

CA INDOSUEZ (SWITZERLAND) SA
HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the year ended 31 December 2017

CA INDOSUEZ (SWITZERLAND) SA

HONG KONG BRANCH

We enclose herewith the disclosure statement for the year ended 31 December 2017, which is prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Antoine CANDIOTTI

Chief Executive

Section A: Hong Kong Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

For the year ended 31 December 2017

	31-Dec-17	31-Dec-16
Interest income	50,881	21,510
Interest expenses	<u>(33,469)</u>	<u>(16,436)</u>
Net interest income	17,412	5,074
Other operating income		
Gain less losses arising from trading in foreign currencies	5,233	4,029
Net fees and commission income	240,400	221,962
- gross fees and commission income	272,299	231,529
- gross fees and commission expenses	<u>(31,899)</u>	<u>(9,567)</u>
Others	<u>(98)</u>	<u>(2,788)</u>
Total income	262,947	228,277
Operating expenses	(255,847)	(207,490)
Staff and rental expenses	(170,712)	(167,619)
Other expenses	<u>(85,135)</u>	<u>(39,871)</u>
Impairment losses and provision for loans and receivables	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	<u>-</u>	<u>-</u>
Profit before taxation	7,100	20,787
Tax expenses	<u>(9,192)</u>	<u>(1,595)</u>
Profit after taxation	<u><u>(2,092)</u></u>	<u><u>19,192</u></u>

II Balance Sheet

(in thousands of Hong Kong Dollars)

	31-Dec-17	30-Jun-17
Assets		
Due from Exchange Fund	1,058,555	996,502
Balances with banks	18,605	19,417
Amount due from overseas offices of the institution	3,829,045	3,552,513
Loans and receivables	1,469,433	1,058,131
Property, plant and equipment and investment properties	5,900	5,973
Total assets	<u>6,381,538</u>	<u>5,632,536</u>
Liabilities		
Deposits and balances from banks	-	-
Deposits from customers		
- demand deposits and current accounts	1,776,421	2,162,546
- time, call and notice deposits	2,319,615	1,560,150
Amount due to overseas offices of the institution	2,209,949	1,828,864
Other liabilities	75,553	80,976
Total liabilities	<u>6,381,538</u>	<u>5,632,536</u>

CA Indosuez (Switzerland) SA, Hong Kong Branch

III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars)

(1) Loans and receivables

	31-Dec-17	30-Jun-17
Loans and advances to customers	1,448,701	1,029,133
Accrued interest and other accounts	20,732	28,998
	<u>1,469,433</u>	<u>1,058,131</u>

No provisions for loans and advances or other exposures of CA Indosuez (Switzerland) SA, Hong Kong Branch have been set aside or maintained at the overseas head office as at 31 December 2017 and 30 June 2017.

(2) Breakdown of gross amount of loans and advances to customers by industry sectors

	31-Dec-17	30-Jun-17
Loans and advances for use in Hong Kong		
Individuals		
- Other	972,681	487,212
Loans and advances for use outside Hong Kong	476,020	541,921
	<u>1,448,701</u>	<u>1,029,133</u>
Breakdown by Secured and Unsecured		
Secured	1,448,701	1,029,133
Unsecured	-	-
	<u>1,448,701</u>	<u>1,029,133</u>

The following breakdown is based on the location of counterparties. Major country or geographical area constitutes 10% or more of the aggregate loans and advances to customers after adjusting transfer of risk as defined by Hong Kong Monetary Authority:

	31-Dec-17	30-Jun-17
Major countries or geographical areas		
British Virgin Islands	140,928	171,333
China	58,760	133,943
Hong Kong	972,681	487,212
Samoa	171,832	174,469
Other	104,500	62,176
	<u>1,448,701</u>	<u>1,029,133</u>

There were no impaired loans, repossessed assets, overdue loans and advances nor rescheduled assets to customers, banks and other financial institutions as at 31 December 2017 and 30 June 2017.

(3) Geographical disclosure of international claims

The geographical disclosure of international claims is based on the location of the counterparty after adjusting risk transfer set out in the HKMA return of "International Banking Statistics" (MA(BS)21).

(in millions of Hong Kong Dollars)

As at 31 Dec 2017

	Bank	Non-bank private sector		Total
		Non-bank financial institution	Non-financial private sector	
Developed countries	3,832	-	44	3,876
<i>of which Switzerland</i>	3,831	-	-	3,831
Offshore centres	6	-	751	757
<i>of which Hong Kong</i>	6	-	436	442
Developing Latin America and Caribbean	-	-	1	1
Developing Asia and Pacific	-	-	119	119
	<u>3,838</u>	<u>-</u>	<u>915</u>	<u>4,753</u>

As at 30 Jun 2017

	Bank	Non-bank private sector		Total
		Non-bank financial institution	Non-financial private sector	
Developed countries	3,561	-	-	3,561
<i>of which Switzerland</i>	3,559	-	-	3,559
Offshore centres	3	-	514	517
<i>of which Hong Kong</i>	3	-	167	170
Developing Latin America and Caribbean	-	-	-	-
Developing Asia and Pacific	-	-	194	194
	<u>3,564</u>	<u>-</u>	<u>708</u>	<u>4,272</u>

(4) Mainland Activities

(in thousands of Hong Kong Dollars)

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
As at 31 Dec 2017			
Type of counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	33,580	-	33,580
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	33,580	-	33,580

Total assets after provisions 6,381,538

On-balance sheet exposures as percentage of total assets 0.53%

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
As at 30 Jun 2017			
Type of counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	120,508	34	120,542
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	9,367	9,367
Total	120,508	9,401	129,909

Total assets after provisions 5,632,536

On-balance sheet exposures as percentage of total assets 2.14%

CA Indosuez (Switzerland) SA, Hong Kong Branch

(5) Currency Risk

(in millions of Hong Kong Dollars)

As at 31 Dec 2017

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	3,350	48	271	319	41	10	10	249	96	50	51	19	4,514
Spot liabilities	3,347	48	271	319	41	10	10	249	96	50	51	19	4,511
Forward purchases	234	137	36	33	-	13	50	25	-	-	4	1	533
Forward sales	235	137	36	33	-	13	50	25	-	-	4	1	534
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	2	-	-	-	-	-	-	-	-	-	-	-	2

As at 30 Jun 2017

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	2,993	40	317	278	26	19	1	120	85	33	42	18	3,972
Spot liabilities	2,991	40	317	278	26	19	1	120	85	33	42	18	3,970
Forward purchases	296	152	27	3	-	12	102	23	2	10	-	9	636
Forward sales	297	152	27	3	-	12	102	23	2	10	-	9	637
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	1	-	-	-	-	-	-	-	-	-	-	-	1

The basis of calculation for the above currency risk is based on the notional value set out in the HKMA return "Foreign Currency Position" (MA(BS)6).

There were no foreign currency net structural positions as at 31 December 2017 and 30 June 2017.

CA Indosuez (Switzerland) SA, Hong Kong Branch

(6) Off-balance sheet exposures

(in thousands of Hong Kong Dollars)

	31-Dec-17	30-Jun-17
Contingent liabilities and commitments		
Direct credit substitutes	37,550	60,324
Other commitments	45,651	59,515
	83,201	119,839
Derivatives - contractual / notional amount		
Exchange rate and gold contracts	666,700	871,989
Others	298,251	305,434
	964,951	1,177,423

	31-Dec-17		30-Jun-17	
	Fair value		Fair value	
	Positive	Negative	Positive	Negative
Exchange rate and gold contracts	2,704	2,605	7,924	8,070
Others	4,957	4,957	4,131	4,131
	7,661	7,562	12,055	12,201

The fair values of the above derivatives do not take into account the effect of bilateral netting arrangement.

(7) Liquidity

	31-Dec-17	31-Dec-16
Average liquidity maintenance ratio ("LMR") for the year	69.29%	67.46%

Average LMR is the arithmetic mean of the average value of the LMR for each calendar month as reported in "Liquidity Position of an Authorized Institution" (MA(BS)1E) submitted for the reporting period.

The Branch manages its liquidity risk in accordance with CA Indosuez Group's (CAI) liquidity risk policy, which is governed by a set of principles approved by the local and group Assets and Liabilities Committee. The Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manual LM-1 and LM-2 for liquidity risk management.

The policy provides a set of guidelines for the Branch to ensure that adequate liquidity is available to meet financial commitments in a timely manner. It also provides a framework for the liquidity risk management under normal and stressed situations, cash flow management and contingency funding plan.

(8) Disclosure on remuneration

Pursuant to section 3 of "Supervisory Policy Manual (CG-5) - Guideline on a Sound Remuneration System" issued by the HKMA, the Branch complies with the requirements and has adopted the remuneration systems of the Head Office. Please refer to CA Indosuez (Switzerland) SA Year 2016 annual report for details.

Section B: Group information (consolidated basis)

(in thousands of Swiss Francs)

Financial highlights of CA Indosuez (Switzerland) SA Group (consolidated basis):

	31-Dec-17	30-Jun-17
Capital and capital adequacy ratio		
Capital adequacy ratio (Note)		
Common Equity Tier 1 capital ratio	13.61%	16.81%
Tier 1 capital ratio	13.61%	16.81%
Total capital ratio	16.86%	21.20%
Total shareholders' equity	1,858,921	1,948,031
Other financial information		
Balance sheet:		
Total assets	18,372,558	16,086,761
Total liabilities	16,731,032	14,463,072
Total loans and advances	9,333,053	6,711,040
Total customer deposits	10,590,498	10,513,518
	31-Dec-17	31-Dec-16
Profit and Loss:		
Profit before income taxes	83,869	126,929

Note:

The capital ratio is computed in accordance with the Swiss Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (Capital Adequacy Ordinance, CAO) of 1 June 2012.