

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

	31 Dec 2017	31 Dec 2016
	<i>HKD'000s</i>	<i>HKD'000s</i>
Interest income	4,153,130	2,809,780
Interest expense	(2,406,249)	(1,843,224)
Other operating income		
- Gains less losses arising from trading in foreign currencies	154,387	116,568
- Gains less losses on securities held for trading purposes	54,374	17,408
- Gains less losses from other trading activities	103,676	(61,436)
- Net fees and commission income		
- Fees and commission income	3,209,395	1,864,433
- Fees and commission expenses	(159,071)	(374,368)
- Others	804,721	5,492
Operating expenses		
- Staff and rental expenses	(3,451,794)	(2,326,909)
- Other expenses	(1,130,272)	(264,492)
- Net (charge) / write back for other provisions	(590)	108
Net charge for impaired loans and receivables	(46,204)	(61,714)
Gains less losses from the disposal of property, plant and equipment and investment properties	33	5
Profit / (loss) before taxation	1,285,536	(118,349)
Tax income	111,933	5,443
Profit / (loss) after taxation	1,397,469	(112,906)

II Balance Sheet Information

	31 Dec 2017	30 Jun 2017
	<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)	2,859,403	7,881,395
(ii) Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	130,424	2,051,506
(iii) Amount due from overseas offices of BNP Paribas	141,295,843	111,058,140
(iv) Trade bills	17,683,486	10,938,628
(v) Securities held for trading purposes	7,224,287	6,494,648
(vi) Loans and receivables		
- Loans and advances to customers	132,391,488	112,356,912
- Loans and advances to banks	2,030,122	1,701,304
- Other accounts	44,895,983	39,731,890
- Provisions for impaired loans and receivables		
Individual impairment allowance	(257,176)	(242,487)
Collective impairment allowance	(137,178)	(96,128)
(vii) Investment securities	20,049,175	18,214,730
Individual impairment allowance	(1,675)	(1,730)
(viii) Other investments	4,040	4,040
(ix) Property, plant and equipment and investment properties	114,271	107,116
(x) Goodwill	2,097,585	2,621,981
(xi) Total assets	370,380,078	312,821,945
Liabilities		
(i) Deposits and balances from banks (except those included in amount due to overseas offices of BNP Paribas)	8,006,409	32,746,282
(ii) Deposits from customers		
- Demand deposits and current accounts	28,727,123	29,077,511
- Time, call and notice deposits	144,745,096	140,472,436
(iii) Amount due to overseas offices of BNP Paribas	140,081,969	62,001,225
(iv) Certificates of deposit issued	2,101,017	3,763,146
(v) Issued debt securities	16,839,439	12,929,933
(vi) Other liabilities	29,872,120	31,823,659
(vii) Provisions	6,905	7,753
(viii) Total liabilities	370,380,078	312,821,945

III Additional Balance Sheet Information

	31 Dec 2017		30 Jun 2017	
	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	444,130	0.34%	863,921	0.77%
- The amount of individual impairment allowance	255,201	0.19%	240,537	0.21%
- The amount of collective impairment allowance	8,997	0.01%	18,063	0.02%
- Market value of collateral	750,361		844,655	
Covered portion of total overdue loans and advances	199,643		193,965	
Uncovered portion of total overdue loans and advances	64,711		43,221	
2. No impaired loans and advances to banks as at 31 Dec 2017 and 30 Jun 2017.				

* 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

	31 Dec 2017		30 Jun 2017	
	HKD'000s	% collateral covered	HKD'000s	% collateral covered
1. Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	5,679,857	15%	3,564,877	23%
- Property investment	1,192,285	52%	2,287,233	31%
- Financial concerns	10,782,236	41%	11,449,758	27%
- Stockbrokers	1,992,514	0%	1,771,844	0%
- Wholesale and retail trade	4,259,934	11%	3,555,896	9%
- Manufacturing	6,334,713	3%	5,115,984	4%
- Transport and transport equipment	14,514,139	92%	12,844,318	95%
- Recreational activities	18,000	100%	18,000	100%
- Information technology	446,051	14%	293,250	0%
- Electricity and gas	1,863,150	0%	567,247	0%
- Others	4,679,847	46%	6,383,180	51%
Individuals				
- Loans for the purchase of other residential properties	1,805	100%	16,139	100%
- Others	12,559,932	100%	9,658,361	99%
2. Trade finance	14,543,293	10%	11,329,873	17%
3. Loans and advances for use outside Hong Kong	53,523,732	75%	43,500,952	72%
Total loans and advances to customers	132,391,488		112,356,912	

(iii) Non-Bank Mainland China Exposures

Equivalent in HKD Millions

Type of counterparties

	31 Dec 2017		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	14,417	3,627	18,044
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,418	5,292	8,710
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	10,048	3,574	13,622
4. Other entities of central government not reported in item 1 above	871	37	908
5. Other entities of local governments not reported in item 2 above	300	-	300
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	7,916	8,257	16,173
7. Other counterparties where the exposures are considered by BNP Paribas to be non-bank Mainland China exposures	2,888	2,755	5,643
Total	39,858	23,542	63,400
Total assets after provision	370,380		
On-balance sheet exposures as percentage of total assets	10.76%		

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%		

(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>	31 Dec 2017					Total
	Banks	Official Sector	Non-bank private sector		Others	
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	161,746	-	20,028	9,567	-	191,341
<i>of which France</i>	<i>160,188</i>	-	<i>20,026</i>	<i>2,977</i>	-	<i>183,191</i>
2. Developing Asia Pacific	17,952	17	235	18,825	-	37,029
3. Offshore centres	698	-	694	80,443	-	81,835
<i>of which West Indies UK</i>	-	-	-	<i>36,079</i>	-	<i>36,079</i>

<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>

(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>	31 Dec 2017			30 Jun 2017		
	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	61,391	63	172	53,876	39	343
British Virgin Islands	36,072	199	199	25,628	198	198
Others	34,928	2	73	32,853	-	323
Total	132,391	264	444	112,357	237	864

(vi) Currency Risk

<i>Equivalent in HKD Millions</i>	31 Dec 2017			
	USD	EUR	CNY	Total
Spot assets	148,790	93,007	12,975	254,772
Spot liabilities	(151,056)	(91,870)	(7,833)	(250,759)
Forward purchases	178,473	20,086	121,193	319,752
Forward sales	(184,996)	(20,925)	(115,831)	(321,752)
Net options position	-	-	-	-
Net long(short)position	(8,789)	298	10,504	2,013
Net structural position	-	-	-	-

<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	-	-	-	-

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

	31 Dec 2017		30 Jun 2017	
	HKD'000s	% to total loans and advances to customers	HKD'000s	% to total loans and advances to customers
1. Loans and advances to customers which have been overdue for				
- more than 3 months but not more than 6 months	2,115	0.00%	482	0.00%
- more than 6 months but not more than one year	25,350	0.02%	5,091	0.00%
- more than one year	236,889	0.18%	231,613	0.21%
- Market value of collateral	282,153		193,965	
The collateral held in respect of the overdue loans and advances to customers are metals 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	1,675		1,730	
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 31 Dec 2017 and 30 Jun 2017.				
5. No rescheduled assets to banks as at 31 Dec 2017 and 30 Jun 2017.				
6. No repossessed assets as at 31 Dec 2017 and 30 Jun 2017.				

IV. Off Balance Sheet Exposures

	31 Dec 2017	30 Jun 2017
	HKD'000s	HKD'000s
1. Contingent liabilities and commitments		
- Direct credit substitutes	2,871,387	3,216,402
- Transaction-related contingencies	10,395,792	9,945,044
- Trade-related contingencies	15,721,407	17,163,919
- Other commitments	132,732,480	129,387,397
- Others	3,503,265	11,826,822
2. Derivatives (Notional amounts)		
- Exchange rate contracts**	482,880,366	485,706,309
- Interest rate contracts	142,253,658	76,698,208
- Others	20,113,224	15,513,050
3. Total fair value of derivatives		
- Exchange rate contracts**	(451,553)	(145,799)
- Interest rate contracts	(259,329)	(30,579)
- Others	107,739	143,096

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

	31 Dec 2017	31 Dec 2016
Average liquidity maintenance ratio for the financial period	41.19%	33.88%

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>31 Dec 2017</u>	<u>30 Jun 2017</u>
Capital ratio	14.80%	14.70%
Shareholders' funds	101,983	99,318
Total assets	1,960,252	2,142,961
Total liabilities	1,853,043	2,038,537
Total loans and advances	773,345	761,811
Total customer deposits	766,890	793,384
	<u>2017</u>	<u>2016</u>
Pre-tax profit for the 12 months end 31 December	11,310	11,210

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of BNP Paribas, Hong Kong Branch for the year ended 31st December 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, 31 March 2018