



*COUTTS & CO LTD, HONG KONG BRANCH*

*KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT*

*AS AT 30 JUNE 2019*



COUTTS & CO LTD

HONG KONG BRANCH

*We are pleased to enclose the Key Financial Information Disclosure Statement (the "Disclosure Statement") relating to Coutts & Co Ltd, Hong Kong Branch ("the Branch") for the period ended 30 June 2019.*

*This Disclosure Statement was prepared in accordance with Banking Ordinance CAP 155M Banking (Disclosure) Rules and Supervisory Policy Manual (CA-D-1) Guideline on the application of the Banking (Disclosure) Rules by Hong Kong Monetary Authority.*

*The Disclosure Statement has been compiled from the books and records of the Branch. During the reporting period, there was no contravention of rules made under section 60A (1) in the return relating to Certificate of Compliance with the Banking Ordinance (MA(BS)IF (a) and (b)).*

*Martin Thurnham  
Chief Executive*

*12 September 2019*

*Coutts & Co Ltd*  
*Hong Kong Branch*  
*Section A – Branch Information (Hong Kong Branch only)*

(1) Profit and loss information

	30-Jun-19 HKD'000	30-Jun-18 HKD'000
Interest income	-	-
Interest expense	(223)	(90)
Net interest income	<u>(223)</u>	<u>(90)</u>
Other operating income		
- Fees and commission income	(180)	185
- Fees and commission expense	-	-
Net fees and commission income	<u>(180)</u>	<u>185</u>
Gains less losses arising from trading in foreign currencies	(4)	(56)
Gains less losses arising from trading in other derivatives	-	-
Others	-	1,463
Total income	<u>(407)</u>	<u>1,502</u>
Operating expenses		
Staff and rental expenses	(8,748)	(11,407)
Intra-group Administration Expenses	-	-
Loss on sale of fixed assets	-	-
Other expenses	<u>(2,774)</u>	<u>(1,818)</u>
	<u>(11,522)</u>	<u>(13,225)</u>
Impairment charges on advances to customers	-	-
Loss before taxation	(11,929)	(11,723)
Taxation	-	-
Loss after taxation	<u><u>(11,929)</u></u>	<u><u>(11,723)</u></u>

**Coutts & Co Ltd**  
**Hong Kong Branch**

(II) **Balance sheet**

	30-Jun-19 HKD'000	31-Dec-18 HKD'000
<b>Assets</b>		
Cash and balances with banks (except those included in amount due from overseas offices of the institution)	63,405	59,912
Amount due from Exchange Fund	12,614	12,665
Placements with banks which have a residual contractual maturity of more than one month but not more than twelve months	-	-
Amount due from overseas offices of the institution	-	-
Loan and receivables		
- Loan and advances to customers	-	-
- Specific provisions for such loan and advances	-	-
- Loan and advances to banks	-	-
- Accrued interest and other accounts	1,351	1,260
Investment securities	-	-
Property, plant and equipment	-	-
<b>Total assets</b>	<b>77,370</b>	<b>73,837</b>
<b>Liabilities</b>	<b>HKD'000</b>	<b>HKD'000</b>
Deposits and balances from banks (except those included in amount due to overseas offices of the institution)	20,000	20,000
Amount due to Exchange Fund	-	-
Deposits from customers	50,276	50,337
- Savings deposits	50,276	50,337
- Time, call and notice deposits	-	-
Amount due to overseas offices of the institution	(11,929)	(16,846)
Other liabilities	19,023	20,346
<b>Total liabilities</b>	<b>77,370</b>	<b>73,837</b>

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(III) Additional balance sheet information

1. Loans and advances and other accounts	30-Jun-19 HKD'000	31-Dec-18 HKD'000
Gross impaired loans and advances to customers	-	-
Amount of specific provisions made for such loans and advances	-	-
Value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	-	-
Percentage of such loans and advances to total advances to customers	0%	0%
Impaired loans and advances breakdown by geographical area		
- Singapore	-	-

There were no repossessed assets, and no reschedule loans and advances to banks and customers as at 30 June 2019 or 31 December 2018.

2. Analysis of gross amount of loans and advances to customers by industry

	30-Jun-19		31-Dec-18	
	HKD'000	Covered by collateral HKD'000	HKD'000	Covered by collateral HKD'000
a) Loans and advances for use in Hong Kong				
Industrial, commercial and financial sectors				
Property investment	-	-	-	-
Other	-	-	-	-
	-	-	-	-

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**(III) Additional balance sheet information – continued**

	30-Jun-19		31-Dec-18	
	HKD'000	Covered by collateral HKD'000	HKD'000	Covered by collateral HKD'000
Individuals				
Loans for the purchase of other residential properties	-	-	-	-
Other	-	-	-	-
	-	-	-	-
b) Loans and advances for use in Hong Kong	-	-	-	-
Loans and advances for use outside Hong Kong	-	-	-	-
<b>Total loans and advances to customers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The above sectoral analysis has been classified according to the usage of loans and advances based on categories and definition used by the Hong Kong Monetary Authority.

**3. Analysis of gross amount of loans and advances to customers by geographical concentration**

Countries	30-Jun-19 HKD'000	31-Dec-18 HKD'000
British Virgin Islands	-	-
Hong Kong	-	-
Singapore	-	-
Others	-	-
	-	-
	-	-

The analysis above is based on the location of the counterparty after adjusting transfer of risk as defined by Hong Kong Monetary Authority.

(III) Additional balance sheet information – continued

4 Geographical disclosure of cross-border claims by types of counterparties

As at 30 Jun 19

<i>Equivalent in millions of HK\$</i>	Non-Bank Private Sector				Total
	Banks	Non-bank Financial Institutions	Non-financial Private Sector	Others	
<b>Developed Countries</b>	<b>25</b>	-	-	-	<b>25</b>
of which United Kingdom	25	-	-	-	25
<b>Offshore Centres</b>	<b>19</b>	-	-	-	<b>19</b>
of which Singapore	-	-	-	-	-

As at 31 Dec 18

<i>Equivalent in millions of HK\$</i>	Non-Bank Private Sector				Total
	Banks	Non-bank Financial Institutions	Non-financial Private Sector	Others	
<b>Developed Countries</b>	<b>21</b>	-	-	-	<b>21</b>
of which United Kingdom	21	-	-	-	21
<b>Offshore Centres</b>	<b>18</b>	-	-	-	<b>18</b>
of which Singapore	-	-	-	-	-

The above geographical disclosure of cross-border claims (excluding claims arising between branches) is based on the location of the counterparty after adjusting transfer of risk set out in the return "International Banking Statistics" (MA(BS)21).

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(III) Additional balance sheet information – continued

5. Currency Risk

**As at 30 Jun 19**

<i>Equivalent in millions of HK\$</i>	USD	CNY	SGD	CHF	Others	Total
Spot assets	23	17	-	8	-	48
Spot liabilities	(21)	(17)	-	(10)	-	(48)
Forward purchases	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-
Net option position	-	-	-	-	-	-
Net long (short) position	2	-	-	-2	-	0
Net structural position	-	-	-	-	-	-

**As at 31 Dec 18**

<i>Equivalent in millions of HK\$</i>	USD	CNY	SGD	CHF	Others	Total
Spot assets	23	17	-	-	-	40
Spot liabilities	(21)	(16)	-	(3)	-	(40)
Forward purchases	-	-	-	-	-	-
Forward sales	-	-	-	-	-	-
Net option position	-	-	-	-	-	-
Net long (short) position	2	1	-	-3	-	0
Net structural position	-	-	-	-	-	-

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

6. Non-bank China exposures

<i>Equivalent in millions of HK\$</i>	As at 30 Jun 19			As at 31 Dec 18		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-	-	-	-
Other Counterparties where the exposures are considered by the reporting institution to be non-bank China exposure	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total assets after provision	77			74		
On-balance sheet exposures as % of total assets	0%			0%		



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(IV)	<b>Off-balance sheet exposures</b>	<u>30-Jun-19</u> HKD'000	<u>31-Dec-18</u> HKD'000
	<b>Contingent liabilities and commitments</b>		
	Direct credit substitutes	-	-
	Other commitments	-	-
		<u>-</u>	<u>-</u>
(V)	<b>Derivatives Transactions</b>		
	<b>Derivatives – Contract amount:</b>		
	Exchange rate & precious metals related derivative contracts	-	-
	Others	-	-
		<u>-</u>	<u>-</u>
	<b>Derivatives assets:</b>		
	Exchange rate & precious metals related derivative contracts	-	-
	Others	-	-
		<u>-</u>	<u>-</u>
	<b>Derivatives liabilities:</b>		
	Exchange rate & precious metals related derivative contracts	-	-
	Others	-	-
		<u>-</u>	<u>-</u>

The above derivatives assets and liabilities, being the positive or negative marked-to-market value of the respective derivative contracts, represent gross replacement costs, as none of these contracts are subject to any bilateral netting arrangements.

(VI)	<b>Liquidity</b>	Quarter ended 30-Jun-19	Quarter ended 31-Mar-19	Quarter ended 30-Jun-18
	Average liquidity maintenance ratio for the quarter	<u>192.99%</u>	<u>135.07%</u>	<u>137.66%</u>

The average Liquidity Maintenance Ratio (“LMR”) reported is the arithmetic mean of the average value of its LMR reported in its liquidity position return for each month during the quarter.

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**(VI) Liquidity - continued**

Coutts & Co Ltd, Hong Kong Branch manages its liquidity risk in accordance to the Branch's and Head Office's Liquidity Policy, which is governed by a set of principles approved by Assets and Liabilities Committee. The policy provides a set of guidelines for the prudent management of liquidity in the normal course of business. The Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manual LM-2, Sound Systems and Controls for Liquidity Risk Management.

Specifically the liquidity policy sets out: 1) Governance; definition of ownership for the Branch's Liquidity Risk Management Framework. 2) Contingency Funding Plans; identification, monitoring and testing of contingent sources of liquidity and specification of procedures for exacting plans if circumstances require. 3) Risk Tolerance, Measurement and Monitoring; definition of the Branch's risk tolerance through metrics and limits for measuring, monitoring and managing liquidity risks. 4) Funding Plans; forecasting the Branch's funding and liquidity requirements during the normal course of business.

**(VII) Disclosure on Remuneration**

Pursuant to section 3 of Supervisory Policy Manual (CG-5) Guideline on a Sound Remuneration System issued by the HKMA, Coutts & Co Ltd, Hong Kong Branch complies with the requirements and has adopted the remuneration system of the parent company.

The remuneration of members of the key management during the financial period is as follows:

	HKD'000
Fixed remuneration	2,460
Variable remuneration – cash based	1,111
Share-based payments	809
Number of beneficiaries	2

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***Section B – Bank Information (Consolidated basis)***

The following information relates to Coutts & Co Ltd, ultimately a wholly owned subsidiary of The Royal Bank of Scotland Group plc.

<b>(I) Capital and capital adequacy</b>	At 30-Jun-19 CHF'000	At 31-Dec-18 CHF'000
Shareholders' equity	<u>545,033</u>	<u>545,360</u>
Capital adequacy ratio	<u>230.70%</u>	<u>198.80%</u>

The capital adequacy ratio is computed in accordance with the Basel Capital Accord and incorporates market risk.

<b>(II) Other financial information</b>	At 30-Jun-19 CHF'000	At 31-Dec-18 CHF'000
Total assets	<u>664,300</u>	<u>681,243</u>
Total liabilities	<u>664,300</u>	<u>681,243</u>
Total loans and advances	<u>15,452</u>	<u>22,667</u>
Total customer deposits	<u>6,451</u>	<u>7,016</u>
	Six Months ended 30-Jun-19 CHF'000	Six Months ended 30-Jun-18 CHF'000
Pre-tax profit/(loss)	<u>188</u>	<u>91</u>