

CA INDOSUEZ (SWITZERLAND) SA
HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the six months ended 30 June 2017

CA INDOSUEZ (SWITZERLAND) SA

HONG KONG BRANCH

We enclose herewith the disclosure statement for the six months ended 30 June 2017, which is prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

Antoine CANDIOTTI

Chief Executive

CA Indosuez (Switzerland) SA, Hong Kong Branch

Section A: Hong Kong Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

For the six months ended 30 June 2017

	30-Jun-17	30-Jun-16
Interest income	19,699	8,965
Interest expenses	<u>(15,426)</u>	<u>(6,309)</u>
Net interest income	4,273	2,656
Other operating income		
Gain less losses arising from trading in foreign currencies	2,535	2,152
Net fees and commission income	109,006	116,608
- gross fees and commission income	116,280	121,096
- gross fees and commission expenses	<u>(7,274)</u>	<u>(4,488)</u>
Others	<u>(74)</u>	<u>(2,630)</u>
Total income	115,740	118,786
Operating expenses	(105,140)	(108,672)
Staff and rental expenses	(80,680)	(88,482)
Other expenses	<u>(24,460)</u>	<u>(20,190)</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	10,600	10,114
Tax expenses	<u>(1,706)</u>	<u>(2,070)</u>
Profit after taxation	<u>8,894</u>	<u>8,044</u>

CA Indosuez (Switzerland) SA, Hong Kong Branch

II Balance Sheet

(in thousands of Hong Kong Dollars)

	30-Jun-17	31-Dec-16
Assets		
Due from Exchange Fund	996,502	1,012,398
Balances with banks	19,417	17,893
Amount due from overseas offices of the institution	3,552,513	3,440,387
Loans and receivables	1,058,131	644,298
Property, plant and equipment and investment properties	5,973	6,862
Total assets	<u>5,632,536</u>	<u>5,121,838</u>
Liabilities		
Deposits and balances from banks	-	-
Deposits from customers		
- demand deposits and current accounts	2,162,546	1,933,466
- time, call and notice deposits	1,560,150	1,772,944
Amount due to overseas offices of the institution	1,828,864	1,337,317
Other liabilities	80,976	78,111
Total liabilities	<u>5,632,536</u>	<u>5,121,838</u>

CA Indosuez (Switzerland) SA, Hong Kong Branch

III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars)

(1) Loans and receivables

	30-Jun-17	31-Dec-16
Loans and advances to customers	1,029,133	624,562
Accrued interest and other accounts	28,998	19,736
	<u>1,058,131</u>	<u>644,298</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 30 June 2017 and 31 December 2016.

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

	30-Jun-17	31-Dec-16
Loans and advances for use in Hong Kong		
Individuals		
- Other	487,212	320,283
Loans and advances for use outside Hong Kong	541,921	304,279
	<u>1,029,133</u>	<u>624,562</u>
Breakdown by Secured and Unsecured		
Secured	1,029,133	624,562
Unsecured	-	-
	<u>1,029,133</u>	<u>624,562</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:

	30-Jun-17	31-Dec-16
Major countries or geographical areas		
British Virgin Islands	171,333	128,698
China	133,943	98,069
Hong Kong	487,212	320,283
Samoa	174,469	51,057
Others	62,176	26,455
	<u>1,029,133</u>	<u>624,562</u>

There were no impaired loans, repossessed assets, overdue loans and advances nor rescheduled assets to customers, banks and other financial institutions as at 30 June 2017 and 31 December 2016.

CA Indosuez (Switzerland) SA, Hong Kong Branch

(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 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 Asia and Pacific	-	-	194	194
	3,564	-	708	4,272

As at 31 Dec 2016

	Bank	Non-bank private sector		Total
		Non-bank financial institution	Non-financial private sector	
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
	3,447	-	487	3,934

(4) Mainland Activities

(in thousands of Hong Kong Dollars)

	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%

	On-balance sheet exposures	Off-balance sheet exposures	Total exposures
As at 31 Dec 2016			
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
Total	62,061	1	62,062

Total assets after provisions 5,121,838

On-balance sheet exposures as percentage of total assets 1.21%

CA Indosuez (Switzerland) SA, Hong Kong Branch

(5) Currency Risk

(in millions of Hong Kong Dollars)

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

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	-	-	-	-	-	-	-	-	-	-	-	-	-

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 30 June 2017 and 31 December 2016.

CA Indosuez (Switzerland) SA, Hong Kong Branch

(6) Off-balance sheet exposures

(in thousands of Hong Kong Dollars)

	30-Jun-17	31-Dec-16
Contingent liabilities and commitments		
Direct credit substitutes	60,324	65,515
Other commitments	59,515	31,013
	119,839	96,528
Derivatives - contractual / notional amount		
Exchange rate and gold contracts	871,989	491,261
Others	305,434	178,538
	1,177,423	669,799

	30-Jun-17		31-Dec-16	
	Fair value		Fair value	
	Positive	Negative	Positive	Negative
Exchange rate and gold contracts	7,924	8,070	7,317	7,251
Others	4,131	4,131	527	527
	12,055	12,201	7,844	7,778

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

(7) Liquidity

	30-Jun-17	30-Jun-16
Average liquidity maintenance ratio ("LMR") for the period from Jan to Jun	72.20%	63.99%

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):

	30-Jun-17	31-Dec-16
Capital and capital adequacy ratio		
Capital adequacy ratio (Note)		
Common Equity Tier 1 capital ratio	16.81%	14.41%
Tier 1 capital ratio	16.81%	14.41%
Total capital ratio	21.20%	18.38%
Total shareholders' equity	1,948,031	1,956,680
Other financial information		
Balance sheet:		
Total assets	16,086,761	16,454,379
Total liabilities	14,463,072	14,789,758
Total loans and advances	6,711,040	7,156,463
Total customer deposits	10,513,518	11,998,448
	30-Jun-17	30-Jun-16
Profit and Loss:		
Profit before income taxes	40,068	52,522

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.