

**Bank J. Safra Sarasin Ltd**

**Hong Kong Branch**

**Key Financial Information Disclosure Statement**

**As at 30 June 2018**

**Bank J. Safra Sarasin Ltd  
Hong Kong Branch  
Key Financial Information Disclosure Statement  
As at 30 June 2018**

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**Bank J. Safra Sarasin Ltd**  
**Hong Kong Branch**  
**Profit & Loss Account**  
**For The Half Year Ended 30 June 2018**

|                                   |       | <b>6 months<br/>ended<br/>30 Jun 2018</b> | 6 months<br>ended<br>30 Jun 2017 |
|-----------------------------------|-------|---|----------------------------------|
|                                   | Notes | <b>HKD'000</b>                            | HKD'000                          |
| Interest income                   |       | 205,180                                   | 86,209                           |
| Interest expense                  |       | (75,098)                                  | (35,420)                         |
| Net interest income               |       | 130,082                                   | 50,789                           |
| Other operating income            | 1     | 104,495                                   | 122,069                          |
| Total operating income            |       | 234,577                                   | 172,858                          |
| Total operating expenses          | 2     | (154,151)                                 | (152,196)                        |
| Provisions for loans and advances |       | (23)                                      | -                                |
| Profit before taxation            |       | 80,403                                    | 20,662                           |
| Tax expense                       |       | (13,276)                                  | (3,437)                          |
| <b>Profit after taxation</b>      |       | <b>67,127</b>                             | <b>17,225</b>                    |

**Bank J. Safra Sarasin Ltd**  
**Hong Kong Branch**  
**Balance Sheet**  
**As at 30 June 2018**

|                                  |       | <b>30 Jun 2018</b>       | 31 Dec 2017              |
|----------------------------------|-------|--------------------------|--------------------------|
|                                  | Notes | <b>HKD'000</b>           | HKD'000                  |
| <b>Assets</b>                    |       |                          |                          |
| Cash and balances with banks     |       | 179,213                  | 224,701                  |
| Due from Exchange Fund           |       | 37,905                   | 44,709                   |
| Amount due from overseas offices |       | 4,504,824                | 3,676,513                |
| Certificates of deposit held     |       | 313,809                  | -                        |
| Loans and receivables            | 4     | 10,315,753               | 11,816,919               |
| Investment securities            |       | 2,129,782                | 2,695,825                |
| Property, plant and equipment    |       | 9,441                    | 4,356                    |
|                                  |       | <hr/>                    | <hr/>                    |
| <b>Total assets</b>              |       | <b><u>17,490,727</u></b> | <b><u>18,463,023</u></b> |
| <b>Liabilities</b>               |       |                          |                          |
| Deposits and balances from banks |       | 36,587                   | 8,449                    |
| Deposits from customers          | 5     | 8,573,193                | 9,567,577                |
| Amount due to overseas offices   |       | 8,714,051                | 8,668,347                |
| Other liabilities                |       | 166,896                  | 218,650                  |
|                                  |       | <hr/>                    | <hr/>                    |
| <b>Total liabilities</b>         |       | <b><u>17,490,727</u></b> | <b><u>18,463,023</u></b> |

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

|  |       | <b>6 months<br/>ended<br/>30 Jun 2018</b> | 6 months<br>ended<br>30 Jun 2017 |
|--|-------|---|----------------------------------|
|  | Notes | <b>HKD'000</b>                            | HKD'000                          |
| <b>1 Other operating income</b>  |       |   |                                  |
| Gains less losses arising from dealing in foreign currencies                     |       | 17,251                                    | 21,661                           |
| Gains less losses arising from trading in other derivatives                      |       | 4,477                                     | 3,073                            |
| Gains less losses on securities designated at fair value through profit and loss |       | (33,615)                                  | -                                |
| Net fees and commission income   | 3     | 116,382                                   | 97,335                           |
|  |       | <u><b>104,495</b></u>                     | <u>122,069</u>                   |
| <b>2 Total operating expenses</b>  |       |   |                                  |
| Staff and rental expenses  |       | (137,808)                                 | (136,841)                        |
| Other expenses   |       | (16,343)                                  | (15,355)                         |
|  |       | <u><b>(154,151)</b></u>                   | <u>(152,196)</u>                 |
| <b>3 Net fees and commission income</b>  |       |   |                                  |
| Fees and commission income   |       | 196,951                                   | 174,859                          |
| Less: Fees and commission expenses   |       | (80,569)                                  | (77,524)                         |
|  |       | <u><b>116,382</b></u>                     | <u>97,335</u>                    |
|  |       | <b>30 Jun 2018</b>                        | 31 Dec 2017                      |
|  | Notes | <b>HKD'000</b>                            | HKD'000                          |
| <b>4 Loans and receivables</b>   |       |   |                                  |
| Loans and advances to customers  | 6     | 10,119,926                                | 11,594,721                       |
| Accrued interest and other accounts  |       | 195,850                                   | 222,198                          |
| Provisions for bad and doubtful debts  |       | (23)                                      | -                                |
| - general provisions   |       | (23)                                      | -                                |
| - specific provisions  |       | -   | -                                |
|  |       | <u><b>10,315,799</b></u>                  | <u>11,816,919</u>                |
| <b>5 Deposits from customers</b>   |       |   |                                  |
| Demand deposits and current accounts   |       | 2,224,513                                 | 5,842,385                        |
| Time, call and notice deposits   |       | 6,348,680                                 | 3,725,192                        |
|  |       | <u><b>8,573,193</b></u>                   | <u>9,567,577</u>                 |

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

|  | <b>30 Jun 2018</b>       | 31 Dec 2017              |
|--|--------------------------|--------------------------|
|  | <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   | 1,056,420                | 1,082,120                |
| Property investment  | 20,999                   | 20,723                   |
| Individuals  |                          |                          |
| Others   | 856,322                  | 676,700                  |
| Loans and advances for use outside Hong Kong   | 8,186,185                | 9,815,178                |
|  | <u><b>10,119,926</b></u> | <u><b>11,594,721</b></u> |
| b. Breakdown by Secured and Unsecured  |                          |                          |
| Secured  | 10,119,926               | 11,594,721               |
| Unsecured  | -                        | -                        |
|  | <u><b>10,119,926</b></u> | <u><b>11,594,721</b></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   | 6,184,625                | 5,666,219                |
| Hong Kong  | 2,235,239                | 1,995,253                |
| Taiwan   | 25,944                   | 2,009,844                |

**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 2018 and 31 Dec 2017.

The branch does not have any impaired loans to customers and banks as at 30 Jun 2018 and 31 Dec 2017.

**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 2018 and 31 Dec 2017.

**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 2018**  
**HKD million**

|                                 | Banks        | Official Sector | Non-bank private sector         |                              | Others   | Total         |
|---------------------------------|--------------|-----------------|---------------------------------|------------------------------|----------|---------------|
|                                 |              |                 | Non-bank financial institutions | Non-financial private sector |          |               |
| Developed countries             | 5,178        | 572             | 184                             | 260                          | -        | 6,194         |
| of which Switzerland            | 4,643        | -               | -                               | -                            | -        | 4,643         |
| Developing Asia & Pacific       | 774          | -               | -                               | 435                          | -        | 1,209         |
| of which Taiwan                 | -            | -               | -                               | 26                           | -        | 26            |
| Offshore centres                | 9            | -               | 7,163                           | 1,451                        | -        | 8,623         |
| of which Hong Kong SAR          | -            | -               | 800                             | 871                          | -        | 1,671         |
| of which British Virgin Islands | -            | -               | 6,193                           | -                            | -        | 6,193         |
|                                 | <b>5,961</b> | <b>572</b>      | <b>7,347</b>                    | <b>2,146</b>                 | <b>-</b> | <b>16,026</b> |

**31 Dec 2017**  
**HKD million**

|                                 | Banks        | Official Sector | Non-bank private sector         |                              | Others   | Total         |
|---------------------------------|--------------|-----------------|---------------------------------|------------------------------|----------|---------------|
|                                 |              |                 | Non-bank financial institutions | Non-financial private sector |          |               |
| Developed countries             | 4,502        | 569             | 176                             | 235                          | -        | 5,482         |
| of which Switzerland            | 3,835        | -               | -                               | -                            | -        | 3,835         |
| Developing Asia & Pacific       | 484          | -               | -                               | 2,316                        | -        | 2,800         |
| of which Taiwan                 | -            | -               | -                               | 2,010                        | -        | 2,010         |
| Offshore centres                | 12           | -               | 6,680                           | 1,780                        | -        | 8,472         |
| of which Hong Kong SAR          | -            | -               | 858                             | 752                          | -        | 1,610         |
| of which British Virgin Islands | -            | -               | 5,669                           | -                            | -        | 5,669         |
|                                 | <b>4,998</b> | <b>569</b>      | <b>6,856</b>                    | <b>4,331</b>                 | <b>-</b> | <b>16,754</b> |

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

**10 Mainland Activities Disclosures**

(HKD million)

| Types of Counterparties  | 30 Jun 2018               |                            |            | 31 Dec 2017               |                            |            |
|--|---------------------------|----------------------------|------------|---------------------------|----------------------------|------------|
|  | 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                                  | 160                       | 7                          | 167        | 136                       | -                          | 136        |
| 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                        | 45                         | 71         | 11                        | -                          | 11         |
| <b>Total</b>   | <b>186</b>                | <b>52</b>                  | <b>238</b> | <b>147</b>                | <b>-</b>                   | <b>147</b> |
| Total assets after provision   | 17,491                    |                            |            | 18,463                    |                            |            |
| On-balance sheet exposures as percentage of total assets   | 1.06%                     |                            |            | 0.80%                     |                            |            |



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

**11. Foreign currency exposures**

(HKD million)

| 30 Jun 2018               |           |             |            |          |            |          |            |          |          |            |
|---------------------------|-----------|-------------|------------|----------|------------|----------|------------|----------|----------|------------|
|                           | USD       | EUR         | CHF        | JPY      | CNY        | AUD      | NZD        | CAD      | Others   | Total      |
| Spot assets               | 5,586     | 2,308       | 2,006      | 680      | 103        | 251      | 6          | 641      | 905      | 12,486     |
| Spot liabilities          | (5,022)   | (2,314)     | (2,014)    | (679)    | (1,230)    | (250)    | (7)        | (68)     | (904)    | (12,488)   |
| Forward purchases         | 1,874     | 486         | 2          | 130      | 1,548      | 127      | -          | 16       | 25       | 4,208      |
| Forward sales             | (2,428)   | (486)       | (2)        | (130)    | (421)      | (127)    | -          | (589)    | (25)     | (4,208)    |
| Net options positions*    | -         | -           | -          | -        | -          | -        | -          | -        | -        | -          |
| Net long (short) position | <b>10</b> | <b>(6)</b>  | <b>(8)</b> | <b>1</b> | <b>-</b>   | <b>1</b> | <b>(1)</b> | <b>-</b> | <b>1</b> | <b>(2)</b> |
| Net structural position   | -         | -           | -          | -        | -          | -        | -          | -        | -        | -          |
| 31 Dec 2017               |           |             |            |          |            |          |            |          |          |            |
|                           | USD       | EUR         | CHF        | JPY      | CNY        | AUD      | NZD        | CAD      | Others   | Total      |
| Spot assets               | 6,834     | 3,833       | 1,319      | 1,180    | 160        | 252      | 28         | 77       | 865      | 14,548     |
| Spot liabilities          | (6,018)   | (3,845)     | (1,326)    | (846)    | (1,291)    | (252)    | (29)       | (75)     | (864)    | (14,546)   |
| Forward purchases         | 1,251     | 238         | 2          | 45       | 1,487      | 107      | 48         | 31       | 182      | 3,391      |
| Forward sales             | (2,047)   | (238)       | (2)        | (378)    | (357)      | (107)    | (48)       | (32)     | (182)    | (3,391)    |
| Net options positions*    | -         | -           | -          | -        | -          | -        | -          | -        | -        | -          |
| Net long (short) position | <b>20</b> | <b>(12)</b> | <b>(7)</b> | <b>1</b> | <b>(1)</b> | <b>-</b> | <b>(1)</b> | <b>1</b> | <b>1</b> | <b>2</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 30 June 2018**

|   | 30 Jun 2018       | 31 Dec 2017 |
|---|-------------------|-------------|
| <b>1 Contingent liabilities and commitments</b> |                   |             |
| (contractual amounts)                           |                   |             |
|   | HKD'000           | HKD'000     |
| Direct credit substitutes                       | <b>93,720</b>     | 45,135      |
| Other commitments                               | <b>21,421,502</b> | 20,992,535  |

|  | 30 Jun 2018   |               |                             | 31 Dec 2017 |          |                             |
|--|---------------|---------------|-----------------------------|-------------|----------|-----------------------------|
|  | Fair Value    |               | Total<br>Notional<br>Amount | Fair Value  |          | Total<br>Notional<br>Amount |
|  | Positive      | Negative      |                             | Positive    | Negative |                             |
| <b>2 Derivatives instruments</b>   |               |               |                             |             |          |                             |
| (HKD '000)   |               |               |                             |             |          |                             |
| Exchange rate contracts<br>(exclude forward foreign exchange<br>contracts arising from swap deposit<br>arrangements) | <b>48,607</b> | <b>63,733</b> | <b>8,039,716</b>            | 121,856     | 103,754  | 12,702,968                  |
| Equity contracts   | <b>29,945</b> | <b>29,945</b> | <b>988,469</b>              | 8,633       | 8,633    | 1,198,343                   |
| Interest rate contracts  | -             | -             | -                           | -           | -        | -                           |
| Others   | <b>180</b>    | <b>180</b>    | <b>33,569</b>               | 77          | 77       | 30,898                      |

**3 Liquidity maintenance ratio**

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. 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.

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.

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.

|  | 30 Jun 2018    | 30 Jun 2017    |
|--|----------------|----------------|
| Average Liquidity Maintenance Ratio for the interim reporting period   | <b>45.55%</b>  | 45.27%         |
|  | <b>Q2 2018</b> | <b>Q1 2018</b> |
| Average Liquidity Maintenance Ratio for the quarterly reporting period | <b>47.20%</b>  | 43.90%         |

The average LMR for the interim reporting period is calculated based on the arithmetic mean of the average value of LMR for each calendar month during the 6-month interim reporting period. The average LMR for the quarterly reporting period is calculated based on the arithmetic mean of the average value of LMR for each calendar month during the respective quarter.

**J. Safra Sarasin Holding Ltd**  
**Group Consolidated Financial Information**  
**As at 30 June 2018**

|   | (Note 1)<br>CHF'000 | (Note 1)<br>CHF'000 |
|---|---------------------|---------------------|
|   | <b>30 Jun 2018</b>  | 31 Dec 2017         |
| <b>Total shareholders' equity including minority interest</b> | 4,632,775           | 4,431,371           |

**Other financial information**

Balance sheet :

|                    |            |            |
|--------------------|------------|------------|
| Total assets       | 35,537,786 | 35,170,035 |
| Total liabilities  | 30,905,011 | 30,738,664 |
| Due from customers | 14,246,284 | 13,687,354 |
| Due to customers   | 26,437,391 | 26,107,696 |

|                     | <b>30 Jun 2018</b> | 30 Jun 2017 |
|---------------------|--------------------|-------------|
| Profit and Loss :   |                    |             |
| Profit before taxes | 202,784            | 153,112     |

|                               | <b>30 Jun 2018</b> | 31 Dec 2017 |
|-------------------------------|--------------------|-------------|
| <b>Capital adequacy ratio</b> |                    |             |
| CET1 ratio (Note 2)           | 30.4%              | 28.8%       |

Note :

- (1) Group consolidated financial information for the six-month period ended 30 June 2018 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.