
Gross fees and commission income	20,618		22,792	
Gross fees and commission expenses	0		0	
Net fees and commission		20,618		22,792
Other income		3,950		7,310
Total Income		324,442		408,415
Expenses				
Operating expenses				
Salary and rental expenses		(31,101)		(30,745)
Others		(15,644)		(15,736)
Net charge for other provision		(5,230)		5,390
Impairment losses and provision for impaired loans and receivables		(325,633)		(154,898)
Gains less losses from the disposal of property, plant and equipment and investment properties		0		0
Total Expenses		(377,608)		(195,989)
Profit before taxation		(53,166)		212,426
Tax expense or tax income		(27,328)		(47,244)
PROFIT AFTER TAXATION		(80,494)		165,182



BANK OF INDIA HONG KONG BRANCH

SECTION A - Branch information (Hong Kong Offices Only)

II. Balance Sheet

	31.03.2017 (HK\$'000)	30.09.2016 (HK\$'000)
ASSETS		
Cash & Balances with Banks	2,501,840	5,456,945
Placement with banks maturing between one and twelve months	3,653,512	6,920,030
Amount due from overseas offices of the institution	3,825,737	13,994,271
Trade Bills	1,003,373	1,140,930
Loans and receivables		
Loans and advances to customers	8,543,695	12,668,926
Loans and advances to banks	2,221,755	0
Accrued interest and other accounts	147,962	196,276
Provision for impaired loans & receivable (collective)	(95,509)	(94,925)
Provision for impaired loans & receivable (specific)	(666,523)	(486,741)
Provision against value of other claim & investment	(125,680)	(118,693)
Exchange Fund Bills	397,687	49,976
Available for sale securities	537,772	273,043
Property, Plant and Equipment	169,351	177,050
Total Assets	22,114,972	40,177,088
Liabilities		
Deposits and balances from banks	10,358,240	20,713,097
Deposits from customers		
Demand deposits and current accounts	498,829	417,039
Savings deposits	43,651	49,697
Time, call and notice deposits	3,509,633	4,117,215
Amount due to overseas offices of the institution	7,063,935	13,457,434
Other liabilities		
Others	640,684	1,406,220
Provision for taxation	0	16,386
Total Liabilities	22,114,972	40,177,088



BANK OF INDIA HONG KONG BRANCH

III. SECTION B - ADDITIONAL INFORMATION

BRANCH INFORMATION (HONG KONG OFFICES ONLY)

1 Impaired Loans and Advances

Impaired Loans and Advances to Customers

(HKD Million)

	Amount	Current market value of collateral	% to total loans and advances	Specific Provision
As on 31.03.2017	1479.976	1109.194	17.32%	627.813
As on 30.09.2016	977.646	802.011	7.72%	462.418

There is no impaired loans and advances to banks as at 31st March 2017 and 30th September 2016.

2 Derivatives	31.03.2017	30.09.2016
Notional Amount:	(HK\$'000)	(HK\$'000)
Exchange rate contracts	2,044,555	3,671,225
Interest rate contracts	548,484	634,232
Total	<u>2,593,039</u>	<u>4,305,457</u>

Fair value of derivative contracts (Gross)	31.03.2017	30.09.2016
	(HK\$'000)	(HK\$'000)
Exchange rate contracts	(5,808)	(4,691)
Interest rate contracts	(10,006)	(14,265)
Total	<u>(15,814)</u>	<u>(18,956)</u>

The fair value of derivative contracts does not take into account the effect of bilateral netting arrangements.

3 Off Balance Sheet Exposure other than Derivatives Contracts	31.03.2017	30.09.2016
	(HK\$'000)	(HK\$'000)
Direct credit substitutes	277,158	123,003
Transaction related contingencies	800	799
Trade-related contingent items	218,808	119,824
Total	<u>496,766</u>	<u>243,626</u>



BANK OF INDIA HONG KONG BRANCH
BRANCH INFORMATION (HONG KONG OFFICES ONLY)

4 INTERNATIONAL CLAIMS

(HKD Million)

As at 31.03.2017	Banks	Official Sector	Non-Bank private Sector		Unallocated by sector	Total
			Non-Bank Financial Institutions	Non-Financial Private Sector		
1 Developed Countries	92	305	0	23	0	420
of which Canada	3	0	0	0	0	3
of which Australia	4	0	0	0	0	4
of which Luxembourg	2	0	0	0	0	2
of which U.S.A.	14	305	0	23	0	342
of which United Kingdom	24	0	0	0	0	24
of which Netherland	41	0	0	0	0	41
of which Germany	3	0	0	0	0	3
of which France	0	0	0	0	0	0
of which Switzerland	1	0	0	0	0	1
2 Offshore Centres	0	0	0	365	0	365
of which Singapore	0	0	0	161	0	161
of which Hong Kong	0	0	0	204	0	204
3 Developing Europe	0	0	0	0	0	0
of which Turkey	0	0	0	0	0	0
4 Developing Latin America & Carribean	0	0	0	0	0	0
5 Developing Africa & Middle East	0	0	0	69	0	69
of which U.A.E.	0	0	0	69	0	69
6 Developing Asia-Pacific	12,339	0	0	7,328	0	19,667
of which China	2,336	0	0	16	0	2,352
of which Sri Lanka	0	0	0	0	0	0
of which India	10,003	0	0	7,239	0	17,242
of which Malaysia	0	0	0	1	0	1
of which Indonesia	0	0	0	25	0	25
of which Bangladesh	0	0	0	39	0	39
of which Vietnam	0	0	0	8	0	8
7 International Organisations	0	0	0	0	0	0
8 Unallocated by Country	0	0	0	0	0	0

(HKD Million)

As at 30.09.2016	Banks	Official Sector	Non-Bank private Sector		Unallocated by sector	Total
			Non-Bank Financial Institutions	Non-Financial Private Sector		
1 Developed Countries	88	39	0	23	0	150
of which Canada	2	0	0	0	0	2
of which Australia	0	0	0	0	0	0
of which Luxembourg	1	0	0	0	0	1
of which U.S.A.	6	39	0	23	0	68
of which United Kingdom	32	0	0	0	0	32
of which Netherland	44	0	0	0	0	44
of which Germany	2	0	0	0	0	2
of which France	0	0	0	0	0	0
of which Switzerland	1	0	0	0	0	1
2 Offshore Centres	0	0	0	365	0	365
of which Singapore	0	0	0	153	0	153
of which Hong Kong	0	0	0	212	0	212
3 Developing Europe	237	0	0	0	0	237
of which Turkey	237	0	0	0	0	237
4 Developing Latin America & Carribean	0	0	0	0	0	0
5 Developing Africa & Middle East	0	0	0	83	0	83
of which U.A.E.	0	0	0	83	0	83
6 Developing Asia-Pacific	26,380	0	0	11,381	0	37,761
of which China	2,448	0	0	25	0	2,473
of which Sri Lanka	0	0	0	0	0	0
of which India	23,932	0	0	10,847	0	34,779
of which Malaysia	0	0	0	1	0	1
of which Indonesia	0	0	0	457	0	457
of which Bangladesh	0	0	0	39	0	39
of which Vietnam	0	0	0	12	0	12
7 International Organisations	0	0	0	0	0	0
8 Unallocated by Country	0	0	0	0	0	0

mark: Geographical locations are based on the physical location of the borrower. Risk transfer is only made if the claim is guaranteed by a party in a country which is different from the counter party. International claims are derived according to the location of counterparties on which ultimate risk lies after taking into account any transfer of risk.



5 LOANS AND ADVANCES TO CUSTOMERS

By Geographical Areas

(HK\$'000)

	31.03.2017			30.09.2016		
	Loans	of which Overdue Loans	of which Impaired Loans	Loans	of which Overdue Loans	of which Impaired Loans
Hong Kong	2,341,367	670,019	507,698	2,465,798	534,137	223,271
China	15,744	0	0	11,203	0	0
Bangladesh	38,642	0	0	38,678	0	0
Malaysia	1,199	0	0	825	0	0
U.A.E.	23,025	0	0	23,026	0	0
India	5,998,461	4,549,644	972,278	9,671,806	742,966	742,524
Singapore	11,655	0	0	11,851	11,851	11,851
Indonesia	113,602	0	0	445,739	0	0
Netherland	0	0	0	0	0	0
U.S.A.	0	0	0	0	0	0
Total	8,543,695	5,219,663	1,479,976	12,668,926	1,288,954	977,646

Remark: Geographical locations are based on the physical location of the borrower.

6 Loan and Advances to customer

(HK\$'000)

SECTOR INFORMATION	31.03.2017		30.09.2016	
	Amount	Collateral and Security	Amount	Collateral and Security
Loans and advances for use in Hong Kong				
(i) Industrial, commercial and financial:				
(A) Property development	0	0	0	0
(B) Property investment	0	0	0	0
(C) Financial concerns	0	0	0	0
(D) Stockbrokers	0	0	0	0
(E) Wholesale and retail trade	19,878	19,878	30,077	20,327
(F) Manufacturing	0	0	0	0
(G) Transport and transport equipment	50,952	50,952	50,851	50,851
(H) Recreational activities	0	0	0	0
(I) Information Technology	0	0	0	0
(J) Others	6,381	6,381	25,278	25,278
(ii) Individuals				
Loan for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	0	0	0	0
(A) Loan for the purchase of other residential properties	0	0	0	0
(B) Credit card advances	0	0	0	0
(C) others	27,763	27,763	29,848	29,848
(b) Trade finance	2,335,144	612,673	2,428,793	701,236
(c) Loan and advances for use outside Hong Kong	6,103,577	1,818,724	10,104,079	10,089,293
Total	8,543,695	2,536,371	12,668,926	10,916,833



7 **Overdue and Rescheduled Assets**

Overdue Loans and Advances to customers		31.03.2017			(HK\$'000)	
	Amount	(% to total loans and advances)	Current market value of collateral	Covered portion	Uncovered portion	Specific Provision
more than 3 months but not more than 6 months	58,109	0.68%	38,745	38,745	19,364	8,510
more than 6 months but not more than one year	57,683	0.67%	1,462	1,462	56,220	14,420
more than one year	1,085,744	12.71%	799,236	799,236	286,508	552,380
Total	1,201,536	14.06%	839,443	839,443	362,092	575,310

There was no rescheduled loans and advances to customers which has been overdue for more than 3 months.

Overdue Loans and Advances to customers		30.09.2016			(HK\$'000)	
	Amount	(% to total loans and advances)	Current market value of collateral	Covered portion	Uncovered portion	Specific Provision
more than 3 months but not more than 6 months	577,006	4.55%	525,478	525,478	51,528	125,719
more than 6 months but not more than one year	220,231	1.74%	56,580	56,580	163,651	24,489
more than one year	369,272	2.92%	231,338	231,338	137,934	310,316
Total	1,166,509	9.21%	813,396	813,396	353,113	460,524

There was no rescheduled loans and advances to customers which has been overdue for more than 3 months.

	31.03.2017 (HK\$'000)	30.09.2016 (HK\$'000)
Current market value of collateral held against the covered portion of impaired loans and advances	1,109,194	802,011
Covered portion of impaired loans and advances	1,109,194	802,011
Uncovered portion of impaired loans and advances	370,782	175,635

There is no overdue loans and advances to banks at the end of March 2017 and September 2016.

Rescheduled Assets

There was no other rescheduled loans and advances to customers excluding those have been overdue for more than 3 months and disclosed as above at the end of March 2017 and September 2016.

There was no rescheduled loans and advances to banks at the end of March 2017 and September 2016.

Other overdue Assets

	(HK\$'000)			
	31.03.2017		30.09.2016	
	Amount	Specific Provision	Amount	Specific Provision
Other Overdue Trade Bills				
more than 3 months but not more than 6 months	16,965	0	175	35
more than 6 months but not more than one year	95,719	14,434	1,889	378
more than one year	25,715	24,276	23,776	23,776

There was no repossessed assets held at the end of March 2017 and September 2016.

Overdue Assets to Banks and other Financial Institutions

Impaired investment

	(HK\$'000)			
	31.03.2017		30.09.2016	
	Amount	Specific Provision	Amount	Specific Provision
more than 1 month but not more than 3 months	0	0	0	0
more than 3 months but not more than 6 months	0	0	0	0
more than 6 months but not more than one year	0	0	0	0
more than one year	117,127	117,127	118,587	118,587

There are no rescheduled assets to Banks and Financial Institutions as on 31st March 2017 and 30th September 2016.



Types of Counterparties	[A]		[B]		[A] + [B]	
	On-balance sheet exposure		Off-balance sheet exposure		Total	
	HK\$ million		HK\$ million		HK\$ million	
	31.03.2017	30.09.2016	31.03.2017	30.09.2016	31.03.2017	30.09.2016
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	0	0	0	0	0	0
2 Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0	0	0	0
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	0	0	0	0	0	0
4 Other entities of central government not reported in item 1 above	0	0	0	0	0	0
5 Other entities of local governments not reported in item 2 above	0	0	0	0	0	0
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	0	0	0	0	0	0
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	15.744	11.203	0	0	15.744	11.203
Total	15.744	11.203	0	0	15.744	11.203
Total assets after provision	22114.972	40177.088				
On-balance sheet exposures as percentage of total assets	0.07%	0.03%				



BANK OF INDIA HONG KONG BRANCH

BRANCH INFORMATION (HONG KONG OFFICES ONLY)

9 Foreign Currency Exposure

	(equivalent in HK\$ million)				
	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017
	US\$	GBP	JPY	EUR	TOTAL
Spot assets	21,924	11	18	16	21,969
Spot liabilities	(21,761)	(79)	(15)	(35)	(21,890)
Forward Purchase	979	165	9	174	1,327
Forward Sales	(1,139)	(98)	(12)	(156)	(1,405)
Net long/short position	3	(1)	0	(1)	1

	(equivalent in HK\$ million)				
	30.09.2016	30.09.2016	30.09.2016	30.09.2016	30.09.2016
	US\$	GBP	JPY	EUR	TOTAL
Spot assets	39,681	6	17	450	40,154
Spot liabilities	(39,079)	(94)	(26)	(37)	(39,236)
Forward Purchase	1,252	196	27	47	1,522
Forward Sales	(1,851)	(106)	(17)	(461)	(2,435)
Net long/short position	3	2	1	(1)	5

There is no net structural position which constitutes 10% or more of the total net structural position in all foreign currencies at the end of March 2017 and September 2016.

10 Liquidity

	31.03.2017	31.03.2016
Average liquidity maintenance ratio (LMR)	(12 Months)	(12 Months)
(April 2016 to March 2017)	194.88%	117.65%

Average Liquidity Maintenance Ratio is calculated as the simple average of each month's average liquidity maintenance ratio for the twelve months of the financial year computed in accordance with Banking Liquidity Rules.



Bank has established in all material respects, the Internal Control system and Procedures in accordance with the requirements set-out in the "Supervisory Policy Manual (LM2- Sound Systems and Controls for Liquidity Risk Management) issued by HKMA. Risk Management Committee, under supervision of ALCO is responsible for implementing the Liquidity Risk Management Strategy. Guidelines are issued by this Committee periodically for funding and contingency Planning. The bank uses the Cash Flow projections / Liquidity Planning schedules, prepared on a daily basis for Liquidity Management. The risk is tracked through maturity and cash flow mis-matches. Surplus or deficit at selected maturity dates, know as "Time buckets" is adopted as the standard tool for measuring Liquidity Risk. Limits on tolerance level of mis-matches have been set by the Bank and monitored regularly. Wholesale deposits and borrowings are also monitored on a daily basis. Stress Tests of the cash flows are done on quarterly basis under the different scenarios of adverse conditions viz. Conditions particular to the Bank, general market conditions and the combined effects of both. The Bank also calculates periodically various ratios with reference to the borrowings, wholesale deposits, commitments and derivative positions and these ratios are also used for monitoring the liquidity management. In addition, the Bank has committed lines of credit available to it, which can be utilised at any time, without any notice. Overall, the Bank has established sound Liquidity Policies and Procedures for Liquidity Management and they are being adhered to strictly.



BANK OF INDIA HONG KONG BRANCH

12 Remuneration System

The Senior Management and the key personnel of the Branch are Bank's officers from India (India Based Officers). The remuneration package offered to them is on the lines decided by the Working Group of the Standing Committee by the Government of India, Ministry of Finance (Banking Division). The Standing Committee has been mandated to standardize the remuneration package to be paid to all India based officers of Indian public sector banks operating in various overseas centers including Hong Kong. The Committee meets at periodic intervals to review/revise the remuneration package taking into account cost of living, market situation, etc.

Remuneration of Senior Management and Key Personnel

Information on the remuneration for the Bank's senior management and key personnel is set out below:

(i) Amount of remuneration

	Year ended 31.03.2017	
	(HK\$' 000)	Beneficiaries
Fixed remuneration	4,603	25
Variable remuneration	205	9
Total	4,808	

	Six months ended 30.09.2016	
	(HK\$' 000)	Beneficiaries
Fixed remuneration	2,094	14
Variable remuneration	85	3
Total	2,179	

(ii) No senior management or key personnel has been awarded with deferred remuneration during the twelve months ended March 2017 and September 2016.

(iii) No senior management or key personnel has been awarded with new sign-on or severance payment during the twelve months ended March 2017 and September 2016.



13 Bank Information (Consolidated Basis)

(Available in Bank's web site)

Capital and capital adequacy	31.03.2017 (HK\$' 000)	31.03.2016* (HK\$' 000)
Shareholders' funds (Capital)	1,264,584	956,895
Shareholders' funds (Reserve)	36,965,668	36,558,341
Capital adequacy ratio (Basel-III)	12.62%	12.38%

Remarks The capital adequacy ratios are calculated in accordance with the relevant requirements of the Reserve Bank of India.

Other financial information	31.03.2017 (HK\$' 000)	31.03.2016* (HK\$' 000)
Total assets	757,271,192	721,958,161
Total liabilities	719,040,940	684,442,925
Total advances	441,318,529	423,017,326
Total deposits	581,062,717	521,605,515
	Year ended 31.03.2017 (HK\$' 000)	Year ended 31.03.2016* (HK\$' 000)
Pre-tax profit (loss)	(2,742,005)	(9,256,330)

INR converted to HKD i.e. @ HKD 1 = 8.3460979 (31.03.2017)

* INR converted to HKD i.e. @ HKD 1 = 8.541066 (31.03.2016)



BANK OF INDIA HONG KONG BRANCH

DECLARATION OF CHIEF EXECUTIVE

We have prepared the disclosure statement of Bank of India Hong Kong Branches for the year ended 31st March 2017. The information disclosed complies fully with the Banking (Disclosure) Rules made by Hong Kong Monetary Authority under section 60A of the Banking Ordinance (Chapter 155).
To the best of my knowledge, the Disclosure Statement is not false or misleading.

Bank of India
Hong Kong Branch



Chief Executive

