

Bank J. Safra Sarasin Ltd

Hong Kong Branch

Key Financial Information Disclosure Statement

As at 30 June 2017

Bank J. Safra Sarasin Ltd
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Bank J. Safra Sarasin Ltd
Hong Kong Branch
Profit & Loss Account
For The Half Year Ended 30 June 2017

		6 months ended 30 Jun 2017	6 months ended 30 Jun 2016
	Notes	HKD'000	HKD'000
Interest income		86,209	64,802
Interest expense		(35,420)	(17,046)
Net interest income		50,789	47,756
Other operating income	1	122,069	102,110
Total operating income		172,858	149,866
Total operating expenses	2	(152,196)	(147,990)
Profit before taxation		20,662	1,876
Tax expense		(3,437)	(329)
Profit after taxation		17,225	1,547

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Balance Sheet
As at 30 June 2017

		30 Jun 2017	31 Dec 2016
	Notes	HKD'000	HKD'000
Assets			
Cash and balances with banks		268,489	289,931
Due from Exchange Fund		3,112	2,148
Amount due from overseas offices		3,301,684	3,453,461
Loans and receivables	4	8,649,967	7,166,186
Investment securities		1,658,772	1,229,763
Property, plant and equipment		6,400	8,479
Total assets		<u>13,888,424</u>	<u>12,149,968</u>
Liabilities			
Deposits and balances from banks		6,384	2,712
Deposits from customers	5	7,695,700	5,511,054
Amount due to overseas offices		5,924,904	6,436,239
Other liabilities		261,436	199,963
Total liabilities		<u>13,888,424</u>	<u>12,149,968</u>

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Notes to the Financial Statements

		6 months ended 30 Jun 2017	6 months ended 30 Jun 2016
	Notes	HKD'000	HKD'000
1 Other operating income			
Gains less losses arising from dealing in foreign currencies		21,661	23,735
Gains less losses arising from trading in other derivatives		3,073	2,662
Net fees and commission income	3	97,335	75,713
		<u>122,069</u>	<u>102,110</u>
2 Total operating expenses			
Staff and rental expenses		(136,841)	(132,931)
Other expenses		(15,355)	(15,059)
		<u>(152,196)</u>	<u>(147,990)</u>
3 Net fees and commission income			
Fees and commission income		174,859	159,826
Less: Fees and commission expenses		(77,524)	(84,113)
		<u>97,335</u>	<u>75,713</u>
4 Loans and receivables			
Loans and advances to customers	6	8,433,597	6,961,195
Accrued interest and other accounts		216,370	204,991
		<u>8,649,967</u>	<u>7,166,186</u>
5 Deposits from customers			
Demand deposits and current accounts		3,999,578	2,662,425
Time, call and notice deposits		3,696,122	2,848,629
		<u>7,695,700</u>	<u>5,511,054</u>

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Notes to the Financial Statements

	30 Jun 2017	31 Dec 2016
	HKD'000	HKD'000
6 Analysis of gross amount of loans and advances to customers		
a. Breakdown by Economic sectors		
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Financial concerns	774,208	608,913
Property investment	20,483	20,258
Individuals		
Others	779,857	1,558,874
Loans and advances for use outside Hong Kong	6,859,049	4,773,150
	<u>8,433,597</u>	<u>6,961,195</u>
b. Breakdown by Secured and Unsecured		
Secured	8,433,597	6,961,195
Unsecured	-	-
	<u>8,433,597</u>	<u>6,961,195</u>
c. Breakdown by significant geographical areas after taking into account the transfer of risk and excluding loans and advances to subsidiaries		
British Virgin Islands	4,402,028	3,199,697
Hong Kong	1,979,096	2,497,439

7 Loans and advances to customers and banks which are overdue and rescheduled

The branch does not have any overdue and rescheduled loans and advances to customers and banks as at 30 Jun 2017 and 31 Dec 2016.

The branch does not have any impaired loans to customers and banks as at 30 Jun 2017 and 31 Dec 2016.

8 Other assets which are overdue, rescheduled and repossessed

The branch does not have any assets which are overdue, rescheduled and repossessed as at 30 Jun 2017 and 31 Dec 2016.

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Notes to the Financial Statements

9 International Claims

International claims information discloses exposures to locations of counterparties on which the ultimate risk lies and the transfer of risk has been taken account of. The following information is prepared in accordance with the HKMA Return of International Banking Statistics MA(BS)21 completion instructions. Countries or geographical segments (including Hong Kong) constituting 10% or more of the aggregate amount of international claims are disclosed.

30 Jun 2017
HKD million

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	3,904	334	162	331	-	4,731
of which Switzerland	3,532	-	-	-	-	3,532
Offshore centres	8	-	5,347	2,043	-	7,398
of which Hong Kong SAR	-	-	630	1,057	-	1,687
of which British Virgin Islands	-	-	4,405	-	-	4,405
	3,912	334	5,509	2,374	-	12,129

31 Dec 2016
HKD million

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	4,052	-	185	257	-	4,494
of which Switzerland	3,687	-	-	-	-	3,687
Offshore centres	21	-	4,005	1,940	-	5,966
of which Hong Kong SAR	-	-	370	1,802	-	2,172
of which British Virgin Islands	-	-	3,203	-	-	3,203
	4,073	-	4,190	2,197	-	10,460

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Notes to the Financial Statements

10 Mainland Activities Disclosures

(HKD million)

Types of Counterparties	30 Jun 2017			31 Dec 2016		
	On-balance sheet exposure	Off-balance sheet exposure	Total	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	156	-	156	149	-	149
4. Other entities of central government not reported in item 1 above	-	-	-	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-	-	-	-
6. PRC nationals residing outside Mainland China or other entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1	14	15	6	39	45
Total	157	14	171	155	39	194
Total assets after provision	13,888			12,150		
On-balance sheet exposures as percentage of total assets	1.13%			1.28%		

11 Foreign currency exposures
 (HKD million)

30 Jun 2017										
	USD	EUR	CHF	AUD	JPY	CNY	GBP	NZD	Others	Total
Spot assets	6,219	1,361	391	452	1,133	93	461	12	501	10,623
Spot liabilities	(5,467)	(1,371)	(398)	(452)	(799)	(1,162)	(462)	(13)	(499)	(10,623)
Forward purchases	1,494	110	1	29	157	1,411	146	-	49	3,397
Forward sales	(2,228)	(110)	(1)	(29)	(489)	(343)	(146)	-	(50)	(3,396)
Net options positions*	-	-	-	-	-	-	-	-	-	-
Net long (short) position	18	(10)	(7)	-	2	(1)	(1)	(1)	1	1
Net structural position	-	-	-	-	-	-	-	-	-	-
31 Dec 2016										
	USD	EUR	CHF	AUD	JPY	CNY	GBP	NZD	Others	Total
Spot assets	4,211	2,290	828	440	1,193	74	358	15	511	9,920
Spot liabilities	(4,232)	(2,297)	(834)	(440)	(1,188)	(73)	(360)	(15)	(480)	(9,919)
Forward purchases	1,209	109	13	17	175	299	92	-	57	1,971
Forward sales	(1,177)	(110)	(12)	(18)	(176)	(300)	(91)	-	(87)	(1,971)
Net options positions*	-	-	-	-	-	-	-	-	-	-
Net long (short) position	11	(8)	(5)	(1)	4	-	(1)	-	1	1
Net structural position	-	-	-	-	-	-	-	-	-	-

*Internal reporting method is adopted as basis of calculating the net options positions.

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Off Balance Sheet and Liquidity Information
As at 30 June 2017

30 Jun 2017 31 Dec 2016

HKD'000 HKD'000

1 Contingent liabilities and commitments
(contractual amounts)

Direct credit substitutes	42,574	4,795
Other commitments	17,444,632	18,860,507

2 Derivatives instruments
(HKD '000)

30 Jun 2017

31 Dec 2016

	Fair Value		Total Notional Amount	Fair Value		Total Notional Amount
	Positive	Negative		Positive	Negative	
Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	113,309	97,214	14,590,796	99,860	98,900	11,495,965
Equity contracts	9,639	9,639	704,126	8,229	8,229	618,168
Interest rate contracts	-	-	-	-	-	-
Others	120	120	47,465	556	556	15,679

3 Liquidity maintenance ratio

Liquidity risk management

The liquidity risk essentially refers to the danger of the Bank being unable to meet its payment obligations or failing to meet the requirements imposed by banking regulations. Within the Bank J. Safra Sarasin Group (the "Group"), The Group Treasury Committee is responsible for monitoring liquidity. The prime objective is to guarantee the Bank's ability to meet its payment obligations at all times and to make sure legal requirements for liquidity are complied with. A key task of the Committee is to monitor all the relevant liquidity risk factors. These include money flows between subsidiaries and the parent company, inflows and outflows of client funds and changes in the availability of liquidity reserves. As a supporting strategy, target bandwidths are set for surplus coverage of minimum liquidity. Similarly, Bank J. Safra Sarasin Ltd, Hong Kong Branch has set a target surplus coverage above the minimum Liquidity Maintenance Ratio ("LMR") required by the Hong Kong Monetary Authority ("HKMA"). Bank J. Safra Sarasin Ltd, Hong Kong Branch also maintains a liquidity cushion in the form of unencumbered, high-quality liquid assets to meet unexpected cash outflows or client shifts from cash into investments. These are actively monitored and adequate measures would be initiated if liquidity falls below the specified targets.

Bank J. Safra Sarasin Ltd, Hong Kong Branch currently has very minimal reliance on external wholesale funding with its funding needs met almost entirely by Head Office or other entities within the Group.

30 Jun 2017 30 Jun 2016

Average Liquidity Maintenance Ratio for the financial period	45.27%	46.35%
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J. Safra Sarasin Holding Ltd
Group Consolidated Financial Information
As at 30 June 2017

	(Note 1) CHF'000	(Note 1) CHF'000
	30 Jun 2017	31 Dec 2016
Total shareholders' equity including minority interest	4,192,799	4,113,965

Other financial information

Balance sheet :

Total assets	33,274,102	32,336,851
Total liabilities	29,081,303	28,222,886
Due from customers	12,834,731	11,959,228
Due to customers	24,638,086	24,192,797

	30 Jun 2017	30 Jun 2016
Profit and Loss :		
Profit before taxes	153,112	147,080

	31 Dec 2016	31 Dec 2015
Capital adequacy ratio		
CET1 ratio (Note 2)	28%	27%

Note :

- (1) Group consolidated financial information for the six-month period ended 30 June 2017 represented consolidated financial information of J. Safra Sarasin Holding Ltd which is the holding company of Bank J. Safra Sarasin Ltd. The group consolidated financial information has been prepared in accordance with Swiss accounting principles applicable for banks and the requirements of Swiss law.
- (2) The calculation is based on the Basel III requirements. The basis used for calculating the adequacy ratio includes an allowance for market risk. As J. Safra Sarasin Holding Ltd does not publish interim capital adequacy ratio, the most recently available information published in the annual accounts has been disclosed.