



*UNION BANCAIRE PRIVÉE, UBP SA*

*HONG KONG BRANCH*

*KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT*

*AS AT 30 JUNE 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 period ended 30 June 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

27 September 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 30-Jun-17 CHF'000	At 31-Dec-16 CHF'000
Shareholders' equity	<u>2,124,332</u>	<u>2,094,886</u>
Capital adequacy ratio	<u>26.00%</u>	<u>24.30%</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-17 CHF'000	At 31-Dec-16 CHF'000
Total assets	<u>30,979,422</u>	<u>30,822,952</u>
Total liabilities	<u>28,855,090</u>	<u>28,728,066</u>
Total loans and advances	<u>8,548,454</u>	<u>8,453,643</u>
Total customer deposits	<u>21,452,049</u>	<u>23,746,512</u>
	Period ended 30-Jun-17 CHF'000	Period ended 30-Jun-16 CHF'000
Pre-tax profits	<u>133,920</u>	<u>110,469</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**

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

<b>(I) Profit and loss information</b>	30-Jun-17 HKD'000	09-Apr-16 to 30-Jun-16 HKD'000
Interest income	142,052	70,818
Interest expense	(63,017)	(47,700)
Net interest income	<u>79,035</u>	<u>23,118</u>
Other operating income		
- Fees and commission income	145,139	29,890
- Fees and commission expense	(32,364)	(3,293)
Net fees and commission income	<u>112,775</u>	<u>26,597</u>
Gains less losses arising from trading in foreign currencies	11,306	6,261
Gains less losses arising from trading in other derivatives	(19)	(456)
Others	2	-
Total income	<u>203,099</u>	<u>55,520</u>
Operating expenses		
Staff and rental expenses	(141,696)	(69,035)
Intra-group Administration Expenses	(7,424)	-
Other expenses	(30,336)	(28,562)
	<u>(179,456)</u>	<u>(97,597)</u>
Impairment charges on advances to customers	-	-
Profit/(Loss) before taxation	23,643	(42,077)
Taxation	-	-
Profit/(Loss) after taxation	<u><u>23,643</u></u>	<u><u>(42,077)</u></u>

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

(II) Balance sheet	30-Jun-17 HKD'000	31-Dec-16 HKD'000
<b>Assets</b>		
Cash and balances with banks (except those included in amount due from overseas offices of the institution)	255,106	428,213
Amount due from Exchange Fund	-	3,044
Amount due from overseas offices of the institution	3,609,367	6,581,229
Loan and receivables		
- Loan and advances to customers	8,155,158	7,517,748
- Specific provisions for such loan and advances	-	-
- Loan and advances to banks	-	-
- Accrued interest and other accounts	324,206	377,642
Investment securities	3,695,102	3,554,861
Property, plant and equipment	7,673	10,407
<b>Total assets</b>	<b><u>16,046,612</u></b>	<b><u>18,473,144</u></b>
<b>Liabilities</b>		
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	184,628	14,856
Amount due to Exchange Fund	770	-
Deposits from customers	8,795,986	12,927,693
- Demand deposits and current accounts	6,237,521	10,826,646
- Time, call and notice deposits	2,558,465	2,101,047
Amount due to overseas offices of the institution	6,661,964	5,451,651
Other liabilities	403,264	78,944
<b>Total liabilities</b>	<b><u>16,046,612</u></b>	<b><u>18,473,144</u></b>

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

(IV) Off-balance sheet exposures	30-Jun-17 HKD'000	31-Dec-16 HKD'000
<b>Contingent liabilities and commitments</b>		
Direct credit substitutes	12,771	16,317
Other commitments	20,400,465	17,566,046
	<u>20,413,236</u>	<u>17,582,363</u>
<b>(V) Derivatives Transactions</b>		
<b>Derivatives – Contract amount:</b>		
Exchange rate & precious metals related derivative contracts	15,157,192	12,469,520
Others	4,068,514	711,173
	<u>19,225,706</u>	<u>13,180,693</u>
<b>Derivatives assets:</b>		
Exchange rate & precious metals related derivative contracts	119,798	301,546
Others	136,309	17,715
	<u>256,107</u>	<u>319,261</u>
<b>Derivatives liabilities:</b>		
Exchange rate & precious metals related derivative contracts	118,993	73,809
Others	136,309	17,715
	<u>255,302</u>	<u>91,524</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.		
<b>(VI) Liquidity</b>		
	30-Jun-17	30-Jun-16
Average liquidity ratio for the period	<u>47.86%</u>	<u>47.71%</u>

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(III) **Additional balance sheet information – continued**

**6. Non-bank mainland china activities**

<i>Equivalent in HK\$'000</i>	As at 30 Jun 17		
	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	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
<b>Total</b>	<b>107,283</b>	<b>119</b>	<b>107,402</b>
Total assets after provision	16,046,612		
On-balance sheet exposures as % of total assets	0.67%		
<i>Equivalent in HK\$'000</i>	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	29,209	14	29,223
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
<b>Total</b>	<b>186,828</b>	<b>14</b>	<b>186,842</b>
Total assets after provision	18,473,144		
On-balance sheet exposures as % of total assets	1.01%		

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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 30 June 2017 and 31 December 2016. Therefore, there were no impairment losses and specific and collective provisions for the period ended 30 June 2017 and 31 December 2016.

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

	30-Jun-17		31-Dec-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	48,243	48,243	45,423	45,423
Manufacturing	3	-	4	4
Wholesale and retail trade	7	7	-	-
Other	2,062,327	2,061,363	1,867,775	1,856,748
	<u>2,110,580</u>	<u>2,109,613</u>	<u>1,913,202</u>	<u>1,902,175</u>
Individuals				
Loans for the purchase of other residential properties	153,626	153,626	85,342	85,342
Other	111,257	111,243	42,845	42,775
	<u>264,883</u>	<u>264,869</u>	<u>128,187</u>	<u>128,117</u>
Loans and advances for use in Hong Kong	2,375,463	2,374,482	2,041,389	2,030,292
b) Loans and advances for use outside Hong Kong	5,779,695	5,779,446	5,476,359	5,468,520
<b>Total loans and advances</b>	<u>8,155,158</u>	<u>8,153,928</u>	<u>7,517,748</u>	<u>7,498,812</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	30-Jun-17 HKD'000	31-Dec-16 HKD'000
British Virgin Islands	4,246,012	3,978,992
Hong Kong	2,375,464	2,041,389
Singapore	717,542	732,992
Others	816,140	764,375
	<u>8,155,158</u>	<u>7,517,748</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 17

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>4,764</b>	<b>204</b>	<b>2,081</b>	-	<b>7,049</b>
of which Switzerland	3,966	-	-	-	3,966
<b>Offshore Centres</b>	<b>81</b>	<b>55</b>	<b>6,304</b>	<b>9</b>	<b>6,449</b>
of which Hong Kong	-	-	1,245	9	1,254
of which Singapore	81	-	718	-	799
of which West Indies UK	-	-	4,249	-	4,249

As at 31 Dec 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>7,607</b>	<b>126</b>	<b>1,568</b>	-	<b>9,301</b>
of which Switzerland	6,610	-	-	-	6,610
<b>Offshore Centres</b>	<b>843</b>	<b>55</b>	<b>6,123</b>	-	<b>7,021</b>
of which Hong Kong	388	-	959	-	1,347
of which Singapore	297	-	734	-	1,031
of which West Indies UK	-	-	4,217	-	4,217

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 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	-	-	-	-	-

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	-	-	-	-	-

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 30 June 2017 and 31 December 2016.