

CA INDOSUEZ (SWITZERLAND) SA
HONG KONG BRANCH

Key Financial Information Disclosure Statement
For the Year ended 31 December 2020

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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CA INDOSUEZ (SWITZERLAND) SA

HONG KONG BRANCH

We enclose herewith the disclosure statement for the year ended 31 December 2020, which is prepared under the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance.

A handwritten signature in black ink, appearing to read 'Olivier Livenais', is written over a faint, light-colored oval-shaped background.

Olivier LIVENAIS

Chief Executive

CA Indosuez (Switzerland) SA, Hong Kong Branch
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Section A: Hong Kong Branch Information

I Income Statement Information

(in thousands of Hong Kong Dollars)

For the year ended 31 December 2020

	31-Dec-20	31-Dec-19
Interest income	85,060	180,335
Interest expenses	<u>(47,680)</u>	<u>(154,619)</u>
Net interest income	37,380	25,716
Other operating income		
Gain less losses arising from trading in foreign currencies	56,269	57,513
Gain less losses arising from trading in other derivatives	-	(316)
Net fees and commission income	251,839	302,653
- gross fees and commission income	307,085	365,649
- gross fees and commission expenses	<u>(55,246)</u>	<u>(62,996)</u>
Others	<u>(321)</u>	<u>(1,489)</u>
Total income	345,167	384,077
Operating expenses	(321,183)	(357,233)
Staff and rental expenses	(208,091)	(239,108)
Other expenses	<u>(113,092)</u>	<u>(118,125)</u>
Impairment losses and provision for loans and receivables	(3)	(51)
Gains less losses from the disposal of property, plant and equipment and investment properties	-	130
Profit/(loss) before taxation	23,981	26,923
Tax expenses	<u>(4,617)</u>	<u>(1,498)</u>
Profit/(loss) after taxation	<u>19,364</u>	<u>25,425</u>

II Balance Sheet

(in thousands of Hong Kong Dollars)

	31-Dec-20	30-Jun-20
Assets		
Due from Exchange Fund	998,116	917,966
Balances with banks	15,104	17,673
Amount due from overseas offices of the institution	5,496,796	4,936,797
Loans and receivables	2,628,175	2,290,410
Investment securities	619,907	472,155
Property, plant and equipment and investment properties	4,036	5,615
Total assets	<u>9,762,134</u>	<u>8,640,616</u>
Liabilities		
Deposits and balances from banks	-	-
Deposits from customers		
- demand deposits and current accounts	5,041,015	3,071,064
- time, call and notice deposits	895,471	2,049,332
Amount due to overseas offices of the institution	3,487,459	3,328,966
Other liabilities	338,189	191,254
Total liabilities	<u>9,762,134</u>	<u>8,640,616</u>

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III Additional Balance Sheet Information

(in thousands of Hong Kong Dollars)

(1) Loans and receivables

	31-Dec-20	30-Jun-20
Loans and advances to customers	2,366,528	2,136,592
Accrued interest and other accounts	261,803	154,037
Provision for impaired loans and receivables		
- Collective provisions	(156)	(219)
	<u>2,628,175</u>	<u>2,290,410</u>

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

	31-Dec-20	30-Jun-20
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
- Financial concerns	71,013	65,027
- Other	492,986	375,643
Individuals		
- Loans for the purchase of other residential properties	10,053	9,364
- Other	1,370,552	1,288,337
Loans and advances for use outside Hong Kong	<u>421,924</u>	<u>398,221</u>
	<u>2,366,528</u>	<u>2,136,592</u>
Breakdown by Secured and Unsecured		
Secured	2,366,528	2,136,592
Unsecured	-	-
	<u>2,366,528</u>	<u>2,136,592</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-20	30-Jun-20
Major countries or geographical areas		
Hong Kong	910,746	855,051
Samoa	448,595	512,425
British Virgin Islands	315,409	278,685
Other	691,778	490,431
	<u>2,366,528</u>	<u>2,136,592</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 2020 and 30 June 2020



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(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 2020

	Bank	Official Sector	Non-bank private sector			Total
			Non-bank financial institution	Non-financial private sector	Unallocated	
Developed countries	405			54	-	459
<i>of which Switzerland</i>	405			-	-	405
Offshore centres	5,096	620		1,505	-	7,221
<i>of which Hong Kong</i>	2	620		616	-	1,238
Developing Latin America and Caribbean	-		-	-	-	-
Developing Asia and Pacific	-	-	-	515	-	515
	5,501	620	-	2,074	-	8,195

As at 30 Jun 2020

	Bank	Official Sector	Non-bank private sector			Total
			Non-bank financial institution	Non-financial private sector	Unallocated	
Developed countries	4,926	-	-	48	-	4,974
<i>of which Switzerland</i>	4,926	-	-	-	-	4,926
Offshore centres	15	472	-	1,548	-	2,035
<i>of which Hong Kong</i>	2	472	-	623	-	1,097
Developing Latin America and Caribbean	-	-	-	-	-	-
Developing Asia and Pacific	-	-	-	311	-	311
	4,941	472	-	1,907	-	7,320



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(4) Non-bank Mainland Exposures

(in thousands of Hong Kong Dollars)

As at 31 Dec 2020	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	156,937	-	156,937
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	156,937	-	156,937
Total assets after provisions	9,763,134		
On-balance sheet exposures as percentage of total assets	1.61%		
As at 30 Jun 2020	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	152,023	-	152,023
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	152,023	-	152,023
Total assets after provisions	8,640,616		
On-balance sheet exposures as percentage of total assets	1.76%		

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(5) Currency Risk

(in millions of Hong Kong Dollars)

As at 31 Dec 2020

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	4,940	185	367	705	49	179	196	287	111	72	88	283	7,462
Spot liabilities	4,938	185	367	705	49	179	196	287	111	72	88	282	7,459
Forward purchases	702	109	62	45	8	-	22	72	6	79	6	75	1,186
Forward sales	703	109	63	45	8	-	22	72	6	79	6	75	1,188
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	1	-	(1)	-	-	-	-	-	-	-	-	1	1

As at 30 Jun 2020

	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	NZD	GOL	Others	Total
Spot assets	4,124	77	513	620	109	210	188	315	107	151	61	54	6,529
Spot liabilities	4,124	77	513	1,088	109	210	188	315	107	151	61	53	6,996
Forward purchases	1,900	51	14	582	1,399	-	40	27	-	26	14	121	4,174
Forward sales	1,891	51	14	114	1,399	-	40	27	-	26	22	121	3,705
Net option position	-	-	-	-	-	-	-	-	-	-	-	-	-
Net long (or net short) position	9	-	-	-	-	-	-	-	-	-	(8)	1	2

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 2020 and 30 June 2020

(6) Off-balance sheet exposures

(in thousands of Hong Kong Dollars)

	31-Dec-20	30-Jun-20
Contingent liabilities and commitments		
Direct credit substitutes	-	170,511
Other commitments	513,841	437,640
	<u>513,841</u>	<u>608,151</u>
Derivatives - contractual / notional amount		
Exchange rate and gold contracts	13,181,569	14,769,441
Others	867,440	562,652
	<u>14,049,009</u>	<u>15,332,093</u>

	31-Dec-20		30-Jun-20	
	Fair value		Fair value	
	Positive	Negative	Positive	Negative
Exchange rate and gold contracts	63,945	62,008	80,956	79,165
Others	53,244	52,777	232,724	231,542
	<u>117,189</u>	<u>114,785</u>	<u>313,680</u>	<u>310,707</u>

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-20	31-Dec-19
Average LMR for the period	58.07%	61.88%

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.



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(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.

CAI Hong Kong Asset and liability Committee ("CAI HK ALCO")

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

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



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(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 2020							
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	5,592	717	142	62	-	-	6,513
- Debt securities held							
(a) readily monetarizable							620
(b) not readily monetarizable							-
- Loans and advances to customers Amount receivable arising from	371	1,268	504	183	42	-	2,368
- derivative contracts	10	226	-	-	-	-	236
- Others	-	3	-	6	-	16	25
Total assets	5,973	2,214	646	251	42	16	9,762
Liabilities							
- Due to banks	20	689	306	2,473	-	-	3,488
- Deposits from customers	5,043	660	81	154	-	-	5,938
Amount payable arising from derivative							
- contracts	11	226	-	-	-	-	237
- Others	-	4	42	29	3	21	99
Total liabilities	5,074	1,579	429	2,656	3	21	9,762
Contingent and commitments							
- Commitments	-	-	-	-	-	-	-
- Contingent liabilities	-	514	-	-	-	-	514
Net liquidity mismatch	899	121	217	(2,405)	39	(5)	(514)
Cumulative liquidity mismatch	899	1,020	1,237	(1,168)	(1,129)	(1,134)	(1,648)
30 June 2020							
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	3,841	1,340	547	148	-	-	5,876
- Debt securities held							
(a) readily monetarizable							472
(b) not readily monetarizable							-
- Loans and advances to customers Amount receivable arising from	413	1,152	363	184	27	-	2,139
- derivative contracts	9	49	24	18	-	-	100
- Others	14	3	-	-	12	24	53
Total assets	4,277	2,544	934	350	39	24	8,640
Liabilities							
- Due to banks	1,110	1,151	851	217	-	-	3,329
- Deposits from customers	3,114	1,339	546	124	-	-	5,123
Amount payable arising from derivative							
- contracts	12	49	24	18	-	-	103
- Others	-	-	10	38	10	27	85
Total liabilities	4,236	2,539	1,431	397	10	27	8,640
Contingent and commitments							
- Commitments	171	-	-	-	-	-	171
- Contingent liabilities	-	438	-	-	-	-	438
Net liquidity mismatch	(130)	(433)	(497)	(47)	29	(3)	(609)
Cumulative liquidity mismatch	(130)	(563)	(1,060)	(1,107)	(1,078)	(1,081)	(1,690)



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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 2020 annual report for details.



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Section B: Group information (consolidated basis)

(in thousands of Swiss Francs)

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

	31-Dec-20	30-Jun-20
Capital and capital adequacy ratio		
Capital adequacy ratio (Note)		
Common Equity Tier 1 capital ratio	17.56%	17.34%
Tier 1 capital ratio	17.56%	17.34%
Total capital ratio	21.35%	21.02%
Total shareholders' equity	1,862,425	1,890,264
Other financial information		
Balance sheet:		
Total assets	16,063,563	16,510,943
Total liabilities	14,493,632	14,887,613
Total loans and advances	8,448,946	7,854,669
Total customer deposits	10,331,378	10,595,813
	31-Dec-20	30-Jun-20
Profit and Loss:		
Profit/ (loss) before income taxes	(21,640)	42,883

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.