

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

	31 Dec 2016	31 Dec 2015
	<i>HKD'000s</i>	<i>HKD'000s</i>
Interest income	2,809,780	2,819,847
Interest expense	(1,843,224)	(1,691,920)
Other operating income		
- Gains less losses arising from trading in foreign currencies	116,568	193,732
- Gains less losses on securities held for trading purposes	17,408	90,243
- Gains less losses from other trading activities	(61,436)	21,066
- Net fees and commission income		
- Fees and commission income	1,864,433	1,114,767
- Fees and commission expenses	(374,368)	(232,818)
- Others	5,492	642,709
Operating expenses		
- Staff and rental expenses	(2,326,909)	(2,005,084)
- Other expenses	(264,492)	(88,426)
- Net write back for other provisions	108	436
Net charge for impaired loans and receivables	(61,714)	(89,215)
Gains less losses from the disposal of property, plant and equipment and investment properties	5	(233)
(Loss) / profit before taxation	(118,349)	775,104
Tax income	5,443	1,370
(Loss) / profit after taxation	(112,906)	776,474

II Balance Sheet Information

	31 Dec 2016	30 Jun 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)	6,476,118	22,000,650
(ii) Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	71,564	1,203,884
(iii) Amount due from overseas offices of BNP Paribas	91,075,915	98,543,653
(iv) Trade bills	12,187,111	8,020,772
(v) Securities held for trading purposes	5,615,333	5,074,265
(vi) Loans and receivables		
- Loans and advances to customers	90,898,541	62,598,262
- Loans and advances to banks	1,255,672	1,070,244
- Other accounts	54,112,187	37,826,981
- Provisions for impaired loans and receivables		
Individual impairment allowance	(245,676)	(241,791)
Collective impairment allowance	(104,684)	(70,058)
(vii) Investment securities	16,523,446	16,835,000
Individual impairment allowance	(2,946)	-
(viii) Other investments	4,040	4,040
(ix) Property, plant and equipment and investment properties	127,276	121,869
(x) Goodwill	2,621,981	2,621,981
(xi) Total assets	280,615,878	255,609,752
Liabilities		
(i) Deposits and balances from banks (except those included in amount due to overseas offices of BNP Paribas)	18,419,164	82,768,417
(ii) Deposits from customers		
- Demand deposits and current accounts	28,288,036	5,914,595
- Time, call and notice deposits	142,229,442	66,693,522
(iii) Amount due to overseas offices of BNP Paribas	40,119,595	36,020,920
(iv) Certificates of deposit issued	4,291,212	1,668,295
(v) Issued debt securities	9,660,854	11,409,584
(vi) Other liabilities	37,598,215	51,123,815
(vii) Provisions	9,360	10,604
(viii) Total liabilities	280,615,878	255,609,752

III Additional Balance Sheet Information

	31 Dec 2016		30 Jun 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	743,196	0.82%	551,785	0.88%
- The amount of individual impairment allowance	243,737	0.27%	239,914	0.38%
- The amount of collective impairment allowance	14,712	0.02%	7,100	0.01%
- Market value of collateral	735,918		483,592	
Covered portion of total overdue loans and advances	199,186		228,426	
Uncovered portion of total overdue loans and advances	43,478		56,821	
2. No impaired loans and advances to banks as at 31 Dec 2016 and 30 Jun 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

	31 Dec 2016		30 Jun 2016	
	HKD'000s	% collateral covered	HKD'000s	% collateral covered
1. Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	262,305	100%	244,932	100%
- Property investment	7,229,608	13%	8,036,386	23%
- Financial concerns	7,766,474	38%	8,386,031	8%
- Stockbrokers	1,708,014	0%	1,715,918	0%
- Wholesale and retail trade	3,661,352	10%	4,100,351	17%
- Manufacturing	3,998,552	3%	5,297,103	3%
- Transport and transport equipment	10,796,691	94%	10,854,182	97%
- Recreational activities	18,000	100%	18,000	100%
- Information technology	1,073,250	0%	1,467,649	18%
- Electricity and gas	291,692	0%	268,223	0%
- Others	4,372,495	53%	4,161,100	44%
Individuals				
- Loans for the purchase of other residential properties	16,568	100%	4,505	100%
- Others	7,126,094	99%	-	0%
2. Trade finance	12,007,758	15%	9,704,662	25%
3. Loans and advances for use outside Hong Kong	30,569,688	85%	8,339,220	57%
Total loans and advances to customers	90,898,541		62,598,262	

(iii) Non-Bank Mainland China Exposures

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%		

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%		

(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 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>

<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	126,153	1	4,030	5,142	-	135,326
<i>of which France</i>	<i>124,346</i>	-	<i>3,999</i>	<i>2,456</i>	-	<i>130,801</i>
2. Developing Asia Pacific	12,175	343	-	8,326	-	20,844
3. Offshore centres	1,162	-	1,683	35,280	-	38,125
<i>of which Hong Kong</i>	<i>805</i>	-	<i>1,666</i>	<i>16,862</i>	-	<i>19,333</i>
<i>of which West Indies UK</i>	-	-	<i>17</i>	<i>3,593</i>	-	<i>3,610</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 2016			30 Jun 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	41,855	46	284	34,735	88	355
British Virgin Islands	20,641	197	197	2,909	197	197
Others	28,403	-	262	24,954	-	-
Total	90,899	243	743	62,598	285	552

(vi) Currency Risk

<i>Equivalent in HKD Millions</i>	31 Dec 2016					
	USD	GBP	EUR	CNY	SGD	Total
Spot assets	155,905	3,155	20,264	6,864	435	186,623
Spot liabilities	(146,669)	(3,120)	(15,167)	(10,737)	(1,984)	(177,677)
Forward purchases	149,873	3,463	9,112	90,665	2,691	255,804
Forward sales	(155,748)	(3,460)	(14,546)	(89,201)	(1,171)	(264,126)
Net options position	-	-	-	-	-	-
Net long(short)position	3,361	38	(337)	(2,409)	(29)	624
Net structural position	-	-	-	-	-	-

<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	-	-	-	-	-	-

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 2016		30 Jun 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	796	0.00%	30,844	0.05%
- more than 6 months but not more than one year	19,373	0.02%	43,067	0.07%
- more than one year	222,495	0.25%	211,336	0.34%
- Market value of collateral	203,539		237,655	
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	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 31 Dec 2016 and 30 Jun 2016.				
5. No rescheduled assets to banks as at 31 Dec 2016 and 30 Jun 2016.				
6. No repossessed assets as at 31 Dec 2016 and 30 Jun 2016.				

IV. Off Balance Sheet Exposures

	31 Dec 2016	30 Jun 2016
	<i>HKD'000s</i>	<i>HKD'000s</i>
1. Contingent liabilities and commitments		
- Direct credit substitutes	3,837,895	3,461,915
- Transaction-related contingencies	7,870,986	9,550,070
- Trade-related contingencies	14,899,782	12,508,313
- Other commitments	129,622,591	66,362,556
- Others	9,273,218	35,562,616
2. Derivatives (Notional amounts)		
- Exchange rate contracts**	403,104,392	394,415,591
- Interest rate contracts	68,994,616	71,431,540
- Others	11,841,461	11,409,700
3. Total fair value of derivatives		
- Exchange rate contracts**	574,537	352,788
- Interest rate contracts	(74,455)	42,579
- Others	85,280	(241,908)

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 2016	31 Dec 2015
Average liquidity maintenance ratio for the financial period	33.88%	32.81%

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 2016</u>	<u>30 Jun 2016</u>
Capital ratio	14.50%	14.00%
Shareholders' funds	100,665	97,509
Total assets	2,076,959	2,171,989
Total liabilities	1,971,739	2,070,549
Total loans and advances	759,644	749,271
Total customer deposits	765,953	725,596
	<u>2016</u>	<u>2015</u>
Pre-tax profit for the 12 months end 31 December	11,210	10,379

Declaration of Chief Executive Officer

We have prepared the financial disclosure statement of BNP Paribas, Hong Kong Branch for the year ended 31st December 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, 31 March 2017