

**Bank J. Safra Sarasin Ltd**

**Hong Kong Branch**

**Key Financial Information Disclosure Statement**

**As at 31 December 2015**

**Bank J. Safra Sarasin Ltd**  
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**Bank J. Safra Sarasin Ltd**  
**Hong Kong Branch**  
**Profit & Loss Account**  
**For The Year Ended 31 December 2015**

		<b>31 Dec 2015</b>	31 Dec 2014
	Notes	<b>HKD'000</b>	HKD'000
Interest income		103,998	68,238
Interest expense		(27,313)	(16,986)
Net interest income		76,685	51,252
Other operating income	1	225,901	222,348
Total operating income		302,586	273,600
Total operating expenses	2	(292,619)	(331,831)
Profit / (Loss) before impairment losses		9,967	(58,231)
Impairment losses for loans and advances		-	(57,712)
Losses from disposal of tangible fixed assets		-	(161)
Profit / (Loss) before taxation		9,967	(116,104)
Tax (expense) / credit		(1,617)	22,836
<b>Profit / (Loss) after taxation</b>		<b>8,350</b>	<b>(93,268)</b>

**Bank J. Safra Sarasin Ltd**  
**Hong Kong Branch**  
**Balance Sheet**  
**As at 31 December 2015**

		<b>31 Dec 2015</b>	30 Jun 2015
	Notes	<b>HKD'000</b>	HKD'000
<b>Assets</b>			
Cash and balances with banks		168,291	219,616
Due from Exchange Fund		2,408	2,256
Amount due from overseas offices		4,177,978	3,417,040
Loans and receivables	4	5,982,559	6,575,044
Investment securities		1,259,642	1,292,631
Property, plant and equipment		12,565	15,507
<b>Total assets</b>		<b><u>11,603,443</u></b>	<b><u>11,522,094</u></b>
<b>Liabilities</b>			
Deposits and balances from banks		-	27,235
Deposits from customers	5	5,378,497	4,838,300
Amount due to overseas offices		5,928,149	6,292,919
Other liabilities		296,797	363,640
<b>Total liabilities</b>		<b><u>11,603,443</u></b>	<b><u>11,522,094</u></b>

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

		<b>31 Dec 2015</b>	31 Dec 2014
	Notes	<b>HKD'000</b>	<b>HKD'000</b>
<b>1 Other operating income</b>			
Gains less losses arising from dealing in foreign currencies		33,902	21,256
Gains less losses arising from trading in other derivatives		15,222	6,118
Others		-	120
Net fees and commission income	3	176,777	194,854
		<u><b>225,901</b></u>	<u>222,348</u>
<b>2 Total operating expenses</b>			
Staff and rental expenses		(262,320)	(297,955)
Other expenses		(30,299)	(33,876)
		<u><b>(292,619)</b></u>	<u>(331,831)</u>
<b>3 Net fees and commission income</b>			
Fees and commission income		355,289	372,402
Less: Fees and commission expenses		(178,512)	(177,548)
		<u><b>176,777</b></u>	<u>194,854</u>
<b>4 Loans and receivables</b>			
Loans and advances to customers	6	5,690,698	6,307,935
Accrued interest and other accounts		291,861	267,109
		<u><b>5,982,559</b></u>	<u>6,575,044</u>
<b>5 Deposits from customers</b>			
Demand deposits and current accounts		3,342,972	3,290,691
Time, call and notice deposits		2,035,525	1,547,609
		<u><b>5,378,497</b></u>	<u>4,838,300</u>

		<b>31 Dec 2015</b>	30 Jun 2015
	Notes	<b>HKD'000</b>	<b>HKD'000</b>

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

	<b>31 Dec 2015</b>	30 Jun 2015
	<b>HKD'000</b>	HKD'000
<b>6 Analysis of gross amount of loans and advances to customers</b>		
a. Breakdown by Economic sectors		
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Financial concerns	672,833	122,209
Property investment	19,863	19,675
Stockbrokers	6,818	12,362
Individuals		
Others	615,962	1,486,094
Loans and advances for use outside Hong Kong	4,375,222	4,667,595
	<u><b>5,690,698</b></u>	<u><b>6,307,935</b></u>
b. Breakdown by Secured and Unsecured		
Secured	5,690,698	6,307,935
Unsecured	-	-
	<u><b>5,690,698</b></u>	<u><b>6,307,935</b></u>
c. Breakdown by significant geographical areas after taking into account the transfer of risk and excluding loans and advances to subsidiaries		
China	209,129	702,758
British Virgin Islands	3,016,464	2,677,740
Hong Kong	1,757,863	2,019,859

**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 31 Dec 2015 and 30 Jun 2015.

The branch does not have any impaired loans to customers and banks as at 31 Dec 2015 and 30 Jun 2015.

**8 Other assets which are overdue, rescheduled and repossessed**

The branch does not have any assets which are overdue, rescheduled and repossessed as at 31 Dec 2015 and 30 Jun 2015.

**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.

**31 Dec 2015**  
**HKD million**

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	4,537	-	97	234	-	4,868
of which Switzerland	4,255	-	-	-	-	4,255
Offshore centres	-	-	3,781	1,074	-	4,855
of which Hong Kong SAR	-	-	472	937	-	1,409
of which British Virgin Islands	-	-	3,019	-	-	3,019
	<b>4,537</b>	<b>-</b>	<b>3,878</b>	<b>1,308</b>	<b>-</b>	<b>9,723</b>

**30 Jun 2015**  
**HKD million**

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	3,810	-	141	220	-	4,171
of which Switzerland	3,527	-	-	-	-	3,527
Offshore centres	-	-	2,975	1,826	-	4,801
of which Hong Kong SAR	-	-	31	1,588	-	1,619
of which British Virgin Islands	-	-	2,679	-	-	2,679
	<b>3,810</b>	<b>-</b>	<b>3,116</b>	<b>2,046</b>	<b>-</b>	<b>8,972</b>

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

**10 Mainland Activities Disclosures**  
(HKD million)

Types of Counterparties	31 Dec 2015			30 Jun 2015		
	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	136	-	136	583	7	590
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	26	48	74	65	93	158
<b>Total</b>	<b>162</b>	<b>48</b>	<b>210</b>	<b>648</b>	<b>100</b>	<b>748</b>
Total assets after provision	11,603			11,522		
On-balance sheet exposures as percentage of total assets	1.39%			5.62%		



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

**11 Foreign currency exposures**  
(HKD million)

31 Dec 2015						
	USD	EUR	CHF	AUD	Others	Total
Spot assets	4,675	2,018	788	296	1,506	9,283
Spot liabilities	(4,651)	(2,033)	(799)	(296)	(1,504)	(9,283)
Forward purchases	1,298	45	25	3	696	2,067
Forward sales	(1,307)	(44)	(18)	(4)	(694)	(2,067)
Net options positions*	-	-	-	-	-	-
Net long (short) position	<b>15</b>	<b>(14)</b>	<b>(4)</b>	<b>(1)</b>	<b>4</b>	<b>-</b>
Net structural position	-	-	-	-	-	-

30 Jun 2015						
	USD	EUR	CHF	AUD	Others	Total
Spot assets	4,205	1,481	349	422	1,536	7,993
Spot liabilities	(4,194)	(1,492)	(348)	(424)	(1,534)	(7,992)
Forward purchases	279	162	5	76	162	684
Forward sales	(278)	(162)	(5)	(76)	(163)	(684)
Net options positions*	-	-	-	-	-	-
Net long (short) position	<b>12</b>	<b>(11)</b>	<b>1</b>	<b>(2)</b>	<b>1</b>	<b>1</b>
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 31 December 2015**

**31 Dec 2015** 30 Jun 2015

HKD'000 HKD'000

**1 Contingent liabilities and commitments**  
(contractual amounts)

Direct credit substitutes	<b>1,550</b>	-
Transaction-related contingent items	-	6,202
Other commitments	<b>18,080,949</b>	13,750,442

**2 Derivatives instruments**  
(HKD '000)

**31 Dec 2015**

30 Jun 2015

	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)	<b>67,662</b>	<b>66,711</b>	<b>8,882,010</b>	60,022	59,869	6,899,037
Equity contracts	<b>128,446</b>	<b>128,446</b>	<b>2,378,366</b>	81,704	81,704	4,337,752
Interest rate contracts	<b>10</b>	<b>10</b>	<b>22,320</b>	37	36	22,327
Others	-	-	-	446	433	6,999

**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 has been delegated the responsibility 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 the minimum reserve as well as for minimum liquidity. Similarly, Bank J. Safra Sarasin Ltd, Hong Kong Branch is 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 by the relevant committees 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.

**31 Dec 2015** 31 Dec 2014

Average Liquidity Maintenance Ratio / Liquidity Ratio for the financial period \* **45.92%** 46.97%

\* Bank J. Safra Sarasin Ltd, Hong Kong Branch has been classified by HKMA as a Category 2 institution which is subject to the Liquidity Maintenance Ratio requirements upon its implementation from 1 January 2015. Prior to this, the Branch was subject to the requirements of the Liquidity Ratio.

**Bank J. Safra Sarasin Ltd**  
**Hong Kong Branch**  
**Remuneration Disclosure**

**1 Governance structure of the remuneration system**

The Board of Directors ("the Board") of J. Safra Sarasin Holding Ltd ("the Group") decides on the Group's general principles, key terms of compensation plans, programs, profit sharing schemes, and policies. This Board also decides on the Group's total compensation pool (fixed and variable).

The Board of Bank J. Safra Sarasin Ltd. ("BJSS") decides on benefits and retirement plans (establishment, or change of benefits / retirement plan, funding guidelines and decisions).

Lead by the CEO of BJSS, the Corporate Centre & Logistics Division Head and the Group Head of Human Resources are responsible for preparing and administrating the salary and bonus process and the deferral rules for the Board's review and final approval.

**2 Design and structure of the remuneration processes**

The Group's compensation framework is applicable to all employees in Hong Kong. It consists of a fixed remuneration (i.e. base salary) and a possibility for a variable remuneration (i.e. discretionary bonus). The base salary is benchmarked against the market, while the discretionary bonus is linked to the Group's performance, the performance of the business unit and the employee's individual performance on achieving pre-defined goals and targets, plus the individual's compliance with directives, guidelines and risk measures. For senior management i.e. the management team and the regional function heads as well as key employees with significant impact to the Group's risk profile, stringent risk-mitigation measures apply.

The discretionary bonus constitutes a voluntary payment and does not suggest entitlement to future bonuses. Under the current Deferral Rules, for any employee with bonus in between CHF 55,000 and CHF 100,000 or local equivalent, CHF 50,000 or local equivalent will be paid in cash and the remaining will be deferred. For any employee with bonus in excess of CHF 100,000 or local equivalent, 50% of the bonus will be paid in cash and the remaining 50% will be deferred. The deferred bonus will be paid in two instalments over two years and it will be linked to the continuous employment of the employee.

**3 Remuneration for the senior management and key personnel for the year ended 31 December 2015**

	31 Dec 2015		31 Dec 2014	
	HKD'000	HKD'000	HKD'000	HKD'000
a. Outstanding deferred remuneration				
Vested		3,411		2,832
Unvested		5,372		4,653
		<b>8,783</b>		<b>7,485</b>
Cash-based		8,783		7,485
Shares and share-linked instruments		-		-
		<b>8,783</b>		<b>7,485</b>
b. Deferred remuneration awarded, paid out and reduced through performance adjustments				
Awarded		3,718		3,058
Paid out		3,410		2,832
Reduced through performance adjustments		-		-
c. Breakdown of remuneration awards				
	<b>Non-deferred</b>	<b>Deferred</b>	<b>Non-deferred</b>	<b>Deferred</b>
Fixed remuneration				
Cash-based	11,777	-	12,185	-
Shares and share-linked instruments	-	-	-	-
Variable remuneration				
Cash-based	7,357	3,718	9,052	3,058
Shares and share-linked instruments	-	-	-	-
	<b>19,134</b>	<b>3,718</b>	<b>21,237</b>	<b>3,058</b>

During the period of 11 to 24 February 2016, the CEO of Bank J. Safra Sarasin Ltd, the Corporate Centre & Logistics Division Head and the Group Head of Human Resources have set up meetings to review the compensation and prepare for Executive Committee and The Board of Directors' discussion. The Board approval of compensation by circular resolution has been concluded in early March 2016.

The aggregate quantitative information on remuneration for the year ended 31 December 2015 disclosed above is for seven senior management and key personnel of the branch (2014: seven). As the above remuneration disclosures pertain to a small number of personnel, the quantitative information on remuneration for senior management and key personnel is not separately disclosed.

During the year ended 31 December 2015, no senior management or key personnel has been awarded with guaranteed bonuses (2014: Nil), compensation for loss of bonus (2014: one) and severance payments (2014: Nil).

The senior management and key personnel have responsibilities beyond Hong Kong and, as a result, do not perform services exclusively for the branch. The remuneration disclosed above has been apportioned to reflect each individual's relative contribution to the branch's results for the year ended 31 December 2015.

**J. Safra Sarasin Holding Ltd**  
**Group Consolidated Financial Information**  
**As at 31 December 2015**

	(Note 1)	(Note 1)
	<b>31 Dec 2015</b>	31 Dec 2014

**Capital adequacy ratio**

BIS Tier 1 ratio (Note 2)	27%	25%
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	CHF'000	CHF'000
<b>Total shareholders' equity including minority interest</b>	3,871,487	3,693,266

**Other financial information**

Balance sheet :

Total assets	29,874,342	34,421,098
Total liabilities	26,002,855	30,727,832
Due from customers	11,903,842	11,913,917
Due to customers	22,820,902	24,606,790

Profit and Loss :

Profit before taxes	275,493	223,260
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Note :

- (1) Group consolidated financial information for the year ended 31 Dec 2015 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.