



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 2019



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 2019.

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 blue ink, appearing to read "EM", is positioned above the printed name of the Chief Executive.

*ERIC MORIN
Chief Executive*

27 September 2019

Section A – Branch Information (Hong Kong Branch only)

(I) Profit and Loss Account	30-Jun-19 HKD'000	30-Jun-18 HKD'000
Interest income	194,070	152,412
Interest expense	(87,190)	(67,564)
Net interest income	106,880	84,848
Other operating income		
Fees and commission income	177,816	171,374
Fees and commission expense	(25,156)	(32,074)
Net fees and commission income	152,660	139,300
- Gains less losses arising from trading in foreign currencies	12,846	12,561
- Gains less losses arising from trading in other derivatives	-	8
- Others	-	-
Total Income	272,386	236,717
Operating expenses		
Staff and rental expenses	(184,345)	(154,586)
Intra-group Administration Expenses	(8,248)	(13,136)
Other Expenses	(48,085)	(41,669)
	(240,678)	(209,391)
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	31,708	27,326
Tax expense	(2,000)	-
Profit / (Loss) after taxation	29,708	27,326

(II) Balance sheet

	30-Jun-19	31-Dec-18
	HKD'000	HKD'000
Assets		
Cash & balances with banks (excluded amount due from overseas offices of the institution)	257,326	360,948
Amount due from Exchange Fund	2,324	44,354
Amount due from overseas offices of the institution	8,691,724	9,654,835
Loan and receivables		
- Loan and advances to customers	9,870,645	10,265,398
- Specific provisions for such loan and advances	-	-
- Loan and advances to banks	-	-
- Accrued interest and other accounts	181,371	181,853
Investment securities	4,252,363	3,288,564
Property, plant and equipment	12,593	8,578
Total assets	<u>23,268,346</u>	<u>23,804,530</u>
Liabilities		
Deposits & balances to banks (excluded amount due to overseas offices of the institution)	1,870,724	1,230,153
Of which: amount payable to other banks from repo	<u>643,334</u>	<u>1,160,590</u>
Amount due to Exchange Fund	-	-
Deposits from customers	10,666,774	13,361,115
- Demand deposits and current accounts	<u>3,668,185</u>	<u>4,285,387</u>
- Time, call and notice deposits	<u>6,998,589</u>	<u>9,075,728</u>
Amount due to overseas offices of the institution	10,501,615	8,945,560
Other liabilities	229,233	267,702
Total liabilities	<u>23,268,346</u>	<u>23,804,530</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 2019 and 31 December 2018. Therefore, there were no impairment losses and specific and collective provisions for the year ended 30 June 2019 and 31 December 2018.

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

	30-Jun-19		31-Dec-18	
	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	38,659	38,659	29,047	29,047
- Manufacturing	-	-	-	-
- Wholesale and retail trade	-	-	-	-
- Other	2,680,317	2,680,317	2,708,567	2,708,567
	<u>2,718,976</u>	<u>2,718,976</u>	<u>2,737,614</u>	<u>2,737,614</u>
Individuals				
- Loans for the purchase of other residential properties	142,374	142,374	151,306	151,306
- Other	54,058	54,058	32,955	32,955
	<u>196,432</u>	<u>196,432</u>	<u>184,261</u>	<u>184,261</u>
Loans and advances for use in Hong Kong	2,915,408	2,915,408	2,921,875	2,921,875
b) Loans and advances for use outside Hong Kong	6,955,237	6,955,237	7,343,523	7,343,523
Total loans and advances	<u>9,870,645</u>	<u>9,870,645</u>	<u>10,265,398</u>	<u>10,265,398</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-19	31-Dec-18
	HKD'000	HKD'000
British Virgin Islands	4,944,027	5,472,068
Hong Kong	2,915,408	2,921,875
Singapore	741,250	785,040
Taiwan	512,032	560,855
Others	757,928	525,560
	<u>9,870,645</u>	<u>10,265,398</u>

As at 30 Jun 19

<i>Equivalent in millions of HK\$</i>	Banks	Official sector	Non-bank Financial Institutions	Non-financial private sector	Total
Developed Countries	9,382	1,014	288	941	11,625
of which Switzerland	8,831	-	131	-	8,962
of which Japan	3	1,014	78	580	1,675
Offshore Centres	119	-	-	7,715	7,834
of which Hong Kong	25	-	-	1,472	1,497
of which Singapore	85	-	-	1,037	1,122
of which West Indies UK	-	-	-	4,960	4,960

As at 31 Dec 18

<i>Equivalent in millions of HK\$</i>	Banks	Official sector	Non-bank financial Institutions	Non-financial private sector	Total
Developed Countries	10,385	996	202	404	11,987
of which Switzerland	9,834	-	-	-	9,834
of which Japan	174	996	78	157	1,405
Offshore Centres	119	-	-	7,680	7,799
of which Hong Kong	34	-	-	1,264	1,298
of which Singapore	84	-	-	785	869
of which West Indies UK	-	-	-	5,481	5,481

(III) Additional balance sheet information – continued

5 Currency Risk

As at 30 Jun 19

<i>Equivalent in millions of HK\$</i>	USD	EUR	CAD	Others	Total
Spot assets	6,058	947	20	10,624	17,649
Spot liabilities	(8,143)	(812)	(67)	(9,003)	(18,025)
Forward purchases	9,533	219	285	3,392	13,429
Forward sales	(7,449)	(353)	(237)	(5,012)	(13,051)
Net option position	-	-	-	-	-
Net long (short) position	(1)	1	1	1	2
Net structural position	-	-	-	-	-

As at 31 Dec 18

<i>Equivalent in millions of HK\$</i>	USD	EUR	CAD	Others	Total
Spot assets	5,161	908	43	11,411	17,523
Spot liabilities	(11,126)	(1,132)	(57)	(9,989)	(22,304)
Forward purchases	24,787	493	579	3,966	29,825
Forward sales	(18,825)	(269)	(565)	(5,387)	(25,046)
Net option position	-	-	-	-	-
Net long (short) position	(3)	0	0	1	(2)
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 2019 and 31 December 2018.

(III) Additional balance sheet information – continued

6. Non-bank mainland china activities

As at 30 Jun 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	167,067	299	167,366
Total	167,067	299	167,366
Total assets after provision	23,268,346		
On-balance sheet exposures as % of total assets	0.72%		

As at 31 Dec 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	83,795	33	83,828
Total	83,795	33	83,828
Total assets after provision	23,804,530		
On-balance sheet exposures as % of total assets	0.35%		

(IV) Off-balance sheet exposures

	30-Jun-19 HKD'000	31-Dec-18 HKD'000
Contingent liabilities and commitments		
Direct credit substitutes	12,320	12,361
Other commitments	21,265,645	22,619,080
	<u>21,277,965</u>	<u>22,631,441</u>

(V) Derivatives Transactions

Derivatives – Contract amount:

Exchange rate & precious metals related derivative contracts	21,705,491	44,825,802
Others	396,365	617,287
	<u>22,101,856</u>	<u>45,443,089</u>

Derivatives assets:

Exchange rate & precious metals related derivative contracts	36,143	85,269
Others	13,655	40,913
	<u>49,798</u>	<u>126,182</u>

Derivatives liabilities:

Exchange rate & precious metals related derivative contracts	97,602	87,256
Others	13,655	40,912
	<u>111,257</u>	<u>128,168</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-19	30-Jun-18
	<u>79.85%</u>	<u>51.24%</u>
Quarterly 3 months average liquidity ratio	30-Jun-19	31-Mar-19
	<u>84.81%</u>	<u>74.89%</u>
		30-Jun-18
		<u>51.64%</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-19 CHF'000	At 31-Dec-18 CHF'000
Shareholders' equity	2,284,888	2,302,709
Capital adequacy ratio	26.10%	26.60%

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

(II) Other financial information	At 30-Jun-19 CHF'000	At 31-Dec-18 CHF'000
Total assets	31,963,012	32,570,774
Total liabilities	29,678,124	30,268,065
Total loans and advances	10,683,313	10,529,287
Total customer deposits	23,569,122	23,137,793
	Year ended At 30-Jun-19 CHF'000	Year ended At 30-Jun-18 CHF'000
Pre-tax profits	109,147	147,447