

INDIAN OVERSEAS BANK, HONG KONG BRANCH
DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

I. Profit and Loss Account

For the year ended 31st March 2020

	<u>3/31/2020</u>		<u>3/31/2019</u>
	(HK \$'000)		(HK \$'000)
<u>INCOME</u>			
Interest income	170,464		275,586
Interest expenses	<u>(104,649)</u>		<u>(197,983)</u>
Net interest income	65,815		77,603
 <u>Other Operating Income</u>			
Gross fees and commission income(Expenses NIL)	22,912		23,942
Gains less losses from dealings in foreign currencies	3,733		8,491
Gains less losses from trading in securities	26,331		33,847
Others	<u>51,758</u>		<u>42,776</u>
Total Operating Income	170,549		186,659
 <u>EXPENSES</u>			
<u>Operating Expenses</u>			
Staff expenses	8,697		11,034
Rent, taxes and lighting	7,376		7,843
Other expenses	<u>9,784</u>	<u>25,857</u>	<u>13,127</u>
			<u>32,004</u>
 Operating Profit before Impairment Losses	 144,692		 154,655
 Impairment losses and provisions for impaired loans and receivables			
- Collective Provision	1,415		40,947
- Specific Provision	<u>(164,042)</u>	<u>(162,627)</u>	<u>(518,143)</u>
Provision for Investments		<u>(5,731)</u>	<u>(960)</u>
 Profit before Taxation	 (23,666)		 (364,448)
 Taxation Expense	 309		 26,000
 Profit after Taxation	 <u>(23,357)</u>		 <u>(338,448)</u>



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II. Balance Sheet

As at 31st March 2020

	<u>3/31/2020</u>		<u>9/30/2019</u>
	(HK\$'000)		(HK\$'000)
<u>ASSETS</u>			
1 Cash and balances with banks	146,497		179,218
2 Placement with banks maturing between one and twelve months	-		-
3 Amount due from overseas offices	132,001		305,951
4 Trade Bills	573,951	653,564	
Collective Provision	(2,425)	(3,466)	
Specific Provision	<u>(172,219)</u>	<u>(121,850)</u>	528,248
5 Loans and Receivables			
Advances to customers	2,530,454	2,256,569	
Advances to banks			
Accrued interest and other accounts	2,063,215	1,482,504	
Provision for impaired loans and receivables - collective	<u>(21,783)</u>	<u>(21,514)</u>	
Provision for impaired loans and receivables - specific	<u>(5,733)</u>	<u>(50,077)</u>	3,667,482
6 Investment Securities	1,124,972	1,129,669	
Specific Provision	(6,520)	(4,715)	1,124,954
7 Property, plant and equipment	181,939		184,387
Total Assets	<u><u>6,544,349</u></u>		<u><u>5,990,240</u></u>
<u>LIABILITIES</u>			
8 Deposits and balances of banks		13	214
9 Deposits from customers			
Demand deposits and current accounts	545,504	454,543	
Savings deposits	28,251	23,637	
Time, call and notice deposits	<u>1,188,999</u>	<u>1,247,436</u>	1,725,616
10 Negotiable Debt Instruments		-	-
11 Amount due to overseas offices		1,938,645	1,960,557
12 Other liabilities		2,841,502	2,302,849
13 Other Provisions		1,435	1,004
Total Liabilities		<u><u>6,544,349</u></u>	<u><u>5,990,240</u></u>



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III. Additional Information

1. Impaired Loans and Advances

There were no impaired loans and advances to banks and other financial institutions as at 31st March 2020 and 30th September 2019 .

There were impaired loans and advances to other customers to the extent of HK\$ 20.163 Million as at 31st March 2020 and HK\$ 94.467 Million as at 30th September 2019 .

	<u>3/31/2020</u> HK\$ '000	<u>9/30/2019</u> HK\$ '000
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	1,977,042	1,534,612
ii) Interest rate contracts	-	37,637
TOTAL	<u>1,977,042</u>	<u>1,572,249</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	1,473	1,727
ii) Interest rate contracts	-	6
TOTAL	<u>1,473</u>	<u>1,733</u>

There are no bilateral netting arrangements and hence there is no effect on the fair value of the derivatives.

3. Off Balance Sheet Exposure other than derivative transactions

	<u>3/31/2020</u> HK\$ '000	<u>9/30/2019</u> HK\$ '000
Notional Amount		
i) Direct credit substitutes	299,110	184,022
ii) Trade related contingent items	272,706	237,861
iii) Other commitments	-	-
TOTAL	<u>571,816</u>	<u>421,883</u>



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III. Additional Information - continued

4 INTERNATIONAL CLAIMS

	3/31/2020					
	Banks	Official Sector	Non-Bank Private Sector		Others	Total
			Non-Bank Financial Institutions	Non-Financial Private Sector		
	HK \$ Million					
1 Developed Countries	938	-	-	50	-	988
Of which United Kingdom	86	-	-	1	-	87
Of which United States	852	-	-	48	-	900
Of which Germany	-	-	-	-	-	-
Of which Cyprus	-	-	-	-	-	-
2 Offshore Centres	117	-	-	363	-	480
Of which Singapore	117	-	-	360	-	477
Of which Mauritius	-	-	-	-	-	-
3 Developing Europe	-	-	-	14	-	14
Of which Czech Republic	-	-	-	14	-	14
4 Carribean	-	-	-	17	-	17
Of which Chille	-	-	-	2	-	2
5 Developing Africa & Middle East	-	-	-	370	-	370
Of which Egypt	-	-	-	288	-	288
Of which Oman	-	-	-	29	-	29
Of which South Africa	-	-	-	5	-	5
Of which United Arab Emirates	-	-	-	14	-	14
6 Developing Asia-Pacific	443	-	-	464	-	907
Of which India	443	-	-	121	-	564
Of which Sri Lanka	-	-	-	-	-	-
Of which Indonesia	-	-	-	172	-	172
Of which Malaysia	-	-	-	168	-	168
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	1,498	-	-	1,278	-	2,776

	9/30/2019					
	Banks	Official Sector	Non-Bank Private Sector		Others	Total
			Non-Bank Financial Institutions	Non-Financial Private Sector		
	HK \$ Million					
1 Developed Countries	893	-	-	55	-	948
Of which United Kingdom	90	-	-	-	-	90
Of which United States	803	-	-	29	-	832
Of which Cyprus	-	-	-	22	-	22
Of which Netherland	-	-	-	-	-	-
2 Offshore Centres	306	-	-	527	-	833
Of which Singapore	306	-	-	520	-	826
Of which Mauritius	-	-	-	-	-	-
3 Developing Europe	-	-	-	20	-	20
Developing Latin America &	2	-	-	10	-	12
4 Carribean	-	-	-	-	-	-
5 Developing Africa & Middle East	-	-	-	399	-	399
Of which Egypt	-	-	-	291	-	291
Of which UAE	-	-	-	44	-	44
6 Developing Asia-Pacific	37	-	-	533	-	570
Of which India	37	-	-	209	-	246
Of which Indonesia	-	-	-	186	-	186
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	1,238	-	-	1,544	-	2,782



International claims are derived according to the location of counter parties on which the ultimate risk lies after taking into account any transfer of risk.

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5. Advances to customers

	<u>3/31/2020</u> HK\$ ('000)	<u>9/30/2019</u> HK\$ ('000)
i) By Sectors		
<u>Loans for use in Hong Kong</u>		
a) Industrial, commercial & financial Wholesale and retail trade	-	-
b) Individuals		
For other* business purposes	82,840	6,572
For other* private purposes		
c) Others		
Trade Financing	1,283,562	1,266,327
<u>Loans for use outside Hong Kong</u>	1,164,052	983,670
TOTAL **	<u>2,530,454</u>	<u>2,256,569</u>

* Other than for purchase of residential properties or credit card advances

**The total loans are covered by collateral or other security to the extent of HK\$ 1,286.802 Million as at 31st March 2020 and HK\$ 1,119.508 Million as at 30th September 2019 .

ii) By Geographical Areas

Hong Kong	1,366,403 *	1,272,899 *
India	486,553 **	184,234 **
Others	<u>677,498 ***</u>	<u>799,436 ***</u>
TOTAL	<u>2,530,454</u>	<u>2,256,569</u>

* Out of the loans to Hong Kong \$ 20,163 ('000s) as at 31st March 2020 and HK\$ 28,038 ('000s) as at 30th September 2019 are impaired loans.

** Out of the loans to India \$ NIL ('000s) as at 31st March 2020 and HK\$ NIL ('000s) as at 30th September 2019 are impaired loans.

*** Out of the loans to others \$ NIL ('000s) as at 31st March 2020 and HK\$ 66,429 ('000s) as at 30th September 2019 are impaired loans.

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 counterparty.



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III. Additional Information - continued

6. Overdue and Rescheduled Assets of Customers

	31.03.2020 (HK\$'000)				30.09.2019 (HK\$'000)			
	Amount	% of total loans & advances to customer	Collateral held	Specific provision made	Amount	% of total loans & advances to customer	Collateral held	Specific provision made
More than 3 months but not more than 6 months	11,937	0.47	1,326	2,376	8,318	0.37	-	1,664
More than 6 months but not more than one year	-	-	-	-	-	-	-	-
More than one year	8,226	0.33	-	1,645	86,149	3.82	70,028	48,252

There were other overdue assets to the extent of HK\$ 139,315 ('000s) as at 31st March 2020 and HK\$ 11,983 ('000s) as at 30th September 2019 .

There were rescheduled advances to the extent of HK\$ 0 as at 31st March 2020 and HK\$ 0 as at 30th September 2019 and .

There were no repossessed assets as at 31st March 2020 and 30th September 2019 .

7. Overdue and Rescheduled Assets to banks and other Financial Institutions

There were no advances to banks overdue for more than 3 months as at 31st March 2020 and 30th September 2019 .

There were no rescheduled advances as at 31st March 2020 and 30th September 2019 .

There were no repossessed assets as at as at 31st March 2020 and 30th September 2019 .



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III. Additional Information - continued

8 Non-bank Mainland Activities

Type of counterparties	3/31/2020 (HK\$'000)			9/30/2019 (HK\$'000)		
	On-balance sheet exposure	Off-balance sheet exposure	Total	On-balance sheet exposure	Off-balance sheet exposure	Total
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-	-	-	-
2 Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-	-	-	-
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-	-	-	-
4 Other entities of central government not reported in item 1 above	-	-	-	-	-	-
5 Other entities of local governments not reported in Item 2 above	-	-	-	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-	-	-	-
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-	-	-	-
Total	0	0	0	0	0	0
Total assets after provision	6,544,349			5,990,240		
On-balance sheet exposures as percentage of total assets	0.00			0.00		



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III. Additional Information - continued

9. Foreign Currency Exposure

The position in a particular currency will be reported if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies.

	<u>3/31/2020</u>			
	(HK\$ Million)			
	US\$	Euro	GBP	Total
Spot assets	4,164	41	-	4,205
Spot liabilities	(3,659)	(16)	16	(3,659)
Forward purchases	242	18	(16)	244
Forward sales	(746)	(43)	-	(789)
Net options	-	-	-	-
Net long (short) position	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>

	<u>9/30/2019</u>			
	(HK\$ Million)			
	US\$	Euro	GBP	Total
Spot assets	4,129	34	4	4,167
Spot liabilities	(3,695)	(12)	(17)	(3,724)
Forward purchases	169	10	13	192
Forward sales	(599)	(32)	-	(631)
Net options	-	-	-	-
Net long (short) position	<u>4</u>	<u>0</u>	<u>0</u>	<u>4</u>

There is no net structural position constituting 10% or more of the total net structural position in all foreign currencies as at 31st March 2020 and 30th September 2019 .



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10. Liquidity

	Six Months ended 31-03-2020	Six Months ended 30-09-2019	Six Months ended 31-03-2019
Average Liquidity Maintenance Ratio	<u>112.16%</u>	<u>110.07%</u>	<u>108.35%</u>

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

	Three Months ended 31-03-2020	Three Months ended 31-12-2019	Three Months ended 30-09-2019
Average Liquidity Maintenance Ratio	<u>105.75%</u>	<u>118.57%</u>	<u>101.56%</u>

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

Liquidity Risk Management Framework

The Liquidity risk management of Indian Overseas Bank (IOB), Hong Kong (HK) Branch is part of the IOB Group's Risk Management processes. The objective of Liquidity Risk Management is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations and to undertake new transactions.

Liquidity Risk Management is a component of the IOB HK Branch's Asset and Liability Management framework. The Liquidity Risk Management frame comprises of the following:

- Roles and responsibilities, organizational structure for oversight and communications of the IOB's Liquidity Risk
- Operational Liquidity Risk Management;
- Periodic reporting of liquidity positions
- Managing funding sources and access to markets and
- Liquidity contingency plan that establishes indicators to alert senior management to potential liquidity and funding

The Hong Kong Asset and Liability Committee ("ALCO") comprising key members from local management and Treasury, conducts meeting on a regular basis to review the daily liquidity reports and deliberate important liquidity Risk Management matters.

The IOB HK Branch's Liquidity Management Framework is supported by key liquidity measures, which are monitored on an on-going basis. These measures further serve as Early Warning Indicators ("EWI") to alert senior management of potential liquidity and funding distress situations and trigger management actions in response to the event. The EWIs are designed taking into consideration the Branch's funding profile as well as the market conditions, and are calibrated to differentiate the various level of severity in liquidity shortfall. The EWIs are monitored regularly and discussed at the ALCO. These triggers may also be alerted on an exceptional basis.



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Liquidity Monitoring

Indian Overseas Bank, Hong Kong Branch manages the operational liquidity by cash flow mismatch analysis under defined business scenarios.

Short-term liquidity stress tests are performed based on an institution-specific crisis scenario, a general market crisis scenario and a combined scenario. The results of the stress tests are used to adjust liquidity risk management strategies, policies and positions and to develop effective contingency funding plans.

Liquidity monitoring is performed daily within a framework for projecting cash flows on a contractual basis. Simulations of liquidity exposures under stressed market scenarios are performed and the results are taken into account in the risk management processes.

Indian Overseas Bank, Hong Kong Branch follows the applicable guidance set forth by the HKMA in Supervisory Policy Manual LM-2 "Sound Systems and Controls for Liquidity Risk Management".

Liquidity Reporting

In-house systems and procedures are in place to meet the various reporting requirements. The systems include data from different sources with relevant mapping rules to generate internal and local regulatory reports. Daily cash flow mismatch reports are produced by using contractual cash flows in the balance sheets and placing them into appropriate time basis. The measurement and reporting of liquidity would be on a cumulative cash flow mismatch basis for each currency. The daily reporting regulatory reports for Liquidity Maintenance Ratio are prepared in accordance with the relevant reporting requirements.

Funding Strategy

The liquidity and funding positions of Indian Overseas Bank, Hong Kong Branch is centrally managed at Hong Kong. The Branch maintains a diverse range of funding sources. Apart from obtaining the funding from interbank markets funding, the non-bank customer deposits also form a part of the Branch's overall funding. In order to lengthen the duration of the funding, the Branch obtains intragroup funding at arm's length and borrowing in the money market.

Contingency Planning

The Contingency Funding Plan ("CFP") is a critical component of the liquidity management framework and serves as an extension of the Indian Overseas Bank Hong Branch's operational or daily management policy. A liquidity crisis can arise due to Market-driven and/or Firm-driven events. The Contingency Funding Plan is discussed in ALCO.



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Liquidity Gap

Contractual Maturity Profile	Total	Next Day	2 to 7 days	8 days to 1 month	>1 month upto 3	>3 months upto 6	>6 months upto 1 year	>1 year upto 2 years	>2 years upto 3 years	>3 years upto 5 years	Over 5 years	Balancing Figure
1. On Balance Sheet Liabilities												
a. Deposits from non-bank customers	1,782,764	589,395	109,641	149,876	209,251	297,373	407,218	-	-	-	-	-
b. Due to Monetary Authorities	-	-	-	-	-	-	-	-	-	-	-	-
c. Due to Banks	1,938,658	158	-	-	-	-	620,320	-	1,318,180	-	-	-
d. Capital and Reserves	904,126	-	-	-	-	-	-	-	-	-	904,126	-
e. Other Liabilities	2,147,492	-	-	-	-	-	-	-	-	-	2,147,492	-
Total liabilities	6,753,030	589,553	109,641	149,876	209,251	297,373	1,027,538	-	1,318,180	-	3,051,618	-
2. Off Balance Sheet Obligations	1,470,149	7,217	-	12,871	92,569	736,699	418,154	19,385	-	-	183,254	-
Total Outflows (1. + 2.)	8,223,179	596,770	109,641	162,747	301,820	1,034,072	1,445,692	19,385	1,318,180	-	3,234,872	-
3. On Balance Sheet Assets												
a. Cash Balance	973	973	-	-	-	-	-	-	-	-	-	-
b. Due from Monetary Authorities	103,199	103,199	-	-	-	-	-	-	-	-	-	-
c. Due from Banks	173,046	41,228	-	131,818	-	-	-	-	-	-	-	-
d. Debt Securities held	1,124,972	1,124,972	-	-	-	-	-	-	-	-	-	-
e. Acceptances and Bills of Exchange held	573,951	100,208	24,305	71,691	73,013	47,417	-	-	-	-	-	257,317
f. Loans and Advances to non-bank customers	2,530,454	522,644	54,062	180,067	587,973	394,555	105,012	134,105	134,105	119,729	278,039	20,163
g. Other Assets	2,246,435	-	-	-	-	-	-	-	-	-	-	2,246,435
Total assets	6,753,030	1,893,224	78,367	383,576	660,986	441,972	105,012	134,105	134,105	119,729	278,039	2,523,915
4. Off Balance Sheet Claims	1,471,621	7,217	-	12,871	92,569	736,532	417,736	19,442	-	-	-	183,254
Total Inflows	8,224,651	1,900,441	78,367	396,447	753,555	1,180,504	522,748	153,547	134,105	119,729	278,039	2,707,169
Contractual Maturity Mismatch		1,303,671	(31,274)	233,700	451,735	146,432	(922,944)	134,162	(1,184,075)	119,729	(2,956,833)	
Cumulative Contractual Maturity Mismatch		1,303,671	1,272,397	1,506,097	1,957,832	2,104,264	1,181,320	1,315,482	131,407	251,136	(2,705,697)	



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11. Remuneration System

The senior Management and the key personnel of the branch are Bank's officers from India, the remuneration package 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:

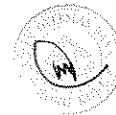
(i) Amount of remuneration for the year ended 31st March 2020.

	<u>HK\$</u>	<u>Beneficiaries</u>
Fixed remuneration	691,335	2
Variable remuneration	0	0
Total	<u>691,335</u>	<u>2</u>

ii) No senior management or key personnel has been awarded with deferred remuneration during the year ended 31st March 2020.

and

iii) No senior management or key personnel has been awarded with new sign-on or severance payment during the year ended 31st March 2020.



INDIAN OVERSEAS BANK, HONG KONG BRANCH
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SECTION B - BANK INFORMATION CONSOLIDATED BASIS

1. Capital and Capital Adequacy

	<u>3/31/2020</u> HK\$('000s)	<u>3/31/2019</u> HK\$('000s)
<u>i) Capital</u>		
Shareholders' Funds	<u>16,552,234*</u>	<u>18,569,668**</u>
<u>ii) Capital Adequacy Ratio***</u>	<u>10.72%</u>	<u>10.21%</u>

***Capital Adequacy Ratio is calculated in accordance with the requirements of Reserve Bank of India.

2. Other financial information

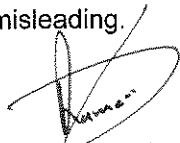
Total Assets	267,138,145*	283,776,980**
Total Liabilities	250,585,912*	265,208,263**
Total Advances	124,317,018*	150,508,093**
Total Customer Deposits	<u>228,434,303*</u>	<u>252,592,599**</u>
	Year Ended <u>3/31/2020</u>	Year Ended <u>3/31/2019</u>
Pre-tax Profit / Loss	<u>85,533*</u>	<u>(6,765,653)**</u>

*Indian Rupee converted to HK\$ @ 9.7600 (31st March 2020)

**Indian Rupee converted to HK\$ @ 8. 8100 (31st March 2019)

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of Indian Overseas Bank , Hong Kong Branch for the year ended 31st March 2020. The information disclosed complies fully with the Banking (Disclosure) Rules made by the Hong Kong Monetary Authority under Section 60A of the Banking Ordinance (Cap.155). To the best of my knowledge, the Disclosure Statement is not false or misleading.



Palaniappan Ramanathan
 Alternate Chief Executive
 Indian Overseas Bank
 Hong Kong

