BNP Paribas Hong Kong Branch

(Incorporated in France with Limited Liability)

INTERIM FINANCIAL DISCLOSURE STATEMENT

As at 30 June 2018

SECTION A – HONG KONG BRANCH INFORMATION

I. Income Statement Information

	30 Jun 2018	30 Jun 2017
	HKD'000s	*HKD'000s*
Interest income	2,809,435	1,970,051
Interest expense	(1,566,632)	(1,187,122)
Other operating income		
- Gains less losses arising from trading in foreign currencies	333,252	(77,674)
- Gains less losses on securities held for trading purposes	113,934	43,568
- Gains less losses from other trading activities	(16,317)	88,609
- Net fees and commission income		
- Fees and commission income	946,504	1,356,788
- Fees and commission expenses	(399,986)	(67,905)
- Others	998	439
Operating expenses		
- Staff and rental expenses	(1,669,781)	(1,747,455)
- Other expenses	(552,933)	(220,510)
- Net write back for other provisions	337	84
Net write back for impaired loans and receivables	12,750	7,863
Gains less losses from the disposal of property, plant and equipment and investment properties	-	14
Profit before taxation	11,561	166,750
Tax (expense) / income	(23,284)	195
(Loss) / profit after taxation	**(11,723)**	**166,945**

II Balance Sheet Information

		30 Jun 2018	31 Dec 2017
		HKD'000s	*HKD'000s*
Assets			
(i)	Cash and balances with banks (except those included in amount due from overseas offices of BNP Paribas)	2,830,411	2,859,403
(ii)	Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	2,775,572	130,424
(iii)	Amount due from overseas offices of BNP Paribas	134,517,959	141,295,843
(iv)	Trade bills	12,867,850	17,683,486
(v)	Securities held for trading purposes	11,635,516	7,224,287
(vi)	Loans and receivables		
	- Loans and advances to customers	134,555,572	132,391,488
	- Loans and advances to banks	1,028,945	2,030,122
	- Other accounts	43,788,752	44,895,983
	- Provisions for impaired loans and receivables		
	Individual impairment allowance	(303,873)	(257,176)
	Collective impairment allowance	(134,300)	(137,178)
(vii)	Investment securities	13,545,596	20,049,175
	Individual impairment allowance	(1,596)	(1,675)
(viii)	Other investments	4,040	4,040
(ix)	Property, plant and equipment and investment properties	166,819	114,271
(x)	Goodwill	1,966,486	2,097,585
(xi)	**Total assets**	**359,243,749**	**370,380,078**
Liabilities			
(i)	Deposits and balances from banks (except those included in amount due to overseas offices of BNP Paribas)	17,732,212	8,006,409
(ii)	Deposits from customers		
	- Demand deposits and current accounts	28,150,143	28,727,123
	- Time, call and notice deposits	133,089,554	144,745,096
(iii)	Amount due to overseas offices of BNP Paribas	112,699,330	140,081,969
(iv)	Certificates of deposit issued	3,241,360	2,101,017
(v)	Issued debt securities	22,715,198	16,839,439
(vi)	Other liabilities	41,607,872	29,872,120
(vii)	Provisions	8,080	6,905
(viii)	**Total liabilities**	**359,243,749**	**370,380,078**

III Additional Balance Sheet Information

(i) Loans and Advances to Customers

	30 Jun 2018 HKD'000s	30 Jun 2018 % to total loans and advances to customers	31 Dec 2017 HKD'000s	31 Dec 2017 % to total loans and advances to customers
1. Impaired loans and advances* to customers				
- The amount of impaired loans and advances	353,852	*0.26%*	444,130	*0.34%*
- The amount of individual impairment allowance	256,242	*0.19%*	255,201	*0.19%*
- The amount of collective impairment allowance	4,184	*0.00%*	8,997	*0.01%*
- Market value of collateral	386,968		750,361	
Covered portion of total overdue loans and advances	200,065		199,643	
Uncovered portion of total overdue loans and advances	93,223		64,711	
2. No impaired loans and advances to banks as at 30 Jun 2018 and 31 Dec 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

	30 Jun 2018 HKD'000s	30 Jun 2018 % collateral covered	31 Dec 2017 HKD'000s	31 Dec 2017 % collateral covered
1. Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	4,047,498	*27%*	5,679,857	*15%*
- Property investment	1,324,018	*63%*	1,192,285	*52%*
- Financial concerns	15,815,664	*33%*	10,782,236	*41%*
- Stockbrokers	589,070	*0%*	1,992,514	*0%*
- Wholesale and retail trade	6,038,751	*24%*	4,259,934	*11%*
- Manufacturing	8,257,878	*2%*	6,334,713	*3%*
- Transport and transport equipment	12,333,213	*89%*	14,514,139	*92%*
- Recreational activities	5,000	*100%*	18,000	*100%*
- Information technology	688,952	*9%*	446,051	*14%*
- Electricity and gas	-	*0%*	1,863,150	*0%*
- Others	4,699,076	*55%*	4,679,847	*46%*
Individuals				
- Loans for the purchase of other residential properties	1,526	*100%*	1,805	*100%*
- Others	11,670,305	*100%*	12,559,932	*100%*
2. Trade finance	13,108,108	*10%*	14,543,293	*10%*
3. Loans and advances for use outside Hong Kong	55,976,513	*69%*	53,523,732	*75%*
Total loans and advances to customers	**134,555,572**		**132,391,488**	

(iii) Non-Bank Mainland China Exposures

Equivalent in HKD Millions — **30 Jun 2018**

Type of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	14,184	3,527	17,711
2. Local governments, local government-owned entities and their subsidiaries and JVs	3,874	4,521	8,395
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	15,143	5,208	20,351
4. Other entities of central government not reported in item 1 above	874	44	918
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	7,874	8,472	16,346
7. Other counterparties where the exposures are considered by BNP Paribas to be non-bank Mainland China exposures	3,201	2,494	5,695
Total	**45,150**	**24,266**	**69,416**
Total assets after provision	**359,244**		
On-balance sheet exposures as percentage of total assets	**12.57%**		

Equivalent in HKD Millions — **31 Dec 2017**

Type of counterparties	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%**		

(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 :

Equivalent in HKD Millions	30 Jun 2018					
	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	**150,310**	**1**	**29,246**	**12,361**	**-**	**191,918**
of which France	*148,408*	-	*29,243*	*2,867*	-	*180,518*
2. Developing Asia Pacific	**16,150**	**17**	**512**	**17,390**	**-**	**34,069**
3. Offshore centres	**59**	**-**	**821**	**77,399**	**-**	**78,279**
of which West Indies UK	-	-	-	*31,646*	-	*31,646*

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

(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 :

Equivalent in HKD Millions	30 Jun 2018			31 Dec 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	55,906	58	115	61,391	63	172
British Virgin Islands	34,245	235	235	36,072	199	199
Others	44,405	-	4	34,928	2	73
Total	**134,556**	**293**	**354**	**132,391**	**264**	**444**

(vi) Currency Risk

Equivalent in HKD Millions	30 Jun 2018			
	USD	EUR	CNY	Total
Spot assets	165,804	66,949	21,613	254,366
Spot liabilities	(171,344)	(67,321)	(10,722)	(249,387)
Forward purchases	170,141	20,559	102,165	292,865
Forward sales	(168,680)	(19,494)	(109,721)	(297,895)
Net options position	-	-	-	-
Net long(short)position	**(4,079)**	**693**	**3,335**	**(51)**
Net structural position	-	-	-	-

Equivalent in HKD Millions	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	-	-	-	-

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 2018 HKD'000s	30 Jun 2018 % to total loans and advances to customers	31 Dec 2017 HKD'000s	31 Dec 2017 % 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	27,847	*0.02%*	2,115	*0.00%*
- more than 6 months but not more than one year	2,512	*0.00%*	25,350	*0.02%*
- more than one year	262,929	*0.20%*	236,889	*0.18%*
- Market value of collateral	297,263		282,153	

The collateral held in respect of the overdue loans and advances to customers are metals and bank guarantee.

	30 Jun 2018 HKD'000s	30 Jun 2018 % to total loans and advances to customers	31 Dec 2017 HKD'000s	31 Dec 2017 % to total loans and advances to customers
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	1,596		1,675	
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 2018 and 31 Dec 2017.
5. No rescheduled assets to banks as at 30 Jun 2018 and 31 Dec 2017.
6. No repossessed assets as at 30 Jun 2018 and 31 Dec 2017.

IV. Off Balance Sheet Exposures

	30 Jun 2018 HKD'000s	31 Dec 2017 HKD'000s
1. Contingent liabilities and commitments		
- Direct credit substitutes	2,234,068	2,871,387
- Transaction-related contingencies	8,085,299	10,395,792
- Trade-related contingencies	19,643,792	15,721,407
- Other commitments	138,776,246	132,732,480
- Others	28,030,799	3,503,265
2. Derivatives (Notional amounts)		
- Exchange rate contracts**	531,524,591	482,880,366
- Interest rate contracts	139,693,800	142,253,658
- Others	25,583,664	20,113,224
3. Total fair value of derivatives		
- Exchange rate contracts**	(434,071)	(451,553)
- Interest rate contracts	(283,880)	(259,329)
- Others	(642,158)	107,739

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

(i) Liquidity Maintenance Ratio (LMR)

	30 Jun 2018	31 Mar 2018
Average LMR for 3 months period	41.70%	39.64%

	30 June 2017
Average LMR for 6 months period	43.37%

The average liquidity maintenance ratio is the arithmetic mean of each months' average LMR calculated in accordance with the Banking (Liquidity) Rules.

(ii) Core Funding Ratio (CFR)

	30 Jun 2018	31 Mar 2018
Average CFR for 3 months period	120.13%	122.96%

The average core funding ratio is the arithmetic mean of each months' average CFR calculated in accordance with the Banking (Liquidity) Rules.

Details of liquidity information can be found in the News & Press section of our website www.bnpparibas.com.hk.

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

- 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)

	30 Jun 2018	31 Dec 2017
Capital ratio	14.50%	14.80%
Shareholders' funds	98,711	101,983
Total assets	2,234,485	1,952,166 ***
Total liabilities	2,130,240	1,844,957 ***
Total loans and advances	770,232	755,418 ***
Total customer deposits	783,854	760,941 ***

***Presentation changes have been performed on these comparative figures in order to present separately the assets and liabilities related to insurance activities and to harmonise item headings with those established by IFRS9.

	2018	2017
Pre-tax profit for the 6 months end 30 June	5,709	6,215

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 2018. 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 2018