



UNION BANCAIRE PRIVÉE, UBP SA
KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT
AS AT 31 DECEMBER 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 year ended 31 December 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)).

JEFF SEE
Chief Executive

28 March 2017

**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-16 CHF'000	At 30-Jun-16 CHF'000
Shareholders' equity	2,094,886	1,958,418
Capital adequacy ratio	24.30%	22.33%

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

(II) Other financial information	At 31-Dec-16 CHF'000	At 30-Jun-16 CHF'000
Total assets	30,822,952	28,664,391
Total liabilities	28,728,066	26,705,973
Total loans and advances	8,453,643	7,754,157
Total customer deposits	23,746,512	23,387,219
	Year ended 31-Dec-16 CHF'000	Year ended 31-Dec-15 CHF'000
Pre-tax profits	224,296	25,216

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(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.

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Section A – Branch Information (Hong Kong Branch only)

(I) Profit and loss information	09-Apr-16 to 31-Dec-16 HKD'000
Interest income	137,809
Interest expense	(55,999)
Net interest income	<u>81,810</u>
Other operating income	
- Fees and commission income	131,244
- Fees and commission expense	(26,485)
Net fees and commission income	<u>104,759</u>
Gains less losses arising from trading in foreign currencies	20,253
Gains less losses arising from trading in other derivatives	598
Total income	<u>207,420</u>
Operating expenses	
Staff and rental expenses	(299,209)
Intra-group Administration Expenses	(8,059)
Other expenses	(71,262)
	<u>(378,530)</u>
Impairment charges on advances to customers	-
Loss before taxation	(171,110)
Taxation	-
Loss after taxation	<u><u>(171,110)</u></u>

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(II) Balance sheet	31-Dec-16 HKD'000	30-Jun-16 HKD'000
Assets		
Cash and balances with banks (except those included in amount due from overseas offices of the institution)	428,213	74,965
Amount due from Exchange Fund	3,044	-
Amount due from overseas offices of the institution	6,581,229	8,627,058
Loan and receivables		
- Loan and advances to customers	7,517,748	6,172,890
- Specific provisions for such loan and advances	-	-
- Loan and advances to banks	-	-
- Accrued interest and other accounts	377,642	144,394
Investment securities	3,554,861	1,066,928
Property, plant and equipment	10,407	14,503
Total assets	<u>18,473,144</u>	<u>16,100,738</u>
Liabilities		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	14,856	284,554
Deposits from customers	12,927,693	7,053,948
- Demand deposits and current accounts	10,826,646	5,343,094
- Time, call and notice deposits	2,101,047	1,710,854
Amount due to overseas offices of the institution	5,451,651	8,626,930
Other liabilities	78,944	135,306
Total liabilities	<u>18,473,144</u>	<u>16,100,738</u>

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(IV) Off-balance sheet exposures	31-Dec-16 HKD'000	30-Jun-16 HKD'000
Contingent liabilities and commitments		
Direct credit substitutes	16,317	101,665
Other commitments	17,566,046	10,898,097
	<u>17,582,363</u>	<u>10,999,762</u>
(V) Derivatives Transactions		
Derivatives – Contract amount:		
Exchange rate & precious metals related derivative contracts	12,469,520	6,491,832
Others	711,173	168,733
	<u>13,180,693</u>	<u>6,660,565</u>
Derivatives assets:		
Exchange rate & precious metals related derivative contracts	301,546	90,602
Others	17,715	7,377
	<u>319,261</u>	<u>97,979</u>
Derivatives liabilities:		
Exchange rate & precious metals related derivative contracts	73,809	92,257
Others	17,715	9,036
	<u>91,524</u>	<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. The total replacement costs have not taken into account the effect of bilateral netting arrangements.		
(VI) Liquidity		
		31-Dec-16
Average liquidity ratio for the period		<u>49.31%</u>

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(III) Additional balance sheet information – continued

6. Non-bank mainland china activities

Equivalent in HK\$'000	As at 31 Dec 16		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
Central government, central government-owned entities and their subsidiaries and JVs	77,921	-	77,921
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	185,365	14	185,379
PRC nationals residing outside Mainland China or other entities incorporated outside Mainland China where the credit is granted for use in Mainland China	79,698	-	79,698
Total	342,984	14	342,998
Total assets after provision	18,473,144		
On-balance sheet exposures as % of total assets	1.86%		
Equivalent in HK\$'000	As at 30 Jun 16		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
Central government, central government-owned entities and their subsidiaries and JVs	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	33,803	-	33,803
PRC nationals residing outside Mainland China or other entities incorporated outside Mainland China where the credit is granted for use in Mainland China	80,317	-	80,317
Total	114,120	-	114,120
Total assets after provision	16,100,738		
On-balance sheet exposures as % of total assets	0.71%		

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(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 2016 and 30 June 2016. Therefore, there were no impairment losses and specific and collective provisions for the year ended 31 December 2016 and 30 June 2016.

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

	31-Dec-16		30-Jun-16	
	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	45,423	45,423	40,546	40,546
Manufacturing	4	4	-	-
Wholesale and retail trade	-	-	8,352	8,352
Other	1,867,775	1,856,748	1,557,202	1,554,204
	<u>1,913,202</u>	<u>1,902,175</u>	<u>1,606,100</u>	<u>1,603,102</u>
Individuals				
Loans for the purchase of other residential properties	85,342	85,342	54,887	54,887
Other	42,845	42,775	458,259	458,258
	<u>128,187</u>	<u>128,117</u>	<u>513,146</u>	<u>513,145</u>
Loans and advances for use in Hong Kong	2,041,389	2,030,292	2,119,246	2,116,247
b) Loans and advances for use outside Hong Kong	5,476,359	5,468,520	4,053,644	4,047,331
Total loans and advances	<u>7,517,748</u>	<u>7,498,812</u>	<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.

(III) Additional balance sheet information – continued

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

Countries	31-Dec-16 HKD'000	30-Jun-16 HKD'000
British Virgin Islands	3,978,992	2,241,255
Hong Kong	2,041,389	2,119,245
Singapore	732,992	928,243
Others	764,375	884,147
	<u>7,517,748</u>	<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 31 Dec 16

Equivalent in millions of HK\$	Non-Bank Private Sector				
	Banks	Non-bank Financial Institutions	Non-financial Private Sector	Others	Total
Developed Countries	7,607	126	1,568	-	9,301
of which Switzerland	6,610	-	-	-	6,610
Offshore Centres	843	55	6,123	-	7,021
of which Hong Kong	388	-	959	-	1,347
of which Singapore	297	-	734	-	1,031
of which West Indies UK	-	-	4,217	-	4,217

As at 30 Jun 16

Equivalent in millions of HK\$	Non-Bank Private Sector				
	Banks	Non-bank Financial Institutions	Non-financial Private Sector	Others	Total
Developed Countries	9,305	-	89	-	9,394
of which Switzerland	8,802	-	-	-	8,802
Offshore Centres	4	-	4,448	-	4,452
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).

(III) Additional balance sheet information – continued

5. Currency Risk

As at 31 Dec 16

Equivalent in millions of HK\$	USD	SGD	EUR	Others	Total
Spot assets	8,434	2,548	1,057	3,595	15,634
Spot liabilities	(14,389)	(861)	(188)	(1,844)	(17,282)
Forward purchases	8,888	155	515	2,508	12,066
Forward sales	(2,917)	(1,835)	(1,400)	(4,261)	(10,413)
Net option position	-	-	-	-	-
Net long (short) position	<u>16</u>	<u>7</u>	<u>(16)</u>	<u>(2)</u>	<u>5</u>
Net structural position	-	-	-	-	-

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	-	-	-	-	-

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 2016 and 30 June 2016.