

Bank J. Safra Sarasin Ltd

Hong Kong Branch

Key Financial Information Disclosure Statement

As at 30 June 2019

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Key Financial Information Disclosure Statement
As at 30 June 2019

Contents	Pages
Profit and loss account	1
Balance sheet	2
Notes to the financial statements	3 - 7
Off balance sheet information	8
Liquidity information	9 - 11
Group consolidated financial information	12

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Profit & Loss Account
For The Half Year Ended 30 June 2019

		6 months ended 30 Jun 2019	6 months ended 30 Jun 2018
	Notes	HKD'000	HKD'000
Interest income		156,671	205,180
Interest expense		(98,103)	(75,098)
Net interest income		58,568	130,082
Other operating income	1	132,158	104,495
Total operating income		190,726	234,577
Total operating expenses	2	(151,369)	(154,151)
Provisions for loans and advances		2,196	(23)
Profit before taxation		41,553	80,403
Tax expense		(6,913)	(13,276)
Profit after taxation		34,640	67,127

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Balance Sheet
As at 30 June 2019

		30 Jun 2019	31 Dec 2018
	Notes	HKD'000	HKD'000
Assets			
Cash and balances with banks		306,118	781,863
Due from Exchange Fund		3,560	49,954
Amount due from overseas offices		2,538,975	3,371,211
Certificates of deposit held		320,308	321,009
Loans and receivables	4	8,445,669	8,697,150
Investment securities		1,934,737	2,137,919
Property, plant and equipment		66,026	7,478
Total assets		<u>13,615,393</u>	<u>15,366,584</u>
Liabilities			
Deposits and balances from banks		-	15,998
Deposits from customers	5	8,745,702	8,601,916
Amount due to overseas offices		4,533,394	6,445,937
Other liabilities		336,297	302,733
Total liabilities		<u>13,615,393</u>	<u>15,366,584</u>

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

		6 months ended 30 Jun 2019	6 months ended 30 Jun 2018
	Notes	HKD'000	HKD'000
1 Other operating income			
Gains less losses arising from dealing in foreign currencies		35,456	17,251
Gains less losses arising from trading in other derivatives		3,356	4,477
Gains less losses on securities designated at fair value through profit and loss		5,368	(33,615)
Net fees and commission income	3	87,978	116,382
		<u>132,158</u>	<u>104,495</u>
2 Total operating expenses			
Staff and rental expenses		(133,661)	(137,808)
Other expenses		(17,708)	(16,343)
		<u>(151,369)</u>	<u>(154,151)</u>
3 Net fees and commission income			
Fees and commission income		169,806	196,951
Less: Fees and commission expenses		(81,828)	(80,569)
		<u>87,978</u>	<u>116,382</u>
		30 Jun 2019	31 Dec 2018
	Notes	HKD'000	HKD'000
4 Loans and receivables			
Loans and advances to customers	6	8,336,127	8,540,364
Accrued interest and other accounts		109,810	159,255
Provisions for bad and doubtful debts		(268)	(2,469)
- general provisions		(268)	(2,469)
- specific provisions		-	-
		<u>8,445,669</u>	<u>8,697,150</u>
5 Deposits from customers			
Demand deposits and current accounts		1,625,223	1,916,753
Time, call and notice deposits		7,120,479	6,685,163
		<u>8,745,702</u>	<u>8,601,916</u>

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

	30 Jun 2019	31 Dec 2018
	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	431,104	456,145
Property investment	11,431	11,250
Individuals		
Others	918,887	876,920
Loans and advances for use outside Hong Kong	6,974,705	7,196,049
	<u>8,336,127</u>	<u>8,540,364</u>
b. Breakdown by Secured and Unsecured		
Secured	8,336,127	8,540,364
Unsecured	-	-
	<u>8,336,127</u>	<u>8,540,364</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	5,032,233	5,232,966
Hong Kong	1,750,894	1,783,054

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 2019 and 31 Dec 2018.

The branch does not have any impaired loans to customers and banks as at 30 Jun 2019 and 31 Dec 2018.

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 2019 and 31 Dec 2018.

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 2019
HKD million

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	3,128	111	148	196	-	3,583
of which Switzerland	2,721	-	-	-	-	2,721
Developing Asia & Pacific	850	-	-	339	-	1,189
of which China	850	-	-	145	-	995
Offshore centres	28	457	5,312	1,893	-	7,690
of which Hong Kong SAR	-	-	160	1,234	-	1,394
of which British Virgin Islands	-	-	5,035	2	-	5,037
	4,006	568	5,460	2,428	-	12,462

31 Dec 2018
HKD million

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	3,935	571	119	325	-	4,950
of which Switzerland	3,537	-	-	-	-	3,537
Developing Asia & Pacific	1,386	-	-	339	-	1,725
of which China	1,386	-	-	161	-	1,547
Offshore centres	17	-	5,666	1,582	-	7,265
of which Hong Kong SAR	-	-	203	1,093	-	1,296
of which British Virgin Islands	-	-	5,237	1	-	5,238
	5,338	571	5,785	2,246	-	13,940

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

10 Mainland Activities Disclosures
(HKD million)

	30 Jun 2019			31 Dec 2018		
Types of Counterparties	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	95	4	99	94	3	97
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	29	-	29	24	13	37
Total	124	4	128	118	16	134
Total assets after provision	13,615			15,367		
On-balance sheet exposures as percentage of total assets	0.91%			0.77%		

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

11 Foreign currency exposures

(HKD million)

30 Jun 2019								
	USD	GBP	EUR	CNY	AUD	GOL	Others	Total
Spot assets	4,671	657	1,636	18	373	147	1,858	9,360
Spot liabilities	(6,018)	(656)	(287)	(1,217)	(180)	(146)	(861)	(9,365)
Forward purchases	3,046	58	136	1,358	144	-	35	4,777
Forward sales	(1,705)	(57)	(1,489)	(160)	(335)	-	(1,030)	(4,776)
Net options positions*	-	-	-	-	-	-	-	-
Net long (short) position	(6)	2	(4)	(1)	2	1	2	(4)
Net structural position	-	-	-	-	-	-	-	-

31 Dec 2018								
	USD	GBP	EUR	CNY	AUD	GOL	Others	Total
Spot assets	5,335	491	1,501	552	198	102	2,126	10,305
Spot liabilities	(5,241)	(490)	(1,502)	(1,221)	(197)	(102)	(1,552)	(10,305)
Forward purchases	2,077	12	103	1,760	143	-	205	4,300
Forward sales	(2,174)	(13)	(103)	(1,091)	(143)	-	(776)	(4,300)
Net options positions*	-	-	-	-	-	-	-	-
Net long (short) position	(3)	-	(1)	-	1	-	3	-
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 Information
As at 30 June 2019

	30 Jun 2019	31 Dec 2018
1 Contingent liabilities and commitments (contractual amounts)	HKD'000	HKD'000
Direct credit substitutes	93,251	93,292
Other commitments	19,430,292	19,417,546

	30 Jun 2019			31 Dec 2018		
	Fair Value		Total Notional Amount	Fair Value		Total Notional Amount
	Positive	Negative		Positive	Negative	
2 Derivatives instruments (HKD '000)						
Exchange rate contracts (exclude forward foreign exchange contracts arising from swap deposit arrangements)	15,217	48,036	7,560,818	46,519	50,420	6,936,695
Equity contracts	14,941	14,941	963,768	21,267	21,267	431,896
Interest rate contracts	-	-	-	-	-	-
Others	-	-	4,898	354	354	15,341

**Bank J. Safra Sarasin Ltd
 Hong Kong Branch
 Liquidity Information
 As at 30 June 2019**

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.

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.

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

	Q2 2019	Q2 2018
Average Liquidity Maintenance Ratio for the interim reporting period	53.75%	47.20%

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 last quarter of the interim reporting period.

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 30 June 2019

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.

		30 Jun 2019											
		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	1,625	1,625	-	-	-	-	-	-	-	-	-	-
	(c) Term, call and notice deposits	7,132	902	647	4,159	1,313	70	41	-	-	-	-	-
2	Amount payable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-	-
3	Amount payable arising from derivative contracts	51	-	-	36	10	31	923	532	-	-	-	-
4	Due to MA for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-	-
5	Due to overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
6	Due to banks	4,495	118	435	434	3,508	-	-	-	-	-	-	-
7	Debt securities, prescribed instruments and structured financial instruments issued and outstanding	-	-	-	-	-	-	-	-	-	-	-	-
8	Other liabilities	257	155	-	3	5	8	55	31	-	-	-	-
9	Capital and reserves	42	-	-	-	-	-	-	-	-	-	-	42
10	Total	13,602	2,800	1,082	4,632	4,836	109	1,019	563	-	-	-	42
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))	1,095	1,095	-	-	-	-	-	-	-	-	-	-
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	93	-	-	-	-	2	91	-	-	-	-	-
	(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
15	Total	1,188	1,095	-	-	-	2	91	-	-	-	-	-
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	18	-	-	5	8	31	951	544	-	-	-	-
19	Due from MA for a/c of Exchange Fund	4	4	-	-	-	-	-	-	-	-	-	-
20	Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
21	Due from banks	2,846	1,375	595	876	-	-	-	-	-	-	-	-
22	Debt securities, prescribed instruments and structured financial instruments held (net of short positions)												
	(a) Readily monetizable	2,262	2,262	-	-	-	-	-	-	-	-	-	-
	(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	8,347	2,921	1,804	2,005	634	877	106	-	-	-	-	-
25	Other assets	126	54	-	3	6	9	17	26	-	-	-	11
26	Total	13,603	6,616	2,399	2,889	648	917	1,074	570	-	-	-	11
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	93	-	-	-	-	2	91	-	-	-	-	-
	(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
31	Total	93	-	-	-	-	2	91	-	-	-	-	-
32	Contractual Maturity Mismatch		2,721	1,317	-1,743	-4,188	808	55	7	-	-	-	-
33	Cumulative Contractual Maturity Mismatch		2,721	4,038	2,295	-1,893	-1,085	-1,030	-1,023	-1,023	-1,023	-1,023	-

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 30 June 2019

Maturity Profile

(HKD million)

													31 Dec 2018
		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	1,917	1,917	-	-	-	-	-	-	-	-	-	-
	(c) Term, call and notice deposits	6,690	1,300	718	1,748	2,899	19	6	-	-	-	-	-
2	Amount payable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-	-
3	Amount payable arising from derivative contracts	43	2	16	6	86	49	257	705	-	-	-	-
4	Due to MA for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-	-
5	Due to overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
6	Due to banks	6,363	147	326	2,084	3,806	-	-	-	-	-	-	-
7	Debt securities, prescribed instruments and structured financial instruments issued and outstanding	-	-	-	-	-	-	-	-	-	-	-	-
8	Other liabilities	226	143	-	-	75	1	-	-	7	-	-	-
9	Capital and reserves	99	-	-	-	-	-	-	-	-	-	-	99
10	Total	15,338	3,509	1,060	3,838	6,866	69	263	705	7	-	-	99
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))	1,184	1,184	-	-	-	-	-	-	-	-	-	-
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	177	-	-	3	51	47	21	46	9	-	-	-
	(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
15	Total	1,361	1,184	-	3	51	47	21	46	9	-	-	-
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	39	1	17	9	81	43	262	714	-	-	-	-
19	Due from MA for a/c of Exchange Fund	50	50	-	-	-	-	-	-	-	-	-	-
20	Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
21	Due from banks	4,155	1,147	1,878	1,126	-	4	-	-	-	-	-	-
22	Debt securities, prescribed instruments and structured financial instruments held (net of short positions)												
	(a) Readily monetizable	2,471	2,471	-	-	-	-	-	-	-	-	-	-
	(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	8,547	1,149	3,796	2,269	1,213	113	7	-	-	-	-	-
25	Other assets	74	56	-	-	-	-	-	-	-	-	-	18
26	Total	15,336	4,874	5,691	3,404	1,294	160	269	714	-	-	-	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	93	-	-	-	45	37	2	9	-	-	-	-
	(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
31	Total	93	-	-	-	45	37	2	9	-	-	-	-
32	Contractual Maturity Mismatch		181	4,631	-437	-5,578	81	-13	-28	-16	-	-	-
33	Cumulative Contractual Maturity Mismatch		181	4,812	4,375	-1,203	-1,122	-1,135	-1,163	-1,179	-1,179	-1,179	-

J. Safra Sarasin Holding Ltd
Group Consolidated Financial Information
As at 30 June 2019

	(Note 1) CHF'000	(Note 1) CHF'000
	30 Jun 2019	31 Dec 2018
Total shareholders' equity including minority interest	4,910,171	4,758,372

Other financial information

Balance sheet :

Total assets	36,374,804	35,230,892
Total liabilities	31,464,633	30,472,520
Due from customers	14,181,341	13,904,706
Due to customers	27,681,427	26,848,174

	30 Jun 2019	30 Jun 2018
Profit and Loss :		
Profit before taxes	209,808	202,784

	30 Jun 2019	31 Dec 2018
Capital adequacy ratio		
CET1 ratio (Note 2)	29.7%	31.8%

Note :

- (1) Group consolidated financial information for the six-month period ended 30 June 2019 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.