S.R. BATLIBOI & CO. LLP
Chartered Accountants

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Dadar (West)
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INDEPENDENT AUDITOR'S REPORT

To the Chief Executive Officer, India of Bank of China Limited India Branch

Opinion

We have audited the accompanying special purpose financial statements (accompanying financial statements) of Bank of China Limited - India Branch (the "Branch"), which comprise the Balance Sheet as at the beginning of June 3, 2019 and the Statement of Profit and Loss for the period ended April 1, 2019 to the beginning of June 3, 2019 (the "Period"), including a summary of the significant accounting policies (together hereinafter referred to as "Special Purpose Financial Statements"). This Special Purpose Financial Statement is prepared for the purpose of preparation of submission to Reserve Bank of India for commencement of commercial operations.

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Financial Statements the Branch have been prepared, in all material aspects, in accordance with the basis of accounting described in Note 18 (2) to the accompanying Special Purpose Financial Statements.

Basis for Opinion

We conducted our audit of Special Purpose Financial Statements of the Branch in accordance with the Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements section of our report. We are independent of the Branch in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Financial Statements.

Emphasis of Matter

The accompanying Special Purpose Financial Statements of the Branch have been prepared in accordance with the basis of accounting described in Note 18 (2) to the accompanying Special Purpose Financial Statements and solely for the purpose of submission to Reserve Bank of India for commencement of commercial operations. These Special Purpose Financial Statements may not be suitable for other purpose.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Statements of the Branch

Management of the Branch, is responsible for the preparation and fair presentation of the Special Purpose Financial Statements of the Branch in accordance with the basis of accounting described in Note 18 (2) to the accompanying Special Purpose Financial Statements. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Branch for safeguarding of the assets of the Branch and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements of the Branch that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements of the Branch, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

The Executive Committee of the Branch is also responsible for overseeing the Branch's financial reporting process.

Auditor's Responsibility for Special Purpose Financial Statements of the Branch

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements of the Branch as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements of the Branch.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Financial Statements of the Branch, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Special Purpose Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related

Other matters - restriction of use

The accompanying Special purpose financial statements of the Branch have been prepared, and this report thereon issued, solely for the purpose of preparation of submission to Reserve Bank of India for commencement of commercial operations. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent. We do not accept or assume any liability or any duty of care for any other purpose or to any person other than the Management, to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number:
048749

Place: Mumbai
Date: June 3, 2019

Bank of China Limited
(Incorporated in People Republic of China)

India Branch
BALANCE SHEET AS AT BEGINNING OF 03 June 2019

Particulars	Schedule	As at beginning of 03 June 2019
CAPITAL & LIABILITIES		
Capital	1	3,52,53,64,200
Reserves & Surplus	2	(20,05,81,972)
Deposits	3	-
Borrowings	4	-
Other liabilities and provisions	5	68,77,69,126
TOTAL LIABILITIES:		**4,01,25,51,354**
ASSETS		
Cash and Balances with Reserve Bank of India	6	21,00,000
Balances with banks and money at call and short notice	7	3,84,94,90,433
Investments	8	-
Advances	9	-
Fixed Assets	10	8,82,62,982
Other Assets	11	7,26,97,939
TOTAL ASSETS:		**4,01,25,51,354**
Contingent Liabilities	12	-
Bills for Collection		-
Significant Accounting Policies & Notes to Accounts	18	

The Schedules referred to above form an integral part of the Balance Sheet.

As per our attached Report of even date.

For S. R. Batliboi & Co LLP
Chartered Accountants
Regn. No. 301003E/E300005

Viren H. Mehta
Partner
Membership No.: 048749

Place : Mumbai
Date : June 3rd, 2019

For Bank of China Limited- India Branch

Vinita Dighe
Assistant Vice President

Hu Beihai
Chief Executive Officer, India

Place : Mumbai
Date : June 3rd, 2019

S.R. BATLIBOI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Bank of China Limited ★ India Branch

Bank of China Limited
(Incorporated in People Republic of China)
India Branch

Statement of Profit and Loss Account for the period from 01 April 2019 to beginning of 03 June 2019

(All Amounts in INR)

Particulars	Schedule	Period from 01 April 2019 to beginning of 03 June 2019
I. INCOME		
Interest earned	13	3,23,61,372
Other income	14	31,58,055
TOTAL :		**3,55,19,427**
II. EXPENDITURE		
Interest expended	15	-
Operating expenses	16	2,60,65,236
Provisions & contingencies	17	1,37,40,000
TOTAL :		**3,98,05,236**
III. PROFIT/(LOSS)		
Net profit/(loss) for the period/ year		(42,85,809)
Profit/(Loss) brought forward		-
TOTAL :		**(42,85,809)**
IV. APPROPRIATIONS		
Transfer to statutory reserves		-
Transfer to Capital reserve		-
Transfer to Investment Fluctuation reserve		-
Profit remitted to Head Office		-
Balance carried over to Balance Sheet		(42,85,809)
TOTAL :		**(42,85,809)**
Significant Accounting Policies & Notes to Accounts	18	

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached Report of even date.

For S. R. Batliboi & Co LLP
Chartered Accountants
Regn. No. 301003E/E300005

Viren H. Mehta
Partner
Membership No.: 048749

Place : Mumbai
Date : June 3rd, 2019

For Bank of China Limited- India Branch

Vinita Dighe
Assistant Vice President

Hu Beihai
Chief Executive Officer, India

Place : Mumbai
Date : June 3rd, 2019

S. R. BATLIBOI & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

Bank of China Limited * India Branch

Bank of China Limited
(Incorporated in People Republic of China)
India Branch
Schedules forming part of the Financial Statements as at beginning of 03 June 2019
(All Amounts in INR)

Particulars	As at beginning of 03 June 2019
SCHEDULE 1 : CAPITAL	
Opening Balance	3,52,53,64,200
Additions during the period/ year	-
TOTAL :	**3,52,53,64,200**
Amount of deposit kept with the Reserve Bank of India under section 11(2)(b) of the Banking Regulation Act, 1949	**21,00,000**
SCHEDULE 2 : RESERVES AND SURPLUS	
I. Statutory Reserve	
Opening Balance	-
Additions during the year	-
Deductions during the year	-
TOTAL :	-
II. Capital Reserve	
Opening Balance	-
Additions during the year	-
Deductions during the year	-
TOTAL :	-
III. Share Premium	
Opening Balance	-
Additions during the year	-
Deductions during the year	-
TOTAL :	-
IV. Revenue and other Reserves	
Opening Balance	-
Additions during the year	-
Deductions during the year	-
TOTAL :	-
V. Balance in Profit and Loss Account	
Profit & Loss A/c	(19,62,96,163)
Add: Loss for the period	(42,85,809)
TOTAL :	**(20,05,81,972)**
TOTAL : (I + II + III + IV + V)	**(20,05,81,972)**
SCHEDULE 3 : DEPOSITS	
A.I. Demand Deposits	
(i) From banks	-
(ii) From others	-
A.II. Savings Bank Deposits	-
A.III. Term Deposits	
(i) From banks	-
(ii) From others	-
TOTAL :	-
B.I. Deposits of branches in India	-
B.II. Deposits of branches outside India	-

S. R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Bank of China Limited India Branch

Bank of China Limited
(Incorporated in People Republic of China)
India Branch
Schedules forming part of the Financial Statements as at beginning of 03 June 2019

(All Amounts in INR)

Particulars	As at beginning of 03 June 2019
SCHEDULE 4 : BORROWINGS	
I. Borrowings in India	
(i) Reserve Bank of India	-
(ii) Other banks	-
(iii) Other institutions and agencies	-
II. Borrowings outside India	-
TOTAL :	-
Secured Borrowings included in I & II above	-
SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS	
I. Bills payable	-
II. Interest accrued	-
III. Deferred Tax Liability (Net)	-
iv. Others (including provisions)	
- Payable to Head office	62,75,19,958
- Others	6,02,49,168
TOTAL :	**68,77,69,126**

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Bank of China Limited * India Branch

Bank of China Limited
(Incorporated in People Republic of China)
India Branch
Schedules forming part of the Financial Statements as at beginning of 03 June 2019

(All Amounts in INR)

Particulars		As at beginning of 03 June 2019
SCHEDULE 6 : CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand		-
II. Balances with Reserve Bank of India		
(i) in Current Account		21,00,000
(ii) in Other Account		-
	TOTAL :	**21,00,000**
SCHEDULE 7 : BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balances with banks in		
(a) Current Accounts		42,33,33,039
(b) Other Deposit Accounts		3,42,61,57,394
ii) Money at call and short notice		
(a) with banks		-
(b) with other institutions		-
	TOTAL :	**3,84,94,90,433**
II. Outside India		
i) in Current Accounts		-
ii) in Other Deposit Accounts		-
iii) Money at call and short notice		-
	TOTAL :	-
GRAND TOTAL : (I & II)		**3,84,94,90,433**
SCHEDULE 8 : INVESTMENTS		
I. Investments in India in		
i) Government securities		-
ii) Other approved securities		-
iii) Shares		-
iv) Debentures and Bonds		-
v) Subsidiaries and /or joint ventures		-
vi) Others (to be specified)		-
	TOTAL :	-
Less: Provision for Depreciation		-
	TOTAL :	-
II. Investments outside India		-
GRAND TOTAL : (I & II)		-

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Bank of China Limited India Branch

Bank of China Limited
(Incorporated in People Republic of China)
India Branch
Schedules forming part of the Financial Statements as at beginning of 03 June 2019

(All Amounts in INR)

Particulars	As at beginning of 03 June 2019
SCHEDULE 9 : ADVANCES	
A. i) Bills purchased and discounted	-
ii) Cash credits, overdrafts and loans repayable on demand	-
iii) Term loans	-
TOTAL :	-
B. i) Secured by tangible assets	-
ii) Covered by Bank/Government Guarantees (includes advance to Banks)	-
iii) Unsecured	-
TOTAL :	-
C. I Advances in India	
i) Priority Sectors	-
ii) Public Sector	-
iii) Banks	-
iv) Others	-
TOTAL :	-
C. II Advances outside India	-
TOTAL :(CI & CII)	-
SCHEDULE 10 : FIXED ASSETS	
I. Premises (including Leasehold improvements)	
Book Value	
At Cost at beginning of year	2,69,92,142
Additions during the year	17,46,400
Deductions during the year	-
	2,87,38,542
Depreciation to date	
Beginning of the year	12,57,168
Additions during the year	15,86,465
Deductions during the year	-
	28,43,633
TOTAL :	2,58,94,909
II. Other Fixed Assets (including furniture & fixtures)	
Book Value	
At Cost at beginning of year	6,51,66,010
Additions during the year	-
Deductions during the year	-
	6,51,66,010
Depreciation to date	
Beginning of the year	8,66,857
Additions during the year	19,31,079
Deductions during the year	-
	27,97,936
TOTAL :	6,23,68,074
Capital Work in Progress	-
TOTAL (I & II) :	8,82,62,982

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Bank of China Limited India Branch

Bank of China Limited
(Incorporated in People Republic of China)
India Branch
Schedules forming part of the Financial Statements as at beginning of 03 June 2019
(All Amounts in INR)

Particulars	As at beginning of 03 June 2019
SCHEDULE 11 : OTHER ASSETS	
I. Inter-Office Adjustment (net)	-
II. Interest Accrued	37,34,376
III. Tax paid in advance/ input credit/Tax deducted at Sources (Net of Provisions)	-
V. Stationary and Stamp	-
VI. Others	6,89,63,562
TOTAL :	**7,26,97,939**
SCHEDULE 12 : CONTINGENT LIABILITIES	
I. Claims against the bank not acknow-ledged as debts	-
II. Liability for partly paid investments	-
III. Liability on account of outstanding forward exchange contracts & IRS	-
IV. Guarantees given on behalf of constituents	
a) In India	-
b) Outside India	-
V. Acceptances, endorsements and other obligation	-
VI. Other items for which the bank is contingently liable	-
TOTAL :	-

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Bank of China Limited ★ India Branch

中国银行 印度分行
BANK OF CHINA INDIA BRANCH

Bank of China Limited
(Incorporated in People Republic of China)
India Branch
Schedules forming part of the Statement of Profit and Loss account
From the Period 01 April 2019 to beginning of 03 June 2019

(All Amounts in INR)

	Particulars	Period from 01 April 2019 to beginning of
SCHEDULE 13 : INTEREST EARNED		
I.	Interest/discount on advances/bills	-
II.	Income on investments	-
III.	Interest on balances with R B I and other inter-bank funds	
IV.	Others	3,23,61,372
	TOTAL :	**3,23,61,372**
SCHEDULE 14 : OTHER INCOME		
I.	Commission, exchange and brokerage	-
II.	Profit/(Loss) on sale of investments	-
III.	Profit/(Loss) on revaluation of investments	-
IV.	Profit/(Loss) on sale of land building & other assets	-
V.	Profit/(Loss) on Foreign exchange translation	31,58,055
VI.	Income earned by way of Dividends, etc. from companies and/or Joint ventures in India & aboard	-
VII.	Miscellaneous Income	-
	TOTAL :	**31,58,055**
SCHEDULE 15 : INTEREST EXPENDED		
I.	Interest on Deposits	-
II.	Interest on Reserve Bank of India/inter bank borrowing	-
III.	Others	-
	TOTAL :	**-**
SCHEDULE 16 : OPERATING EXPENSES		
I.	Payments to and provision for employees	78,62,326
II.	Rent, Taxes and Lighting	1,01,92,697
III.	Printing and stationery	8,115
IV.	Advertisement and publicity	-
V.	Depreciation on bank's property	35,17,544
VI.	Auditors' fees and expenses	1,65,000
VII.	Postages, Telegrams, Telephones, etc.	4,069
VIII.	Repairs and maintenance	-
IX.	Insurance	1,88,421
X.	Travelling expenses	4,05,269
XI.	Legal and Professional charges	3,57,540
XII.	IT expenses	-
XIII.	Other expenditure	33,64,256
	TOTAL :	**2,60,65,236**
SCHEDULE 17 : PROVISIONS & CONTINGENCIES		
I.	Provision on standard assets	-
II.	Taxation Charges Current Tax Expesnse	1,37,40,000
	TOTAL :	**1,37,40,000**

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Bank of China Limited * India Branch

Bank of China Limited
(Incorporated in People Republic of China)
India Branch

Significant Accounting Policies & Notes to Accounts
For the period from April 01,2019 to the beginning of June 03, 2019

Note 18

1. Corporate Information

Bank of China Limited India Branch ('the Branch') has established a place of business in India as a Branch of Foreign Company under section 380 of the Companies Act, 2013 on September 10, 2018. Bank of China Limited a Company originally incorporated and registered in China. As per License from RBI DBR.IBD.No. 3397/23.03.005/2018-19 dated October 25, 2018, License No.: MUM: 142, \the Branch is authorized to carry on banking business in the terms of section 22(1) of Banking Regulation Act, 1949.

2. Basis of accounting / preparation

The special purpose financial statements have been prepared for the purpose of submission to Reserve Bank of India for commencement of banking operations as required by per License from RBI DBR.IBD.No. 3397/23.03.005/2018-19 dated October 25, 2018. These special purpose financial statements consist of the balance sheet as on the beginning of June 3rd 2019 and a statement of profit and loss for the period April 1st 2019 till the beginning of June 3rd 2019 in accordance with requirements prescribed under the Third schedule (form A and form B) of the Banking Regulation Act, 1949 only to the extent of the balance sheet and the statement of profit and loss and excludes other elements of a general purpose financial statements including disclosures required by Indian GAAP and the comparative period information. The accounting and policies of the Branch used in the preparation of these special purpose financial statement conform the recognition and measurement requirements of Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India ('RBI'), from time to time (the RBI Guidelines), the accounting standard notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 (the Accounting Standards). Accordingly, these special purpose financial statements do not include any explanatory disclosures required by Indian GAAP, RBI Guidelines or the Accounting Standards including the cash flow statement. The special purpose financial statements have been prepared on an accrual basis and under the historical cost convention and are to be read with the summary of significant accounting policies provided below.

2.1 Summary of Significant Accounting Policies

a) Use of estimates

The preparation of the special purpose financial statements in conformity with the recognition and measurement requirements of Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Changes in estimates are reflected in the special purpose financial statement for the period in which changes are made and, if material, their effects are disclosed in the notes to the special purpose financial statement.

b) Property, Plant and Equipment

Property Plant and Equipment are stated at cost less accumulated depreciation and accumulate impairment losses if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Property, plant and

S. R. BATLIBOI & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

Bank of China Limited India Branch

Bank of China Limited
(Incorporated in People Republic of China)
India Branch

Significant Accounting Policies & Notes to Accounts
For the period from April 01,2019 to the beginning of June 03, 2019

equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

Subsequent expenditure related to an item of property, plant and equipment are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing property plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

c) **Depreciation**

Depreciation on tangible assets is provided under straight line method ('SLM') over useful lives of assets as estimated by the Management as follows:

Category	Useful Life (years)
Office Equipment	5
Furniture and fixtures	10
Motor Vehicle	8

Leasehold improvements are amortized equally over the period of the lease or 3 years, whichever is lower.

d) **Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

e) **Foreign currency translation**

(i) **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at average of the month-end closing rates for the financial year of transaction.

(ii) **Conversion**

Foreign currency monetary items are reported using closing rate at the reporting period.

(iii) **Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

S.R. BATLIBOI & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

India Branch * Bank of China Limited

Bank of China Limited
(Incorporated in People Republic of China)
India Branch

Significant Accounting Policies & Notes to Accounts
For the period from April 01,2019 to the beginning of June 03, 2019

f) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Branch and the revenue can be reliably measured.

g) Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Interest Earned " in the Statement of profit and loss.

h) Retirement and other employee benefits

i. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the Provident fund are due. There are no other obligations other than the contribution payable to the Provident fund.
ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actual calculation method made at the end of each financial year.
iii. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Branch measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Accumulated compensated absences are provided on actual basis based on the latest gross salary. Employees, who have not completed 1 year of service with the bank as on their last working day, excluding the tenure of notice period served, will not be eligible for any leave encashment.

i) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Branch operates. The tax rates and tax laws used to compute the amount are those that are enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Branch has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date the Branch re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

India Branch * Bank of China Limited

Bank of China Limited
(Incorporated in People Republic of China)
India Branch

Significant Accounting Policies & Notes to Accounts
For the period from April 01,2019 to the beginning of June 03, 2019

j) **Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

k) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Branch or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Branch does not recognize a contingent liability but discloses its existence in the special purpose financial statements

S.R. BATLIBOI & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

Bank of China Limited India Branch