

**Barclays Bank PLC**  
**Hong Kong Branch**

**Key Financial Information Disclosure Statement**

**As at 30 June 2017**



# Barclays Bank PLC

## Hong Kong Branch

### SECTION A - Branch Information (Hong Kong office only)

#### Income statement

For the half year ended 30 June 2017

	Notes	30 Jun 2017 HKD million	30 Jun 2016 HKD million
<b>Continuing operations</b>			
Interest Income		85	51
Interest expense		<u>(31)</u>	<u>(71)</u>
Net Interest income/(expense)		54	(20)
Other operating income	1	155	208
Net fees and commission income	2	663	543
Operating expenses	3	<u>(704)</u>	<u>(1,336)</u>
Profit/(loss) before taxation		168	(605)
Tax (expense)/credit		<u>(26)</u>	<u>92</u>
Profit/(loss) after taxation in respect of continuing operations		<u>142</u>	<u>(513)</u>
Loss after taxation in respect of discontinued operations	4	<u>(11)</u>	<u>(125)</u>
Profit/(loss) after taxation for the period		<u>131</u>	<u>(638)</u>

#### Balance sheet

As at 30 June 2017

		30 Jun 2017 HKD million	31 Dec 2016 HKD million
<b>Assets</b>			
Cash and balances with banks		200	545
Amount due from Exchange Fund		64	61
Amount due from overseas offices		6,337	8,634
Investment securities		3,024	484
Loans and receivables	5	1,104	1,195
Other accounts		153	187
Deferred tax assets		406	430
Property, plant and equipment and investment properties		<u>82</u>	<u>101</u>
Total Assets		<u>11,370</u>	<u>11,637</u>
<b>Liabilities</b>			
Deposits from customers	6	1,281	1,319
Amount due to overseas offices		9,779	9,989
Other liabilities	7	<u>310</u>	<u>329</u>
Total Liabilities		<u>11,370</u>	<u>11,637</u>

# Barclays Bank PLC

## Hong Kong Branch

### Off-balance sheet and Liquidity Information As at 30 June 2017

	30 Jun 2017 HKD million	31 Dec 2016 HKD million
<b>Contingent liabilities and commitments</b>		
Trade-related contingencies	475	458
Other commitments	248	518

#### Derivatives instruments

	30 Jun 2017 HKD million		
	<u>Fair Value Assets</u>	<u>Fair Value Liabilities</u>	<u>Total Notional Amount</u>
Exchange rate-related derivative contracts	19	16	16,451
	<u>19</u>	<u>16</u>	<u>16,451</u>
	31 Dec 2016 HKD million		
	<u>Fair Value Assets</u>	<u>Fair Value Liabilities</u>	<u>Total Notional Amount</u>
Exchange rate-related derivative contracts	33	25	14,844
	<u>33</u>	<u>25</u>	<u>14,844</u>

The notional amounts of the above instruments indicate the volume of transactions outstanding as of the balance sheet date. They do not represent amounts at risk.

Liquidity ratio	30 Jun 2017	30 Jun 2016
Average Liquidity Maintenance Ratio for the financial period	221.9%	77.7%

Barclays PLC ("the Group") has a comprehensive Liquidity Framework for managing the Group's liquidity risk. The Liquidity Framework meets the Prudential Regulation Authority's (PRA) standards and is designed to ensure the Group maintains liquidity resources that are sufficient in amount and quality, and a funding profile that is appropriate to meet the liquidity risk appetite. The Liquidity Framework is delivered via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

Under the Liquidity Framework, the Group has established a Liquidity Risk Appetite (LRA) together with the appropriate limits for the management of the liquidity risk. This is the level of liquidity risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. The key expression of the liquidity risk is through internal stress tests. It is measured with reference to the liquidity pool compared to anticipated stressed net contractual and contingent outflows for each of three short-term stress scenarios.

The Group runs three primary short-term liquidity stress scenarios, aligned to the PRA's prescribed stresses:

- 90-day market-wide stress event
- 30-day Barclays-specific stress event
- combined 30-day market-wide and Barclays-specific stress event

In Hong Kong the local stress test is more conservative than the liquidity maintenance ratio. The stress test report is produced automatically each day and provided to the Country Treasurer and to local and regional liquidity managers. The objectives of the stress test are to identify sources of potential liquidity risk and ensure that current exposures are within the mandated LRA.

**Barclays Bank PLC**  
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**Notes to the Financial Statements**

	Notes	30 Jun 2017 HKD million	30 Jun 2016 HKD million
<b>1 Other operating income</b>			
Income from foreign currency related activities			
- Transfer pricing income		47	50
- Trading gains less losses from foreign currency trading		8	32
Income from securities-related activities			
- Transfer pricing income		134	239
Losses from derivatives-related activities			
- Transfer pricing expense		(34)	(113)
		<u>155</u>	<u>208</u>
<b>2 Net fees and commission income</b>			
Gross fees and commission income		701	604
Gross fees and commission expenses		(38)	(61)
		<u>663</u>	<u>543</u>
<b>3 Operating expenses</b>			
Management fee recharged from related companies		(683)	(1,264)
Depreciation		(21)	(35)
Others		-	(37)
		<u>(704)</u>	<u>(1,336)</u>

**4 Loss after taxation in respect of discontinued operations**

The Branch has disposed the assets and liabilities of the Wealth and Investment Management business on 25 November 2016. This sale was part of the divestment of the non-core segment of Barclays Group.

The results of the discontinued operations are as follows:

		30 Jun 2017 HKD million	30 Jun 2016 HKD million
Income before operating expenses		-	140
Operating expenses		(13)	(290)
Loss before taxation		(13)	(150)
Tax credit		2	25
Loss after taxation from discontinued operations		<u>(11)</u>	<u>(125)</u>
		30 Jun 2017 HKD million	31 Dec 2016 HKD million
<b>5 Loans and receivables</b>			
Loans and advances to customers	8, 9, 11	885	829
Other receivables			
- Accrued interest		2	6
- Other receivables		217	360
		<u>1,104</u>	<u>1,195</u>
Impairment allowances for loans and receivables booked at Head Office			
- collective impairment allowances		<u>(4)</u>	<u>(5)</u>

The Group assesses at each balance sheet date whether there is objective evidence that loan assets will not be recovered in full and, wherever necessary, recognises an impairment loss in the income statement.

An impairment loss is recognised if there is objective evidence of impairment as a result of events that have occurred and these have adversely impacted the estimated future cash flows from the assets.

Impairment assessments are conducted individually for significant assets and collectively for smaller loans and for portfolio level risks, such as country or sectoral risks. For the purposes of the assessment, loans with similar credit risk characteristics are grouped together – generally on the basis of their product type, industry, geographical location, collateral type, past due status and other factors relevant to the evaluation of expected future cash flows.

The impairment assessment includes estimating the expected future cash flows from the asset or the group of assets, which are then discounted using the original effective interest rate calculated for the asset. If this is lower than the carrying value of the asset or the portfolio, an impairment allowance is raised.

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**Notes to the Financial Statements (continued)**

	30 Jun 2017	31 Dec 2016
	HKD million	HKD million
<b>6 Deposits from customers</b>		
Demand deposits and current accounts	42	100
Time, call and notice deposits	1,239	1,219
	<u>1,281</u>	<u>1,319</u>
<b>7 Other liabilities</b>		
Accrued interest	12	22
Other liabilities	298	307
	<u>310</u>	<u>329</u>

**8 Analysis of advances to customers by industry sector**

	30 Jun 2017		
	HKD million		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
Loans and advances for use in Hong Kong			
Industrial, commercial and financial			
- Financial concerns	-	-	-
Loans and advances for use outside Hong Kong	-	885	885
Total loans and advances to customers	<u>-</u>	<u>885</u>	<u>885</u>
	31 Dec 2016		
	HKD million		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
Loans and advances for use in Hong Kong			
Industrial, commercial and financial			
- Financial concerns	1	-	1
Loans and advances for use outside Hong Kong	-	828	828
Total loans and advances to customers	<u>1</u>	<u>828</u>	<u>829</u>

**9 Overdue loans and advances to customers and banks**

The branch did not have any overdue or rescheduled loans and advances to customers and banks as at 30 Jun 2017 and 31 Dec 2016.

The branch did not have any impaired loans and advances to customers and banks as at 30 Jun 2017 and 31 Dec 2016.

**10 Repossessed assets**

The branch did not have any repossessed assets as at 30 Jun 2017 and 31 Dec 2016.

**11 Loans and advances to customers by geography**

	30 Jun 2017	31 Dec 2016
	HKD million	HKD million
China	130	129
Macau	755	699
Others	-	1
	<u>885</u>	<u>829</u>

Loans and advances to customer by country are classified according to the location of the counterparties after taking into account the transfer of risk.

Countries constituting 10% or more of the aggregate amount of loans and advances to customers are disclosed.



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Notes to the Financial Statements (continued)

**12 International claims**

	30 Jun 2017 HKD million			Total
	Banks	Non-bank financial institutions	Non-financial private sector	
Developed countries	6,561	-	2	6,563
<i>of which</i> United Kingdom (excludes Guernsey, Isle of Man and Jersey)	6,556	-	2	6,558
Offshore centres	194	-	756	950

  

	31 Dec 2016 HKD million			Total
	Banks	Non-bank financial institutions	Non-financial private sector	
Developed countries	9,172	-	5	9,177
<i>of which</i> United Kingdom (excludes Guernsey, Isle of Man and Jersey)	9,071	-	2	9,073
Offshore centres	391	11	716	1,118

International claims information discloses exposures in relation to all cross-border claims and local claims in foreign currencies after taking into account the transfer of risk. The above information is prepared in accordance with the HKMA Return of International Banking Statistics MA(BS)21 completion instructions.

Countries constituting 10% or more of total international claims are disclosed.

**13 Non-bank Mainland exposures**

	30 Jun 2017 HKD million			31 Dec 2016 HKD million		
	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	Total	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	Total
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	131	-	131	129	203	332
Total	<u>131</u>	<u>-</u>	<u>131</u>	<u>129</u>	<u>203</u>	<u>332</u>
Total assets after provision	11,370			11,637		
On-balance sheet exposure as percentage of total assets	1.15%			1.11%		

**14 Currency Risk**

	30 Jun 2017 HKD million					
	USD	EUR	RMB	AUD	Others	Total
Spot assets	373	3	11	1	54	442
Spot liabilities	(5,782)	(1)	(559)	-	(52)	(6,394)
Forward purchases	10,926	109	2,579	-	-	13,614
Forward sales	(5,521)	(109)	(2,030)	-	(2)	(7,662)
Net options position	-	-	-	-	-	-
Net long/(short) position	<u>(4)</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

  

	31 Dec 2016 HKD million					
	USD	EUR	RMB	AUD	Others	Total
Spot assets	1,061	70	52	21	140	1,344
Spot liabilities	(1,568)	(70)	(120)	(21)	(136)	(1,915)
Forward purchases	7,668	200	93	-	-	7,961
Forward sales	(7,168)	(200)	(26)	-	-	(7,394)
Net options position	-	-	-	-	-	-
Net long/(short) position	<u>(7)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>4</u>	<u>(4)</u>

# Barclays Bank PLC

## Hong Kong Branch

### SECTION B - Barclays PLC

#### Consolidated Financial Information

As at 30 June 2017

	30 Jun 2017	31 Dec 2016
<b>Capital ratio (Note 1)</b>		
PRA Transitional Total Capital	20.7%	19.6%
Fully Loaded Common Equity Tier 1	13.1%	12.4%
	30 Jun 2017	31 Dec 2016
	GBP million	GBP million
<b>Total Shareholders' equity (excluding non-controlling interests)</b>	63,866	64,873
<b>Other financial information</b>		
<b>Balance sheet</b>		
Total assets	1,135,316	1,213,126
Total liabilities	1,069,053	1,141,761
Total loans and advances	427,112	436,035
Total customer deposits	436,863	423,178
	30 Jun 2017	30 Jun 2016
	GBP million	GBP million
<b>Profit and Loss</b>		
Pre-tax profit for the financial period	2,341	2,063

#### Notes

(1) The Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) implemented Basel III within the European Union (collectively known as CRD IV) on 1 January 2014. The rules are supplemented by Regulatory Technical Standards (RTS) and in the United Kingdom by the Prudential Regulation Authority's (PRA) rulebook, including the implementation of transitional rules. The capital ratios are calculated based on Barclays' interpretation of the current rules.

The PRA Transitional Total Capital is computed after the application of the transitional provisions set out in Part Ten of the CRD IV.

The Fully Loaded Common Equity Tier 1 ratio is an estimated risk based ratio calculated as CRD IV Common Equity Tier 1 capital divided by CRD IV Risk Weighted Assets, before the application of the transitional provisions set out in the CRD IV and interpretive guidance published by the PRA.

- (2) Barclays Bank PLC Hong Kong Branch adopts the remuneration systems of its Head Office, Barclays PLC. Pursuant to section 3 of the Supervisory Policy Manual (CG-5) Guideline on a sound remuneration system issued by the Hong Kong Monetary Authority, Barclays Bank PLC Hong Kong Branch complies with the requirements by publishing annually both qualitative and quantitative disclosures. The qualitative remuneration disclosures for 2016 are set out in the remuneration report in the Barclays PLC Annual Report 2016. A report on the quantitative remuneration disclosures for Barclays Bank PLC Hong Kong Branch for 2016 which supplements the qualitative remuneration disclosures for 2016 is now available for public access at 41/F Reception, Cheung Kong Center.
- (3) Comparative figures have been restated where necessary to conform with the current year's presentation.
- (4) Further details regarding Barclays PLC can be obtained from the 2017 Barclays PLC Results Announcement at [www.barclays.com](http://www.barclays.com).

#### Chief Executive's Declaration of Compliance

I certify that the information disclosed above is in compliance with the Banking Ordinance Chapter 155M Banking (Disclosure) Rules and is not false or misleading.

Anthony Miles Davies, Chief Executive  
Barclays Bank PLC, Hong Kong Branch