

Barclays Bank PLC
Hong Kong Branch

Key Financial Information Disclosure Statement

As at 31 Dec 2023



Barclays Bank PLC

Hong Kong Branch

SECTION A - Branch Information (Hong Kong office only)

Income statement

For the year ended 31 Dec 2023

	Notes	31 Dec 2023 HKD million	31 Dec 2022 HKD million
Interest Income		2,395	444
Interest expense		(2,099)	(405)
Net Interest income		<u>296</u>	<u>39</u>
Other operating income	1	1,531	1,790
Net fees and commission income	2	1,231	1,023
Operating expenses	3	(2,187)	(2,029)
Credit impairment releases / (charges)		<u>6</u>	<u>(6)</u>
Profit before taxation for the year		877	817
Tax expense		<u>(167)</u>	<u>(125)</u>
Profit after taxation for the year		<u><u>710</u></u>	<u><u>692</u></u>

Balance sheet

As at 31 Dec 2023

		31 Dec 2023 HKD million	30 Jun 2023 HKD million
Assets			
Cash and balances with banks		508	523
Amount due from Exchange Fund		219	209
Amount due from overseas offices		10,300	33,472
Investment securities	4	2,694	2,401
Loans and receivables	5	673	1,160
Other accounts		117	133
Deferred tax assets		32	126
Property, plant and equipment and investment properties		<u>73</u>	<u>77</u>
Total Assets		<u><u>14,616</u></u>	<u><u>38,101</u></u>
Liabilities			
Deposits and balances from banks		2,889	2,300
Deposits from customers	6	5,091	14,884
Amount due to Exchange Fund		-	14,105
Amount due to overseas offices		6,376	5,520
Other liabilities	7	<u>260</u>	<u>1,292</u>
Total Liabilities		<u><u>14,616</u></u>	<u><u>38,101</u></u>

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Off-balance sheet and liquidity information As at 31 Dec 2023

	31 Dec 2023 HKD million	30 Jun 2023 HKD million
Contingent liabilities and commitments		
Other commitments	137	84
Others (forward forward deposits placed)	4,205	-

Derivatives instruments

	31 Dec 2023 HKD million		
	<u>Fair Value Assets</u>	<u>Fair Value Liabilities</u>	<u>Total Notional Amount</u>
Exchange rate-related derivative contracts	9	10	3,503
	<u>9</u>	<u>10</u>	<u>3,503</u>
	30 Jun 2023 HKD million		
	<u>Fair Value Assets</u>	<u>Fair Value Liabilities</u>	<u>Total Notional Amount</u>
Exchange rate-related derivative contracts	36	35	2,522
	<u>36</u>	<u>35</u>	<u>2,522</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 31 Dec 2023	For the quarter ended 31 Dec 2022
Average Liquidity Maintenance Ratio for the financial reporting period	109.32%	280.48%

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 monthly LMR as reported in the Liquidity Position Return submitted to the HKMA for the abovementioned reporting periods.

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Liquidity Information Disclosure (continued)

Liquidity framework

Barclays' Enterprise Risk Management Framework ("ERMF") governs the way in which Barclays identifies and manages its risks. The ERMF identifies Principal Risks that Barclays faces. Liquidity Risk is defined as the risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

Barclays manages Liquidity Risk through a combination of tools and activities including policies and standards, governance and control processes, liquidity reporting and monitoring, internal and regulatory liquidity stress testing, limit setting and monitoring, and second line of defence (Risk) review and challenge of the first line of defence's (Treasury and Front Office businesses) liquidity risk-generating activities.

Structure and responsibilities of liquidity risk management

The Regional Funding and Liquidity Risk Management Departments approve the Internal Liquidity Stress Test of the branch which is then reviewed and challenged by the Hong Kong Asset and Liabilities Management Committee ("ALCO"). The ALCO additionally reviews the liquidity and funding risk management strategies, key metrics and limits structure, and the assets and liabilities maturity profile.

The Hong Kong and the Regional Treasury Departments are responsible for day-to-day monitoring of the liquidity stress test, the liquidity maintenance ratio and other liquidity risk management metrics produced by various financial and risk reporting functions, and exercise relevant controls to ensure compliance with the internal and regulatory requirements. The Regional Funding and Liquidity Risk functions are responsible for setting the quantitative and qualitative liquidity risk management measures, limits and constraints. The Internal Audit Department conducts regular audits to provide assurance on the effectiveness of the liquidity risk management governance and the related risk management controls.

Risk Appetite and Internal Liquidity Stress Testing

The Risk function establishes Barclays' Risk Appetite which includes a qualitative risk statement for Liquidity Risk that states "Liquidity Risk sets limits against internal and regulatory stress scenarios to ensure that Barclays maintains sufficient liquidity resources and stable sources of funding to remain within regulatory requirements and Barclays Risk Appetite."

In order to ensure Barclays remains in compliance with its risk appetite, the Liquidity Risk team sets Liquidity Risk Quantitative Constraints at the Group and material entity levels which consist of limits set against the internal liquidity stress test and regulatory metrics.

The Internal Liquidity Stress Test includes three stress scenarios: (i) idiosyncratic (30-day horizon), (ii) market-wide (90-day horizon), and (iii) combined (30-day horizon) in order to ensure Barclays maintains a liquidity surplus throughout different stresses over different periods of time.

In addition, liquidity risk management provides for other management actions, including generating additional liquidity from other liquid assets on the Group balance sheet in order to meet further outflows as well as to preserve or restore the liquidity pool in the event of a liquidity stress.

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Liquidity Information Disclosure (continued)

Risk Appetite and Internal Liquidity Stress Testing (continued)

The Branch manages its eligible liquid asset pool to be at least 100% of the anticipated net stressed outflows assessed under each of these stress scenarios.

In addition, the Branch also establishes internal limits and monitoring procedures to ensure compliance with the LMR required under the Banking (Liquidity) Rules. A daily report on the LMR is produced with results communicated to the abovementioned departments for monitoring and risk management purposes.

The stress test report is also produced on a daily basis with the results communicated to the abovementioned departments for funding and liquidity risk management purposes.

Liquidity risk management and funding strategies

The key objective of the Branch's liquidity risk management and funding strategies is to maintain liquidity surplus over the designated horizon under each stress scenario. Where there is a projected shortfall or an actual funding gap, Treasury will take necessary actions to meet the liquidity required through additional funding or business actions as appropriate to the scenario.

As at 29 Dec 2023 and 30 Dec 2022, the Branch held material liquidity surpluses under both the 30-day Barclays specific and the combined market-wide and as well as the 90-day market wide stress scenario.

	30-day Barclays specific stress requirements HKD million	Combined 30-day market-wide and Barclays specific stress requirements HKD million	90-day Market-wide stress requirements HKD million
As at 29 Dec 2023			
Eligible liquid assets	2,696	2,696	2,696
Net stress outflows	(459)	(506)	(946)
Surplus	2,237	2,190	1,750

	30-day Barclays specific stress requirements HKD million	Combined 30-day market-wide and Barclays specific stress requirements HKD million	90-day Market-wide stress requirements HKD million
As at 30 Dec 2022			
Eligible liquid assets	2,407	2,407	2,407
Net stress inflows/(outflows)	937	782	(1,344)
Surplus	3,343	3,189	1,063

The contractual maturity profile of the Branch's on and off-balance items is reviewed regularly by the HK ALCO. In practice, the behavioural maturity of these items may differ from contractual maturity. The maturity profile of the sources and uses of funding is monitored to maintain sufficient liquidity surplus over the designated horizon under each stress test.

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Liquidity Information Disclosure (continued)

Liquidity risk management and funding strategies (continued)

The contractual maturity profile and related liquidity surplus/gaps as at 31 Dec 2023 and 31 Dec 2022 extracted from the Return of Liquidity Monitoring Tools submitted by the Branch to the HKMA are set out in the table below:

As at 31 Dec 2023 HKD million	Total	Within 1 month	> 1	>3	>6	> 1 year	Over 5 years	Balancing amount
			month up to 3 months	months up to 6 months	months to 1 year	up to 5 years		
On-balance sheet liabilities								
Demand and saving deposits from non-bank customers	41	41	-	-	-	-	-	-
Term, call and notice deposits from non-bank customers	5,239	3,905	1,324	-	10	-	-	-
Derivative instruments	10	2,567	937	-	-	-	-	-
Due to HKMA for account of Exchange Fund	-	-	-	-	-	-	-	-
Due to banks	9,378	3,248	1,021	2,103	2,956	-	50	-
Other liabilities	63	57	-	-	-	-	-	6
Reserves	(115)	-	(115)	-	-	-	-	-
Total	14,616	9,818	3,167	2,103	2,966	-	50	6
Off-balance sheet obligations								
Irrevocable loan commitments	137	137	-	-	-	-	-	-
Contractual obligations arising from securities financing transactions	-	-	-	-	-	-	-	-
Other off-balance sheet obligations								
- with dates and amounts of payment ascertained	4,205	4,205	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
Total	4,342	4,342	-	-	-	-	-	-
On-balance sheet assets								
Derivative instruments	9	2,566	938	-	-	-	-	-
Due from HKMA for account of Exchange Fund	219	219	-	-	-	-	-	-
Due from banks	11,072	6,792	1,324	-	2,956	-	-	-
Debt securities (Exchange Fund Bills and Government Bonds)	2,706	2,706	-	-	-	-	-	-
Loan and advances to customers	56	-	-	-	-	56	-	-
Other assets	554	291	81	-	-	-	-	182
Total	14,616	12,574	2,343	-	2,956	56	-	182
Off-balance sheet claims								
Contractual claims arising from securities financing transactions	-	-	-	-	-	-	-	-
Other off-balance sheet claims								
- with dates and amounts of receipt of payment ascertained	4,205	4,205	-	-	-	-	-	-
Total	4,205	4,205	-	-	-	-	-	-
Contractual maturity mismatch								
	2,619	(824)	(2,103)	(10)	56	(50)		
Cumulative contractual maturity mismatch								
	2,619	1,795	(308)	(318)	(262)	(312)		

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Liquidity Information Disclosure (continued)

Liquidity risk management and funding strategies (continued)

As at 31 Dec 2022 HKD million	Total	Within 1 month	> 1 month up to 3 months	>3 months up to 6 months	>6 months to 1 year	> 1 year up to 5 years	Over 5 years	Balancing amount
On-balance sheet liabilities								
Demand and saving deposits from non-bank customers	41	41	-	-	-	-	-	-
Term, call and notice deposits from non-bank customers	21,830	2,418	1,778	7,776	9,858	-	-	-
Derivative instruments	121	9,553	1,660	1,956	310	-	-	-
Due to HKMA for account of Exchange Fund	6,302	-	6,302	-	-	-	-	-
Due to banks	8,634	3,503	2,067	3,014	-	-	50	-
Other liabilities	293	271	15	-	-	-	-	7
Reserves	183	-	183	-	-	-	-	-
Total	37,404	15,786	12,005	12,746	10,168	-	50	7
Off-balance sheet obligations								
Irrevocable loan commitments	-	-	-	-	-	-	-	-
Contractual obligations arising from securities financing transactions	-	-	-	-	-	-	-	-
Other off-balance sheet obligations								
- with dates and amounts of payment ascertained	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
On-balance sheet assets								
Derivative instruments	106	9,546	1,661	1,951	310	-	-	-
Due from HKMA for account of Exchange Fund	193	193	-	-	-	-	-	-
Due from banks	33,563	7,058	8,880	7,776	9,849	-	-	-
Debt securities (Exchange Fund Bills and Government Bonds)	2,413	2,413	-	-	-	-	-	-
Loan and advances to customers	195	-	-	-	-	195	-	-
Other assets	934	443	144	-	-	-	-	347
Total	37,404	19,653	10,685	9,727	10,159	195	-	347
Off-balance sheet claims								
Contractual claims arising from securities financing transactions	-	-	-	-	-	-	-	-
Other off-balance sheet claims	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Contractual maturity mismatch		3,867	(1,320)	(3,019)	(9)	195	(50)	
Cumulative contractual maturity mismatch		3,867	2,547	(472)	(481)	(286)	(336)	

Remarks:

(1) The Branch holds highly liquid assets in its liquidity pool, which mainly comprises of balances with the central bank, Treasury bills and Government Bonds as shown in the above maturity profile analysis. These assets are all eligible to meet the local and the Group's liquidity requirements and there is no concentration limit set on individual type of assets held in the pool.

(2) The funding source diversification, including by currency, is centralised for Barclays Bank PLC Head Office and its branches. The Branch is funded within these arrangements.

Contingency funding plan

The Branch adopts and conforms to the APAC Contingency Funding Plan, which outlines the liquidity early warning indicators, the crisis invocation and escalation protocols, and the sources of funding available to the Branch. The Branch also establishes its own recovery plan which covers the contingency funding options for managing local liquidity stresses. These plans are reviewed regularly by the Hong Kong Treasurer, the relevant Asia Treasury and Risk functions, and the Hong Kong ALCO.

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Notes to the Financial Information Disclosure Statement

1 Other operating income	Notes	31 Dec 2023 HKD million	31 Dec 2022 HKD million
Income from foreign currency related activities			
- Transfer pricing income		260	438
- Trading gains less losses from foreign currency trading		(3)	10
Income from securities-related activities			
- Transfer pricing income		1,313	1,134
Income from derivatives-related activities			
- Transfer pricing (loss) / income		(39)	207
Others		-	1
		<u>1,531</u>	<u>1,790</u>
 2 Net fees and commission income		 31 Dec 2023 HKD million	 31 Dec 2022 HKD million
Gross fees and commission income		1,325	1,121
Gross fees and commission expenses		(94)	(98)
		<u>1,231</u>	<u>1,023</u>
 3 Operating expenses		 31 Dec 2023 HKD million	 31 Dec 2022 HKD million
Management fee recharged from related companies		(2,161)	(2,012)
Depreciation		(26)	(17)
		<u>(2,187)</u>	<u>(2,029)</u>
 4 Investment securities		 31 Dec 2023 HKD million	 30 Jun 2023 HKD million
Financial Assets at fair value through other comprehensive income		2,694	2,401
		<u>2,694</u>	<u>2,401</u>
There were no investment securities subject to sale and repurchase agreement as of 31 Dec 2023 and 30 Jun 2023. All investment securities held were free from encumbrances.			
 5 Loans and receivables		 31 Dec 2023 HKD million	 30 Jun 2023 HKD million
Loans and advances to customers	8, 9, 10, 11	56	111
Other receivables			
- Accrued interest		275	522
- Other receivables		343	529
Credit impairment allowance		(1)	(2)
		<u>673</u>	<u>1,160</u>

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Notes to the Financial Information Disclosure Statement (continued)

5 Loans and receivables (continued)

Barclays Group is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost and at fair value through other comprehensive income and loan commitments under IFRS 9 Financial Instruments (IFRS 9). An allowance (or provision for loan commitments) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of the ECLs are calculated using three main components as follows:

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

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and EAD discounted at the original effective interest rate. Expected credit loss measurement is based on the ability of borrowers to make payments as they fall due. The Group also considers sector-specific risks and whether additional adjustments are required in the measurement of ECL.

IFRS 9 impairment involves several important areas of judgement, including estimating forward-looking modelled parameters (PD, LGD and EAD), developing a range of unbiased future economic scenarios, estimating expected lives and assessing significant increases in credit risk, based on the Group's experience of managing credit risk.

Impairment models are used to determine impairment allowance and management adjustments which contain an element of subjectivity are applied by the Group to factor in certain conditions or changes in policy that are not fully incorporated into the impairment models, or to reflect additional facts and circumstances at the period end. Management adjustments are reviewed and incorporated into future model development where appropriate.

The credit impairment allowances made by Barclays Bank PLC Hong Kong Branch as at 31 Dec 2023 and 30 Jun 2023 represent Stage 1 ECL for loan and advances to customers and loan commitments respectively. These credit impairment allowances are assessed on a collective basis.

6 Deposits from customers	31 Dec 2023	30 Jun 2023
	HKD million	HKD million
Demand deposits and current accounts	41	41
Time, call and notice deposits	5,050	14,843
	<u>5,091</u>	<u>14,884</u>

7 Other liabilities	31 Dec 2023	30 Jun 2023
	HKD million	HKD million
Accrued interest	302	531
Other liabilities	(42)	761
	<u>260</u>	<u>1,292</u>

8 Analysis of advances to customers by industry sector

	31 Dec 2023		
	HKD million		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
Loans and advances for use outside Hong Kong	-	56	56
Total loans and advances to customers	<u>-</u>	<u>56</u>	<u>56</u>
	30 Jun 2023		
	HKD million		
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
Loans and advances for use outside Hong Kong	-	111	111
Total loans and advances to customers	<u>-</u>	<u>111</u>	<u>111</u>

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Notes to the Financial Information Disclosure Statement (continued)

9 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 31 Dec 2023 and 30 Jun 2023.

The Branch did not have any impaired loans and advances to customers and banks as at 31 Dec 2023 and 30 Jun 2023.

10 Repossessed assets

The Branch did not have any repossessed assets as at 31 Dec 2023 and 30 Jun 2023.

11 Loans and advances to customers by country or geographical segment

	31 Dec 2023 HKD million	30 Jun 2023 HKD million
Macau	56	111
	<u>56</u>	<u>111</u>

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

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

12 International claims

	31 Dec 2023 HKD million				
	<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>	
Developed countries	11,433	-	3	-	11,436
<i>of which</i> United Kingdom (excludes Guernsey, Isle of Man and Jersey)	11,433	-	-	-	11,433
	30 Jun 2023 HKD million				
	<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>	
Developed countries	34,530	-	4	-	34,534
<i>of which</i> United Kingdom (excludes Guernsey, Isle of Man and Jersey)	34,530	-	-	-	34,530

International claims information discloses exposures in relation to all cross-border claims and local claims in foreign currencies after taking into account of 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 or geographical segments constituting 10% or more of total international claims are disclosed.

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Notes to the Financial Information Disclosure Statement (continued)

13 Non-bank Mainland exposures

	31 Dec 2023 HKD million		
	<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	-	1	1
Total	-	1	1
Total assets after provision	14,616		
On-balance sheet exposure as percentage of total assets	0.00%		

	30 Jun 2023 HKD million		
	<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	-	35	35
Total	-	35	35
Total assets after provision	38,101		
On-balance sheet exposure as percentage of total assets	0.00%		

14 Currency Risk

	31 Dec 2023 HKD million		
	<u>USD</u>	<u>Others</u>	<u>Total</u>
Spot assets	7,322	2,143	9,465
Spot liabilities	(9,399)	(2,143)	(11,542)
Forward purchases	2,788	326	3,114
Forward sales	(710)	(326)	(1,036)
Net options position	-	-	-
Net long position	1	-	1

	30 Jun 2023 HKD million		
	<u>USD</u>	<u>Others</u>	<u>Total</u>
Spot assets	28,534	95	28,629
Spot liabilities	(29,795)	(95)	(29,890)
Forward purchases	1,911	612	2,523
Forward sales	(634)	(612)	(1,246)
Net options position	-	-	-
Net long position	16	-	16

The above information is prepared in accordance with the HKMA Return of Foreign Currency Position MA(BS)6 completion instructions and presents open currency positions of the Branch. The Branch had no structural positions in any particular foreign currency as at 31 Dec 2023 and 30 Jun 2023.

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SECTION B - Barclays PLC Consolidated Financial Information As at 31 Dec 2023

Capital ratio (Note 1)

	31 Dec 2023	30 Jun 2023
Total Regulatory Capital	20.1%	20.5%
Common Equity Tier 1 (CET1)	13.8%	13.8%

	31 Dec 2023 GBP million	30 Jun 2023 GBP million
Total Shareholders' equity (excluding non-controlling interests)	71,204	67,669

Other financial information

	31 Dec 2023 GBP million	30 Jun 2023 GBP million
Balance sheet		
Total assets	1,477,487	1,549,714
Total liabilities	1,405,623	1,481,169
Total loans and advance at amortised cost	342,747	401,405
Deposits at amortised cost from banks	14,472	26,827
Deposits at amortised cost from customers	524,317	527,839
	31 Dec 2023 GBP million	31 Dec 2022 GBP million
Profit and Loss		
Pre-tax profit for the year	6,557	7,012

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 with reference to the requirements of Capital Requirements Regulation (CRR) Common Equity Tier 1 capital divided by risk weighted assets.

(2) Further details regarding Barclays PLC can be obtained from the 2023 Barclays PLC Annual Report at www.barclays.com.

Barclays Bank PLC Hong Kong Branch

Principal activities

Barclays Bank PLC Hong Kong Branch ("the Branch") is a branch of Barclays Bank PLC, a bank incorporated in the United Kingdom with limited liability. The Branch is a licensed bank authorised under the Hong Kong Banking Ordinance. The Branch's principal activities are lending, deposit taking, foreign currency trading, derivatives trading, securities trading and advising on corporate finance.

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.



Rachel Catherine Huf, Chief Executive
Barclays Bank PLC, Hong Kong Branch