

Bank J. Safra Sarasin Ltd

Hong Kong Branch

Key Financial Information Disclosure Statement

As at 31 December 2021

**Bank J. Safra Sarasin Ltd
Hong Kong Branch
Key Financial Information Disclosure Statement
As at 31 December 2021**

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Bank J. Safra Sarasin Ltd
Hong Kong Branch
Profit & Loss Account
For The Year Ended 31 December 2021

		31 Dec 2021	31 Dec 2020
	Notes	HKD'000	HKD'000
Interest income		156,143	150,680
Interest expense		(16,419)	(44,346)
Net interest income		139,724	106,334
Other operating income	1	389,828	293,641
Total operating income		529,552	399,975
Total operating expenses	2	(559,226)	(431,997)
Provisions for loans and advances		(1,320)	61
Loss before taxation		(30,994)	(31,961)
Tax (expense) / credit		(200)	5,414
Loss after taxation		(31,194)	(26,547)

**Bank J. Safra Sarasin Ltd
Hong Kong Branch
Balance Sheet
As at 31 December 2021**

		31 Dec 2021	30 Jun 2021
	Notes	HKD'000	HKD'000
Assets			
Cash and balances with banks		470,856	453,396
Due from Exchange Fund		16,164	40,615
Amount due from overseas offices		4,394,774	3,700,634
Certificates of deposit held		-	465,944
Loans and receivables	4	11,740,797	12,357,182
Investment securities		3,749,402	3,439,179
Property, plant and equipment		107,244	115,871
Intangible assets		185,873	-
Total assets		<u>20,665,110</u>	<u>20,572,821</u>
Liabilities			
Deposits and balances from banks		-	3,723
Deposits from customers	5	15,424,069	14,876,043
Amount due to overseas offices		4,747,894	5,062,096
Other liabilities		493,147	630,959
Total liabilities		<u>20,665,110</u>	<u>20,572,821</u>

The J. Safra Sarasin Group completed the acquisition of private banking business of Bank of Montreal in Hong Kong and Singapore on 30 April 2021. The financial information of Bank J. Safra Sarasin Ltd, Hong Kong Branch included assets of HKD2.7 billion and liabilities of HKD5.5 billion transferred from Bank of Montreal.

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

		31 Dec 2021	31 Dec 2020
	Notes	HKD'000	HKD'000
1 Other operating income			
Gains less losses arising from dealing in foreign currencies		46,435	39,271
Gains less losses arising from trading in other derivatives		101,662	30,189
Gains less losses on securities designated at fair value through profit and loss		(9,832)	204
Net fees and commission income	3	250,323	217,560
Other		1,240	6,417
		389,828	293,641
2 Total operating expenses			
Staff and rental expenses		(487,983)	(398,938)
Other expenses		(71,243)	(33,059)
		(559,226)	(431,997)
3 Net fees and commission income			
Fees and commission income		498,799	391,013
Less: Fees and commission expenses		(248,476)	(173,453)
		250,323	217,560
4 Loans and receivables			
Loans and advances to customers	6	11,462,259	12,099,639
Accrued interest and other accounts		280,128	259,592
Provisions for bad and doubtful debts		(1,590)	(2,049)
- general provisions		(1,590)	(2,049)
- specific provisions		-	-
		11,740,797	12,357,182
5 Deposits from customers			
Demand deposits and current accounts		14,612,507	13,776,627
Time, call and notice deposits		811,562	1,099,416
		15,424,069	14,876,043

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

	31 Dec 2021	30 Jun 2021
	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	369,914	458,646
Property investment	19,429	19,268
Individuals		
Others	2,767,857	2,935,111
Loans and advances for use outside Hong Kong	8,305,059	8,686,614
	<u>11,462,259</u>	<u>12,099,639</u>
b. Breakdown by Secured and Unsecured		
Secured	11,462,259	12,099,639
Unsecured	-	-
	<u>11,462,259</u>	<u>12,099,639</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	5,503,206	5,555,846
Hong Kong	3,577,451	4,200,055

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 2021 and 30 Jun 2021.

The branch does not have any impaired loans to customers and banks as at 31 Dec 2021 and 30 Jun 2021.

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 2021 and 30 Jun 2021.

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 2021
HKD million

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	4,974	1,801	74	246	-	7,095
of which Switzerland	4,679	-	-	-	-	4,679
of which Japan	6	1,801	28	109	-	1,944
Offshore centres	48	1,386	5,762	3,020	-	10,216
of which Hong Kong SAR	-	-	69	2,728	-	2,797
of which British Virgin Islands	-	-	5,453	73	-	5,526
	5,022	3,187	5,836	3,266	-	17,311

30 Jun 2021
HKD million

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	4,364	1,859	69	256	-	6,548
of which Switzerland	3,942	-	-	-	-	3,942
of which Japan	7	1,859	27	113	-	2,006
Offshore centres	35	753	5,880	3,186	-	9,854
of which Hong Kong SAR	-	-	144	2,961	-	3,105
of which British Virgin Islands	-	-	5,456	102	-	5,558
	4,399	2,612	5,949	3,442	-	16,402

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

10 Mainland Activities Disclosures
(HKD million)

Types of Counterparties	31 Dec 2021			30 Jun 2021		
	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	942	357	1,299	969	239	1,208
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	101	3	104	100	4	104
Total	1,043	360	1,403	1,069	243	1,312
Total assets after provision	20,665			20,573		
On-balance sheet exposures as percentage of total assets	5.04%			5.20%		

11. Foreign currency exposures
 (HKD million)

31 Dec 2021											
	USD	GBP	JPY	EUR	CNY	CAD	CHF	SGD	GOL	Others	Total
Spot assets	9,433	398	2,321	1,994	148	504	1,272	1,680	161	297	18,208
Spot liabilities	(10,064)	(397)	(1,448)	(1,993)	(640)	(504)	(1,269)	(188)	(161)	(574)	(17,238)
Forward purchases	2,790	42	79	47	619	20	16	-	23	324	3,960
Forward sales	(2,172)	(42)	(950)	(47)	(128)	(19)	(16)	(1,491)	(23)	(45)	(4,933)
Net options positions*	-	-	-	-	-	-	-	-	-	-	-
Net long (short) position	(13)	1	2	1	(1)	1	3	1	-	2	(3)
Net structural position	-	-	-	-	-	-	-	-	-	-	-

30 Jun 2021											
	USD	GBP	JPY	EUR	CNY	CAD	CHF	SGD	GOL	Others	Total
Spot assets	9,514	805	2,785	1,751	105	356	1,073	1,050	166	218	17,823
Spot liabilities	(9,723)	(805)	(1,276)	(1,751)	(546)	(462)	(1,070)	(445)	(166)	(774)	(17,018)
Forward purchases	3,033	18	12	55	873	113	16	229	22	629	5,000
Forward sales	(2,829)	(18)	(1,520)	(55)	(432)	(7)	(16)	(834)	(22)	(72)	(5,805)
Net options positions*	-	-	-	-	-	-	-	-	-	-	-
Net long (short) position	(5)	-	1	-	-	-	3	-	-	1	-
Net structural position	-	-	-	-	-	-	-	-	-	-	-

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

12. Acquisitions

The J. Safra Sarasin Group entered into an agreement with Bank of Montreal on 18 December 2020 to acquire its private banking business in Hong Kong and Singapore by way of an asset purchase agreement. The acquisition included clients and their experienced relationship management teams and was completed on 30 April 2021. The financial information of Bank J. Safra Sarasin Ltd, Hong Kong Branch included assets of HKD2.7 billion and liabilities of HKD5.5 billion transferred from Bank of Montreal.

The cash consideration of CHF equivalent of 25.4 million paid by the branch for the acquisition was recorded as intangible assets

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Off Balance Sheet Information
As at 31 December 2021

	31 Dec 2021	30 Jun 2021
1 Contingent liabilities and commitments (contractual amounts)	HKD'000	HKD'000
Direct credit substitutes	578	578
Other commitments	37,356,148	33,646,112

	31 Dec 2021			30 Jun 2021		
	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)	34,848	26,378	8,372,247	70,384	37,208	10,119,173
Equity contracts	152,000	152,000	3,441,664	100,219	100,219	4,511,909
Interest rate contracts	1,507	1,507	308,124	2,129	2,129	228,761
Others	3,352	3,335	365,442	551	-	3,697

Liquidity Risk Management

The liquidity risk essentially refers to the potential inability of the Bank to meet its payment obligations or failure 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 ensure compliance with legal requirements on liquidity. A key task of the Committee is to monitor all the relevant liquidity risk factors. These include money flows between subsidiaries, branches and the parent company, inflows and outflows of client funds and changes in the availability of liquidity reserves. The liquidity aspects are considered in aggregate but also per currency. As a supporting strategy, target bandwidths are set for surplus coverage of minimum liquidity.

The Group maintains a Contingency Funding Plan which defines measures that must be taken upon the trigger of certain escalation levels. The Contingency Funding Plan is reviewed by the Group Treasury Committee at least once a year.

The Contingency Funding Plan comes into action at the first or second escalation level as soon as:

- the internal liquidity situation drops materially and for a prolonged period where the eligible liquid assets are less than 100% but greater than 90% of the internal liquidity requirement which represents the first escalation level;
- the internal liquidity situation drops where the eligible assets are less than 90% of the internal liquidity requirement which represents the second escalation level;
- the results of the stress-test lie within the zone of the first or second escalation level.

The Contingency Funding Plan lists the possible organisational and liquidity-providing measures. The final selection of appropriate measures is made by the Group Treasury Committee according to the specific scenario and stress situation.

Asia Asset and Liability Committee (ALCO) is responsible for the review and monitoring of the funding and liquidity risk profile of Bank J. Safra Sarasin Ltd, Hong Kong Branch on an ongoing basis. A quarterly (or ad-hoc when required) meeting is organized to review liquidity-related limits and parameters and stress test results.

Liquidity Maintenance Ratio ("LMR") is prepared on a daily basis in accordance with the requirement of the Hong Kong Monetary Authority ("HKMA"). An internal target LMR of not less than 35 per cent has been set by ALCO so as to provide an early warning signal to the management. A forecast on LMR for the next four business days is prepared based on the projected intercompany placements and funding transactions, as well as significant customer loans and deposits.

Recovery Planning, in conjunction with the Supervisory Policy Manual – Recovery Planning (RE – 1), has also been drafted to incorporate the recovery plans with regard to effective monitoring, triggering and the execution when required under severe stress to restore its financial stability and viability. An internal Recovery Trigger ratio of 30% has been drawn up in addition to the internal target LMR as mentioned above.

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 corresponding measures are taken if liquidity falls below the specified targets. Stress testing allows for the impact of larger outflows combined with the deterioration of Group assets on the liquidity indicators to be assessed.

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. Accordingly no concentration limit has been assigned to sources of funding.

Liquidity Exposures

	Q4 2021	Q4 2020
Average Liquidity Maintenance Ratio	41.40%	42.17%

The average LMR is calculated based on the arithmetic mean of the average value of LMR for each calendar month during the last quarter of the annual reporting period.

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 31 December 2021

Maturity Profile

(HKD million)

The following information on maturity profile is prepared in accordance with the HKMA Return on Liquidity Monitoring Tools MA(BS)23 completion instructions

31 Dec 2021												
On-balance sheet liabilities	Total amount	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	Balancing amount
1 Deposits from non-bank customers												
(a) Pledged deposits	-	-	-	-	-	-	-	-	-	-	-	-
(b) Demand, savings and current account deposits	14,612	14,612	-	-	-	-	-	-	-	-	-	-
(c) Term, call and notice deposits	813	4	229	389	122	34	35	-	-	-	-	-
2 Amount payable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-	-
3 Amount payable arising from derivative contracts	43	-	1	7	33	100	1,339	313	2	3	1	-
4 Due to MA for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-	-
5 Due to overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
6 Due to banks	4,746	140	-	1,003	2,487	1,116	-	-	-	-	-	-
7 Debt securities, prescribed instruments and structured financial instruments issued and outstanding	-	-	-	-	-	-	-	-	-	-	-	-
8 Other liabilities	315	59	-	3	106	27	15	40	26	39	-	-
9 Capital and reserves	-5	-	-	-	-	-	-	-	-	-	-	-5
10 Total	20,524	14,815	230	1,402	2,748	1,277	1,389	353	28	42	1	-5
Off-balance sheet obligations												
11 Irrevocable loan commitments or facilities granted												
(a) With dates and amounts of drawdown ascertained	-	-	-	-	-	-	-	-	-	-	-	-
(b) Others (not included in sub-item (a))	935	935	-	-	-	-	-	-	-	-	-	-
12 Contractual obligations arising from securities financing transactions (not included in item 2)	-	-	-	-	-	-	-	-	-	-	-	-
13 Contractual obligations arising from derivative contracts (not included in item 3)	-	-	-	-	-	-	-	-	-	-	-	-
14 Off-balance sheet obligations not included in items 11 to 13												
(a) With dates and amounts of payment ascertained	1	-	-	-	-	-	1	-	-	-	-	-
(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
15 Total	936	935	-	-	-	-	1	-	-	-	-	-
On-balance sheet assets												
16 Currency notes and coins	-	-	-	-	-	-	-	-	-	-	-	-
17 Amount receivable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-	-
18 Amount receivable arising from derivative contracts	51	-	1	15	35	103	1,419	314	2	3	1	-
19 Due from MA for a/c of Exchange Fund	16	16	-	-	-	-	-	-	-	-	-	-
20 Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
21 Due from banks	4,865	732	2,948	1,185	-	-	-	-	-	-	-	-
22 Debt securities, prescribed instruments and structured financial instruments held (net of short positions)												
(a) Readily monetizable	3,752	3,752	-	-	-	-	-	-	-	-	-	-
(b) Not readily monetizable	-	-	-	-	-	-	-	-	-	-	-	-
(i) Pledged to customers	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-	-	-	-	-	-
23 Acceptances and bills of exchange held	-	-	-	-	-	-	-	-	-	-	-	-
24 Loans and advances to non-bank customers	11,463	1,224	6,700	2,707	628	136	68	-	-	-	-	-
25 Other assets	375	74	-	2	4	6	11	28	23	29	-	198
26 Total	20,522	5,798	9,649	3,909	667	245	1,498	342	25	32	1	198
Off-balance sheet claims												
27 Irrevocable loan commitments or facilities received												
(a) With dates and amounts of drawdown ascertained	-	-	-	-	-	-	-	-	-	-	-	-
(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
28 Contractual claims arising from securities financing transactions (not included in item 17)	-	-	-	-	-	-	-	-	-	-	-	-
29 Contractual claims arising from derivative contracts (not included in item 18)	-	-	-	-	-	-	-	-	-	-	-	-
30 Off-balance sheet claims not included in items 27 to 29												
(a) With dates and amounts of receipt of payment ascertained	1	-	-	-	-	-	1	-	-	-	-	-
(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
31 Total	1	-	-	-	-	-	1	-	-	-	-	-
32 Contractual Maturity Mismatch		-9,952	9,419	2,507	-2,081	-1,032	109	-11	-3	-10	-	-
33 Cumulative Contractual Maturity Mismatch		-9,952	-533	1,974	-107	-1,139	-1,030	-1,041	-1,044	-1,054	-1,054	-

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 31 December 2021

Maturity Profile
(HKD million)

													30 Jun 2021	
	Total amount	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	Balancing amount		
On-balance sheet liabilities														
1	Deposits from non-bank customers													
(a)	Pledged deposits	-	-	-	-	-	-	-	-	-	-	-		
(b)	Demand, savings and current account deposits	13,777	13,777	-	-	-	-	-	-	-	-	-		
(c)	Term, call and notice deposits	1,100	241	259	518	20	51	11	-	-	-	-		
2	Amount payable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-		
3	Amount payable arising from derivative contracts	61	2	1	9	16	104	2,663	464	1	2	1		
4	Due to MA for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-		
5	Due to overseas central banks	-	-	-	-	-	-	-	-	-	-	-		
6	Due to banks	5,021	67	175	450	2,845	1,484	-	-	-	-	-		
7	Debt securities, prescribed instruments and structured financial instruments issued and outstanding	-	-	-	-	-	-	-	-	-	-	-		
8	Other liabilities	495	290	-	2	9	19	67	33	25	50	-		
9	Capital and reserves	41	-	-	-	-	-	-	-	-	-	41		
10	Total	20,495	14,377	435	979	2,890	1,658	2,741	497	26	52	1	41	
Off-balance sheet obligations														
11	Irrevocable loan commitments or facilities granted													
(a)	With dates and amounts of drawdown ascertained	-	-	-	-	-	-	-	-	-	-	-		
(b)	Others (not included in sub-item (a))	1,137	1,137	-	-	-	-	-	-	-	-	-		
12	Contractual obligations arising from securities financing transactions (not included in item 2)	-	-	-	-	-	-	-	-	-	-	-		
13	Contractual obligations arising from derivative contracts (not included in item 3)	-	-	-	-	-	-	-	-	-	-	-		
14	Off-balance sheet obligations not included in items 11 to 13													
(a)	With dates and amounts of payment ascertained	1	-	-	-	-	1	-	-	-	-	-		
(b)	Others	-	-	-	-	-	-	-	-	-	-	-		
15	Total	1,138	1,137	-	-	-	1	-	-	-	-	-		
On-balance sheet assets														
16	Currency notes and coins	-	-	-	-	-	-	-	-	-	-	-		
17	Amount receivable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-		
18	Amount receivable arising from derivative contracts	95	4	5	10	42	109	2,797	486	1	2	1		
19	Due from MA for a/c of Exchange Fund	41	41	-	-	-	-	-	-	-	-	-		
20	Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-		
21	Due from banks	4,154	1,724	2,430	-	-	-	-	-	-	-	-		
22	Debt securities, prescribed instruments and structured financial instruments held (net of short positions)													
(a)	Readily monetizable	3,909	3,909	-	-	-	-	-	-	-	-	-		
(b)	Not readily monetizable	-	-	-	-	-	-	-	-	-	-	-		
(i)	Pledged to customers	-	-	-	-	-	-	-	-	-	-	-		
(ii)	Others	-	-	-	-	-	-	-	-	-	-	-		
23	Acceptances and bills of exchange held	-	-	-	-	-	-	-	-	-	-	-		
24	Loans and advances to non-bank customers	12,100	3,317	5,694	2,438	466	170	15	-	-	-	-		
25	Other assets	196	59	-	2	4	6	11	33	23	40	18		
26	Total	20,495	9,054	8,129	2,450	512	285	2,823	519	24	42	1	18	
Off-balance sheet claims														
27	Irrevocable loan commitments or facilities received													
(a)	With dates and amounts of drawdown ascertained	-	-	-	-	-	-	-	-	-	-	-		
(b)	Others	-	-	-	-	-	-	-	-	-	-	-		
28	Contractual claims arising from securities financing transactions (not included in item 17)	-	-	-	-	-	-	-	-	-	-	-		
29	Contractual claims arising from derivative contracts (not included in item 18)	-	-	-	-	-	-	-	-	-	-	-		
30	Off-balance sheet claims not included in items 27 to 29													
(a)	With dates and amounts of receipt of payment ascertained	1	-	-	-	-	1	-	-	-	-	-		
(b)	Others	-	-	-	-	-	-	-	-	-	-	-		
31	Total	1	-	-	-	-	1	-	-	-	-	-		
32	Contractual Maturity Mismatch		-6,460	7,694	1,471	-2,378	-1,373	82	22	-2	-10	-		
33	Cumulative Contractual Maturity Mismatch		-6,460	1,234	2,705	327	-1,046	-964	-942	-944	-954	-954		

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 2021

	31 Dec 2021		31 Dec 2020	
	HKD'000	HKD'000	HKD'000	HKD'000
a. Outstanding deferred remuneration				
Vested		2,552		-
Unvested		6,564		3,605
		<u>9,116</u>		<u>3,605</u>
Cash-based		9,116		3,605
Shares and share-linked instruments		-		-
		<u>9,116</u>		<u>3,605</u>
b. Deferred remuneration awarded, paid out and reduced through performance adjustments				
Awarded		5,512		3,605
Paid out		2,552		-
Reduced through performance adjustments		-		-
c. Breakdown of remuneration awards				
	Non-deferred	Deferred	Non-deferred	Deferred
Fixed remuneration				
Cash-based	16,898	-	21,541	-
Shares and share-linked instruments	-	-	-	-
Variable remuneration				
Cash-based	7,540	5,512	29,930	3,605
Shares and share-linked instruments	-	-	-	-
	<u>24,438</u>	<u>5,512</u>	<u>51,471</u>	<u>3,605</u>

During the period of January 2022, 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 2022.

The aggregate quantitative information on remuneration for the year ended 31 December 2021 disclosed above is for eight senior management and key personnel of the branch (2020: thirteen). 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 2021, no guaranteed bonuses (2020: HKD19,954,000), no severance payments (2020: HKD100,000) and no compensation for loss of bonus (2020: Nil) have been awarded to senior management or key personnel.

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 2021.

J. Safra Sarasin Holding Ltd
Group Consolidated Financial Information
As at 31 Decembet 2021

	(Note 1) CHF'000	(Note 1) CHF'000
	31 Dec 2021	30 Jun 2021
Total shareholders' equity including minority interest	5,570,213	5,452,246

Other financial information

Balance sheet :

Total assets	42,325,356	41,830,251
Total liabilities	36,755,143	36,378,005
Due from customers	13,405,508	13,987,477
Due to customers	32,370,958	31,725,024

	31 Dec 2021	31 Dec 2020
Profit and Loss :		
Profit before taxes	463,122	453,438

	31 Dec 2021	30 Jun 2021
Capital adequacy ratio		
CET1 ratio (Note 2)	38.7%	35.9%

Note :

(1) Group consolidated financial information for the year ended 31 Dec 2021 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.