

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

I. Profit and Loss Account
For the year ended 31st March 2017

	<u>31.3.2017</u>		<u>31.3.2016</u>
	(HK \$'000)		(HK \$'000)
<u>INCOME</u>			
Interest income	275,331		256,500
Interest expenses	<u>(190,823)</u>		<u>(137,772)</u>
Net interest income	84,508		118,728
 <u>Other Operating Income</u>			
Gross fees and commission income	13,212		28,239
Less: Expenses	<u>-</u>		<u>-</u>
Net Fees and Commission Income	13,212		28,239
Gains less losses arising from trading in foreign currencies	10,750		1,198
Gains less losses from trading in securities	-		-
Others	<u>26,578</u>		<u>7,824</u>
Total Operating Income	135,048		155,989
 <u>EXPENSES</u>			
<u>Operating Expenses</u>			
Staff expenses	11,558		10,037
Rental Expenses	10,253		10,594
Other expenses	<u>6,270</u>	<u>28,081</u>	<u>7,680</u>
			<u>28,311</u>
Operating Profit before Impairment Losses	106,967		127,678
Impairment losses and provisions for impaired loans and receivables			
- Collective Provision	2,309		8,648
- Specific Provision	<u>(267,795)</u>	<u>(265,486)</u>	<u>(195,473)</u>
			<u>(186,825)</u>
Profit (Loss) before Taxation	(158,519)		(59,147)
Tax Expense	8,204		6,380
Profit (Loss) after Taxation	<u>(166,723)</u>		<u>(65,527)</u>



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II. Balance Sheet
As at 31st March 2017

	<u>31.3.2017</u>		<u>30.9.2016</u>
	<u>(HK\$'000)</u>		<u>(HK\$'000)</u>
<u>ASSETS</u>			
1. Cash and balances with banks	2,195,827		826,992
2. Placement with banks maturing between one and twelve months	2,914,164		5,250,068
3. Amount due from overseas offices	2,293,078		2,817,090
4. Trade Bills	2,155,070		1,297,830
5. Loans and Receivables			
Advances to customers	4,788,477	7,514,157	
Advances to banks	77,700	77,504	
Accrued interest and other accounts	119,954	135,585	
Provision for impaired loans and receivables - Collective	(33,103)	(35,827)	
Provision for impaired loans and receivables - specific	(434,085)	4,518,943	(290,627)
6. Investment Securities	461,928		459,603
7. Property, plant and equipment	5,242		5,397
Total Assets	14,544,252		18,057,772
<u>LIABILITIES</u>			
8. Deposits and balances of banks	10,890,535		12,330,179
9. Deposits from customers			
Demand deposits and current accounts	205,840	193,754	
Savings deposits	12,595	6,913	
Time, call and notice deposits	1,119,284	1,337,719	1,254,553
10. Amount due to overseas offices	2,252,499		4,174,991
11. Other liabilities	63,499		97,382
12. Other Provisions	0		0
Total Liabilities	14,544,252		18,057,772



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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 2017 and 30th September 2016.

Impaired Loans and Advances to Customers

	HK\$ Million			
	Amount	Current market value of collateral	% to total loans and advances	Specific Provision
As on 31.03.2017	443,492	34,533	9.11%	357,875
As on 30.09.2016	346,429	18,338	4.56%	230,599

	<u>31.03.2017</u> HK\$ '000	<u>30.09.2016</u> HK\$ '000
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	996,394	999,199
ii) Interest rate contracts	23,313	968,587
TOTAL	<u>1,019,707</u>	<u>1,967,786</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	13,931	(28,609)
ii) Interest rate contracts	42	(361)
TOTAL	<u>13,973</u>	<u>(28,970)</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>31.03.2017</u> HK\$ '000	<u>30.09.2016</u> HK\$ '000
Notional Amount		
i) Direct credit substitutes	155,680	175,670
ii) Trade related contingent items	311,379	970,114
iii) Other commitments	-	-
TOTAL	<u>467,059</u>	<u>1,145,784</u>



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III. Additional Information - continued

4 INTERNATIONAL CLAIMS

	31st March 2017					Total
	Banks	Official Sector	Non-Bank Financial Institutions	Private Financial Sector	Others	
1 Developed Countries	3	-	-	-	-	3
2 Offshore Centres	-	-	-	34	-	34
3 Developing Europe	78	-	-	-	-	78
4 Developing Latin America & Carribean	-	-	-	-	-	-
5 Developing Africa & Middle East	194	-	-	-	-	194
6 Developing Asia-Pacific	7,749	-	-	2,404	-	10,153
Of which India	6,855	-	-	2,404	-	9,259
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	8,024	-	-	2,438	-	10,462

	30th September 2016					Total
	Banks	Official Sec	Non-Bank Financial Institutions	Private Financial Sector	Others	
1 Developed Countries	-	-	-	15	-	15
2 Offshore Centres	-	-	-	34	-	34
3 Developing Europe	78	-	-	-	-	78
4 Developing Latin America & Carribean	-	-	-	-	-	-
5 Developing Africa & Middle East	2	-	-	-	-	2
6 Developing Asia-Pacific	8,895	-	-	3,724	-	12,619
Of which India	6,785	-	-	3,662	-	10,447
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	8,975	-	-	3,773	-	12,748

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>31.03.2017</u>		<u>30.09.2016</u>	
	HK\$ ('000)		HK\$ ('000)	
	Loans	Covered by Collateral	Loans	Covered by Collateral
<u>i) By Sectors</u>				
<u>Loans for use in Hong Kong</u>				
a) Industrial, commercial & financial				
Wholesale and retail trade			-	
b) Individuals				
For Purchase of Residential Propertie	-		-	
For other* business purposes	-		-	
For other* private purposes			2,959	2,959
c) Others	827,684	827,684	2,309,132	2,309,132
Trade Finance	1,475,120	461,920	1,411,131	417,052
<u>Loans for use outside Hong Kong</u>	2,563,373	10,106	3,868,439	91,155
TOTAL **	4,866,177	1,299,710	7,591,661	2,820,298

* 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\$ 1,299,71 Million as at 31st March 2017 and HK\$ 2,820.298 Million as at 30th September 2016 .

	<u>31.03.2017</u>		<u>30.09.2016</u>	
	HK\$('000)		HK\$('000)	
Hong Kong	2,302,804 *		3,723,222 *	
India	2,364,931 **		3,733,693 **	
Others	198,442		134,746	
TOTAL	4,866,177		7,591,661	

* Out of the loans to Hong Kong HK\$ 404,642 ('000s) as at 31st March 2017 and \$ 307,654 ('000s) as at 30th September 2016 are impaired loans.

** Out of the loans to India HK\$ 38,850 ('000s) as at 31st March 2017 and \$ 38,775 ('000s) as at 30th September 2016 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

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	10,135	0.21%	-	-	10,135	
More than 6 months but not more than one year	133,198	2.74%	34,533	34,533	398,824	357,875
More than one year	300,159	6.17%				
Total	443,492	9.11%	34,533	34,533	408,959	357,875

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	44,130	0.58%	-	-	44,130	11,016
More than 6 months but not more than one year	153,690	2.02%	18,338	18,338	283,961	219,583
More than one year	148,609	1.96%				
Total	346,429	4.56%	18,338	18,338	328,091	230,599

There were Rescheduled loans and advances to customers overdue for more than 3 months \$ 49,163 ('000s) as on 31st March 2017 and \$ 49,061 ('000s) as on 30th September 2016 .

	31.03.2017	30.09.2016
	(HK\$'000)	(HK\$'000)
Current market value of collateral held against the covered portion of impaired loans and advances	34,533	18,338
Covered portion of impaired loans and advances	34,533	18,338
Uncovered portion of impaired loans and advances	408,959	328,091

There were other assets overdue for more than three months to the extent of HK\$ 91,471 ('000s) as at 31st March 2017 and HK\$ 83,811 ('000s) as at 30th September 2016 .

There was no repossessed assets held as at 31st March 2017 and 30th September 2016 .



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III. Additional Information - continued

7. Overdue and Rescheduled Assets to banks

There were no advances to banks overdue for more than 3 months as at 31st March 2017 and 30th September 2016 .

There were no other assets overdue for more than 3 months as at 31st March 2017 and 30th September 2016 .

There were no rescheduled advances as at 31st March 2017 and 30th September 2016 .

There were no repossessed assets as at 31st March 2017 and 30th September 2016 .

8. Mainland Activities Exposures

	<u>31.3.2017</u>			<u>30.9.2016</u>		
	HK\$('000s)			HK\$('000s)		
	<u>On Balance</u>	<u>Off</u>		<u>On Balance</u>	<u>Off Balance</u>	
	<u>Sheet</u>	<u>Balance</u>	<u>Total</u>	<u>Sheet</u>	<u>Sheet</u>	<u>Total</u>
	<u>Exposure</u>	<u>Sheet</u>		<u>Exposure</u>	<u>Exposure</u>	
		<u>Exposure</u>				
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	298,164	18,617	316,781	347,507	38,940	386,447
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	-	-	-	-	-	-
Total	298,164	18,617	316,781	347,507	38,940	386,447
Total assets after provision	14,544,252			18,057,772		
On-balance sheet exposures as percentage of total assets	2.05%			1.92%		



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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>31.3.2017</u>			Total
	(HK\$ Million)			
	US\$	GBP	EURO	
Spot assets	14,238	-	214	14,452
Spot liabilities	(14,622)	(228)	(27)	(14,877)
Forward purchases	690	228	1	919
Forward sales	(306)	-	(188)	(494)
Net options	-	-	-	-
Net long (short) position	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

	<u>30.9.2016</u>			Total
	(HK\$ Million)			
	US\$	GBP	EURO	
Spot assets	17,603	8	197	17,808
Spot liabilities	(18,023)	(257)	(13)	(18,293)
Forward purchases	710	249	3	962
Forward sales	(290)	-	(187)	(477)
Net options	-	-	-	-
Net long (short) position	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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



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10. Liquidity

	Twelve Months ended 31.3.2017	Twelve Months ended 31.3.2016
Average Liquidity Maintenance Ratio	40.49%	41.62%

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.

LIQUIDITY RISK MANAGEMENT

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. The Risk Management Committee, comprising of the Senior Executives of the Hong kong Branch 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, known 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. The Bank 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.



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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 2017.

	HK\$ ('000s)	Beneficiaries
Fixed remuneration	1,468	4
Variable remuneration	-	-
	<hr/>	<hr/>
	1,468	4

ii) No senior management or key personnel has been awarded with deferred remuneration during the year ended 31st March 2017.

iii) No senior management or key personnel has been awarded with new sign-on or severance payment during the year ended 31st March 2017.

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SECTION B - BANK INFORMATION CONSOLIDATED BASIS

1. Capital and Capital Adequacy

	<u>31.3.2017</u> HK\$('000s)	<u>31.3.2016</u> HK\$('000s)
<u>i) Capital</u>		
Shareholders' Funds	<u>51,393,285*</u>	<u>49,595,289**</u>
<u>ii) Capital Adequacy Ratio***</u>		
Basel III	<u>12.80%</u>	<u>13.63%</u>

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

2. Other financial information

	<u>31.3.2017</u> HK\$('000s)	<u>31.3.2016</u> HK\$('000s)
Total Assets	858,258,369*	806,510,006**
Total Liabilities	806,865,084*	756,914,717**
Total Advances	468,093,433*	456,809,784**
Total Customer Deposits	<u>654,017,635*</u>	<u>586,726,318**</u>
	<u>Year Ended</u> <u>31st March 2017</u>	<u>Year Ended</u> <u>31st March 2016</u>
Pre-tax Profit(Loss)	<u>3,653,827*</u>	<u>(7,249,212)**</u>

* Indian Rupee converted to HK\$ @ 8.38 (31st March 2017)

** Indian Rupee converted to HK\$ @ 8.57 (31st March 2016)

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of Bank of Baroda, Hong Kong Branch for the year ended 31st March 2017. 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.


M.K. Chary
Chief Executive
Bank of Baroda
Hong Kong

