



***UNION BANCAIRE PRIVÉE, UBP SA  
HONG KONG BRANCH***

***KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT***

***AS AT 30 JUNE 2016***



**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 period ended 30 June 2016. The Branch commenced its operations on 9 April 2016.*

*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 black ink, appearing to be 'Eric Morin', written in a cursive style.

**ERIC MORIN**  
*Alternate Chief Executive*

28 September 2016

**Union Bancaire Privée, UBP SA  
Hong Kong Branch**

**Section B – Bank Information (Consolidated basis)**

The following information relates to Union Bancaire Privée Group:

(I) Capital and capital adequacy	At 30-Jun-16 CHF'000	At 31-Dec-15 CHF'000
Shareholders' equity	<u>1,958,418</u>	<u>1,868,407</u>
Capital adequacy ratio	<u>22.33%</u>	<u>24.40%</u>

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

(II) Other financial information	At 30-Jun-16 CHF'000	At 31-Dec-15 CHF'000
Total assets	<u>28,664,391</u>	<u>25,215,428</u>
Total liabilities	<u>26,705,973</u>	<u>23,347,021</u>
Total loans and advances	<u>7,754,157</u>	<u>6,442,310</u>
Total customer deposits	<u>23,387,219</u>	<u>21,351,728</u>
	Period ended 30-Jun-16 CHF'000	Period ended 30-Jun-15 CHF'000
Pre-tax profits	<u>110,469</u>	<u>90,806</u>

**Union Bancaire Privée, UBP SA  
Hong Kong Branch**

**Section A – Branch Information (Hong Kong Branch only)**

(I) Profit and loss information	09-Apr-16 to 30-Jun-16 HKD'000
Interest income	70,818
Interest expense	(47,700)
Net interest income	<u>23,118</u>
Other operating income	
- Fees and commission income	29,890
- Fees and commission expense	(3,293)
Net fees and commission income	<u>26,597</u>
Gains less losses arising from trading in foreign currencies	6,261
Gains less losses arising from trading in other derivatives	(456)
Total income	<u>55,520</u>
Operating expenses	
Staff and rental expenses	(69,035)
Other expenses	(28,562)
Total operating expenses	<u>(97,597)</u>
Impairment charges on advances to customers	-
Loss before taxation	(42,077)
Taxation	-
Loss after taxation	<u>(42,077)</u>

**Union Bancaire Privée, UBP SA  
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**(II) Balance sheet**

	30-Jun-16 HKD'000
<b>Assets</b>	
Cash and balances with banks (except those included in amount due from overseas offices of the institution)	74,965
Placements with banks which have a residual contractual maturity of more than one month but not more than twelve months	-
Amount due from overseas offices of the institution	8,627,058
Loan and receivables	
- Loan and advances to customers	6,172,890
- Specific provisions for such loan and advances	-
- Loan and advances to banks	-
- Accrued interest and other accounts	144,394
Investment securities	1,066,928
Property, plant and equipment	14,503
<b>Total assets</b>	<u>16,100,738</u>
<b>Liabilities</b>	
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	284,554
Deposits from customers	7,053,948
- Savings deposits	5,343,094
- Time, call and notice deposits	1,710,854
Amount due to overseas offices of the institution	8,626,930
Other liabilities	135,306
<b>Total liabilities</b>	<u>16,100,738</u>

**Union Bancaire Privée, UBP SA  
Hong Kong Branch**

**(VI) Liquidity - continued**

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.

**Union Bancaire Privée, UBP SA  
Hong Kong Branch**

**(IV) Off-balance sheet exposures**

30-Jun-16  
HKD'000

**Contingent liabilities and commitments**

Direct credit substitutes	101,665
Other commitments	10,898,097
	<u>10,999,762</u>

**(V) Derivatives Transactions**

**Derivatives – Contract amount:**

Exchange rate & precious metals related derivative contracts	6,491,832
Others	168,733
	<u>6,660,565</u>

**Derivatives assets:**

Exchange rate & precious metals related derivative contracts	90,602
Others	7,377
	<u>97,979</u>

**Derivatives liabilities:**

Exchange rate & precious metals related derivative contracts	92,257
Others	9,036
	<u>101,293</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, as none of these contracts are subject to any bilateral netting arrangements.

**(VI) Liquidity**

30-Jun-16

Average liquidity ratio for the period	<u>47.71%</u>
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**Union Bancaire Privée, UBP SA  
Hong Kong Branch**

**(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 2016. Therefore, there were no impairment losses and specific and collective provisions for the period ended 30 June 2016.

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

	30-Jun-16	
	HKD'000	Covered by collateral HKD'000
a) Loans and advances for use in Hong Kong		
Industrial, commercial and financial sectors		
Property investment	40,546	40,546
Wholesale and retail trade	8,352	8,352
Others	1,557,202	1,554,204
	<u>1,606,100</u>	<u>1,603,102</u>
Individuals		
Loans for the purchase of other residential properties	54,887	54,887
Others	458,259	458,258
	<u>513,146</u>	<u>513,145</u>
Loans and advances for use in Hong Kong	2,119,246	2,116,247
b) Loans and advances for use outside Hong Kong	4,053,644	4,047,331
<b>Total loans and advances to customers</b>	<u>6,172,890</u>	<u>6,163,578</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.

**Union Bancaire Privée, UBP SA**  
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(III) Additional balance sheet information – continued

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

Countries	30-Jun-16 HKD'000
British Virgin Islands	2,241,255
Hong Kong	2,119,245
Singapore	928,243
Others	884,147
	<u>6,172,890</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 16

Equivalent in millions of HK\$	Non-Bank Private Sector				Total
	Banks	Non-bank Financial Institutions	Non- financial Private Sector	Others	
<b>Developed Countries</b>	<b>9,305</b>	-	<b>89</b>	-	<b>9,394</b>
of which Switzerland	8,802	-	-	-	8,802
<b>Offshore Centres</b>	<b>4</b>	-	<b>4,448</b>	-	<b>4,452</b>
of which Hong Kong	-	-	1,032	-	1,032
of which Singapore	4	-	935	-	939
of which West Indies UK	-	-	2,247	-	2,247

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).

**Union Bancaire Privée, UBP SA**  
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(III) Additional balance sheet information – continued

5. Currency Risk

As at 30 Jun 16

Equivalent in millions of HK\$	USD	GBP	JPY	Others	Total
Spot assets	10,038	558	623	2,548	13,767
Spot liabilities	(11,318)	(567)	(103)	(1,911)	(13,899)
Forward purchases	3,084	416	828	1,176	5,504
Forward sales	(1,800)	(408)	(1,347)	(1,813)	(5,368)
Net option position	-	-	-	-	-
Net long (short) position	<u>4</u>	<u>(1)</u>	<u>1</u>	<u>-</u>	<u>4</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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). As at 30 June 2016, there was no foreign currency exposure arising from structural position.

6. Non-bank mainland china activities

Equivalent in millions of HK\$	As at 30 Jun 16		Total exposures
	On-balance sheet exposure	Off- balance sheet exposure	
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	34	-	34
Other Counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	55	-	55
Total	<u>89</u>	<u>-</u>	<u>89</u>
Total assets after provision	16,101		
On-balance sheet exposures as % of total assets	0.55%		