

SOCIETE GENERALE HONG KONG BRANCH

Financial Information Disclosure Statements
For the six months ended 30 June 2021

SOCIETE GENERALE HONG KONG BRANCH

FINANCIAL INFORMATION DISCLOSURE STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION

PROFIT AND LOSS INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	For the six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Interest income	570,960	1,049,637
Interest expense	(378,269)	(990,768)
Net interest income	192,691	58,869
Other operating income	1,012,553	1,260,889
Operating expenses	1,205,244	1,319,758
	(962,965)	(909,185)
Operating income before impairment allowance and loss from disposal of property and equipment	242,279	410,573
Reversal/(provision) of impairment allowances on loans and receivables	33,676	(186,691)
Net loss from disposal of property and equipment	(9)	(1,558)
Profit before taxation	275,946	222,324
Income tax charge	(43,579)	(12,870)
Net profit	232,367	209,454

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 six months ended 30 June 2021, 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 six months ended 30 June 2021.

Details of profit and loss items

The details of key profit and loss items for the six months ended 30 June 2021 and 2020 are as follows:

(i) Interest income and expense

	<u>For the six months ended</u>	
	<u>30.6.2021</u>	<u>30.6.2020</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Interest income was derived from:		
Swaps	250	1,197
Advances to customers	432,439	732,426
Loans and advances to banks and other financial institutions	138,224	315,124
Financial instruments	47	890
	<u>570,960</u>	<u>1,049,637</u>
Interest expense was derived from:		
Swaps	100	870
Certificates of deposit	3,678	4,939
Deposits from customers	16,199	28,678
Deposits from banks and other financial institutions	357,891	954,851
Others	401	1,430
	<u>378,269</u>	<u>990,768</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 six months ended</u>	
	<u>30.6.2021</u>	<u>30.6.2020</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Fees and commission income	145,112	187,415
Less: Fees and commission expenses	(23,572)	(31,166)
Net fees and commission income	121,540	156,249
Gains less losses arising from trading in foreign currencies	235,017	407,880
Gains less losses on securities and loans and borrowings measured at fair value through profit or loss	(22,978)	218,931
Gains less losses from other trading activities	171,555	(160,666)
Other income from intercompany management fee, sales credit and other activities	507,419	638,495
	<u>1,012,553</u>	<u>1,260,889</u>

(iii) Operating expenses

	<u>For the six months ended</u>	
	<u>30.6.2021</u>	<u>30.6.2020</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Salaries and other costs	703,681	592,331
Premises and equipment:		
Rental of office premises and staff quarters	62,496	66,976
Others	15,356	15,034
Depreciation charge	19,203	21,651
Auditors' remuneration	812	980
Share in Head Office Expenses	40,220	50,858
Other operating expenses	121,197	161,355
	<u>962,965</u>	<u>909,185</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

BALANCE SHEET INFORMATION
AS AT 30 JUNE 2021

	<u>30.6.2021</u>	<u>31.12.2020</u>
	HK\$'000	HK\$'000
ASSETS		
Balances with banks	50,758	50,719
Placements with banks maturing between one and twelve months	-	-
Balances with the Monetary Authority	57,094	63,992
Amount due from overseas offices of the Bank	73,273,437	70,574,801
Trade bills	5,563,238	3,543,637
Securities measured at fair value through profit and loss	7,159,934	10,002,318
Loans and receivables	51,200,202	51,121,522
Property and equipment	65,195	58,142
Other investments	28,702	28,902
Total assets	<u>137,398,560</u>	<u>135,444,033</u>
EQUITY AND LIABILITIES		
Deposits and balances from banks	19,140,533	10,945,536
Deposits and balances from central banks and the Monetary Authority	20,044,675	15,351,079
Deposits from customers	5,831,789	8,202,297
Amount due to overseas offices of the Bank	83,426,352	95,163,956
Certificates of deposit issued	2,329,440	50,000
Other liabilities	6,666,519	5,480,537
Total liabilities	<u>137,439,308</u>	<u>135,193,405</u>
Reserves	(40,748)	250,628
Total equity and liabilities	<u>137,398,560</u>	<u>135,444,033</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION

(i) Loans and receivables		
	<u>30.6.2021</u>	<u>31.12.2020</u>
	HK\$'000	HK\$'000
Loans and advances to customers	49,695,116	49,503,559
Collective impairment allowances	(50,511)	(87,136)
Individual impairment allowances for impaired assets against advances and commitments to customers	(289,491)	(286,567)
	<u>49,355,114</u>	<u>49,129,856</u>
Accrued interest and other accounts	1,845,088	1,991,666
	<u>51,200,202</u>	<u>51,121,522</u>

- (ii) Collective impairment allowances of HK\$50,511,000 as at 30 June 2021 (31 December 2020: HK\$87,136,000) 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>30.6.2021</u>	<u>31.12.2020</u>
	HK\$'000	HK\$'000
Impaired advances to customers	1,166,187	1,017,562
As percentage of total advances to customers	2.35%	2.06%
Individual impairment allowances	(281,471)	(278,996)

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\$138,035,000 as at 30 June 2021 (31 December 2020: 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>30.6.2021</u>	<u>31.12.2020</u>
	HK\$'000	HK\$'000
- Panama	41,436	41,772
- Hong Kong	206,808	203,845
- Australia	33,025	33,379
	<u>281,269</u>	<u>278,996</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 30 June 2021 and 31 December 2020.

(v) Overdue and rescheduled loans and advances

(a) There were loans and advances to customers and banks which were overdue for more than three month as at 30 June 2021 and 31 December 2020 and are disclosed as follows:

	<u>30.6.2021</u>		<u>31.12.2020</u>	
	Overdue loans and advances to <u>customers</u> HK\$'000	Percentage of total loans and advances to <u>customers</u> %	Overdue loans and advances to <u>customers</u> HK\$'000	Percentage of total loans and advances to <u>customers</u> %
Loans and advances 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	-	-	288,548	0.58
- more than one year	334,020	0.67	41,772	0.08

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 30 June 2021 (31 December 2020: HK\$ Nil).

	<u>30.6.2021</u> HK\$'000	<u>31.12.2020</u> HK\$'000
Covered portion of total overdue loans and advances	-	-
Uncovered portion of total overdue loans and advances	334,020	330,320

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>30.6.2021</u> HK\$'000	<u>31.12.2020</u> HK\$'000
- Hong Kong	292,584	288,548
- Panama	41,436	41,772
	<u>334,020</u>	<u>330,320</u>

(c) There were no loans and advances to banks which were overdue for more than one month as at 30 June 2021 and 31 December 2020.

(d) There were rescheduled loans and advances to customers of HK\$ Nil as at 30 June 2021 (31 December 2020: HK\$ Nil).

(e) There were no rescheduled loans and advances to banks as at 30 June 2021 and 31 December 2020.

(vi) Other assets overdue

There were no other assets overdue for more than three months as at 30 June 2021 and 31 December 2020.

(vii) No repossessed assets were held as of 30 June 2021 and 31 December 2020.

(viii) Deposits from customers

	<u>30.6.2021</u> HK\$'000	<u>31.12.2020</u> HK\$'000
Demand deposits and current accounts	2,261,141	2,318,984
Saving deposits	675,251	1,013,492
Time, call and notice deposits	2,895,397	4,869,821
	<u>5,831,789</u>	<u>8,202,297</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>30.6.2021</u>	<u>31.12.2020</u>
	HK\$'000	HK\$'000
Direct credit substitutes	7,339,766	7,430,013
Trade-related contingencies	12,412,230	6,412,000
Other commitments	14,201,037	13,266,477
Forward forward deposits placed	2,095,104	4,121,063
	<u>36,048,137</u>	<u>31,229,553</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY TO DERIVATIVE TRANSACTIONS

(i) Derivatives	<u>30.6.2021</u> HK\$'000	<u>31.12.2020</u> HK\$'000
Exchange rate contracts	91,449,202	91,718,702
Interest rate contracts		
- Swaps	15,385,328	16,917,590
- Forward forward deposits accepted	19,328,485	27,998,956
	<u>34,713,813</u>	<u>44,916,546</u>
Equity option contracts	<u>87,586</u>	<u>55,200</u>
Total off-balance sheet exposure	<u>162,298,738</u>	<u>167,920,001</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>30.6.2021</u> HK\$'000	<u>31.12.2020</u> HK\$'000
Exchange rate contracts	10,334	5,131
Interest rate contracts		
- Swaps	(2,911)	(235)
Equity option contracts	<u>(1,778)</u>	<u>(18,079)</u>
	<u>5,645</u>	<u>(13,183)</u>

The amount of fair value which has taken into account the effect of the valid bilateral netting agreement is HK\$65,519,052 liabilities (31 December 2020: HK\$178,774,007 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

	30.6.2021		31.12.2020	
	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	109,689	-	237,011	-
- Electricity and gas	-	-	762,281	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Wholesale and retail trade	1	-	92,140	-
- Transport and transport equipment	-	-	116,277	-
- Financial concerns	604,405	-	801,694	-
- Others	425,969	-	418,597	-
	<u>1,140,064</u>	-	<u>2,428,000</u>	-
Trade finance	12,180,593	18	9,157,720	12
Loans and advances for use outside Hong Kong	<u>36,374,459</u>	22	<u>37,917,839</u>	21
Loan and advances to customers	<u>49,695,116</u>	21	<u>49,503,559</u>	18

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>30.6.2021</u> HK\$'000	<u>31.12.2020</u> HK\$'000
- Australia	7,780,221	8,436,911
- Hong Kong	9,960,590	12,239,493
- Other	31,954,305	28,827,155
	<u>49,695,116</u>	<u>49,503,559</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 30 June 2021 and 31 December 2020 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 30 June 2021			
Central government, central government owned entities and their subsidiaries and joint ventures	12,439	5,341	17,780
Local governments, local government- owned entities and their subsidiaries and joint ventures	1,663	3,433	5,096
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	8,469	2,663	11,132
Other entities of central governments	272	946	1,218
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>22,843</u>	<u>12,383</u>	<u>35,226</u>
Total assets after provision	137,399		
On balance sheet exposures as percentage of total assets	17%		

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 2020			
Central government, central government owned entities and their subsidiaries and joint ventures	13,440	9,403	22,843
Local governments, local government-owned entities and their subsidiaries and joint ventures	1,360	2,659	4,019
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	9,101	2,456	11,557
Other entities of central governments	272	351	623
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>24,173</u>	<u>14,869</u>	<u>39,042</u>
Total assets after provision	135,444		
On balance sheet exposures as percentage of total assets	18%		

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 30 June 2021						
1. Developed countries	74,903	-	3,672	11,677	-	90,252
of which France	74,859	-	-	37	-	74,896
2. Developing Asia and Pacific	4,879	1	848	12,518	-	18,246
3. Offshore centres	6	-	3,870	16,533	-	20,409
As at 31 December 2020						
1. Developed countries	72,601	-	3,424	13,496	-	89,521
of which France	72,324	-	-	72	-	72,396
2. Developing Asia and Pacific	2,576	1	113	10,374	-	13,064
3. Offshore centres	-	-	4,305	17,099	-	21,404

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 30 June 2021

	<u>AUD</u>	<u>EUR</u>	<u>RUB</u>	<u>USD</u>	<u>Total</u>
Spot assets	10,153	16,465	1	91,868	118,487
Spot liabilities	(9,766)	(12,308)	(113)	(96,791)	(118,978)
Forward purchases	2,280	5,540	2,988	41,436	52,244
Forward sales	(2,624)	(9,794)	(2,893)	(36,484)	(51,795)
Net long/(short) position	<u>43</u>	<u>(97)</u>	<u>(17)</u>	<u>29</u>	<u>(42)</u>

As at 31 December 2020

	<u>AUD</u>	<u>EUR</u>	<u>USD</u>	<u>Total</u>
Spot assets	10,810	18,214	89,524	118,548
Spot liabilities	(12,221)	(17,577)	(89,925)	(119,723)
Forward purchases	2,886	5,935	40,506	49,327
Forward sales	(1,435)	(6,639)	(40,028)	(48,102)
Net long/(short) position	<u>40</u>	<u>(67)</u>	<u>77</u>	<u>50</u>

LIQUIDITY

	<u>2021</u> Unaudited	<u>2020</u> Unaudited
Average liquidity maintenance ratio - Second quarter	<u>55.35%</u>	<u>65.53%</u>
Average core funding ratio - Second quarter	<u>138.02%</u>	<u>134.43%</u>

The average liquidity maintenance ratio 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 Banking Ordinance.

The average core funding ratio 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 Banking Ordinance.

SOCIETE GENERALE HONG KONG BRANCH

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 30 June 2021 and 31 December 2020.

PRUDENTIAL CAPITAL RATIO

	<u>30.6.2021</u>	<u>31.12.2020</u>
	%	%
Core Tier 1 ratio	13.4	13.4
Tier 1 ratio	15.8	16.0
Total capital ratio	<u>19.2</u>	<u>19.2</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>30.6.2021</u>		<u>31.12.2020</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>69</u>	<u>640</u>	<u>68</u>	<u>644</u>

OTHER FINANCIAL INFORMATION

	<u>30.6.2021</u>		<u>31.12.2020</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Total assets	1,493	13,784	1,462	13,930
Total liabilities	1,424	13,150	1,395	13,292
Total advances to customers	465	4,291	449	4,276
Total customer deposits	<u>479</u>	<u>4,421</u>	<u>456</u>	<u>4,346</u>

	<u>30.6.2021</u>		<u>31.12.2020</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Pre-tax profit/(loss)	<u>3.25</u>	<u>30</u>	<u>1.40</u>	<u>13</u>

SOCIETE GENERALE HONG KONG BRANCH

STATEMENT OF COMPLIANCE

This is to confirm that the information in these disclosure statements for the six months ended 30 June 2021 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.



Gaelle Olivier
CHIEF EXECUTIVE

28 September 2021