



UNION BANCAIRE PRIVÉE, UBP SA, HONG KONG BRANCH
UNION BANCAIRE PRIVÉE is incorporated in Geneva, Switzerland, as a limited liability company

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

AS AT 30 JUNE 2020



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 half year ended 30 June 2020.

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) the Banking Ordinance.

A handwritten signature in black ink, appearing to read 'Eric Morin', with a stylized flourish at the end.

ERIC MORIN
Chief Executive

25 September 2020

Section A – Branch Information (Hong Kong Branch only)

(I) Profit and Loss Account	30-Jun-20 HKD'000	30-Jun-19 HKD'000
Interest income	164,008	194,070
Interest expense	(81,191)	(87,190)
Net interest income	82,817	106,880
Other operating income		
Fees and commission income	193,588	177,816
Fees and commission expense	(27,830)	(25,156)
Net fees and commission income	165,758	152,660
- Gains less losses arising from trading in foreign currencies	16,316	12,846
- Gains less losses arising from trading in other derivatives	(22)	-
- Others	-	-
Total Income	264,869	272,386
Operating expenses		
Staff and rental expenses	(194,707)	(184,345)
Intra-group Administration Expenses	(19,370)	(8,248)
Other Expenses	(37,576)	(48,085)
	(251,653)	(240,678)
Impairment loss and specific provision and collective provision for impaired assets	-	-
Gain less losses from disposal of property, plant and equipment and investment properties	-	-
Profit / (Loss) before taxation	13,216	31,708
Tax expense	(2,500)	(2,000)
Profit / (Loss) after taxation	10,716	29,708

(II) Balance sheet

	<u>30-Jun-20</u> <u>HKD'000</u>	<u>31-Dec-19</u> <u>HKD'000</u>
Assets		
Cash & balances with banks (excluded amount due from overseas offices of the institution)	346,849	149,250
Amount due from Exchange Fund	1,440	7,907
Amount due from overseas offices of the institution	6,413,495	7,810,719
Loan and receivables		
- Loan and advances to customers	9,167,975	10,089,755
- Specific provisions for such loan and advances	-	-
- Loan and advances to banks	-	-
- Accrued interest and other accounts	491,952	227,500
Investment securities	3,396,600	3,898,500
Property, plant and equipment	9,802	13,936
Total assets	<u>19,828,113</u>	<u>22,197,567</u>
Liabilities		
Deposits & balances to banks (excluded amount due to overseas offices of the institution)	350,110	107,595
Of which: amount payable to other banks from repo	-	-
Amount due to Exchange Fund	-	-
Deposits from customers	12,212,115	11,794,191
- Demand deposits and current accounts	5,277,311	3,461,380
- Time, call and notice deposits	6,934,804	8,332,811
Amount due to overseas offices of the institution	6,666,465	9,904,694
Other liabilities	588,707	341,442
Profit for the period	10,716	49,645
Total liabilities & profit for the period	<u>19,828,113</u>	<u>22,197,567</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 2020 and 31 December 2019. Therefore, there were no impairment losses and specific and collective provisions for the year ended 30 June 2020 and 31 December 2019.

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

	30-Jun-20		31-Dec-19	
	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	35,633	35,633	30,555	30,555
- Manufacturing	-	-	-	-
- Wholesale and retail trade	-	-	36	36
- Other	2,701,429	2,701,429	3,312,479	3,312,479
	<u>2,737,062</u>	<u>2,737,062</u>	<u>3,343,070</u>	<u>3,343,070</u>
Individuals				
- Loans for the purchase of other residential properties	106,567	106,567	149,793	149,793
- Other	64,033	64,033	65,258	65,258
	<u>170,600</u>	<u>170,600</u>	<u>215,051</u>	<u>215,051</u>
Loans and advances for use in Hong Kong	2,907,662	2,907,662	3,558,121	3,558,121
b) Loans and advances for use outside Hong Kong	6,260,313	6,260,313	6,531,634	6,531,634
Total loans and advances	<u>9,167,975</u>	<u>9,167,975</u>	<u>10,089,755</u>	<u>10,089,755</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-20	31-Dec-19
	HKD'000	HKD'000
British Virgin Islands	4,672,585	4,652,185
Hong Kong	2,907,662	3,558,121
Taiwan	424,525	420,343
Singapore	312,445	632,782
Others	850,758	826,324
	<u>9,167,975</u>	<u>10,089,755</u>

As at 30 Jun 20

<i>Equivalent in millions of HK\$</i>	Banks	Official sector	Non-bank financial Institutions	Non-financial private sector	Total
Developed Countries	7,201	-	78	1,289	8,568
of which Switzerland	6,677	-	-	-	6,677
of which Japan	1	-	-	852	853
Offshore Centres	5	-	-	8,181	8,186
of which Hong Kong	-	-	-	2,437	2,437
of which Singapore	5	-	-	888	893
of which West Indies UK	-	-	-	4,687	4,687

As at 31 Dec 19

<i>Equivalent in millions of HK\$</i>	Banks	Official sector	Non-bank financial Institutions	Non-financial private sector	Total
Developed Countries	8,402	-	156	1,335	9,893
of which Switzerland	8,048	-	-	-	8,048
of which Japan	-	-	78	906	984
Offshore Centres	104	-	-	7,712	7,816
of which Hong Kong	24	-	-	1,633	1,657
of which Singapore	80	-	-	1,229	1,309
of which West Indies UK	-	-	-	4,663	4,663

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 20

<i>Equivalent in millions of HK\$</i>	USD	JPY	EUR	Others	Total
Spot assets	7,819	1,163	810	6,837	16,629
Spot liabilities	(8,715)	(377)	(530)	(5,245)	(14,867)
Forward purchases	7,089	1,106	781	2,808	11,784
Forward sales	(6,191)	(1,891)	(1,060)	(4,398)	(13,540)
Net option position	-	-	-	-	-
Net long (short) position	2	1	1	2	6
Net structural position	-	-	-	-	10

As at 30 Dec 19

<i>Equivalent in millions of HK\$</i>	USD	JPY	EUR	Others	Total
Spot assets	9,859	927	845	5,999	17,630
Spot liabilities	(10,851)	(305)	(852)	(4,824)	(16,832)
Forward purchases	7,086	340	268	2,834	10,528
Forward sales	(6,094)	(962)	(261)	(4,007)	(11,324)
Net option position	-	-	-	-	-
Net long (short) position	-	-	-	2	2
Net structural position	-	-	-	-	14

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).

Structural assets solely comprised of the fixed assets denominated in HKD amounting to HK\$10m and HK\$14m as at 30 June 2020 and 31 December 2019. There were no other foreign currency exposure arising from structural position as at 30 Jun 2020 and 31 December 2019.

(III) Additional balance sheet information – continued

6. Non-bank mainland china activities

As at 30 Jun 20

<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	103,812	110	103,922
Total	103,812	110	103,922
Total assets after provision	19,828,113		
On-balance sheet exposures as % of total assets	0.52%		

As at 31 Dec 19

<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	88,886	117	89,003
Total	88,886	117	89,003
Total assets after provision	22,197,567		
On-balance sheet exposures as % of total assets	0.40%		

(IV) Off-balance sheet exposures

	30-Jun-20 HKD'000	31-Dec-19 HKD'000
Contingent liabilities and commitments		
Direct credit substitutes	14,609	12,438
Other commitments	20,562,188	20,092,873
	<u>20,576,797</u>	<u>20,105,311</u>

(V) Derivatives Transactions

Derivatives – Contract amount:

Exchange rate & precious metals related derivative contracts	23,449,516	27,082,750
Others	1,951,365	949,639
	<u>25,400,881</u>	<u>28,032,389</u>

Derivatives assets:

Exchange rate & precious metals related derivative contracts	116,523	88,220
Others	112,939	16,151
	<u>229,462</u>	<u>104,371</u>

Derivatives liabilities:

Exchange rate & precious metals related derivative contracts	270,536	119,887
Others	112,939	16,151
	<u>383,475</u>	<u>136,038</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

Half yearly 6 months average liquidity ratio	30-Jun-20	30-Jun-19
	<u>68.12%</u>	<u>79.85%</u>
Quarterly 3 months average liquidity ratio	30-Jun-20	31-Mar-20
	<u>63.22%</u>	<u>73.01%</u>
		30-Jun-19
		<u>84.81%</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-20 CHF'000	At 31-Dec-19 CHF'000
Total equity	2,332,943	2,355,224
Capital adequacy ratio	27.60%	25.60%

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

(II) Other financial information	At 30-Jun-20 CHF'000	At 31-Dec-19 CHF'000
Total assets	36,763,671	32,755,600
Total liabilities	34,430,728	30,400,376
Total loans and advances	10,291,333	11,104,443
Total customer deposits	24,833,413	24,326,892
	Year ended At 30-Jun-20 CHF'000	Year ended At 30-Jun-19 CHF'000
Profits before tax and extraordinary income	130,559	109,147