

SOCIETE GENERALE HONG KONG BRANCH

Financial Information Disclosure Statements
For the year ended 31 December 2018

SOCIETE GENERALE HONG KONG BRANCH

FINANCIAL INFORMATION DISCLOSURE STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION

PROFIT AND LOSS INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

	For the year ended	
	31.12.2018	31.12.2017
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest income	2,984,334	1,970,907
Interest expense	(2,804,778)	(1,876,592)
Net interest income	179,556	94,315
Other operating income	2,864,729	2,327,544
Operating expenses	3,044,285	2,421,859
	(1,995,053)	(1,881,213)
Operating income before impairment allowance and loss from disposal of property and equipment	1,049,232	540,646
Reversal / (provision) of impairment allowances on loans and receivables	90,862	(77,446)
Reversal / (provision) of impairment allowances on other assets	129	(156)
Net (loss)/profit from disposal of property and equipment	(1,420)	553
Profit before taxation	1,138,803	463,597
Income tax charge	(140,641)	(70,338)
Net profit	998,162	393,259

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

Branch activities

Societe Generale Hong Kong Branch ("the Branch") is a branch of Societe Generale ("the Bank"), a bank incorporated in France, and accordingly has no separate legal status or existence. The Branch is registered under the Hong Kong Banking Ordinance as a full licensed bank. During the year, the Branch was principally involved in lending, deposit taking activities, derivative trading activities, foreign exchange spot and forward market activities. The Branch had a positive performance derived from the core operating activities for the year of 2018.

Details of profit and loss items

The details of key profit and loss items for the year ended 31 December 2018 and 2017 are as follows:

(i) Interest income and expense

	For the year ended	
	31.12.2018	31.12.2017
	HK\$'000	HK\$'000
Interest income was derived from:		
Swaps	3,334	7,152
Advances to customers	1,746,149	1,079,240
Loans and advances to banks and other financial institutions	1,234,851	884,515
	<u>2,984,334</u>	<u>1,970,907</u>
Interest expense was derived from:		
Swaps	13,884	8,374
Certificates of deposit	31,453	50,783
Deposits from customers	91,565	140,053
Deposits from banks and other financial institutions	2,667,876	1,677,382
	<u>2,804,778</u>	<u>1,876,592</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

Details of profit and loss items - continued

(ii) Other operating income

	For the year ended	
	31.12.2018	31.12.2017
	HK\$'000	HK\$'000
Fees and commission income	450,152	216,634
Less: Fees and commission expenses	(29,136)	(15,257)
Net fees and commission income	421,016	201,377
Gains less losses arising from trading in foreign currencies	757,206	1,008,709
Gains less losses on securities measured at fair value through profit or loss	288,087	92,757
Gains less losses on non-trading investments	-	1,103
Gains less losses from other trading activities	318,655	869,372
Other income from intercompany management fee, sales credit and other activities	1,079,765	154,226
	<u>2,864,729</u>	<u>2,327,544</u>

(iii) Operating expenses

	For the year ended	
	31.12.2018	31.12.2017
	HK\$'000	HK\$'000
Salaries and other costs	1,303,494	1,174,826
Premises and equipment:		
Rental of office premises and staff quarters	84,536	108,244
Others	34,405	19,421
Depreciation charge	34,199	32,868
Auditors' remuneration	1,322	1,202
Share in Head Office Expenses	96,911	152,745
Other operating expenses	440,186	391,907
	<u>1,995,053</u>	<u>1,881,213</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

BALANCE SHEET INFORMATION
AT 31 DECEMBER 2018

	<u>31.12.2018</u>	<u>31.12.2017</u>
	HK\$'000	HK\$'000
ASSETS		
Balances with banks	85,429	2,390,225
Placements with banks maturing between one and twelve months	985,092	2,854,978
Balances with the Monetary Authority	30,441	276,513
Amount due from overseas offices of the Bank	90,770,208	112,280,689
Trade bills	3,363,629	3,297,356
Securities measured at fair value through profit and loss	26,213,676	16,275,808
Loans and receivables	56,513,691	48,985,854
Property and equipment	74,758	90,734
Other investments	28,160	25,146
Total assets	<u>178,065,084</u>	<u>186,477,303</u>
EQUITY AND LIABILITIES		
Deposits and balances from banks	10,436,862	2,762,273
Deposits and balances from central banks and the Monetary Authority	24,498,673	27,429,052
Deposits from customers	8,904,690	17,341,348
Amount due to overseas offices of the Bank	109,806,517	123,769,116
Certificates of deposit issued	712,860	1,033,547
Other liabilities	22,986,098	14,180,644
Total liabilities	<u>177,345,700</u>	<u>186,515,980</u>
Reserves		
- Profit for the year	998,162	393,259
- Accumulated losses	(222,283)	(431,792)
- Revaluation reserve and other reserve	(56,495)	(144)
Total equity and liabilities	<u>178,065,084</u>	<u>186,477,303</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION

(i) Loans and receivables

	<u>31.12.2018</u> HK\$'000	<u>31.12.2017</u> HK\$'000
Loans and advances to customers	55,373,227	47,058,404
Collective impairment allowances	(47,406)	-
Individual impairment allowances for impaired assets against advances and commitments to customers	<u>(92,080)</u>	<u>(174,502)</u>
	55,233,741	46,883,902
Accrued interest and other accounts	<u>1,279,950</u>	<u>2,101,952</u>
	<u>56,513,691</u>	<u>48,985,854</u>

- (ii) Collective impairment allowances of HK\$47,406,000 as at 31 December 2018 (31 December 2017: HK\$Nil) to cover possible loan losses that are not separately identified are maintained in the Branch's accounts. Such impairment allowances are being made in the accounts of the Bank.

Where there is a risk that borrowers may not be able to honor a part or all of their liabilities or commitments, impairment allowances for specifically identified impaired assets are charged against income.

(iii) (a) Impaired loans and advances to customers:

	<u>31.12.2018</u> HK\$'000	<u>31.12.2017</u> HK\$'000
Impaired advances to customers	148,979	548,243
As percentage of total advances to customers	0.27%	1.17%
Individual impairment allowances	<u>(90,717)</u>	<u>(174,502)</u>

Impaired advances to customers are those advances where objective evidence exists that full repayment of principal or interest is considered unlikely.

The individual impairment allowances are made after taking into account the value of collateral in respect of such advances. The value of collateral in respect of such advances is HK\$Nil as at 31 December 2018 (31 December 2017: HK\$627,145,000).

(b) Individual impairment allowances by geographical area:

The analysis of individual impairment allowances by geographical area, which is significant according to the location of the counterparties (constitutes 10% or more of the total individual impairment allowances), is as follows:

	<u>31.12.2018</u> HK\$'000	<u>31.12.2017</u> HK\$'000
- Panama	45,325	45,240
- Marshall Islands	-	25,046
- China	11,690	5,580
- Hong Kong	<u>33,702</u>	<u>98,636</u>
	<u>90,717</u>	<u>174,502</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION - continued

(iv) Impaired loans and advances to banks and other financial institutions

There were no impaired loans and advances to banks and other financial institutions as at 31 December 2018 and 31 December 2017.

(v) Overdue and rescheduled loans and advances

(a) There were loans and advances to customers and banks which were overdue for more than one month as at 31 December 2018 and 31 December 2017.

	<u>31.12.2018</u>		<u>31.12.2017</u>	
	Overdue loans and advances to customers HK\$'000	Percentage of total loans and advances to customers %	Overdue loans and advances to customers HK\$'000	Percentage of total loans and advances to customers %
Loans and advances to customers which have been overdue for				
- more than 1 month but not more than 3 months	-	-	-	-
- more than 3 months but not more than 6 months	-	-	-	-
- more than 6 months but not more than one year	-	-	-	-
- more than one year	102,931	0.19	116,620	0.25

There were loans and advances to customers overdue for more than 1 year. Individual impairment has been provided for the loans and advances to customers which have been overdue for more than 1 year. The collateral held in respect of the overdue loans and advances to customers is HK\$Nil as at 31 December 2018 (31 December 2017: HK\$Nil).

	<u>31.12.2018</u> HK\$'000	<u>31.12.2017</u> HK\$'000
Covered portion of total overdue loans and advances	-	-
Uncovered portion of total overdue loans and advances	102,931	116,620

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION - continued

(v) Overdue and rescheduled loans and advances - continued

(b) Overdue loans and advances by geographical area:

The analysis of overdue loans and advances by geographical area, which is significant according to the location of the counterparties (constitutes 10% or more of the total overdue loans and advances), is as follows:

	<u>31.12.2018</u> HK\$'000	<u>31.12.2017</u> HK\$'000
- Hong Kong	26,371	25,987
- China	31,235	45,393
- Panama	45,325	45,240
	<u>102,931</u>	<u>116,620</u>

(c) There were no loans and advances to banks which were overdue for more than one month as at 31 December 2018 and 31 December 2017.

(d) There were rescheduled loans and advances to customers of HK\$31,235,000 as at 31 December 2018 (31 December 2017: HK\$45,393,000).

(e) There were no rescheduled loans and advances to banks as at 31 December 2018 and 31 December 2017.

(vi) Other assets overdue

There were no other assets overdue for more than three months as at 31 December 2018 and 31 December 2017.

(vii) No repossessed assets were held as of 31 December 2018 and 31 December 2017.

(viii) Deposits from customers

	<u>31.12.2018</u> HK\$'000	<u>31.12.2017</u> HK\$'000
Demand deposits and current accounts	2,772,319	7,091,162
Saving deposits	914,867	2,009,492
Time, call and notice deposits	5,217,504	8,240,694
	<u>8,904,690</u>	<u>17,341,348</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

OFF-BALANCE-SHEET EXPOSURES

The following is a summary of the contractual or notional amounts of each significant class of off-balance-sheet exposure:

(i) Contingent liabilities and commitments	<u>31.12.2018</u>	<u>31.12.2017</u>
	HK\$'000	HK\$'000
Direct credit substitutes	2,124,006	639,095
Trade-related contingencies	4,909,136	2,857,518
Other commitments:		
- with an original maturity of under 1 year or are unconditionally cancellable	8,831,539	5,310,807
- with an original maturity of 1 year and over	3,385,834	2,713,319
Forward forward deposits placed	2,339,076	2,150,537
	<u>21,589,591</u>	<u>13,671,276</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY TO DERIVATIVE TRANSACTIONS

(i) Derivatives	<u>31.12.2018</u> HK\$'000	<u>31.12.2017</u> HK\$'000
Exchange rate contracts		
- Forwards	50,957,493	93,028,205
- Swaps	6,100,952	4,135,051
	<u>57,058,445</u>	<u>97,163,256</u>
Interest rate contracts		
- Swaps	3,651,570	21,457,225
- Forward forward deposits accepted	8,952,253	17,458,340
	<u>12,603,823</u>	<u>38,915,565</u>
Equity option contracts	<u>51,151</u>	<u>46,185</u>
	<u>91,303,010</u>	<u>149,796,282</u>

The contractual or 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.

The fair values of the above off-balance sheet exposures after taking into account the effect of the valid bilateral netting agreement are as follows:

	<u>31.12.2018</u> HK\$'000	<u>31.12.2017</u> HK\$'000
Exchange rate contracts		
- Forwards	24,592	25,965
- Swaps	4,305	2,782
	<u>28,897</u>	<u>28,747</u>
Interest rate contracts		
- Swaps	(2,067)	5,327
Equity option contracts	<u>(13,336)</u>	<u>2,725</u>
	<u>13,494</u>	<u>8,052</u>

The amount of fair value which has taken into account the effect of the valid bilateral netting agreement is HK\$2,579,438 liabilities (31 December 2017: HK\$75,428,382 assets) for Forwards.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SEGMENTAL INFORMATION

(i) Loans and advances to customers by industry sectors

	<u>31.12.2018</u>		<u>31.12.2017</u>	
	Loans and advances to customers HK\$'000	Percentage of loans and advances secured by collateral %	Loans and advances to customers HK\$'000	Percentage of loans and advances secured by collateral %
Loans and advances for use in Hong Kong				
Industrial, commercial, and financial sectors				
- Manufacturing	158,971	-	7,698	-
- Electricity and gas	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	914,343	-
- Wholesale and retail trade	972,931	-	-	-
- Transport and transport equipment	-	-	303,041	100
- Financial concerns	636,899	-	357,023	-
- Others	358,245	-	-	-
	<u>2,127,046</u>	-	<u>1,582,105</u>	19
Trade finance	2,709,126	1	1,666,311	6
Loans and advances for use outside Hong Kong	<u>50,537,055</u>	12	<u>43,809,988</u>	5
Loan and advances to customers	<u>55,373,227</u>	11	<u>47,058,404</u>	5

The above analysis of loans and advances to customers by industry sectors is based on categories and definitions used by the Hong Kong Monetary Authority.

(ii) Loans and advances to customers by geographical area

The analysis of loans and advances to customers by geographical area, which is significant according to the location of the counterparties (constitutes 10% or more of the total advances to customers), is as follows:

	<u>31.12.2018</u> HK\$'000	<u>31.12.2017</u> HK\$'000
- Australia	16,668,285	19,103,317
- Hong Kong	9,515,024	9,847,607
- Others	6,517,875	18,107,480
	<u>32,701,184</u>	<u>47,058,404</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SEGMENTAL INFORMATION - continued

(iii) Non-bank Mainland exposures

The analysis of Mainland exposures to non-bank counterparties (being exposures which are material) as at 31 December 2018 and 31 December 2017 are as follows:

<u>In millions of HK\$</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
As at 31 December 2018			
Central government, central government owned entities and their subsidiaries and joint ventures	9,672	4,844	14,516
Local governments, local government- owned entities and their subsidiaries and joint ventures	778	138	916
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	9,809	3,518	13,327
Other entities of central governments	1,231	608	1,839
Other entities of local governments	135	-	135
Entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
Other counterparties where the exposures are considered by the branch to be non- bank Mainland China exposures	-	-	-
Total	<u>21,625</u>	<u>9,108</u>	<u>30,733</u>
Total assets after provision	178,065		
On balance sheet exposures as percentage of total assets	12%		

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SEGMENTAL INFORMATION - continued

(iii) Non-bank Mainland exposures - continued

<u>In millions of HK\$</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
As at 31 December 2017			
Central government, central government owned entities and their subsidiaries and joint ventures	8,673	1,625	10,298
Local governments, local government- owned entities and their subsidiaries and joint ventures	-	37	37
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	5,527	1,677	7,204
Other entities of central governments	1,710	665	2,375
Other entities of local government	140	-	140
Entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
Other counterparties where the exposures are considered by the branch to be non- bank Mainland China exposures	-	-	-
Total	<u>16,050</u>	<u>4,004</u>	<u>20,054</u>
Total assets after provision	186,477		
On balance sheet exposures as percentage of total assets	9%		

The analysis of non-bank mainland exposures is based on the categories of non-bank counterparties and the type of direct exposures with reference to the HKMA return 'Return of Mainland Activities', which includes mainland exposures extended by the Branch.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SEGMENTAL INFORMATION - continued

(iv) International claims

The following illustrates the major country or geographical segment breakdown of international claims (constitutes 10% or more of the total international claims after taking into account any recognized risk transfer) by types of counterparties:

In millions of HK\$

			<u>Non-bank private sector</u>			
	<u>Banks</u>	<u>Official sector</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	<u>Total</u>
As at 31 December 2018						
1. Developed countries	92,253	-	4,545	20,084	-	116,882
of which Australia	73	-	4,215	11,992	-	16,280
of which France	92,006	-	-	29	-	92,035
2. Developing Asia and Pacific	3,312	2	19	14,186	-	17,519
As at 31 December 2017						
1. Developed countries	114,515	-	8,582	14,212	-	137,309
of which Australia	8	-	8,509	10,527	-	19,044
of which France	114,233	-	-	29	-	114,262
2. Developing Asia and Pacific	6,817	36	23	10,755	-	17,631

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

CURRENCY RISK

The Branch does not have any discloseable currency risk exposure arising from option and structural positions. The currency risk arising from the Branch's operations for those individual currencies which each constitute more than 10% of the total net position in all foreign currencies is as follows:

Equivalent in millions of HK\$

As at 31 December 2018

	AUD	EUR	USD	Total
Spot assets	10,708	26,494	96,188	133,390
Spot liabilities	(12,066)	(26,815)	(93,342)	(132,223)
Forward purchases	2,999	8,095	25,861	36,955
Forward sales	(1,615)	(7,737)	(28,665)	(38,017)
Net long position	<u>26</u>	<u>37</u>	<u>42</u>	<u>105</u>

As at 31 December 2017

	EUR	USD	Total
Spot assets	41,853	85,108	126,961
Spot liabilities	(31,799)	(90,083)	(121,882)
Forward purchases	7,528	49,362	56,890
Forward sales	(17,692)	(44,216)	(61,908)
Net long/(short) position	<u>(110)</u>	<u>171</u>	<u>61</u>

LIQUIDITY

	<u>2018</u> Unaudited
Average liquidity maintenance ratio	
- Third quarter	53.58%
- Fourth quarter	<u>54.73%</u>
Average core funding ratio	
- Third quarter	140.59%
- Fourth quarter	<u>132.57%</u>
	<u>2017</u> Unaudited
Average liquidity maintenance ratio for the year ended	<u>59.74%</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

LIQUIDITY - continued

The current year ended liquidity maintenance ratio reflects the average position of each quarter, other than the twelve months' average as required in the prior year, and is calculated as the arithmetic mean of each calendar month's average value as reported in the Return of Liquidity Position submitted by the Branch to the Hong Kong Monetary Authority pursuant to section 63 of the Ordinance.

The core funding ratio reflects the average position of each quarter and is calculated as the arithmetic mean of each calendar month's average value as reported in the Return of Stable Funding Position submitted by the Branch to the Hong Kong Monetary Authority pursuant to section 63 of the Ordinance.

Liquidity risk management

Liquidity risk is the risk that the Branch cannot meet its current contractual and contingent obligations. To manage liquidity risk, the Branch has established the liquidity risk management framework which is in line with the Group's framework and approved by the Branch's management. Such framework is documented in the Branch's liquidity risk management policy which is reviewed at least annually, and is consistent with the SG group's liquidity management.

Liquidity Risk Management Governance in SG HK Branch ("SG HK")

ALCO

SG HK holds Asset & Liability Management Committee ("ALCO") on a quarterly basis and liquidity topics are monitored via this ALCO. General objective of the ALCO is to monitor the structure and growth of balance sheet, review the structural risks and liquidity risk. SG HK ALCO also monitors the liquidity risk tolerance and liquidity targets. The ALCO is chaired by the Chief Executive of SG HK with representative from Treasury, Business Lines, Finance and Risk functions.

Treasury

Treasury function is responsible for operational management of SG HK's liquidity position, both in business as usual conditions and in crisis situation. The goals and objectives of the function are to provide funding to various business lines, ensure diversification of funding sources in SG HK with an optimized cost of liquidity, maintain adequate liquidity buffers to cover outflow in both normal and stress periods, ensure compliance of regulatory ratios and internal limits. Its activity is governed by Group Treasurer and dedicated mandate accompanied by limits set by Risk function and in the respect of the local liquidity framework set by the ALCO.

Liquidity Risk Monitoring in SG HK Branch ("SG HK")

Oversight

SG HK has implemented adequate governance and management information systems to ensure compliance with regulatory ratios and internal limits and has put in place the management oversight around these. For example, Liquidity Maintenance Ratio ("LMR") is communicated to the senior management of SG HK on a daily basis.

Internal stress testing

The objective of internal stress testing is to ensure sufficient liquidity for the Branch under different adverse scenarios to ensure compliance with survival horizon established for SG HK and monitor adequate liquidity reserves over the medium term. SG HK has used the SG Group's assumptions and methodology for stress testing. The results of stress testing are reported to the ALCO.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

LIQUIDITY - continued

Liquidity Risk Monitoring in SG HK Branch ("SG HK") - continued

Contingency Funding Plan ("CFP")

SG HK has its own CFP, which is reviewed annually, is approved by the ALCO and is communicated to the Group Treasurer.

SG HK's CFP defines the framework for monitoring liquidity indicators in accordance with the liquidity crisis framework of the SG group. The CFP designs an appropriate escalation procedure based on Early Warning Indicators, defines criteria to trigger CFP and the management of liquidity crisis with proper governance for alternative funding source. In particular, the trigger of SG HK CFP is immediately communicated to the Group Treasurer.

Liquidity Risk Profile in SG HK Branch ("SG HK")

Funding structure

SG HK develops its own sources of funding and benefited from the parent for funding whenever needed, in particular with long-term maturities.

The funding sources of SG HK are composed of the following:

	<u>31.12.2018</u> As % of total liabilities	<u>31.12.2017</u> As % of total liabilities
Funding raised from banks ¹	62.98%	67.90%
Deposits from other non-bank customers	23.49%	24.02%
Capital and debt instruments issued and outstanding	0.41%	0.56%

¹ Funding was mainly raised from the head office.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

LIQUIDITY - continued

Liquidity Risk Profile in SG HK Branch ("SG HK") - continued

Maturity Profile of Balance Sheet²

The analysis of on and off balance sheet items by remaining maturity and the resultant liquidity gaps is shown in the table below.

In millions of HK\$

As at 31 December 2018

	<u>Total amount</u> ³	<u>Contractual maturity of cash flows and securities flows arising from the items</u>			<u>Balancing Amount</u>
		<u><=1 year</u>	<u>1-5 years</u>	<u>>5 years</u>	
Total on-balance sheet assets ³	171,981	326,978	26,259	5,895	211
Total off-balance sheet claims	117,019	8,239	2,216	838	105,728
Total on-balance sheet liabilities ³	(171,841)	(320,387)	(26,470)	(11,879)	(463)
Total off-balance sheet obligations	(34,034)	(30,807)	(2,546)	(681)	-
Contractual maturity mismatch	N.A	(15,978)	(541)	(5,827)	N.A
Cumulative contractual maturity mismatch	N.A	(15,978)	(16,519)	(22,347)	N.A

As at 31 December 2017

	<u>Total amount</u> ³	<u>Contractual maturity of cash flows and securities flows arising from the items</u>			<u>Balancing Amount</u>
		<u><=1 year</u>	<u>1-5 years</u>	<u>>5 years</u>	
Total on-balance sheet assets ³	174,807	222,142	20,587	5,376	248
Total off-balance sheet claims	145,406	16,311	2,337	961	125,797
Total on-balance sheet liabilities ³	(174,635)	(219,513)	(19,447)	(9,029)	(76)
Total off-balance sheet obligations	(32,004)	(28,427)	(2,639)	(938)	-
Contractual maturity mismatch	N.A	(9,487)	838	(3,630)	N.A
Cumulative contractual maturity mismatch	N.A	(9,487)	(8,649)	(12,279)	N.A

The negative contractual maturity mismatch is attributable to off balance sheet obligations which are mainly comprised of loan commitments, guarantees and other contingent liabilities. They are reported in the shortest maturity buckets on a conservative approach given no specified drawdown date. In practice, short term cash inflows and outflows broadly match as not all of the loan commitments and the obligations would have been drawn at the same time.

² The disclosed figures are from the HKMA banking return of Liquidity Monitoring Tools MA(BS)23.

³ Total amount includes derivative contracts reported at replacement cost whereby the contractual cash flows of these contracts were allocated to the respective maturity buckets.

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SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)

The information set out below is based on the most recent consolidated accounts for the Bank as a whole as at 31 December 2018 and 31 December 2017.

PRUDENTIAL CAPITAL RATIO

	<u>31.12.2018</u>	<u>31.12.2017</u>
	%	%
Core Tier 1 ratio	10.9	11.6
Tier 1 ratio	13.4	14.0
Total capital ratio	<u>16.5</u>	<u>17.1</u>

The solvency ratio (Basel 2.5 solvency ratio) complies with the calculation methods established by the French Prudential Supervisory Authority. This ratio is based on the Bank's consolidated banking activities, thus eliminating the contributions of the insurance entities.

SHAREHOLDERS' FUND

	<u>31.12.2018</u>		<u>31.12.2017</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Aggregate amount of shareholders' fund	<u>61</u>	<u>547</u>	<u>59</u>	<u>555</u>

OTHER FINANCIAL INFORMATION

	<u>31.12.2018</u>		<u>31.12.2017</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Total assets	1,309	11,723	1,275	11,919
Total liabilities	1,244	11,140	1,211	11,321
Total advances to customers	447	4,003	425	3,973
Total customer deposits	<u>417</u>	<u>3,734</u>	<u>411</u>	<u>3,842</u>

	<u>31.12.2018</u>		<u>31.12.2017</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Pre-tax profit	<u>6.12</u>	<u>55</u>	<u>5.14</u>	<u>48</u>

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SECTION C - REMUNERATION OF SENIOR MANAGEMENT

Remuneration policy

As an overseas branch of the Bank, the Branch follows the Remuneration Policy of the Bank.

This Remuneration Policy fulfills all the Qualitative Disclosure requirements under the Supervisory Policy Manual module CG-5 issued by the Monetary Authority and entitled "Guideline on a Sound Remuneration System" ("SPM CG-5").

The below link provides access to the latest Remuneration Policy of the Bank.

<http://www.societegenerale.com/en/measuring-our-performance/information-and-publications/registration-documents>

The Policy is updated annually.

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STATEMENT OF COMPLIANCE

This is to confirm that the information in these disclosure statements for the year ended 31 December 2018 complies with the Banking (Disclosure) Rules and the additional guidance that aims to assist Authorised Institutions with their preparation of the financial disclosures in accordance with the requirements of the Rules and is not false or misleading in any material respect.



Queenie Cheong Kwan Yee
CHIEF EXECUTIVE



Joanne Lam Hoi Yin
CHIEF ACCOUNTANT

29 April 2019