



UNION BANCAIRE PRIVÉE, UBP SA

HONG KONG BRANCH

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

AS AT 30 JUNE 2018



UNION BANCAIRE PRIVÉE, UBP SA

HONG KONG BRANCH

We are pleased to enclose the Key Financial Information Disclosure Statement (the "Disclosure Statement") relating to Union Bancaire Privée, UBP SA, Hong Kong Branch ("the Branch") for the year ended 30 June 2018.

This Disclosure Statement was prepared in accordance with Banking Ordinance CAP 155M Banking (Disclosure) Rules and Supervisory Policy Manual (CA-D-1) Guideline on the application of the Banking (Disclosure) Rules by Hong Kong Monetary Authority.

The Disclosure Statement has been compiled from the books and records of the Branch. During the reporting period, there was no contravention of rules made under section 60A (1) in the return relating to Certificate of Compliance with the Banking Ordinance (MA(BS)1F (a) and (b)).

A handwritten signature in blue ink, consisting of several vertical, overlapping strokes that form a stylized representation of the name 'Eric Morin'.

*ERIC MORIN
Chief Executive*

26 Sep 2018

Section A – Branch Information (Hong Kong Branch only)

(I) Profit and Loss Account	30-Jun-18 HKD'000	30-Jun-17 HKD'000
Interest income	152,412	142,052
Interest expense	<u>(67,564)</u>	<u>(63,017)</u>
Net interest income	84,848	79,035
Other operating income		
Fees and commission income	171,374	145,139
Fees and commission expense	<u>(32,074)</u>	<u>(32,364)</u>
Net fees and commission income	139,300	112,775
- Gains less losses arising from trading in foreign currencies	12,561	11,306
- Gains less losses arising from trading in other derivatives	8	(19)
- Others	<u>-</u>	<u>2</u>
Total Income	236,717	203,099
Operating expenses		
Staff and rental expenses	(154,586)	(141,696)
Intra-group Administration Expenses	(13,136)	(7,424)
Other Expenses	<u>(41,669)</u>	<u>(30,336)</u>
	(209,391)	(179,456)
Impairment loss and specific provision and collective provision for impaired assets	-	-
Gain less losses from disposal of property, plant and equipment and investment properties	<u>-</u>	<u>-</u>
Profit / (Loss) before taxation	27,326	23,643
Tax expense	<u>-</u>	<u>-</u>
Profit / (Loss) after taxation	<u><u>27,326</u></u>	<u><u>23,643</u></u>

(II) Balance sheet

	30-Jun-18 HKD'000	31-Dec-17 HKD'000
Assets		
Cash and balances with banks (except those included in amount due from overseas offices of the institution)	919,248	503,484
Amount due from Exchange Fund	158	-
Amount due from overseas offices of the institution	3,057,004	2,194,475
Loan and receivables		
- Loan and advances to customers	9,618,791	7,955,305
- Specific provisions for such loan and advances	-	-
- Loan and advances to banks	-	-
- Accrued interest and other accounts	194,800	214,182
Investment securities	3,919,912	4,321,595
Property, plant and equipment	3,658	4,506
Total assets	<u>17,713,571</u>	<u>15,193,547</u>
Liabilities		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	1,544,264	2,056,316
Amount due to Exchange Fund	-	6,456
Deposits from customers	10,549,402	10,356,217
- Demand deposits and current accounts	4,601,754	5,908,056
- Time, call and notice deposits	5,947,648	4,448,161
Amount due to overseas offices of the institution	5,335,112	2,473,064
Other liabilities	284,793	301,494
Total liabilities	<u>17,713,571</u>	<u>15,193,547</u>

(III) Additional balance sheet information

1. Loans and receivables

There were no repossessed assets and no overdue or rescheduled loans and advances to customers and banks as at 30 June 2018 and 31 December 2017. Therefore, there were no impairment losses and specific and collective provisions for the year ended 30 June 2018 and 31 December 2017.

2. Analysis of gross amount of loans and advances to customers by industry

	30-Jun-18		31-Dec-17	
	HKD'000	Covered by Collateral HKD'000	HKD'000	Covered by collateral HKD'000
a) Loans and advances for use in Hong Kong				
Industrial, commercial and financial sectors				
- Property investment	28,154	28,154	38,370	38,370
- Manufacturing	-	-	4	-
- Wholesale and retail trade	-	-	142	142
- Other	2,980,692	2,980,689	2,056,578	2,056,574
	<u>3,008,846</u>	<u>3,008,843</u>	<u>2,095,094</u>	<u>2,095,086</u>
Individuals				
- Loans for the purchase of other residential properties	152,008	152,008	170,696	170,696
- Other	127,987	127,987	79,594	79,538
	<u>279,995</u>	<u>279,995</u>	<u>250,290</u>	<u>250,234</u>
Loans and advances for use in Hong Kong	3,288,841	3,288,838	2,345,384	2,345,320
b) Loans and advances for use outside Hong Kong	6,329,950	6,329,950	5,609,921	5,609,806
Total loans and advances	<u>9,618,791</u>	<u>9,618,788</u>	<u>7,955,305</u>	<u>7,955,126</u>

The above sectoral analysis has been classified according to the usage of loans and advances based on categories and definition used by the Hong Kong Monetary Authority.

(III) Additional balance sheet information

3. Analysis of gross amount of loans and advances to customers by geographical concentration

Countries	30-Jun-18	31-Dec-17
	HKD'000	HKD'000
British Virgin Islands	4,459,171	4,133,542
Hong Kong	3,288,841	2,345,384
Singapore	887,996	510,439
Others	982,783	965,940
	<u>9,618,791</u>	<u>7,955,305</u>

The analysis above is based on the location of the counterparty after adjusting transfer of risk as defined by Hong Kong Monetary Authority.

4. Geographical disclosure of cross-border claims by types of counterparties

As at 30 Jun 18

<i>Equivalent in millions of HK\$</i>	Banks	Official sector	Non-bank financial Institutions	Non-financial private sector	Others	Total
Developed Countries	4,249	1,772	297	493	-	6,811
of which Switzerland	3,712	-	-	-	-	3,712
of which Japan	-	1,772	78	158	-	2,008
Offshore Centres	243	-	152	6,932	-	7,327
of which Hong Kong	3	-	36	1,400	-	1,439
of which Singapore	239	-	31	888	-	1,158
of which West Indies UK	-	-	-	4,463	-	4,463

As at 31 Dec 17

<i>Equivalent in millions of HK\$</i>	Banks	Official sector	Non-bank Financial Institutions	Non-financial private sector	Others	Total
Developed Countries	3,597	2,063	204	595	-	6,459
of which Switzerland	2,718	-	-	-	-	2,718
Offshore Centres	80	-	-	6,003	-	6,083
of which Hong Kong	-	-	-	1,139	-	1,139
of which Singapore	80	-	-	511	-	591
of which West Indies UK	-	-	-	4,141	-	4,141

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

(III) Additional balance sheet information – continued

5 Currency Risk

As at 30 Jun 18

<i>Equivalent in millions of HK\$</i>	USD	JPY	EUR	NZD	Others	Total
Spot assets	4,899	2,612	1,215	86	3,964	12,776
Spot liabilities	(8,908)	(263)	(1,983)	(168)	(4,849)	(16,171)
Forward purchases	10,135	627	1,322	192	2,863	15,139
Forward sales	(6,139)	(2,972)	(554)	(103)	(1,975)	(11,743)
Net option position	-	-	-	-	-	-
Net long (short) position	(13)	4	0	7	3	1
Net structural position	-	-	-	-	-	-

As at 31 Dec 17

<i>Equivalent in millions of HK\$</i>	USD	JPY	EUR	NZD	Others	Total
Spot assets	4,780	2,814	1,485	130	2,187	11,396
Spot liabilities	(9,763)	(508)	(373)	(299)	(2,364)	(13,307)
Forward purchases	11,082	2,884	267	331	2,742	17,306
Forward sales	(6,075)	(5,213)	(1,379)	(162)	(2,563)	(15,392)
Net option position	-	-	-	-	-	-
Net long (short) position	24	(23)	0	0	2	3
Net structural position	-	-	-	-	-	-

The basis of calculation for the above currency risk is based on the notional value set out in the return “Foreign Currency Position” (MA (BS)6). There were no foreign currency exposure arising from structural position as at 30 June 2018 and 31 December 2017.

(III) Additional balance sheet information – continued

6. Non-bank mainland china activities

As at 30 Jun 18

<i>Equivalent in HK\$'000</i>	On-balance sheet exposure	Off- balance sheet exposure	Total exposures
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	57,997	-	57,997
PRC nationals residing outside Mainland China or other entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
Total	57,997	-	57,997
Total assets after provision	17,713,571		
On-balance sheet exposures as % of total assets	0.33%		

As at 31 Dec 17

<i>Equivalent in HK\$'000</i>	On-balance sheet exposure	Off- balance sheet exposure	Total exposures
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	65,324	-	65,324
PRC nationals residing outside Mainland China or other entities incorporated outside Mainland China where the credit is granted for use in Mainland China	79,121	-	79,121
Total	144,445	-	144,445
Total assets after provision	15,193,547		
On-balance sheet exposures as % of total assets	0.95%		

(IV) Off-balance sheet exposures

	30-Jun-18 HKD'000	31-Dec-17 HKD'000
Contingent liabilities and commitments		
Direct credit substitutes	12,552	12,615
Other commitments	23,593,295	22,044,040
	<u>23,605,847</u>	<u>22,056,655</u>

(V) Derivatives Transactions

Derivatives – Contract amount:

Exchange rate & precious metals related derivative contracts	17,436,954	17,605,032
Others	1,966,886	1,277,833
	<u>19,403,840</u>	<u>18,882,865</u>

Derivatives assets:

Exchange rate & precious metals related derivative contracts	69,905	115,541
Others	44,464	54,307
	<u>114,369</u>	<u>169,848</u>

Derivatives liabilities:

Exchange rate & precious metals related derivative contracts	67,836	76,819
Others	44,464	54,307
	<u>112,300</u>	<u>131,126</u>

The above derivatives assets and liabilities, being the positive or negative marked-to-market value of the respective derivative contracts, represent gross replacement costs. The total replacement costs have not taken into account the effect of bilateral netting arrangements.

(VI) Liquidity

	30-Jun-18	30-Jun-17
Half yearly 6 months average liquidity ratio	<u>51.24%</u>	<u>47.86%</u>
	30-Jun-18	31-Mar-18
Quarterly 3 months average liquidity ratio	<u>51.64%</u>	<u>50.84%</u>

Union Bancaire Privée, UBP SA, Hong Kong Branch manages its liquidity risk in accordance to the Branch's and Head Office's Liquidity Risk Policy, which is governed by a set of principles approved by Local and Group Assets and Liabilities Committee and Committee of Board of Directors.

The Group and Hong Kong Branch have deployed a control framework consistent with the Group's liquidity risk tolerance. The Hong Kong Branch assumes the local responsibilities for identifying, monitoring and controlling liquidity risks at Hong Kong Branch to meet its cash flow requirements, over and above regulatory requirements, so that sufficient funds are available as set out in the Liquidity Risk Policy. Arrangements are in place at the level of Hong Kong

Branch to enable it to comply with the Liquidity Risk Management requirements set out by the HKMA in the Supervisory Policy Manuals (LM-1 and LM-2).

The Group and Hong Kong Branch have deployed effective frameworks for liquidity risk management under normal and stressed situations, cash flow management and contingency planning for liquidity crises.

(VII) Disclosure on Remuneration

Pursuant to section 3 of Supervisory Policy Manual (CG-5) Guideline on a Sound Remuneration System issued by the HKMA, Union Bancaire Privée, UBP SA, Hong Kong Branch complies with the requirements and has adopted the remuneration system of the Head Office.

Section B – Bank Information (Consolidated basis)

The following information relates to Union Bancaire Privée Group:

(I) Capital and capital adequacy	At 30-Jun-18 CHF'000	At 31-Dec-17 CHF'000
Shareholders' equity	2,215,522	2,235,267
Capital adequacy ratio	28.20%	27.50%

The capital adequacy ratio is computed in accordance with the Basel Capital Accord and incorporates market risk.

(II) Other financial information	At 30-Jun-18 CHF'000	At 31-Dec-17 CHF'000
Total assets	31,116,049	32,036,365
Total liabilities	28,900,527	29,801,098
Total loans and advances	9,743,353	9,211,605
Total customer deposits	22,160,041	21,835,427
	Year ended At 30-Jun-18 CHF'000	Year ended At 30-Jun-17 CHF'000
Pre-tax profits	147,447	133,920