

SOCIETE GENERALE HONG KONG BRANCH

Financial Information Disclosure Statements  
For the six months ended 30 June 2023

SOCIETE GENERALE HONG KONG BRANCH

FINANCIAL INFORMATION DISCLOSURE STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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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 2023

	<u>For the six months ended</u>	
	<u>30.06.2023</u>	<u>30.6.2022</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
	<u>Unaudited</u>	<u>Unaudited</u>
Interest income	2,365,137	717,645
Interest expense	(2,175,079)	(495,338)
Net interest income	190,058	222,307
Other operating income	1,247,542	1,215,125
Operating expenses	1,437,600 (949,423)	1,437,432 (900,739)
Operating income before impairment allowance and loss from disposal of property and equipment	488,177	536,693
(Provision)/reversal of impairment allowances on loans and receivables	(5,633)	23,811
Net loss from disposal of property and equipment	-	-
Profit before taxation	482,544	560,504
Income tax charge	(65,343)	(106,217)
Net profit	417,201	454,287

## 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 2023, 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 2023.

#### ADDITIONAL PROFIT AND LOSS INFORMATION

(i) Other operating income

	For the six months ended	
	<u>30.06.2023</u>	<u>30.6.2022</u>
	HK\$'000	HK\$'000
Fees and commission income	160,240	190,828
Less: Fees and commission expenses	(12,216)	(20,668)
Net fees and commission income	148,024	170,160
Gains less losses arising from trading in foreign currencies	392,246	358,685
Gains less losses on securities and loans and borrowings measured at fair value through profit or loss	65,618	(109,422)
Gains less losses from other trading activities	40,651	342,260
Other income from intercompany management fee, sales credit and other activities	601,003	453,442
	<u>1,247,542</u>	<u>1,215,125</u>

(ii) Operating expenses

	For the six months ended	
	<u>30.06.2023</u>	<u>30.6.2022</u>
	HK\$'000	HK\$'000
Staff expenses	644,054	643,137
Rental expenses	69,894	69,510
Other operating expenses	235,475	188,092
	<u>949,423</u>	<u>900,739</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

BALANCE SHEET INFORMATION  
AS AT 30 JUNE 2023

	<u>30.06.2023</u> HK\$'000	<u>31.12.2022</u> HK\$'000
<b>ASSETS</b>		
Balances with banks	104,074	62,576
Placements with banks maturing between one and twelve months	-	-
Balances with the Monetary Authority	57,595	76,563
Amount due from overseas offices of the Bank	62,333,519	63,142,580
Trade bills	1,859,545	1,812,143
Securities held for trading purposes	5,657,313	3,949,759
Investment securities	1,533,250	1,431,634
Loans and receivables	38,071,896	43,930,309
Property and equipment	163,461	142,437
Other investments	30,567	30,567
Total assets	<u>109,811,220</u>	<u>114,578,568</u>
<b>EQUITY AND LIABILITIES</b>		
Deposits and balances from banks	19,650,257	14,987,650
Deposits and balances from central banks and the Monetary Authority	9,001,886	13,477,037
Deposits from customers	13,463,529	6,398,269
Amount due to overseas offices of the Bank	54,098,027	69,873,988
Certificates of deposit issued	8,564,951	5,377,978
Other liabilities	4,894,742	4,532,290
Total liabilities	<u>109,673,392</u>	<u>114,647,212</u>
Reserves	137,828	(68,644)
Total equity and liabilities	<u>109,811,220</u>	<u>114,578,568</u>

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION

(i) Loans and receivables	<u>30.06.2023</u>	<u>31.12.2022</u>
	HK\$'000	HK\$'000
Loans and advances to customers	35,272,954	42,254,086
Accrued interest and other accounts	3,208,110	2,077,857
Collective impairment allowances	(24,802)	(35,849)
Individual impairment allowances	(384,366)	(365,785)
	<u>38,071,896</u>	<u>43,930,309</u>

- (ii) Collective impairment allowances of HK\$24,802,000 as at 30 June 2023 (31 December 2022: HK\$35,849,000) to cover possible loan losses that are not separately identified are maintained in the Branch's accounts.

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>30.06.2023</u>	<u>31.12.2022</u>
	HK\$'000	HK\$'000
Impaired loans and advances to customers	436,890	443,870
As percentage of total loans and advances to customers	1.24%	1.05%
Individual impairment allowances	(341,888)	(340,708)

Impaired loans and advances to customers are those loans and 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 loans and advances. The value of collateral in respect of such loans and advances is HK\$100,002,000 as at 30 June 2023 (31 December 2022: HK\$108,393,000).

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

ADDITIONAL BALANCE SHEET INFORMATION - continued

(iii) (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 2023

	HK\$'000
- Hong Kong	295,220
- Panama	41,668

As at 31 December 2022

	HK\$'000
- Hong Kong	293,818
- Panama	41,470

(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 2023 and 31 December 2022.

(v) Overdue and rescheduled loans and advances

(a) There were loans and advances to customers which were overdue for more than three months as at 30 June 2023 and 31 December 2022.

	<u>30.06.2023</u>		<u>31.12.2022</u>	
	<u>Overdue loans and advances to customers</u> HK\$'000	Percentage of total loans and advances to customers %	<u>Overdue loans and advances to customers</u> HK\$'000	Percentage of total loans and advances to customers %
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	336,888	0.96	335,288	0.79

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 2023 (31 December 2022: HK\$ Nil).

	<u>30.06.2023</u> HK\$'000	<u>31.12.2022</u> HK\$'000
Covered portion of total overdue loans and advances	-	-
Uncovered portion of total overdue loans and advances	336,888	335,288

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>30.06.2023</u> HK\$'000	<u>31.12.2022</u> HK\$'000
- Hong Kong	295,220	293,818
- Panama	41,668	41,470
	<u>336,888</u>	<u>335,288</u>

(c) There were no overdue loans and advances to banks as at 30 June 2023 and 31 December 2022.

(d) There were no rescheduled loans and advances to customers as at 30 June 2023 and 31 December 2022.

(e) There were no rescheduled loans and advances to banks as at 30 June 2023 and 31 December 2022.

(vi) Other assets overdue

	<u>30.06.2023</u> HK\$'000	<u>31.12.2022</u> HK\$'000
Trade bills 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	-	6,934
- more than one year	12,620	5,626
	<u>12,620</u>	<u>12,560</u>

There were no overdue debt securities as at 30 June 2023 and 31 December 2022.

(vii) No repossessed assets were held as at 30 June 2023 and 31 December 2022.

(viii) Deposits from customers

	<u>30.06.2023</u> HK\$'000	<u>31.12.2022</u> HK\$'000
Demand deposits and current accounts	2,422,580	2,918,469
Saving deposits	510,406	568,799
Time, call and notice deposits	10,530,543	2,911,001
	<u>13,463,529</u>	<u>6,398,269</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>30.06.2023</u>	<u>31.12.2022</u>
		HK\$'000	HK\$'000
	Direct credit substitutes	16,062,059	11,156,473
	Trade-related contingencies	9,785,151	11,200,206
	Other commitments	16,620,260	12,490,703
	Forward forward deposits placed	2,378,760	827,433
		<u>44,846,230</u>	<u>35,674,815</u>
(ii)	Derivatives	<u>30.06.2023</u>	<u>31.12.2022</u>
		HK\$'000	HK\$'000
	Exchange rate contracts	80,750,212	64,115,810
	Interest rate contracts		
	- Swaps	24,487,511	10,815,202
	- Forward forward deposits accepted	2,232,965	480,199
		<u>26,720,476</u>	<u>11,295,401</u>
	Equity option contracts	99,609	48,407
		<u>107,570,297</u>	<u>75,459,618</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.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

OFF-BALANCE-SHEET EXPOSURES - continued

(ii) Derivatives - continued

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>30.06.2023</u> HK\$'000	<u>31.12.2022</u> HK\$'000
Exchange rate contracts	14,328	26,546
Interest rate contracts - Swaps	(43,666)	(73,375)
Equity option contracts	(407)	(718)
	<u>(29,745)</u>	<u>(47,547)</u>

The amount of fair value which has taken into account the effect of the valid bilateral netting agreement is HK\$309,741,000 assets (31 December 2022: HK\$82,993,000 assets) for Forwards.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY INFORMATION

SEGMENTAL INFORMATION

(i) Loans and advances to customers by industry sectors

	30.06.2023		31.12.2022	
	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	15,355	-	311,902	-
- Property development	-	-	-	-
- Property investment	-	-	-	-
- Recreational activities	-	-	-	-
- Information technology	-	-	-	-
- Wholesale and retail trade	-	-	1,983	-
- Transport and transport equipment	-	-	-	-
- Financial concerns	534,664	-	558,637	-
- Stockbrokers	-	-	-	-
- Others	1,355,296	-	2,731,390	-
	1,905,315	-	3,603,912	-
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 financing	4,456,214	13	8,067,740	8
Loans and advances for use outside Hong Kong	28,911,425	24	30,582,434	27
Loan and advances to customers	35,272,954	21	42,254,086	21

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.

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY INFORMATION - continued

SEGMENTAL INFORMATION – continued

(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 2023	HK\$'000
- Singapore	3,549,473
- Cayman Islands	4,909,356
- Hong Kong	7,092,042
As at 31 December 2022	HK\$'000
- Singapore	5,186,684
- Cayman Islands	5,494,180
- Hong Kong	6,504,900

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY 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 2023 and 31 December 2022 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 2023			
Central government, central government owned entities and their subsidiaries and joint ventures	9,595	15,156	24,751
Local governments, local government- owned entities and their subsidiaries and joint ventures	405	1,671	2,076
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	5,747	4,846	10,593
Other entities of central governments	47	549	596
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>15,794</u>	<u>22,222</u>	<u>38,016</u>
Total assets after provision	109,811		
On balance sheet exposures as percentage of total assets	14%		

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION - continued

SUPPLEMENTARY 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 2022			
Central government, central government owned entities and their subsidiaries and joint ventures	9,423	10,475	19,898
Local governments, local government- owned entities and their subsidiaries and joint ventures	438	2,521	2,959
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	5,961	3,961	9,922
Other entities of central governments	170	507	677
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>15,992</u>	<u>17,464</u>	<u>33,456</u>
Total assets after provision	114,579		
On balance sheet exposures as percentage of total assets	14%		

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

SUPPLEMENTARY 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 2023							
1.	Developed countries	64,534	-	3,324	6,168	-	74,026
	<i>of which France</i>	64,488	-	-	14	-	64,502
2.	Offshore centres	2	-	3,958	14,967	-	18,927
As at 31 December 2022							
1.	Developed countries	64,971	-	5,310	9,249	-	79,530
	<i>of which France</i>	64,950	-	-	65	-	65,015
2.	Offshore centres	7	-	3,796	15,603	-	19,406

SOCIETE GENERALE HONG KONG BRANCH

SECTION A - HONG KONG BRANCH INFORMATION – continued

SUPPLEMENTARY 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 2023

	<u>CNY</u>	<u>EUR</u>	<u>USD</u>	<u>Total</u>
Spot assets	1,028	31,174	61,376	93,578
Spot liabilities	(2,379)	(25,159)	(58,058)	(85,596)
Forward purchases	28,396	5,578	30,318	64,292
Forward sales	(27,050)	(11,763)	(33,677)	(72,490)
Net long/(short) position	<u>(5)</u>	<u>(170)</u>	<u>(41)</u>	<u>(216)</u>

As at 31 December 2022

	<u>CNY</u>	<u>EUR</u>	<u>USD</u>	<u>Total</u>
Spot assets	1,022	29,046	66,020	96,088
Spot liabilities	(2,425)	(27,596)	(65,218)	(95,239)
Forward purchases	18,302	3,915	28,025	50,242
Forward sales	(16,732)	(5,410)	(29,017)	(51,159)
Net long/(short) position	<u>167</u>	<u>(45)</u>	<u>(190)</u>	<u>(68)</u>

LIQUIDITY

	<u>2023</u> Unaudited	<u>2022</u> Unaudited
Average liquidity maintenance ratio - Second quarter	<u>74.43%</u>	<u>51.96%</u>
Average core funding ratio - Second quarter	<u>174.90%</u>	<u>165.79%</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.

PRUDENTIAL CAPITAL RATIO

	<u>30.06.2023</u>	<u>31.12.2022</u>
	%	%
Core Tier 1 ratio	13.1	13.5
Tier 1 ratio	15.9	16.3
Total capital ratio	<u>18.7</u>	<u>19.4</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>30.06.2023</u>		<u>31.12.2022</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>72</u>	<u>612</u>	<u>70</u>	<u>580</u>

OTHER FINANCIAL INFORMATION

	<u>30.06.2023</u>		<u>31.12.2022</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Total assets	1,578	13,406	1,485	12,344
Total liabilities	1,500	12,743	1,412	11,737
Total advances to customers	490	4,163	507	4,210
Total customer deposits	<u>546</u>	<u>4,639</u>	<u>531</u>	<u>4,412</u>

	<u>30.06.2023</u>		<u>30.06.2022</u>	
	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>	<u>EUR' billion</u>	<u>HK\$' billion equivalent</u>
Pre-tax profit	<u>3.03</u>	<u>26</u>	<u>0.42</u>	<u>3</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 2023 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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Denis Copin  
CHIEF EXECUTIVE

26 September 2023