



UNION BANCAIRE PRIVÉE, UBP SA

HONG KONG BRANCH

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT

AS AT 31 DECEMBER 2018



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 2018.

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 blue ink, appearing to read "Eric Morin", with a stylized flourish at the end.

ERIC MORIN
Chief Executive

24 April 2019

Section A – Branch Information (Hong Kong Branch only)

(I) Profit and Loss Account	31-Dec-18 HKD'000	31-Dec-17 HKD'000
Interest income	319,280	295,247
Interest expense	(133,112)	(129,814)
Net interest income	186,168	165,433
Other operating income		
Fees and commission income	311,590	309,218
Fees and commission expense	(50,810)	(63,660)
Net fees and commission income	260,780	245,558
- Gains less losses arising from trading in foreign currencies	26,215	14,755
- Gains less losses arising from trading in other derivatives	21	45
- Others	-	2
Total Income	473,184	425,793
Operating expenses		
Staff and rental expenses	(322,984)	(296,683)
Intra-group Administration Expenses	(39,946)	(21,086)
Other Expenses	(69,124)	(74,932)
	(432,054)	(392,701)
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	41,130	33,092
Tax expense	6,800	-
Profit / (Loss) after taxation	34,330	33,092

(II) Balance sheet

	31-Dec-18 HKD'000	30-Jun-18 HKD'000
Assets		
Cash & balances with banks (excluded amount due from overseas offices of the institution)	360,948	919,248
Amount due from Exchange Fund	44,354	158
Amount due from overseas offices of the institution	9,654,835	3,057,004
Loan and receivables		
- Loan and advances to customers	10,265,398	9,618,791
- Specific provisions for such loan and advances	-	-
- Loan and advances to banks	-	-
- Accrued interest and other accounts	181,853	194,800
Investment securities	3,288,564	3,919,912
Property, plant and equipment	8,578	3,658
Total assets	<u>23,804,530</u>	<u>17,713,571</u>
Liabilities		
Deposits & balances to banks (excluded amount due to overseas offices of the institution)	1,230,153	1,544,264
Of which: amount payable to other banks from repo	<u>1,160,590</u>	<u>-</u>
Amount due to Exchange Fund	-	-
Deposits from customers	13,361,115	10,549,402
- Demand deposits and current accounts	<u>4,285,387</u>	<u>4,601,754</u>
- Time, call and notice deposits	<u>9,075,728</u>	<u>5,947,648</u>
Amount due to overseas offices of the institution	8,945,560	5,335,112
Other liabilities	267,702	284,793
Total liabilities	<u>23,804,530</u>	<u>17,713,571</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 31 December 2018 and 30 June 2018. Therefore, there were no impairment losses and specific and collective provisions for the year ended 31 December 2018 and 30 June 2018.

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

	31-Dec-18		30-Jun-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	29,047	29,047	28,154	28,154
- Manufacturing	-	-	-	-
- Wholesale and retail trade	-	-	-	-
- Other	2,708,567	2,708,567	2,980,692	2,980,689
	<u>2,737,614</u>	<u>2,737,614</u>	<u>3,008,846</u>	<u>3,008,843</u>
Individuals				
- Loans for the purchase of other residential properties	151,306	151,306	152,008	152,008
- Other	32,955	32,955	127,987	127,987
	<u>184,261</u>	<u>184,261</u>	<u>279,995</u>	<u>279,995</u>
Loans and advances for use in Hong Kong	2,921,875	2,921,875	3,288,841	3,288,838
b) Loans and advances for use outside Hong Kong	7,343,523	7,343,523	6,329,950	6,329,950
Total loans and advances	<u>10,265,398</u>	<u>10,265,398</u>	<u>9,618,791</u>	<u>9,618,788</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	31-Dec-18	30-Jun-18
	HKD'000	HKD'000
British Virgin Islands	5,472,068	4,459,171
Hong Kong	2,921,875	3,288,841
Singapore	785,040	887,996
Others	1,086,415	982,783
	<u>10,265,398</u>	<u>9,618,791</u>

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	7,793
of which Hong Kong	34	-	-	1,264	1,300
of which Singapore	84	-	-	785	869
of which West Indies UK	-	-	-	5,481	5,481

As at 30 Jun 18

<i>Equivalent in millions of HK\$</i>	Banks	Official sector	Non-bank Financial Institutions	Non-financial private sector	Total
Developed Countries	4,249	1,772	297	493	6,811
of which Switzerland	3,712	-	-	-	3,712
of which Japan	-	1,772	78	158	2,008
Offshore Centres	243	-	152	6,932	7,327
of which Hong Kong	3	-	36	1,400	1,439
of which Singapore	239	-	31	888	1,158
of which West Indies UK	-	-	-	4,463	4,463

(III) Additional balance sheet information – continued

5 Currency Risk

As at 31 Dec 18

Equivalent in millions of HK\$

	USD	JPY	NZD	Others	Total
Spot assets	5,161	1,890	89	10,383	17,523
Spot liabilities	(11,126)	(1,828)	(111)	(9,239)	(22,304)
Forward purchases	24,787	1,290	301	3,447	29,825
Forward sales	(18,825)	(1,352)	(279)	(4,590)	(25,046)
Net option position	-	-	-	-	-
Net long (short) position	(3)	0	0	1	(2)
Net structural position	-	-	-	-	-

As at 30 Jun 18

Equivalent in millions of HK\$

	USD	JPY	NZD	Others	Total
Spot assets	4,899	2,612	86	5,179	12,776
Spot liabilities	(8,908)	(263)	(168)	(6,832)	(16,171)
Forward purchases	10,135	627	192	4,185	15,139
Forward sales	(6,139)	(2,972)	(103)	(2,529)	(11,743)
Net option position	-	-	-	-	-
Net long (short) position	(13)	4	7	3	1
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 31 December 2018 and 30 June 2018.

(III) Additional balance sheet information – continued

6. Non-bank mainland china activities

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%		

As at 30 Jun 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	57,997	-	57,997
Total	57,997	-	57,997
Total assets after provision	17,713,571		
On-balance sheet exposures as % of total assets	0.33%		

(IV) Off-balance sheet exposures

	31-Dec-18 HKD'000	30-Jun-18 HKD'000
Contingent liabilities and commitments		
Direct credit substitutes	12,361	12,552
Other commitments	22,619,080	23,593,295
	<u>22,631,441</u>	<u>23,605,847</u>

(V) Derivatives Transactions

Derivatives – Contract amount:

Exchange rate & precious metals related derivative contracts	44,825,802	17,436,954
Others	617,287	1,966,886
	<u>45,443,089</u>	<u>19,403,840</u>

Derivatives assets:

Exchange rate & precious metals related derivative contracts	85,269	69,905
Others	40,913	44,464
	<u>126,182</u>	<u>114,369</u>

Derivatives liabilities:

Exchange rate & precious metals related derivative contracts	87,256	67,836
Others	40,912	44,464
	<u>128,168</u>	<u>112,300</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-18	30-Jun-18
Half yearly 6 months average liquidity ratio	<u>59.17%</u>	<u>51.24%</u>
	31-Dec-18	30-Sep-18
Quarterly 3 months average liquidity ratio	<u>62.19%</u>	<u>56.14%</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 31-Dec-18 CHF'000	At 30-Jun-18 CHF'000
Shareholders' equity	2,302,709	2,215,522
Capital adequacy ratio	26.60%	28.20%

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

(II) Other financial information	At 31-Dec-18 CHF'000	At 30-Jun-18 CHF'000
Total assets	32,570,774	31,116,049
Total liabilities	30,268,065	28,900,527
Total loans and advances	10,529,287	9,743,353
Total customer deposits	23,137,793	22,160,041
	Year ended At 31-Dec-18 CHF'000	Year ended At 31-Dec-17 CHF'000
Pre-tax profits	262,288	275,660