

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

I. Profit and Loss Account

For the six months ended 30th September 2018

	<u>30.9.2018</u>	<u>30.9.2017</u>
	(HK \$'000)	(HK \$'000)
<u>INCOME</u>		
Interest income	141,168	204,561
Interest expenses	<u>(112,674)</u>	<u>(155,201)</u>
Net interest income	28,494	49,360
 <u>Other Operating Income</u>		
Gross fees and commission income(Expenses NIL)	12,399	17,218
Gains less losses from dealings in foreign currencies	6,100	7,059
Gains less losses from trading in securities	16,073	3,916
Others	<u>10,319</u>	<u>60,507</u>
Total Operating Income	73,385	138,060
 <u>EXPENSES</u>		
<u>Operating Expenses</u>		
Staff expenses	6,423	7,101
Rent, taxes and lighting	4,303	4,562
Other expenses	<u>7,940</u>	<u>18,357</u>
Operating Profit before Impairment Losses	54,719	119,703
 Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(31,519)	(8,153)
- Specific Provision	<u>(292,672)</u>	<u>(95,729)</u>
Provision for Investments	<u>(2,648)</u>	<u>(103,882)</u>
Profit before Taxation	(272,120)	15,821
Taxation Expense	-	(3,789)
Profit (Loss) after Taxation	<u>(272,120)</u>	<u>12,032</u>



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II. Balance Sheet

As at 30th September 2018

	<u>30.09.2018</u> (HK\$'000)	<u>31.03.2018</u> (HK\$'000)
ASSETS		
1 Cash and balances with banks	91,781	626,924
2 Placement with banks maturing between one and twelve months	-	-
3 Amount due from overseas offices	15,870	801,115
4 Trade Bills	836,744	927,027
5 Loans and Receivables		
Advances to customers	4,414,513	8,563,492
Advances to banks	-	-
Accrued interest and other accounts	1,547,248	1,822,064
Provision for impaired loans and receivables - collective	-	(76,932)
Provision for impaired loans and receivables - specific	<u>(122,313)</u>	<u>(478,637)</u>
6 Investment Securities	1,847,964	834,104
7 Property, plant and equipment	190,881	193,813
Total Assets	<u><u>8,822,688</u></u>	<u><u>13,212,970</u></u>
LIABILITIES		
8 Deposits and balances of banks	69,702	1,048,631
9 Deposits from customers		
Demand deposits and current accounts	406,943	437,366
Savings deposits	33,446	36,277
Time, call and notice deposits	<u>2,137,888</u>	<u>3,474,494</u>
10 Negotiable Debt Instruments	-	0
11 Amount due to overseas offices	4,697,086	6,453,433
12 Other liabilities	1,427,717	1,760,924
13 Other Provisions	49,906	1,845
Total Liabilities	<u><u>8,822,688</u></u>	<u><u>13,212,970</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 30th September 2018 and 31st March 2018 .

There were impaired loans and advances to other customers to the extent of HK\$ 763.267 Million as at 30th September 2018 and HK\$ 1,002.650 Million as at 31st March 2018.

	<u>30.9.2018</u>	<u>31.3.2018</u>
	HK\$ '000	HK\$ '000
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	1,730,617	3,311,363
ii) Interest rate contracts	109,061	143,618
TOTAL	<u>1,839,678</u>	<u>3,454,981</u>
b) Fair Value of Derivative contracts (Gross)		
i) Exchange rate contracts	10,064	19,453
ii) Interest rate contracts	23	45
TOTAL	<u>10,087</u>	<u>19,498</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>30.9.2018</u>	<u>31.3.2018</u>
	HK\$ '000	HK\$ '000
Notional Amount		
i) Direct credit substitutes	328,885	322,133
ii) Trade related contingent items	2,664,505	3,354,247
iii) Other commitments	255,305	371,288
TOTAL	<u>3,248,695</u>	<u>4,047,668</u>



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III. Additional Information - continued

4 INTERNATIONAL CLAIMS

	Banks	Official Sector	30th September 2018		Others	Total
			Non-Bank	Private Sector		
			Financial	Non-Financial		
			Institutions	Private Sector		
HK \$ Million						
1 Developed Countries	1,489	-	-	213	-	1,702
Of which United Kingdom	-	-	-	89	-	89
Of which United States	1,488	-	-	44	-	1,532
Of which Cyprus	-	-	-	39	-	39
Of which Netherlands	-	-	-	39	-	39
2 Offshore Centres	-	-	-	1,100	-	1,100
Of which Singapore	-	-	-	576	-	576
Of which Mauritius	-	-	-	498	-	498
3 Developing Europe	-	-	-	22	-	22
4 Developing Latin America & Caribbean	8	-	-	2	-	10
5 Developing Africa & Middle East	-	-	-	931	-	931
Of which Egypt	-	-	-	819	-	819
Of which UAE	-	-	-	64	-	64
6 Developing Asia-Pacific	459	-	-	1,119	-	1,578
Of which India	437	-	-	720	-	1,157
Of which Indonesia	-	-	-	208	-	208
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	1,956	-	-	3,387	-	5,343

	Banks	Official Sector	31st March 2018		Others	Total
			Non-Bank	Private Sector		
			Financial	Non-Financial		
			Institutions	Private Sector		
HK \$ Million						
1 Developed Countries	1,330	-	-	450	-	1,780
Of which United Kingdom	406	-	-	187	-	593
Of which United States	914	-	-	61	-	975
Of which Cyprus	-	-	-	157	-	157
2 Offshore Centres	400	-	-	1,398	-	1,798
Of which Singapore	400	-	-	653	-	1,053
Of which Mauritius	-	-	-	718	-	718
3 Developing Europe	-	-	-	30	-	30
4 Developing Latin America & Caribbean	1	-	-	2	-	3
5 Developing Africa & Middle East	-	-	-	986	-	986
Of which Egypt	-	-	-	816	-	816
Of which UAE	-	-	-	117	-	117
6 Developing Asia-Pacific	4,242	-	-	931	-	5,173
Of which India	3,834	-	-	770	-	4,604
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	5,973	-	-	3,797	-	9,770

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>30.9.2018</u>	<u>31.3.2018</u>
	HK\$ ('000)	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	17,782	40,325
For other* private purposes		
c) Others Trade Financing	1,494,913	1,469,161
<u>Loans for use outside Hong Kong</u>	2,901,818	7,054,006
TOTAL **	<u>4,414,513</u>	<u>8,563,492</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\$ 3,064.688 Million as at 30th September 2018 and HK\$ 3,820.405 Million as at 31st March 2018 .

ii) By Geographical Areas

Hong Kong	1,473,126 *	1,509,486
India	912,435 **	4,353,507
Others	2,028,952 ***	2,700,499
TOTAL	<u>4,414,513</u>	<u>8,563,492</u>

* Out of the loans to Hong Kong HK\$ 21,551 ('000s) as at 30th September 2018 and \$ 166,781 ('000s) as at 31st March 2018 are impaired loans.

** Out of the loans to India HK\$ 456,444 ('000s) as at 30th September 2018 and \$ 71,009 ('000s) as at 31st March 2018 are impaired loans.

*** Out of the loans to others HK\$ 285,272 ('000s) as at 30th September 2018 and \$ 764,860 ('000s) as at 31st March 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.

The stamp is circular with the text "INDIAN OVERSEAS BANK" around the perimeter and "HONG KONG BRANCH" in the center. A handwritten signature is written across the stamp.

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III. Additional Information - continued

6. Overdue and Rescheduled Assets of Customers

	30.9.2018 (HK\$'000)				31.3.2018 (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		-			395,015	4.61	890,847	448,664
More than 6 months but not more than one year	422,213	9.56	421,075	84,215	109,525	1.28		
More than one year	341,054	7.73	323,161	38,098	893,126	10.43		

There were other overdue assets to the extent of HK\$ 0 as at 30th September 2018 and HK\$ 60 ('000s) as at 31st March 2018.

There were rescheduled advances to the extent of HK\$ 421,075 as at 30th September 2018 and HK\$ 395 ('000s) as at 31st March 2018 .

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

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 30th September 2018 and 31st March 2018 .

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

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



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III. Additional Information - continued

8 Non-bank Mainland Activities

<u>Type of counterparties</u>	<u>30.9.2018</u> (HK\$'000)			<u>31.3.2018</u> (HK\$'000)		
	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</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	-	-	-	-	-	-
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	8,822,688			13,212,970		
On-balance sheet exposures as percentage of total assets	0.00			0.00		



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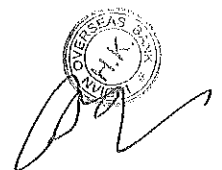
9. Foreign Currency Exposure

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

	30.9.2018			Total
	US\$	Euro	GBP	
Spot assets	6,681	155	16	6,852
Spot liabilities	(6,238)	(14)	(17)	(6,269)
Forward purchases	196	5	1	202
Forward sales	(639)	(146)	-	(785)
Net options	-	-	-	-
Net long (short) position	0	0	0	-

	31.3.2018			Total
	US\$	Euro	GBP	
Spot assets	10,524	655	11	11,190
Spot liabilities	(10,364)	(74)	(18)	(10,456)
Forward purchases	748	16	7	771
Forward sales	(909)	(596)	-	(1,505)
Net options	-	-	-	-
Net long (short) position	-1	1	0	0

There is no net structural position constituting 10% or more of the total net structural position in all foreign currencies as at 30th September 2018 and 31st March 2018 .



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III. Additional Information - continued

10. Liquidity

	Six Months ended 30.9.2018	Six Months ended 30.9.2017
Average Liquidity Maintenance Ratio	<u>108.19%</u>	<u>67.72%</u>

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

	Three Months ended 30.9.2018	Three Months ended 30.6.2018
Average Liquidity Maintenance Ratio	<u>108.92%</u>	<u>107.46%</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

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 six months ended 30th September 2018.

	<u>HK\$</u>	<u>Beneficiaries</u>
Fixed remuneration	553,557	4
Variable remuneration	0	0
Total	<u>553,557</u>	<u>4</u>

ii) No senior management or key personnel has been awarded with deferred remuneration during the six months ended 30th September 2018.

and

iii) No senior management or key personnel has been awarded with new sign-on or severance payment during the six months ended 30th September 2018.



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

1. Capital and Capital Adequacy

	<u>31.3.2018</u> HK\$('000s)	<u>31.3.2017</u> HK\$('000s)
<u>i) Capital</u>		
Shareholders' Funds	<u>15,983,122*</u>	<u>16,401,611**</u>
<u>ii) Capital Adequacy Ratio***</u>	<u>9.25%</u>	<u>10.50%</u>

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

2. Other financial information

Total Assets	298,576,797*	350,910,346**
Total Liabilities	282,684,901*	334,508,735**
Total Advances	159,528,976*	167,611,718**
Total Customer Deposits	<u>261,085,865*</u>	<u>252,171,468**</u>

<u>Year Ended</u> <u>31st March 2018</u>	<u>Year Ended</u> <u>31st March 2017</u>
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Pre-tax Profit (Loss)	<u>(7,585,178)*</u>	<u>(4,034,523)**</u>
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*Indian Rupee converted to HK\$ @ 8.305 (31st March 2018)

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

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of Indian Overseas Bank, Hong Kong Branch for the six months ended 30th September 2018. 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.


Naresh Kumar Parihar
Chief Executive
Indian Overseas Bank
Hong Kong

