

**NATIXIS
HONG KONG BRANCH**

**KEY FINANCIAL INFORMATION
DISCLOSURE STATEMENTS
AS AT 30 JUN 2018**

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Section A - Branch Information
I. Profit and Loss

Figures in HKD thousand	2018-06-30	2017-06-30
Net interest income		
Interest income	856,697	455,394
Interest expense	(700,148)	(313,325)
	156,549	142,069
Other operating income		
Net gains/(losses) on fair value change of financial instruments designated at fair value through profit or loss	-	-
Gains less losses arising from trading in foreign currencies	59,088	27,358
Gains less losses on securities held for trading purposes	-	-
Gains less losses from other trading activities	935	-
Net fees and commission income	96,918	85,298
Others	770,983	1,026,004
	927,924	1,138,660
Operating expenses		
Staff expenses	(431,813)	(369,530)
Rental expenses	(33,862)	(32,788)
Other expenses	(277,026)	(120,908)
Other net charge on provisions	-	-
	(742,701)	(523,226)
Operating profit before provisions	341,772	757,503
Reversal of / impairment losses and provisions for impaired loans, receivables and others	11,391	2,309
Operating profit	353,163	759,812
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit before taxation	353,163	759,812
Tax expenses	(62,044)	(119,375)
Profit after taxation	291,119	640,437

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II. Balance Sheet

Figures in HKD thousand	2018-06-30	2017-12-31
Assets		
Cash and balances with banks	173,983	3,703,767
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	2,654,139	1,813,957
Amount due from overseas offices	33,299,063	30,721,622
Trade bills	1,809,982	2,899,942
Certificates of deposit held	2,252,075	3,297,794
Securities held for trading purposes	-	-
Loans and receivables		
Loans and advances to customers	31,040,591	25,266,701
Loans and advances to banks	-	-
Other accounts	3,120,893	1,817,160
Provisions for impaired loans, receivables and others	(13,827)	-
	34,147,657	27,083,861
Investment securities	7,187,931	4,160,256
Other investments	-	-
Property, plant and equipment and investment properties	25,316	31,606
TOTAL ASSETS	81,550,146	73,712,805
Liabilities		
Deposits and balances from banks	15,227,704	17,505,884
Deposits from customers		
Demand deposits and current accounts	6,265,960	2,775,332
Savings deposits	-	-
Time, call and notice deposits	2,171,406	2,571,318
	8,437,366	5,346,650
Amount due to overseas offices	53,367,245	47,615,700
Certificates of deposit issued	-	-
Issued debt securities	-	-
Other liabilities	4,517,831	3,244,571
Provisions	-	-
TOTAL LIABILITIES	81,550,146	73,712,805

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III. Additional Profit and Loss Information

Figures in HKD thousand	2018-06-30	2017-06-30
Fees and commission income	158,614	136,945
Fees and commission expenses	(61,696)	(51,647)
Net fees and commission income	<u>96,918</u>	<u>85,298</u>

IV. Additional Balance Sheet Information

Figures in HKD thousand	2018-06-30	2017-12-31
1) Provision for impaired loans, receivables and others		
- Collective provisions	13,827	-
- Specific provisions for loans and advances to customers	-	-
	<u>13,827</u>	<u>-</u>

Specific and Collective provisions were made at the branch level.

	2018-06-30	2017-12-31
2) Impaired loans and advances to customers		
- amount of impaired loans and advances to customers which are individually determined to be impaired	8,815	-
- amount of specific provisions made for such loans and advances	-	-
- value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	8,815	-
- percentage of such loans and advances to total amount of loans and advances to customers	0.03%	-

Specific provision were made after taking into account the value of collateral in respect of such loans and advances.

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IV. Additional Balance Sheet Information (Continued)

Figures in HKD thousand	2018-06-30	2017-12-31
3) Overdue loans and advances to customers		
Gross amount of 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	-	-
more than one year	-	-
	<u>-</u>	<u>-</u>
Percentage of total amount of loans and advances to customers which have been overdue for :		
more than 3 months but not more than 6 months	0.00%	0.00%
more than 6 months but not more than one year	0.00%	0.00%
more than one year	0.00%	0.00%
	<u>0.00%</u>	<u>0.00%</u>
Amount of specific provisions made on such overdue loans and advances for :		
more than 3 months but not more than 6 months	-	-
more than 6 months but not more than one year	-	-
more than one year	-	-
	<u>-</u>	<u>-</u>
Market value of collateral held against the covered portion of overdue loans and advances		
Covered portion of overdue loans and advances	-	-
Uncovered portion of overdue loans and advances	-	-
	<u>-</u>	<u>-</u>
4) Rescheduled loans and advances to customers, excluding those which have been overdue for more than 3 months	<u>-</u>	<u>-</u>
Percentage of such loans and advances to total amount of loans and advances to customers	<u>0.00%</u>	<u>0.00%</u>

The branch did not have any impaired, overdue or rescheduled loans and advances to banks at both reporting dates.

5) Overdue other assets (including trade bills and debt securities) which have been overdue for		
more than 3 months but not more than 6 months	-	-
more than 6 months but not more than one year	-	-
more than one year	-	-
	<u>-</u>	<u>-</u>
6) Amount of repossessed assets held	<u>-</u>	<u>-</u>

The repossessed assets are booked under the lowest cost or net realizable value.

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V. Off-Balance Sheet Exposures

Figures in HKD thousand	2018-06-30	2017-12-31
Contingent liabilities and commitments		
Direct credit substitutes	1,188,375	1,246,828
Transaction-related contingencies	-	-
Trade-related contingencies	3,776,195	1,894,614
Note issuance and revolving underwriting facilities	-	-
Other commitments	19,617,257	27,640,329
Forward forward deposits placed	43,158	-
	<u>24,624,985</u>	<u>30,781,771</u>
Derivative transactions		
Notional amounts of derivatives transactions		
Exchange rate-related derivative contracts	48,328,097	19,339,387
Interest rate derivative contracts	10,484,590	4,953,035
Others	-	-
	<u>58,812,687</u>	<u>24,292,422</u>
Fair value of derivative transactions		
Exchange rate-related derivative contracts	134,178	(7,125)
Interest rate derivative contracts	(25,229)	(20,390)
Others	-	-
	<u>108,949</u>	<u>(27,515)</u>

Fair value has not taken into account the effect of valid bilateral netting agreements.

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VI. Segmental Information

	2018-06-30		2017-12-31	
1) By industry sector				
		% of loans and advances covered by collateral		% of loans and advances covered by collateral
Gross loans and advances to customers by industry sector	HKD'000		HKD'000	
Loans and advances for use in Hong Kong				
Industrial, commercial and financial:				
- Property development	-		-	
- Property investment	-		-	
- Financial concerns	2,942,607	0.0%	195,363	0.0%
- Stockbrokers	-		-	
- Wholesale and retail trade	-		430,394	0.0%
- Manufacturing	575,044	0.0%	-	
- Transport and transport equipment	173,614	0.0%	183,006	0.0%
- Recreational activities	-		-	
- Information technology	-		-	
- Electricity and gas	569,387	100.0%	722,219	82.3%
- Others	1,569,862	0.0%	2,749,334	0.0%
Individuals:				
- loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes;	-		-	
- loans for the purchase of other residential properties	-		-	
- credit card advances	-		-	
- others	-		-	
Trade finance	1,004,266	5.6%	1,525,098	2.9%
Loans and advances for use outside Hong Kong	24,205,811	10.7%	19,461,287	8.4%
	<u>31,040,591</u>	10.3%	<u>25,266,701</u>	9.0%
	2018-06-30		2017-12-31	
2) By geographical areas	HKD'000		HKD'000	
(a) Gross amount of loans and advances to customers by countries or geographical areas				
- Hong Kong	9,101,029		8,537,286	
- Australia	5,380,845		6,519,782	
- Others	16,558,717		10,209,633	
	<u>31,040,591</u>		<u>25,266,701</u>	
(b) Overdue loans and advances to customers by countries or geographical areas	<u>-</u>		<u>-</u>	
(c) Impaired loans and advances to customers which are individually determined to be impaired, by countries or geographical areas				
- Hong Kong	8,815		-	
	<u>8,815</u>		<u>-</u>	

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VI. Segmental Information (Continued)

3) International Claims

Breakdown of the international claims by countries that constitutes 10% or more of the total international claim, according to the location of the counterparties and the type of counterparties after taking into account of transfer of risk.

	<u>Banks</u>	<u>Official sector</u>	<u>Non-bank private sector</u>		<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	
<u>As of 2018-06-30</u>	HKD Million	HKD Million	HKD Million	HKD Million	HKD Million
Developed countries of which France	35,754	883	-	32	36,669
Developing Asia-Pacific of which China	5,537	-	-	6,036	11,573
Total	41,291	883	-	6,068	48,242

	<u>Banks</u>	<u>Official sector</u>	<u>Non-bank private sector</u>		<u>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	
<u>As of 2017-12-31</u>	HKD Million	HKD Million	HKD Million	HKD Million	HKD Million
Developed countries of which France	32,639	427	-	49	33,115
Developing Asia-Pacific of which China	6,400	-	-	6,861	13,261
Total	39,039	427	-	6,910	46,376

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VII. Non-bank Mainland Exposures

Figures in HKD million

as of 2018-06-30

Types of counterparties	On-balance Sheet Exposure	Off-balance Sheet Exposure	Total
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	7,856	2,905	10,761
2 Local governments, local government-owned entities and their subsidiaries and JVs	2,022	239	2,261
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,659	2,086	5,745
4 Other entities of central government not reported in item 1 above	-	59	59
5 Other entities of local governments not reported in item 2 above	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	9	36	45
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	590	75	665
Total	14,136	5,400	19,536
Total assets after provision	81,550		
On-balance sheet exposures as percentage of total assets	17.33%		

as of 2017-12-31

Types of counterparties	On-balance Sheet Exposure	Off-balance Sheet Exposure	Total
1 Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	7,367	4,186	11,553
2 Local governments, local government-owned entities and their subsidiaries and JVs	342	2,400	2,742
3 PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,011	529	2,540
4 Other entities of central government not reported in item 1 above	338	-	338
5 Other entities of local governments not reported in item 2 above	-	-	-
6 PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	10	45	55
7 Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	808	152	960
Total	10,876	7,312	18,188
Total assets after provision	73,713		
On-balance sheet exposures as percentage of total assets	14.76%		

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VIII. Currency Risk

Figures in HKD million

The net position in a particular foreign currency where it constitutes 10% or more of the total net position in all foreign currencies.

	as of 2018-06-30		
	USD	EUR	Total
Spot assets	47,914	9,901	57,815
Spot liabilities	(67,101)	(1,831)	(68,932)
Forward purchases	33,798	2,744	36,542
Forward sales	(14,525)	(10,757)	(25,282)
Net options position	-	-	-
Net long (or net short) position	86	57	143
Net structural position	-	-	-
	as of 2017-12-31		
	USD	EUR	Total
Spot assets	49,675	3,520	53,195
Spot liabilities	(56,208)	(3,532)	(59,740)
Forward purchases	12,939	-	12,939
Forward sales	(6,401)	-	(6,401)
Net options position	-	-	-
Net long (or net short) position	5	(12)	(7)
Net structural position	-	-	-

IX. Liquidity

Figures in percentage

	2018-06-30	2018-03-31	2017-06-30
Average liquidity maintenance ratio for the period	48.24%	46.35%	35.13%

Average Liquidity Maintenance ratio is calculated as the simple average of each months's average liquidity maintenance ratio for the three months of the financial year computed in accordance with Banking Liquidity Rules.

Natixis SA Hong Kong Branch manages its liquidity under the global funding and liquidity risk framework set at head-office level and the local regulatory requirement set forth by the Hong Kong Monetary Authority in Supervisory Policy Manual LM-2, Sound Systems and Controls for Liquidity Risk Management.

Periodic liquidity stress tests are performed for Natixis SA Hong Kong Branch operations. Liquidity stress testing is based on a set of forward looking "what if" scenarios. The liquidity stress setup comprises of three scenarios (idiosyncratic, systemic and combined) with three degrees of intensity (moderate, high and extreme). The liquidity stress test has three forward looking liquidity stress projections of 30-days, 60-days and 90-days. The stress tests are performed by the APAC ALM department and the results are reported to the Hong Kong Asset and Liability Management committee.

Cash flow projection, liquidity gaps as well as balance sheet exposures by currency and/or sources of funding are being monitored on a daily basis. Natixis SA Hong Kong Branch Treasury manages the liquidity risk under the oversight of the local Assets & Liabilities Management Committee.

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X. Remuneration System

Pursuant to section 3 of Supervisory Policy Manual (CG - 5) Guidelines on a sound remuneration system issued by Hong Kong Monetary Authority, Natixis Hong Kong Branch complies with the requirement and has adopted the remuneration system of Natixis, Head Office.

The Bank's remuneration system is disclosed in section 2.4 "Natixis Compensation Policy" of Natixis registration document 2017.

Section B - Bank Information (Consolidated Basis)

	2018-06-30	2017-12-31
I. Capital and Capital Adequacy		
Capital Adequacy Ratio	<u>14.5%</u>	<u>14.9%</u>
The capital adequacy ratio as of 30 June 2018 and 31 December 2017 have been calculated in accordance with the Capital Requirements Directive rules/ Basel 3 rules.		
	2018-06-30	2017-12-31
	EUR Million	EUR Million
Shareholders' funds	<u>19,180</u>	<u>19,795</u>
II. Other financial information		
	2018-06-30	2017-12-31
	EUR Million	EUR Million
Total assets	520,137	519,987
Total liabilities	500,957	500,192
Total loans and advances	130,756	182,057
Total customer deposits	39,424	94,571
	2018-06-30	2017-06-30
	EUR Million	EUR Million
Pre-tax profits	1,490	1,294

Total loans and advances include loans and advances to banks and customers less provisions.

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Chief Executive's Declaration of Compliance

We have pleasure in presenting the Key Financial Information Disclosure Statement of Natixis, Hong Kong Branch for the period ended 30 Jun 2018. We confirm that the Disclosure Statement complies in all material respects with the Banking (Disclosure) Rules and, to the best of my knowledge and belief, it is not false or misleading.



Alain Gallois
Chief Executive
Hong Kong Branch

28 September 2018