

Barclays Bank PLC
Hong Kong Branch

Key Financial Information Disclosure Statement

As at 30 June 2016



Barclays Bank PLC

Hong Kong Branch

SECTION A - Branch Information (Hong Kong office only)

Income statement For the half year ended 30 June 2016

	Notes	30 Jun 2016 HKD million	30 Jun 2015 HKD million
Interest Income		143	190
Interest expense		(125)	(135)
Net Interest income		<u>18</u>	<u>55</u>
Other operating income	1	208	842
Net fees and commission income	2	646	1,011
Operating expenses	3	<u>(1,627)</u>	<u>(1,572)</u>
(Loss) / profit before taxation		<u>(755)</u>	<u>336</u>
Tax credit / (expense)		<u>117</u>	<u>(33)</u>
(Loss) / profit after taxation		<u><u>(638)</u></u>	<u><u>303</u></u>

Balance sheet As at 30 June 2016

		30 Jun 2016 HKD million	31 Dec 2015 HKD million
Assets			
Cash and balances with banks		2,054	1,499
Amount due from Exchange Fund		2,194	222
Amount due from overseas offices		19,434	20,258
Securities held for trading purposes		-	280
Investment securities		823	64
Loans and receivables	4	7,704	7,788
Deferred tax assets		454	337
Property, plant and equipment and investment properties		<u>157</u>	<u>170</u>
Total Assets		<u><u>32,820</u></u>	<u><u>30,618</u></u>
Liabilities			
Deposits from customers	5	11,383	11,476
Amount due to overseas offices		20,443	18,269
Other liabilities	6	<u>994</u>	<u>873</u>
Total Liabilities		<u><u>32,820</u></u>	<u><u>30,618</u></u>

Barclays Bank PLC

Hong Kong Branch

Off-balance sheet and Liquidity Information As at 30 June 2016

	30 Jun 2016 HKD million	31 Dec 2015 HKD million
Contingent liabilities and commitments		
Direct credit substitutes	-	1,333
Trade-related contingencies	573	709
Other commitments	523	553
Others	893	816

Derivatives instruments

	30 Jun 2016 HKD million		
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Total Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Amount</u>
Exchange rate-related derivative contracts (Note)	550	670	92,153
Interest rate derivative contracts	3	3	78
Others	34	34	403
	<u>587</u>	<u>707</u>	<u>92,634</u>
	31 Dec 2015 HKD million		
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Total Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Amount</u>
Exchange rate-related derivative contracts (Note)	519	464	69,471
Interest rate derivative contracts	-	-	77
Others	130	130	968
	<u>649</u>	<u>594</u>	<u>70,516</u>

Note

The amounts exclude forward foreign exchange contracts arising from swap deposit arrangements.

Liquidity ratio	30 Jun 2016	30 Jun 2015
Average Liquidity Maintenance Ratio for the financial period	77.7%	83.7%

Barclays PLC ("the Group") has developed a comprehensive Liquidity Framework to manage its liquidity risk. The framework meets Prudential Regulation Authority (PRA) standards and is designed to ensure that the Group maintains sufficient financial resources of appropriate quality for the funding profile. The Liquidity risk is managed via a combination of policy formation, review and governance, analysis, stress testing and limit setting and monitoring. Under the Liquidity Framework, Barclays has established the Liquidity Risk Appetite (LRA), which is the level of liquidity risk the Group chooses to take in pursuit of its business objectives.

The LRA is measured with reference to the liquidity pool as a percentage of anticipated stressed net contractual and contingent outflows for each of three scenarios. These three scenarios are aligned with the prescribed PRA stresses:

- a Barclays-specific stress event (1 month)
- a market-wide stress event (3 months)
- a combination of the two (1 month)

In Hong Kong the local stress test is more conservative than the liquidity maintenance ratio. The stress test report is produced automatically each day and provided to the Country Treasurer and to local and regional liquidity managers. The objectives of the stress test are to identify sources of potential liquidity risk and ensure that current exposures are within the mandated LRA.

Barclays Bank PLC
Hong Kong Branch
Notes to the Financial Statements

	Notes	30 Jun 2016 HKD million	30 Jun 2015 HKD million
1 Other operating income			
Income from foreign currency related activities			
- Transfer pricing income		50	71
- Trading gains less losses from foreign currency trading		32	(2)
Income from securities-related activities			
- Transfer pricing income		239	803
- Trading gains less losses from securities trading		-	(13)
Loss from derivatives-related activities			
- Transfer pricing expense		(113)	(17)
		<u>208</u>	<u>842</u>
2 Net fees and commission income			
Gross fees and commission income		713	1,157
Gross fees and commission expenses		(67)	(146)
		<u>646</u>	<u>1,011</u>
3 Operating expenses			
Management fee recharge expense to related companies		(1,546)	(1,533)
Depreciation		(36)	(38)
Others		(45)	(1)
		<u>(1,627)</u>	<u>(1,572)</u>
4 Loans and receivables		30 Jun 2016 HKD million	31 Dec 2015 HKD million
Loans and advances to customers	7, 8, 10	6,607	6,367
Other receivables			
- Debt securities settlement balances		-	20
- Accrued interest and other receivables		1,097	1,401
		<u>7,704</u>	<u>7,788</u>
Impairment allowances for loans and receivables booked at Head Office			
- collective impairment allowances		(8)	(9)

The Group assesses at each balance sheet date whether there is objective evidence that loan assets will not be recovered in full and, wherever necessary, recognises an impairment loss in the income statement.

An impairment loss is recognised if there is objective evidence of impairment as a result of events that have occurred and these have adversely impacted the estimated future cash flows from the assets.

Impairment assessments are conducted individually for significant assets and collectively for smaller loans and for portfolio level risks, such as country or sectoral risks. For the purposes of the assessment, loans with similar credit risk characteristics are grouped together – generally on the basis of their product type, industry, geographical location, collateral type, past due status and other factors relevant to the evaluation of expected future cash flows.

The impairment assessment includes estimating the expected future cash flows from the asset or the group of assets, which are then discounted using the original effective interest rate calculated for the asset. If this is lower than the carrying value of the asset or the portfolio, an impairment allowance is raised.

5 Deposits from customers			
Demand deposits and current accounts		2,868	2,562
Time, call and notice deposits		8,515	8,914
		<u>11,383</u>	<u>11,476</u>
6 Other liabilities			
Accrued interest and other liabilities		994	873

Barclays Bank PLC
Hong Kong Branch
Notes to the Financial Statements (continued)

7 Analysis of advances to customers by industry sector

	30 Jun 2016 HKD million			31 Dec 2015 HKD million		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Loans and advances for use in Hong Kong						
Industrial, commercial and financial						
- Property investment	50	-	50	56	-	56
- Financial concerns	3,012	776	3,788	2,795	775	3,570
Individuals						
- Loans for the purchase of other residential properties	63	-	63	64	-	64
- Others	1,957	-	1,957	1,730	-	1,730
Loans and advances for use outside Hong Kong	-	749	749	-	947	947
Total loans and advances to customers	5,082	1,525	6,607	4,645	1,722	6,367

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 Jun 2016 and 31 Dec 2015.

The branch did not have impaired loans and advances to customers and banks as at 30 Jun 2016 and 31 Dec 2015.

9 Repossessed assets

The branch did not have any repossessed assets as at 30 Jun 2016 and 31 Dec 2015.

Barclays Bank PLC
Hong Kong Branch
Notes to the Financial Statements (continued)

10 Loans and advances to customers by geography

	30 Jun 2016 HKD million	31 Dec 2015 HKD million
Hong Kong	3,634	3,261
China	922	854
Singapore	651	760
Macau	620	746
Others	780	746
	<u>6,607</u>	<u>6,367</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 2016 HKD million			
	<u>Banks</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Total</u>
Developed countries	20,621	-	505	21,126
of which United Kingdom (excludes Guernsey, Isle of Man and Jersey)	19,705	-	181	19,886
Offshore centres	931	779	2,733	4,443
	31 Dec 2015 HKD million			
	<u>Banks</u>	<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Total</u>
Developed countries	21,221	-	514	21,735
of which United Kingdom (excludes Guernsey, Isle of Man and Jersey)	20,337	-	191	20,528
Offshore centres	271	786	3,049	4,106

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.

12 Non-bank Mainland exposures

	30 Jun 2016 HKD million			31 Dec 2015 HKD million		
	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	276	-	276	230	5	235
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	129	129	258	192	129	321
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	423	3	426	429	1	430
Total	<u>828</u>	<u>132</u>	<u>960</u>	<u>851</u>	<u>135</u>	<u>986</u>
Total assets after provision	32,820			30,618		
On-balance sheet exposure as percentage of total assets	2.52%			2.78%		

13 Currency Risk

	30 Jun 2016 HKD million				
	<u>USD</u>	<u>GBP</u>	<u>RMB</u>	<u>Others</u>	<u>Total</u>
Spot assets	11,181	824	128	2,757	14,890
Spot liabilities	(9,403)	(3,426)	(528)	(2,756)	(17,853)
Forward purchases	35,625	3,125	13,085	2,743	54,578
Forward sales	(35,663)	(522)	(12,687)	(2,745)	(51,617)
Net options position	-	-	-	-	-
Net long (short) position	<u>-</u>	<u>1</u>	<u>(2)</u>	<u>(1)</u>	<u>(2)</u>
	31 Dec 2015 HKD million				
	<u>USD</u>	<u>GBP</u>	<u>RMB</u>	<u>Others</u>	<u>Total</u>
Spot assets	10,852	859	1,078	2,239	15,028
Spot liabilities	(9,403)	(856)	(803)	(2,475)	(13,537)
Forward purchases	23,491	56	7,278	2,028	32,853
Forward sales	(24,941)	(57)	(7,557)	(1,792)	(34,347)
Net options position	-	-	-	-	-
Net long (short) position	<u>(1)</u>	<u>2</u>	<u>(4)</u>	<u>-</u>	<u>(3)</u>

Barclays Bank PLC

Hong Kong Branch

SECTION B - Barclays PLC

Consolidated Financial Information

As at 30 June 2016

	30 Jun 2016	31 Dec 2015
Capital ratio (Note 1)		
PRA Transitional Total Capital	18.7%	18.6%
Fully Loaded Common Equity Tier 1	11.6%	11.4%
	30 Jun 2016	31 Dec 2015
	GBP million	GBP million
Total Shareholders' equity (excluding non-controlling interests)	62,854	59,810
Other financial information		
Balance sheet		
Total assets	1,351,282	1,120,012
Total liabilities	1,281,862	1,054,148
Total loans and advances	473,443	440,566
Total customer deposits	438,530	418,242
	30 Jun 2016	30 Jun 2015
	GBP million	GBP million
Profit and Loss		
Pre-tax profit for the financial period	2,063	2,602

Note

(1) The Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) implemented Basel III within the European Union (collectively known as CRD IV) on 1 January 2014. The rules are supplemented by Regulatory Technical Standards and by the Prudential Regulation Authority's (PRA) rulebook, including the implementation of transitional rules. The capital ratios are calculated based on Barclays' interpretation of the current rules.

The Transitional Total Capital is computed after the application of the transitional provisions set out in Part Ten of the CRD IV.

The fully Loaded Common Equity Tier 1 ratio is an estimated risk based ratio calculated as CRD IV Common Equity Tier 1 capital divided by CRD IV Risk Weighted Assets, before the application of the transitional provisions set out in the CRD IV and interpretive guidance published by the PRA.

(2) Barclays Bank PLC Hong Kong Branch adopts the remuneration systems of its Head Office, Barclays PLC. Pursuant to section 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 2015 are set out in the remuneration report in the Barclays PLC Annual Report 2015. A report on the quantitative remuneration disclosures for Barclays Bank PLC Hong Kong Branch for 2015 which supplements the qualitative remuneration disclosures for 2015 is now available for public access at 41/F Reception, Cheung Kong Center.

(3) Comparative figures have been restated where necessary to conform with the current year's presentation.

(4) Further details regarding Barclays PLC can be obtained from the 2016 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 is not false or misleading.

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