

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

	30 Jun 2017	30 Jun 2016
	<i>HKD'000s</i>	<i>HKD'000s</i>
Interest income	1,970,051	1,355,739
Interest expense	(1,187,122)	(890,173)
Other operating income		
- Gains less losses arising from trading in foreign currencies	(77,674)	(137,120)
- Gains less losses on securities held for trading purposes	43,568	(41,814)
- Gains less losses from other trading activities	88,609	12,895
- Net fees and commission income		
- Fees and commission income	1,356,788	1,236,965
- Fees and commission expenses	(67,905)	(273,403)
- Others	439	222
Operating expenses		
- Staff and rental expenses	(1,747,455)	(1,059,982)
- Other expenses	(220,510)	3,569
- Net write back for other provisions	84	-
Net write back / (charge) for impaired loans and receivables	7,863	(17,054)
Gains less losses from the disposal of property, plant and equipment and investment properties	14	29
Profit before taxation	166,750	189,873
Tax income / (expense)	195	(2,512)
Profit after taxation	166,945	187,361

II Balance Sheet Information

	30 Jun 2017	31 Dec 2016
	<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)	7,881,395	6,476,118
(ii) Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	2,051,506	71,564
(iii) Amount due from overseas offices of BNP Paribas	111,058,140	91,075,915
(iv) Trade bills	10,938,628	12,187,111
(v) Securities held for trading purposes	6,494,648	5,615,333
(vi) Loans and receivables		
- Loans and advances to customers	112,356,912	90,898,541
- Loans and advances to banks	1,701,304	1,255,672
- Other accounts	39,731,890	54,112,187
- Provisions for impaired loans and receivables		
Individual impairment allowance	(242,487)	(245,676)
Collective impairment allowance	(96,128)	(104,684)
(vii) Investment securities	18,214,730	16,523,446
Individual impairment allowance	(1,730)	(2,946)
(viii) Other investments	4,040	4,040
(ix) Property, plant and equipment and investment properties	107,116	127,276
(x) Goodwill	2,621,981	2,621,981
(xi) Total assets	312,821,945	280,615,878
Liabilities		
(i) Deposits and balances from banks (except those included in amount due to overseas offices of BNP Paribas)	32,746,282	18,419,164
(ii) Deposits from customers		
- Demand deposits and current accounts	29,077,511	28,288,036
- Time, call and notice deposits	140,472,436	142,229,442
(iii) Amount due to overseas offices of BNP Paribas	62,001,225	40,119,595
(iv) Certificates of deposit issued	3,763,146	4,291,212
(v) Issued debt securities	12,929,933	9,660,854
(vi) Other liabilities	31,823,659	37,598,215
(vii) Provisions	7,753	9,360
(viii) Total liabilities	312,821,945	280,615,878

III Additional Balance Sheet Information

	30 Jun 2017		31 Dec 2016	
	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	863,921	0.77%	743,196	0.82%
- The amount of individual impairment allowance	240,537	0.21%	243,737	0.27%
- The amount of collective impairment allowance	18,063	0.02%	14,712	0.02%
- Market value of collateral	844,655		735,918	
Covered portion of total overdue loans and advances	193,965		199,186	
Uncovered portion of total overdue loans and advances	43,221		43,478	
2. No impaired loans and advances to banks as at 30 Jun 2017 and 31 Dec 2016.				

* 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 2017		31 Dec 2016	
	HKD'000s	% collateral covered	HKD'000s	% collateral covered
1. Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	3,564,877	23%	262,305	100%
- Property investment	2,287,233	31%	7,229,608	13%
- Financial concerns	11,449,758	27%	7,766,474	38%
- Stockbrokers	1,771,844	0%	1,708,014	0%
- Wholesale and retail trade	3,555,896	9%	3,661,352	10%
- Manufacturing	5,115,984	4%	3,998,552	3%
- Transport and transport equipment	12,844,318	95%	10,796,691	94%
- Recreational activities	18,000	100%	18,000	100%
- Information technology	293,250	0%	1,073,250	0%
- Electricity and gas	567,247	0%	291,692	0%
- Others	6,383,180	51%	4,372,495	53%
Individuals				
- Loans for the purchase of other residential properties	16,139	100%	16,568	100%
- Others	9,658,361	99%	7,126,094	99%
2. Trade finance	11,329,873	17%	12,007,758	15%
3. Loans and advances for use outside Hong Kong	43,500,952	72%	30,569,688	85%
Total loans and advances to customers	112,356,912		90,898,541	

(iii) Non-Bank Mainland China Exposures
Equivalent in HKD Millions

Type of counterparties

	30 Jun 2017		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	15,192	3,774	18,966
2. Local governments, local government-owned entities and their subsidiaries and JVs	2,670	3,670	6,340
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	7,233	6,480	13,713
4. Other entities of central government not reported in item 1 above	479	-	479
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	4,891	7,852	12,743
7. Other counterparties where the exposures are considered by BNP Paribas to be non-bank Mainland China exposures	3,186	3,030	6,216
Total	33,651	24,806	58,457
Total assets after provision	312,822		
On-balance sheet exposures as percentage of total assets	10.76%		

Equivalent in HKD Millions

Type of counterparties

	31 Dec 2016		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	10,041	9,232	19,273
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,194	3,940	7,134
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,724	4,352	11,076
4. Other entities of central government not reported in item 1 above	78	52	130
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	5,504	6,287	11,791
7. Other counterparties where the exposures are considered by BNP Paribas to be non-bank Mainland China exposures	2,141	2,329	4,470
Total	27,682	26,192	53,874
Total assets after provision	280,616		
On-balance sheet exposures as percentage of total assets	9.86%		

(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 2017					Total
	Banks	Official Sector	Non-bank private sector		Others	
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	130,355	-	17,343	9,577	-	157,275
<i>of which France</i>	<i>128,893</i>	-	<i>17,341</i>	<i>3,554</i>	-	<i>149,788</i>
2. Developing Asia Pacific	15,006	42	-	16,655	-	31,703
<i>of which China</i>	<i>14,870</i>	<i>42</i>	-	<i>11,210</i>	-	<i>26,122</i>
3. Offshore centres	1,606	-	2,049	62,215	-	65,870
<i>of which Hong Kong</i>	<i>1,113</i>	-	<i>1,821</i>	<i>22,842</i>	-	<i>25,776</i>
<i>of which West Indies UK</i>	-	-	-	<i>25,881</i>	-	<i>25,881</i>

<i>Equivalent in HKD Millions</i>	31 Dec 2016					Total
	Banks	Official Sector	Non-bank private sector		Others	
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	124,137	-	1,985	6,722	-	132,844
<i>of which France</i>	<i>123,166</i>	-	<i>1,977</i>	<i>2,150</i>	-	<i>127,293</i>
2. Developing Asia Pacific	8,717	195	1	11,455	-	20,368
3. Offshore centres	550	-	880	55,182	-	56,612
<i>of which Hong Kong</i>	<i>450</i>	-	<i>878</i>	<i>20,549</i>	-	<i>21,877</i>
<i>of which West Indies UK</i>	-	-	<i>1</i>	<i>21,261</i>	-	<i>21,262</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 2017			31 Dec 2016		
	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	53,876	39	343	41,855	46	284
British Virgin Islands	25,628	198	198	20,641	197	197
Others	32,853	-	323	28,403	-	262
Total	112,357	237	864	90,899	243	743

(vi) Currency Risk

<i>Equivalent in HKD Millions</i>	30 Jun 2017			
	USD	EUR	CNY	Total
Spot assets	159,412	32,243	10,800	202,455
Spot liabilities	(166,621)	(23,199)	(11,509)	(201,329)
Forward purchases	165,202	12,600	97,140	274,942
Forward sales	(158,794)	(21,535)	(93,943)	(274,272)
Net options position	-	-	-	-
Net long(short)position	(801)	109	2,488	1,796
Net structural position	-	-	-	-

<i>Equivalent in HKD Millions</i>	31 Dec 2016			
	USD	EUR	CNY	Total
Spot assets	155,905	20,264	6,864	183,033
Spot liabilities	(146,669)	(15,167)	(10,737)	(172,573)
Forward purchases	149,873	9,112	90,665	249,650
Forward sales	(155,748)	(14,546)	(89,201)	(259,495)
Net options position	-	-	-	-
Net long(short)position	3,361	(337)	(2,409)	615
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 2017		31 Dec 2016	
	<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	482	0.00%	796	0.00%
- more than 6 months but not more than one year	5,091	0.00%	19,373	0.02%
- more than one year	231,613	0.21%	222,495	0.25%
- Market value of collateral	193,965		203,539	
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	-		-	
- more than one year	1,730		2,946	
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 2017 and 31 Dec 2016.				
5. No rescheduled assets to banks as at 30 Jun 2017 and 31 Dec 2016.				
6. No repossessed assets as at 30 Jun 2017 and 31 Dec 2016.				

IV. Off Balance Sheet Exposures

	30 Jun 2017	31 Dec 2016
	<i>HKD'000s</i>	<i>HKD'000s</i>
1. Contingent liabilities and commitments		
- Direct credit substitutes	3,216,402	3,837,895
- Transaction-related contingencies	9,945,044	7,870,986
- Trade-related contingencies	17,163,919	14,899,782
- Other commitments	129,387,397	129,622,591
- Others	11,826,822	9,273,218
2. Derivatives (Notional amounts)		
- Exchange rate contracts**	485,706,309	403,104,392
- Interest rate contracts	76,698,208	68,994,616
- Others	15,513,050	11,841,461
3. Total fair value of derivatives		
- Exchange rate contracts**	(145,799)	574,537
- Interest rate contracts	(30,579)	(74,455)
- Others	143,096	85,280

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 2017	30 Jun 2016
Average liquidity maintenance ratio for the financial period	43.37%	31.91%

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

Liquidity Risk

The liquidity risk is the risk of the entity 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 policies (Local & Group), including amongst others regular review, proper governance framework, analysis, stress testing, limit setting and monitoring.

Liquidity Risk Management Governance in BNP Paribas Hong Kong Branch ("BNPP HK")

- **ALCO**

BNPP HK Asset-Liability Committee ("ALCO") is responsible for the oversight of liquidity risk, including:

- Defining the liquidity risk profile and related quantitative guidelines
- Monitoring compliance with regulations
- Steering businesses so that they operate within the funding capacity
- Supervising the liquidity risk monitoring indicators
- Deciding upon and monitoring the execution of the liquidity risk mitigating strategies (funding and liquidity reserves) in business as usual conditions

BNPP HK ALCO frequency is quarterly and it is chaired by BNPP HK CEO with the compulsory participation of representatives from ALM Treasury, Finance, RISK and COO.

Liquidity Information Disclosure (continued)

- ALM Treasury

ALM Treasury is a transversal activity and is responsible for the operational liquidity risk management for all maturities, including intraday – both in business-as-usual conditions and in crisis situation. ALM Treasury activity is governed by ALCO and dedicated policies and procedures. This activity is also under the independent assessment, monitoring and control of RISK. It is also carried out under the sound and prudent treasury management principles.

Liquidity Risk is managed through the main below items:

- Liquidity Dashboard

The liquidity dashboard is a tool to monitor the soundness of the balance-sheet structure and to ensure compliance with liquidity metrics.

- 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.

- Liquidity Contingency Plan

The Liquidity Contingency Plan (LCP) 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 2017</u>	<u>31 Dec 2016</u>
Capital ratio	14.70%	14.50%
Shareholders' funds	99,318	100,665
Total assets	2,142,961	2,076,959
Total liabilities	2,038,537	1,971,739
Total loans and advances	761,811	759,644
Total customer deposits	793,384	765,953
	<u>2017</u>	<u>2016</u>
Pre-tax profit for the 6 months end 30 June	6,215	6,163

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 2017. 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 2017