CA INDOSUEZ (SWITZERLAND) SA

HONG KONG BRANCH

Key Financial Information Disclosure Statement

For the Year ended 31 December 2021

CA Indosuez (Switzerland) SA

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Incorporated in Switzerland
with members' limited liability
於瑞士成立的公司, 其成員的
法律責任是有限度的

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CRÉDIT AGRICOLE GROUP

INDOSUEZ
WEALTH MANAGEMENT
東方匯理財富管理

CA INDOSUEZ (SWITZERLAND) SA

HONG KONG BRANCH

We enclose herewith the disclosure statement for the year ended 31 December 2021 which is prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Olivier LIVENAIS

Chief Executive

CA Indosuez (Switzerland) SA, Hong Kong Branch
Incorporated in Switzerland with members' limited liability

Section A: Hong Kong Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

For the year ended 31 December 2021

		31-Dec-21		31-Dec-20
Interest income		77,453		85,060
Interest expenses		(46,321)		(47,680)
Net interest income		31,132		37,380
Other operating income				
Gain less losses arising from trading in foreign currencies		78,970		56,269
Gain less losses arising from trading in other derivatives		(56)		-
Net fees and commission income		251,577		251,839
- gross fees and commission income	314,594		307,085	
- gross fees and commission expenses	(63,017)		(55,246)	
Others		(35)		(321)
Total income		361,588		345,167
Operating expenses		(352,440)		(321,183)
Staff and rental expenses	(221,422)		(208,091)	
Other expenses	(131,018)		(113,092)	
Impairment losses and provision for loans and receivables		(45)		(3)
Gains less losses from the disposal of property, plant and equipment and investment properties		-		-
Profit/(loss) before taxation		9,103		23,981
Tax expenses		(1,521)		(4,617)
Profit/(loss) after taxation		7,582		19,364

II Balance Sheet

(in thousands of Hong Kong Dollars)

	31-Dec-21	30-Jun-21
Assets		
Due from Exchange Fund	317,774	483,084
Balances with banks	18,402	27,565
Amount due from overseas offices of the institution	5,674,546	6,216,848
Loans and receivables	2,634,553	2,653,550
Investment securities	39,980	585,466
Property, plant and equipment and investment properties	2,375	2,926
Total assets	8,687,630	9,969,439
Liabilities		
Deposits and balances from banks	-	-
Deposits from customers		
- demand deposits and current accounts	4,375,533	5,132,652
- time, call and notice deposits	1,766,714	1,489,380
Amount due to overseas offices of the institution	2,276,818	3,034,974
Other liabilities	268,565	312,433
Total liabilities	8,687,630	9,969,439

III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars)

(1) Loans and receivables

	31-Dec-21	30-Jun-21
Loans and advances to customers	2,425,345	2,408,371
Accrued interest and other accounts	209,408	245,422
Provision for impaired loans and receivables		
- Collective provisions	(200)	(243)
	2,634,553	2,653,550

(2) Breakdown of gross amount of loans and advances to customers by industry sectors

	31-Dec-21	30-Jun-21
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
- Financial concerns	328,983	376,843
- Other	544,915	300,658
Individuals		
- Loans for the purchase of other residential properties	-	8,919
- Other	1,353,403	1,494,914
Loans and advances for use outside Hong Kong	198,044	227,037
	2,425,345	2,408,371
Breakdown by Secured and Unsecured		
Secured	2,425,345	2,408,371
Unsecured	-	-
	2,425,345	2,408,371

The following breakdown is based on the location of counterparties. Major country or geographical area constitutes 10% or more of the aggregate loans and advances to customers after adjusting transfer of risk as defined by Hong Kong Monetary Authority:

	31-Dec-21	30-Jun-21
Major countries or geographical areas		
Hong Kong	1,043,975	1,032,690
Samoa	645,615	645,924
British Virgin Islands	263,836	205,947
Other	471,919	523,810
	2,425,345	2,408,371

There were no impaired loans, repossessed assets, overdue loans and advances nor rescheduled assets to customers, banks and other financial institutions as at 31 December 2021 and 30 June 2021

(3) Geographical disclosure of international claims

The geographical disclosure of international claims is based on the location of the counterparty after adjusting risk transfer set out in the HKMA return of "International Banking Statistics" (MA(BS)21).

(in millions of Hong Kong Dollars)

As at 31 Dec 2021

	Bank	Official Sector	Non-bank private sector			Total
			Non-bank financial institution	Non-financial private sector	Unallocated	
Developed countries	191			51	-	242
of which Switzerland	*191*			*-*	*-*	*191*
Offshore centres	5,494	40		1,721	-	7,255
of which Hong Kong	*3*	*40*		*484*	*-*	*527*
Developing Latin America and Caribbean	-		-	-	-	-
Developing Asia and Pacific	-	-	-	294	-	294
	5,685	**40**	**-**	**2,066**	**-**	**7,791**

As at 30 Jun 2021

	Bank	Official Sector	Non-bank private sector			Total
			Non-bank financial institution	Non-financial private sector	Unallocated	
Developed countries	210	-	-	52	-	262
of which Switzerland	*210*	*-*	*-*	*-*	*-*	*210*
Offshore centres	6,011	585	-	1,651	-	8,247
of which Hong Kong	*2*	*585*	*-*	*677*	*-*	*1,264*
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Asia and Pacific	-	-	-	350	-	350
	6,221	**585**	**-**	**2,053**	**-**	**8,859**

(4) Non-bank Mainland Exposures

(in thousands of Hong Kong Dollars)

As at 31 Dec 2021	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Type of counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	173,124	-	173,124
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	173,124	-	173,124
Total assets after provisions	8,687,630		
On-balance sheet exposures as percentage of total assets	1.99%		

As at 30 Jun 2021	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Type of counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	156,190	-	156,190
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	156,190	-	156,190
Total assets after provisions	9,969,439		
On-balance sheet exposures as percentage of total assets	1.57%		

(5) Currency Risk

(in millions of Hong Kong Dollars)

As at 31 Dec 2021

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	3,626	115	215	674	65	373	297	189	143	98	81	1,648	7,524
Spot liabilities	3,626	115	215	674	65	373	297	189	143	98	81	1,647	7,523
Forward purchases	791	17	36	50	10	48	66	53	12	15	6	261	1,365
Forward sales	790	17	36	50	10	48	66	53	12	15	6	261	1,364
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	1	-	-	-	-	-	-	-	-	-	-	1	2

As at 30 Jun 2021

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	5,088	169	317	827	80	129	208	199	96	110	74	776	8,073
Spot liabilities	5,087	169	317	828	80	129	208	198	96	110	74	775	8,071
Forward purchases	975	147	102	65	7	30	116	48	-	18	5	332	1,845
Forward sales	976	147	110	65	7	30	108	49	-	18	5	332	1,847
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	-	-	(8)	(1)	-	-	8	-	-	-	-	1	-

The basis of calculation for the above currency risk is based on the notional value set out in the HKMA return "Foreign Currency Position" (MA(BS)6).

There were no foreign currency net structural positions as at 31 December 2021 and 30 June 2021

(6) Off-balance sheet exposures

(in thousands of Hong Kong Dollars)

	31-Dec-21	30-Jun-21
Contingent liabilities and commitments		
Direct credit substitutes	-	-
Other commitments	194,466	417,108
	194,466	417,108
Derivatives - contractual / notional amount		
Exchange rate	13,276,999	20,947,477
Equity and other contracts	941,198	1,058,775
	14,218,197	22,006,252

	31-Dec-21		30-Jun-21	
	Fair value		Fair value	
	Positive	Negative	Positive	Negative
Exchange rate	163,017	163,342	204,942	204,715
Equity and other contracts	19,903	19,903	20,295	20,862
	182,920	183,245	225,237	225,577

The fair values of the above derivatives do not take into account the effect of bilateral netting arrangement.

(7) Liquidity Information

(a) Liquidity maintenance ratio

The Branch complies with the minimum requirement of liquidity maintenance ratio ("LMR") on a daily basis, in accordance with the Banking (Liquidity) Rules.

	For the quarters ended	
	31-Dec-21	31-Dec-20
Average LMR for the period	51.50%	58.07%

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 for the quarter is calculated based on the arithmetic mean of the Branch's average LMR for each calendar month in that quarter, as reported in the liquidity position return submitted to the HKMA.

(b) Approach to liquidity risk management

CA Indosuez (Switzerland) SA, Hong Kong Branch ("CAI HK") has primary responsibility for ensuring that it has sufficient funds to meet all its immediate and future payment obligations. The purpose of liquidity risk management is to analyse and monitor on a daily basis the global risk exposure of liquidity by managing the use and the availability of funds.

CAI HK has two sources of liquidity to meet its funding: client deposits and intra-group funding from Head Office. The Branch has no liquidity gap identified at this stage and, as sound and caution management, maintains a liquidity buffer by local clearing accounts (HKD and CNY) sufficient to cover the intraday and potential stress situations.

On a day to day basis, the CA Indosuez (Switzerland) SA's Treasury ("CAI Treasury") runs in centralised manner to formulate the funding strategy, manages the liquidity and funding needs of the Branch.

As a branch, CAI HK has exactly the same liquidity policy as CA Indosuez (Switzerland) SA ("CAI") based on the principles of Credit Agricole Corporate & Investment Bank ("CACIB") liquidity policies. Liquidity stress tests are performed at a consolidated / group level and the liquidity policy is monitored and managed by CAI Asset and liability Committee ("CAI ALCO").

However, the liquidity risk management is reviewed and supervised by CA Indosuez (Switzerland) SA, Hong Kong Branch's Asset and liability Committee ("CAI HK ALCO") held on a quarterly basis.

In the event of a potential or actual crisis, CAI HK has in place a set of liquidity contingency and recovery plans to ensure that decisive actions are taken to ensure that the Branch maintains adequate liquidity.

<u>CAI Hong Kong Asset and liability Committee ("CAI HK ALCO")</u>

CAI HK ALCO is responsible for:

• The monitoring of the correct application of the Assets and Liability Management ("ALM") rules set by CACIB's Finance/ALM function and CAI's Finance/ALM division (including liquidity ;
• The handling of Treasury specific issues;
• The monitoring of local liquidity ratios,
• The development, review, approval, and on-going maintenance of the Recovery Plan for Hong Kong Branch submitted to HKMA

CAI HK ALCO comprises the following permanent members:

• CAI Chief Financial Officer
• CAI Head of ALM
• CAI Head of Capital Markets
• CAI Head of Treasury
• CAI Asia Chief Executive Officer
• CAI Head of RPC Asia
• CAI Hong Kong Chief Executive
• CAI Hong Kong Chief Operating Officer

Its duties include reviewing the limits, monitoring all internal and local regulatory ratios relating to liquidity risks. The funding and liquidity risk management policy ("the Policy") is reviewed and approved by the CAI HK ALCO on an annual basis. However, it is likely that the Policy can be adjusted on a more frequent basis as business activity changes in response to a changing regulatory environment. The Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manual LM-1 (Regulatory Framework for Supervision of Liquidity Risk) and LM-2 (Sound Systems and Controls for Liquidity Risk Management).

Once a year if any significant change, CAI HK ALCO ensures the maintenance of the plan and on ad-hoc basis, the change on Recovery Plan components that need to be reflected in the Recovery Plan.

Recovery Plan for CAI Hong Kong

Hong Kong Branch draw on the Recovery Plan developed by CAI which meet HKMA standards required by the SPM RE-1 "Recovery Planning" in respect of their operations in Hong Kong.

Missions related to the Recovery Plan are formalized in the Branch's policy defining the funding and liquidity Risk Management Policy of the Hong Kong Branch:

- To enable CAI Head Office to oversee the development of the Hong Kong specific elements of the recovery plan;
- To decide of the governance and organization required to the definition and the maintenance of the plan by designating the Hong Kong Chief Operating Officer ("HK COO")as key point of contact with HKMA;
- To oversee with the Head Office the maintenance and the annual review of the plan if any significant change;
- To be informed by CAI Head Office of the scope and the content of the plan (options, scenarios, triggers, communication plan, etc.);
- To ensure the Recovery Plan is compliant with HKMA requirement.

If there is any material change in the Recovery Plan, HK COO as key point of contact handle the responsibility to notify the HKMA once the review is completed.

Finally, if any shortfalls and gaps in the Recovery Plan are identified, the Bank will addressed in a timely manner by setting out a remedial plan to lay out the necessary remedial actions along with an indicated timeframe for their necessary completion.

Conclusion

Liquidity limits are established to ensure the Branch maintains appropriate liquidity under both normal and stressed conditions. CAI HK policy is to maintain a conservative level of liquid funds to meet all obligations. As such CAI HK has defined internal liquidity buffers in excess of statutory Liquidity Maintenance Ratio ("LMR") in its policy. Proper escalation and notification processes to report breaches of any liquidity limits are established. CAI Treasury will identify any abnormal mismatch and take the necessary steps to close the gap. In addition, Head Office conducts stress tests on a daily basis on a centralised group basis. As one of the main overseas branches, CAI HK may fully rely on Head Office for liquidity at all times and in the event of any funding crises. (c) Contractual maturity profile

(c) Contractual maturity profile

The table below analyses assets and liabilities based on the remaining period as at the end of the reporting period to the contractual maturity dates:

31 December 2021

in HK$ millions	Next day	Less than 1 month	up to 3 months	Over 3 month up to 1 year	Over 1 year	Unallocated	Total
Assets							
- Due from bank	4,244	480	396	899	-	-	6,019
- Debt securities held							
(a) readily monetarizable	40						40
(b) not readily monetarizable							-
- Loans and advances to customers	58	777	339	1,122	131	-	2,427
Amount receivable arising from - derivative contracts	4	64	45	67	-	-	180
- Others	-	-	4	1	-	17	22
Total assets	**4,346**	**1,321**	**784**	**2,089**	**131**	**17**	**8,688**
Liabilities							
- Due to banks	-	799	339	1,140	-	-	2,278
- Deposits from customers	4,376	480	396	426	471	-	6,149
Amount payable arising from derivative - contracts	4	90	81	6	-	-	181
- Others	6	4	40	13	3	14	80
Total liabilities	**4,386**	**1,373**	**856**	**1,585**	**474**	**14**	**8,688**
Contingent and commitments							
- Commitments	-	-	-	-	-	-	-
- Contingent liabilities	-	194	-	-	-	-	194
Net liquidity mismatch	**(40)**	**(246)**	**(72)**	**504**	**(343)**	**3**	**(194)**
Cumulative liquidity mismatch	**(40)**	**(286)**	**(358)**	**146**	**(197)**	**(194)**	**(388)**

30 June 2021

in HK$ millions	Next day	Less than 1 month	up to 3 months	Over 3 month up to 1 year	Over 1 year	Unallocated	Total
Assets							
- Due from bank	5,307	868	537	17	-	-	6,729
- Debt securities held							-
(a) readily monetarizable	585						585
(b) not readily monetarizable							-
- Loans and advances to customers	521	1,381	369	87	52	-	2,410
Amount receivable arising from - derivative contracts	12	105	84	18	-	-	219
- Others	-	1	-	8	-	17	26
Total assets	**6,425**	**2,355**	**990**	**130**	**52**	**17**	**9,969**
Liabilities							
- Due to banks	1,053	1,408	488	87	-	-	3,036
- Deposits from customers	5,297	863	446	17	-	-	6,623
Amount payable arising from derivative - contracts	11	82	107	18	-	-	218
- Others	-	8	21	34	11	18	92
Total liabilities	**6,361**	**2,361**	**1,062**	**156**	**11**	**18**	**9,969**
Contingent and commitments							
- Commitments	-	-	-	-	-	-	-
- Contingent liabilities	-	471	-	-	-	-	471
Net liquidity mismatch	**64**	**(477)**	**(72)**	**(26)**	**41**	**(1)**	**(471)**
Cumulative liquidity mismatch	**64**	**(413)**	**(485)**	**(511)**	**(470)**	**(471)**	**(942)**

Note: Positive indicates a position of liquidity surplus and negative indicates a liquidity shortfall that has to be funded.

Liquidity disclosures as required by the Banking (Disclosure) Rules are available on our website:

https://www.ca-indosuez.com/hongkong/en/indosuez-in-hong-kong

(8) Disclosure on remuneration

Pursuant to section 3 of "Supervisory Policy Manual (CG-5) - Guideline on a Sound Remuneration System" issued by the HKMA, the Branch complies with the requirements and has adopted the remuneration systems of the Head Office. Please refer to CA Indosuez (Switzerland) SA Year 2021 annual report for details.

Section B: Group information (consolidated basis)

(in thousands of Swiss Francs)

Financial highlights of CA Indosuez (Switzerland) SA Group (consolidated basis):

	31-Dec-21	30-Jun-21
Capital and capital adequacy ratio		
Capital adequacy ratio (Note)		
Common Equity Tier 1 capital ratio	15.33%	16.14%
Tier 1 capital ratio	15.33%	16.14%
Total capital ratio	18.66%	19.64%
Total shareholders' equity	1,855,931	1,859,446
Other financial information		
Balance sheet:		
Total assets	18,275,179	16,766,560
Total liabilities	16,512,441	11,749,952
Total loans and advances	8,596,409	9,221,402
Total customer deposits	12,070,223	11,749,952

	31-Dec-21	30-Jun-21
Profit and Loss:		
Profit/ (loss) before income taxes	28,103	14,965

Note:

The capital ratio is computed in accordance with the Swiss Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (Capital Adequacy Ordinance, CAO) of 1 June 2012.