

SOCIETE GENERALE HONG KONG BRANCH

Financial Information Disclosure Statements  
For the six months ended 30 June 2022

SOCIETE GENERALE HONG KONG BRANCH

FINANCIAL INFORMATION DISCLOSURE STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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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 2022

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	For the six months ended	
	30.6.2022	30.6.2021
	HK\$'000	HK\$'000
	Unaudited	Audited
Interest income	717,645	570,960
Interest expense	(495,338)	(378,269)
Net interest income	222,307	192,691
Other operating income	1,215,125	1,012,553
Operating expenses	1,437,432	1,205,244
	(900,739)	(962,965)
Operating income before impairment allowance and loss from disposal of property and equipment	536,693	242,279
Reversal of impairment allowances on loans and receivables	23,811	33,676
Net loss from disposal of property and equipment	-	(9)
Profit before taxation	560,504	275,946
Income tax charge	(106,217)	(43,579)
Net profit	454,287	232,367

## 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 ("the Ordinance") as a full licensed bank. During the six months ended 30 June 2022, 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 2022.

#### Details of profit and loss items

The details of key profit and loss items for the six months ended 30 June 2022 and 2021 are as follows:

(i) Interest income and expense

	<u>For the six months ended</u>	
	<u>30.6.2022</u>	<u>30.6.2021</u>
	HK\$'000	HK\$'000
Interest income was derived from:		
Swaps	-	250
Loans and advances to customers	504,093	432,439
Loans and advances to banks and other financial institutions	210,774	138,224
Financial instruments	2,778	47
	<u>717,645</u>	<u>570,960</u>
Interest expense was derived from:		
Swaps	-	100
Certificates of deposit	11,820	3,678
Deposits from customers	15,683	16,199
Deposits from banks and other financial institutions	465,651	357,891
Others	2,184	401
	<u>495,338</u>	<u>378,269</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>30.6.2022</u>	<u>30.6.2021</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Fees and commission income	190,828	145,112
Less: Fees and commission expenses	(20,668)	(23,572)
Net fees and commission income	170,160	121,540
Gains less losses arising from trading in foreign currencies	358,685	235,017
Gains less losses on securities and loans and borrowings measured at fair value through profit or loss	(109,422)	(22,978)
Gains less losses from other trading activities	342,260	171,555
Other income from intercompany management fee, sales credit and other activities	453,442	507,419
	<u>1,215,125</u>	<u>1,012,553</u>

(iii) Operating expenses

	<u>For the six months ended</u>	
	<u>30.6.2022</u>	<u>30.6.2021</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Salaries and other costs	643,137	703,681
Premises and equipment:		
Rental of office premises and staff quarters	54,983	62,496
Others	14,527	15,356
Depreciation charge	15,493	19,203
Auditors' remuneration	795	812
Share in Head Office Expenses	46,200	40,220
Other operating expenses	125,604	121,197
	<u>900,739</u>	<u>962,965</u>

## SOCIETE GENERALE HONG KONG BRANCH

### SECTION A - HONG KONG BRANCH INFORMATION - continued

#### BALANCE SHEET INFORMATION AS AT 30 JUNE 2022

	<u>30.6.2022</u>	<u>31.12.2021</u>
	HK\$'000	HK\$'000
<b>ASSETS</b>		
Balances with banks	70,238	45,206
Balances with the Monetary Authority	120,356	23,960
Amount due from overseas offices of the Bank	65,179,919	57,047,709
Trade bills	3,520,125	4,042,347
Securities measured at fair value through profit and loss	5,566,873	7,003,949
Investment securities	392,265	-
Loans and receivables	52,102,313	50,724,459
Property and equipment	118,385	97,973
Other investments	30,269	30,304
Total assets	<u>127,100,743</u>	<u>119,015,907</u>
<b>EQUITY AND LIABILITIES</b>		
Deposits and balances from banks	9,385,287	18,990,228
Deposits and balances from central banks and the Monetary Authority	5,662,015	8,896,500
Deposits from customers	7,368,194	7,844,641
Amount due to overseas offices of the Bank	95,720,542	74,678,964
Certificates of deposit issued	3,785,357	2,338,950
Other liabilities	5,004,024	6,367,020
Total liabilities	<u>126,925,419</u>	<u>119,116,303</u>
Reserves	175,324	(100,396)
Total equity and liabilities	<u>127,100,743</u>	<u>119,015,907</u>

## SOCIETE GENERALE HONG KONG BRANCH

### SECTION A - HONG KONG BRANCH INFORMATION - continued

#### ADDITIONAL BALANCE SHEET INFORMATION

(i) Loans and receivables	<u>30.6.2022</u> HK\$'000	<u>31.12.2021</u> HK\$'000
Loans and advances to customers	49,927,742	49,133,687
Collective impairment allowances	(36,104)	(37,372)
Individual impairment allowances for impaired assets against advances and commitments to customers	(284,097)	(305,160)
	<u>49,607,541</u>	<u>48,791,155</u>
Accrued interest and other accounts	2,494,772	1,933,304
	<u>52,102,313</u>	<u>50,724,459</u>

- (ii) Collective impairment allowances of HK\$36,104,000 as at 30 June 2022 (31 December 2021: HK\$37,372,000) 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>30.6.2022</u> HK\$'000	<u>31.12.2021</u> HK\$'000
Impaired advances to customers	455,125	874,410
As percentage of total advances to customers	0.91%	1.78%
Individual impairment allowances	(284,097)	(302,652)

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\$117,495,000 as at 30 June 2022 (31 December 2021: HK\$ 124,675,000).

- (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:

As at 30 June 2022	HK\$'000
- Panama	41,724
- Hong Kong	236,494
As at 31 December 2021	HK\$'000
- Panama	41,605
- Hong Kong	235,257

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 2022 and 31 December 2021.

(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 2022 and 31 December 2021 and are disclosed as follows:

	<u>30.6.2022</u>		<u>31.12.2021</u>	
	<u>Overdue loans and advances to customers</u> HK\$'000	<u>Percentage of total loans and advances to customers</u> %	<u>Overdue loans and advances to customers</u> HK\$'000	<u>Percentage of total loans and advances to 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	-	-	-	-
- more than one year	337,341	0.68	335,383	0.68

Individual impairment has been provided for the loans and advances to customers which have been overdue for more than one year. The collateral held in respect of the overdue loans and advances to customers is HK\$Nil as at 30 June 2022 (31 December 2021: HK\$Nil).

	<u>30.6.2022</u> HK\$'000	<u>31.12.2021</u> HK\$'000
Covered portion of total overdue loans and advances	-	-
Uncovered portion of total overdue loans and advances	337,341	335,383



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>30.6.2022</u> HK\$'000	<u>31.12.2021</u> HK\$'000
- Hong Kong	295,617	293,778
- Panama	41,724	41,605
	<u>337,341</u>	<u>335,383</u>

(c) There were no loans and advances to banks which were overdue for more than one month as at 30 June 2022 and 31 December 2021.

(d) There were no rescheduled loans and advances to customers as at 30 June 2022 and 31 December 2021.

(e) There were no rescheduled loans and advances to banks as at 30 June 2022 and 31 December 2021.

(vi) Other assets overdue

Other assets overdue for more than three months as at 30 June 2022 is HK\$12,637,000 (31 December 2021: Nil).

(vii) No repossessed assets were held as of 30 June 2022 and 31 December 2021.

(viii) Deposits from customers

	<u>30.6.2022</u> HK\$'000	<u>31.12.2021</u> HK\$'000
Demand deposits and current accounts	2,871,812	3,610,876
Saving deposits	735,520	909,570
Time, call and notice deposits	3,760,862	3,324,195
	<u>7,368,194</u>	<u>7,844,641</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>30.6.2022</u>	<u>31.12.2021</u>
	HK\$'000	HK\$'000
Direct credit substitutes	14,791,215	8,004,096
Trade-related contingencies	11,474,267	12,280,676
Other commitments	14,500,844	16,645,335
Forward forward deposits placed	2,297,037	522,338
	<u>43,063,363</u>	<u>37,452,445</u>

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SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY TO DERIVATIVE TRANSACTIONS

(i) Derivatives	<u>30.6.2022</u> HK\$'000	<u>31.12.2021</u> HK\$'000
Exchange rate contracts	72,725,855	53,302,549
Interest rate contracts		
- Swaps	13,925,408	8,132,311
- Forward forward deposits accepted	4,639,850	10,218,129
	<u>18,565,258</u>	<u>18,350,440</u>
Equity option contracts	<u>81,016</u>	<u>47,358</u>
Total off-balance sheet exposure	<u><u>134,435,492</u></u>	<u><u>109,152,792</u></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>30.6.2022</u> HK\$'000	<u>31.12.2021</u> HK\$'000
Exchange rate contracts	2,324	8,292
Interest rate contracts		
- Swaps	(61,904)	(3,600)
Equity option contracts	<u>(8,765)</u>	<u>6,830</u>
	<u><u>(68,345)</u></u>	<u><u>11,522</u></u>

The amount of fair value which has taken into account the effect of the valid bilateral netting agreement is HK\$458,988,000 liabilities (31 December 2021: HK\$144,596,000 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

	30.6.2022		31.12.2021	
	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	-	-	1,670	-
- Electricity and gas	1,667,989	-	1,169,475	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Wholesale and retail trade	888	-	-	-
- Transport and transport equipment	-	-	-	-
- Financial concerns	972,161	-	559,161	-
- Others	436,955	-	427,321	-
	<u>3,077,993</u>	-	<u>2,157,627</u>	-
Trade finance	7,428,977	24	5,564,142	19
Loans and advances for use outside Hong Kong	<u>39,420,773</u>	22	<u>41,411,918</u>	20
Loan and advances to customers	<u><u>49,927,743</u></u>	21	<u><u>49,133,687</u></u>	19

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:

As at 30 June 2022	HK\$'000
- Cayman Islands	5,300,744
- Hong Kong	11,739,905
As at 31 December 2021	HK\$'000
- Australia	5,609,590
- Cayman Islands	7,589,355
- Hong Kong	6,544,575

## 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 2022 and 31 December 2021 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 2022			
Central government, central government owned entities and their subsidiaries and joint ventures	16,302	8,995	25,297
Local governments, local government- owned entities and their subsidiaries and joint ventures	1,266	2,737	4,003
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	8,388	3,552	11,940
Other entities of central governments	432	851	1,283
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>26,388</u>	<u>16,135</u>	<u>42,523</u>
Total assets after provision	127,101		
On balance sheet exposures as percentage of total assets	21%		

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 2021			
Central government, central government owned entities and their subsidiaries and joint ventures	9,743	6,214	15,957
Local governments, local government- owned entities and their subsidiaries and joint ventures	1,098	2,151	3,249
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	10,349	3,827	14,176
Other entities of central governments	814	1,116	1,930
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>22,004</u>	<u>13,308</u>	<u>35,312</u>
Total assets after provision	119,016		
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 2022						
1. Developed countries	67,782	-	3,320	11,089	-	82,191
of which France	67,770	-	-	15	-	67,785
2. Developing Asia and Pacific	2,822	-	815	8,750	-	12,387
3. Offshore centres	-	-	5,471	18,816	-	24,287
As at 31 December 2021						
1. Developed countries	58,729	-	3,772	11,076	-	73,577
of which France	58,699	-	-	23	-	58,722
2. Developing Asia and Pacific	3,249	1	1,071	10,188	-	14,509
3. Offshore centres	-	-	5,653	15,328	-	20,981

## SOCIETE GENERALE HONG KONG BRANCH

### SECTION A - HONG KONG BRANCH INFORMATION - continued

#### CURRENCY RISK

The Branch does not have any disclosable 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 2022

	<u>EUR</u>	<u>AUD</u>	<u>USD</u>	<u>Total</u>
Spot assets	27,411	5,962	83,116	116,489
Spot liabilities	(25,360)	(6,512)	(85,215)	(117,087)
Forward purchases	4,172	5,532	33,170	42,874
Forward sales	(6,234)	(4,964)	(31,019)	(42,217)
Net long/(short) position	<u>(11)</u>	<u>18</u>	<u>52</u>	<u>59</u>

As at 31 December 2021

	<u>CNY</u>	<u>EUR</u>	<u>GBP</u>	<u>USD</u>	<u>Total</u>
Spot assets	201	10,606	181	88,912	99,900
Spot liabilities	(248)	(9,669)	(198)	(90,745)	(100,860)
Forward purchases	14,802	3,492	169	24,359	42,822
Forward sales	(14,766)	(4,441)	(169)	22,449	(41,825)
Net long/(short)position	<u>(11)</u>	<u>(12)</u>	<u>(17)</u>	<u>77</u>	<u>37</u>

#### LIQUIDITY

	<u>2022</u> Unaudited	<u>2021</u> Unaudited
Average liquidity maintenance ratio - Second quarter	<u>51.96%</u>	<u>55.35%</u>
Average core funding ratio - Second quarter	<u>165.79%</u>	<u>138.02%</u>



## 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 2022 and 31 December 2021.

#### PRUDENTIAL CAPITAL RATIO

	<u>30.06.2022</u>	<u>31.12.2021</u>
	%	%
Core Tier 1 ratio	12.9	13.7
Tier 1 ratio	15.2	15.9
Total capital ratio	<u>18.5</u>	<u>18.9</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>30.06.2022</u>		<u>31.12.2021</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>68</u>	<u>555</u>	<u>68</u>	<u>604</u>

#### OTHER FINANCIAL INFORMATION

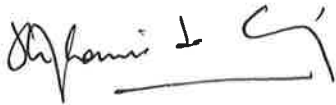
	<u>30.06.2022</u>		<u>31.12.2021</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Total assets	1,539	12,599	1,464	12,918
Total liabilities	1,469	12,026	1,394	12,293
Total advances to customers	504	4,126	497	4,385
Total customer deposits	<u>519</u>	<u>4,249</u>	<u>509</u>	<u>4,491</u>

	<u>30.06.2022</u>		<u>31.12.2021</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Pre-tax profit	<u>0.50</u>	<u>4</u>	<u>8.04</u>	<u>71</u>

SOCIETE GENERALE HONG KONG BRANCH

STATEMENT OF COMPLIANCE

This is to confirm that the information in these disclosure statements for the year ended 30 June 2022 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.



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Stephanie Clement De Givry  
CHIEF EXECUTIVE

30 September 2022