

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

	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	<i>HKD'000s</i>	<i>HKD'000s</i>
Interest income	46,008	37,929
Interest expense	(19,819)	(17,225)
Other operating income		
- Gains less losses arising from trading in foreign currencies	162	291
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income		
- Fees and commission income	1,749,651	901,891
- Fees and commission expenses	(1,313,230)	(512,855)
- Others	145	26
Operating expenses		
- Staff and rental expenses	(185,988)	(167,849)
- Other expenses	(238,087)	(217,557)
- Net charge for other provisions	-	-
Net charge for impaired loans and receivables	(7)	(515)
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	38,835	24,136
Tax expense	(8,228)	(5,050)
<b>Profit after taxation</b>	<b>30,607</b>	<b>19,086</b>

**II Balance Sheet Information**

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	<i>HKD'000s</i>	<i>HKD'000s</i>
<b>Assets</b>		
(i) Cash and balances with banks (except those included in amount due from overseas offices of BNP Paribas Securities Services)	1,742,648	4,809,682
(ii) Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices of BNP Paribas Securities Services)	-	-
(iii) Amount due from overseas offices of BNP Paribas Securities Services	2,354,399	3,082,412
(iv) Trade bills	-	-
(v) Certificates of deposit held	-	-
(vi) Securities held for trading purposes	-	-
(vii) Loans and receivables		
- Loans and advances to customers	13,759	109,724
- Loans and advances to banks	-	-
- Other accounts	3,030,995	2,110,314
- Provisions for impaired loans and receivables		
Specific provisions	-	-
Collective provisions	(1,731)	(1,588)
(viii) Investment securities	1,700,000	1,400,000
Specific provisions	-	-
(ix) Other investments	32,080	32,080
Specific provisions	(32,080)	(32,080)
(x) Property, plant and equipment and investment properties	2,861	3,549
(xi) Goodwill	64,261	68,079
(xii) <b>Total assets</b>	<b>8,907,192</b>	<b>11,582,172</b>
<b>Liabilities</b>		
(i) Deposits and balances from banks (except those included in amount due to overseas offices of BNP Paribas Securities Services)	1,195,638	1,056,288
(ii) Deposits from customers		
- Demand deposits and current accounts	1,763,730	1,562,862
- Time, call and notice deposits	-	-
(iii) Amount due to overseas offices of BNP Paribas Securities Services	2,612,943	6,506,909
(iv) Certificates of deposit issued	-	-
(v) Issued debt securities	-	-
(vi) Other liabilities	3,334,881	2,456,113
(vii) <b>Total liabilities</b>	<b>8,907,192</b>	<b>11,582,172</b>

### III Additional Balance Sheet Information

	31 Dec 2021		30 Jun 2021	
	HKD'000s	% to total loans and advances to customers	HKD'000s	% to total loans and advances to customers
<b>(i) Loans and Advances to Customers</b>				
1. Impaired loans and advances* to customers				
- The amount of impaired loans and advances	-	0%	-	0%
- The amount of specific provisions	-	0%	-	0%
- The amount of collective provisions	-	0%	-	0%
- Market value of collateral	-		-	
Covered portion of total overdue loans and advances	-		-	
Uncovered portion of total overdue loans and advances	-		-	
2. No impaired loans and advances to banks as at 31 Dec 2021 and 30 Jun 2021.				

\* 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 2021		30 Jun 2021	
	HKD'000s	% collateral covered	HKD'000s	% collateral covered
1. Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	-	0%	-	0%
- Property investment	-	0%	-	0%
- Financial concerns	-	0%	-	0%
- Stockbrokers	13,759	0%	109,724	0%
- Wholesale and retail trade	-	0%	-	0%
- Manufacturing	-	0%	-	0%
- Transport and transport equipment	-	0%	-	0%
- Recreational activities	-	0%	-	0%
- Information technology	-	0%	-	0%
- Others	-	0%	-	0%
Individuals				
- Loans for the purchase of other residential properties	-	0%	-	0%
- Others	-	0%	-	0%
2. Trade finance	-	0%	-	0%
3. Loans and advances for use outside Hong Kong	-	0%	-	0%
Total loans and advances to customers	<b>13,759</b>		<b>109,724</b>	

#### (iii) Non-Bank Mainland China Exposures

##### Equivalent in HKD Millions

Type of counterparties

	31 Dec 2021		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	2	-	2
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
4. Other entities of central government not reported in item 1 above	-	-	-
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. Other counterparties where the exposures are considered by BNP Paribas Securities Services to be non-bank Mainland China exposures	-	-	-
Total	<b>2</b>	<b>-</b>	<b>2</b>
Total assets after provision	<b>8,907</b>		
On-balance sheet exposures as percentage of total assets	<b>0.02%</b>		

##### Equivalent in HKD Millions

Type of counterparties

	30 Jun 2021		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1	-	1
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1	-	1
4. Other entities of central government not reported in item 1 above	-	-	-
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	-	-	-
8. Other counterparties where the exposures are considered by BNP Paribas Securities Services to be non-bank Mainland China exposures	-	-	-
Total	<b>2</b>	<b>-</b>	<b>2</b>
Total assets after provision	<b>11,582</b>		
On-balance sheet exposures as percentage of total assets	<b>0.02%</b>		

**(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 2021					
	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	3,456	-	61	-	-	3,517
<i>of which France</i>	3,022	-	20	-	-	3,042
2. Developing Asia Pacific	26	-	2	-	-	28
<i>of which China</i>	26	-	-	-	-	26
3. Offshore centres	489	-	1,562	-	-	2,051
<i>of which Hong Kong</i>	489	-	1,542	-	-	2,031

  

<i>Equivalent in HKD Millions</i>	30 Jun 2021					
	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
1. Developed countries	3,742	-	173	-	-	3,915
<i>of which France</i>	3,444	-	20	-	-	3,464
2. Developing Asia Pacific	1,097	-	2	-	-	1,099
<i>of which China</i>	1,097	-	-	-	-	1,097
3. Offshore centres	-	-	1,470	-	-	1,470
<i>of which Hong Kong</i>	-	-	1,451	-	-	1,451

**(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 after taking into account any recognized risk transfer (constitute 10% or more of the total loans and advances to customers), are as follows :

<i>Equivalent in HKD Millions</i>	31 Dec 2021			30 Jun 2021		
	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
United States	13	-	-	-	-	-
France	1	-	-	-	-	-
Australia	-	-	-	110	-	-
Total	14	-	-	110	-	-

**(vi) Currency Risk**

<i>Equivalent in HKD Millions</i>	31 Dec 2021		
	USD	EUR	Total
Spot assets	239	107	346
Spot liabilities	(218)	(118)	(336)
Forward purchases	-	-	-
Forward sales	-	-	-
Net options position	-	-	-
Net long(short)position	21	(11)	10
Net structural position	-	-	-

  

<i>Equivalent in HKD Millions</i>	30 Jun 2021		
	USD	EUR	Total
Spot assets	326	108	434
Spot liabilities	(306)	(114)	(420)
Forward purchases	-	-	-
Forward sales	-	-	-
Net options position	-	-	-
Net long(short)position	20	(6)	14
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**

	<b>31 Dec 2021</b>		<b>30 Jun 2021</b>	
	<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	-	0%	-	0%
- more than 6 months but not more than one year	-	0%	-	0%
- more than one year	-	0%	-	0%
- The amount of specific provisions	-		-	
- Market value of collateral	-		-	
No collateral held in respect of the overdue 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	-		-	
3. Rescheduled assets to customers, excluding those which have been overdue for more than 3 months	-	0%	-	0%
4. Loans and advances to banks which have been overdue for				
- more than 3 months but not more than 6 months	-	0%	-	0%
5. No rescheduled assets to banks as at 31 Dec 2021 and 30 Jun 2021.				
6. No repossessed assets as at 31 Dec 2021 and 30 Jun 2021.				

**IV. Off Balance Sheet Exposures**

	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<i>HKD'000s</i>	<i>HKD'000s</i>
<b>1. Contingent liabilities and commitments</b>		
- Direct credit substitutes	-	-
- Transaction-related contingencies	-	-
- Trade-related contingencies	-	-
- Other commitments	-	-
- Others	-	-
<b>2. Derivatives (Notional amounts)</b>		
- Exchange rate contracts**	-	-
- Interest rate contracts	-	-
- Others	-	-
<b>3. Total fair value of derivatives</b>		
- Exchange rate contracts**	-	-
- Interest rate contracts	-	-
- Others	-	-

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

**V. Liquidity Information Disclosure****(i) Liquidity Maintenance Ratio (LMR)**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
Average LMR for 3 months period	88.72%	83.23%

The average liquidity maintenance ratio is the arithmetic mean of each months' average LMR 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](http://www.bnpparibas.com.hk).

**(ii) BPSS HK Branch on and off balance sheet\*\***

<i>Equivalent in HKD Billions</i>	<b>31 Dec 2021</b>			<b>31 Dec 2020</b>		
	Total *	Contractual maturity of cash flows and securities flows arising from the relevant bank		Total *	Contractual maturity of cash flows and securities flows arising from the relevant bank	
		Up to 1 year	Over 1 year		Up to 1 year	Over 1 year
On balance sheet liabilities						
Total On balance sheet liabilities *	8.9	8.7	-	10.1	10.1	-
Total Off balance sheet obligations	-	-	-	-	-	-

\* Total column represents PV of amount payable arising from derivative contracts and balancing amount not the cash flow as shown in each time buckets.

<i>Equivalent in HKD Billions</i>	<b>31 Dec 2021</b>			<b>31 Dec 2020</b>		
	Total *	Contractual maturity of cash flows and securities flows arising from the relevant bank		Total *	Contractual maturity of cash flows and securities flows arising from the relevant bank	
		Up to 1 year	Over 1 year		Up to 1 year	Over 1 year
On balance sheet assets						
Total On balance sheet assets *	8.9	8.8	-	10.1	10.0	-
Total Off balance sheet claims	-	-	-	-	-	-

\* Total column represents PV of amount receivable arising from derivative contracts and balancing amount not the cash flow as shown in each time buckets.

Contractual Maturity Mismatch		0.1	-		(0.1)	-
Cumulative Contractual Maturity Mismatch			0.1			(0.1)

**(iii) Liquidity exposures and funding needs \*\***

<i>Equivalent in HKD Billions</i>	<b>31 Dec 2021</b>			<b>31 Dec 2020</b>		
	Estimated cash flows arising from selected assets, liabilities and off balance sheet items (based on behavioural assumptions)			Estimated cash flows arising from selected assets, liabilities and off balance sheet items (based on behavioural assumptions)		
	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
Irrevocable loan commitments or facilities granted according to estimated dates and amounts of drawdown by customers	-	-	-	-	-	-
Off balance sheet obligations according to estimated dates and amounts of payment to customers	-	-	-	-	-	-
Loans and advances to non-bank customers according to estimated dates and amounts of repayment by customers	-	-	-	0.3	0.3	-

This table collects information on the BPSS HK Branch's cash-flow estimations arising from certain assets, liabilities, and off-balance sheet items, taking into account behavioural assumptions relevant to such items. The assumptions are consistent with the assumptions used for LMR calculation.

**(iv) Concentration limits on collateral pools and sources of funding (both products and counterparties)\*\***

<i>Equivalent in HKD Billions</i>	<b>31 Dec 2021</b>		<b>31 Dec 2020</b>	
	Total amount	As % of total liabilities	Total amount	As % of total liabilities
Significant funding instruments				
Deposits from customers	1.8	19.80%	1.4	13.45%
Funding raised from Connected AI	3.1	34.57%	5.2	51.56%
Funding raised from banks	0.7	8.20%	0.5	4.73%
Certificates of deposits	-	0%	-	0%
Convertible securities	-	0%	-	0%

No concentration limits on collateral pools, therefore, no disclosure.

\*\*Extraction from the HKMA Return on Liquidity Monitoring Tools (Form MA(BS)23).

## **Liquidity Risk Management**

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.

BNP Paribas Securities Services (“BPSS”) Hong Kong branch Asset and Liability Committee (“BPSS HK 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

BPSS HK ALCO frequency is semi-annually and it is chaired by BPSS HK Chief Executive Officer (CEO) with the compulsory participation of representatives from ALM Treasury, Finance, RISK and BPSS Chief Operating Officer (COO).

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

## **An outline of Contingency Funding Plan (CFP) / Liquidity Contingency Plan (LCP)**

Liquidity Contingency Plans (LCPs) are designed to provide a framework to handle a liquidity crisis. The governance of the LCP is based on the ALCO which becomes a Liquidity Crisis Committee (LCC) to monitor the situations, make crisis management decisions and monitor the execution of those decisions.

The LCP Policy describes the circumstances in which the LCP is activated as a result of actual or potential adverse events. Those events are identified by quantitative Early Warning Indicators (EWIs) or a qualitative assessment of the liquidity situation.

Once the LCP is activated, the Liquidity Crisis Committee (LCC) is responsible for the execution of crisis management with the determination of appropriate responses and the coordination of the involved parties. Operationally, LCC mitigation actions essentially consist of strengthening the liquidity situation, if possible, in the emergence phase of a crisis and, if necessary monetizing the Counterbalancing Capacity to offset net cash outflows in a more severe crisis. The LCP sets out a list of potential mitigating actions which the LCC may elect and execute the most appropriate ones, depending on the circumstances. There is no pre-determined program of actions since these vary depending on the type and severity of the crisis.

The list of mitigating actions is diverse to deal with a wide range of adverse circumstances, both systemic and idiosyncratic and LCC would consider the interdependencies and ramifications of its potential actions.

## **Liquidity stress-tests**

Internal Liquidity Stress testing (ILST) is part of liquidity risk management of BPSS HK Branch – being part of its overall governance as well as the monitoring indicators. The objective of stress testing is to measure the cash outflows and inflows under severe and plausible crisis scenarios, which allow us to size the Counterbalancing Capacity accordingly.

The Counterbalancing Capacity is composed of cash deposited at the Central Bank and assets that may be monetized in order to raise cash. The final output allows assessing the potential for net liquidity shortfalls under liquidity stressed circumstances for multiple horizons. The ILST assumptions are described in the ILST Policy which is reviewed annually and submitted to ALCO for approval. ILST results are computed monthly on different time horizons and using three types of scenarios (idiosyncratic, systemic crisis, and combined crisis scenarios) and reviewed by ALCO who is acting as a decision-maker on appropriate responses - should the results be deemed unsatisfactory.

## **Funding Strategy**

### **Group Overall Framework**

At Group level, internal liquidity risk management and internal monitoring are based on a range of indicators at various maturities. These indicators are measured on a regular basis by currency and maturity. The monitoring indicators relate to the funding needs of the Group’s businesses under both normal and stressed conditions. These monitoring indicators are part of the Group’s budget planning exercise with set objectives that are routinely monitored (monthly).

The funding needs associated with the activity of the Group’s businesses are managed in particular by measuring the difference between commercial funding needs (customer loans and overdrafts, trading assets) and commercial funding resources (customer deposits, sale of the Group’s debt securities to customers, etc.). This indicator makes it possible to measure the business lines’ liquidity consumption under a normal business scenario. It is supplemented by indicators to measure the funding needs of the business lines in one month and one year depending on the assumptions defined by European regulations in force (Liquidity Coverage Ratio) or anticipated in a one-year perspective (Net Stable Funding Ratio). In addition to this commercial funding need indicators, the Group closely monitors the Counterbalancing Capacity and the funding provided by ALM Treasury, as well as the Group’s structural resources (i.e. net own funds).

Business lines' consumption of liquidity is fully factored in the Group's budget process, wherein each business line estimates its future liquidity needs, in keeping with its profitability targets and capital consumption objectives. During the iterative budget process, liquidity consumption objectives are allotted to the business lines, taking into account the funding provided by ALM Treasury and structural resources, in line with the Group's overall target. This process is regularly reviewed, monitored and adjusted as appropriate throughout the year by the Group ALCO.

All of the Group's assets and liabilities are subject to internal liquidity pricing, the principles of which are decided by the Group ALCO and aim to take account of trends in the cost of market liquidity and the balance between assets and liabilities within the Group's development strategy.

At BPSS HK Branch level, those principles are implemented through the below framework

- A daily and intraday liquidity forecast to monitor the soundness of funding obligations.
- Quarterly Liquidity Stress Tests
- The set-up of Early Warning Indicators (EWIs) to help identifying potential deterioration of the branches liquidity position.
- A yearly Funding Plan validated by ALCO.

#### Wholesale funding monitoring indicators

The Group has adopted a broad definition of wholesale funding, covering all funds excluding those provided by:

- retail customers, SMEs and corporates;
- institutional clients for their operating needs (e.g. portion needed for custody management);
- monetary policy and funding secured by market assets.

This definition is broader than market funding. For example, it includes medium- to long-term debt placed in funds for individuals and, in the short-term portion, non-operating deposits in the Securities Services business.

The Group has a conservative policy for the management of its wholesale funding by ensuring that it does not depend on very short-term funding and diversifying these funding sources.

Thus at Group level, wholesale funding with an original maturity of less than one month, so-called very short-term wholesale funding, is systematically "sterilized" by being placed in immediately-available deposits in central banks so that they are not used to fund the Group's business.

The Group ensures that short-term wholesale funding (with original maturity of between 1 month and one year) is diversified in terms of counterparty, business sector and residual maturity. Any excess concentration on one of these criteria is systematically "sterilized" and placed in central bank deposits. Medium- to long-term wholesale market funding (with original maturity over 1 year) is diversified in terms of investor type, distribution network, financing programme (secured or unsecured), and by geographical area to ensure diversification. Furthermore, the Group aims to optimize the term structure of its funding operations.

At BPSS HK Branch level, the same principles apply with a main focus on Short-Term Wholesale Funding (operational deposits) arising from custody and clearing activities.

#### Medium- to long-term liquidity position

The medium-to long-term liquidity positions are measured regularly at Group level by entity and by currency to evaluate the medium-to long-term resources and uses. To this end, each balance sheet item is given a maturity in an economic approach using models and conventions offered by ALM Treasury and reviewed by the RISK Function, or a regulatory approach by applying standardized weightings of the Net Stable Funding Ratio as anticipated for its application in Europe.

At BPSS HK Branch level, due to the nature of the custody and clearing activities offered, the local branch does not engage in MLT loans or deposits.

#### Liquidity Reserve

At Group level, the liquidity reserve consists of assets held by ALM Treasury and the capital market businesses. The liquidity reserve comprises:

- deposits with central banks;
- available assets that can be immediately sold on the market or through repurchase agreements;
- available securities and receivables that can be refinanced with central banks

At BPSS HK Branch level, the liquidity reserve is monitored on a daily basis.

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

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
Capital ratio	16.40%	16.50%
Shareholders' funds	117,886	115,991
Total assets	2,634,444	2,671,803
Total liabilities	2,511,937	2,551,340
Total loans and advances	835,751	858,359
Total customer deposits	957,684	1,000,870
	<u>2021</u>	<u>2020***</u>
Pre-tax profit for the 12 months end 31 December	12,744	9,337

\*\*\* Restated according to IFRS 5.

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of BNP Paribas Securities Services, Hong Kong Branch for the year ended 31st December 2021. 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.

**Julien KASPARIAN**  
Chief Executive  
Hong Kong, 24 March 2022

P.P.



Angela Lunn  
Chief Operating Officer, BNP Paribas Securities Services, Hong Kong