

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

I. Profit and Loss Account
For the year ended 31st March 2021

	<u>31.3.2021</u> (HK\$'000)	<u>31.3.2020</u> (HK\$'000)
<u>INCOME</u>		
Interest income	121,152	291,040
Interest expenses	108,234	326,016
Net interest income	12,918	(34,976)
 <u>Other Operating Income</u>		
Gains less losses from dealing in foreign currencies	2,629	95,150
Gains less losses from trading in interest rate derivatives		
Gains less losses from non-trading Investments		
Fees and commission income (Expense- NIL)	5,306	6,544
Others	20,389	852
Total Income	<u>41,242</u>	<u>67,570</u>
 <u>EXPENDITURE</u>		
<u>Operating Expenses</u>		
Staff and rental expenses	9,890	11,195
Other expenses	5,640	7,743
Net charge for other provisions	(3,080)	(21,215)
 Operating Profit before Impairment Losses	 28,792	 69,847
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	-	-
- Specific Provision	346,318	90,494
Profit before Taxation	<u>(317,526)</u>	<u>(20,647)</u>
 Taxation Expense	 <u>-</u>	 <u>(237)</u>
 Profit (Loss) after Taxation	 <u>(317,526)</u>	 <u>(20,410)</u>



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II. Balance Sheet
As at 31st March 2021

	<u>31.03.2021</u> (HK\$'000)	<u>31.03.2020</u> (HK\$'000)
ASSETS		
1. Cash and balances with banks (except those included in amount due from overseas offices)	393,201	584,406
2. Placement with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)	-	1,062,243
2a. Placement with banks which have a residual contractual maturity of more than 12 months (except those included in amount due from overseas offices)		
3. Amount due from overseas offices	310	581,669
4. Trade Bills	419,231	6,445,613
5. Certificates of Deposit held	-	-
6. Securities held for trading purposes	-	-
7. Loans and Receivables		
Advances to customers	138,306	1,284,748
Advances to banks	-	193,834
Other Accounts (Accrued interest and others)	69,426	385,159
Provision for impaired loans and receivables - collective	(16,199)	(17,367)
Provision for impaired loans and receivables - specific	(289,481)	(51,384)
8. Investment Securities	343,340	339,408
9. Other Investments	-	-
10. Property, plant and equipment and investment properties	2,855	3,100
Total Assets	<u>1,060,989</u>	<u>10,811,429</u>
LIABILITIES		
1. Deposits and balances of banks (except those included in amount due from overseas offices)	629,694	6,664,219
2. Deposits from customers		
i) Demand deposits and current accounts	3,639	34,639
ii) Savings deposits	2,367	6,437
iii) Time, call and notice deposits	41,531	335,444
3. Amount due to overseas offices	299,501	3,334,030
4. Certificates of Deposit issued	-	-
5. Issued Debt Securities	-	-
6. Other liabilities (Accrued interest and others)	80,339	433,248
7. Other Provisions	3,918	3,412
Total Liabilities	<u>1,060,989</u>	<u>10,811,429</u>



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III. Additional Information

1. Impaired Loans and Advances

There were no impaired loans and advances to banks as at 31st March 2021 and 30th September 2020 .

There were impaired loans and advances to other customers to the extent of 73529 (HK\$ '000s) as at 31st March 2021 and 131779 (HK\$'000) as at 30th September 2020 .

2. Derivatives

	<u>31.3.2021</u> (HK\$'000)	<u>30.9.2020</u> (HK\$'000)
a) Notional Amount		
i) Exchange rate contracts	-	-
ii) Interest rate contracts	61,315	137,504
TOTAL	<u>61,315</u>	<u>137,504</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	-	-
ii) Interest rate contracts	-	-
TOTAL	<u>-</u>	<u>-</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>31.3.2021</u> (HK\$'000)	<u>30.9.2020</u> (HK\$'000)
Notional Amount		
i) Direct credit substitutes	-	-
ii) Trade related contingent items	2,518	10,644
iii) Other commitments	-	-
TOTAL	<u>2,518</u>	<u>10,644</u>



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III. Additional Information - continued

4 INTERNATIONAL CLAIMS

31st March 2021

	Banks	Official Sector	Non-Bank Private Sector		Others	Total
			Non-Bank Financial Institutions	Non-Financial Private		
HK \$ Million						
1 Developed Countries	232	-	-	216	-	448
Of which Germany	119	-	-	-	-	119
Of which Australia	78	-	-	-	-	78
Of which United Kingdom	-	-	-	-	-	-
Of which United States	35	-	-	216	-	251
2 Offshore Centres	117	-	-	36	-	153
Of which Singapore	117	-	-	36	-	153
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America & Caribbean	-	-	-	-	-	-
5 Developing Africa & Middle East	-	-	-	139	-	139
Of which UAE	-	-	-	139	-	139
6 Developing Asia-Pacific	39	-	-	167	-	206
Of which India	39	-	-	167	-	206
Of which China	-	-	-	-	-	-
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
TOTAL	388	-	-	558	-	946

30th September 2020

	Banks	Official Sector	Non-Bank Private Sector		Others	Total
			Non-Bank Financial Institutions	Financial Private Sector		
HK \$ Million						
1 Developed Countries	1,938	-	-	179	-	2,117
Of which United Kingdom	1,046	-	-	10	-	1,056
Of which United States	-	-	-	169	-	169
2 Offshore Centres	233	-	-	567	-	800
Of which Singapore	233	-	-	567	-	800
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America & Caribbean	-	-	-	56	-	56
5 Developing Africa & Middle East	1,605	-	-	534	-	2,139
Of which UAE	1,101	-	-	530	-	1,631
6 Developing Asia-Pacific	1,697	-	-	1,512	-	3,209
Of which India	1,697	-	-	1,368	-	3,065
Of which China	-	-	-	-	-	-
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
TOTAL	5,473	-	-	2,848	-	8,321

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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III. Additional Information - continued

5. Advances to Customers

	<u>31.3.2021</u> (HK\$'000)	<u>30.9.2020</u> (HK\$'000)
a. <u>By Sectors</u>		
<u>Loans for use in Hong Kong</u>		
i) Industrial, commercial & financial wholesale and retail trade		
Transport and transport equipment	-	-
ii) Individuals		
For other* business purposes	-	-
For other* private purposes	-	-
iii) All Others	-	-
<u>Trade Financing</u>	112,872	248,467
<u>Loans for use outside Hong Kong</u>	25,434	1,541,386
TOTAL **	<u>138,306</u>	<u>1,789,853</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 \$28,447 (HK\$'000) as at 31st March 2021 and \$ 39002 (HK\$'000) as at 30th September 2020.

b. By Geographical Areas

Hong Kong	112,872 *	248,467 *
India	25,434 **	1,189,430 **
Singapore	0 ***	351,956 ***
TOTAL	<u>138,306</u>	<u>1,789,853</u>

Out of the loans to Hong Kong there were impaired loans to the extent of HK\$ 73529 ('000s) as * at 31st March 2021 and HK\$ 131779 ('000s) as at 30th September 2020.

Out of the loans to India there were impaired loans to the extent of HK\$ 0 ('000s) as at 31st ** March 2021 and HK\$ 0 ('000s) as at 30th September 2020.

Out of the loans to Singapore there were impaired loans to the extent of HK\$ 0 ('000s) as at 31st *** March 2021 and HK\$ 0 ('000s) as at 30th September 2020.

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

Overdue Loans and Advance to customers

	31.3.2021 (HK\$'000)				30.9.2020 (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		-			-	-		
More than 6 months but not more than one year	29,897	21.62	28,447	44,501	107,032	5.98	39,002	20,837
More than one year	43,632	31.54			24,747	1.38		

There were no overdue of loans and advance to banks as at 31st March 2021 and 30th September 2020.

There were no rescheduled loans and advance to customers and banks as at 31st March 2021 and 30th September 2020.

There were no repossessed assets held as at 31st March 2021 and 30th September 2020.

There were other assets overdue for more than 3 months to the extent of HK\$ 403823 ('000s) as at 31st March 2021 and HK\$ 764863 ('000s) as at 30th September 2020.



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III. Additional Information - continued

7 Non-bank Mainland Activities

Type of counterparties	31.3.2021 (HK\$'000)			30.9.2020 (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	1,060,989			11,499,849		
On-balance sheet exposures as percentage of total assets	0.00			0.00		



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III. Additional Information - continued

8 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.

	US\$	31.3.2021 (HK\$ Million)		Total
		CHF	EURO	
Spot assets	1,300	-	61	1,361
Spot liabilities	(1,360)	-	(1)	(1,361)
Forward purchases	61	-	-	61
Forward sales	-	-	(61)	(61)
Net options	-	-	-	-
Net long (short) position	1	-	(1)	-

	US\$	30.9.2020 (HK\$ Million)		Total
		CHF	EURO	
Spot assets	11,459	-	129	11,588
Spot liabilities	(11,598)	(2)	-	(11,600)
Forward purchases	137	-	-	137
Forward sales	-	-	-	-
Net options	-	-	-	-
Net long (short) position	(2)	(2)	129	125

There is no net structural position constituting 10% or more of the total net structural position in all foreign currencies as at 31st March 2021 and 30th September 2020.



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III. Additional Information - continued

10. Liquidity

	Twelve Months ended 31.3.2021	Twelve Months ended 31.3.2020
Average Liquidity Maintenance Ratio	<u>99.42%</u>	<u>87.53%</u>

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

	Three Months ended 31.3.2021	Three Months ended 31.12.2020
Average Liquidity Maintenance Ratio	<u>99.60%</u>	<u>120.53%</u>

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

Liquidity Risk Management Framework

The Liquidity risk management of Canara Bank (Canara), Hong Kong Branch is part of the Canara 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 Canara 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 Canara's liquidity risk management;
- 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

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 Canara 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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III. Additional Information - continued

Liquidity Monitoring

Canara HK Branch manages the operational liquidity by cash flows on an individual currency basis 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.

Canara HK 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 Canara HK 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 Canara HK 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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III. Additional Information - continued

LIQUIDITY GAP

The following maturity profile is based on the remaining period to repayment on a contractual maturity basis at the end of the reporting period

As at 31st March 2021	Next Day	2 to 7 days	8 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year and Balancing Amount	Total
HK\$ in Thousands								
ASSETS								
Cash and balances with Central banks	92							92
Due from other banks	43,589	-	349,830	-	-	-		393,419
Acceptances and Bills	-	-	-	15,408	-	-	403,823	419,231
Loans and Receivables	11,751	654	11,268	14,334	24,049	-	76,250	138,306
Investment Securities	343,340							343,340
Other Assets	-	-	-	31,798	695	129	612	33,234
Total of on-balancesheet items	398,772	654	361,098	61,540	24,744	129	480,685	1,327,622
Off-Balance Sheet items								-
LIABILITIES								
Deposits from customers	7,458	282	79	22,449	6,213	11,056		47,537
Due to banks	3,855	-	583,050	707,434	349,830	38,870	155,480	1,838,519
Other liabilities	5,746	37	15,308	14,165	5,916	1,450	37,717	80,339
Total of on-balancesheet items	17,059	319	598,437	744,048	361,959	51,376	193,197	1,966,395
Off-Balance Sheet items	8,886		1,830	456	59,029			70,201
Contractual Maturity Mismatch	372,827	335	(239,169)	(682,964)	(396,244)	(51,247)	287,488	(708,974)
Contractual Cumulative Maturity Mismatch		373,162	133,993	(548,971)	(945,215)	(996,462)	(708,974)	

Positive indicates a position of surplus. Negative indicates a liquidity shortfall that has to be funded



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LIQUIDITY GAP

The following maturity profile is based on the remaining period to repayment on a contractual maturity basis at the end of the reporting period

As at 31st March 2020	Next Day	2 to 7 days	8days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year and Balancing Amount	Total
HK\$ in Thousands								
ASSETS								
Cash and balances with Central banks	49							49
Due from other banks	(152,086)	-	465,216	348,912	-	1,488,691	77,536	2,228,269
Acceptances and Bills	1,461,453	61,044	1,661,734	3,210,553	50,829	-		6,445,613
Loans and Advances	182,691	13,916	47,586	74,908	31,948	524	1,127,009	1,478,582
Investment Securities	339,408							339,408
Other Assets	47,697	3,633	12,424	19,557	8,341	137	294,241	386,030
Total of on-balancesheet items	1,879,212	78,593	2,186,960	3,653,930	91,118	1,489,352	1,498,786	10,877,951
Off-Balance Sheet items								-
LIABILITIES								
Deposits from customers	41,076	3,082	19,979	24,119	80,296	207,968		376,520
Due to banks	2,545	193,840	2,473,399	3,485,243	-	2,070,211	1,793,421	10,018,659
Other liabilities	-	3,981	25,804	31,151	103,708	268,604		433,248
Total of on-balancesheet items	43,621	200,903	2,519,182	3,540,513	184,004	2,546,783	1,793,421	10,828,427
Off-Balance Sheet items	4,554,494							4,554,494
Contractual Maturity Mismatch	(2,718,903)	(122,310)	(332,222)	113,417	(92,886)	(1,057,431)	(294,635)	(4,504,970)
Contractual Cumulative Maturity Mismatch	(2,841,213)	(3,173,435)	(3,060,018)	(3,152,904)	(4,210,335)	(4,504,970)		

Positive indicates a position of surplus. Negative indicates a liquidity shortfall that has to be funded



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10. 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 2021.

	HK\$ ('000s)	Beneficiaries
Fixed remuneration	768	3
Variable remuneration	-	-
Total	<u>768</u>	<u>3</u>

- (ii) No senior management or key personnel has been awarded with deferred remuneration during the the year ended 31st March 2021.
and
- (iii) No senior management or key personnel has been awarded with new sign-on or severance payment during the the year ended 31st March 2021.



CANARA BANK, HONG KONG
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SECTION B - BANK INFORMATION CONSOLIDATED BASIS

AVAILABLE FROM THE BANK'S WEBSITE

1. Capital and Capital Adequacy

	<u>31.03.2021**</u> (HK\$'000)	<u>31.03.2020 *</u> (HK\$'000)
a) Capital		
Shareholders' Funds	<u>66,361,410</u>	<u>53,144,284</u>
b) Capital Adequacy Ratio ***		
Basel III	<u>13.27%</u>	<u>13.72%</u>

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

2. Other Financial Information

	<u>31.03.2021</u> (HK\$'000)	<u>31.03.2020</u> (HK\$'000)
Total Assets	1,254,228,932	956,252,928
Total Liabilities	1,187,867,523	903,108,644
Total Advances	679,766,649	557,680,798
Total Customer Deposits	<u>1,075,001,352</u>	<u>806,603,792</u>
	Year <u>ended 31.3.2021</u> (HK\$'000)	Year <u>ended 31.3.2020</u> (HK\$'000)
Pre-tax Profit (Loss)	<u>4,327,896</u>	<u>(1,905,472)</u>

* Indian Rupee converted to HK\$ @ 7.7536 (31st March 2020)

** Indian Rupee converted to HK\$ @ 9.4045 (31st March 2021)

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of Canara Bank, Hong Kong Branch for the year ended 31st March 2021. 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.


Vikram Duggal

Chief Executive
Canara Bank, Hong Kong

