

SECTION A – HONG KONG BRANCH INFORMATION
I. Income Statement Information

	30 Jun 2016	30 Jun 2015
	<i>HKD'000s</i>	<i>HKD'000s</i>
Interest income	1,355,739	1,472,752
Interest expense	(890,173)	(992,813)
Other operating income		
- Gains less losses arising from trading in foreign currencies	(137,120)	81,682
- Gains less losses on securities held for trading purposes	(41,814)	106,203
- Gains less losses from other trading activities	12,895	6,494
- Net fees and commission income		
- Fees and commission income	1,236,965	460,340
- Fees and commission expenses	(273,403)	(394,994)
- Others	222	1,492
Operating expenses		
- Staff and rental expenses	(1,059,982)	(909,494)
- Other expenses	3,569	33,688
- Net write back for other provisions	-	436
Net (charge) / write back for impaired loans and receivables	(17,054)	31,418
Gains less losses from the disposal of property, plant and equipment and investment properties	29	90
Profit / (loss) before taxation	189,873	(102,706)
Tax expense	(2,512)	(8,671)
Profit / (loss) after taxation	187,361	(111,377)

II Balance Sheet Information

	30 Jun 2016	31 Dec 2015
	<i>HKD'000s</i>	<i>HKD'000s</i>
Assets		
(i) Cash and balances with banks (except those included in amount due from overseas offices of BNP Paribas)	22,000,650	18,254,357
(ii) Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	1,203,884	2,701,744
(iii) Amount due from overseas offices of BNP Paribas	98,543,653	104,675,614
(iv) Trade bills	8,020,772	14,734,238
(v) Certificates of deposit held	-	9,605
(vi) Securities held for trading purposes	5,074,265	6,138,373
(vii) Loans and receivables		
- Loans and advances to customers	62,598,262	63,954,516
- Loans and advances to banks	1,070,244	774,495
- Other accounts	37,826,981	29,771,917
- Provisions for impaired loans and receivables		
Individual impairment allowance	(241,791)	(210,297)
Collective impairment allowance	(70,058)	(84,238)
(viii) Investment securities	16,835,000	15,159,431
(ix) Other investments	4,040	4,040
(x) Property, plant and equipment and investment properties	121,869	127,487
(xi) Goodwill	2,621,981	2,621,981
(xii) Total assets	255,609,752	258,633,263
Liabilities		
(i) Deposits and balances from banks (except those included in amount due to overseas offices of BNP Paribas)	82,768,417	84,107,646
(ii) Deposits from customers		
- Demand deposits and current accounts	5,914,595	4,205,682
- Time, call and notice deposits	66,693,522	67,204,014
(iii) Amount due to overseas offices of BNP Paribas	36,020,920	46,815,397
(iv) Certificates of deposit issued	1,668,295	3,332,250
(v) Issued debt securities	11,409,584	7,478,840
(vi) Other liabilities	51,123,815	45,479,002
(vii) Provisions	10,604	10,432
(viii) Total liabilities	255,609,752	258,633,263

III Additional Balance Sheet Information

	30 Jun 2016		31 Dec 2015	
	HKD'000s	% to total loans and advances to customers	HKD'000s	% to total loans and advances to customers
(i) Loans and Advances to Customers				
1. Impaired loans and advances* to customers				
- The amount of impaired loans and advances	551,785	0.88%	340,036	0.53%
- The amount of individual impairment allowance	239,914	0.38%	193,401	0.30%
- The amount of collective impairment allowance	7,100	0.01%	2,680	0.00%
- Market value of collateral	483,592		450,153	
Covered portion of total overdue loans and advances	228,426		182,650	
Uncovered portion of total overdue loans and advances	56,821		29,957	
2. No impaired loans and advances to banks as at 30 Jun 2016 and 31 Dec 2015.				

* Impaired loans are advances to customers which have been classified as “substandard”, “doubtful” and “loss” in accordance with the HKMA Return of Loans and Advances and Provisions (Form MA(BS)2A) completion instructions.

(ii) Sector Information

	30 Jun 2016		31 Dec 2015	
	HKD'000s	% collateral covered	HKD'000s	% collateral covered
1. Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	244,932	100%	1,182,204	82%
- Property investment	8,036,386	23%	8,161,847	21%
- Financial concerns	8,386,031	8%	6,833,046	11%
- Stockbrokers	1,715,918	0%	1,750,020	0%
- Wholesale and retail trade	4,100,351	17%	4,775,239	18%
- Manufacturing	5,297,103	3%	4,233,934	9%
- Transport and transport equipment	10,854,182	97%	10,887,335	94%
- Recreational activities	18,000	100%	170,144	58%
- Information technology	1,467,649	18%	1,244,645	21%
- Electricity and gas	268,223	0%	1,442,528	0%
- Others	4,161,100	44%	7,069,992	29%
Individuals				
- Loans for the purchase of other residential properties	4,505	100%	5,354	100%
- Others	-	0%	-	0%
2. Trade finance	9,704,662	25%	8,331,178	25%
3. Loans and advances for use outside Hong Kong	8,339,220	57%	7,867,050	56%
Total loans and advances to customers	62,598,262		63,954,516	

(iii) Non-Bank Mainland China Exposures

Equivalent in HKD Millions

Type of counterparties

	30 Jun 2016		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	9,991	1,937	11,928
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,083	3,444	6,527
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,703	2,485	8,188
4. Other entities of central government not reported in item 1 above	78	26	104
5. Other entities of local governments not reported in item 2 above	649	112	761
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	4,331	7,321	11,652
7. Other counterparties where the exposures are considered by BNP Paribas to be non-bank Mainland China exposures	2,066	2,021	4,087
Total	25,901	17,346	43,247
Total assets after provision	255,610		
On-balance sheet exposures as percentage of total assets	10.13%		

Equivalent in HKD Millions

Type of counterparties

	31 Dec 2015		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	10,263	1,840	12,103
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,756	2,008	5,764
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,048	881	5,929
4. Other entities of central government not reported in item 1 above	78	65	143
5. Other entities of local governments not reported in item 2 above	243	26	269
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,460	4,612	10,072
7. Other counterparties where the exposures are considered by BNP Paribas to be non-bank Mainland China exposures	2,253	2,022	4,275
Total	27,101	11,454	38,555
Total assets after provision	258,633		
On-balance sheet exposures as percentage of total assets	10.48%		

(iv) International Claims by Major Countries or Geographical Segments

International claims are exposures of counterparties based on the location of the counterparties after taking into account any recognized risk transfer. International claims on individual geographical areas amounting to 10% or more of the total international claims are as follows :

<i>Equivalent in HKD Millions</i>	30 Jun 2016					Total
	Banks	Official Sector	Non-bank private sector		Others	
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries <i>of which France</i>	126,153 <i>124,346</i>	1 <i>-</i>	4,030 <i>3,999</i>	5,142 <i>2,456</i>	- <i>-</i>	135,326 <i>130,801</i>
2. Developing Asia Pacific <i>of which China</i>	12,175 <i>11,924</i>	343 <i>188</i>	- <i>-</i>	8,326 <i>5,806</i>	- <i>-</i>	20,844 <i>17,918</i>
3. Offshore centres <i>of which Hong Kong</i>	1,162 <i>805</i>	- <i>-</i>	1,683 <i>1,666</i>	35,280 <i>16,862</i>	- <i>-</i>	38,125 <i>19,333</i>

<i>Equivalent in HKD Millions</i>	31 Dec 2015					Total
	Banks	Official Sector	Non-bank private sector		Others	
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries <i>of which France</i>	126,019 <i>123,689</i>	1 <i>-</i>	96 <i>85</i>	6,224 <i>3,222</i>	- <i>-</i>	132,340 <i>126,996</i>
2. Developing Asia Pacific <i>of which China</i>	18,310 <i>17,460</i>	348 <i>193</i>	- <i>-</i>	8,524 <i>6,446</i>	- <i>-</i>	27,182 <i>24,099</i>
3. Offshore centres <i>of which Hong Kong</i>	2,316 <i>1,685</i>	- <i>-</i>	549 <i>271</i>	44,491 <i>26,560</i>	- <i>-</i>	47,356 <i>28,516</i>

(v) Loans and Advances to Customers by Geographical Segments

The analysis of loans and advances to customers by geographical segments, which is significant according to location of the counterparties (constitute 10% or more of the total loans and advances to customers), are as follows :

<i>Equivalent in HKD Millions</i>	30 Jun 2016			31 Dec 2015		
	Total loans and advances to customers	Loans and advances overdue over 3 months	Impaired loans and advances to customers	Total loans and advances to customers	Loans and advances overdue over 3 months	Impaired loans and advances to customers
Hong Kong	34,735	88	355	36,200	16	143
Others	27,863	197	197	27,755	197	197
Total	62,598	285	552	63,955	213	340

(vi) Currency Risk

<i>Equivalent in HKD Millions</i>	30 Jun 2016					
	USD	GBP	EUR	CNY	SGD	Total
Spot assets	147,216	2,954	15,277	13,738	341	179,526
Spot liabilities	(142,543)	(2,454)	(7,698)	(10,050)	(1,854)	(164,599)
Forward purchases	142,623	1,333	11,354	79,691	2,841	237,842
Forward sales	(149,835)	(1,777)	(19,351)	(80,095)	(1,364)	(252,422)
Net options position	-	-	-	-	-	-
Net long(short)position	(2,539)	56	(418)	3,284	(36)	347
Net structural position	-	-	-	-	-	-

<i>Equivalent in HKD Millions</i>	31 Dec 2015					
	USD	GBP	EUR	CNY	SGD	Total
Spot assets	138,260	4,847	20,331	17,314	400	181,152
Spot liabilities	(149,158)	(3,873)	(8,276)	(16,470)	(1,916)	(179,693)
Forward purchases	139,210	1,008	9,637	93,675	1,925	245,455
Forward sales	(130,854)	(1,853)	(21,396)	(91,505)	(427)	(246,035)
Net options position	(4)	-	-	-	-	(4)
Net long(short)position	(2,546)	129	296	3,014	(18)	875
Net structural position	-	-	-	-	-	-

Net position (in absolute terms) in a particular foreign currency constitute not less than 10% of the institution's total net position in all foreign currencies. The net option position is calculated using the delta equivalent approach.

(vii) Overdue or Rescheduled Assets

	30 Jun 2016		31 Dec 2015	
	<i>HKD'000s</i>	<i>% to total loans and advances to customers</i>	<i>HKD'000s</i>	<i>% to total loans and advances to customers</i>
1. Loans and advances to customers which have been overdue for				
- more than 3 months but not more than 6 months	30,844	0.05%	775	0.00%
- more than 6 months but not more than one year	43,067	0.07%	-	0.00%
- more than one year	211,336	0.34%	211,832	0.33%
- Market value of collateral	237,655		182,650	
The collateral held in respect of the overdue loans and advances to customers are metals, properties, pledge deposits and bank guarantee.				
2. Other assets to customers which have been overdue for				
- more than 3 months but not more than 6 months	-		-	
- more than 6 months but not more than one year	-		6,304	
- more than one year	-		-	
3. Rescheduled assets to customers which have been overdue for				
- more than 1 month but not more than 3 months	-	0.00%	-	0.00%
4. No overdue loans and advances to banks as at 30 Jun 2016 and 31 Dec 2015.				
5. No rescheduled assets to banks as at 30 Jun 2016 and 31 Dec 2015.				
6. No repossessed assets as at 30 Jun 2016 and 31 Dec 2015.				

IV. Off Balance Sheet Exposures

	30 Jun 2016	31 Dec 2015
	<i>HKD'000s</i>	<i>HKD'000s</i>
1. Contingent liabilities and commitments		
- Direct credit substitutes	3,461,915	3,038,992
- Transaction-related contingencies	9,550,070	9,447,976
- Trade-related contingencies	12,508,313	9,169,465
- Other commitments	66,362,556	65,256,673
- Others	35,562,616	30,922,917
2. Derivatives (Notional amounts)		
- Exchange rate contracts**	394,415,591	337,651,089
- Interest rate contracts	71,431,540	53,483,585
- Others	11,409,700	7,457,079
3. Total fair value of derivatives		
- Exchange rate contracts**	352,788	344,159
- Interest rate contracts	42,579	34,287
- Others	(241,908)	(224,291)

The total fair value has not taken into account the effect of bilateral netting arrangements.

** Excluding forward foreign exchange contracts arising from swap deposit arrangements.

V. Liquidity Information Disclosure

	30 Jun 2016	30 Jun 2015
Average liquidity maintenance ratio for the financial period	31.91%	33.07%

Average liquidity maintenance ratio is computed in accordance with Banking Liquidity Rules.

Liquidity Risk

The liquidity risk is the risk of the entity, although solvent, being unable to fulfil its cash or collateral requirements, current or future, foreseen or unforeseen.

Liquidity risk is managed through the Liquidity Risk Framework which is designed to maintain liquidity resources that are sufficient in amount and quality, as well as an adequate and diversified funding profile. This is achieved via a combination of policy, review and governance, analysis, stress testing, limit setting and monitoring.

Liquidity Risk Management Governance in BNP Paribas Hong Kong Branch (“BNPP HK”)**ALCO**

BNP Paribas HK Asset Liability Committee (“ALCO”) is the committee which oversees the liquidity of the bank. Its main responsibilities are to validate liquidity policies, to review liquidity monitoring metrics and tools, Balance Sheet structure and funding plan. BNPP HK ALCO frequency is quarterly and it is chaired by BNPP HK Chief Executive with representatives from ALM Treasury, Business lines, Finance, Risk Function.

Liquidity Information Disclosure (continued)

ALM Treasury

ALM Treasury is responsible for the management of BNPP HK liquidity position, both in business-as-usual conditions and in crisis situation and its activity is governed by ALCO and dedicated policies and procedures.

This operational responsibility is under the independent assessment, monitoring and control of the Risk Function. It is carried out under the sound and prudent treasury management principle. The mandate consists in assessing the liquidity risks associated to the current situation and future development of the entity's business.

Liquidity Risk is managed using a combination of tools and metrics such as:

Internal Stress-Testing

The objective of internal stress testing is to assess the potential for net shortfalls under exceptional but plausible adverse scenarios. Stress tests are performed considering three scenarios: a firm-specific (idiosyncratic), a market-related (systemic) and a combination of both. Stress-Test assumptions and results are reviewed and approved by ALCO.

Early Warning Indicators

Early Warning Indicators help identifying the deterioration or improvement of market circumstances in a timely manner to maximize the time available to execute appropriate mitigating actions. They are designed in order to be useful for operational management of the liquidity, monitored, analyzed and reported on a regular basis by ALM Treasury to the ALCO members.

Contingency Funding Plan

The Contingency Funding Plan (CFP) Policy defines the framework for the identification of a potential liquidity crisis, the management of such crisis and the accompanying governance.

Liquidity Risk Oversight

BNPP HK has implemented the adequate governance to ensure compliance with the regulatory ratios and internal limits on liquidity.

SECTION B – BNP PARIBAS GROUP CONSOLIDATED INFORMATION (EUR Million)

	<u>30 Jun 2016</u>	<u>31 Dec 2015</u>
Capital ratio	14.00%	13.60%
Shareholders' funds	97,509	96,269
Total assets	2,171,989	1,994,193
Total liabilities	2,070,549	1,894,116
Total loans and advances	749,271	725,924
Total customer deposits	725,596	700,309
	<u>2016</u>	<u>2015</u>
Pre-tax profit for the 6 months end 30 June	6,163	6,237

Declaration of Chief Executive Officer

We have prepared the interim financial disclosure statement of BNP Paribas, Hong Kong Branch for the six month period ended 30th June 2016. The information disclosed complies fully with the Banking (Disclosure) Rules made by 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.

Paul YANG
Chief Executive
Hong Kong, 30 September 2016