

CA INDOSUEZ (SWITZERLAND) SA
HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the year ended 31 December 2016

CA INDOSUEZ (SWITZERLAND) SA

HONG KONG BRANCH

We enclose herewith the annual disclosure statement for the year ended 31 December 2016, 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 2016

	31-Dec-16	31-Dec-15
Interest income	21,510	15,000
Interest expenses	<u>(16,436)</u>	<u>(10,597)</u>
Net interest income	5,074	4,403
Other operating income		
Gain less losses arising from trading in foreign currencies	4,029	3,661
Net fees and commission income	221,962	204,676
- gross fees and commission income	231,529	210,704
- gross fees and commission expenses	<u>(9,567)</u>	<u>(6,028)</u>
Others	<u>(2,788)</u>	<u>(156)</u>
Total income	228,277	212,584
Operating expenses	(207,490)	(213,191)
Staff and rental expenses	(167,619)	(169,689)
Other expenses	<u>(39,871)</u>	<u>(43,502)</u>
Impairment losses and provision for loans and receivables	-	-
Gains less losses from the disposal of property, plant and equipment and investment properties	-	<u>(486)</u>
Profit / (loss) before taxation	20,787	(1,093)
Tax expenses	<u>(1,595)</u>	<u>(1,365)</u>
Profit / (loss) after taxation	<u>19,192</u>	<u>(2,458)</u>

CA Indosuez (Switzerland) SA, Hong Kong Branch

II Balance Sheet

in thousands of Hong Kong Dollars

	31-Dec-16	30-Jun-16
Assets		
Due from Exchange Fund	1,012,398	768,149
Balances with banks	17,893	61,533
Amount due from overseas offices of the institution	3,440,387	2,537,776
Loans and receivables	644,298	724,366
Property, plant and equipment and investment properties	6,862	7,782
Total assets	<u>5,121,838</u>	<u>4,099,606</u>
Liabilities		
Deposits and balances from banks	-	-
Deposits from customers		
- demand deposits and current accounts	1,933,466	1,744,515
- time, call and notice deposits	1,772,944	1,109,475
Amount due to overseas offices of the institution	1,337,317	1,179,246
Other liabilities	78,111	66,370
Total liabilities	<u>5,121,838</u>	<u>4,099,606</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-16	30-Jun-16
Loans and advances to customers	624,562	691,533
Accrued interest and other accounts	19,736	32,833
	<u>644,298</u>	<u>724,366</u>

No provision 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 2016 and 30 June 2016.

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

	31-Dec-16	30-Jun-16
Loans and advances for use in Hong Kong		
Individuals		
- Other	320,283	390,163
Loans and advances for use outside Hong Kong	304,279	301,370
	<u>624,562</u>	<u>691,533</u>
Breakdown by Secured and Unsecured		
Secured	624,562	691,533
Unsecured	-	-
	<u>624,562</u>	<u>691,533</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-16	30-Jun-16
Major countries or geographical areas		
British Virgin Islands	128,698	168,408
China	98,069	74,636
Hong Kong	320,283	390,162
Others	77,512	58,327
	<u>624,562</u>	<u>691,533</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 2016 and 30 June 2016.

(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).

As at 31 Dec 2016

	Non-bank private sector			Total
	Bank	Non-bank financial institution	Non-financial private sector	
<i>Equivalent in millions of Hong Kong Dollars</i>				
Developed countries	3,445	-	-	3,445
<i>of which Switzerland</i>	3,445	-	-	3,445
Offshore centres	2	-	366	368
<i>of which Hong Kong</i>	2	-	183	185
Developing Asia and Pacific	-	-	121	121
	<u>3,447</u>	<u>-</u>	<u>487</u>	<u>3,934</u>

As at 30 Jun 2016

	Non-bank private sector			Total
	Bank	Non-bank financial institution	Non-financial private sector	
<i>Equivalent in millions of Hong Kong Dollars</i>				
Developed countries	2,547	-	-	2,547
<i>of which Switzerland</i>	2,539	-	-	2,539
Offshore centres	38	-	514	552
<i>of which Hong Kong</i>	38	-	298	336
Developing Asia and Pacific	-	-	86	86
	<u>2,585</u>	<u>-</u>	<u>600</u>	<u>3,185</u>

(4) Mainland Activities

in thousands of Hong Kong Dollars

As at 31 Dec 2016

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
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Type of counterparties

PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs

	62,061	1	62,062
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Total

	62,061	1	62,062
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Total assets after provisions

5,121,838

On-balance sheet exposures as percentage of total assets

1.21%

As at 30 Jun 2016

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
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Type of counterparties

PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs

	45,383	542	45,925
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Total

	45,383	542	45,925
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Total assets after provisions

4,099,606

On-balance sheet exposures as percentage of total assets

1.11%

CA Indosuez (Switzerland) SA, Hong Kong Branch

(5) Currency Risk

Equivalent of millions of Hong Kong Dollars

As at 31 Dec 2016

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	2,920	28	208	178	21	33	202	47	73	9	42	4	3,765
Spot liabilities	2,920	28	208	178	21	33	202	47	73	9	42	4	3,765
Forward purchases	188	7	125	18	-	-	6	5	4	5	-	48	406
Forward sales	188	7	125	18	-	-	6	5	4	5	-	48	406
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	-	-	-	-	-	-	-	-	-	-	-	-	-

As at 30 Jun 2016

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	2,189	159	231	217	40	22	103	48	13	27	25	3	3,077
Spot liabilities	2,189	159	231	217	40	22	103	48	13	27	25	3	3,077
Forward purchases	203	16	158	33	-	2	2	-	-	-	-	40	454
Forward sales	203	16	158	33	-	2	2	-	-	-	-	40	454
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	-	-	-	-	-	-	-	-	-	-	-	-	-

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 2016 and 30 June 2016.

CA Indosuez (Switzerland) SA, Hong Kong Branch

(6) Off-balance sheet exposures

in thousands of Hong Kong Dollars

	31-Dec-16	30-Jun-16
Contingent liabilities and commitments		
Direct credit substitutes	65,515	65,727
Other commitments	31,013	66,351
	96,528	132,078
Derivatives - contractual / notional amount		
Exchange rate and gold contracts	491,261	586,375
Others	178,538	77,232
	669,799	663,607

	31-Dec-16		30-Jun-16	
	Fair value		Fair value	
	Positive	Negative	Positive	Negative
Exchange rate and gold contracts	7,317	7,251	21,028	20,982
Others	527	527	1,041	1,041
	7,844	7,778	22,069	22,023

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

(7) Liquidity

	31-Dec-16	31-Dec-15
Average liquidity maintenance ratio ("LMR") for the year	67.46%	67.40%

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 2015 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-16	30-Jun-16
Capital and capital adequacy		
Capital adequacy ratio (Note)		
Common Equity Tier 1 capital ratio	14.41%	13.22%
Tier 1 capital ratio	14.41%	13.22%
Total capital ratio	18.38%	17.25%
Total shareholders' equity	1,956,680	1,987,177
Other financial information		
Balance sheet:		
Total assets	16,454,379	19,021,224
Total liabilities	14,789,758	17,397,834
Total loans and advances	7,156,463	7,360,077
Total customer deposits	11,998,448	13,265,500
	31-Dec-16	31-Dec-15
Profit and Loss:		
Profit / (loss) before income taxes	126,929	(417,572)

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.