

Bank J. Safra Sarasin Ltd

Hong Kong Branch

Key Financial Information Disclosure Statement

As at 31 December 2018

**Bank J. Safra Sarasin Ltd
Hong Kong Branch
Key Financial Information Disclosure Statement
As at 31 December 2018**

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Bank J. Safra Sarasin Ltd
Hong Kong Branch
Profit & Loss Account
For The Year Ended 31 December 2018

		31 Dec 2018	31 Dec 2017
	Notes	HKD'000	HKD'000
Interest income		383,426	208,999
Interest expense		(170,607)	(95,108)
Net interest income		212,819	113,891
Other operating income	1	203,083	258,590
Total operating income		415,902	372,481
Total operating expenses	2	(310,318)	(301,945)
Provisions for loans and advances		(2,469)	-
Profit before taxation		103,115	70,536
Tax expense		(16,906)	(10,211)
Profit after taxation		86,209	60,325

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Balance Sheet
As at 31 December 2018

		31 Dec 2018	30 Jun 2018
	Notes	HKD'000	HKD'000
Assets			
Cash and balances with banks		781,863	179,213
Due from Exchange Fund		49,954	37,905
Amount due from overseas offices		3,371,211	4,504,824
Certificates of deposit held		321,009	313,809
Loans and receivables	4	8,697,150	10,315,753
Investment securities		2,137,919	2,129,782
Property, plant and equipment		7,478	9,441
Total assets		<u>15,366,584</u>	<u>17,490,727</u>
Liabilities			
Deposits and balances from banks		15,998	36,587
Deposits from customers	5	8,601,916	8,573,193
Amount due to overseas offices		6,445,937	8,714,051
Other liabilities		302,733	166,896
Total liabilities		<u>15,366,584</u>	<u>17,490,727</u>

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

		31 Dec 2018	31 Dec 2017
	Notes	HKD'000	HKD'000
1 Other operating income			
Gains less losses arising from dealing in foreign currencies		28,495	51,809
Gains less losses arising from trading in other derivatives		6,127	7,608
Gains less losses on securities designated at fair value through profit and loss		(30,242)	-
Net fees and commission income	3	197,555	198,373
Other		1,148	800
		<u>203,083</u>	<u>258,590</u>
2 Total operating expenses			
Staff and rental expenses		(277,617)	(268,832)
Other expenses		(32,701)	(33,113)
		<u>(310,318)</u>	<u>(301,945)</u>
3 Net fees and commission income			
Fees and commission income		387,740	384,933
Less: Fees and commission expenses		(190,185)	(186,560)
		<u>197,555</u>	<u>198,373</u>
4 Loans and receivables			
Loans and advances to customers	6	8,540,364	10,119,926
Accrued interest and other accounts		159,255	195,850
Provisions for bad and doubtful debts		(2,469)	(23)
- general provisions		(2,469)	(23)
- specific provisions		-	-
		<u>8,697,150</u>	<u>10,315,753</u>
5 Deposits from customers			
Demand deposits and current accounts		1,916,753	2,224,513
Time, call and notice deposits		6,685,163	6,348,680
		<u>8,601,916</u>	<u>8,573,193</u>

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

	31 Dec 2018	30 Jun 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	456,145	1,056,420
Property investment	11,250	20,999
Individuals		
Others	876,920	856,322
Loans and advances for use outside Hong Kong	7,196,049	8,186,185
	<u>8,540,364</u>	<u>10,119,926</u>
b. Breakdown by Secured and Unsecured		
Secured	8,540,364	10,119,926
Unsecured	-	-
	<u>8,540,364</u>	<u>10,119,926</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	5,232,966	6,184,625
Hong Kong	1,783,054	2,235,239

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 2018 and 30 Jun 2018.

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

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

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 China	774	-	-	228	-	1,002
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
	5,961	572	7,347	2,146	-	16,026

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

10 Mainland Activities Disclosures
(HKD million)

Types of Counterparties	31 Dec 2018			30 Jun 2018		
	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	94	3	97	160	7	167
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	24	13	37	26	45	71
Total	118	16	134	186	52	238
Total assets after provision	15,367			17,491		
On-balance sheet exposures as percentage of total assets	0.77%			1.06%		

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

11 Foreign currency exposures
(HKD million)

31 Dec 2018							
	USD	EUR	CHF	JPY	NZD	Others	Total
Spot assets	5,335	1,501	571	1,261	5	1,632	10,305
Spot liabilities	(5,241)	(1,502)	(570)	(689)	(5)	(2,298)	(10,305)
Forward purchases	2,077	103	-	142	45	1,933	4,300
Forward sales	(2,174)	(103)	-	(713)	(45)	(1,265)	(4,300)
Net options positions*	-	-	-	-	-	-	-
Net long (short) position	(3)	(1)	1	1	-	2	-
Net structural position	-	-	-	-	-	-	-
30 Jun 2018							
	USD	EUR	CHF	JPY	NZD	Others	Total
Spot assets	5,586	2,308	2,006	680	6	1,900	12,486
Spot liabilities	(5,022)	(2,314)	(2,014)	(679)	(7)	(2,452)	(12,488)
Forward purchases	1,874	486	2	130	-	1,716	4,208
Forward sales	(2,428)	(486)	(2)	(130)	-	(1,162)	(4,208)
Net options positions*	-	-	-	-	-	-	-
Net long (short) position	10	(6)	(8)	1	(1)	2	(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 31 December 2018

	31 Dec 2018	30 Jun 2018
1 Contingent liabilities and commitments (contractual amounts)	HKD'000	HKD'000
Direct credit substitutes	93,292	93,720
Other commitments	19,417,546	21,421,502

	31 Dec 2018			30 Jun 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)	46,519	50,420	6,936,695	48,607	63,733	8,039,716
Equity contracts	21,267	21,267	431,896	29,945	29,945	988,469
Interest rate contracts	-	-	-	-	-	-
Others	354	354	15,341	180	180	33,569

**Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 31 December 2018**

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

	31 Dec 2018	31 Dec 2017
Average Liquidity Maintenance Ratio for the annual reporting period	48.21%	44.80%
	Q4 2018	Q3 2018
Average Liquidity Maintenance Ratio for the quarterly reporting period	50.29%	51.45%

The average LMR for the annual reporting period is calculated based on the arithmetic mean of the average value of LMR for each calendar month during the 12-month 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.

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 31 December 2018

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 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	-

Bank J. Safra Sarasin Ltd
Hong Kong Branch
Liquidity Information
As at 31 December 2018

Maturity Profile

(HKD million)

		30 Jun 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	2,225	2,225	-	-	-	-	-	-	-	-	-	-
	(c) Term, call and notice deposits	6,353	1,046	687	3,607	1,009	4	-	-	-	-	-	-
2	Amount payable arising from securities financing transactions (other than securities swap transactions)	-	-	-	-	-	-	-	-	-	-	-	-
3	Amount payable arising from derivative contracts	56	2	2	37	44	82	924	417	-	-	-	-
4	Due to MA for a/c of Exchange Fund	-	-	-	-	-	-	-	-	-	-	-	-
5	Due to overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
6	Due to banks	8,667	318	1,106	1,198	4,105	1,427	513	-	-	-	-	-
7	Debt securities, prescribed instruments and structured financial instruments issued and outstanding	-	-	-	-	-	-	-	-	-	-	-	-
8	Other liabilities	72	28	-	-	-	-	37	-	7	-	-	-
9	Capital and reserves	80	-	-	-	-	-	-	-	-	-	-	80
10	Total	17,453	3,619	1,795	4,842	5,158	1,513	1,474	417	7	-	-	80
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))	1,332	1,332	-	-	-	-	-	-	-	-	-	-
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	196	-	-	3	6	12	101	46	28	-	-	-
	(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
15	Total	1,528	1,332	-	3	6	12	101	46	28	-	-	-
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	40	2	2	22	45	82	937	429	-	-	-	-
19	Due from MA for a/c of Exchange Fund	38	38	-	-	-	-	-	-	-	-	-	-
20	Due from overseas central banks	-	-	-	-	-	-	-	-	-	-	-	-
21	Due from banks	4,684	1,085	1,343	2,256	-	-	-	-	-	-	-	-
22	Debt securities, prescribed instruments and structured financial instruments held (net of short positions)	-	-	-	-	-	-	-	-	-	-	-	-
	(a) Readily monetizable	2,460	2,460	-	-	-	-	-	-	-	-	-	-
	(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	10,131	2,742	4,407	1,423	1,093	425	41	-	-	-	-	-
25	Other assets	99	73	-	-	-	-	-	-	-	-	-	26
26	Total	17,452	6,400	5,752	3,701	1,138	507	978	429	-	-	-	26
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	94	-	-	-	2	83	9	-	-	-	-	-
	(b) Others	-	-	-	-	-	-	-	-	-	-	-	-
31	Total	94	-	-	-	0	2	83	9	-	-	-	-
32	Contractual Maturity Mismatch		1,449	3,957	-1,144	-4,026	-1,016	-514	-25	-35	-	-	-
33	Cumulative Contractual Maturity Mismatch		1,449	5,406	4,262	236	-780	-1,294	-1,319	-1,354	-1,354	-1,354	-

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 2018

	31 Dec 2018		31 Dec 2017	
	HKD'000	HKD'000	HKD'000	HKD'000
a. Outstanding deferred remuneration				
Vested		4,650		4,281
Unvested		7,106		7,019
		<u>11,756</u>		<u>11,300</u>
Cash-based		11,756		11,300
Shares and share-linked instruments		-		-
		<u>11,756</u>		<u>11,300</u>
b. Deferred remuneration awarded, paid out and reduced through performance adjustments				
Awarded		4,738		4,738
Paid out		4,650		4,281
Reduced through performance adjustments		-		-
c. Breakdown of remuneration awards				
	Non-deferred	Deferred	Non-deferred	Deferred
Fixed remuneration				
Cash-based	12,553	-	12,423	-
Shares and share-linked instruments	-	-	-	-
Variable remuneration				
Cash-based	5,083	4,738	5,745	4,738
Shares and share-linked instruments	-	-	-	-
	<u>17,636</u>	<u>4,738</u>	<u>18,168</u>	<u>4,738</u>

During the period of January 2019, 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 2019.

The aggregate quantitative information on remuneration for the year ended 31 December 2018 disclosed above is for seven senior management and key personnel of the branch (2017: seven). As the above remuneration disclosures pertain to a small number of personnel, the quantitative information on remuneration for senior management and key personnel is not separately disclosed.

During the year ended 31 December 2018, no senior management or key personnel has been awarded with guaranteed bonuses (2017: Nil), compensation for loss of bonus (2017: Nil) and severance payments (2017: Nil).

The senior management and key personnel have responsibilities beyond Hong Kong and, as a result, do not perform services exclusively for the branch. The remuneration disclosed above has been apportioned to reflect each individual's relative contribution to the branch's results for the year ended 31 December 2018.

J. Safra Sarasin Holding Ltd
Group Consolidated Financial Information
As at 31 December 2018

	(Note 1) CHF'000	(Note 1) CHF'000
	31 Dec 2018	30 Jun 2018
Total shareholders' equity including minority interest	4,758,372	4,632,775

Other financial information

Balance sheet :

Total assets	35,230,892	35,537,786
Total liabilities	30,472,520	30,905,011
Due from customers	13,904,706	14,246,284
Due to customers	26,848,174	26,437,391

	31 Dec 2018	31 Dec 2017
Profit and Loss :		
Profit before taxes	384,620	355,579

	31 Dec 2018	30 Jun 2018
Capital adequacy ratio		
CET1 ratio (Note 2)	31.8%	30.4%

Note :

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