

Bank J. Safra Sarasin Ltd

Hong Kong Branch

Key Financial Information Disclosure Statement

As at 30 June 2020

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Key Financial Information Disclosure Statement
As at 30 June 2020

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Bank J. Safra Sarasin Ltd
Hong Kong Branch
Profit & Loss Account
For The Half Year Ended 30 June 2020

		6 months ended 30 Jun 2020	6 months ended 30 Jun 2019
	Notes	HKD'000	HKD'000
Interest income		90,644	156,671
Interest expense		(33,766)	(98,103)
Net interest income		56,878	58,568
Other operating income	1	129,030	132,158
Total operating income		185,908	190,726
Total operating expenses	2	(200,190)	(151,369)
Provisions for loans and advances		179	2,196
(Loss) / Profit before taxation		(14,103)	41,553
Tax credit / (expense)		2,054	(6,913)
(Loss) / Profit after taxation		(12,049)	34,640

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Balance Sheet
As at 30 June 2020

		30 Jun 2020	31 Dec 2019
	Notes	HKD'000	HKD'000
Assets			
Cash and balances with banks		550,248	422,321
Due from Exchange Fund		12,049	3,665
Amount due from overseas offices		2,091,819	1,976,882
Certificates of deposit held		441,773	-
Loans and receivables	4	7,224,854	8,338,460
Investment securities		1,086,454	1,352,184
Property, plant and equipment		28,700	46,800
		<hr/>	<hr/>
Total assets		<u>11,435,897</u>	<u>12,140,312</u>
Liabilities			
Deposits and balances from banks		7,925	3,870
Deposits from customers	5	6,848,497	5,604,338
Amount due to overseas offices		4,376,475	6,295,931
Other liabilities		203,000	236,173
		<hr/>	<hr/>
Total liabilities		<u>11,435,897</u>	<u>12,140,312</u>

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

		6 months ended 30 Jun 2020	6 months ended 30 Jun 2019
	Notes	HKD'000	HKD'000
1 Other operating income			
Gains less losses arising from dealing in foreign currencies		19,058	35,456
Gains less losses arising from trading in other derivatives		10,349	3,356
Gains less losses on securities designated at fair value through profit and loss		465	5,368
Net fees and commission income	3	99,158	87,978
		<u>129,030</u>	<u>132,158</u>
2 Total operating expenses			
Staff and rental expenses		(187,443)	(133,661)
Other expenses		(12,747)	(17,708)
		<u>(200,190)</u>	<u>(151,369)</u>
3 Net fees and commission income			
Fees and commission income		174,826	169,806
Less: Fees and commission expenses		(75,668)	(81,828)
		<u>99,158</u>	<u>87,978</u>
		30 Jun 2020	31 Dec 2019
	Notes	HKD'000	HKD'000
4 Loans and receivables			
Loans and advances to customers	6	7,019,156	8,211,282
Accrued interest and other accounts		205,848	127,509
Provisions for bad and doubtful debts		(150)	(331)
- general provisions		(150)	(331)
- specific provisions		-	-
		<u>7,224,854</u>	<u>8,338,460</u>
5 Deposits from customers			
Demand deposits and current accounts		5,178,933	2,350,676
Time, call and notice deposits		1,669,564	3,253,662
		<u>6,848,497</u>	<u>5,604,338</u>

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

	30 Jun 2020	31 Dec 2019
	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	266,524	363,573
Individuals		
Others	1,451,455	1,049,940
Loans and advances for use outside Hong Kong	5,301,177	6,797,769
	<u>7,019,156</u>	<u>8,211,282</u>
b. Breakdown by Secured and Unsecured		
Secured	7,019,156	8,211,282
Unsecured	-	-
	<u>7,019,156</u>	<u>8,211,282</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	3,490,742	4,831,326
Hong Kong	2,121,203	1,813,717

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 2020 and 31 Dec 2019.

The branch does not have any impaired loans to customers and banks as at 30 Jun 2020 and 31 Dec 2019.

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 2020 and 31 Dec 2019.

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 2020
HKD million

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	2,996	356	76	175	-	3,603
of which Switzerland	2,505	-	-	-	-	2,505
Offshore centres	33	-	3,655	2,152	-	5,840
of which Hong Kong SAR	-	-	64	1,550	-	1,614
of which British Virgin Islands	-	-	3,492	-	-	3,492
	3,029	356	3,731	2,327	-	9,443

31 Dec 2019
HKD million

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	2,700	-	123	190	-	3,013
of which Switzerland	2,283	-	-	-	-	2,283
Offshore centres	35	185	5,090	2,061	-	7,371
of which Hong Kong SAR	-	-	173	1,340	-	1,513
of which British Virgin Islands	-	-	4,835	-	-	4,835
	2,735	185	5,213	2,251	-	10,384

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

10 Mainland Activities Disclosures
(HKD million)

	30 Jun 2020			31 Dec 2019		
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	184	128	312	186	-	186
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	36	-	36	37	-	37
Total	220	128	348	223	-	223
Total assets after provision	11,436			12,140		
On-balance sheet exposures as percentage of total assets	1.92%			1.84%		

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

11 Foreign currency exposures

(HKD million)

30 Jun 2020									
	USD	GBP	JPY	EUR	CHF	AUD	GOL	Others	Total
Spot assets	4,214	252	942	1,974	470	273	308	342	8,775
Spot liabilities	(4,152)	(251)	(586)	(2,225)	(469)	(258)	(308)	(524)	(8,773)
Forward purchases	1,302	35	14	941	-	104	20	278	2,694
Forward sales	(1,368)	(37)	(369)	(688)	-	(118)	(20)	(94)	(2,694)
Net options positions*	-	-	-	-	-	-	-	-	-
Net long (short) position	(4)	(1)	1	2	1	1	-	2	2
Net structural position	-	-	-	-	-	-	-	-	-

31 Dec 2019									
	USD	GBP	JPY	EUR	CHF	AUD	GOL	Others	Total
Spot assets	4,087	645	637	1,835	627	244	242	469	8,786
Spot liabilities	(4,365)	(493)	(672)	(1,777)	(626)	(242)	(241)	(368)	(8,784)
Forward purchases	764	55	54	27	-	80	4	297	1,281
Forward sales	(488)	(206)	(18)	(87)	-	(81)	(4)	(397)	(1,281)
Net options positions*	-	-	-	-	-	-	-	-	-
Net long (short) position	(2)	1	1	(2)	1	1	1	1	2
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 2020

	30 Jun 2020	31 Dec 2019
1 Contingent liabilities and commitments (contractual amounts)	HKD'000	HKD'000
Direct credit substitutes	556	82,679
Other commitments	22,382,646	20,138,251

	30 Jun 2020			31 Dec 2019		
	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)	43,710	42,632	5,932,612	31,004	35,931	5,555,792
Equity contracts	62,541	62,541	1,863,570	13,269	13,269	1,105,670
Interest rate contracts	1,768	1,768	77,504	-	-	-
Others	310	54	15,193	-	-	-

**Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 30 June 2020**

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

	Q2 2020	Q2 2019
Average Liquidity Maintenance Ratio	43.34%	53.75%

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 interim reporting period.

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 30 June 2020

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 2020												
	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	5,179	5,179	-	-	-	-	-	-	-	-	-
	(c) Term, call and notice deposits	1,671	159	201	361	732	75	143	-	-	-	-
2	Amount payable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-
3	Amount payable arising from derivative contracts	62	-	-	3	3	14	1,397	390	-	1	-
4	Due to MA for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-
5	Due to overseas central banks	-	-	-	-	-	-	-	-	-	-	-
6	Due to banks	4,377	76	388	726	1,769	1,418	-	-	-	-	-
7	Debt securities, prescribed instruments and structured financial instruments issued and outstanding	-	-	-	-	-	-	-	-	-	-	-
8	Other liabilities	96	25	-	3	5	8	53	2	-	-	-
9	Capital and reserves	5	-	-	-	-	-	-	-	-	-	5
10	Total	11,390	5,439	589	1,093	2,509	1,515	1,593	392	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))	462	462	-	-	-	-	-	-	-	-	-
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	463	462	-	-	-	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	63	-	-	3	4	14	1,496	391	-	1	-
19	Due from MA for a/c of Exchange Fund	12	12	-	-	-	-	-	-	-	-	-
20	Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-
21	Due from banks	2,642	846	838	958	-	-	-	-	-	-	-
22	Debt securities, prescribed instruments and structured financial instruments held (net of short positions)											
	(a) Readily monetizable	1,532	1,532	-	-	-	-	-	-	-	-	-
	(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	7,023	1,456	3,358	1,660	418	90	41	-	-	-	-
25	Other assets	119	57	-	3	6	9	8	14	-	-	22
26	Total	11,391	3,903	4,196	2,624	428	113	1,545	405	1	-	22
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		-1,998	3,607	1,531	-2,081	-1,402	-48	13	-	-	-
33	Cumulative Contractual Maturity Mismatch		-1,998	1,609	3,140	1,059	-343	-391	-378	-378	-378	-378

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 30 June 2020

Maturity Profile

(HKD million)

													31 Dec 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	2,351	2,351	-	-	-	-	-	-	-	-	-	-												
	(c) Term, call and notice deposits	3,260	184	1,035	994	541	506	-	-	-	-	-	-												
2	Amount payable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-	-												
3	Amount payable arising from derivative contracts	29	-	4	7	20	113	898	847	-	-	-	-												
4	Due to MA for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-	-												
5	Due to overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-												
6	Due to banks	6,240	110	376	939	2,451	2,364	-	-	-	-	-	-												
7	Debt securities, prescribed instruments and structured financial instruments issued and outstanding	-	-	-	-	-	-	-	-	-	-	-	-												
8	Other liabilities	179	61	-	2	77	8	16	15	-	-	-	-												
9	Capital and reserves	61	-	-	-	-	-	-	-	-	-	-	61												
10	Total	12,120	2,706	1,415	1,942	3,089	2,991	914	862	-	-	-	61												
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))	610	610	-	-	-	-	-	-	-	-	-	-												
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	83	-	-	-	45	37	1	-	-	-	-	-												
	(b) Others	-	-	-	-	-	-	-	-	-	-	-	-												
15	Total	693	610	-	-	45	37	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	24	-	-	5	21	117	964	870	-	-	-	-												
19	Due from MA for a/c of Exchange Fund	4	4	-	-	-	-	-	-	-	-	-	-												
20	Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-												
21	Due from banks	2,400	1,153	445	802	-	-	-	-	-	-	-	-												
22	Debt securities, prescribed instruments and structured financial instruments held (net of short positions)																								
	(a) Readily monetizable	1,360	1,360	-	-	-	-	-	-	-	-	-	-												
	(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	8,220	767	3,929	2,472	935	102	15	-	-	-	-	-												
25	Other assets	112	63	-	2	6	9	17	9	-	-	-	6												
26	Total	12,120	3,347	4,374	3,281	962	228	996	879	-	-	-	6												
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	83	-	-	-	45	38	-	-	-	-	-	-												
	(b) Others	-	-	-	-	-	-	-	-	-	-	-	-												
31	Total	83	-	-	-	45	38	-	-	-	-	-	-												
32	Contractual Maturity Mismatch		31	2,959	1,339	-2,127	-2,762	81	17	-	-	-	-												
33	Cumulative Contractual Maturity Mismatch		31	2,990	4,329	2,202	-560	-479	-462	-462	-462	-462	-												

J. Safra Sarasin Holding Ltd
Group Consolidated Financial Information
As at 30 June 2020

	(Note 1) CHF'000	(Note 1) CHF'000
	30 Jun 2020	31 Dec 2019
Total shareholders' equity including minority interest	5,202,795	5,071,974

Other financial information

Balance sheet :

Total assets	37,528,660	36,627,438
Total liabilities	32,325,865	31,555,464
Due from customers	12,116,799	13,770,508
Due to customers	28,951,556	28,479,913

	30 Jun 2020	30 Jun 2019
Profit and Loss :		
Profit before taxes	217,490	209,808

	30 Jun 2020	31 Dec 2019
Capital adequacy ratio		
CET1 ratio (Note 2)	29.0%	31.3%

Note :

- (1) Group consolidated financial information for the six-month period ended 30 June 2020 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.