CA INDOSUEZ (SWITZERLAND) SA

HONG KONG BRANCH

Key Financial Information Disclosure Statement

For the Year ended 31 December 2019

CA Indosuez (Switzerland) SA

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Incorporated in Switzerland
with members' limited liability
於瑞士成立的公司, 其成員的
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INDOSUEZ
WEALTH MANAGEMENT
東方匯理財富管理

CA INDOSUEZ (SWITZERLAND) SA

HONG KONG BRANCH

We enclose herewith the disclosure statement for the year ended 31 December 2019, which is prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Arjan DE BOER

Antoine CANDIOTTI

Chief Executive

CA Indosuez (Switzerland) SA, Hong Kong Branch
Incorporated in Switzerland with members' limited liability

Section A: Hong Kong Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

For the year ended 31 December 2019

		31-Dec-19		31-Dec-18
Interest income		180,335		111,968
Interest expenses		(154,619)		(84,256)
Net interest income		25,716		27,712
Other operating income				
Gain less losses arising from trading in foreign currencies		57,513		21,108
Gain less losses arising from trading in other derivatives		(316)		7
Net fees and commission income		302,653		368,312
- gross fees and commission income	365,649		406,085	
- gross fees and commission expenses	(62,996)		(37,773)	
Others		(1,489)		(40)
Total income		384,077		417,099
Operating expenses		(357,233)		(346,111)
Staff and rental expenses	(239,108)		(225,506)	
Other expenses	(118,125)		(120,605)	
Impairment losses and provision for loans and receivables		(51)		4
Gains less losses from the disposal of property, plant and equipment and investment properties		130		-
Profit/(loss) before taxation		26,923		70,992
Tax expenses		(1,498)		(10,051)
Profit/(loss) after taxation		25,425		60,941

CA Indosuez (Switzerland) SA, Hong Kong Branch
Incorporated in Switzerland with members' limited liability

II Balance Sheet

(in thousands of Hong Kong Dollars)

	31-Dec-19	30-Jun-19
Assets		
Due from Exchange Fund	478,362	1,632,907
Balances with banks	16,313	21,235
Amount due from overseas offices of the institution	4,864,937	6,111,844
Loans and receivables	2,095,582	2,286,347
Investment securities	894,759	-
Property, plant and equipment and investment properties	6,620	6,041
Total assets	8,356,573	10,058,374
Liabilities		
Deposits and balances from banks	-	-
Deposits from customers		
- demand deposits and current accounts	1,596,748	1,870,057
- time, call and notice deposits	3,537,606	4,550,553
Amount due to overseas offices of the institution	3,014,276	3,427,324
Other liabilities	207,943	210,440
Total liabilities	8,356,573	10,058,374

III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars)

(1) Loans and receivables

	31-Dec-19	30-Jun-19
Loans and advances to customers	1,984,179	2,158,447
Accrued interest and other accounts	111,554	128,076
Provision for impaired loans and receivables		
- Collective provisions	(151)	(176)
	2,095,582	2,286,347

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 2019 and 30 June 2019.

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

	31-Dec-19	30-Jun-19
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
- Financial concerns	89,692	103,729
- Other	374,155	67,286
Individuals		
- Loans for the purchase of other residential properties	3,399	107,310
- Other	1,084,933	1,377,603
Loans and advances for use outside Hong Kong	432,000	502,519
	1,984,179	2,158,447

Breakdown by Secured and Unsecured		
Secured	1,984,179	2,158,447
Unsecured	-	-
	1,984,179	2,158,447

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:

	30-Jun-19	30-Jun-19
Major countries or geographical areas		
Hong Kong	941,212	1,441,881
Samoa	490,913	203,366
British Virgin Islands	152,667	244,951
Other	399,388	268,249
	1,984,179	2,158,447

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 2019 and 30 June 2019.

(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 2019

	Bank	Official Sector	Non-bank private sector			Total
			Non-bank financial institution	Non-financial private sector	Unallocated	
Developed countries	4,870			50	-	4,920
of which Switzerland	*4,870*			*-*	*-*	*4,870*
Offshore centres	3	895		1,180	*1*	2,079
of which Hong Kong	*3*	*895*		*531*	*1*	*1,430*
Developing Latin America and Caribbean	-		-	-	-	-
Developing Asia and Pacific	-	-	-	346	-	346
	4,873	**895**	**-**	**1,576**	**1**	**7,345**

As at 30 Jun 2019

	Bank	Official Sector	Non-bank private sector			Total
			Non-bank financial institution	Non-financial private sector	Unallocated	
Developed countries	6,119	-	-	40	-	6,159
of which Switzerland	*6,119*	-	-	-	-	*6,119*
Offshore centres	3	-	-	1,118	*2*	1,123
of which Hong Kong	*3*	-	-	*634*	*2*	*639*
of which West Indies UK	-	-	-	*246*	-	*246*
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Asia and Pacific	1	-	-	194	-	195
	6,123	**-**	**-**	**1,352**	**2**	**7,477**

(4) Non-bank Mainland Exposures

(in thousands of Hong Kong Dollars)

As at 31 Dec 2019	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Type of counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	154,405	-	154,405
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	154,405	-	154,405
Total assets after provisions	8,356,573		
On-balance sheet exposures as percentage of total assets	1.85%		

As at 30 Jun 2019	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
Type of counterparties			
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	52,373	1	52,374
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	52,373	1	52,374
Total assets after provisions	10,058,550		
On-balance sheet exposures as percentage of total assets	0.52%		

(5) Currency Risk

(in millions of Hong Kong Dollars)

As at 31 Dec 2019

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	3,665	120	498	794	48	163	169	287	62	90	68	197	6,161
Spot liabilities	3,664	119	498	1,687	48	163	169	287	62	90	68	196	7,051
Forward purchases	189	107	42	934	2	26	21	32	2	26	-	63	1,444
Forward sales	189	107	42	40	2	26	21	32	2	26	-	62	549
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	1	1	-	1	-	-	-	-	-	-	-	2	5

As at 30 Jun 2019

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	4,929	70	491	448	74	43	88	370	104	85	83	389	7,174
Spot liabilities	4,927	70	490	448	74	43	88	370	104	85	83	389	7,171
Forward purchases	291	-	116	45	-	-	52	37	6	12	23	105	687
Forward sales	290	-	108	45	-	-	60	37	6	12	23	105	686
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	3	-	9	-	-	-	(8)	-	-	-	-	-	4

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 2019 and 30 June 2019.

(6) Off-balance sheet exposures

(in thousands of Hong Kong Dollars)

	31-Dec-19	30-Jun-19
Contingent liabilities and commitments		
Direct credit substitutes	171,299	192,483
Other commitments	453,710	204,863
	625,009	397,346
Derivatives - contractual / notional amount		
Exchange rate and gold contracts	11,236,831	5,487,020
Others	717,419	1,032,631
	11,954,250	6,519,651

	31-Dec-19		30-Jun-19	
	Fair value		Fair value	
	Positive	Negative	Positive	Negative
Exchange rate and gold contracts	58,946	62,747	67,783	67,973
Others	6,822	6,822	17,090	17,090
	65,768	69,569	84,873	85,063

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

(7) Liquidity Information

(a) Liquidity maintenance ratio

The Branch complies with the minimum requirement of liquidity maintenance ratio ("LMR") on a daily basis, in accordance with the Banking (Liquidity) Rules.

	For the quarters ended 31-Dec-19	31-Dec-18
Average LMR for the period	61.88%	55.48%

The Liquidity maintenance ratio ("LMR") is prepared in accordance with the Banking (Liquidity) Rules ("BLR") issued by the Hong Kong Monetary Authority ("HKMA"). The average LMR for the quarter is calculated based on the arithmetic mean of the Branch's average LMR for each calendar month in that quarter, as reported in the liquidity position return submitted to the HKMA.

(b) Approach to liquidity risk management

CA Indosuez (Switzerland) SA, Hong Kong Branch ("CAI HK") has primary responsibility for ensuring that it has sufficient funds to meet all its immediate and future payment obligations. The purpose of liquidity risk management is to analyse and monitor on a daily basis the global risk exposure of liquidity by managing the use and the availability of funds.

CAI HK has two sources of liquidity to meet its funding: client deposits and intra-group funding from Head Office. The Branch has no liquidity gap identified at this stage and, as sound and caution management, maintains a liquidity buffer by local clearing accounts (HKD and CNY) sufficient to cover the intraday and potential stress situations.

On a day to day basis, the CA Indosuez (Switzerland) SA's Treasury ("CAI Treasury") runs in centralised manner to formulate the funding strategy, manages the liquidity and funding needs of the Branch.

As a branch, CAI HK has exactly the same liquidity policy as CA Indosuez (Switzerland) SA ("CAI") based on the principles of Credit Agricole Corporate & Investment Bank ("CACIB") liquidity policies. Liquidity stress tests are performed at a consolidated / group level and the liquidity policy is monitored and managed by CAI Asset and liability Committee ("CAI ALCO").

However, the liquidity risk management is reviewed and supervised by CA Indosuez (Switzerland) SA, Hong Kong Branch's Asset and liability Committee ("CAI HK ALCO") held on a quarterly basis.

In the event of a potential or actual crisis, CAI HK has in place a set of liquidity contingency and recovery plans to ensure that decisive actions are taken to ensure that the Branch maintains adequate liquidity.

<u>CAI Hong Kong Asset and liability Committee ("CAI HK ALCO")</u>

CAI HK ALCO is responsible for:

- The monitoring of the correct application of the Assets and Liability Management ("ALM") rules set by CACIB's Finance/ALM function and CAI's Finance/ALM division (including liquidity ;
- The handling of Treasury specific issues;
- The monitoring of local liquidity ratios,
- The development, review, approval, and on-going maintenance of the Recovery Plan for Hong Kong Branch submitted to HKMA

CAI HK ALCO comprises the following permanent members:

- CAI Chief Financial Officer
- CAI Head of ALM
- CAI Head of Capital Markets
- CAI Head of Treasury
- CAI Asia Chief Executive Officer
- CAI Head of RPC Asia
- CAI Hong Kong Chief Executive
- CAI Hong Kong Chief Operating Officer
- CAI Hong Kong Finance Manager

Its duties include reviewing the limits, monitoring all internal and local regulatory ratios relating to liquidity risks. The funding and liquidity risk management policy ("the Policy") is reviewed and approved by the CAI HK ALCO on an annual basis. However, it is likely that the Policy can be adjusted on a more frequent basis as business activity changes in response to a changing regulatory environment. The Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manual LM-1 (Regulatory Framework for Supervision of Liquidity Risk) and LM-2 (Sound Systems and Controls for Liquidity Risk Management).

Once a year if any significant change, CAI HK ALCO ensures the maintenance of the plan and on ad-hoc basis, the change on Recovery Plan components that need to be reflected in the Recovery Plan.

Recovery Plan for CAI Hong Kong

Hong Kong Branch draw on the Recovery Plan developed by CAI which meet HKMA standards required by the SPM RE-1 "Recovery Planning" in respect of their operations in Hong Kong.

Missions related to the Recovery Plan are formalized in the Branch's policy defining the funding and liquidity Risk Management Policy of the Hong Kong Branch:

- To enable CAI Head Office to oversee the development of the Hong Kong specific elements of the recovery plan;
- To decide of the governance and organization required to the definition and the maintenance of the plan by designating the Hong Kong Chief Operating Officer ("HK COO")as key point of contact with HKMA;
- To oversee with the Head Office the maintenance and the annual review of the plan if any significant change;
- To be informed by CAI Head Office of the scope and the content of the plan (options, scenarios, triggers, communication plan, etc.);
- To ensure the Recovery Plan is compliant with HKMA requirement.

If there is any material change in the Recovery Plan, HK COO as key point of contact handle the responsibility to notify the HKMA once the review is completed.

Finally, if any shortfalls and gaps in the Recovery Plan are identified, the Bank will addressed in a timely manner by setting out a remedial plan to lay out the necessary remedial actions along with an indicated timeframe for their necessary completion.

Conclusion

Liquidity limits are established to ensure the Branch maintains appropriate liquidity under both normal and stressed conditions. CAI HK policy is to maintain a conservative level of liquid funds to meet all obligations. As such CAI HK has defined internal liquidity buffers in excess of statutory Liquidity Maintenance Ratio ("LMR") in its policy. Proper escalation and notification processes to report breaches of any liquidity limits are established. CAI Treasury will identify any abnormal mismatch and take the necessary steps to close the gap. In addition, Head Office conducts stress tests on a daily basis on a centralised group basis. As one of the main overseas branches, CAI HK may fully rely on Head Office for liquidity at all times and in the event of any funding crises.

(c) Contractual maturity profile

The table below analyses assets and liabilities based on the remaining period as at the end of the reporting period to the contractual maturity dates:

31 December 2019

in HK$ millions	Next day	Less than 1 month	up to 3 months	Over 3 month up to 1 year	Over 1 year	Unallocated	Total
Assets							
- Due from bank	1,827	2,943	439	157	-	-	5,366
- Debt securities held							
(a) readily monetarizable							895
(b) not readily monetarizable							-
- Loans and advances to customers	61	1,202	404	310	11	-	1,988
Amount receivable arising from - derivative contracts	7	46	16	2	-	-	71
- Others	-	16	-	-	-	21	37
Total assets	**1,895**	**4,207**	**859**	**469**	**11**	**21**	**8,357**
Liabilities							
- Due to banks	8	1,395	918	695	-	-	3,016
- Deposits from customers	1,613	2,938	439	149	-	-	5,139
Amount payable arising from derivative - contracts	10	46	16	2	-	-	74
- Others	-	10	42	11	34	31	128
Total liabilities	**1,631**	**4,389**	**1,415**	**857**	**34**	**31**	**8,357**
Contingent and commitments							
- Commitments	171	-	-	-	-	-	171
- Contingent liabilities	-	454	-	-	-	-	454
Net liquidity mismatch	**93**	**(636)**	**(556)**	**(388)**	**(23)**	**(10)**	**(625)**
Cumulative liquidity mismatch	**93**	**(543)**	**(1,099)**	**(1,487)**	**(1,510)**	**(1,520)**	**(2,145)**

30 June 2019

in HK$ millions	Next day	Less than 1 month	Over 1 month up to 3	Over 3 month up to 1 year	Over 1 year	Unallocated	Total
Assets							
- Due from bank	3,921	2,149	1,476	229	-	-	7,775
- Debt securities held							
(a) readily monetarizable							-
(b) not readily monetarizable							-
- Loans and advances to customers	386	1,082	415	256	22	-	2,161
Amount receivable arising from - derivative contracts	5	38	33	10	-	-	86
- Others	-	2	-	-	-	34	36
Total assets	**4,312**	**3,271**	**1,924**	**495**	**22**	**34**	**10,058**
Liabilities							
- Due to banks	142	2,595	454	238	-	-	3,429
- Deposits from customers	2,591	2,131	1,476	229	-	-	6,427
Amount payable arising from derivative - contracts	5	38	33	10	-	-	86
- Others	-	-	9	1	-	106	116
Total liabilities	**2,738**	**4,764**	**1,972**	**478**	**-**	**106**	**10,058**
Contingent and commitments							
- Commitments	192	-	-	-	-	-	192
- Contingent liabilities	-	205	-	-	-	-	205
Net liquidity mismatch	**1,382**	**(1,698)**	**(48)**	**17**	**22**	**(72)**	**(397)**
Cumulative liquidity mismatch	**1,382**	**(316)**	**(364)**	**(347)**	**(325)**	**(397)**	**(794)**

Note: Positive indicates a position of liquidity surplus and negative indicates a liquidity shortfall that has to be funded.

Liquidity disclosures as required by the Banking (Disclosure) Rules are available on our website:

https://www.ca-indosuez.com/hongkong/en/indosuez-in-hong-kong

(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 2018 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-19	30-Jun-19
Capital and capital adequacy ratio		
Capital adequacy ratio (Note)		
Common Equity Tier 1 capital ratio	15.73%	15.52%
Tier 1 capital ratio	15.73%	15.52%
Total capital ratio	19.07%	18.82%
Total shareholders' equity	1,885,912	1,885,226
Other financial information		
Balance sheet:		
Total assets	16,998,970	17,452,689
Total liabilities	15,375,210	15,821,898
Total loans and advances	9,540,768	9,195,368
Total customer deposits	9,194,931	9,958,234

	31-Dec-19	31-Dec-18
Profit and Loss:		
Profit before income taxes	49,206	82,227

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.