

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 2019

	<u>31.3.2019</u>	<u>31.3.2018</u>
	(HK \$'000)	(HK \$'000)
<u>INCOME</u>		
Interest income	143,159	257,300
Interest expenses	<u>(101,065)</u>	<u>(210,135)</u>
Net interest income	42,094	47,165
 <u>Other Operating Income</u>		
Gross fees and commission income	12,280	13,968
Less: Expenses	<u>-</u>	<u>-</u>
Net Fees and Commission Income	12,280	13,968
Gains less losses arising from trading in foreign currencies	5,196	9,426
Gains less losses from trading in securities	-	-
Profit on Sale of Fixed Assets	(12)	23,947
Others	<u>7,196</u>	<u>7,424</u>
Total Operating Income	66,754	101,930
 <u>EXPENSES</u>		
<u>Operating Expenses</u>		
Staff expenses	6,372	9,765
Rental Expenses	7,512	8,241
Other expenses	<u>3,903</u>	<u>5,848</u>
	17,787	23,854
Operating Profit before Impairment Losses	48,967	78,076
Net charge for debt provision	<u>(34,821)</u>	<u>(83,997)</u>
Profit (Loss) before Taxation	14,146	(5,921)
Tax Expense	(1,940)	(8,912)
Profit (Loss) after Taxation	<u>12,206</u>	<u>2,991</u>



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II. Balance Sheet
As at 31st March 2019

	<u>31.3.2019</u>	<u>30.9.2018</u>
	<u>(HK\$'000)</u>	<u>(HK\$'000)</u>
<u>ASSETS</u>		
1. Cash and balances with banks	22,982	30,803
2. Placement with banks maturing between one and twelve months	0	0
3. Amount due from overseas offices	1,013,925	536,755
4. Trade Bills	165,285	349,521
5. Loans and Receivables		
Advances to customers	1,409,073	1,810,726
Advances to banks	-	-
Accrued interest and other accounts	106,635	97,633
Provision for impaired loans and receivables - Collective	(20,525)	(25,129)
Provision for impaired loans and receivables - specific	(51,570)	(34,166)
6. Investment Securities	461,878	462,065
7. Property, plant and equipment	0	0
Total Assets	<u>3,107,683</u>	<u>3,228,208</u>
<u>LIABILITIES</u>		
8. Deposits and balances of banks	902,823	626,400
9. Deposits from customers		
Demand deposits and current accounts	41,658	83,986
Savings deposits	2,944	3,230
Time, call and notice deposits	467,839	681,289
10. Amount due to overseas offices	1,666,486	1,799,243
11. Other liabilities	25,933	34,060
12. Other Provisions	0	0
Total Liabilities	<u>3,107,683</u>	<u>3,228,208</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 2019 and 30th September 2018.

Impaired Loans and Advances to Customers

	HK\$ Million			
	Amount	Current market value of collateral	% to total loans and advances	Specific Provision
As on 31.03.2019	79.573	6.349	5.65%	33.159
As on 30.09.2018	25.227	6.349	1.39%	20.742

	<u>31.03.2019</u> HK\$ '000	<u>30.09.2018</u> HK\$ '000
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	464,672	484,454
ii) Interest rate contracts	-	23,477
TOTAL	<u>464,672</u>	<u>507,931</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	849	(433)
ii) Interest rate contracts	-	28
TOTAL	<u>849</u>	<u>(405)</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>31.03.2019</u> HK\$ '000	<u>30.09.2018</u> HK\$ '000
Notional Amount		
i) Direct credit substitutes	7,850	12,558
ii) Trade related contingent items	153,472	206,162
iii) Other commitments	-	-
TOTAL	<u>161,322</u>	<u>218,720</u>



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III. Additional Information - continued

4 INTERNATIONAL CLAIMS

	31st March 2019					Total
	Banks	Official Sector	Non-Bank Financial Institutions	Private Sector	Others	
1 Developed Countries	707	-	-	-	-	707
Of which United States	133	-	-	-	-	133
2 Offshore Centres	314	-	-	29	-	343
Of which Singapore	314	-	-	29	-	343
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America & Carribean	-	-	-	-	-	-
5 Developing Africa & Middle East	-	-	-	-	-	-
Of which UAE	-	-	-	-	-	-
6 Developing Asia-Pacific	14	-	-	109	-	123
Of which India	14	-	-	109	-	123
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	1,035	-	-	138	-	1,173

	30th September 2018					Total
	Banks	Official Sector	Non-Bank Financial Institutions	Private Sector	Others	
1 Developed Countries	230	-	-	-	-	230
Of which United States	10	-	-	-	-	10
2 Offshore Centres	328	-	-	39	-	367
Of which Singapore	313	-	-	39	-	352
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America & Carribean	-	-	-	-	-	-
5 Developing Africa & Middle East	-	-	-	-	-	-
Of which UAE	-	-	-	-	-	-
6 Developing Asia-Pacific	83	-	-	241	-	324
Of which India	83	-	-	241	-	324
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	641	-	-	280	-	921

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>31.03.2019</u>		<u>30.09.2018</u>	
	<u>HK\$ ('000)</u>		<u>HK\$ ('000)</u>	
	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	-	-		
c) Others	78,881	78,881	107,972	107,972
Trade Finance	996,305	402,928	1,231,849	767,372
<u>Loans for use outside Hong Kong</u>	333,887	296,291	470,905	417,926
TOTAL **	1,409,073	778,100	1,810,726	1,293,270

* 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\$ 778.100 Million as at 31st March 2019 and HK\$ 1293.270 Million as at 30th September 2018 .

<u>ii) By Geographical Areas</u>	<u>31.03.2019</u>		<u>30.09.2018</u>	
	<u>HK\$ ('000)</u>		<u>HK\$ ('000)</u>	
Hong Kong	1,075,186	*	1,339,821	*
India	109,347		241,189	
Others	224,540		229,716	
TOTAL	1,409,073		1,810,726	

* Out of the loans to Hong Kong HK\$ 79,573 ('000s) as at 31st March 2019 and \$ 25,227 ('000s) as at 30th September 2018 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		31.03.2019		(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	-	0.00%	-	-	-	
More than 6 months but not more than one year	60,267	4.28%	66,123	66,123	13,450	33,159
More than one year	19,306	1.37%				
Total	79,573	5.65%	66,123	66,123	13,450	33,159

Overdue Loans and Advances to customers		30.09.2018		(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	-	0.00%	-	-	-	
More than 6 months but not more than one year	5,980	0.33%	6,349	6,349	18,878	20,742
More than one year	19,247	1.06%				
Total	25,227	1.39%	6,349	6,349	18,878	20,742

There were overdue loans and advances to customers overdue for more than 6 months \$ 60,267 ('000s) as on 31st March 2019 and \$ 5,980 ('000s) as on 30th September 2018.

	31.03.2019 (HK\$'000)	30.09.2018 (HK\$'000)
Current market value of collateral held against the covered portion of impaired loans and advances	66,123	6,349
Covered portion of impaired loans and advances	66,123	6,349
Uncovered portion of impaired loans and advances	13,450	18,878

There were other assets overdue for more than 3 months to the extent of HK\$ 52,826 ('000s) as at 31st March 2019 and HK\$ 13,424 ('000s) as at 30th September 2018 .

There was no repossessed assets held as at 31st March 2019 and 30th September 2018.



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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 2019 and 30th September 2018.

There were no rescheduled advances as at 31st March 2019 and 30th September 2018.

There were no repossessed assets as at 31st March 2019 and 30th September 2018.

8. Mainland Activities Exposures

		31.3.2019			30.9.2018		
		HK\$('000s)			HK\$('000s)		
		On Balance	Off		On Balance	Off Balance	
		Sheet	Sheet	Total	Sheet	Sheet	Total
		Exposure	Exposure		Exposure	Exposure	
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	358,395	629	359,024	540,981	17,942	558,923
7	Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China	-	-	-	-	-	-
Total		358,395	629	359,024	540,981	17,942	558,923
Total assets after provision		3,107,683			3,228,208		
On-balance sheet exposures as percentage of total assets		11.53%			16.76%		



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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.

	31.3.2019			
	(HK\$ Million)			
	US\$	GBP	EURO	Total
Spot assets	2,470	219	6	2,695
Spot liabilities	(2,935)	(218)	(6)	(3,159)
Forward purchases	465	0	0	465
Forward sales	-	(1)	-	(1)
Net options	-	-	-	-
Net long (short) position	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

	30.9.2018			
	(HK\$ Million)			
	US\$	GBP	EURO	Total
Spot assets	3,287	220	15	3,522
Spot liabilities	(3,771)	(233)	(15)	(4,019)
Forward purchases	484	13	0	497
Forward sales	-	-	-	-
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 as at 31st March 2019 and 30th September 2018.



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10. Liquidity

	Twelve Months ended 31.3.2019	Twelve Months ended 31.3.2018
Average Liquidity Maintenance Ratio	<u>107.14%</u>	<u>53.31%</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.

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 2019.

	HK\$ ('000s)	Beneficiaries
Fixed remuneration	641	2
Variable remuneration	-	-
	<u>641</u>	<u>2</u>

ii) No senior management or key personnel has been awarded with deferred remuneration during the year ended 31st March 2019.

iii) No senior management or key personnel has been awarded with new sign-on or severance payment during the year ended 31st March 2019.

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SECTION B - BANK INFORMATION CONSOLIDATED BASIS

1. Capital and Capital Adequacy

	<u>31.3.2019</u> HK\$('000s)	<u>31.3.2018</u> HK\$('000s)
<u>i) Capital</u>		
Shareholders' Funds	<u>68,100,023*</u>	<u>56,070,118**</u>
<u>ii) Capital Adequacy Ratio***</u>		
Basel III	<u>13.42%</u>	<u>12.87%</u>

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

2. Other financial information

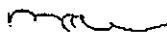
	<u>31.3.2019</u> HK\$('000s)	<u>31.3.2018</u> HK\$('000s)
Total Assets	930,388,132*	900,427,355**
Total Liabilities	924,063,088*	844,357,237**
Total Advances	549,619,535*	527,322,408**
Total Customer Deposits	<u>692,868,462*</u>	<u>687,816,904**</u>
	<u>Year Ended</u> <u>31st March 2019</u>	<u>Year Ended</u> <u>31st March 2018</u>
Pre-tax Profit(Loss)	<u>1,745,307*</u>	<u>(2,505,388)**</u>

* Indian Rupee converted to HK\$ @ 8.810 (31st March 2019)

** Indian Rupee converted to HK\$ @ 8.305 (31st March 2018)

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 2019. 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.



Chief Executive
Bank of Baroda
Hong Kong

