

SOCIETE GENERALE HONG KONG BRANCH

Financial Information Disclosure Statements
For the year ended 31 December 2019

SOCIETE GENERALE HONG KONG BRANCH

FINANCIAL INFORMATION DISCLOSURE STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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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 2019

	For the year ended	
	31.12.2019	31.12.2018
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest income	3,202,892	2,984,334
Interest expense	(3,116,709)	(2,804,778)
Net interest income	86,183	179,556
Other operating income	2,769,548	2,864,729
Operating expenses	2,855,731	3,044,285
	(1,999,511)	(1,995,053)
Operating income before impairment allowance and loss from disposal of property and equipment	856,220	1,049,232
(Provision)/reversal of impairment allowances on loans and receivables	(18,821)	90,862
(Provision)/reversal of impairment allowances on other assets	(801)	129
Net loss from disposal of property and equipment	(276)	(1,420)
Profit before taxation	836,322	1,138,803
Income tax charge	(125,226)	(140,641)
Net profit	711,096	998,162

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 2019.

Details of profit and loss items

The details of key profit and loss items for the year ended 31 December 2019 and 2018 are as follows:

(i) Interest income and expense

	For the year ended	
	31.12.2019	31.12.2018
	HK\$'000	HK\$'000
Interest income was derived from:		
Swaps	2,393	3,334
Advances to customers	2,099,498	1,746,149
Loans and advances to banks and other financial institutions	1,101,001	1,234,851
	<u>3,202,892</u>	<u>2,984,334</u>
Interest expense was derived from:		
Swaps	1,787	13,884
Certificates of deposit	27,101	31,453
Deposits from customers	159,193	91,565
Deposits from banks and other financial institutions	2,924,479	2,667,876
Others	4,149	-
	<u>3,116,709</u>	<u>2,804,778</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

Details of profit and loss items - continued

(ii) Other operating income	<u>For the year ended</u>	
	<u>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
Fees and commission income	357,194	450,152
Less: Fees and commission expenses	(61,224)	(29,136)
Net fees and commission income	<u>295,970</u>	<u>421,016</u>
Gains less losses arising from trading in foreign currencies	1,033,445	757,206
Gains less losses on securities measured at fair value through profit or loss	169,753	288,087
Gains less losses on non-trading investments	-	-
Gains less losses from other trading activities	152,082	318,655
Other income from intercompany management fee, sales credit and other activities	<u>1,118,298</u>	<u>1,079,765</u>
	<u>2,769,548</u>	<u>2,864,729</u>
(iii) Operating expenses	<u>For the year ended</u>	
	<u>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
Salaries and other costs	1,358,605	1,303,494
Premises and equipment:		
Rental of office premises and staff quarters	133,762	84,536
Others	36,492	34,405
Depreciation charge	37,322	34,199
Auditors' remuneration	1,752	1,322
Share in Head Office Expenses	73,500	96,911
Other operating expenses	<u>358,078</u>	<u>440,186</u>
	<u>1,999,511</u>	<u>1,995,053</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

BALANCE SHEET INFORMATION
AT 31 DECEMBER 2019

	<u>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
ASSETS		
Balances with banks	41,228	85,429
Placements with banks maturing between one and twelve months	-	985,092
Balances with the Monetary Authority	58,125	30,441
Amount due from overseas offices of the Bank	94,561,153	90,770,208
Trade bills	4,729,540	3,363,629
Securities measured at fair value through profit and loss	5,226,797	26,213,676
Loans and receivables	46,958,025	56,513,691
Property and equipment	68,685	74,758
Other investments	28,116	28,160
Total assets	<u>151,671,669</u>	<u>178,065,084</u>
EQUITY AND LIABILITIES		
Deposits and balances from banks	12,434,285	10,436,862
Deposits and balances from central banks and the Monetary Authority	14,758,660	24,498,673
Deposits from customers	9,943,404	8,904,690
Amount due to overseas offices of the Bank	109,100,572	109,806,517
Certificates of deposit issued	273,540	712,860
Other liabilities	4,724,374	22,986,098
Total liabilities	<u>151,234,835</u>	<u>177,345,700</u>
Reserves		
- Profit for the year	711,096	998,162
- Accumulated losses	(222,283)	(222,283)
- Revaluation reserve and other reserve	(51,979)	(56,495)
Total equity and liabilities	<u>151,671,669</u>	<u>178,065,084</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION

(i) Loans and receivables	<u>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
Loans and advances to customers	45,127,416	55,373,227
Collective impairment allowances	(44,897)	(47,406)
Individual impairment allowances for impaired assets against advances and commitments to customers	<u>(131,440)</u>	<u>(92,080)</u>
	44,951,079	55,233,741
Accrued interest and other accounts	<u>2,006,946</u>	<u>1,279,950</u>
	<u>46,958,025</u>	<u>56,513,691</u>

- (ii) Collective impairment allowances of HK\$44,897,000 as at 31 December 2019 (31 December 2018: HK\$47,406,000) 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 honour 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>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
Impaired advances to customers	805,080	148,979
As percentage of total advances to customers	1.78%	0.27%
Individual impairment allowances	<u>(124,824)</u>	<u>(90,717)</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 2019 (31 December 2018: HK\$ Nil).

- (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>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
- Panama	45,077	45,325
- China	22,710	11,690
- Hong Kong	<u>57,037</u>	<u>33,702</u>
	<u>124,824</u>	<u>90,717</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 2019 and 31 December 2018.

(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 2019 and 31 December 2018.

	<u>31.12.2019</u>		<u>31.12.2018</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	101,898	0.23	102,931	0.19

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 2019 (31 December 2018: HK\$ Nil).

	<u>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
Covered portion of total overdue loans and advances	-	-
Uncovered portion of total overdue loans and advances	101,898	102,931

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>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
- Hong Kong	26,228	26,371
- China	30,593	31,235
- Panama	45,077	45,325
	<u>101,898</u>	<u>102,931</u>

(c) There were no loans and advances to banks which were overdue for more than one month as at 31 December 2019 and 31 December 2018.

(d) There were rescheduled loans and advances to customers of HK\$30,593,000 as at 31 December 2019 (31 December 2018: HK\$31,235,000).

(e) There were no rescheduled loans and advances to banks as at 31 December 2019 and 31 December 2018.

(vi) Other assets overdue

There were no other assets overdue for more than three months as at 31 December 2019 and 31 December 2018.

(vii) No repossessed assets were held as of 31 December 2019 and 31 December 2018.

(viii) Deposits from customers

	<u>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
Demand deposits and current accounts	3,327,789	2,772,319
Saving deposits	1,036,079	914,867
Time, call and notice deposits	5,579,536	5,217,504
	<u>9,943,404</u>	<u>8,904,690</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>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
Direct credit substitutes	5,064,880	2,124,006
Trade-related contingencies	7,299,641	4,909,136
Other commitments:		
- with an original maturity of under 1 year or are unconditionally cancellable	9,744,459	8,831,539
- with an original maturity of 1 year and over	2,984,328	3,385,834
Forward forward deposits placed	3,268,614	2,339,076
	<u>28,361,922</u>	<u>21,589,591</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY TO DERIVATIVE TRANSACTIONS

(i) Derivatives	<u>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
Exchange rate contracts		
- Forwards	73,103,940	50,957,493
- Swaps	344,201	6,100,952
	<u>73,448,141</u>	<u>57,058,445</u>
Interest rate contracts		
- Swaps	50,000	3,651,570
- Forward forward deposits accepted	21,516,889	8,952,253
	<u>21,566,889</u>	<u>12,603,823</u>
Equity option contracts	<u>50,611</u>	<u>51,151</u>
	<u>123,427,563</u>	<u>91,303,010</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>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
Exchange rate contracts		
- Forwards	11,508	24,592
- Swaps	(26)	4,305
	<u>11,482</u>	<u>28,897</u>
Interest rate contracts		
- Swaps	1,946	(2,067)
Equity option contracts	<u>(7,879)</u>	<u>(13,336)</u>
	<u>5,549</u>	<u>13,494</u>

The amount of fair value which has taken into account the effect of the valid bilateral netting agreement is HK\$45,815,071 liabilities (31 December 2018: HK\$2,579,438 liabilities) 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>31.12.2019</u>		<u>31.12.2018</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	389,330	-	158,971	-
- Electricity and gas	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Wholesale and retail trade	62	-	972,931	-
- Transport and transport equipment	120,565	-	-	-
- Financial concerns	787,058	-	636,899	-
- Others	-	-	358,245	-
	<u>1,297,015</u>	-	<u>2,127,046</u>	-
Trade finance	2,165,585	36	2,709,126	1
Loans and advances for use outside Hong Kong	<u>41,664,816</u>	19	<u>50,537,055</u>	12
Loan and advances to customers	<u><u>45,127,416</u></u>	19	<u><u>55,373,227</u></u>	11

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>31.12.2019</u> HK\$'000	<u>31.12.2018</u> HK\$'000
- Australia	11,745,093	16,668,285
- Hong Kong	4,915,779	9,515,024
- India	4,665,339	6,517,874
- Others	23,801,205	22,672,044
	<u><u>45,127,416</u></u>	<u><u>55,373,227</u></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 2019 and 31 December 2018 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 2019			
Central government, central government owned entities and their subsidiaries and joint ventures	4,970	5,943	10,913
Local governments, local government- owned entities and their subsidiaries and joint ventures	1,012	1,953	2,965
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	8,053	2,559	10,612
Other entities of central governments	27	799	826
Other entities of local governments	-	-	-
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>14,062</u>	<u>11,254</u>	<u>25,316</u>
Total assets after provision	151,672		
On balance sheet exposures as percentage of total assets	9%		

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 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%		

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 2019							
1.	Developed countries	96,133	-	3,023	15,585	-	114,741
	of which France	95,923	-	-	28	-	95,951
2.	Developing Asia and Pacific	4,078	2	24	13,223	-	17,327
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

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 2019

	AUD	EUR	USD	Total
Spot assets	11,611	44,038	80,032	135,681
Spot liabilities	(13,524)	(36,942)	(78,862)	(129,328)
Forward purchases	2,279	5,071	29,374	36,724
Forward sales	(355)	(12,234)	(30,558)	(43,147)
Net long/(short) position	<u>11</u>	<u>(67)</u>	<u>(14)</u>	<u>(70)</u>

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>

LIQUIDITY

	<u>2019</u> Unaudited	<u>2018</u> Unaudited
Average liquidity maintenance ratio - Fourth quarter	<u>54.74%</u>	<u>54.73%</u>
Average core funding ratio - Fourth quarter	<u>131.73%</u>	<u>132.57%</u>

SECTION A - HONG KONG BRANCH INFORMATION - continued

SOCIETE GENERALE HONG KONG BRANCH

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 on liquidity metric. Management oversight has been put in place.

Internal stress testing

The objective of internal stress testing is to ensure sufficient liquidity for the Branch under adverse scenario 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>31.12.2019</u> As % of total liabilities	<u>31.12.2018</u> As % of total liabilities
Funding raised from banks ¹	72.39%	62.98%
Deposits from other non-bank customers	24.21%	23.49%
Capital and debt instruments issued and outstanding	0.18%	0.41%

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 2019

	<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	150,064	202,817	25,263	11,398	648
Total off-balance sheet claims	151,111	22,512	1,612	662	126,325
Total on-balance sheet liabilities ³	(149,890)	(199,852)	(25,407)	(14,644)	(127)
Total off-balance sheet obligations	(54,168)	(51,079)	(2,497)	(592)	-
Contractual maturity mismatch	N.A.	(25,603)	(1,031)	(3,176)	N.A.
Cumulative contractual maturity mismatch	N.A.	(25,603)	(26,634)	(29,810)	N.A.

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.

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 2019 and 31 December 2018.

PRUDENTIAL CAPITAL RATIO

	<u>31.12.2019</u>	<u>31.12.2018</u>
	%	%
Core Tier 1 ratio	12.7	10.9
Tier 1 ratio	15.0	13.4
Total capital ratio	<u>18.3</u>	<u>16.5</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>31.12.2019</u>		<u>31.12.2018</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>534</u>	<u>61</u>	<u>547</u>

OTHER FINANCIAL INFORMATION

	<u>31.12.2019</u>		<u>31.12.2018</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Total assets	1,356	11,833	1,309	11,723
Total liabilities	1,288	11,240	1,244	11,140
Total advances to customers	450	3,927	447	4,003
Total customer deposits	<u>419</u>	<u>3,656</u>	<u>417</u>	<u>3,734</u>

	<u>31.12.2019</u>		<u>31.12.2018</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Pre-tax profit	<u>5.20</u>	<u>45</u>	<u>6.12</u>	<u>55</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 2019 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

28 April 2020