



UNION BANCAIRE PRIVÉE, UBP SA

HONG KONG BRANCH

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

AS AT 31 DECEMBER 2017



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 31 December 2017.

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)).

ERIC MORIN
Chief Executive

23 March 2018

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 31-Dec-17 CHF'000	At 30-Jun-17 CHF'000
Shareholders' equity	2,235,267	2,124,332
Capital adequacy ratio	27.50%	26.00%

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

(II) Other financial information	At 31-Dec-17 CHF'000	At 30-Jun-17 CHF'000
Total assets	32,036,365	30,979,422
Total liabilities	29,801,098	28,855,090
Total loans and advances	9,211,605	8,548,454
Total customer deposits	21,835,427	21,452,049

	Year ended 31-Dec-17 CHF'000	Year ended 31-Dec-16 CHF'000
Pre-tax profits	275,660	224,296

**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**

Section A – Branch Information (Hong Kong Branch only)

(I) Profit and loss information	31-Dec-17 HKD'000	09-Apr-16 to 31-Dec-16 HKD'000
Interest income	295,247	137,809
Interest expense	(129,814)	(55,999)
Net interest income	<u>165,433</u>	<u>81,810</u>
Other operating income		
- Fees and commission income	309,218	131,244
- Fees and commission expense	(63,660)	(26,485)
Net fees and commission income	<u>245,558</u>	<u>104,759</u>
Gains less losses arising from trading in foreign currencies	14,755	20,253
Gains less losses arising from trading in other derivatives	45	598
Others	2	-
Total income	<u>425,793</u>	<u>207,420</u>
Operating expenses		
Staff and rental expenses	(296,683)	(299,209)
Intra-group Administration Expenses	(21,086)	(8,059)
Other expenses	(74,932)	(71,262)
	<u>(392,701)</u>	<u>(378,530)</u>
Impairment charges on advances to customers	-	-
Profit/(Loss) before taxation	33,092	(171,110)
Taxation	-	-
Profit/(Loss) after taxation	<u><u>33,092</u></u>	<u><u>(171,110)</u></u>

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

(II) Balance sheet	31-Dec-17 HKD'000	30-Jun-17 HKD'000
Assets		
Cash and balances with banks (except those included in amount due from overseas offices of the institution)	503,484	255,106
Amount due from Exchange Fund	-	-
Amount due from overseas offices of the institution	2,194,475	3,609,367
Loan and receivables		
- Loan and advances to customers	7,955,305	8,155,158
- Specific provisions for such loan and advances	-	-
- Loan and advances to banks	-	-
- Accrued interest and other accounts	214,182	324,206
Investment securities	4,321,595	3,695,102
Property, plant and equipment	4,506	7,673
Total assets	<u>15,193,547</u>	<u>16,046,612</u>
Liabilities		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	2,056,316	184,628
Amount due to Exchange Fund	6,456	770
Deposits from customers	10,356,217	8,795,986
- Demand deposits and current accounts	5,908,056	6,237,521
- Time, call and notice deposits	4,448,161	2,558,465
Amount due to overseas offices of the institution	2,473,064	6,661,964
Other liabilities	301,494	403,264
Total liabilities	<u>15,193,547</u>	<u>16,046,612</u>

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

(IV) Off-balance sheet exposures	31-Dec-17 HKD'000	30-Jun-17 HKD'000
Contingent liabilities and commitments		
Direct credit substitutes	12,615	12,771
Other commitments	22,044,040	20,400,465
	<u>22,056,655</u>	<u>20,413,236</u>
(V) Derivatives Transactions		
Derivatives – Contract amount:		
Exchange rate & precious metals related derivative contracts	17,605,032	15,157,192
Others	1,277,833	4,068,514
	<u>18,882,865</u>	<u>19,225,706</u>
Derivatives assets:		
Exchange rate & precious metals related derivative contracts	115,541	119,798
Others	54,307	136,309
	<u>169,848</u>	<u>256,107</u>
Derivatives liabilities:		
Exchange rate & precious metals related derivative contracts	76,819	118,993
Others	54,307	136,309
	<u>131,126</u>	<u>255,302</u>
<p>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.</p>		
(VI) Liquidity		
	31-Dec-17	31-Dec-16
Average liquidity ratio for the year	<u>48.14%</u>	<u>49.31%</u>

(III) Additional balance sheet information – continued

6. Non-bank mainland china activities

Equivalent in HK\$'000	As at 31 Dec 17		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	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%		

Equivalent in HK\$'000	As at 30 Jun 17		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	27,607	119	27,726
PRC nationals residing outside Mainland China or other entities incorporated outside Mainland China where the credit is granted for use in Mainland China	79,676	-	79,676
Total	107,283	119	107,402
Total assets after provision	16,046,612		
On-balance sheet exposures as % of total assets	0.67%		

(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 31 December 2017 and 30 June 2017. Therefore, there were no impairment losses and specific and collective provisions for the year ended 31 December 2017 and 30 June 2017.

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

	31-Dec-17		30-Jun-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	38,370	38,370	48,243	48,243
Manufacturing	4	-	3	-
Wholesale and retail trade	142	142	7	7
Other	2,056,578	2,056,574	2,062,327	2,061,363
	<u>2,095,094</u>	<u>2,095,086</u>	<u>2,110,580</u>	<u>2,109,613</u>
Individuals				
Loans for the purchase of other residential properties	170,696	170,696	153,626	153,626
Other	79,594	79,538	111,257	111,243
	<u>250,290</u>	<u>250,234</u>	<u>264,883</u>	<u>264,869</u>
Loans and advances for use in Hong Kong	2,345,384	2,345,320	2,375,463	2,374,482
b) Loans and advances for use outside Hong Kong	5,609,921	5,609,806	5,779,695	5,779,446
Total loans and advances	<u>7,955,305</u>	<u>7,955,126</u>	<u>8,155,158</u>	<u>8,153,928</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 – continued

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

Countries	31-Dec-17 HKD'000	30-Jun-17 HKD'000
British Virgin Islands	4,133,542	4,246,012
Hong Kong	2,345,384	2,375,464
Singapore	510,439	717,542
Others	965,940	816,140
	<u>7,955,305</u>	<u>8,155,158</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 31 Dec 17

Equivalent in millions of HK\$	Non-Bank Private Sector					Total
	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Others	
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

As at 30 Jun 17

Equivalent in millions of HK\$	Non-Bank Private Sector					Total
	Banks	Official sector	Non-bank Financial Institutions	Non-financial private sector	Others	
Developed Countries	4,764	1,543	204	538	-	7,049
of which Switzerland	3,966	-	-	-	-	3,966
Offshore Centres	81	-	55	6,304	9	6,449
of which Hong Kong	-	-	-	1,245	9	1,254
of which Singapore	81	-	-	718	-	799
of which West Indies UK	-	-	-	4,249	-	4,249

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 31 Dec 17

Equivalent in millions of HK\$	USD	JPY	EUR	Others	Total
Spot assets	4,780	2,814	1,485	2,317	11,396
Spot liabilities	(9,763)	(508)	(373)	(2,663)	(13,307)
Forward purchases	11,082	2,884	267	3,073	17,306
Forward sales	(6,075)	(5,213)	(1,379)	(2,725)	(15,392)
Net option position	-	-	-	-	-
Net long (short) position	<u>24</u>	<u>(23)</u>	<u>0</u>	<u>2</u>	<u>3</u>
Net structural position	-	-	-	-	-

As at 30 Jun 17

Equivalent in millions of HK\$	USD	JPY	EUR	Others	Total
Spot assets	7,407	2,442	1,177	2,331	13,357
Spot liabilities	(11,425)	(166)	(249)	(2,712)	(14,552)
Forward purchases	9,055	1,708	754	2,970	14,487
Forward sales	(5,036)	(3,983)	(1,681)	(2,587)	(13,287)
Net option position	-	-	-	-	-
Net long (short) position	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>5</u>
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 was no foreign currency exposure arising from structural position as at 31 December 2017 and 30 June 2017.