

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

I. Profit and Loss Account
For the six months ended 30 September 2021

	31.03.2021 (HK \$'000)	30.09.2021 (HK \$'000)
<u>INCOME</u>		
Interest income	499,767	98,603
Interest expenses	<u>(309,281)</u>	<u>(37,118)</u>
Net interest income	190,486	61,485
<u>Other Operating Income</u>		
Gross fees and commission income(Expenses-Nil)	44,568	175
Gains less losses from dealing in foreign currencies	(34,329)	(7,986)
Gains less losses from trading in securities	24,817	20,507
Others	-	3,830
Total Operating Income	<u>225,542</u>	<u>78,011</u>
<u>EXPENSES</u>		
<u>Operating Expenses</u>		
Staff expenses	12,630	2,650
Rent, taxes and lighting	8,117	40
Other expenses	11,464	2,984
Net (reversal) charge of other provisions	<u>32,211</u>	<u>5,674</u>
Operating Profit before Impairment Losses	193,331	72,337
Impairment losses and provisions for impaired loans and receivables		
- Collective Provision	(34,721)	13,851
- Specific Provision	<u>(16,470)</u>	<u>82,795</u>
Profit (Loss) before Taxation	142,140	168,983
Taxation Expense	<u>(28,946)</u>	<u>(14,092)</u>
Profit (Loss) after Taxation	<u><u>113,194</u></u>	<u><u>154,891</u></u>



PUNJAB NATIONAL BANK, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

II. Balance Sheet

As at 30 September 2021

	<u>31.3.2021</u>		<u>30.9.2021</u>
	(HK\$'000)		(HK\$'000)
ASSETS			
1 Cash and balances with banks	4,989,150		1,422,768
2 Placement with banks maturing between one and twelve months	4,283,529		428,384
3 Amount due from overseas offices	7		18
4 Trade Bills	34,089		-
5 Loans and Receivables			
Advances to customers	13,257,492	222,856	
Advances to banks			
Accrued interest and other accounts	163,117	7,405	
Provision for impaired loans and receivables			
- collective	(111,519)	(2,220)	
- specific	(269,548)	(35,537)	192,504
6 Investment Securities	3,397,180		134,248
7 Property, plant and equipment	192		-
Total Assets	<u>25,743,689</u>		<u>2,177,922</u>
LIABILITIES			
8 Deposits and balances of banks	18,303,222		1,389,550
9 Deposits from customers			
Demand deposits and current accounts	43,795	6,355	
Savings deposits	11,274	2,144	
Time, call and notice deposits	58,392	113,461	1,500
10 Amount due to overseas offices	7,174,460		722,623
11 Negotiable Debt Instruments	-		-
12 Other liabilities	152,546		55,750
13 Other Provisions	-		-
Total Liabilities	<u>25,743,689</u>		<u>2,177,922</u>



PUNJAB NATIONAL BANK, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information

1. Impaired Loans and Advances

There were no impaired loans and advances to banks and other financial institutions as at 31 March 2021 and 30 September 2021.

There were impaired loans and advances to other customers to the extent of HK\$ 196.002 Million as at 31 March 2021 and HK\$ Nil Million as at 30 September 2021.

	<u>31.3.2021</u> HK\$ '000	<u>30.9.2021</u> HK\$ '000
<u>2. Derivatives</u>		
a) Notional Amount		
i) Exchange rate contracts	-	-
ii) Interest rate contracts	-	-
TOTAL	<u>-</u>	<u>-</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>30.9.2021</u> HK\$ '000
Notional Amount		
i) Direct credit substitutes		
ii) Trade related contingent items	54,076	-
iii) Other commitments	-	-
TOTAL	<u>54,076</u>	<u>-</u>



PUNJAB NATIONAL BANK, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

4 INTERNATIONAL CLAIMS

	Banks	Official Sector	31-Mar-21			Total
			Non-Bank Private Sector		Others	
			Non-Bank Financial Institutions	Non-Financial Private Sector		
HK \$ Million						
1 Developed Countries	4,423	258	-	819	-	5,500
of which Unites States	969	258	-	-	-	1,227
of which United Kingdom	1,752	-	-	38	-	1,790
2 Offshore Centres	1,129	74	-	1,762	-	2,965
of which Singapore	194	-	-	104	-	298
of which Hong Kong	160	74	-	669	-	903
of which Mauritius	-	-	-	600	-	600
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America & Carribean	-	-	-	-	-	-
5 Developing Africa & Middle East	1,400	-	-	1,176	-	2,576
of which UAE	225	-	-	1,176	-	1,401
of which Oman	155	-	-	-	-	155
6 Developing Asia-Pacific	2,296	3	1,477	8,133	-	11,909
Of which India	641	-	1,477	7,915	-	10,033
Of which China	140	3	-	-	-	143
Of which Srilanka	-	-	-	-	-	-
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	9,248	335	1,477	11,890	-	22,950

	Banks	Official Sector	30-Sep-21			Total
			Non-Bank Private Sector		Others	
			Non-Bank Financial Institutions	Non-Financial Private Sector		
HK \$ Million						
1 Developed Countries	311	117	-	-	-	428
of which Unites States	66	117	-	-	-	183
of which United Kingdom	244	-	-	-	-	244
of which Japan	1	-	-	-	-	1
2 Offshore Centres	3	27	-	(27)	-	3
of which Singapore	-	-	-	-	-	-
of which Hong Kong	3	27	-	(27)	-	3
of which Mauritius	-	-	-	-	-	-
3 Developing Europe	-	-	-	-	-	-
4 Developing Latin America & Carribean	-	-	-	-	-	-
5 Developing Africa & Middle East	1,489	-	-	-	-	1,489
of which UAE	-	-	-	-	-	-
of which Oman	514	-	-	-	-	514
of which Qatar	975	-	-	-	-	975
6 Developing Asia-Pacific	39	-	-	251	-	290
Of which India	4	-	-	33	-	37
Of which China	-	-	-	-	-	-
Of which Srilanka	-	-	-	-	-	-
Of which Bhutan	-	-	-	218	-	218
Of which Kazakhstan	35	-	-	-	-	35
7 International Organisations	-	-	-	-	-	-
8 Unallocated by Country	-	-	-	-	-	-
	1,842	144	-	224	-	2,210

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.



PUNJAB NATIONAL BANK, HONG KONG BRANCH
(BANK INCORPORATED IN INDIA WITH LIMITED LIABILITY)
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

5. Advances to customers

	<u>31.3.2021</u>	<u>30.9.2021</u>
<u>i) By Sectors</u>	HK\$ ('000)	HK\$ ('000)
<u>Loans for use in Hong Kong</u>		
a) Industrial, commercial & financial		
Wholesale and retail trade	614,132	222,851
b) Individuals		
For other* business purposes	-	-
For other* private purposes	-	-
c) Others	-	-
Trade Financing	22,160	5
<u>Loans for use outside Hong Kong</u>	<u>12,621,200</u>	<u>-</u>
TOTAL **	<u>13,257,492</u>	<u>222,856</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\$ 2,172.27 Million as at 31 March 2021 and HK\$ 88.01 Million as at 30 September 2021.

ii) By Geographical Areas

Hong Kong	636,288 *	-
India	9,351,331 **	4,474
Others	<u>3,269,873 ***</u>	<u>218,382</u>
TOTAL	<u>13,257,492</u>	<u>222,856</u>

* Out of the loans to Hong Kong HK\$ 22,158 ('000s) as on 31 March 2021 and HK\$ Nil ('000s) as on 30 September 2021 are impaired.

** Out of the loans to India HK\$ 35,275 ('000s) as on 31 March 2021 and HK\$ Nil ('000s) as on 30 September 2021 are impaired.

*** Out of the loans to others HK\$ 138,571 ('000s) as on 31 March 2021 and HK\$ Nil ('000s) as on 30 September 2021 are impaired.

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.

PAGE 5



PUNJAB NATIONAL BANK, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

6. Overdue and Rescheduled Assets of Customers

Overdue Loans and Advance to customers

	31.3.2021 (HK\$'000)				30.9.2021 (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	54,685	0.41%			-	-	-	-
More than 6 months but not more than one year	-	-	-	265,078	-	-	-	-
More than one year	141,302	1.07%			35,054	15.73%	-	35,054

There were other assets overdue for more than 3 months HK\$ 34,087 (000's) as on 31 March 2021 and HK\$ Nil (000's) as on 30 September 2021.

There were no rescheduled advances as at 31 March 2021 and 30 September 2021.

There were no repossessed assets as at 31 March 2021 and 30 September 2021.

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 31 March 2021 and 30 September 2021.

Other assets amounting to HK\$ 34,983 (000's) were overdue for more than 3 months as at 31 March 2021 and NIL at 30 September 2021.

There were no rescheduled advances as at 31 March 2021 and 30 September 2021.

There were no repossessed assets as at 31 March 2021 and 30 September 2021.



PUNJAB NATIONAL BANK, HONG KONG
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

8 Non-bank Mainland Activities

<u>Type of counterparties</u>	<u>31.3.2021</u> (HK\$'000)			<u>30.9.2021</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)	3,901	-	3,901	-	-	-
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	3,901	0	3,901	0	0	0
Total assets after provision	25,743,689			2,177,922		
On-balance sheet exposures as percentage of total assets	0.02			0.00		



PUNJAB NATIONAL BANK, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

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>31.3.2021</u>					Total
	(HK\$ Million)					
	US\$	GBP	JPY	EURO	AUD	
Spot assets	25,224	-	2	111	773	26,110
Spot liabilities	(25,085)	-	(222)	(2)	-	(25,309)
Forward purchases	1,059	-	419	-	-	1,478
Forward sales	(447)	-	(214)	(109)	(770)	(1,540)
Net options						-
Net long (short) position	<u>751</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>3</u>	<u>739</u>

	<u>30.9.2021</u>					Total
	(HK\$ Million)					
	US\$	GBP	JPY	EURO	AUD	
Spot assets	2,206	-	1	-	-	2,207
Spot liabilities	(1,268)	-	(182)	-	-	(1,450)
Forward purchases	16	-	181	-	-	197
Forward sales	(198)	-	(15)	-	-	(213)
Net options	-	-	-	-	-	-
Net long (short) position	<u>756</u>	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>741</u>

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



PUNJAB NATIONAL BANK, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

10. Liquidity

	Six Months <u>ended 31.03.2021</u>	Six Months <u>ended 30.09.2021</u>
Average Liquidity Maintenance Ratio	<u>262.69%</u>	<u>768.65%</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 <u>ended 31.03.2021</u>	Three Months <u>ended 31.12.2020</u>	Three Months <u>ended 30.9.2021</u>	Three Months <u>ended 30.6.2021</u>
Average Liquidity Maintenance Ratio	<u>408.10%</u>	<u>117.28%</u>	<u>634.80%</u>	<u>902.50%</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 Punjab National Bank (PNB), Hong Kong Branch is part of the PNB 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 PNB 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 PNB'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 to potential liquidity and funding problems.

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 PNB 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.



PUNJAB NATIONAL BANK, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

Liquidity Monitoring

PNB 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.

PNB 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 PNB 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 PNB 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.



PUNJAB NATIONAL BANK, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION A - BRANCH INFORMATION (HONG KONG ONLY)

III. Additional Information - continued

11. Remuneration Policy of the Branch

Pursuant to section 3 off CG 5 guideline on sound remuneration system issued by HKMA, the following disclosures are made:

a) The design and implementation of the remuneration system.

Senior Management and the key personnel of the Branch are all Bank's Officers from India deputed to the Branch for a specified term .The Remuneration to them is a fixed amount and has no variable component. The amount of Remuneration to them is decided by an independent committee called 'Working Group of the Standing Committee' set up by the Government of India . The members of this Working Group are representatives of five Indian Public Sector banks Viz. Bank of India, Bank of Baroda, Indian Overseas Bank, Exim Bank of India and State Bank of India.The Working Group reviews the remuneration amount at periodical intervals.

b) Aggregate quantitative information on remuneration for senior management and key personnel(Note) for the six months ended 30 September 2021 are as follows

	HK\$'000	Number of Beneficiaries
Fixed Remuneration	363	2
Variable Remuneration	0	0
Deferred Remuneration	0	0
Total	<u>363</u>	<u>2</u>

No senior management or key personnel has been awarded with new sign-on or severance payment during the for the six months ended 30 September 2021.

Note: As advised in the CG 5- Guidelines on a sound remuneration system issued by HKMA, senior management personnel are those who are responsible for oversight of either the Bank's company-wise strategy or activities or those of the Bank's main business lines. Key personnel are individual employees whose duties or activities in the course of their employment involve the assumption of material risk or the taking on material exposure on behalf of the Bank.



PUNJAB NATIONAL BANK, HONG KONG BRANCH
INTERIM DISCLOSURE STATEMENT
SECTION B - BANK INFORMATION CONSOLIDATED BASIS

1. Capital and Capital Adequacy

	31.3.2021 HK\$('000s)	31.3.2020 HK\$('000s)
<u>i) Capital</u>		
Shareholders' Funds	<u>96,697,585*</u>	<u>63,898,069**</u>
<u>ii) Capital Adequacy Ratio***</u>		
Basel III	<u>14.32%</u>	<u>14.14%</u>

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

2. Other financial information

Total Assets	1,340,485,735*	851,188,056**
Total Liabilities	1,243,787,416*	787,289,987**
Total Advances	716,938,082*	483,484,535**
Total Customer Deposits	<u>1,176,411,291*</u>	<u>721,235,304**</u>
	Year ended <u>31.3.2021</u>	Year ended <u>30.9.2021</u>
Pre-tax Profit (Loss)	<u>3,699,797*</u>	<u>757,240**</u>

*Indian Rupee converted to HK\$ @ 9.4043 (31 March 2021)

**Indian Rupee converted to HK\$ @ 9.7589 (31 March 2020)

Declaration of Chief Executive

We have prepared the financial disclosure statement of Punjab National Bank , Hong Kong Branch for the Six months ended 30 September 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.



Chief Executive
Punjab National Bank
Hong Kong

