

Barclays Bank PLC
Hong Kong Branch

Key Financial Information Disclosure Statement

As at 31 December 2016

Barclays Bank PLC

Hong Kong Branch

SECTION A - Branch Information (Hong Kong office only)

Income statement

For the year ended 31 December 2016

	Notes	31 Dec 2016 HKD million	31 Dec 2015 HKD million
Continuing operations			
Interest income		89	199
Interest expense		<u>(113)</u>	<u>(189)</u>
Net interest income		(24)	10
Other operating income	1	457	1,676
Net fees and commission income	2	1,094	1,619
Operating expenses	3	(2,194)	(2,831)
Gains less losses from disposal of property, plant and equipment and investment properties		<u>(33)</u>	<u>-</u>
(Loss)/profit before taxation		<u>(700)</u>	<u>474</u>
Tax credit/(expense)		<u>112</u>	<u>(91)</u>
(Loss)/profit after taxation in respect of continuing operations		<u>(588)</u>	<u>383</u>
Profit/(loss) after taxation in respect of discontinued operations	4	<u>99</u>	<u>(49)</u>
(Loss)/profit for the period		<u><u>(489)</u></u>	<u><u>334</u></u>

Balance sheet

As at 31 December 2016

		31 Dec 2016 HKD million	30 Jun 2016 HKD million
Assets			
Cash and balances with banks		545	2,054
Amount due from Exchange Fund		61	2,194
Amount due from overseas offices		8,634	19,434
Investment securities		484	823
Loans and receivables	5	1,382	7,704
Deferred tax assets		430	454
Property, plant and equipment and investment properties		<u>101</u>	<u>157</u>
Total Assets		<u><u>11,637</u></u>	<u><u>32,820</u></u>
Liabilities			
Deposits from customers	6	1,319	11,383
Amount due to overseas offices		9,989	20,443
Other liabilities	7	<u>329</u>	<u>994</u>
Total Liabilities		<u><u>11,637</u></u>	<u><u>32,820</u></u>

Barclays Bank PLC

Hong Kong Branch

Off-balance sheet and Liquidity Information As at 31 December 2016

	31 Dec 2016 HKD million	30 Jun 2016 HKD million
Contingent liabilities and commitments		
Trade-related contingencies	458	573
Other commitments	518	523
Others	-	893

Derivatives instruments

	31 Dec 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	33	25	14,844
Interest rate derivative contracts	-	-	-
Others	-	-	-
	<u>33</u>	<u>25</u>	<u>14,844</u>

	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	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>

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 ratio	31 Dec 2016	31 Dec 2015
Average Liquidity Maintenance Ratio for the financial period	95.4%	88.1%

Barclays PLC ("the Group") has a comprehensive Liquidity Framework for managing the Group's liquidity risk. The Liquidity Framework meets the Prudential Regulation Authority's (PRA) standards and is designed to ensure the Group maintains liquidity resources that are sufficient in amount and quality, and a funding profile that is appropriate to meet the liquidity risk appetite. The Liquidity Framework is delivered via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

Under the Liquidity Framework, the Group has established a Liquidity Risk Appetite (LRA) together with the appropriate limits for the management of the liquidity risk. This is the level of liquidity risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. The key expression of the liquidity risk is through internal stress tests. It is measured with reference to the liquidity pool compared to anticipated stressed net contractual and contingent outflows for each of three short-term stress scenarios.

The Group runs three primary short-term liquidity stress scenarios, aligned to the PRA's prescribed stresses:

- 90-day market-wide stress event
- 30-day Barclays-specific stress event
- combined 30-day market-wide and Barclays-specific stress event

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	31 Dec 2016 HKD million	31 Dec 2015 HKD million
1 Other operating income			
Income from foreign currency related activities			
- Transfer pricing income		72	193
- Trading gains less losses from foreign currency trading		32	16
Income from securities-related activities			
- Transfer pricing income		472	1,073
- Trading gains less losses from securities trading		-	8
Loss/income from derivatives-related activities			
- Transfer pricing (expense)/income		(119)	386
		<u>457</u>	<u>1,676</u>
2 Net fees and commission income			
Gross fees and commission income		1,202	1,850
Gross fees and commission expenses		(108)	(231)
		<u>1,094</u>	<u>1,619</u>
3 Operating expenses			
Management fee recharge expense to related companies		(2,118)	(2,732)
Depreciation		(61)	(76)
Others		(15)	(23)
		<u>(2,194)</u>	<u>(2,831)</u>

4 Profit/(loss) after taxation in respect of discontinued operations

During the year, the Branch has disposed the assets and liabilities of the Wealth and Investment Management business. This sale was part of the divestment of the non-core segment of Barclays Group. The sale was completed on 25th November 2016 and a gain of HKD294,739,000 has been recognised in the income statement representing the profit on the disposal of discontinued operations net of tax impact.

The results of the discontinued operations are as follows:

Income before operating expenses	228	331
Operating expenses	(463)	(390)
Loss before taxation	(235)	(59)
Tax credit	39	10
Loss after taxation	(196)	(49)
Gain on disposal of discontinued operations net of tax	295	-
Profit/(loss) after taxation from discontinued operations	<u>99</u>	<u>(49)</u>

		31 Dec 2016 HKD million	30 Jun 2016 HKD million
5 Loans and receivables			
Loans and advances to customers	8,9,11	829	6,607
Other receivables			
- Accrued interest and other receivables		553	1,097
		<u>1,382</u>	<u>7,704</u>
Impairment allowances for loans and receivables booked at Head Office			
- collective impairment allowances		(5)	(8)

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.

6 Deposits from customers

Demand deposits and current accounts	100	2,868
Time, call and notice deposits	1,219	8,515
	<u>1,319</u>	<u>11,383</u>

7 Other liabilities

Accrued interest and other liabilities	329	994
--	-----	-----

Barclays Bank PLC
Hong Kong Branch

Notes to the Financial Statements (continued)

8 Analysis of advances to customers by industry sector

	31 Dec 2016		30 Jun 2016	
	Secured	Unsecured	Secured	Unsecured
	HKD million		HKD million	
		Total		Total
Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property investment	-	-	50	-
- Financial concerns	1	-	3,012	776
Individuals		1		
- Loans for the purchase of other residential properties	-	-	63	-
- Others	-	-	1,957	-
Loans and advances for use outside Hong Kong	-	828	-	749
Total loans and advances to customers	1	828	5,082	1,525

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 2016 and 30 Jun 2016.

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

10 Repossessed assets

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

11 Loans and advances to customers by geography

	31 Dec 2016 HKD million	30 Jun 2016 HKD million
Hong Kong	-	3,634
China	129	922
Singapore	-	651
Macau	699	620
Others	1	780
	<u>829</u>	<u>6,607</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.

12 International claims

	31 Dec 2016 HKD million			Total
	Banks	Non-bank financial institutions	Non-financial private sector	
Developed countries	9,172	-	5	9,177
of which United Kingdom (excludes Guernsey, Isle of Man and Jersey)	9,071	-	2	9,073
Offshore centres	391	11	716	1,118
	30 Jun 2016 HKD million			
	Banks	Non-bank financial institutions	Non-financial private sector	Total
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

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.

13 Non-bank Mainland exposures

	31 Dec 2016 HKD million			30 Jun 2016 HKD million		
	On-balance sheet exposure	Off-balance sheet exposure	Total	On-balance sheet exposure	Off-balance sheet exposure	Total
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	-	-	-	276	-	276
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	129	203	332	129	129	258
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	-	-	-	423	3	426
Total	<u>129</u>	<u>203</u>	<u>332</u>	<u>828</u>	<u>132</u>	<u>960</u>
Total assets after provision	11,637			32,820		
On-balance sheet exposure as percentage of total assets	1.11%			2.52%		

14 Currency Risk

	31 Dec 2016 HKD million					
	USD	RMB	CHF	SEK	Others	Total
Spot assets	1,061	52	3	2	226	1,344
Spot liabilities	(1,568)	(120)	(2)	-	(225)	(1,915)
Forward purchases	7,668	93	-	-	200	7,961
Forward sales	(7,168)	(26)	-	-	(200)	(7,394)
Net options position	-	-	-	-	-	-
Net long/(short) position	<u>(7)</u>	<u>(1)</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>(4)</u>
	30 Jun 2016 HKD million					
	USD	RMB	CHF	SEK	Others	Total
Spot assets	11,181	128	77	14	3,490	14,890
Spot liabilities	(11,143)	(528)	(76)	(14)	(6,092)	(17,853)
Forward purchases	35,625	13,085	31	-	5,837	54,578
Forward sales	(35,663)	(12,687)	(32)	-	(3,235)	(51,617)
Net options position	-	-	-	-	-	-
Net long/(short) position	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>

Barclays Bank PLC

Hong Kong Branch

SECTION B - Barclays PLC

Consolidated Financial Information

As at 31 December 2016

	31 Dec 2016	30 Jun 2016
Capital ratio (Note 1)		
PRA Transitional Total Capital	19.6%	18.7%
Fully Loaded Common Equity Tier 1	12.4%	11.6%
	31 Dec 2016	30 Jun 2016
	GBP million	GBP million
Total Shareholders' equity (excluding non-controlling interests)	64,873	62,854
Other financial information		
Balance sheet		
Total assets	1,213,126	1,351,282
Total liabilities	1,141,761	1,281,862
Total loans and advances	436,035	473,443
Total customer deposits	423,178	438,530
	31 Dec 2016	31 Dec 2015
	GBP million	GBP million
Profit and Loss		
Pre-tax profit for the financial period	2,828	2,073

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 (RTS) and in the United Kingdom 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 PRA 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) Comparative figures have been restated where necessary to conform with the current year's presentation.

(3) Further details regarding Barclays PLC can be obtained from the 2016 Barclays PLC 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 Miles Davies, Chief Executive
Barclays Bank PLC, Hong Kong Branch