

Barclays Bank PLC
Hong Kong Branch

Key Financial Information Disclosure Statement

As at 30 June 2018



Barclays Bank PLC

Hong Kong Branch

SECTION A - Branch Information (Hong Kong office only)

Income statement

For the half year ended 30 June 2018

	Notes	30 Jun 2018 HKD million	30 Jun 2017 HKD million
Interest Income		121	85
Interest expense		(70)	(31)
Net Interest income		<u>51</u>	<u>54</u>
Other operating income	1	233	155
Net fees and commission income	2	671	663
Operating expenses	3	(926)	(717)
Credit impairment charges and other provisions		<u>(1)</u>	<u>-</u>
Profit before taxation		28	155
Tax expense		<u>(4)</u>	<u>(24)</u>
Profit after taxation for the period		<u><u>24</u></u>	<u><u>131</u></u>

Balance sheet

As at 30 June 2018

		30 Jun 2018 HKD million	31 Dec 2017 HKD million
Assets			
Cash and balances with banks		108	203
Amount due from Exchange Fund		344	80
Amount due from overseas offices		4,723	2,182
Investment securities		3,699	2,432
Loans and receivables	4	331	421
Other accounts		158	117
Deferred tax assets		419	423
Property, plant and equipment and investment properties		<u>60</u>	<u>72</u>
Total Assets		<u><u>9,842</u></u>	<u><u>5,930</u></u>
Liabilities			
Deposits from customers	5	1,110	1,221
Amount due to overseas offices		8,575	4,526
Other liabilities	6	<u>157</u>	<u>183</u>
Total Liabilities		<u><u>9,842</u></u>	<u><u>5,930</u></u>

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Off-balance sheet and liquidity information As at 30 June 2018

	30 Jun 2018 HKD million	31 Dec 2017 HKD million
Contingent liabilities and commitments		
Trade-related contingencies	431	419
Other commitments	162	180

Derivatives instruments

	30 Jun 2018 HKD million		
	<u>Fair Value Assets</u>	<u>Fair Value Liabilities</u>	<u>Total Notional Amount</u>
Exchange rate-related derivative contracts	32	14	13,345
	<u>32</u>	<u>14</u>	<u>13,345</u>
	31 Dec 2017 HKD million		
	<u>Fair Value Assets</u>	<u>Fair Value Liabilities</u>	<u>Total Notional Amount</u>
Exchange rate-related derivative contracts	17	14	5,026
	<u>17</u>	<u>14</u>	<u>5,026</u>

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

Liquidity Information Disclosure

	For the quarter ended 30 Jun 2018	For the quarter ended 31 Mar 2018	For the half- year ended 30 Jun 2017
Average Liquidity Maintenance Ratio for the financial period	191.18%	184.80%	221.90%

The liquidity maintenance ratio ("LMR") is prepared in accordance with the Banking (Liquidity) Rules ("BLR") issued by the Hong Kong Monetary Authority ("HKMA"). The average LMR is calculated based on the arithmetic mean of the average value of the Branch's LMR for each calendar month as reported in the liquidity position return submitted to the HKMA for the abovementioned reporting periods.

The average LMRs disclosed for the reporting periods in 2018 are calculated based on three months' average while the average LMR for the reporting period in 2017 is calculated based on six months' average.

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Notes to the Financial Statements

	Notes	30 Jun 2018 HKD million	30 Jun 2017 HKD million
1 Other operating income			
Income from foreign currency related activities			
- Transfer pricing income		59	47
- Trading gains less losses from foreign currency trading		5	8
Income from securities-related activities			
- Transfer pricing income		111	134
Income from derivatives-related activities			
- Transfer pricing income/(expense)		58	(34)
		<u>233</u>	<u>155</u>
		30 Jun 2018 HKD million	30 Jun 2017 HKD million
2 Net fees and commission income			
Gross fees and commission income		721	701
Gross fees and commission expenses		(50)	(38)
		<u>671</u>	<u>663</u>
		30 Jun 2018 HKD million	30 Jun 2017 HKD million
3 Operating expenses			
Management fee recharged from related companies		(913)	(696)
Depreciation		(13)	(21)
		<u>(926)</u>	<u>(717)</u>
		30 Jun 2018 HKD million	31 Dec 2017 HKD million
4 Loans and receivables			
Loans and advances to customers	7, 8, 10	16	241
Other receivables			
- Accrued interest		2	1
- Other receivables		314	179
Credit impairment charges and other provisions		(1)	-
		<u>331</u>	<u>421</u>

Barclays Group has adopted IFRS 9 Financial Instruments (IFRS 9) effective from 1 January 2018. This has resulted in key changes to the quantification of impairment allowances based on the expected credit losses (ECLs) methodology.

The calculation of impairment under ECL is based on unbiased forward-looking information for all financial assets at amortised cost and takes into account the drawn and undrawn counterparty exposures. At the reporting date, an allowance (or provision for loan commitments) is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 1), an allowance (or provision) should be recognised for the lifetime ECLs for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

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4 Loans and receivables (continued)

The measurement of the ECL is calculated using three main components.

- (i) probability of default (PD)
- (ii) loss given default (LGD)
- (iii) the exposure at default (EAD)

The credit impairment charges and other provisions made as at 30 June 2018 represent the Stage 1 ECL provision on loans and advances to customers and loan commitments. Prior to the adoption of IFRS 9, an impairment loss of HK\$1 million assessed collectively for portfolio level risks was recognised at Head Office as at 31 December 2017.

The key impacts to Barclays Group on the transition to IFRS 9, can be found in the "Barclays PLC IFRS 9 Transition Note" which can be obtained at www.barclays.com.

	30 Jun 2018 HKD million	31 Dec 2017 HKD million
5 Deposits from customers		
Demand deposits and current accounts	42	43
Time, call and notice deposits	<u>1,068</u>	<u>1,178</u>
	<u><u>1,110</u></u>	<u><u>1,221</u></u>

	30 Jun 2018 HKD million	31 Dec 2017 HKD million
6 Other liabilities		
Accrued interest	12	7
Other liabilities	<u>145</u>	<u>176</u>
	<u><u>157</u></u>	<u><u>183</u></u>

7 Analysis of advances to customers by industry sector

	30 Jun 2018 HKD million		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
Loans and advances for use outside Hong Kong	<u>-</u>	<u>16</u>	<u>16</u>
Total loans and advances to customers	<u><u>-</u></u>	<u><u>16</u></u>	<u><u>16</u></u>
	31 Dec 2017 HKD million		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
Loans and advances for use outside Hong Kong	<u>-</u>	<u>241</u>	<u>241</u>
Total loans and advances to customers	<u><u>-</u></u>	<u><u>241</u></u>	<u><u>241</u></u>

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Notes to the Financial Statements (continued)

8 Overdue loans and advances to customers and banks

The branch did not have any overdue or rescheduled loans and advances to customers and banks as at 30 June 2018 and 31 December 2017.

The branch did not have any impaired loans and advances to customers and banks as at 30 June 2018 and 31 December 2017.

9 Repossessed assets

The branch did not have any repossessed assets as at 30 June 2018 and 31 December 2017.

10 Loans and advances to customers by country

	30 Jun 2018 HKD million	31 Dec 2017 HKD million
Macau	<u>16</u>	<u>241</u>
	<u>16</u>	<u>241</u>

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

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

11 International claims

	30 Jun 2018 HKD million		
	Non-bank private sector		
	<u>Banks</u>	<u>Non-financial private sector</u>	<u>Total</u>
Developed countries	5,101	-	5,101
<i>of which</i> United Kingdom (excludes Guernsey, Isle of Man and Jersey)	5,101	-	5,101
Offshore centres	107	16	123
	31 Dec 2017 HKD million		
	Non-bank private sector		
	<u>Banks</u>	<u>Non-financial private sector</u>	<u>Total</u>
Developed countries	2,389	-	2,389
<i>of which</i> United Kingdom (excludes Guernsey, Isle of Man and Jersey)	2,387	-	2,387
Offshore centres	201	244	445

International claims information discloses exposures in relation to all cross-border claims and local claims in foreign currencies after taking into account the transfer of risk. The above information is prepared in accordance with the HKMA Return of International Banking Statistics MA(BS)21 completion instructions. Countries constituting 10% or more of total international claims are disclosed.

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Notes to the Financial Statements (continued)

12 Non-bank Mainland exposures

The branch did not have any Mainland exposures to non-bank counterparties as of 30 June 2018 and 31 December 2017.

13 Currency Risk

	30 Jun 2018			
	HKD million			
	<u>USD</u>	<u>RMB</u>	<u>Others</u>	<u>Total</u>
Spot assets	181	243	20	444
Spot liabilities	(5,104)	(24)	(20)	(5,148)
Forward purchases	11,499	793	-	12,292
Forward sales	(6,568)	(1,019)	-	(7,587)
Net options position	-	-	-	-
Net long/(short) position	<u>8</u>	<u>(7)</u>	<u>-</u>	<u>1</u>

	31 Dec 2017			
	HKD million			
	<u>USD</u>	<u>RMB</u>	<u>Others</u>	<u>Total</u>
Spot assets	238	15	22	275
Spot liabilities	(1,205)	(249)	(22)	(1,476)
Forward purchases	2,989	804	-	3,793
Forward sales	(2,024)	(564)	-	(2,588)
Net options position	-	-	-	-
Net long/(short) position	<u>(2)</u>	<u>6</u>	<u>-</u>	<u>4</u>

The Branch has no structural positions in any particular foreign currency as at 30 June 2018 and 31 December 2017.

Barclays Bank PLC

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SECTION B - Barclays PLC Consolidated Financial Information As at 30 June 2018

	30 Jun 2018	31 Dec 2017
Capital ratio (Note 1)		
Total Regulatory Capital	20.5%	21.5%
Common Equity Tier 1 (CET1)	13.0%	13.3%
	30 Jun 2018	31 Dec 2017
	GBP million	GBP million
Total Shareholders' equity (excluding non-controlling interests)	61,055	63,905
Other financial information (Note 2)		
	30 Jun 2018	31 Dec 2017
	GBP million	GBP million
Balance sheet		
Total assets	1,149,572	1,133,248
Total liabilities	1,086,404	1,067,232
Total loans and advance at amortised cost	320,967	324,048
Total deposits at amortised cost	386,451	398,701
	30 Jun 2018	30 Jun 2017
	GBP million	GBP million
Profit and Loss		
Pre-tax profit for the financial period	1,659	2,341

Notes

(1) Total Regulatory Capital ratio is calculated as total regulatory capital divided by risk weighted assets.

The Common Equity Tier 1 ratio is a risk based ratio calculated as CRD IV Common Equity Tier 1 capital divided by CRD IV risk weighted assets, before the interpretive guidance published by the PRA.

The capital ratios are calculated by applying the transitional arrangements of the Capital Requirements Regulation (CRR) issued by the European Union. The regulation includes IFRS 9 transitional arrangements and the grandfathering of CRR non-compliant capital instruments. The rules are supplemented by Regulatory Technical Standards (RTS) and in the United Kingdom by the Prudential Regulation Authority's (PRA) rulebook, including the implementation of transitional rules.

IFRS 9 was adopted from 1 January 2018 onwards and the impact of IFRS 9 on the CET1 ratio can be found in the "Barclays PLC IFRS 9 Transition Note" which can be obtained at www.barclays.com.

(2) The total loans and advances and total customer deposits balances as at 31 December 2017 have been restated due to the adoption of IFRS 9 from 1 January 2018 onwards.

The total loans and advances of GBP 401,215 million as at 31 December 2017 shown in the previous disclosure statement have been disaggregated to "loans and advances at amortised cost" of GBP 324,048 million and "cash collateral and settlement balances" of GBP 77,168 million. The comparative figure for the total loans and advances at amortised cost has been restated to include the former amount only. In addition, the total customer deposits of GBP 429,121 million as at 31 December 2017 shown in the previous disclosure statement has been replaced by the total deposits at amortised cost of GBP 398,701 million as at 31 December 2017, which include both the deposits taken from banks and customers but exclude "cash collaterals and settlement balances", to conform with the current period presentation.

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SECTION B - Barclays PLC Consolidated Financial Information (continued) As at 30 June 2018

Notes (continued)

- (3) Barclays Bank PLC Hong Kong Branch adopts the remuneration systems of its Head Office, Barclays PLC. Pursuant to part 3 of the Supervisory Policy Manual (CG-5) "Guideline on a Sound Remuneration System" issued by the Hong Kong Monetary Authority, Barclays Bank PLC Hong Kong Branch complies with the requirements by publishing annually both qualitative and quantitative disclosures. The qualitative remuneration disclosures for 2017 are set out in the remuneration report in the Barclays PLC Annual Report 2017. A report on the quantitative remuneration disclosures for Barclays Bank PLC Hong Kong Branch for 2017 which supplements the qualitative remuneration disclosures for 2017 is now available for public access at 41/F Reception, Cheung Kong Center.
- (4) Comparative figures have been restated where necessary to conform with the current year's presentation. The information disclosed in this statement is not audited.
- (5) Further details regarding Barclays PLC can be obtained from the 2018 Barclays PLC Interim Results Announcement at www.barclays.com.

Chief Executive's Declaration of Compliance

I certify that the information disclosed above is in compliance with the Banking Ordinance Chapter 155M Banking (Disclosure) Rules and "Guideline on the Application of the Banking (Disclosure) Rules" issued by the HKMA is not false or misleading.



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

This disclosure statement can be found in the Barclays Bank PLC's website at www.investmentbank.barclays.com/disclosures