J. SAFRA SARASIN

Sustainable Swiss Private Banking since 1841

Annual Report 2012

"If you choose to sail upon the seas of banking,
build your bank as you would your boat,
with the strength to sail safely through any storm."

Jacob Safra

Jacob Safra (1891–1963)

Contents

Consolidated key data

Consolidated income statement	2012 CHF 000
Operating income	555,612
Operating expenses	–349,826
Gross profit	**205,786**
Group profit for the year	**171,164**

Consolidated balance sheet	31.12.2012 CHF 000
Total assets	28,180,385
Due from customers	11,064,813
Due to customers	21,164,869
Shareholders’ equity	3,283,597

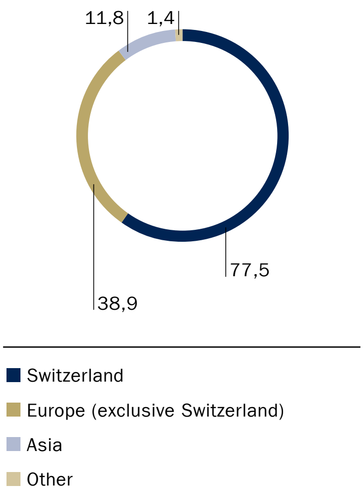
Ratios	2012 %
Cost income ratio	63.0
BIS Tier 1 ratio	20.5

Assets under management	31.12.2012 CHF million
Assets under management	129,577

Headcount (full-time equivalents)	31.12.2012
Consolidated headcount	2,143
of which client relationship managers (including assistants)	551

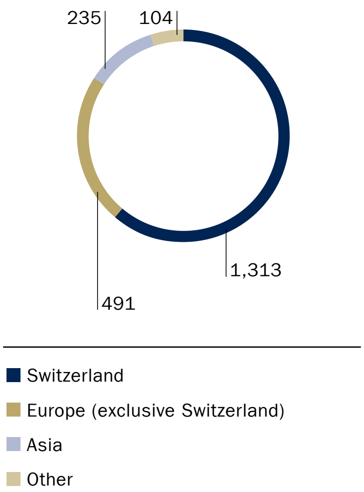
Assets under management by booking centre

(CHF billion) **31.12.2012**



Headcount by location

(full-time equivalents) **31.12.2012**



Report of the Board of Directors

J. Safra Sarasin Group successfully completed the acquisition of Bank Sarasin in 2012. With the announced merger of Bank Sarasin and Bank J. Safra (Switzerland), the next important step has already been initiated to exploit in full the common strengths of both companies.

2012 was a successful and meaningful year for J. Safra Sarasin Group. The year was dominated by the completion of the acquisition of Bank Sarasin & Co. Ltd announced in November 2011. The acquisition of the majority shareholding in Bank Sarasin from Rabobank Group (Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.) was closed on 31 July 2012. Following this acquisition, Safra made a public offer for the publicly held registered B shares of Bank Sarasin, which was completed on 19 October 2012.

Positioned to capitalise on the long-term global growth potential of Private Banking

Sarasin and Safra complement one another strategically in terms of their geographic markets. Both are also highly regarded for their reputation in private banking worldwide, as well as their sustainable and conservative approach to their client's assets.

Following the closing of the transaction with Rabobank on 31 July 2012, J. Safra Sarasin Holding Ltd. and its directly and indirectly controlled subsidiaries (collectively J. Safra Sarasin Group or the Group) form a financial group within the meaning of Article 3c al. 1 of the Swiss Banking Act. The Swiss Financial Market Supervisory Authority (FINMA) exercises consolidated supervision over the Group through J. Safra Sarasin Holding.

After the merger the building at the Paradeplatz in Zurich will show the name J. Safra Sarasin.

Zurich

J. Safra Holding becomes J. Safra Sarasin Holding

The Group was successfully reorganised as of 1 August 2012 to maximise its strengths and to ensure a well-consolidated supervision framework, which assures effective risk identification, management, and control. With effective date 18 December 2012, J. Safra Holding Ltd. changed its name to J. Safra Sarasin Holding Ltd.

J. Safra Sarasin Group is represented worldwide in 30 locations in Europe, Asia, the Middle East, and Latin America. At the end of December 2012, the Group profit for the year came to CHF 171 million. The Group manages total clients assets of CHF 130 billion and has over 2,100 employees. It has stockholder equity of CHF 3.3 billion. The BIS Tier 1 ratio (defined as core capital as a percentage of risk-weighted assets) of J. Safra Sarasin Group is over 20%.

Merger between Bank Sarasin and Bank J. Safra (Switzerland) announced

On 28 January 2013 it was announced that the Boards of Directors of J. Safra Sarasin Holding, Bank Sarasin and Bank J. Safra (Switzerland) have decided to merge the two banks under the name Bank J. Safra Sarasin. The merger is expected to be completed in the second quarter of 2013 with the necessary regulatory approvals finalised at that time. The head office of Bank J. Safra Sarasin will be in Basel.

Bank J. Safra Sarasin will continue to pursue Bank Sarasin's existing business strategy to position itself as a leading sustainable international provider of financial services. Bank J. Safra Sarasin will enable both Safra and Sarasin to capitalise on their respective brand strengths, and the merger underscores the complementary attributes of both companies with respect to clients, global private banking and wealth management, operations, and corporate governance.

Capital requirements disclosures under Circ. FINMA 08/22 are published on our website www.jsafrasarasin.com.


Frankfurt


Hong Kong


London


Warsaw

To reflect the common strengths of both companies, the J. Safra Sarasin logo embodies the Safra and Sarasin brand identities. It includes not only the two brand names, but the emblem of both institutions.

Stability and a consistent long-term approach

J. Safra Sarasin Group is well positioned to be a prominent player both in the Swiss financial center and in all global markets, consistent with the needs of its clients. The family-ownership of J. Safra Sarasin Group provides the company, its clients, and its business partners with stability and a consistent long-term approach.

In order to provide a shared brand for the markets under which J. Safra Sarasin Group operates, Banque Safra-Luxembourg, Banque J. Safra (Monaco) SA, Bank J. Safra (Gibraltar) Ltd., Safra International Bank and Trust Ltd. and Bank Sarasin AG, Germany, will change their names following approval by the relevant authorities. They will become Banque J. Safra Sarasin (Luxembourg) SA, Banque J. Safra Sarasin (Monaco) SA, Bank J. Safra Sarasin (Gibraltar) Ltd, Bank J. Safra Sarasin (Bahamas) Ltd., and Bank J. Safra Sarasin (Deutschland) AG, respectively.

Market climate

Expected growth rates for private wealth continue to create an attractive market environment for private banking. Particularly promising is the outlook for new markets in Asia, Eastern Europe, Africa and South America.

The past year was dominated by political outcomes that reduced uncertainty. Parliamentary elections in Greece and France addressed the survival of the euro and the financial stability of Europe. The divisions over America’s future economic direction exacerbated during the presidential campaign eased somewhat after the election, with a consequent rally on financial markets early in 2013. Central banks had to take even stronger engagement actions to continue the economic recovery momentum. The US Federal Reserve made clear its commitment to finance the US economy for as long as necessary with an ongoing liquidity program, while the European Central Bank declared that it would be ready to buy unlimited amounts of bonds of euro countries if necessary.

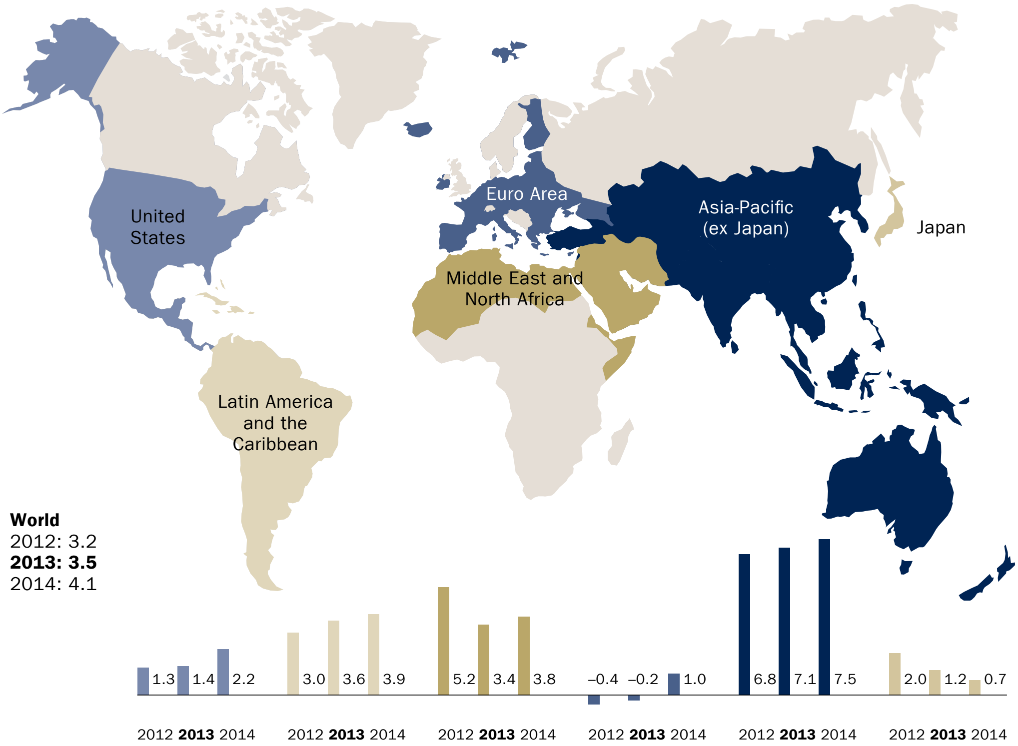
Positive outlook for stock markets in 2013, following a strong 2012

Most asset classes managed to achieve double-digit growth in 2012 and share prices are expected to continue to rise in 2013. In 2012 stock markets were boosted by the various economic and monetary policy measures implemented by national authorities to continue to drive forward growth and expansion. As a result, 2012 turned out to be the best year for financial markets since 2005. This is reflected in the positive performance of market indices, most of which had finished in negative territory in 2011: the MSCI World Index ended the year 12.9% higher than at the start, the MSCI Emerging Markets Index was up 15.1% and the MSCI USA Index registered an increase of 13.5%. Consensus forecasts for 2013 show a very positive outlook for stock markets.

The strong bull in front of the Frankfurter exchange is symbolic for the positive start of the stock markets in 2013.

Forecast economic growth for 2012 and 2013 by region

(percent)



Source: IMF, World Economic Outlook Update, January 2013, Table 1.

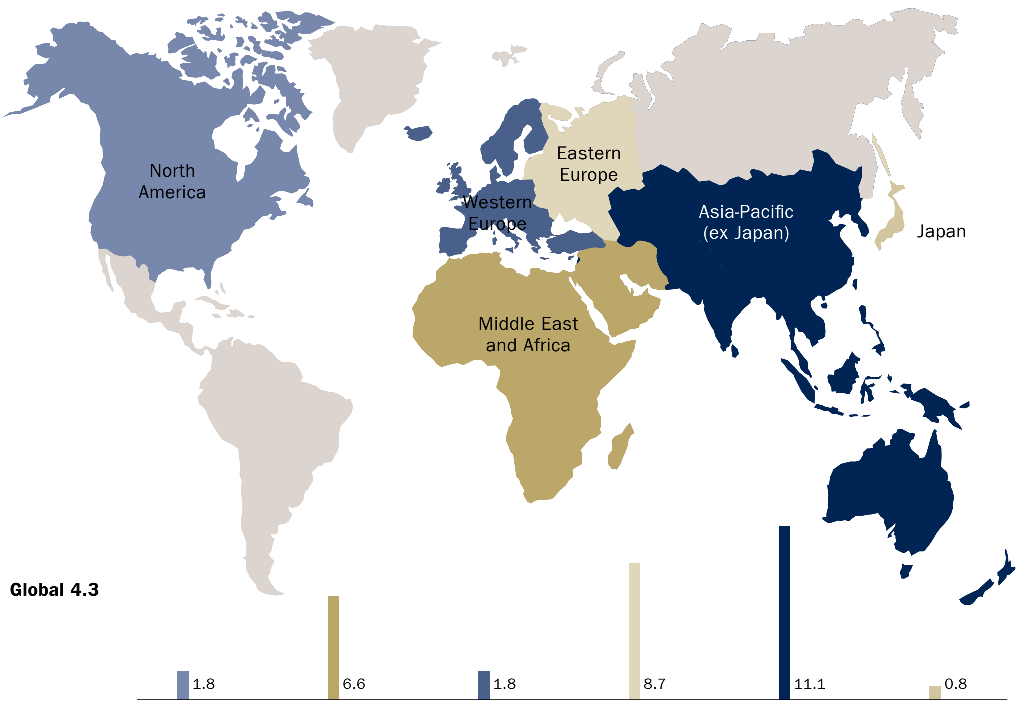
Economic growth combined with fiscal austerity will characterise 2013

After growing by 3.2% in 2012, the global economy is expected to grow by 3.5% as forecast by International Monetary Fund (IMF) in its Economic Outlook, published in January 2013. For 2014, the IMF estimates growth at 4.1%. According to the IMF, gross domestic product (GDP) could see a sharp rise absent further crises and if financial conditions continue to improve.

Growth is expected to accelerate in developing and newly industrialised countries, although not necessarily at the same dynamic growth rates as in 2010 and 2011, due to weakening industrialized economies and falling demand. Encouragingly, the IMF predicts that the Chinese economy will still grow by 8.2%. Evidence that emerging-market countries are closing the gap with Western industrialised nations is provided

Outlook: global wealth growth by region 2011–2016

(percent)



Forecast annual average growth 2011–2016. Source: Boston Consulting Group: Global Wealth Report 2012 (2012).

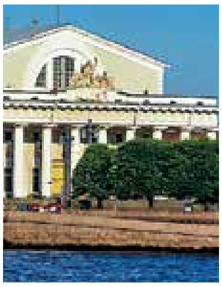
in the "World 2050"[1] report published by PricewaterhouseCoopers: China, the USA, and India are by far the biggest economies of the world. While four Western European countries – Germany, France, Italy, and the UK – featured in the list of top 10 global economies in 2011, the report claims that only Germany and France will stay there until 2050.

Number of HNWIs increases with expanded opportunities for private banking

According to the Boston Consulting Group (BCG), which analyzes the asset management industry in its Global Wealth Report for 2012, "The Battle to Regain Strength"[2], the growth rates predicted for private wealth continue to create an attractive market environment for private banking: private assets are forecast to grow by 4–5% per year up to the end of 2016. Asia, Eastern Europe, Africa, and South America will be the fastest growing regions. By contrast, only weak growth is expected in North America, Japan, and Western Europe.

According to the 16th World Wealth Report produced by Capgemini and RBC Wealth Management[3] the number of HNWIs (high net worth individuals, or people with net financial assets of more than USD 1 million) rose marginally by 0.8% in 2011 to 11 million, after much stronger growth of 17.1% in 2009 and 8.3% in 2010. This growth was driven mainly by wealthier private investors with assets of between one and five million US dollars. This group of investors accounts for 90% of global HNWIs, and grew by 1.1%. Reflecting the market volatility of the past several years, the total financial assets of HNWIs worldwide shrank in all regions, with the sole exception of the Middle East, by 1.7%.

[1] PricewaterhouseCoopers, World in 2050 – The BRICs and beyond: prospects, challenges and opportunities (2013).
[2] The Boston Consulting Group, Global Wealth 2012, The Battle to Regain Strength (2012).
[3] Capgemini and RBC Wealth Management, World Wealth Report 2012 (2012).

For the first time it is the Asian-Pacific region rather than North America that is home to the highest number of HNWIs in the world: 3.4 million (+1.6%). However, the biggest concentration of HNWI assets, USD 11.4 trillion, is still to be found in North America. The number of HNWIs based in Germany rose by around 3%. As a result, Germany occupies third place, behind the USA and Japan, in the ranking of countries with the most millionaires, according to the World Wealth Report. Overall, 53.3% of all HNWIs live in these top three countries (2010: 53.1%). The biggest percentage growth was in Brazil (6.2%). India, which made it into the list of top 12 HNWI countries in 2010, was replaced by South Korea. Together with India, Hong Kong topped the list of countries that experienced the largest decline in HNWIs in 2011.

There was a fall in the number of Ultra-HNWIs (investors with net investible assets of at least USD 30 million excluding owner-occupied property, valuables and consumer goods): the actual number of Ultra-HNWIs fell by 2.5%, while their total assets shrank by 4.9%.

Strong demand for sustainable investments

The changing macroeconomic environment and financial policies are persuading HNWIs to find a safe home for their investments. The steadily increasing proportion of sustainable investments in HNWI portfolios confirms their appeal, as they help to reduce risks and create opportunities by taking social and environmental criteria into consideration for investment decisions. In its third study on high net worth individuals and sustainable investments[4], published with the support of Bank Sarasin, the European Forum for Sustainable Investment (Eurosif) reported a 60% increase in the sustainable investments of European HNWIs, while the total volume of assets grew by 18%. The total market value of sustainable investments now stands at EUR 1.5 trillion, compared with EUR 729 billion in 2009. This growth is mainly attributable to HNWIs investing their money sustainably for the first time (44%) as well as HNWIs increasing their exposure to this segment (37%). Over the past few years many HNWIs have tested the benefits of sustainable investments and are now increasing their exposure. The report shows

[4] Eurosif, High Net Worth Individuals & Sustainable Investment 2012 (2012).

that the number of HNWIs putting more than half their wealth into sustainable assets has more than doubled over the past two years and now applies to around 25% of those taking part in the study.

The most common approaches continue to be positive screening strategies (such as Best-in-Class) and investments in sustainability themes. The most popular sustainable investment themes are renewable energy, water and green technology. 87% of those interviewed in the report think that sustainable investments by HNWIs will experience either strong or very strong growth. This is partly because sustainable investment is now increasingly seen as a financial discipline that can be applied to the investor's entire wealth. It is interesting to see that HNWIs who manage to overcome their initial skepticism and decide to try sustainable investment increasingly favor this investment approach despite – or precisely because of – turmoil on the financial markets.

The right strengths to meet the requirements of private banking

The strengths of a sustainable J. Safra Sarasin Group position it well to capitalise on global opportunities for private banking. Specifically, the Group's emphasis on knowing and meeting the needs of clients, its ability to deliver high quality service, and its proven track record of innovation, as well as its emphasis on corporate governance and maintenance of a strong capital base all enable J. Safra Sarasin Group to have a highly competitive edge in its private banking markets. These strengths also allow the Group to successfully address the important requirements for private banking in today's environment.

Solid roots, a powerful trunk and healthy growth: The Oak Tree is an unmistakable trademark for J. Safra Sarasin's commitment to sustainability.

Sustainability

J. Safra Sarasin is convinced that the long-term prosperity of its clients represents the best basis for its own success. For this reason the Bank is committed to thinking and acting in a sustainable manner in all aspects of its business.

Sustainability is a firm component of the Bank's identity and stability as a Swiss private bank. Sustainability enables it to project a distinctive image on the market and creates continuity across time and generations.

A commitment for the future

With the claim "Sustainable Swiss Private Banking since 1841", J. Safra Sarasin positioned itself as a bank that places particular emphasis on sustainability. In doing so, the Bank has been committed to operating its core business in an even more consistently sustainable manner. It therefore focuses on a business model that, in the best interests of its clients and partners, minimises risks as much as possible. Farsighted strategic and operational decisions that anticipate the market and regulatory environment at an early stage make a contribution to this. Thus, the Bank is able to safeguard the future orientation and its leading position.

The sustainability strategy is strictly implemented at management and operational levels, which ensures credibility.

Pioneer with a long track record

The Bank is a pioneer in sustainable investments, with more than 20 years' experience in this field. Its systematic concept of assessing issuers of securities according to ecological and social criteria has proved to be successful over many years and shown that compliance with sustainability requirements can enhance investment success. The Bank offers institutional investors and private clients a broad range of sustainable products to suit various investment requirements, with the option of tailor-made asset management. Sustainability has been an additional standard decision-making criterion in the asset management mandates of private clients.

Market leader in sustainable investment solutions

With a market share of 35.8%, the Bank is the leading market player in sustainable investments in Switzerland[5]. In sustainable asset management, the investment instruments are subject to a stringent corporate or country assessment based on sustainability criteria in addition to the financial analysis, using the Sarasin Sustainability-Matrix®. Sectors and countries that are risky or problematic from a sustainability perspective are therefore excluded from the outset. With responsible investing that completes the product offering since 2011, investment instruments that are not part of the investment universe for sustainable investing can be purchased, providing that significant financial risks associated with the investment instruments based on sustainability criteria have been thoroughly examined prior to making an investment.

Together with the Collegium Helveticum of the Swiss Federal Institute of Technology (ETH) and the University of Zurich, the Bank supports W.I.R.E. as a sponsor. W.I.R.E. is an independent think tank in Switzerland, which engages with global developments in trade and industry, society, and the life sciences. Its aims are to consider critically our established ways of looking at things, to identify and clarify current trends, and to develop new concepts and ideas for the future. Based on an interdisciplinary approach to research, W.I.R.E. acts as a laboratory for the exchange of ideas and information between the worlds of academic theory and practical applications. It also provides a networking platform for players and thinkers from diverse spheres of activity and expertise.

Contribution to sustainability through knowledge sharing and activities in the cultural, artistic, and social domain

The Bank considers an important part of its contribution to social responsibility to be the acquisition of sustainability know-how and the sharing of that knowledge with others. Outside its banking activities, the company supports charitable organisations, as well as cultural and art institutions. In this way the Bank makes an important contribution to continuous social development. The Bank has been actively involved for many years in numerous initiatives and organisations working for greater sustainability.

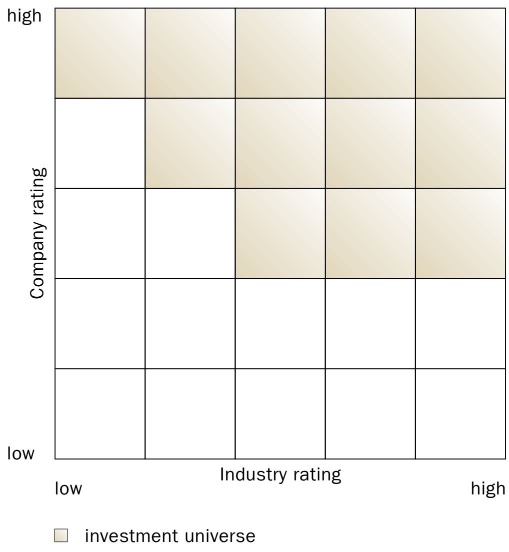
A holistic approach to sustainability

J. Safra Sarasin is convinced that the long-term prosperity of its clients represents the best basis for the consistency of its own success. To this end, its business activity is based on holistic thinking and action. As a maxim for decision-making, the Bank aims achieve a long-lasting balance of its commercial, social, and ecological responsibility. From experience, the Bank is convinced that this is the best way of combining the interests of its clients, its employees, and with its social responsibility.

Sustainability report 2012

The report follows the guidelines of the Global Reporting Initiative (GRI). It is published in this publication on page 69 onwards.

Sarasin Sustainability-Matrix®



Sustainable investment based on a detailed criteria matrix

In sustainable investment, the environmental and social analysis of companies is a key decision-making tool, used in addition to financial analysis. The interdisciplinary team of ten highly experienced sustainability analysts at the Bank works on the basis of a proprietary analytical method. It incorporates two dimensions which are combined in the Sarasin Sustainability-Matrix®:

- **Industry rating:** Comparative assessment of industries using selected environmental and social criteria
- **Company rating:** Comparative environmental and social analysis of companies within their sector

This methodology is based on the notion that companies are confronted with certain environmental and social risks which are essentially determined by their products and hence by the sector to which they belong. This aspect is measured by the industry rating. The company rating then assesses how the company in question deals with these industry-specific environmental and social risks and takes advantage of the corresponding opportunities. The Bank has developed a detailed criteria matrix that evaluates a company by comparison with the industry average. Only the companies positioned in the investment universe (shaded) of the Bank qualify for its sustainable investment offering.

In analogy to its analysis of companies, the Bank has also developed a method for assessing the sustainability of countries in order to provide access to the major asset class of governmental bonds for sustainable investment products.

[5] onValues and FNG (Forum Nachhaltige Geldanlagen), Sustainable Investments in Switzerland 2011 (2012).

Corporate Governance

Corporate Governance at J. Safra Sarasin Holding Ltd. ensures that the management and supervision of the Group are focused on the long-term success of the organisation to the benefit of all stakeholders.

J. Safra Sarasin Holding exercises the consolidated supervision through its own supervisory bodies and dedicated staff with the aim:

- to control the governing bodies of J. Safra Sarasin Group,
- to implement an adequate and effective framework of consolidated supervision,
- to operate a group-wide system of directives, which serves as a management instrument for the issuing and implementation of defining regulations and processes which are necessary in the context of the consolidated supervision,
- to have immediate access to any information and staff required to exercise its responsibilities within the entities of the Group.

Board of Directors

The Board of Directors of J. Safra Sarasin Holding is the ultimate governing body and is responsible under the Swiss Banking Act for monitoring and controlling the main risks of J. Safra Sarasin Group as required by Swiss banking regulation. Collectively, the members of the Board have a thorough understanding of the financial industry in general and in particular of the Group as well as the global regulatory environment. As of 31 December 2012 the composition of the Board was as follows:

Name	Title
Joseph Y. Safra	Chairman
Jacob J. Safra	Vice-Chairman
Pierre-Alain Bracher	Member*
Philippe Dupont	Member*
Hans Rudolf Hufschmid	Member*
Sipko N. Schat	Member*

* Independent

J. Safra Sarasin Holding has its headquarters in Basel/Switzerland.

Audit Committee

The Audit Committee is composed of the following board members:

Name	Title
Pierre-Alain Bracher	Chairman
Hans Rudolf Hufschmid	Member
Philippe Dupont	Member

Collectively, the members of the Audit Committee have a thorough understanding of all entities of the Group and the global banking industry and its regulation.

The Audit Committee maintains regular contacts with the Audit Committees of the individual companies of the Group. It receives copies of minutes and ensures a consistent adherence to its own decisions within the Group.

The Audit Committee is responsible for the integrity of controls for financial reporting and the review of the consolidated statements of the Group and the annual financial statements before they are presented to the Board of Directors for approval. The Audit Committee monitors compliance by the Group with its respective legal and regulatory obligations and ensures the receipt of regular information as to compliance by its subsidiaries with such obligations as well as with regard to the existence of an adequate and effective internal control as regards financial reporting.

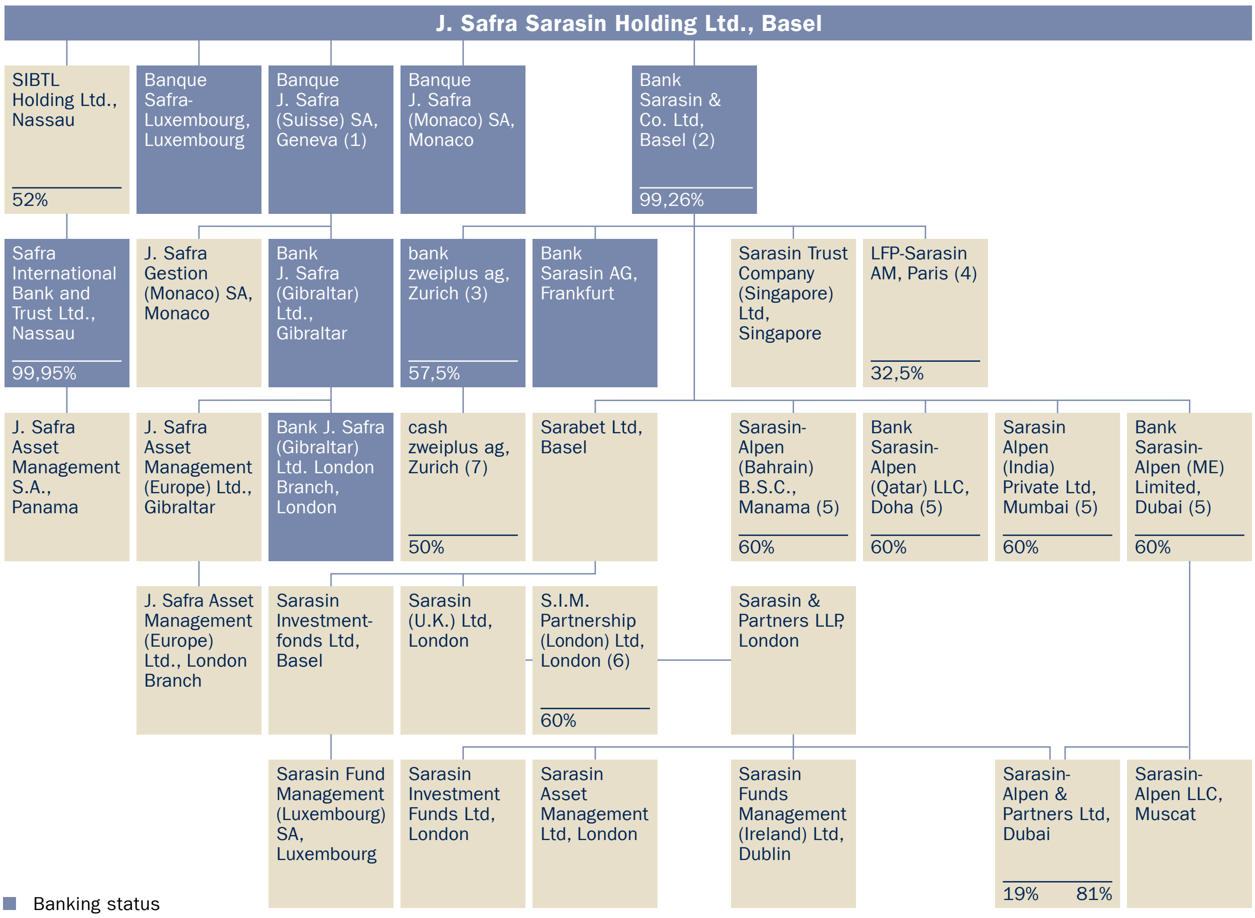
The Audit Committee is responsible for the standards and methodologies for risk control with regard to operational risk (including legal and regulatory risk) that are employed to comply with the principles and risk profile of the Group adopted by the Board of Directors or other relevant supervisory or management bodies.

The Audit Committee ensures contact with the external auditors at the level of the Board of Directors and monitors their performance and independence as well as their cooperation with the internal auditors.

Executive Management

The Board of Directors of J. Safra Sarasin Holding delegates its responsibilities to the CEO of the Holding and the Oversight Committee (see below), within the limits of legal, statutory, and regulatory requirements. The CEO assumes, together with the Oversight Committee, the responsibilities of the Group for strategic and financial matters, in coordination with and respecting the authority of the governing bodies of each relevant entity of the Group. The CEO is also responsible for the operational implementation of the consolidated supervision of the Group and a proper management, together with the Oversight Committee, of the operations of the Group. The CEO further coordinates and supervises the five Function Heads at the level of J. Safra Sarasin Holding (see below).

Legal structure as at 31.12.2012



Except as disclosed, 100% ownership.
(1) Branch in Zurich. Representative office in Lugano.
(2) Branches in Zurich, Geneva, Lugano, Berne, Lucerne, Singapore, Hong Kong and Guernsey. Representative office in Warsaw.
(3) 42.5% with Falcon Private Bank
(4) 67.5% with Groupe UFG
(5) 40% with Alpen Capital
(6) 40% with Management
(7) 50% with Ringier AG

Oversight Committee

Under the leadership of the CEO, the Oversight Committee acts as the management board of the Group. The Oversight Committee ensures the proper application and the consolidation of the overall risk management within the Group, including the implementation of a regular communication between the five Function Heads and the CEO.

Group Functions

Five Group Functions are in charge at the level of J. Safra Sarasin Holding of the following areas of oversight:

– Legal & Compliance
– Risk Management
– Treasury, Trading & ALM
– Credit
– Finance

These Group Functions are headed by the respective Function Heads, who are experienced professionals in each of their disciplines. Collectively, they have a thorough understanding of the Group. The Function Heads report to the CEO.

Group Internal Audit

A Group Internal Audit function has been created at the level of J. Safra Sarasin Holding; it reports to the Board of Directors and the Audit Committee of J. Safra Sarasin Holding. The internal audit functions have therefore been delegated to Group Internal Audit. In addition to the Board of Directors and the Audit Committee of the Holding, the Group Internal Audit also reports to the respective Board of Directors and Audit Committees of the individual entities.

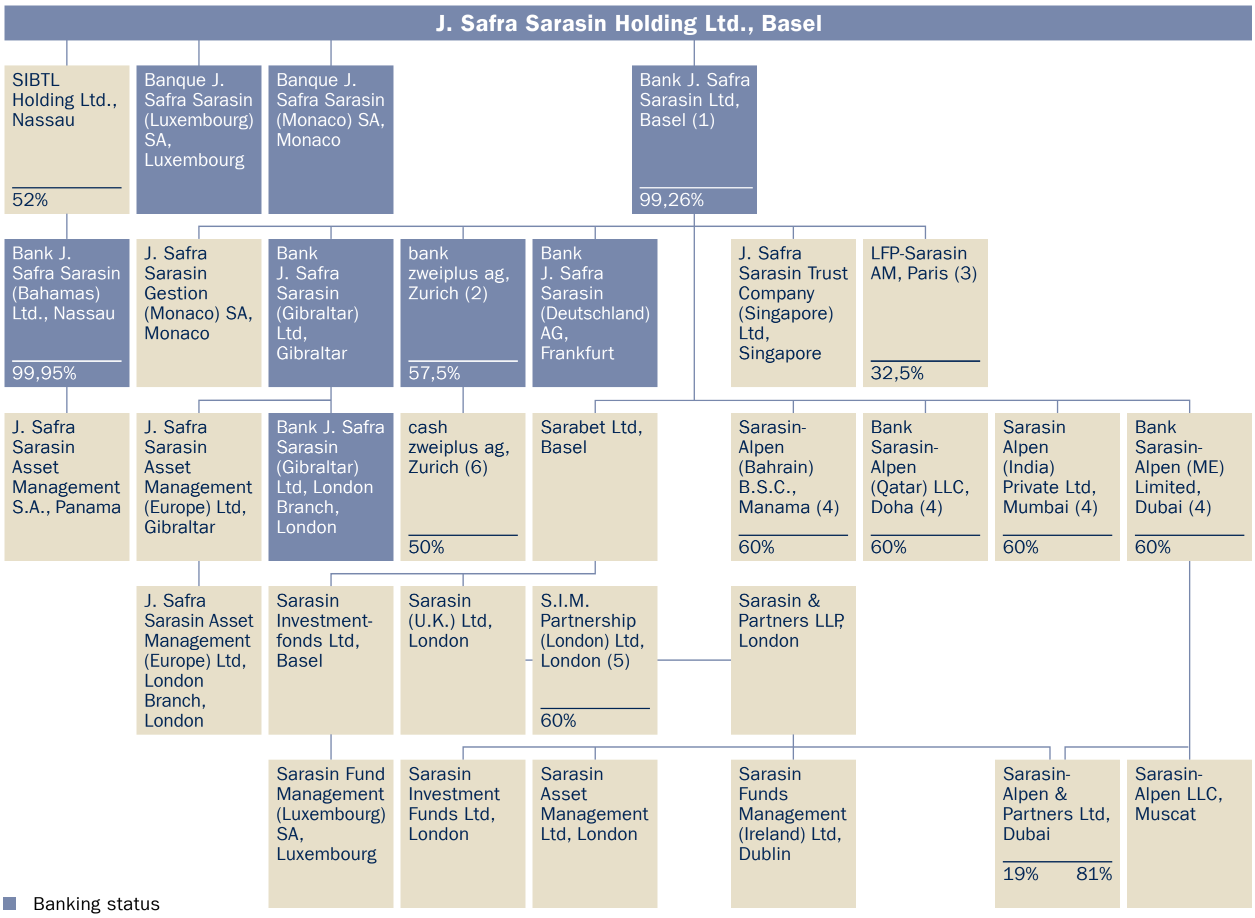
Consolidated supervision

J. Safra Sarasin Group qualifies as a financial group within the meaning of Article 3c al. 1 of the Swiss Banking Act, over which FINMA exercises consolidated supervision. The scope of consolidated supervision applies to all direct and indirect subsidiaries, branches, and representative offices of the Group.

Duration and scope of mandate of the lead auditor

Deloitte SA has been nominated as external auditors of J. Safra Sarasin Holding for the year 2012. The audit firm is appointed by the General Assembly of J. Safra Sarasin Holding for a one-year term. Re-election is possible.

Contemplated legal structure after the merger between Bank Sarasin and Bank J. Safra (Switzerland)



Except as disclosed, 100% ownership.
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(2) 42.5% with Falcon Private Bank
(3) 67.5% with Groupe UFG
(4) 40% with Alpen Capital
(5) 40% with Management
(6) 50% with Ringier AG

J. Safra Sarasin Group is present in 30 locations worldwide including Geneva.

Group companies

Private banking is a global growth market, presenting opportunities that J. Safra Sarasin Group actively seeks to exploit. The Group is represented worldwide in 30 locations in Europe, Asia, the Middle East, and Latin America.

The companies described in this chapter are the main operating companies of J. Safra Sarasin Group. For a complete list of all companies being consolidated in J. Safra Sarasin Holding Ltd., please see the notes to the consolidated financial statements on page 51. A graph showing the legal structure of the Group is available as part of the chapter on the corporate governance on page 25. All banks and subsidiaries of J. Safra Sarasin Holding Ltd. are subject to the consolidated supervision of FINMA.

Banque J. Safra (Suisse) SA and Bank Sarasin & Co. Ltd

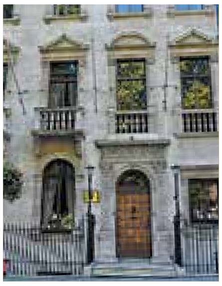
New name as of summer 2013: Bank J. Safra Sarasin Ltd

Banque J. Safra (Suisse) SA and Bank Sarasin & Co. Ltd will be merged in summer 2013 to form Bank J. Safra Sarasin Ltd.

Banque J. Safra (Suisse) SA has been headquartered in Geneva since 2000, having a branch in Zurich and a representative office in Lugano. It is recognised as a leader among full-service banks in the private banking segment, offering all the advantages of the Swiss banking environment together with dynamic and personalised advisory services focusing on opportunities in international financial markets. Its team of highly experienced professionals develops tailor-made products to meet the needs of clients anywhere in the world, as well as offering a comprehensive array of financial services. Financial strength, excellent client service and outstanding quality are the key elements of its philosophy.

Bank Sarasin & Co. Ltd was founded in 1841. As a leading Swiss private bank its many years of banking experience have made it consciously opt for sustainability as a key component of its corporate philosophy. It provides a high level of service and expertise when acting as investment advisor and asset manager for private and institutional clients. Within Switzerland, Sarasin has offices in Basel (head office), Berne, Geneva, Lucerne, Lugano,

Gibraltar



London

Lucerne

Panama

and Zurich. Furthermore, Bank Sarasin opened a representative office in Warsaw in 2009.

Bank J. Safra (Gibraltar) Ltd.
New name as of summer 2013:
Bank J. Safra Sarasin (Gibraltar) Ltd

Incorporated in 2001 with a full banking license, Bank J. Safra (Gibraltar) Ltd. offers private banking services and accepts deposits both from individual clients and other banking institutions. From inception, Bank J. Safra (Gibraltar) Ltd. has maintained its growth strategy and strong capitalization.

Bank J. Safra (Gibraltar) Ltd., London Branch
New name as of summer 2013:
Bank J. Safra Sarasin (Gibraltar) Ltd, London Branch

Bank J. Safra (Gibraltar) Ltd., London Branch, started operating in 2007. It offers UK residents and international clients based in London access to the world's most important financial centers. Its staff develops comprehensive and flexible private banking services to individuals and families, as well as the full array of financial services to corporate clients worldwide.

Bank Sarasin & Cie AG, Hong Kong Branch (BSCHK)
New name as of summer 2013: Bank J. Safra Sarasin Ltd, Hong Kong Branch

As the first branch of Bank Sarasin & Cie AG outside Switzerland, and the second booking center in Asia, BSCHK is an Authorised Institution regulated by the Hong Kong Monetary Authority. BSCHK provides a complete set of first class private banking and wealth management services to private and institutional clients in the region.

Bank Sarasin & Cie AG, Singapore Branch (BSCSG)
New name as of summer 2013: Bank J. Safra Sarasin Ltd, Singapore Branch

Bank Sarasin & Cie AG, Singapore Branch operates under an offshore bank license granted by the Monetary Authority of

Monaco

Singapore and is an exempt Financial Advisor under the Financial Advisers Act. BSCSG provides boutique Swiss wealth management services supported by a deep commitment to open architecture in terms of products. With some of the most experienced and respected wealth managers in Asia, Sarasin offers personalised solutions to clients across the broad spectrum of their financial needs.

Bank Sarasin AG

New name as of summer 2013:
Bank J. Safra Sarasin (Deutschland) AG

Bank Sarasin AG offers entrepreneurs as well as private and institutional investors first-class quality and a very high level of client servicing, delivered in a responsible manner. Its core competences include solutions-based advice in the lending and deposit business, and a range of sustainable investment products. In addition to its head office in Frankfurt, the Bank has branches in Cologne, Hannover, Hamburg, Munich, and Nuremberg.

Bank Sarasin-Alpen (ME) Limited

The Group is represented in the Middle East and India as Sarasin-Alpen. Bank Sarasin-Alpen (ME) Limited, Dubai, is regulated by the Dubai Financial Regulatory Authority (DFSA) and has offices in the Dubai International Financial Centre (DIFC). Apart from UAE, Sarasin-Alpen has offices in Bahrain, Qatar, Oman, and India and caters to the requirements of private and institutional clients in the Middle East and South Asia.

Banque J. Safra (Monaco) SA

New name as of summer 2013:
Banque J. Safra Sarasin (Monaco) SA

Acquired in 2006, Banque J. Safra (Monaco) SA is one of the largest banks in the Principality of Monaco. Banque J. Safra (Monaco) SA delivers the services of a global bank with the flexibility and the agility of a private bank. With its trading desk, the Bank has direct and immediate access to the major international financial markets.

Doha

Banque Safra-Luxembourg

New name as of summer 2013:
Banque J. Safra Sarasin (Luxembourg) SA

Established in 1985, Banque Safra-Luxembourg focuses on private and commercial banking, offering a sophisticated array of products and highly personalised service tailored to the needs of customers and clients. Thanks to the combination of expertise in the banking sector with absolute discretion and confidentiality, Banque Safra-Luxembourg meets its customers' expectations worldwide by developing financial strategies to achieve their targets in accordance with their unique investment profiles. It is a member of AGDL, a non-profit association that insures deposits that are made by small business and individuals regardless of nationality or country of residence.

J. Safra Asset Management (Europe) Ltd.

New name as of summer 2013: J. Safra Sarasin Asset Management (Europe) Ltd

J. Safra Asset Management (Europe) Ltd. is a subsidiary of Bank J. Safra (Gibraltar) Ltd. It opened its London branch in 2010 with the objective of focusing its offerings of services on investment funds, thus being attractive to wealth managers who want to invest across a wide range of asset classes.

J. Safra Asset Management S.A.

New name as of summer 2013:
J. Safra Sarasin Asset Management S.A.

Incorporated in 2008 under Panamanian laws, the wholly owned subsidiary of Safra International Bank and Trust Ltd. provides investment advisory services and operates as a broker. J. Safra Asset Management S.A. is licensed by the National Security Commission of Panama.

Berne

Luxembourg

Manama

Singapore

Safra International Bank and Trust Ltd.
New name as of summer 2013:
Bank J. Safra Sarasin (Bahamas) Ltd.

Incorporated in 1983 under the laws of the Bahamas, Safra International Bank and Trust Ltd. focuses on asset management, investment advisory services as well as portfolio management for private clients. Its private banking and investment fund management operations have expanded strongly in recent years, alongside successful forays in the wider international markets via bond issuance programs and structured products.

Sarasin & Partners LLP

Sarasin & Partners LLP is a limited liability partnership between Bank Sarasin & Co. Ltd and local management in London. Sarasin & Partners LLP manages assets for private clients, charities, pension funds, and institutions, both in the UK and internationally, which include a range of offshore and onshore unit trusts and investment funds. Sarasin & Partners LLP is a market leader in its thematic approach to investment, winning awards for this approach, as well as for its high level of reporting to its clients. The company is authorised and regulated by the UK Financial Services Authority and passported to provide investment services in the Republic of Ireland.

Consolidated financial statements

Consolidated balance sheet

	31.12.2012	31.12.2011
	CHF 000	CHF 000
Assets		
Cash	2,895,925	850,846
Money market paper	697,109	339
Due from banks	3,699,733	1,609,542
Due from customers	8,638,150	2,512,529
Mortgages	2,426,663	51,344
Securities and precious metals trading portfolios	828,265	181,315
Financial investments	7,385,961	5,058,467
Non-consolidated participating interests	4,685	16,046
Fixed assets	320,592	124,778
Intangible assets	539,101	0
Accrued income and prepaid expenses	382,630	166,250
Other assets	361,571	219,500
Total assets	**28,180,385**	**10,790,956**
Total subordinated amounts receivable	5,877	0
Total due from significant shareholders	9,617	64,291

	31.12.2012	31.12.2011
Liabilities		
Money market paper issued	0	0
Due to banks	2,060,118	2,676,677
Due to customers in the form of savings and deposits	1,648,908	237
Due to customers	19,515,961	6,573,986
Bond issues	507,760	75,097
Accrued expenses and deferred income	275,590	111,350
Other liabilities	820,165	206,533
Value adjustments and provisions	68,286	55,483
Reserves for general banking risks	18,847	18,901
Share capital	848,245	239,597
Capital reserves	1,745,862	325,680
Profit reserves	245,632	170,391
Shares of minority shareholders in equity	253,847	218,495
Group profit for the year	171,164	118,529
thereof minority interests in profit	60,015	30,180
Total liabilities	**28,180,385**	**10,790,956**
Total subordinated liabilities	133,091	458,747
Total due to significant shareholders	298,779	541,794

Consolidated off balance sheet

	31.12.2012	31.12.2011
	CHF 000	CHF 000
Contingent liabilities	1,348,973	254,604
Irrevocable facilities granted	141,460	74,272
Liabilities for calls on shares and other equities	1,426	0
Derivative instruments:		
– Contract volumes	27,215,874	8,653,895
– Positive replacement values	233,305	52,137
– Negative replacement values	676,962	97,163
Fiduciary transactions	3,009,970	1,493,530

Consolidated income statement

	31.12.2012	31.12.2011
	CHF 000	CHF 000
Interest and discount income	212,522	158,304
Interest and dividend income from trading portfolios	959	32,859
Interest and dividend income from financial investments	208,941	133,454
Interest expense	–171,305	–167,502
Net interest income	251,117	157,115
Commission income on lending activities	1,286	410
Commission income on securities and investment transactions	298,713	85,210
Commission income on other services	24,674	16,096
Commission expenses	–66,267	–10,353
Results from commission and service fee activities	258,406	91,363
Results from trading transactions	22,901	–42,833
Results from the sale of financial investments	12,898	24,793
Income from participation	3,162	0
Real estate income	157	0
Other ordinary income	7,401	9
Other ordinary expenses	–430	–194
Other ordinary results	23,188	24,608
Operating income	**555,612**	**230,253**
Personnel expenses	–263,288	–80,796
Other operating expenses	–86,538	–33,961
Operating expenses	**–349,826**	**–114,757**
Gross profit	**205,786**	**115,496**
Depreciation and amortisation of fixed assets	–28,465	–4,953
Value adjustments, provisions and losses	–12,300	–18,824
Result before extraordinary items and taxes	**165,021**	**91,719**
Extraordinary income	9,802	29,663
Extraordinary expenses	0	0
Taxation	–3,659	–2,853
Group profit for the year	**171,164**	**118,529**
thereof share of minority interests in profit	60,015	30,180

Cash flow statement

	31.12.2012		31.12.2011	
CHF 000	**Source of funds**	**Use of funds**	Source of funds	Use of funds
Profit for the year	171,164		118,529	
Depreciation and amortisation of fixed assets	28,465		4,953	
Value adjustments and provisions	12,803			–8,382
Accrued income and prepaid expenses		–216,380		–86,271
Accrued expenses and deferred income	164,240			–115,806
Extraordinary income		9,802		–29,663
Other positions		–481	7,249	
Cash flow from operating activities	**169,613**			**–109,391**
Participating interests	11,361		15,557	
Fixed assets		–212,844		-7,312
Intangible assets		–550,536		
Cash flow from investment activities		**–752,019**	**8,245**	
Share capital	608,648			
Capital reserves	1,420,182			
Profit reserves	86,745			
Minority interests in equity	35,352			
Cash flow from equity transactions	**2,150,927**		**0**	
Due to banks		–616,559	1,199,059	
Due to customers	14,590,646			–713,553
Due from banks		–2,090,191		–445,498
Due from customers		–6,253,471		–728,490
Mortgages		–2,375,319		–2,646
Financial investments		–2,327,494	1,414,660	
Money market instruments issued				–532,016
Money market instruments		–696,770	226	
Bond issued	432,663			
Trading portfolios in securities and precious metals		–646,950	319,955	
Other assets		–142,071		–85,878
Other liabilities	613,632		16,534	
Cash flow from financial activities	**488,116**		**442,353**	
Balance	2,056,637		341,207	
Conversion differences		–11,558	20,405	
Balance	**2,045,079**		**361,612**	
Liquidity at beginning of the year	850,846		489,234	
Liquidity at the end of the year	2,895,925		850,846	
Movement	**2,045,079**		**361,612**	

Consolidated notes

Comments on business activities and number of employees

J. Safra Sarasin Holding Ltd. (the "Group" or the "Holding") is a global banking group specializing in private banking services and asset management. As an international group committed to sustainability and well established through its banks in 30 locations in Europe, Asia, the Middle East and Latin America, the Group is a global symbol of private banking tradition, emphasizing security and well-managed conservative growth for clients. On 21 December 2012, the Holding changed its name from J. Safra Holding Ltd. to J. Safra Sarasin Holding Ltd. and is now headquartered in Basel.

Acquisition of Bank Sarasin

As of 31 July 2012, Comtel Holding Limited ("Comtel"), an indirect shareholder of the Holding acquired 46.07% of the share capital and 68.63% of the voting rights of Bank Sarasin & Co. Ltd ("Bank Sarasin") from Rabobank for a total consideration of CHF 1,047 million (the "Rabobank Stake"). Comtel transferred (i) its Rabobank Stake and (ii) its other Bank Sarasin Class B Shares directly acquired through the market for CHF 70.6 million, to J. Safra Sarasin Holding Ltd., for a total amount of CHF 855.7 million. The transfer was carried out by means of successive contributions in kind of (i) Rabobank Stake and (ii) the other Bank Sarasin Class B Shares directly acquired in the market to the various intermediate subsidiaries through which Comtel exercises control over the Holding. The transfer to the Holding was completed with the registration of the contribution in kind in the commercial registry of the Canton of Basel-Stadt on 2 August 2012. The difference between the acquisition amount and the contribution amount, which represents CHF 261.9 million, has been immediately recognized as a loss in the income statement of Comtel.

On 20 August 2012, JSH S.A., an affiliated entity of the Group, launched an offer to acquire the remaining publicly held Bank Sarasin Class B Shares (the "Offer"). On 19 October 2012, JSH S.A. became a wholly owned subsidiary of the Holding and pursuant to the settlement of the Offer, the Holding held 99.47% of the voting rights of Bank Sarasin.

Employees – The total number of employees at the end of the year is 2,143 (2011 – 371 employees).

Outsourcing – Within the Group and whenever the outsourcing of services through agreements with external service providers is considered significant under the terms of FINMA Circular 2008/7 "Outsourcing banks", those agreements comply with such circular.

J. Safra Sarasin Holding Ltd., Bank Sarasin & Co. Ltd and Bank J. Safra (Switzerland) Ltd announced on 28 January 2013 that their respective Boards of Directors have approved the merger of the two banks, Bank Sarasin & Co. Ltd and Bank J. Safra (Switzerland) Ltd, and that Bank J. Safra Sarasin Ltd will be the new name of the merged bank.

Disclosure of accounting policies and valuation principles

The Group's financial statements are presented in accordance with the requirements of the Swiss Financial Market Supervisory Authority (FINMA) Circ.-FINMA 2008/2 concerning the preparation of financial statements for banks.

Consolidation principles

The consolidated financial statements are prepared in accordance with the True and Fair View principle. The consolidation period for all Group entities is the calendar year ending 31 December. The accounting and valuation principles of the entities have been adjusted, where materially different, to the Group's consolidation principles.

Consolidation perimeter

The consolidated financial statements comprise those of J. Safra Sarasin Holding Ltd., Basel, as well as those of its subsidiaries and branches listed on page 51. Newly acquired subsidiaries are consolidated as from the time control is transferred and deconsolidated once control is relinquished.

The consolidation perimeter includes Bank Sarasin and all it's wholly and partially owned, direct or indirect subsidiaries (and their branches and representative offices) (listed on page 51), acquired on 31 July 2012. Following the acquisition of Bank Sarasin, the comparison with the previous year is not relevant. The integration of Bank Sarasin into the Group's consolidated accounts has taken place in line with the acquisition method, i.e. the income statement only includes Bank Sarasin contribution from the date of its acquisition, namely 31 July 2012.

In 2012, Safra Assurance Sàrl and Vendôme Capital Holding S.A. were transferred to an affiliated entity of the Group.

Consolidation method

Participating interests of more than 50% are wholly consolidated if the Group has the control, i.e. if the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Assets and liabilities, as well as costs and revenues, are stated in full (100%). Minority shareholders' interests in the net assets and net profit are stated separately in the balance sheet and the consolidated income statement. Participating interests between 20% and 50% are consolidated according to the equity method. The net profit and assets corresponding to such holdings are reflected in the consolidated accounts according to the percentage owned by the Group. Minor participating interests and those of less than 20% are stated as unconsolidated participations at their acquisition cost, after deduction of provisions for any necessary depreciation in value. When acquiring a participation, the difference between the book value of the acquired participation and its net asset value is allocated into value adjustments to the assets of the acquired participation and a goodwill.

Elimination of intra-group receivables and payables

All items stated in the balance sheet and income statement (including off-balance-sheet transactions) resulting from business relationships between Group companies are eliminated from the consolidated accounts.

Recording of transactions

All transactions carried out are recorded at the trade date, except in the subsidiaries for spot transactions not settled which are recorded at the value date. These transactions are integrated into the forward transactions until their maturity date.

Liquid assets, money-market papers, receivables from banks and clients

These items are stated at their nominal value, with the exception of discount income on bills and money market papers, which is accrued over the term of the instrument. Known and foreseeable risks are reflected in individual value adjustments, which are stated either directly under the corresponding headings of the balance sheet, or under value adjustments and provisions.

Trading balances in securities and precious metals

Trading balances are valued at market price on the balance-sheet date. Realized and unrealized profits and losses are included in trading income. Securities that are not traded regularly are stated at their acquisition cost, after deduction of the necessary depreciation. Interest and dividend income from trading balances are credited to trading income. The Group does not offset the interest and dividend income on trading portfolios with the costs related to the establishment of these portfolios.

Financial investments

Financial investments, intended to be kept until maturity date, are stated at acquisition cost, less amortization of any difference to nominal value over the period until maturity date (accrual method). Financial investments which are not intended to be kept until maturity date, shares and similar securities and rights are stated at the lower of cost or market value.

Fixed assets and intangible assets

Fixed assets and intangible assets are stated at their acquisition cost. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets net of impairment considered necessary as follows:

	2012	2011
Fixed assets		
Bank premises & other buildings	50 – 60 years	50 years
Leasehold improvements / Renovations	10 – 20 years	20 years
Furniture & machines	3 – 10 years	5 – 8 years
Hardware	3 – 8 years	3 years
Intangible assets		
Software	3 – 8 years	5 years
Goodwill	20 years	20 years
Other intangible assets	3 – 10 years	3 – 10 years

If, when acquiring a business, the costs of acquisition are higher than the net assets acquired, the difference represents the acquired goodwill. The goodwill is capitalized in the balance sheet and amortized linearly over the estimated useful life.

Impairment of non-financial assets

At the balance sheet date the Group determines whether there are any reasons for an impairment of non-financial assets. Goodwill and other intangible assets with indeterminate useful life are checked for impairment at least once a year, and also whenever events suggest their value is too high. Any other non-financial assets are reviewed for impairment if there are signs that their book value exceeds the realizable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. The estimation of the value used is based on the recognized valuation model of discounted of cash flows. To do so, the management calculates the projected future cash flows from the asset or from the payment-generating entity and discounts these using an appropriate discount rate for the current date. The calculated monetary value of these cash flows corresponds to the value in use. The fair value is determined either on the basis of a binding purchase agreement, an active market or a conservatively estimated sale price that would be achieved between competent business partners who are willing to enter a contract and are mutually independent, with a deduction made for selling costs.

Value adjustments and provisions

For all potential and identifiable risks existing at the balance sheet date, value adjustments and provisions are established on a prudent basis. With the exception of the provision for country risk, the Group does not set up general provisions.

Translation of foreign currencies

Income and expenses in foreign currencies arising during the year are translated at the exchange rates prevailing at the date of the transaction. Exchange differences are recorded in the statement of income. Assets and liabilities expressed in foreign currencies are converted at the daily rate of the balance sheet date. The income statements of Group entities are translated at the yearly average rate. Main exchange rates ruling at the balance sheet dates are as follows:

Curency	**2012**	2011
USD / CHF	0.9156	0.9387
EUR / CHF	1.2073	1.2155

Outright forward exchange contracts are translated at the residual exchange rate ruling at the balance sheet date. Estimated profits and losses on these exchange positions are included in the foreign exchange results at the balance sheet date.

Derivative instruments

Derivative instruments include options, futures and swaps on equities, stock indices, foreign exchange, commodities and interest rates, forward rate agreements, and forward contracts on currencies, securities and commodities. Derivative instruments are marked-to-market. For trading balances, realized and unrealized profits and losses are stated under the result from trading activities. Hedging transactions are valued according to the rules applicable to the underlying position. Hedging transactions related to interest rate and currency risk management are valued according to the rules applicable to the underlying position and reported accordingly in the income statement. In the case of advance sale of an interest-rate hedging instrument valued on the principle of accrued interest, the realized profit or loss is deferred and reported in the income statement over the initial duration of the instrument. If the impact of the hedging transactions is greater than that of the hedged positions, the surplus fraction is treated as a trading transaction. Positive and negative replacement values on transactions carried out on a proprietary trading basis are reported under other assets or other liabilities, as are those entered into for clients' account on OTC contracts.

Own-account repo and reverse repo and securities lending and borrowing transactions

Cash amounts that are exchanged are recognized in the balance sheet. The transfer of securities does not require recognition in the balance sheet when the ceding party retains the economic power to dispose of the rights to the transferred securities.

Taxes

Current taxes, in general income and capital taxes, are calculated on the basis of the applicable tax laws and recorded as an expense in the relevant period. One-off taxes or taxes on transactions are not included in current taxes. Deferred taxes are recorded in accordance with requirements. Accruals of taxes due are booked on the liabilities side under accrued expenses and deferred income. The tax effects arising from temporary differences between the carrying value and tax value of assets and liabilities are recorded as deferred taxes under value adjustments and provisions in the liabilities section of the balance sheet. Deferred taxes are calculated using the expected future tax rates.

Changes in accounting policies and valuation principles

The accounting policies have not been modified significantly in comparison to the prior year.

Treatment of overdue interest income

Interest due and unpaid for more than 90 days is considered overdue and recorded as provision deducted directly from the assets.

Employee pension plans

The Group operates a number of pension plans for its employees in Switzerland and abroad, most of them comprising defined-contribution plans. The adjusted contributions for the period are shown as personnel costs in the income statement. The corresponding adjustments or liabilities and the claims and commitments arising from legal, regulatory or contractual requirements are shown in the balance sheet. In accordance with the Swiss GAAP RPC 16, a study is performed on an annual basis to assess a potential financial benefit/commitment (surplus/deficit) from the Group's point of view. A surplus is recorded only if the Group is legally permitted to use this surplus either to reduce or reimburse the employer contributions. In the case of deficit, a provision is set up if the Group has decided to or is required to participate in the financing. When the surplus and/or deficit is recorded in the income statement, it is recognized under personnel costs. In the balance sheet, the surplus is recognized under other assets, whereas a deficit is recognized under value adjustments and provisions.

Risk management

Structure of risk management

General considerations

Assessing and taking risks is in the nature of banking. For this reason, a clearly defined, transparent and integrated risk management policy is adopted for all divisions and is adapted continuously to the latest knowledge. Substantial human and technological resources are made available for this purpose. Active risk management should make it possible to minimize undesirable risks and to make optimum use of the Group's capital for the benefit of all shareholders.

Risk culture

The standard of risk management achieved by a financial institution is not only a question of compliance with formalized internal and external rules. Accordingly, if not even greater, significance is the risk awareness of decision-makers. The quantitative criteria on which attention frequently focuses is only one component of a comprehensive risk management system. The development of an appropriate risk culture as part of a financial institution's overall culture is highly important. A central element of such a risk culture is the discipline and thoroughness with which participants respond to their tasks in the risk management process.

Organization of risk management

The Board of Directors has performed adequate and regular risk assessments and introduced any remedial measures required to minimize the risk of material misstatement in the financial statements as far as possible. Furthermore the Board of Directors is responsible for the formulation and implementation of the Group's risk policy. It lays down the risk strategy, the organizational framework for risk management such as limits and systems, the maximum risk tolerance and respective responsibilities. The appropriateness of the risk policy is reviewed annually.

The CEO and the Group Oversight Committee of the Holding ("GOC") are responsible for implementing the risk management and risk controlling principles approved by the Board of Directors. They are supported by the various committees. The Group Risk Committee carries out a comprehensive assessment of all the Group's principal risks, both current and those anticipated in future. When evaluating risk, the Group Risk Committee takes into consideration the findings and measures of the other committees. The GOC is in charge of managing counterparty risk. The Group Treasury Committee controls and manages interest rate risk, short-term liquidity risk and mid to long-term refinancing risk throughout the Group on an operating basis.

The Group Risk Function is separated from trading activities and performs in-depth analysis of the Group's market, credit and operational risks, evaluates the potential of different opportunities and risks and, where appropriate, takes steps to adjust the Group's risk profile. It is responsible for ensuring compliance with the risk management process, which consists of risk identification, risk measurement, risk reporting and risk control. The Group Risk Function makes proposals to the Board of Directors regarding the risk models to be used. It also provides individual reporting to the Group Audit Committee, the Group Risk Committee, the CEO, the appropriate committees and those in charge of risk management. The Group Legal & Compliance Function monitors compliance with legal and regulatory requirements, and also ensures that generally accepted market standards and codes of conduct are adhered to.

Risk categories

The Group is exposed to the following risks through its business activities and services:

– Market risk;
– Credit risk including risk of concentration;
– Liquidity risk; and
– Operational and reputation risk.

Market risk

The market risk refers to the risk of a loss due to changes in the market variables (share prices, interest rates and currency exchange rates). The management of positions carrying a market risk is delegated to the Group Treasury Committee, who manages the associated market risks with instruments tailored to their particular requirements. These include an adequate limits system and permanent monitoring of risk positions.

Interest rate risk

Exposure to interest rate risk is measured based on diverging maturities of interest-sensitive positions per currency (gap analysis). Management monitors these positions regularly. The Group uses derivative financial instruments (IRS) in order to limit its exposure to interest rate risk.

Credit risk

Lending business with clients

Credit risk means the risk that the Group might sustain losses due to the insolvency of a counterparty. Such losses usually consist of the outstanding credit minus the proceeds from the sale of collateral and any bankruptcy or liquidation dividend that might be paid. The lending activities are mainly limited to loans to private clients that are secured against securities or mortgages. The lending criteria are very strictly formulated and their appropriateness is continuously reviewed.

Lending business with banks, governments and companies

An internal framework is regulating the granting of credit limits to non-clients. This framework is based on the Group's general risk appetite, measured in freely disposable capital, and the credit quality of the respective counterparty. As a general rule, the emphasis when conducting business on the interbank market is on the quality of counterparties, with consideration given to risk-reduction measures wherever possible.

Concentrated risk

Risks of concentration are monitored by counterparty and are based on the provisions of the Swiss Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers. A group of related counterparties is regarded as a single counterparty. Concentrations of risk are risk-weighted. The upper limit per counterparty is 25% of the eligible capital calculated in accordance with the statutory requirements. While client receivables are mostly covered by readily realizable collateral and therefore do not represent risks of concentration in the regulatory sense, the Group Risk Function checks prior to entering into positions involving non-clients that the critical size of the concentrations is not exceeded.

Liquidity risk

The liquidity risk essentially refers to the danger of the Group being unable to meet its payment obligations or failing to meet the requirements imposed by banking regulations. Moreover, there is a risk of a lower return in the case of holding excessive liquidity. The Group Treasury Committee is responsible for monitoring liquidity. The prime objective is to guarantee the Group's ability to meet its payment obligations at all times and to make sure legal requirements for liquidity are complied with. A key task of the Committee is to monitor all the relevant liquidity risk factors. These include money flows between subsidiaries and the parent company, inflows and outflows of client funds and changes in the availability of liquidity reserves. In times of crisis, unsecured borrowing from third-party banks may turn out to be extremely difficult. As a result, in its financial investments, the Group keeps significant holdings of liquid bonds that are eligible for repo transactions and which can be used at any time to generate liquidity. As a supporting strategy, target bandwidths are set for surplus coverage of the minimum reserve as well as for minimum liquidity. These are actively monitored and adequate measures would be initiated if liquidity falls below the specified targets.

Operational and reputation risk

Operational risks are defined as the risk of losses that arise through the inadequacy or failure of internal procedures, people or systems, or as a consequence of external events. This definition includes all legal and supervisory risks, but excludes strategic risks and risks to the Group's reputation. The Group manages its operational risks on the basis of a consistent group-wide framework that not only satisfies the requirements of the FINMA. The underlying processes for monitoring operational risks are based on directives and on reporting at the appropriate level. The regular measurement, reporting and assessment of segment-specific risk indicators enable potential hazards to be detected well in advance. A regular self-assessment is performed involving representatives from specialist units and risk experts in order to identify and catalogue the underlying risks and inadequacies of a specific area, and these procedures are reviewed on a regular basis.

Reputation risk

For the Group, reputation is a critical element to the stakeholders' (clients, counterparties and regulators) perception of the Group's public standing, as well as its professionalism, integrity and reliability. Accordingly, reputation risk can be defined as the existing or potential threat of negative commercial impacts on the Group created by the relevant stakeholders' negative perception of the Group. In order to identify potential reputation risks at an early stage and take any necessary countermeasures, the Group Risk Function has defined a management and control process for reputation risks. This is embedded in the Group's existing structures and processes in the area of risk management.

Legal risk

Risks related to potential litigation are evaluated individually by management, if necessary with the assistance of external counsel.

Business policy for using derivative instruments

Transactions are mainly undertaken on behalf of clients holding sufficient assets as collateral. Limits are determined and monitored on a regular basis.

The Group uses some financial derivatives (IRS and forward exchange contracts) to limit its exposure to interest rate and foreign exchange risks.

Consolidated notes – Information on the balance sheet

Listing of collateral

CHF 000	Mortgage collateral	Other guarantees	Without collateral	Total
Loans				
Due from customers	36,889	8,437,281	163,980	8,638,150
Mortgages loans				
residential real estate	1,975,425			1,975,425
commercial real estate	451,238			451,238
Current year	**2,463,552**	**8,437,281**	**163,980**	**11,064,813**
Previous year	51,344	2,459,862	52,667	2,563,873
Off-balance sheet transactions				
Contingent liabilities	9,468	391,278	948,227	1,348,973
Irrevocable commitments		95,511	45,949	141,460
Liabilities for calls on shares and other equities		0	1,426	1,426
Current year	**9,468**	**486,789**	**995,602**	**1,491,859**
Previous year	0	275,769	53,107	328,876

Impaired loans

CHF 000	Gross value	Estimated liquidation value of collateral	Net value	Value adjustments
Current year	**229,026**	**6,864**	**222,162**	**222,162**
Previous year	19,988	966	19,022	19,022

Securities and precious metal trading portfolio

CHF 000	2012	2011
Interest bearing securities and rights		
Exchange listed	135,115	0
Marketable securities of OTC on an organised market	0	2,555
Unlisted	77,406	106,857
Shares and similar securities and rights	**520,331**	**71,903**
Precious metals	**95,413**	**0**
Total securities and precious metals trading portfolios	**828,265**	**181,315**

Financial investments

CHF 000	Book value 2012	Fair value 2012	Book value 2011	Fair value 2011
Interest bearing securities and rights				
of which intended to be held until maturity	4,851,102	4,990,259	2,441,596	2,462,365
of which valued at lower of cost or market	1,074,839	1,099,435	1,259,391	1,259,391
Shares and similar securities and rights	**1,460,020**	**2,304,742**	**1,357,480**	**1,593,680**
Precious metals	**0**	**0**	**0**	**0**
Total financial investments	**7,385,961**	**8,394,436**	**5,058,467**	**5,315,436**
including securities eligible for repo transactions in accordance with liquidity regulations	1,866,811	1,888,554	0	0

Consolidated significant investments in subsidiary companies

	Place of Incorporation	Activity	Currency	Nominal ’000s	% of equity[1]
Banque J. Safra (Suisse) SA	Geneva	Bank	CHF	300,000	100.00%
Bank J. Safra (Gibraltar) Ltd.	Gibraltar	Bank	CHF	1,000	100.00%
J. Safra Asset Management (Europe) Ltd.	Gibraltar	Advisory	CHF	2,200	100.00%
Banque J. Safra (Monaco) SA	Monaco	Bank	EUR	40,000	100.00%
J. Safra Gestion (Monaco) SA	Monaco	Advisory	EUR	160	100.00%
Banque Safra - Luxembourg	Luxembourg	Bank	EUR	8,800	100.00%
SIBTL Holding Ltd.	Bahamas	Holding	USD	460,932	52.00%
Safra International Bank and Trust Ltd.	Bahamas	Bank	USD	18,000	51.974%
J. Safra Asset Management S.A.	Panama	Advisory	USD	170	51.974%
Bank Sarasin & Co. Ltd	Basel	Bank	CHF	22,015	99.26%
Eichenpark Verwaltungs GmbH	Glasshütten	Holding	EUR	25	99.26%
bank zweiplus ltd	Zurich	Bank	CHF	35,000	57.07%
cash zweiplus ltd	Zurich	Information	CHF	1,000	28.54%
Bank Sarasin AG	Frankfurt	Bank	EUR	1,000	99.26%
Antillia Services AG (formerly Skandia Service AG)	Zurich	Advisory	CHF	100	57.07%
Arcavio AG	Zurich	Family Office	CHF	500	99.26%
Sarasin Trust Company (Singapore) Ltd	Singapore	Trust	USD	1,000	99.26%
Sarabet Ltd	Basel	Holding	CHF	3,250	99.26%
Sarasin-Alpen (Bahrain) B.S.C.	Manama	Advisory	USD	2,000	59.56%
Bank Sarasin-Alpen (Qatar) LLC	Doha	Advisory	USD	1,000	59.56%
Sarasin Alpen (India) Private Ltd	Mumbai	Advisory	INR	107,349	59.56%
Bank Sarasin-Alpen (ME) Limited	Dubaï	Advisory	USD	1,000	59.56%
Sarasin (U.K.) Ltd	London	Asset Management	GBP	17,900	99.26%
S.I.M. Partnership (London) Ltd	London	Asset Management	GBP	727	59.56%
Sarasin & Partners LLP	London	Asset Management	GBP	10,801	59.56%
Sarasin Asset Management Ltd	London	Asset Management	GBP	250	59.56%
Sarasin Investment Funds Ltd	London	Asset Management	GBP	250	59.56%
Sarasin Funds Management (Ireland) Ltd	Dublin	Asset Management	GBP	500	59.56%
Sarasin Investmentfonds Ltd	Basel	Asset Management	CHF	4,000	99.26%
Sarasin Fund Management (Luxembourg) SA	Luxembourg	Asset Management	EUR	1,500	99.26%
Sarasin-Alpen LLC	Oman	Advisory	USD	1,558	59.56%
Sarasin-Alpen & Partners Ltd	Dubaï	Advisory	USD	2,000	59.56%
Bank Sarasin (CI) Ltd., in liquidation	St. Peter Port	Bank	GBP	2	99.26%
Sarasin CEE & Austria AG, in liquidation	Vienna	Advisory	EUR	225	99.26%
Sarasin (Asia) Ltd., in liquidation	Singapore	Holding	SGD	50,550	99.26%
Sarasin Investment Management Ltd., in liquidation	Hong Kong	Asset Management	HKD	31,123	99.26%

The shareholders in cash zweiplus ltd have put options in respect of the shares in cash zweiplus ltd.

[1]For the purpose of the consolidation, it has been assumed a 100% participation in Bank Sarasin & Co. Ltd.

Non consolidated investments in subsidiary companies

	Place of Incorporation	Activity	Currency	Nominal ’000s	% of equity[1]
Zakito Investments Ltd.	British Virgin Islands	Trust	USD	1	51.974%
LFP-Sarasin AM	Paris	Asset Management	EUR	500	32.26%

In 2012, Safra Assurance Sàrl and Vendôme Capital Holding S.A. were transferred to an affiliated entity of the Group.

Assets and participations

CHF 000	Acquisition costs	Acumulated depreciation	Net book value as at 31.12.2011	Modification scope of consolidation	Additions	Disposals	Depreciation	**Net book value as at 31.12.2012**
Non consolidated participations	**16,046**	**0**	**16,046**	**4,684**		**–16,045**		**4,685**
Fixed assets								
Real estate bank buildings	82,623	–2,973	79,650	121,664	0	–2	–2,615	198,697
Other real estate	0	0	0	3,606	0	0	–35	3,571
Fixtures and leasehold improvements	44,281	–3,838	40,443	23,476	3,939	–22	–2,945	64,891
Other fixed assets	9,697	–5,012	4,685	58,891	1,519	–227	–11,435	53,433
Total fixed assets	**136,601**	**–11,823**	**124,778**	**207,637**	**5,458**	**–251**	**–17,030**	**320,592**
Intangible assets								
Goodwill	0	0	0	2,959	547,581	–4	–11,435	539,101
Total intangible assets	**0**	**0**	**0**	**2,959**	**547,581**	**–4**	**–11,435**	**539,101**
Fire insurance value								
Real estate			81,945					262,401
Other fixed assets			53,016					114,380

Assets pledged or ceded to secure own liabilities and assets subject to ownership reservation / Securities lending and repurchase agreements

CHF 000	**2012**	2011
Receivables from cash deposits in connection with securities borrowing and reverse repurchase business	60,000	0
Obligations from cash deposits in connection with securities lending and repurchase business	204,946	217,153
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities transferred in connection with repurchase agreements at own disposal	70,403	0
of which with unlimited right to resell or pledge	70,403	0
Fair value of collateral in connection with securities lending or securities borrowed in connection with securities borrowing or received securities in connection with reverse-repurchase agreements, for which the right to resell or repledge is unlimited	432,177	200,786
of which fair value of resold or repledged securities in this context	234,212	198,615

Liabilities relating to own pension funds

CHF 000	**2012 Pension plan without own assets**	2011 Pension plan without own assets
Only the pension plan of Banque J. Safra (Suisse) SA and Bank Sarasin & Co. Ltd are defined contribution plans. Reserve for employer’s future contributions as well as any economic advantage are not recorded as assets in the balance sheet.		
Liabilities to own pension funds	nil	nil
Reserve for employer's future contributions		
Nominal value reserve for employer's future contributions	nil	nil
Amount of possible abnegation to use	nil	nil
Economic advantage (liability) and contributions		
Amount of surplus (overdraft) contributions	nil	nil
Economic advantage (liability)	nil	nil
Variation of economic advantage (liability) between the current year and previous year	nil	nil
Current year contributions (incl. result of reserve for employer's future contributions)	27,934	3,137
of which extraordinary contributions, time limited, to absorbed overdrafts	nil	nil
Pension fund expenses including important effects (charged as personnel expenses)	27,934	3,137

Valuation adjustments and provisions

CHF 000	Balance as at 31.12.2011	Modification scope of consolidation	Use conform with purpose	Recoveries, overdue interest, forex differences	New provisions charged to earnings	Releases to earnings	**Balance as at 31.12.2012**
Deffered tax provision	0	0	0	0	3,256	0	3,256
Default risks (credit and country risks)	19,245	204,386	0	609	632	–2,710	222,162
Other business risks	63,725	3,015	–13,352	–1,093	8,920	–3,074	58,141
Other provisions	3,062	1,350	–663	–12	3,389	–237	6,889
Total value adjustments and provisions	**86,032**	**208,751**	**–14,015**	**–496**	**16,197**	**–6,021**	**290,448**
Less: value adjustments directly netted with assets	–30,549	–204,386	11,228	–533	–632	2,710	–222,162
Total value adjustments and provisions	**55,483**	**4,365**	**–2,787**	**–1,029**	**15,565**	**–3,311**	**68,286**
Reserves for general banking risks	**18,901**	**0**	**0**	**–54**	**0**	**0**	**18,847**

Presentation of bonds oustanding

	Year of issuance	Weighted average interest rate	Maturity date	Premature repayment date	Amount outstanding (CHF 000)	Type of debenture
Banque Safra-Luxembourg	2011	8.375%	7.4.2016	7.4.2016	73,248	subordinated
Bank Sarasin & Co. Ltd	2010	2.0%	15.10.2015	–	347,865	bond
Bank Sarasin & Co. Ltd	2011	0.3% – 2.05%	23.2.2015 – 14.2.2024	–	96,235	mortgage backed-bonds

Overview of maturities of bonds outstanding

CHF 000	< 1 year	>1 – <2 ys	>2 – <3 ys	>3 – <4 ys	>4 – <5 ys	> 5 years	Total
Banque Safra-Luxembourg	0	0	0	73,248	0	0	73,248
Bank Sarasin & Co. Ltd	0	0	347,865	0	0	0	347,865
Bank Sarasin & Co. Ltd	0	0	10,637	25,208	37,062	23,328	96,235

Share capital structure and disclosure of shareholders holding more than 5% of voting rights

CHF 000	Total nominal value	Number of units	Dividend bearing capital
Share capital	848,245	848,245	848,245

J. Safra Holdings International (Luxembourg) S.A., Luxembourg, holds the entire share capital and the voting rights of J. Safra Sarasin Holding Ltd. The ultimate shareholder of J. Safra Sarasin Holding Ltd. is Mr. Joseph Y. Safra.

Statement of changes in shareholders' equity

CHF 000	**2012**	2011
Shareholders' equity		
Share capital	239,597	239,597
Capital reserves	325,680	325,680
Reserves for general banking risks	18,901	19,119
Profit reserves	295,988	227,772
Conversion differences	–7,068	–27,473
Minority interests in equity	218,495	192,615
Total shareholders' equity at 1.1.2012	**1,091,593**	**977,310**
+ Capital increase	608,648	0
+ Capital reserves	1,420,182	0
+/– Reserve for general banking risks	–54	–218
– Profit reserves	–31,784	–50,313
+ Conversion differences	–11,504	20,405
+ Minority interests in equity	35,352	25,880
+ Group profit for the year	171,164	118,529
Shareholders' equity at 31.12.2012	**3,283,597**	**1,091,593**
Of which		
Share capital	848,245	239,597
Capital reserves	1,745,862	325,680
Reserves for general banking risks	18,847	18,901
Profit reserves	264,204	177,459
Conversion differences	–18,572	–7,068
Minority interests in equity	253,847	218,495
Group profit for the year	171,164	118,529
Total	**3,283,597**	**1,091,593**

Maturity analysis of current assets and third-party liabilities

CHF 000		At sight	Redeemable by notice	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	More than 5 years	Total
Current assets								
Cash		2,895,925	0	0	0	0	0	2,895,925
Money market instruments		1,452	0	177,677	515,474	2,506	0	697,109
Due from banks		2,816,357	0	201,268	637,515	1,627	42,966	3,699,733
Due from customers		0	2,147,092	5,667,887	636,438	129,290	57,443	8,638,150
Mortgages		0	108,675	1,363,572	212,877	480,628	260,911	2,426,663
Trading portfolio		430,127	0	187,065	1,609	93,177	116,287	828,265
Financial investments		193,349	1,258,211	269,482	862,397	3,915,110	887,412	7,385,961
Total current assets	**Current year**	**6,337,210**	**3,513,978**	**7,866,951**	**2,866,310**	**4,622,338**	**1,365,019**	**26,571,806**
Total current assets	Previous year	914,171	789,688	4,797,816	1,327,870	2,018,568	416,269	10,264,382
Third-party capital								
Money market instruments issued		0	0	0	0	0	0	0
Due to banks		652,947	5,159	778,168	234,581	389,263	0	2,060,118
Due to customers, savings and deposits		1,648,908	0	0	0	0	0	1,648,908
Due to customers		10,509,670	1,632,588	3,796,462	1,838,337	1,737,697	1,207	19,515,961
Bond issued		0	0	0	0	484,432	23,328	507,760
Third-party capital	**Current year**	**12,811,525**	**1,637,747**	**4,574,630**	**2,072,918**	**2,611,392**	**24,535**	**23,732,747**
Third-party capital	Previous year	4,737,290	3,684	2,321,042	698,785	1,487,631	2,468	9,250,900

Amounts due from and due to affiliated companies as well as loans and exposures to members of the Group's governing bodies

CHF 000	**2012**	2011
Loans to members of the Group‘s governing bodies	3,965	1,209

Loans to members of the Group‘s governing bodies are mainly overdrafts, granted according to the usual conditions available to employees.

Assets and liabilities by domestic and foreign origin

	31.12.2012		31.12.2011	
CHF 000	**Swiss**	**Foreign**	Swiss	Foreign
Assets				
Cash	2,805,005	90,920	400,015	450,831
Money market paper	1,452	695,657	0	339
Due from banks	884,301	2,815,432	83,912	1,525,630
Due from customers	986,299	7,651,851	21,185	2,491,344
Mortgages	2,285,789	140,874	13,843	37,501
Securities and precious metals trading portfolios	267,882	560,383	0	181,315
Financial investments	258,509	7,127,452	36,017	5,022,450
Non-consolidated participations	3,140	1,545	0	16,046
Fixed assets	312,540	8,052	122,276	2,502
Intangible assets	539,101	0	0	0
Accrued income and prepaid expenses	84,705	297,925	6,279	159,971
Other assets	98,439	263,132	21,826	197,674
Total assets	**8,527,162**	**19,653,223**	**705,353**	**10,085,603**
Liabilities				
Money market paper issued	0	0	0	0
Due to banks	1,006,652	1,053,466	680,391	1,996,286
Due to customers in the form of savings and deposits	1,562,681	86,227	62	175
Due to customers	7,221,088	12,294,873	407,664	6,166,322
Bond issues	434,512	73,248	0	75,097
Accrued expenses and deferred income	174,316	101,274	26,505	84,845
Other liabilities	552,852	267,313	12,765	193,768
Value adjustments and provisions	11,142	57,144	3,014	52,469
Reserves for general banking risks	11,000	7,847	11,000	7,901
Share capital	848,245	0	239,597	0
Capital reserve	1,745,862	0	325,680	0
Profit reserve	499,479	0	388,886	0
Group profit for the year	–3,084	174,248	2,649	115,880
Total liabilities	**14,064,745**	**14,115,640**	**2,098,213**	**8,692,743**

Assets by countries / country groups

	31.12.2012		31.12.2011	
CHF 000	**Total**	**Part as a %**	Total	Part as a %
Europe	7,074,019	25.1%	3,086,863	28.6%
Americas	8,517,555	30.2%	6,695,123	62.0%
Asia	3,690,902	13.1%	277,154	2.6%
Others	370,747	1.3%	26,463	0.2%
Total foreign assets	**19,653,223**	**69.8%**	**10,085,603**	**93.5%**
Switzerland	8,527,162	30.2%	705,353	6.5%
Total assets	**28,180,385**	**100.0%**	**10,790,956**	**100.0%**

Balance sheet by currencies

CHF 000	CHF	EUR	USD	Others	Total
Assets					
Cash	2,800,872	91,745	591	2,717	2,895,925
Money market paper	7746	8,125	631	680,607	697,109
Due from banks	1,201,389	535,675	960,345	1,002,324	3,699,733
Due from customers	1,461,649	745,556	4,790,278	1,640,667	8,638,150
Mortgages	2,288,531	37,533	0	100,599	2,426,663
Securities and precious metals trading portfolios	178,508	83,183	444,628	121,946	828,265
Financial investments	1,827,217	1,063,073	2,790,886	1,704,785	7,385,961
Non-consolidated participations	4,684	0	1	0	4,685
Fixed assets	312,562	1,540	6,304	186	320,592
Intangible assets	539,101	0	0	0	539,101
Accrued income and prepaid expenses	105,040	175,073	65,086	37,431	382,630
Other assets	178,578	53,399	99,785	29,809	361,571
Total balance sheet assets	**10,905,877**	**2,794,902**	**9,158,535**	**5,321,071**	**28,180,385**
Delivery claims from spot, forward and options transactions	2,276,554	5,510,918	7,167,959	4,910,670	19,866,101
Total assets	**13,182,431**	**8,305,820**	**16,326,494**	**10,231,741**	**48,046,486**
Liabilities					
Money market paper issued	0	0	0	0	0
Due to banks	632,676	319,975	732,427	375,040	2,060,118
Due to customers in the form of savings and deposits	1,643,040	5,802	66	0	1,648,908
Due to customers	4,543,481	2,679,711	9,333,914	2,958,855	19,515,961
Bond issues	434,512	0	73,248	0	507,760
Accrued expenses and deferred income	176,879	36,905	29,618	32,188	275,590
Other liabilities	208,394	82,146	161,534	368,091	820,165
Value adjustments and provisions	15,198	11,959	41,098	31	68,286
Reserves for general banking risks	11,000	7,847	0	0	18,847
Share capital	848,245	0	0	0	848,245
Capital reserves	1,745,862	0	0	0	1,745,862
Profit reserves	499,479	0	0	0	499,479
Group profit for the year	30,675	30,891	109,598	0	171,164
Total balance sheet liabilities	**10,789,441**	**3,175,236**	**10,481,503**	**3,734,205**	**28,180,385**
Delivery claims from spot, forward and options transactions	3,456,079	4,453,261	6,871,326	5,037,360	19,818,026
Total liabilities	**14,245,520**	**7,628,497**	**17,352,829**	**8,771,565**	**47,998,411**
Net currency positions	**-1,063,089**	**677,323**	**-1,026,335**	**1,460,176**	**48,075**

Other assets / other liabilities

CHF 000	**2012**	2011
Other assets		
Positive replacement value of derivative instruments	233,305	52,137
Compensation account	0	26,825
Others	128,266	140,538
Total	**361,571**	**219,500**
Other liabilities		
Negative replacement value of derivative instruments	676,962	97,163
Compensation account	0	0
Others	143,203	109,370
Total	**820,165**	**206,533**

Consolidated notes – Information on off balance sheet transactions

CHF 000	2012	2011
Contingent liabilities		
Guarantee	915,600	0
Others	433,373	254,604
Irrevocable commitments	141,460	74,272
Liabilities for calls on shares and other equities	1,426	0
Credit commitments	nil	nil

Outstanding derivative instruments

CHF 000	Positive replacement values	Negative replacement values	Contract volumes
Trading instruments			
Interest rate instruments			
Swaps (IRS)	38,440	64,583	1,496,197
Precious metals / currencies			
Forward contracts	193,217	8,321	13,194,596
Options (OTC)	431	519	7,956,756
Swaps	1,217	603,539	4,149,022
Others			
Unsettled spot transactions	0	0	419,303
Total current year	**233,305**	**676,962**	**27,215,874**
Total previous year	52,137	93,915	8,568,527

Hedge instruments			
Interest rate instruments			
Swaps (IRS)	0	0	0
Total current year	**0**	**0**	**0**
Total previous year	0	3,248	85,368

Positions held in 2011 as hedge instruments were classified as trading instruments as there is no hedge instrument as per definition in Circular FINMA 2008/02 margin number 29g.

Fiduciary transactions

CHF 000	**2012**	2011
Fiduciary deposits with third-party banks	2,629,001	1,182,856
Other fiduciary transactions	380,969	310,674
Total	**3,009,970**	**1,493,530**

Managed assets

CHF million	**2012**	2011
Type of managed assets		
Assets in collective investment schemes managed by the Group	8,905	0
Assets under discretionary asset management agreements	25,116	122
Other managed assets	95,556	30,754
Total managed assets (including double-counting)	**129,577**	**30,876**
Of which double-counted items	9,476	0
Net new money inflow/outflow (including double-counting)	97,434	–1,129

Discretionary managed accounts include clients' assets with signed discretionary management mandates in favour of an entity of the Group.

Other managed assets include client assets for whom one of the entities of the Group provides all services arising from stock exchange and foreign exchange transactions on the basis of instructions received, as well as safekeeping, loans and payments.

The Group calculates assets inflows and outflows solely on the basis of cash deposits and transfers received and physical incoming and outgoing deliveries of assets. Income earned on existing client assets (dividends, interest payments etc.) is not regarded as new money inflow or outflow.

Consolidated notes – Information on the income statement

CHF 000	2012	2011
Disclosure of a material funding income under "Interest and discount income"	**nil**	**nil**
Analysis of results from trading operations		
Foreign currencies and bank notes	–9,119	–8,924
Securities	28,670	1,924
Interest rate swaps	3,350	–35,833
Total	**22,901**	**-42,833**
Analysis of personnel expenses		
Salaries	214,540	69,121
Social charges	34,669	10,038
Other personnel expenses	14,079	1,637
Total	**263,288**	**80,796**
Analysis of other operating expenses		
Occupancy costs	17,563	5,772
Data processing, fixtures and fittings and equipment expenses	12,616	2,625
Other expenses	56,360	25,564
Total	**86,539**	**33,961**
Revaluations of non-current assets up to historical cost (art. 665 and 665a CO)	**nil**	**nil**

Comments on material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, valuation adjustments and provisions no longer required.

The extraordinary profit stems mainly from insurance proceeds of CHF 8 million received during 2012. (2011: the extraordinary profit stems mainly from the release of several provisions no longer required and was accounted in provisions or accrued expenses & deferred income). Provisions and losses are mainly due to a provision of CHF 2.5 million and country risk provision of CHF 5.7 million. (2011: value adjustments, provisions and losses are mainly due to a provision of CHF 3.3 million on the investment portfolio representing credit risk and the value adjustment for a participation non consolidated of CHF 7.7 million).

Ordinary banking income and expenses apportioned between Switzerland and other countries on the principle of business domicile

CHF 000	Swiss	Foreign	Total
Net interest income	64,080	187,037	251,117
Results from commission and service fee activities	212,577	45,829	258,406
Results from trading operations	40,992	–18,091	22,901
Other ordinary results	18,496	4,692	23,188
Operating expenses	–284,679	–65,147	–349,826
Gross profit	**51,466**	**154,320**	**205,786**

Report of the Group auditors

To the General Meeting of
J. Safra Sarasin Holding Ltd., Basel

Report on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements (pages 35 to 63) of J. Safra Sarasin Holding Ltd., which comprise the balance sheet, income statement, cash flow statement and notes for the year ended December 31, 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions governing the preparation of financial statements for banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2012 give a true and fair view of the financial position, the results of operations and the cash flow in accordance with the provisions governing the preparation of financial statements for banks and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Alexandre Buga	Yves Keller
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, April 22, 2013

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Sustainability report 2012

In this sustainability report 2012, Sarasin documents how forward-looking decisions help to guarantee commercial success. This is achieved thanks to a first-class team of employees and the Bank's sustainable corporate culture, based on a policy of leaving an acceptable ecological footprint.

The information provided in this Sustainability report is compiled and disclosed following the guidelines of the Global Reporting Initiative (GRI).

Accordingly, the selection and presentation of the topics are based on their relevance in a sustainability context and on completeness, balance, accuracy, timeliness, clarity and reliability. In general, the figures published in the sustainability report cover the Bank Sarasin & Co. Ltd as well as all consolidated affiliates. With regard to the environmental KPIs, the figures published up to 2008 relate only to the Bank's offices in Basel, Geneva, London and Zurich and to bank zweiplus, in which Bank Sarasin holds a 57.5 percent interest.

GRI, a non-profit multi-stakeholder foundation, has a global strategic alliance with the Organisation for Economic Cooperation and Development (OECD), the United Nations Environment Programme (UNEP), the United Nations Global Compact (UNGC) and the International Organization for Standardization (ISO). The guidelines were created and are continuously developed via the co-operation between numerous companies, investors, rating agencies, auditors, associations, unions, non-governmental organisations and academics. Around 1,800 companies, associations and organisations in more than 60 countries around the world use the guidelines of GRI, which was founded in 1997. The environmental key performance indicators are determined in accordance with the **VfU's** 2005 indicators (Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e.V. /Association for Environmental Management in Banks, Savings Banks and Insurance Companies) and the emissions indicators are calculated in accordance with the VfU's 2010 calculation system.

In 2009, the scope of the report was extended to cover the offices in Dubai, Frankfurt, Hong Kong and Singapore. In general, the offices with more than 15 employees are integrated into the environmental indicator reporting system. The Lugano office is an exception for the years 2010 and 2011. In 2010, Dubai was disregarded for the same reason. At office level, estimates are made if no exact measurements are available.

Commitment to sustainability – since 1841

Sarasin has its roots as a leading Swiss private bank. As an international financial service provider committed to sustainability, the Bank is now represented throughout the world in more than 25 locations in Europe, the Middle East and Asia. As at the end of December 2012, it managed total client assets of CHF 97.8 billion and employed 1,737 staff.

Solid capital strength

Capital strength is one of the trademarks of the Bank. The Bank has a clear and stable ownership structure. Its liquidity is far beyond the legal requirements and the risk exposure remains low. Particularly given the tougher capital adequacy requirements, a strong capital base and top-quality liquidity position are already vitally important for ensuring the ongoing success of our business model.

Sarasin's sustainability indicators at a glance

Economical	2012	2011
Total assets under management (total, million CHF)	97,783	96,403
Sustainably invested assets (million CHF / reported in 2012 for the first time)	97,758	
Sustainably managed assets (million CHF)	13,968	12,377
Responsibly managed assets (million CHF)	7,615	4,679
Social		
Total number of employees (adjusted for part-time workers)	1,737.2	1,715.2
Part-time jobs	268	265
Proportion of women (%)	36	36
Proportion of women in management positions (%)	15	13
Fluctuation rate (%)	13	13
Number of trainees	15	17
Training hours per employee	31	11
Absence rate (%)	2.88	2.23
Environmental		
Greenhouse gas emissions (kg CO_2e per employee)	2,404	2,427
Electricity consumption (kwh per employee)	5,685	5,557
Water consumption (liter per employee and day)	44	47
Paper consumption (kg per employee)	114	120
Proportion of recycled paper (%)	79	71
Proportion of energy from renewable sources (%)	68	70

The BIS Tier 1 ratio of J. Safra Sarasin Group (defined as core capital as a percentage of risk-weighted assets) is currently over 20%.

Sustainable private banking

Sustainability has been a firm component of Sarasin's identity and stability as a Swiss private bank for over 170 years. Sustainability enables the Bank to project a distinctive image on the market and creates continuity across time and generations. In 2008, the Bank redefined itself as a bank that placed particular emphasis on sustainability ("Sustainable Swiss Private Banking since 1841"). Since then, the Bank has been committed to operating its core business in an even more consistently sustainable manner. It is a commitment for the future. The sustainability strategy is strictly implemented at management and operational levels, which ensures credibility.

The Bank believes that a business model that minimises risks as far as possible is in the best interests of its clients. The Bank has been pursuing a strategy that focuses on its cross-border and onshore offerings in selected markets. Compliance with market-specific and regulatory conditions is fundamental to this strategy. In this reporting period, assets under advisory were evaluated in addition to the discretionary asset management mandates. Based on an analysis according to the Sarasin Sustainability-Matrix® total client assets of only CHF 25 million have been identified, which are invested in non-sustainable securities. The sustainably invested assets therefore amount to CHF 97,758 million as at 31 December 2012. Not least thanks to continuous investment advice over the last years based on the Bank's sustainability criteria today not only the discretionary assets, but also the client assets under advisory almost entirely correspond to our sustainability criteria.

Sustainable asset management

Bank Sarasin is a pioneer in sustainable investments, with more than 20 years' experience in this field. Its systematic concept of assessing issuers of securities according to ecological and social criteria has proved to be successful over many years and shown that compliance with sustainability requirements can enhance investment success. The Bank offers institutional investors and private clients a broad range of sustainable products to suit various investment requirements, with the option of tailor-made asset management.

The environmental and social analysis of companies, countries and institutions is based on the Bank's unique two-dimensional assessment procedure. The results of this assessment are depicted using the Sarasin Sustainability-Matrix®. Sectors and countries that are risky or problematic from a sustainability perspective are therefore excluded from the outset.

Sustainability has been an additional standard decision-making criterion in the asset management mandates of private clients in Switzerland since 2009. Sustainable discretionary asset management mandates have also been offered to private clients in Asia since autumn 2011. In particular, the dramatic events in Japan in early 2011 confirmed the importance of reputable sustainable investing that excludes problem areas.

With a market share of 35%, Bank Sarasin is the leading market player in sustainable investments in Switzerland.[1] The increase in market share over the last years indicates that the decision of the management to develop further the investment strategy towards sustainability bears fruit and the leadership role has been strengthened.

In addition to sustainable products, the Bank offers responsibly managed solutions since 2011. In sustainable asset management, the investment instruments are subject to a stringent corporate or country assessment based on sustainability criteria in addition to the financial analysis using the Sarasin Sustainability-Matrix®. With responsible investing, investment instruments that are not part of the investment universe for sustainable investing can be purchased, providing that significant financial risks associated with the investment instruments based on sustainability criteria have been thoroughly examined prior to making an investment.

Sustainably managed assets amounted to CHF 14.0 billion as at 31 December 2012, while responsibly managed assets totalled CHF 7.6 billion on the same date.

A holistic approach to sustainability

Bank Sarasin is convinced that the long-term prosperity of its clients represents the best basis for the consistency of its own success. To this end, its business activity is based on holistic thinking and action. As a maxim for decision-making, the Bank aims to achieve a long-lasting balance of its commercial, social and ecological responsibility. From experience, the Bank is convinced that this is the best way of combining the interests of its clients, its employees with its social responsibility.

[1] Source: onValues (2012): Sustainable investments in Switzerland 2011.

Sustainability milestones

1841	The Bank is founded
1900	Financing within Switzerland of the largest hydroelectric plant in Europe
1911	Introduction of a pension fund for employees
1942	Introduction of a social security fund for employees
1989	First asset management mandates to use ecological criteria
1993	New head office building in Basel with the largest solar power system of its day in the north-west of Switzerland
1994	Launch of the world's first eco-efficiency fund
1996	Signing of the UNEP Declaration of Banks for Sustainable Development
1997	Environmental mission statement and the start of recording of environmental indicators
1998	Social criteria included in sustainable asset management
1999	First environmental report
2000	Foundation of the sustainable investment department
2003	Establishment of the sustainability committee, embedding of sustainability in the mission statement and definition of the first environmental policy
2004	Definition of the first social policy
2005	Publication of the first sustainability report
2007	Sustainability team established in the Hong Kong office
2008	Bank Sarasin becomes climate neutral, positioning as "Sustainable Swiss Private Banking since 1841" and establishment of the sustainability team in the Singapore office
2009	Switch to sustainability for all Swiss asset management mandates of private clients, development of a group-wide sustainability management structure and integration of the Frankfurt, Singapore and Hong Kong locations into environmental reporting
2010	Approval of a new sustainability strategy including the definition of five key indicators and corresponding mid-term targets for each indicator, preparation of a group-wide Code of Conduct, launch of the development forum as a new group-wide training system
2011	Introduction of responsible investment solutions, offering of sustainable discretionary asset management mandates to Asia, introduction of a group-wide Code of Conduct, integration of sustainability goals as part of the MbO (Management by Objetives) process, introduction of a directive on the arms industry, integration of the sustainability factor into directives on spending, sponsorship and events and definition of minimum standards for sustainable procurement
2012	Move of the Singapore location in one of the most sustainable buildings in Asia, development and regularly carrying out of a training module on sustainability at Bank Sarasin for all new employees in Switzerland, performing several stakeholder meetings with experts in sustainability

Corporate Governance

Sarasin does not view sustainability as an end in itself, but rather as a key factor in its success. This is based on sustainable corporate governance in all areas of the Bank, supported by a focused sustainability strategy and a structured management process. In 2008, the Bank defined and introduced its brand promise of "Sustainable Swiss Private Banking since 1841", which demonstrates its company philosophy and corresponding commitment to achieving a sustainable future. The associated principles and rules of corporate governance form the framework of every entity.

Management & monitoring

Credibility can only be achieved by systematically implementing the sustainability strategy. An organisational structure with clearly defined responsibilities is therefore crucial in embedding this strategy in all business divisions and at all levels of the Bank.

As of 1 May 2012, the sustainable organisation of the Bank has been adjusted: on behalf of the Executive Committee Burkhard Varnholt, Chief Investment Officer and Head of Asset Management, Products & Sales at Sarasin, takes new the overall responsibility for sustainability. At his side is the Sustainability Management. One of the main tasks of Sustainability Management is to coordinate the process of embedding sustainability in all divisions and at all levels of the Bank. Placing overall responsibility for sustainability within Asset Management, Products & Sales establishes a direct link to the Bank's core competence in sustainable investments. It also allows synergies with W.I.R.E, the Think Tank supported by Bank Sarasin, the Collegium Helveticum of the Swiss Federal Institute of Technology Zurich (ETH Zurich) and the University of Zurich. As part of the overall responsibility for corporate communications the department Corporate Marketing and Corporate Communications remains responsible for the communication on sustainability.

A sustainability network has been in place at the international level for several years. Each office is integrated into the network as soon as it has more than 15 employees, which is the same threshold as for reporting. The key features of the international network are its integration of the location heads and its separation of implementation and reporting tasks. The location heads in Frankfurt, Dubai, Singapore, Hong Kong and London are internally responsible for initiative and commitment and take part in discussions on sustainability issues at the top management level. They have overall responsibility for reporting sustainability indicators and for putting local and international sustainability measures into effect. The sustainability implementation staff supports the location head in implementing local and bank-wide sustainability initiatives. For the bank-wide exchange of views at operating level, they are the direct contacts for the central sustainability management team. The sustainability reporting staff provides annual reports to the Bank's central sustainability management unit.

Sustainability strategy driven by clear goals

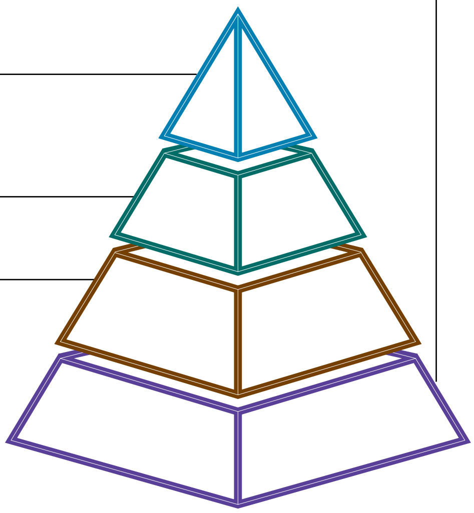
The Mission Statement and a binding bank-wide Code of Conduct, a three-point political sustainability programme, five key performance indicators with appropriate parameters and targets as well as directives, guidelines and measurements constitute the pyramid that demonstrates how Sarasin organises its sustainability strategy. All these elements are illustrated and described in detail on the next page.

Mission Statement & Code of Conduct

These set out the Bank's express commitment to sustainability. The two instruments are key elements of the sustainability strategy and form the top of the sustainability pyramid. The Code of Conduct, which was introduced during the first quarter of 2011, sets out the principles that all employees and the members of the Board of Directors are required to adhere to in their business activities. Acting responsibly in accordance with the Code of Conduct is the basis on which services can be improved continuously and the Bank can achieve sustained success at all levels. This creates transparency and commitment.

Directives, guidelines and measures

These ensure that the goals are achieved.



Sustainability policy

This summarises how the Bank functions in the context of sustainability and sets out its overarching goals and how these are to be achieved.

1. Understanding of itself
- Our forward-looking decisions contribute to our commercial success (Profit).
- Our commercial success is based on our first-class workforce and our sustainable corporate culture (People).
- We achieve our commercial success with an acceptable ecological footprint (Planet).

2. Strategic goals
- The Bank want to be the first port of call for tailor-made, sustainable investment solutions and personalised product advice (Business).
- The Bank want sustainability to be an integral part of the corporate behaviour and all processes to allow continuous improvement with benefits for all stakeholders (Good governance).
- The Bank want to be perceived as the most sustainable Swiss Private Bank (Perception).

3. Strategic approach
- We continuously monitor and identify potential or actual risks and establish a process for precautionary or counter measures where necessary (Reputation).
- We are always able to rationalise our decisions and engage in an open dialogue with our stakeholders (Credibility).
- We communicate promptly, precisely and comprehensively (Transparency).

Key performance indicators

To implement the sustainability policy in a focused manner, the Bank has defined appropriate indicators and targets. These and the achievements to date are described on the following pages.

1. We define sustainability standards for all our business activities. (p. 76)
2. We help clients make responsible investments. (p. 79)
3. We build sustainable relationships with our stakeholders. (p. 83)
4. We live up to a responsible corporate behaviour. (p. 90)
5. We offer services in a resource-efficient way. (p. 100)

Were the goals achieved?

The status of progress towards meeting the targets of the key performance indicators is regularly checked via an internal control procedure as part of the sustainability strategy. The degree of attainment is divided into five categories. All objectives are correspondingly assessed in the following report.

Assessment criteria	
Goal not achieved	○
Goal achievement project initiated	◔
Progress as planned	◑
Goal achievement project in end phase	◕
Goal achieved	●

Efficiency and cost-effectiveness as a benchmark

Being perceived successfully as a sustainable bank requires not only objectives but above all suitable measures, budgets and clear responsibilities. Bank Sarasin invests in sustainability where the deployed resources have the greatest effect. In order to achieve this, a simple process for the submission of projects in the field of sustainability has been adopted and responsibilities have been determined.

Responsible risk management

The confidence of clients, the Safra Group, the new owner of Bank Sarasin, and market partners forms the basis of Sarasin's stability and commercial success. The precondition for this is successful risk management, where all risks and the relevant risk drivers are accurately identified, measured and assessed. The quality of risk management is not merely a question of adhering to formal internal and external regulations. The risk awareness of decision makers is just as important. Quantitative approaches represent only one component of a comprehensive risk management system. The development of an appropriate risk culture as a part of corporate culture is of equal significance.

Legal & Compliance

The Bank conducts its business activities within the scope of the applicable statutory and regulatory provisions and in compliance with the code of conduct for the banking industry. The Executive Committee and the management of the business divisions and affiliates are responsible for compliance with all legal and regulatory provisions. Legal & Compliance provides support to management in meeting this responsibility. Central management of the Legal & Compliance units by the General Counsel, who reports to the CFO, ensures independence from the operating business.

The Code of Compliance, which applies bank-wide, defines key principles and rules of conduct which lay the foundations for irreproachable business activity that demonstrates integrity and complies with the relevant regulations. Every member of staff is required to comply with the standards set out in the Code of Compliance. Staff joining Sarasin are obliged to submit a written confirmation in this regard. All the key business processes are governed in internal company provisions and directives and are conducted in a standardised form.

In the 2012 reporting year, there were no incidents of corruption and no legal actions on the basis of anticompetitive conduct or the formation of cartels or monopolies. Equally, the Bank was not subject to any material administrative fines (monetary value) or non-monetary penalties on account of breaches of legal provisions.

Changes in the regulatory environment

The rapid pace of change in regulation of the financial services industry imposes significant requirements on internal company processes and control systems and on the development and introduction of new products and services. Legal & Compliance has developed a training concept to ensure the required education and ongoing bank-wide training of staff. Various courses, especially for staff in contact with clients, are mandatory. The courses on preventing money laundering and on bank client confidentiality are run as online programmes.

1. We define sustainability standards for all our business activities.

The goal was to put all sustainability guidelines, measures and standards for all relevant business activities into effect in 2011. With one exception, all the objectives were achieved. Sustainability in lending policy has been integrated in 2012.

Establishing a Code of Business Conduct	●
Integrating sustainability into the guidelines for donations	●
Integrating sustainability into the guidelines for sponsoring and events	●
Integrating sustainability into the guidelines for procurement	●
Integrating sustainability into the credit policy	●
Establishing policies and processes for responsible investments decisions	●

Standards

Sarasin actively meets its responsibility when it comes to controversial weapons. At the end of June 2011, the Board of Directors passed a Policy on the Armaments Industry outlining the Bank's principles on controversial weapons. Controversial weapons include biological and chemical weapons, cluster munitions and anti-personnel mines.

Policy on armaments adopted

The policy states that the Bank will not invest its own funds in the securities of companies that are active in the domain of controversial armaments. In addition, Sarasin will not provide any asset management or investment advisory services to these companies or any services relating to capital markets or mergers and acquisitions. Furthermore, it will not accept the securities of such companies as collateral for loans. In addition to companies active in the domain of controversial armaments, the sustainable investment products developed by the Bank do not invest in any companies generating more than 5% of their total turnover from the manufacture of products and/or the provision of services for the military. The Bank's sustainable investment products also exclude the top 30 companies with the highest revenues generated from military contracts.

Sustainability in donations and sponsoring...

The Bank invests in its social environment by making donations and entering into sponsoring partnerships. To ensure that these activities do not support projects or partners whose values diverge from those of Bank Sarasin, a set of guidelines was drawn up and adopted in 2011. For example, the guidelines forbid support for projects

– that infringe human rights,
– that are associated with unacceptable environmental effects,
– that have a religious background, or
– that exert an influence on political decision-making processes.

Investments in sectors that are already excluded under the sustainable asset management approach are also disregarded. These include sectors such as armaments, tobacco and pornography.

...and events[2]

Client events offer a host of opportunities to support sustainable development and send a clear message. Sarasin has drawn up a catalogue of measures to set out in writing the standards and recommendations that have been used for some time in the fields of mobility, food and disposal. For example, the Bank will, if possible, ensure that any venue it selects is connected to the public transport network. The food may not include products of threatened species. In addition, preference is given to seasonal

[2] The recommendations adopted in connection with donations, sponsoring and events were drawn up with regard to cultural diversity and regional features. If individual measures conflict with local or cultural peculiarities despite careful clarification, they do not apply.

and regional products as well as suppliers with short delivery ways. The catalogue also recommends using food carrying a sustainability label such as Max Havelaar, MSC or Bio. Disposable plates and cutlery are to be avoided. The sustainability idea is also reflected in decoration.

Sustainable procurement policy

The goal of integrating the sustainability factor into procurement was achieved through the introduction of a new directive created for this particular purpose. The principles set forth therein include minimum standards for the procurement of paper and wood products, as well as office equipment, within the scope of building management and in the automotive segment. Sustainability labels play a particularly important role. For example, one of the standards adopted is that recycled paper must bear the "Blue Angel" environmental seal – labels such as Energy Star and TCO Certified were defined as procurement standards for office equipment and IT. The actual need must, as a matter of course, be carefully defined prior to any procurement. The standards adopted shall apply mutatis mutandis for domestic and foreign subsidiaries, as well as branches abroad, taking into consideration local requirements and local legislation.

Under the new guideline a contract addendum was also defined that will be gradually integrated into both new and existing supplier contracts. As signatories to the addendum, the Bank's suppliers agree to
- comply with applicable laws,
- minimise, through the use of environment management systems, impact on the environment,
- avoid child labour and forced labour,
- preserve the health of employees and
- avoid abetting corruption.

All of the principles embodied in the contract addendum are based on an international consensus and are derived from the Universal Declaration of Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption. Sarasin reserves the right to have inspections of its suppliers conducted by the Bank or by external parties.

Sustainable lending

The Bank's Credit department is involved almost exclusively in asset management-related lending business with private banking clients. Particular emphasis is

Laws and regulations in advertising

The Code of Business Conduct states that it will not gain competitive advantages through unfair business practices and that all laws and regulations are adhered to. To ensure that its advertising practices are responsible, the Bank complies in particular with the following laws and regulations:
- Unfair Competition Act (UWG)
- Trademark Protection Act (MSchG)
- Data Protection Act (DSG), in particular with regard to the use of third-party addresses
- Price Disclosure Ordinance (PBV) in the preparation of advertising campaigns and marketing measures
- Telecommunications Act (FMG) for email shots
- Lottery Act (LG) in connection with the implementation of competitions
- Copyright (URG) in connection with collaboration with third parties
- Royalties for the use of music and audiovisual works (SUISA, Suissimage)

placed on collateral loans and mortgages. Bank Sarasin offers Lombard credits to all clients, i. e. credits against the pledging of securities, while the mortgage business is focused primarily on Switzerland.

Other types of loans also include guarantees and credit lines in conjunction with forward and derivative transactions. With its credit business, the Bank pursues its objective of offering competitive products and services to its asset management clients, thereby increasing customer satisfaction and loyalty.

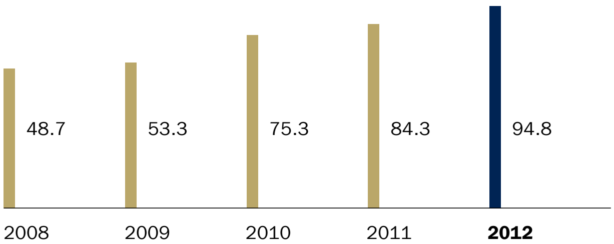
In the interbank market, business relationships with inherent direct or indirect default risks are maintained through Bank Sarasin. These default risks are managed by the Risk Office, in close collaboration with the risk function of J. Safra Sarasin Holding Ltd. in a comprehensive risk management process. The cornerstones of this process are identification, analysis, approval, monitoring, remedial measures and reporting.

Asset Management

The market for European sustainable investment funds grew 12% in 2012, from EUR 84.3 billion (2011) to EUR 94.8 billion (2012). At the same time, the proportion of sustainable investment funds as a percentage of the total fund market (UCITS) increased from 1.4% in the previous year to 1.6%.

The market for SRI funds in Europe thus continues to expand at an uninterrupted pace both in terms of absolute and in terms of relative units. Although sustainability funds still represent a niche area within the total fund market, they enjoy increasing popularity each year and exhibit greater momentum relative to the rest of the sector.

Growth of sustainable investment funds in Europe (in billion EUR)



Source: Vigeo SRI Research (2012), "Green, social and ethical funds in Europe 2012"

Growing interest of wealthy private clients and family offices

In November 2012 EUROSIF, the European Association for Sustainable Investments (European Forum for Sustainable Investment) published its third study with the support of Bank Sarasin on high net worth individuals (HNWIs, people with more than one million USD in assets) and sustainable investments. The study shows that sustainable investments from European HNWIs have increased in the last two years by 60%, while the total assets grew by 18%. Sustainable investments now stand at EUR 1.15 trillion, compared to EUR 729 billion in 2009. This shows a steady trend despite the uncertain market environment. The growth is mainly due to those HNWIs, who invest their money for the first time sustainably (44%) and those HNWIs who expand their activities in this area (37%). Many HNWIs have tested the benefits of sustainable investments over the years and increase their commitment now. Regarding the future, 87% of respondents believe that sustainable investments by HNWIs will continue to grow strong or very strong.

2. We help clients make responsible investments.

All objectives were achieved by the end of 2012:

Duplication of sustainable assets under management to CHF 25 billion	●
International roll-out of sustainable approach	●
Introducing innovative sustainability products to the market	●
Maintaining market leadership in sustainable assets under management in Switzerland	●

Transparency logo for sustainability funds, FNG-matrix and FNG-sustainability-profiles for sustainability funds

Bank Sarasin's sustainability funds bear the European Transparency Logo for Sustainability Funds. The European Transparency Logo for Sustainability Funds is awarded to the signatories of the European Transparency Code for Sustainability Funds and is intended to enable investors to determine quickly and reliably whether detailed information on the sustainable investment strategy of an investment product is available, and where to find it. The transparency code and transparency logo help to make the investment strategy of a fund easier to understand for both the general public and also other interested groups such as asset managers and rating agencies.

In 2012, the Forum for Sustainable Investments (FNG) has introduced the new FNG-sustainability-profile and the FNG-matrix. Both are intended to serve as a guide in the selection of sustainable retail funds. The FNG-matrix acts as a database that contains information about the sustainable funds and in particular allows comparisons between different funds. Based on the FNG-matrix a specific FNG-sustainability profile is provided for each individual fund: a two-pager, which describes the underlying sustainability strategy compressed. The FNG-matrix and the FNG-sustainability profile aim at newcomers to the field of sustainable investments, who deal with the issue for the first time as well as at clients, financial advisors and sales people who are looking for guidance and comparability and at all other interested people. They are designed as a guide and not as a substitute for an independent analysis. They do not replace the independent review and do not represent advice, recommendation or offer. The FNG-matrix, the FNG-sustainability-profiles and additional information are available free of charge in German on the following website: www.forum-ng.org/FNG-Nachhaltigkeitsprofil.

According to information from the Sustainable Business Institute (SBI) in Oestrich-Winkel, Germany, a total of 382 sustainable retail funds were licensed for distribution in the German-speaking countries as of 30 September 2012. The 382 funds were invested with EUR 34 billion. End of 2011, the SBI registered 357 funds invested with a total of EUR 30 billion. With EUR 2.1 billion the market share of Bank Sarasin's sustainability funds in the German-speaking countries amounts to 6%.[3].

Responsible investment for our clients

The basis of the Bank's success is also founded on its sustainable investment strategy and its solid, sustainable know-how gleaned from over twenty years of experience. Sarasin responded promptly – ahead of other banks – to the need for greater transparency, as well as comprehensive and proactive management of risks and opportunities.

This in turn prompted the Bank's decision to introduce sustainability in 2009 as a standard additional decision-making criterion for asset management mandates of private clients in Switzerland. As a result, the Bank is able to respond effectively to a need on the part of clients for this type of asset management. Since autumn 2011, the sustainable discretionary asset management agreements have also been offered to private clients in Asia.

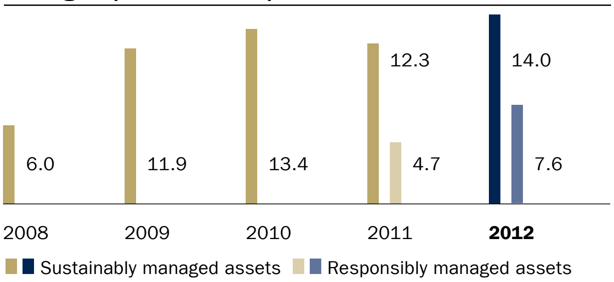
Sustainable and responsible investment universe

In order to expand its leading role, the decision was taken by the management in early 2011 to gear the investment strategy even more strongly towards sustainability.

[3] Dr. Paschen v. Flotow, Sustainable Business Institute (SBI), November 2012.

The appropriate adjustments have been made to the organisational structure of asset management in Switzerland in order to achieve the goal of greater consistency in the implementation of investment decisions. This is backed by an even broader and more compelling sustainable product offering which includes responsibly managed solutions.

Growth of assets sustainably and responsibly managed (in billion CHF)



In addition to sustainable products, the Bank offers responsibly managed solutions since 2011. In sustainable asset management, the investment instruments are subject to a stringent corporate or country assessment based on sustainability criteria in addition to the financial analysis using the Sarasin Sustainability-Matrix®. With responsible investing, investment instruments that are not part of the investment universe for sustainable investing can be purchased, providing that significant financial risks associated with the investment instruments based on sustainability criteria have been thoroughly examined prior to making an investment.

Bank Sarasin continues to reign as market leader in Switzerland

Sustainably managed assets at Bank Sarasin amounted to CHF 14.0 billion as at 31 December 2012, while responsibly managed assets totalled CHF 7.6 billion on the same date. With CHF 42.3 billion at the end of 2011 the market for sustainable investments in Switzerland (investment funds, mandates and structured products) could be kept unchained despite a difficult environment. With a market share of 35.8% the Bank continues to reign as market leader in sustainable investments in Switzerland.[4]

Investment themes

The Bank offers not only institutional investors but also private clients an innovative and sustainable product range catered to their individual investment needs while enabling them to benefit from customised management of their assets.

For the third time, a fund of Bank Sarasin received the Climate Change Award in the category "Water, Food, Agriculture & Forestry" from the industry magazine Investment Week and the wealth manager Holden & Partners in November 2012.

In the reporting period, the Sarasin Investment Foundation (SAST) was awarded an excellently-located development site by the cantonal government of the city of Basel: it will take over the site of the old children's hospital under a 100-year building lease to implement the sustainable residential project planned by the canton. This award testifies to the huge demand for sustainable real estate projects in Switzerland and the leading role assumed by Bank Sarasin in sustainable investing.

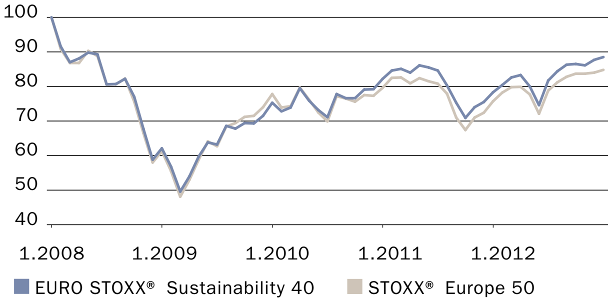
[4] Source: onValues (2012): Sustainable investments in Switzerland 2011.

Asset management products

		Only sustainable	Sustainable or responsible
Sarasin investment funds and certificates	Equity funds	– Theme: renewable energies and energy efficiency	– Multi-themes
		– Theme: water	
		– Real Estate / REITS shares	
		– Classic Switzerland	
		– Classic Europe	
		– Classic USA	
		– Classic Emerging Markets	
		– Classic Global	
	Balanced funds	– Neutral asset allocation	– Defensive asset allocation
			– Flexible asset allocation (also risk-controlled)
	Bond funds	– Europe	– CHF
			– EUR
			– USD
	Investment certificates	– Open-end: DAXglobal® Sarasin Sustainability Index Switzerland; DAXglobal® Sarasin Sustainability Index Germany; Euro Stoxx Sustainability 40 Index; Stoxx Europe Sustainability 40 Index[1]	
		– Limited maturities: themes and country baskets	
		– Partial Capital Protection	
Sarasin Investment Foundation	Equity investment products		– Switzerland
			– Global excl. Switzerland
	Balanced investment products		– Defensive asset allocation
			– Neutral asset allocation
	Bond investment products		– CHF
			– World excl. CHF
	Property investment products	– Swiss Real Estate	
Mandates	For private clients	– Dynamic asset allocation[2]	
		– Balanced asset allocation[2]	
		– Defensive asset allocation[2]	
	For institutional investors	– Balanced	– Equities
			– Bonds
	Managed Fund Portfolios	– Equity mandates	
		– Dynamic asset allocation	
		– Balanced asset allocation	
		– Defensive asset allocation	
Advisory services	Third-party funds and advisory mandates	– Equities (classic, thematic)	
		– Balanced (defensive, defensive with risk limitation)	
		– Real Estate Europe	
		– Convertibles[3]	
	Advisory and joint management	– Different mandates for institutional customers	
		– Portfolio Sustainability Audit	

[1] These certificates are approved for distribution in Switzerland.
[2] Some of the mandates are managed mainly sustainably due to non-existent or insufficient sustainable alternatives in different asset classes.
[3] At least 80% of the fund's securities must be rated as sustainable.

EURO STOXX® Sustainability 40 in comparison with STOXX® Europe 50



Islamic Wealth Management: offerings specifically tailored to individual needs

Since 2009 the Bank has been offering a comprehensive range of services in Islamic Wealth Management, covering the entire spectrum of Sharia-compliant products and services in private banking. An Islamic investment must be morally acceptable and socially responsible. Moreover, various activities that are controversial from a sustainability standpoint are excluded from Islamic investment. In this area the highest standards of Swiss private banking, coupled with our professional experience as pioneers in sustainable asset management, are combined with Sharia principles.

Investor commitment

For numerous sustainability funds, as well as for various institutional mandates, voting rights are exercised by Bank Sarasin taking due consideration of environmental, social and corporate governance criteria. In the year under review a total volume of CHF 2.1 billion was approved at 225 annual shareholders meetings (2011: 218). Of a total 6,695 agenda items (2011: 7,942), the Bank voted against 6% of management's proposals (2011: 8%). Less than 1% (2011: less than 1%) of the agenda items related to sustainability issues in the narrower sense.

STOXX® made by Sarasin

As of March 2011, Bank Sarasin is responsible for the composition of the Stoxx® Sustainability Indices. Index members are taken from the Stoxx® Europe 600 Index in line with the Bank's sustainability rating. As the sustainability ratings cover nearly all index members of the Stoxx® Europe 600 Index, the Stoxx Sustainability Indices will now be broader in scope.[6]

Sustainability indices of Deutsche Börse and Bank Sarasin

In 2007 Deutsche Börse launched two new indices in co-operation with Bank Sarasin: The DAXglobal Sarasin Sustainability Germany Index tracks the performance of sustainably managed companies domiciled in Germany while the DAXglobal Sarasin

The Bank regularly publishes reports on the subject of Islamic wealth management. The third **Sarasin Islamic Wealth Management Report** entitled "The Path to Corporate Transformation – Converting a Company to Islam" was released in early 2012.

Contributing to the good of society and earning money at the same time

Charity funds combine donations for a good cause with sustainable investment. One fund[5] launched by the Swiss League against Cancer and the Swiss Cancer Research foundation follows this principle: Investors participate in selected companies that are active in the fight against cancer, with 50% of the returns given as a donation to the non-profit institutions for their achievement in the fight against cancer. The fund management company, fund management and custodian bank, in this case Bank Sarasin, likewise waive half of their fees, which are donated. The Bank alone has donated more than CHF 100,000 over the past four years.

[5] This fund has a marketing licence in Switzerland.
[6] The STOXX® Sustainability Indices are the intellectual property of STOXX Limited. STOXX makes no investment recommendations and shall not be liable for any errors or delays in the index calculation or data distribution.

3. We build sustainable relationships with our stakeholders.

All three objectives in the area of stakeholder management and engagement for society were achieved as planned by the end of 2012.

Establishing a continuous dialogue and engagement with external stakeholders on sustainability	●
Further intensifying external communication on sustainability	●
Encouraging knowledge on sustainability through own research studies and third-party projects	●

Sustainability Switzerland Index tracks Swiss companies with sustainable performance. The universe of the German index is comprised of the 100 largest companies based on free-float market capitalisation, and that of Switzerland consists of the 50 largest companies in terms of market capitalisation. In a second step, these companies are examined for sustainability criteria, with Bank Sarasin performing the evaluation. The Sarasin Sustainability-Matrix®, which combines an industry rating and a company rating, will serve as the basis.

Sustainable approach can reduce investment risks and create investment opportunities

The dramatic events in Japan in 2011 have once again highlighted the added value created by Sarasin's sustainability research. The shares and bonds of companies that generate more than 5% of their total revenues from nuclear energy are excluded from all of the Bank's sustainability funds. Since Sarasin Portfolio Management also applies the same criteria, having switched to a sustainable investment style in the middle of 2009, portfolios managed under these mandates do not include non-sustainable investments either. The exclusion of problematic areas is vital for sustainable investment. The Bank is convinced that identifying and systematically avoiding company- and industry-specific risks generates added value for clients over the long term. The sustainability rating of sovereign bonds is another valuable contribution. Here the analysis focuses on the availability and efficient use of economic, social and ecological resources and in doing so assesses the long-term solvency of individual countries. Most Mediterranean countries, for example, are rated as non-sustainable, which means the bonds issued by their governments are not included in the Bank's sustainability funds and mandates. This approach has helped to avoid substantial losses for clients, particularly in view of the ongoing European debt crisis.

Relationship with our stakeholders

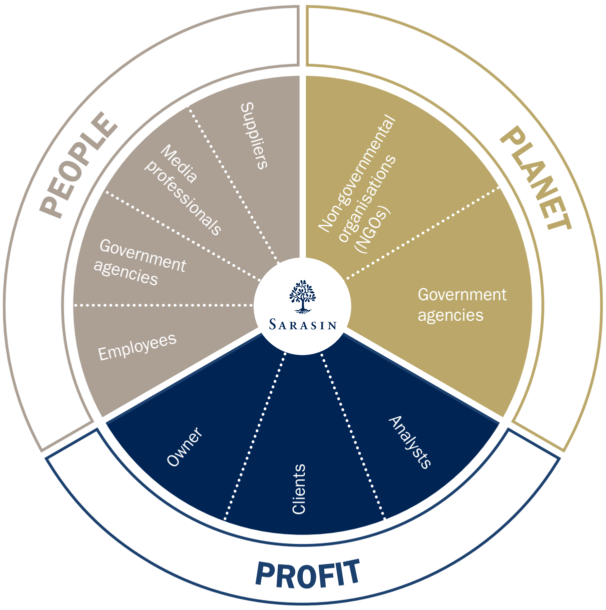
It is important for Sarasin to uphold an ongoing dialogue with all its stakeholders. For business-policy decisions made at a corporate management level, the management strives to take account of the interests of all stakeholders who are connected with the Bank. The Bank identifies its stakeholders in line with the three pillars of its sustainability policy: "Profit", "People" and "Planet".

Profit

In the economic sustainability area (profit) the demands made of Sarasin come from the market participants. The focus here is upon the new owner, remaining public shareholders and analysts as well as existing and potential clients.

In talks with sustainability analysts

As part of its sustainable investments Bank Sarasin critically analyses companies' sustainability practices. And it is just as important for the Bank to know how its own sustainability is rated by third parties. The Bank therefore sought a dialogue and discussed its own strengths and the existing improvement potentials with external sustainability analysts in 2011. Corresponding optimisation approaches were adopted and also implemented in the present report. The Bank spoke with analysts from the independent rating agency oekom research, the Zürcher Kantonalbank and the Genfer Kantonalbank. The analysts' feedback was very positive, not least because only a few companies actively seek out a direct exchange with analysts.



<u>Clients give the Bank a good testimonial</u>

A central concern of the Bank is to satisfy its clients. During regularly conducted surveys, Bank Sarasin measures the satisfaction of its private clients. The latest results show that the clients have a strong association with Bank Sarasin and value the business relationship. Good advisory and service features have the greatest influence on the client relationship. Clients in the retail sector rate the advisory quality very highly. It is pleasing that the majority of clients rate Bank Sarasin better than the other banks with which they also have a business relationship.

Clients can give both positive and critical feedback to the Bank via several channels. They can either inform the client relationship manager or forward information using the feedback form on the Sarasin website. A third option is provided by an e-mail address. The responses are coordinated and evaluated centrally, in order to specifically improve the quality of the services provided.

<u>Sponsoring partnership for enhanced client support</u>

Classical music, art and philanthropy are the main strategic focal points of the Bank's sponsoring activities. In the area of classical music and in keeping with our sponsoring strategy launched in the autumn of 2010, Bank Sarasin cultivates the existing partnerships. These include, for example, the Camerata Bern, the Lucerne Festival, the concert series "Les Grands Interprètes" in Geneva and "Meisterinterpreten" in Zurich, and the lunchtime concerts of the Lucerne Symphony Orchestra held at the Culture and Congress Centre (KKL) in Lucern. Partners and the Banks clients benefit both from this sponsoring commitment: Attending a cultural event provides an opportunity for the Bank to serve its clients outside of the banking business as well, while at the same time offering them an exclusive experience.

As part of its cultural sponsorship, Bank Sarasin is continuing its long-standing partnership with the Beyeler Foundation in Riehen near Basel in support of Classical Modernism. In the field of sports, we sponsor the Swiss Indoors tennis tournament in Basel. In the Middle East, Bank Sarasin-Alpen, hosts the Global Fusion concert every year. These flagship events bring together world-renowned artists from variety of genres to create a musical experience platform. For its contribution to the creative scene in Dubai and the organisation of these concerts, both companies won the "Sheikh Mohammed bin Rashid Al Maktoum Patrons of the Arts" Award in April 2012.

People

In the social sustainability area (people) the Bank differentiates between the employees as internal stakeholders on the one hand and external stakeholders on the other. Media professionals and government agencies are the main external partners here.

Satisfied employees generate added value

Motivated and committed employees are an important success factor for every company. Different instruments and forms of dialogue are required to identify the employees' needs. So Sarasin conducts bank-wide employee surveys on a regular basis. The response rate of 73% for the last survey conducted at the end of 2011 demonstrates the employees' high level of interest in voicing their opinions. The result shows that the employees associate strongly with the Bank. With 71 points out of a maximum of 100 on the emotional attachment index, the survey shows a good result for satisfaction among the employees. Sarasin employees are proud of the company (3.9 points from a maximum of 5). They enjoy coming to work (3.9 points from a maximum of 5) and would recommend the Bank as an employer to friends (3.8 points from a maximum of 5). Further information about the Bank's efforts on behalf of the employees can be found in the next chapter "Corporate Culture".

Sustainable relationship with the media and the state

Bank Sarasin has regular contact to national and international media. It uses the communications tools at its disposal to maintain these links. In the reporting period, media coverage was focused on the changes to the shareholder structure introduced in 2011, the closing of the acquisition by the end of July 2012 as well as the purchase offer of the Safra Group to the public shareholders. Relating to the request for delisting, the SIX Swiss Exchange (SIX) exempted Bank Sarasin & Co. Ltd from the duty to comply with certain disclosure obligations contemplated in the SIX' listing rules for shares on 1 November 2012, namely the duty to publish price-sensitive information (Ad-Hoc Publicity), to report management transactions, to publish a corporate calendar and to report certain corporate events to the SIX. The Bank also maintain regular contact with the respective local regulatory authorities. The Swiss Bankers Association (SBA) and the Association of Foreign Banks in Switzerland assume higher level authority interests in Switzerland and abroad on behalf of Bank Sarasin. Joachim H. Straehle, CEO of Bank Sarasin, has been a member of the Board of Directors of the SBA since 2011. Furthermore, various specialists from the Bank contribute to the active representation of the Swiss financial centre's interests by offering their expertise to commissions of the SBA.

Sustainable relationships with our suppliers

High ethical standards are a major factor for all decisions at Bank Sarasin. The same standards also apply for our suppliers. We demand that their conduct complies with the values and principles of the Bank. As such, the Bank acts fairly and strives to maintain long-term relationships with its suppliers. Procurement is mainly decentralised and conducted locally. If possible, we favour suppliers who share our sustainability standards and are committed to the continued improvement of their own sustainability standards. A directive was adopted which defines the minimum standards for principles and standardised sourcing and procurement criteria across the entire Bank (see chapter "Standards", page 77).

Planet
The ecological sustainability (planet) demands made of Sarasin come largely from non-government organisations. According to its sustainability objectives, the Sustainability Management began to enter into dialogue with sustainability specialists from the academic field and from non-governmental organisations in 2012. The purpose of these talks was not only to evaluate our sustainability strategy, but also to gather external perspectives to serve as input for the ongoing development of our strategy. The findings reflect both the breadth of the topic as well as the specialist areas of our dialogue partners. Topics have included, for example, our strategic framework, the Bank's positioning in the market and the future of sustainable investment. In the future, the initiated dialogue shall be maintained.

As longstanding member of important socially committed organisations, the Bank engages in open dialogue with different stakeholders which stand up for the ecological dimension of sustainability. Please refer to page 89 for an overview of these memberships.

Active for Society
Independent of the dialogue with stakeholders, one of Sarasin's and its employees' major concerns is to make an active contribution to sustained social development with different commitments.

Passing on knowledge about sustainability topics
The Bank compiles and shares knowledge about sustainability-related topics. The Sustainability Research Team has ten employees who have, on average, 15 years of professional experience. Each year the team publishes surveys concerning relevant topics and issues. The findings covered provide different stakeholders with basic information about the sustainability of individual sectors or technologies. The surveys also give the employees, especially the client relationship managers, an important information platform. In 2012, the Bank has intensified its publication activities and released a total of 11 publications, either as extensive sustainability sector reports or as fact sheets (Sustainability Spotlights):
- Renewable energies in the future: new challenges require closer collaboration among industry players
- The telecom dilemma: more data, more threats
- Pharma: Marketing practices are a persistent risk
- Empty oceans, full ponds – how sustainable is aquaculture?
- Energy Utilities – The energy revolution presents new challenges
- Sporting goods companies: Fair play in supply chains?
- Water – elixir of life and investment theme
- The quest for authenticity – Can luxury brands justify a premium price?
- Sustainability reduces the risks of corporate bonds
- On the road to sustainability – Sustainability Report of the Car Manufacturing and Auto Parts Industries
- Taking things gently – Sustainability report of the tourism industry

At the same time different authors put their expertise at disposal in various specialist articles. For 2013 it is planned to maintain the intensified publication activities in the area of sustainability.

5 days – 5 ways: Sustainability week in the Middle East

Employees at Bank Sarasin-Alpen learned that changing to a more sustainable way of life can be fun at a sustainability week, conducted for the second time, held in all offices in the Middle East and in India. Under the motto "5 days – 5 ways" awareness was increased among employees from 14 to 18 October 2012 for various sustainability topics.

The different activities included for example a tree planting event which was conducted together with local schools, the placing of special containers for the recycling of mobile phones, a collection of clothing for people in need, a sustainable transport day and a sustainability quiz. For its extensive commitment, Bank Sarasin-Alpen has been honoured with two sustainability awards in 2012 (see chapter "Awards and ratings" on page 106).

Laureus Foundation Switzerland: a strong partner

The Laureus Foundation Switzerland supports projects for socially and economically deprived young people in Switzerland, with the aim to reduce social challenges and positively influence their situation by way of sports. As national partner, Bank Sarasin makes an important contribution. Joachim H. Straehle, CEO, represents the Bank on the board of the foundation. The employees of the Bank also participate in voluntary assignments: In 2012 for example, they supported the Swiss alpine skiing championships for disabled athletes in Bad Ragaz. The volunteers were involved for two more times in the months June and August in the "Blindspot Metro" projects in Basel and Bern. Children and teenagers – both with and without disabilities – were brought closer to sports like fencing, breakdance or the young discipline "Parkour". During both events, the participants demonstrated how people can work perfectly well together despite different abilities, and can in fact even achieve more by pooling their resources. The purpose of "Blindspot Metro" is to encourage shared activities and experiences in a bid to break down fear of contact, build friendships and promote social interaction. More information is available at www.laureus.ch.

Donations for a good cause

In 2012 Bank Sarasin sponsored numerous charitable organisations from the social, environmental, cultural, educational and sporting areas with donations totalling CHF 235,000. In doing so, a particular focus was placed on humanitarian projects. These included for example the initiatives of the Swiss "Sternschnuppe" foundation, which supports disabled and permanently ill children. Furthermore, the Bank supported the "Arts with Disabled Association" in Hong Kong, an organisation which supports and promotes the artistic talent of people with a disability. In the Middle East, Bank Sarasin-Alpen supported the "Association for the Welfare of the Handicaped" with in-kind support and voluntary work.

The Bank also supports social concerns in the form of company memberships and once again paid a total of CHF 800,000 – in membership fees to various organisations. The members of the Board of Directors and the

Executive Committee hold a number of different mandates and official functions in these organisations. Bank Sarasin supports employees who work voluntarily on behalf of the company. Overall the members of the Board of Directors as well as the Executive Committee and the employees worked for more than 1,300 hours during their regular working time for charitable organisations in 2012.

Together for more sustainability

For many years, Bank Sarasin has been actively involved in numerous initiatives and organisations which work for sustainable development. Also in this way the Bank is fulfilling its responsibility to make a contribution to sustainable development. The Bank participates exclusively in political opinion forming via these initiatives and its membership in various organisations.

Initiatives:

- **Carbon Disclosure Project:** Since its outset, the Bank has been a member of the Carbon Disclosure Project (CDP). The aim of this initiative is to create more transparency about companies' CO_2 emissions. (www.cdproject.net)
- **CDP Water Disclosure-Initiative:** this invites large companies from water-related sectors to disclose their water consumption, the risks to the company resulting from water shortages, and their strategies for dealing with water shortages. (www.cdproject.net)
- **European Sustainable Investment Forum:** As a member of the European Sustainable Investment Forum (Eurosif – the European umbrella association for sustainable investment), since 2004, Bank Sarasin has espoused greater sustainability in financial markets. (www.eurosif.org)
- **Forum for Sustainable Investment:** The Bank is a founder member of the Forum for Sustainable Investment (FNG), the professional association for sustainable investment in Germany, Austria and Switzerland. (www.forum-ng.org)
- **UN Principles for Responsible Investment:** As a signatory to the UN Principles for Responsible Investment (PRI), the Bank has undertaken to adhere to six basic principles, which shall make sure that environmental and social aspects, as well as the standards of corporate governance are being embedded in investment management. (www.unpri.org)
- **The investor initiative of the Emerging Markets Disclosure Project:** this promotes sustainability reporting in emerging economies. (www.socialinvest.org)
- **Investor declaration of the UNEP FI on climate change:** Led by the Climate Change Working Group (CCWG) of the UNEP Finance Initiative, the problem of climate change is to be highlighted and attention drawn to the role of the financial sector, politics and general public in association with it. (www.unepfi.org)

Award for children

For the fourth time, the Bank supported the drawing competition for schoolchildren in June 2012 organised by the Swiss Association for Quality and Management Systems (SQS). The motto of this year's competition was "The earth as a treasure trove". The key question for the submissions was: "What can we do to prevent our resources from soon being exhausted?" Bank Sarasin supported the competition by awarding three special prizes. The winners of the prizes received CHF 1,000 to benefit their entire class in a joint project or excursion. By supporting the competition, the Bank aims to promote understanding for art and to raise children's awareness of environmental matters. More information is available at www.sqs.ch.

– **Sustainable Solar Initiative:** Under the auspices of Boston Common Asset Management, 14 sustainable investors (including Bank Sarasin) once again composed a letter in January 2012 that was submitted to the Silicon Valley Toxics Coalition (SVTC), a US environmental pressure group. Supported by this letter, SVTC will once again contact global solar cell and module producers and ask them to complete a questionnaire on environmental and social criteria. As the solar industry continues to grow in size, it is becoming increasingly important for sustainable guidelines to be introduced along the entire value chain. (www.svtc.org)

Organisations:

– **Swiss Climate Foundation:** The Bank is one of the founder members of the Swiss Climate Foundation, which was set up in 2008. The foundation is financed by refunds from the founders' CO_2 federal incentive tax, which the sponsors donate to the foundation. The foundation promotes energy efficiency and climate protection projects, especially in small and medium-sized enterprises in Switzerland. In 2012, Bank Sarasin extended its partnership with the Swiss Climate Foundation for another eight years. (www.klimastiftung.ch)
– **öbu – Network for sustainable business:** Sarasin is a long-standing member of öbu and is also represented on its management board. Around 400 Swiss companies have come together in the öbu network to campaign for sustainable business practices. (www.oebu.ch)
– **Business Energy Agency (EnAW):** This is an initiative on the part of Swiss business whose aim is the efficient implementation of Swiss climate policy. Every year the Bank agrees upon voluntary targets with the EnAW for reducing its own energy consumption and CO_2 emissions. (www.enaw.ch)
– **Global Footprint Network:** Every year the Global Footprint Network produces an account of global demand and supply for resources. Bank Sarasin is a partner of this network and puts the Ecological Footprint data to practical use in is sustainability research. (www.footprintnetwork.org)

Together with many other Swiss banks, Bank Sarasin is a sponsor of the **Swiss Finance Institute**. By establishing the Swiss Finance Institute foundation, the Swiss banks, the Swiss Federal government and leading universities have expressed a strong commitment to strengthening research and teaching in the field of banking and finance in Switzerland. The Swiss Finance Institute is active in both research and executive education. Both areas aim to strengthen the attraction of Switzerland to outstanding researchers, teachers, students and participants in Executive Education programmes.

Bank Sarasin is a member of the **Association for the Promotion of the Business Studies Centre (WWZ) of the University of Basel** and thereby supports applications-oriented research at WWZ. The sponsorship association supports research projects of high scientific quality in subject areas that are relevant to companies, the economy and politics. In so doing, it provides an impetus for economic policy and corporate governance, promoting the next generation of experts through the deployment of highly qualified young researchers in its projects and supporting the attractiveness of the region as a location through the promotion of superior research at a high performance business faculty.

4. We live up to a responsible corporate behaviour.

Three of five objectives in the area of human resources and corporate culture were achieved as planned by the end of 2012. While the implementation of a new process to manage human capital is at a final stage, the implementation of a health management concept had to be postponed due to budget reasons.

Integrating sustainability into the MbOs (Management by Objectives)	●
Implementation of a new process to manage human capital	◕
Bank-wide rollout of the Development Forum	●
Establishing a health management concept for the staff of the Bank in Switzerland	◔
Further intensification of internal communication on sustainability	●

Corporate Culture

The Bank is an attractive employer thanks to its clear positioning. The company attracts first-rate applicants both at home and abroad. The group succeeds in winning and retaining high-performing employees with focused development programmes, a strong corporate culture, convincing management personalities and competitive market-oriented salaries.

The headcount increased this year by 22.1 jobs (+1.3%) to a total of 1,737.2 positions (full-time equivalents) at the end of 2012. 268 employees worked in part-time jobs as per 31.12.2012. The group-wide fluctuation was 13.3%. The proportion of women in management positions (female employees in the two uppermost management levels with the title Managing Director or Executive Director) was 14.6%. Overall the percentage of women working in the Bank totalled 36.1% in 2012. The rate of absences due to illness and accidents was 2.88% in the reporting year. In 2012 there were no work-related fatalities to report. The employee survey conducted at the end of 2011 shows the high level of satisfaction among employees with the Bank (see this report on page 85).

In the context of a strict cost management and measures to enhance efficiency, both announced at the media conference to present the half year results 2012 and set as objectives for all areas of Bank Sarasin, initial organisational adjustments have been conducted in the second half of 2012. Redundancies were handled in a socially responsible manner in accordance with the guidelines and practices applicable in Switzerland.

Sustainability objectives a part of the MbO process

We achieved an important objective for the fourth key indicator by integrating the sustainability objectives into SaraDialog, the instrument for Management by Objectives (abbreviation: MbO). Specifically, each objective in the sustainability strategy is split into sub-objectives and assigned to the respective middle and upper management members. The management board members are responsible for achieving the primary objectives. The employees will also be reassessed regarding the conduct objectives in how far they identify themselves with the core value sustainability and in which way they take sustainability principles into consideration as part of their activities.

Code of conduct as an obligatory guide

The foundation for the Bank's success is the confidence entrusted by existing and potential clients. This confidence depends upon how the Bank is experienced on a daily basis. A bank-wide code of conduct which was adapted to the existing mission statement and in line with the sustainability objectives was introduced in February 2011. This covers the underlying principles, which are to be observed by all employees as well as by the Members of the Board of Directors

Security training for the employees

To ensure that employees can provide assistance in emergency situations, the Bank once again conducted security trainings in Switzerland in June 2012. Besides being introduced to first-aid, the participants learned how to properly handle a defibrillator. In addition, all Bank employees attend regular training sessions on data security. The purpose of the training is to protect business processes and data and ensure that statutory, regulatory and bank-specific requirements are met.

as part of their business-related activities. It comprises the daily behaviour in dealing with clients, between the employees and all other stakeholders. The code of conduct forms part of the employment contract. The Bank relies on an open dialogue should possible violations arise against the codex: If in doubt, the initial point of contact is the line manager. Should this not be possible, contact should be taken up with the Human Resources Department. Compliance with the code of conduct is assessed on a regular basis on the occasion of the SaraDialog.

New whistleblowing directive

In December 2012, the Board of Directors of J. Safra Sarasin Holding Ltd. approved a new Whistleblowing Policy. The rules and principles set down therein are also valid for Sarasin, which has, in order to implement this policy, produced a specific directive. In particular, the new directive describes what is meant by whistleblowing, when a matter should be reported, and how the corresponding process and competencies are regulated.

SaraDialog promotes exchange

With the SaraDialog tool as an instrument for management by objectives the Bank has a standardised performance and assessment system. The SaraDialog tool encourages the communication between employees and managers, with the aim of jointly achieving the corporate objectives. The performance assessment is conducted based on fair, objective and clear criteria. At the same time discussions concerning the strengths, areas for development and actions should be run and noted in a structured fashion using a feedback system to ensure that employee development and promotion are integral elements of the corporate structure. The performance and the behaviour of all employees are assessed on a regular basis using SaraDialog.

Leadership with foresight

The Bank encourages and challenges its management staff. The management is largely staffed by locals at the international locations. Those who want to be good managers must be aware and accepting of their own weaknesses as well as being prepared to consistently expand and implement their strengths. Good leadership goes hand in hand with creative, motivated and high performing employees and a pleasant working atmosphere. The Bank therefore offers special Leadership Development Modules.

The Leadership Development Modules adopted by Sarasin differ from conventional management training courses with an orientation to professional sports, from which management principles and management fundamentals can be mirrored and in part also derived. The participants experience first-hand how management is practiced in the sporting world by not only speaking to top sports men and women and national trainers, but also visiting training sessions for different types of sport. Again, the module "Leadership from a different angle", which includes an exercise in horse training, was held in 2012. The unusual aspect of a leadership seminar focused on horses is the difficulty of leading them without the conventional means and methods of verbal communication. Title, rank and name obviously have no meaning for animals governed by herd instinct. Horses are unbiased and clear mirrors – when being with people, horses accept honesty, concentration on the goal, trust and mental strength. One of participant's tasks was it, for example, to gallop in a certain direction without any leash or halter. These and other experiences encourage contemplation and facilitate a critical analysis of one's own management style.

Development Forum

Management training is one of many elements in the so-called Development Forum, which was introduced two years ago and with which the Bank sets new standards in personal development. It is a comprehensive and integral instrument for employee development as well as for further education and training. The development architecture makes an important contribution to building up the individual strengths of employees, towards improving service quality and also to further strengthening the Bank's efficiency and effectiveness.

Hours of training by job title (hours of training per year)

The Development Forum focuses on three development paths, in order to do justice to all employees across the Bank. These are divided into the areas Specialist/Expert, Management/Leadership and Customer Relationship Management. The described development paths are supported by the basic modules professional skills, system skills, social skills and cultural skills as well as by the potential check which identifies talents and promotes individual potentials and interdisciplinary project teams. In 2012 alone, a total of 11,600 participant hours were completed as part of the Forum and 20 potential checks (15 men and 5 women) were conducted – 95% of the management staff in the upper and middle levels has already attended a Leadership Development Module. Overall a total of 53,970 hours of training were held. This corresponds to an average time spent on training of 31 hours per employee.[7]

Employees, who have little experience in the banking sector, sometimes have trouble to find their way around this complex industry. For this reason, a three-day internal banking course has been developed within the framework of the Development Forum. Under expert guidance, the course gives staff the opportunity to acquire this knowledge. In 2012, this course was held twice in the months June and November. With the objective to transfer the theoretical understanding into practice and to conciliate concrete learning content, the presented topics are complemented with practical exercises. Topics covered include for example the concept of financial intermediation, services relating to investment and saving, and portfolio management. Due to the positive feedbacks and the great demand the course will be offered again in 2013.

In the first half of 2012 the second Management Module was held in the Middle East in Dubai. The focus here too was upon the expectations, fundamentals and moral concepts, which the Bank places upon its management staff. Coupled with invitations extended to foreign employees to events held in Switzerland, the Development Forum will become an exchange platform for different international locations. The Development Forum makes a fundamental contribution to the sustainable corporate culture thanks to discussions about values and norms.

[7] This figure does not include numerous e-learning training courses, such as, for example, the course on the prevention of money laundering.

Customised training initiative for client relationship managers

An especially important matter of the year 2012 was the introduction of a Sarasin-specific certification for all client relationship managers of the business areas Private Banking, Institutional Clients and External Asset Managers. In the centre of this training initiative lies the sense of service towards our clients. To achieve an advisory standard that applies bank-wide, the Bank is establishing a single uniform benchmark to assess the technical competence of client relationship managers. The objectives of the certification include the securing of a consistently high-quality advice offering and the associated improvement of the client service, the constant update of the relationship manager's professional competence and the coverage of all regulatory stipulations. The client relationship managers are certified after passing extensive training sessions and examinations as well as the execution of practical role plays with professional actors. With the execution of the two assessments "basic banking knowledge" and "business behavior", the client relationship managers of the business unit Private Banking have accomplished the certification by the end of 2012. The certification process for the relationship managers from the business areas Institutional Clients and External Asset Managers should be finished as of March 2013.

Systematic management of every employee's professional skills

A main objective of the year 2012 was the implementation of a new, strategic human resources tool, the Human Capital Management (HCM) system. Unlike the Development Forum, which focuses on individual education and training, HCM is geared more to the organisational and strategic level. Specifically, HCM supports the alignment of the workforce to the Bank's strategic requirements and delivers a systematic and standardised assessment. The focus is on issues such as promotion, HR planning and strategic recruitment measures. Ultimately, HCM involves correctly interpreting the accumulated results of individual teams, departments and divisions, exploiting potential and detecting weaknesses early. After an initial pilot project was conducted in 2011, the actual start of the HCM process in Switzerland was carried out in the first half of 2012. During the second half of the year, the results were evaluated and, in the context of special meetings, the Human Capital Portfolios were discussed with line managers and HR partners. The main focus of the discussions were the calibration of the evaluation, nominations on department and division level, organisational measures with regards to the company strategy and other organisational requirements.

Attractive terms of employment and social benefits

The staff regulations for each Sarasin company specify employees' rights and obligations, working hours and holiday entitlements as well as social and other fringe benefits. The rules form part of employment contracts and apply to all employment relationships. Employees in Switzerland are also bound by the Agreement on Employment Conditions for Bank Employees (VAB). The agreement applies to employees up to the level of Assistant Vice President and thus covers 53.3% of the employees in Switzerland.

The benefits of Sarasin companies are at least equivalent to the legal requirements at individual locations or exceed them. In Switzerland, pension plans include old-age pensions as well as accident, disability and surviving dependants' insurance. Remuneration within Sarasin is determined exclusively by the demands of the position and the qualifications and performance of the employee.

Work and private life

In order to stay attractive as an employer, a company needs flexible conditions that make it easier to combine private life and work. Female employees at the Bank in Switzerland are entitled to 16 weeks paid maternity leave. The paternity leave totals five days. There is already a range of examples for the successful implementation of teleworking and part-time jobs at many Bank Sarasin locations in place today.

Respectful working environment

The Bank pursues a strict policy of equal opportunities and encourages a working environment characterised by a dignified and respectful atmosphere. Fulltime and part-time employees with a workload of at least 40% and a length of service of at least 3 months are fundamentally treated equally. The Bank relies on the diversity of its employees with their varying skills and talents. Discrimination or harassment of any kind because of gender, ethnic background, religion, age, nationality, sexual orientation or any other characteristic is not tolerated. In order to firmly anchor this, a directive describing how to deal with sexual harassment and mobbing was revised and agreed upon for the entire group in 2009. There were no reported violations against this directive in the reporting period.

Healthy employees

The Bank set itself the objective of developing a strategic health management concept covering the key sustainability indicators by the end of 2012. For cost reasons it was decided to postpone the implementation of the same. In due time, it will be possible to revert to the preparatory work that was already done.

However, today Sarasin already views the promotion of health as a fixed element of the corporate culture. For example, the Bank provides free tea, coffee and water dispensers in its Swiss offices. All offices have been non-smoking since 2007. At the Bank in Switzerland free flu vaccinations are offered every year. Employees in Switzerland also have the opportunity to benefit from reduced rate health insurance premiums.

Committed to vocational training

Bank Sarasin has facilitated young people at Swiss locations to start apprenticeships and as such to start their careers since the 1930s. The practical everyday working life begins subsequent to an introductory period: The trainees are supported and trained by their vocational trainers. Each trainee is also assigned to a mentor as additional contact who helps the trainee to integrate quickly into the culture at the Bank. At present 15 trainees are currently undergoing training to become computer scientists (system technology area) or clerks. On a typical working day the trainees will have contact with many different people. We encourage a high degree of social competence which they can also apply in unusual situations. So this year too, for four trainees at Bank Sarasin this meant the following: Swap sides! They were given the opportunity to gain insight into the everyday lives of the physically handicapped during a three-day placement at the Accommodation and Office Centre for the physically handicapped in Reinach (near Basel).

At the Basel office the Bank employees are also given a discount for a subscription to a local fitness studio.

With targeted activities the Bank encourages the employees to more exercise in everyday life. For example, Bank Sarasin took part in the “bike to work” promotion launched by the PRO VELO SCHWEIZ for the seventh time. In Basel, Geneva and Zurich the Bank took part with nine teams of four participants, who cycled to work for a month on at least 50% of their days in the office. In so doing, they not only did something for their own health but also sent a message on sustainable mobility.

The same month, a total of 30 employees of Bank Sarasin participated in the company runs in Basel and Zurich. In Zurich it was even possible to finish as the respectable ninth of 151 participating companies. In addition, in the months of September and October 2012 the Bank joined again the successful action “Schritt auf Tritt” (wherever you go) organised by the Sports Department of the city of Basel. Equipped with a pedometer and with great commitment 200 employees, divided into 48 teams, have diligently collected steps to achieve every day’s goal of 10,000 steps. Very popular were two organised lunch walks in Basel and Zurich, which also CEO Joachim Straehle joined. The lunch walk gave the participants the opportunity to explore the city, to meet with colleagues and to fill the step account.

Culture at midday

As an expression of appreciation and as a contribution to a lively corporate culture the Bank’s art commission launched the “Culture at midday” initiative. At the locations in Basel, Geneva and Zurich four events took place in 2012. The highlight of these events is always a lunch concert, for which the staff votes on the style in advance. Correspondingly large is the variety of performances: Last year African rhythms, traditional Swiss songs, an introduction to the world of hip-hop and an excursus in the late Romantic period were on the program.

Wellness week 2.0 in Dubai

After the great success of the wellness initiative in 2011 this year a similar action has been carried out again at the locations in the Middle East. The goal of this initiative is to remind employees of their health. This year’s wellness initiative consisted again of numerous interesting measures. Activities have included, for example, a health check, the calculation of body mass index (BMI) and blood pressure measurements. Every day the organisers also arranged health talks on topics such as first aid, sight, stress management, weight loss or cervical cancer. Great popularity had the yoga classes at the workplace. It was shown how one can remain in balance with simple exercises at the workplace. The wellness initiative was once again a great success and enjoyed great interest and active participation.

Communicating sustainability

The initial impression is what counts: The Welcome Day is therefore also an important special occasion for the Bank and its new employees. This event was held three times in 2012. On this introductory day all management members take the time to welcome the new employees from all international locations at the headquarters in Basel and to introduce them to the history and corporate culture of the Bank. A speed dating session run by W.I.R.E., the Think Tank supported by Bank Sarasin and the Collegium Helveticum of the ETH Zurich and the University of Zurich, gives the new employees an unconventional introduction to the topic sustainability and inspires new ideas. In several rounds the employees introduce themselves to each other and develop future-oriented ideas for differing subject areas. These ideas are then discussed in the plenum and presented by the idea contributors.

With the aim to impart basic knowledge on the topic of sustainability and to raise staff awareness the training module "Sustainability at Bank Sarasin" was launched in 2012. This module is part of the Development Forum (see page 92) and mandatory for all new employees. The employees can obtain in-depth information from the Intranet sustainability pages covering current topics, the sustainability strategy as well as sustainability objectives and current projects. On average, one news article is posted on the intranet about sustainability every two weeks. A new series of Sarasin Sustainability Notes was published regularly in 2012. The series looks at small and big ways that can contribute to a more sustainable world. The texts should animate to contemplate and sometimes to smile without always referring to the Bank. The employee magazine "Oak Tree", which is published three times a year, includes a section on sustainability with various current background reports from within the Bank. A five-head "Client Services Sustainable Investment" team is available for the client relationship managers in all locations to answer questions about sustainable investments and sustainable financial products.

Enhancement of employee representation

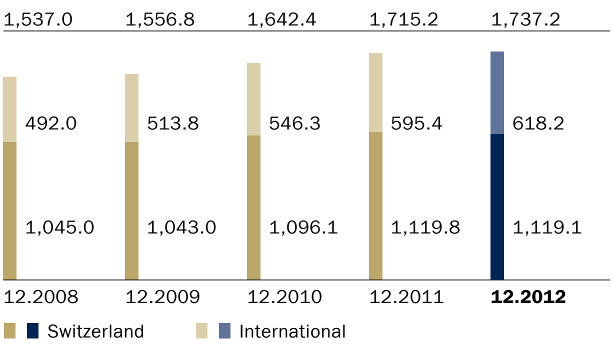
For the protection of the common interests of all employees the Bank has a Staff Representative Council (ANV). Basis of the ANV are the "Regulations on employee participation through the Staff Representative Council" of Bank Sarasin, based on the Federal Information and Consultation of Employees in the Workplace Act. These regulations have been revised in the reporting period and approved by the staff and by the Executive Committee of Bank Sarasin. According to the new regulations the employee representation increased from the previous three to seven members in the sub- sequent elections in the fall of 2012. With the elected representatives from Geneva, Basel and Zurich the three largest locations in Switzerland are represented. Generally, all permanent employees in Switzerland up to and including function level 3 can be elected as employees' representatives. Not eligible are the members of the Board, the employees at function level 2 and the Human Resources Department. The members of the ANV are elected for three years.

Depending on the scope the employee representation has information or participation rights. The aim of this cooperation is to promote the company dialogue and thus to contribute to a good working relationship between employer and employees. Well informed employees identify themselves more closely with the company, which has a positive effect on motivation and productivity. The exchange between management and employee representatives takes place at least once per year.

Number of employees as per 31.12.2012, by location

(full-time equivalents)	Men	Women	Total
Basel	415.4	141.6	557.0
Zurich	298.2	146.5	444.7
London	125.8	75.6	201.4
Hong Kong	34.0	83.8	117.8
Singapore	45.0	72.0	117.0
Geneva	49.6	38.8	88.4
Germany (Cologne, Frankfurt, Hamburg, Hanover, Munich, Nuremberg)	55.8	29.5	85.3
Dubai	31.0	13.0	44.0
Lugano	9.5	3.7	13.2
India (Mumbai & Delhi)	9.0	4.0	13.0
Berne	7.1	1.7	8.8
Lucerne	5.0	2.0	7.0
Luxemburg	6.0	1.0	7.0
Doha (Qatar)	3.0	3.5	6.5
Guernsey	2.4	3.8	6.2
Manama (Bahrain)	4.0	1.5	5.5
Abu Dhabi	4.0	1.0	5.0
Maskat (Oman)	1.0	3.5	4.5
Warsaw	3.0	1.0	4.0
Dublin	1.0	0.0	1.0
Total Sarasin	**1,109.8**	**627.5**	**1,737.2**

Development of the number of employees 2008–2012 (full-time equivalents)



Fluctuation rates in 2012

(number of employees)	Average number of employees*	Number of new starts	Number of people leaving	Fluctuation rate (%)
Switzerland (Basel, Berne, Geneva, Lugano, Lucerne, Zurich)	1,165.3	146	145	12.4
London	205.5	22	23	11.2
Singapore	123.5	23	23	18.6
Hong Kong	110.5	27	11	10.0
Germany (Cologne, Frankfurt, Hamburg, Hanover, Munich, Nuremberg)	85.5	38	16	18.7
Dubai	49.5	12	9	18.2
India (Mumbai & Delhi)	14.5	2	3	20.7
Manama (Bahrain)	7.5	1	4	53.3
Guernsey	7.0	1	1	14.3
Doha (Qatar)	6.5	2	1	15.4
Maskat (Oman)	5.5	0	1	18.2
Abu Dhabi	4.5	3	1	22.2
Luxemburg	4.0	6	0	0.0
Warsaw	3.5	1	0	0.0
Dublin	1.0	0	0	0.0
Total Sarasin	**1,793.8**	**284**	**238**	**13.3**

Note: Number of people leaving without retirements.

*According to GRI year-end figures are required – for internal management purposes, however, the average number was used.

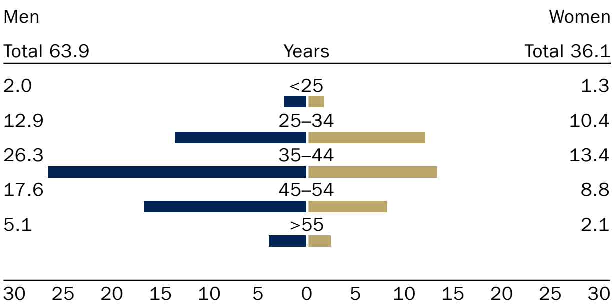
Fluctuation by age group

(number of employees)	Average*	Number of new starts	Number of people leaving	Fluctuation rate (%)
Men				
<25	38.0	9.0	6.0	15.8
25-34	228.5	46.0	42.0	18.4
35-44	456.5	67.0	58.0	12.7
45-54	303.5	47.0	34.0	11.2
>55	94.5	4.0	7.0	7.4
Total	**1,121.0**	**173.0**	**147.0**	**13.1**
Women				
<25	23.5	12.0	8.0	34.0
25-34	184.0	44.0	30.0	16.3
35-44	255.5	36.0	33.0	12.9
45-54	169.5	17.0	16.0	9.4
>55	42.0	2.0	4.0	9.5
Total	**674.5**	**111.0**	**91.0**	**13.5**

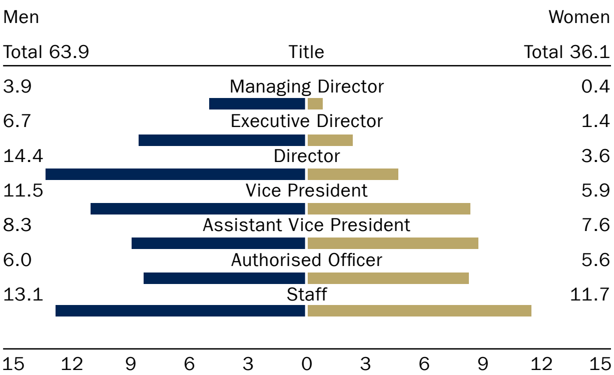
Note: Number of people leaving without retirements.

*According to GRI year-end figures are required – for internal management purposes, however, the average number was used.

Age structure of employees (full-time equivalents in %)



Headcount by job title (full-time equivalents in %)



Absence rate of employees

(full-time equivalents in %)	Workdays per employee	Number of employees (full-time equivalent per 31.12.)	Absentee days by illness, accident, paternity leave	Absentee days by maternity leave	Absence rate (%)
Switzerland (Basel, Berne, Geneva, Lugano, Lucerne, Zurich)	239	1,119.0	6,018	1,235	2.71
London	252	201.4	972	1,201	4.28
Singapore	220	117.0	420	177	2.32
Hong Kong	220	117.8	183	279	1.78
Germany (Cologne, Frankfurt, Hamburg, Hanover, Munich, Nuremberg)	252	85.3	525	386	4.24
Dubai	253	44.0	110	317	3.84
India (Mumbai & Delhi)	245	13.0	18	0	0.57
Manama (Bahrain)	246	5.5	18	45	4.66
Guernsey	250	6.2	14	0	0.87
Doha (Qatar)	251	6.5	17	0	1.04
Maskat (Oman)	247	4.5	28	0	2.52
Abu Dhabi	253	5.0	7	0	0.55
Luxemburg	252	7.0	0	0	0.00
Warsaw	252	4.0	0	0	0.00
Dublin	252	1.0	0	0	0.00
Total		**1,737.2**	**8,329**	**3,640**	**2.88**

5. We offer services in a resource-efficient way.

The Bank aims to meet the following targets by the end of 2015:

Indicator	**Status 2012**	Target 2015
CO_2 emissions/FTE (kg CO_2-e)	**2,404**	2,000
Energy consumption/FTE (kWh)	**5,685**	5,315
Water consumption/FTE (l/day)	**44**	41
Paper consumption/FTE (kg)	**114**	101
Proportion of recycled paper (%)	**79**	100
Proportion of renewable energies (%)	**68**	70

FTE = full-time equivalent employee

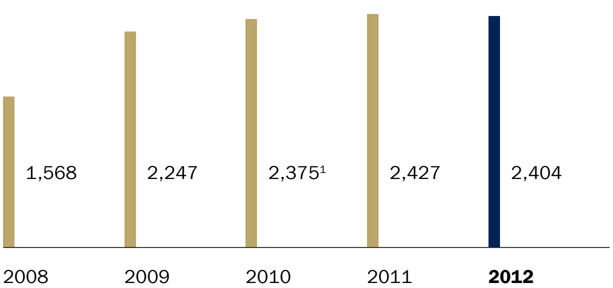
Managing resources efficiently

The Bank's aim is to achieve commercial success with an acceptable ecological footprint. It therefore seeks to contain energy consumption and use resources carefully. Sarasin uses the software (SoFi) developed for financial service providers in drawing up its environmental performance report. The software makes it easier to record and analyse the data material and then identify suitable measures to improve performance on an ongoing basis.

CO_2-neutral

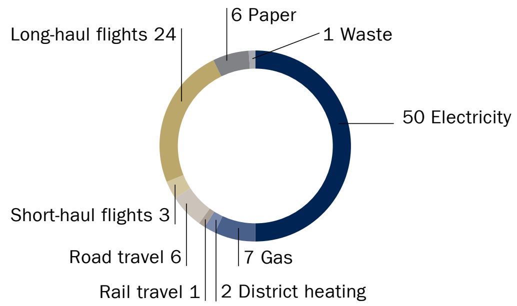
Total CO_2 emissions decreased by 0.9% in 2012 from the previous year to 2,404 kg CO_2-equivalent per employee. The largest sources of emissions are power consumption (50%) and long-haul flights (24%). Besides absolute consumption, the type of electricity generation plays a crucial role in greenhouse gas emissions. In 2009, the Frankfurt, Hong Kong and Singapore sites were integrated into the reporting system for the first time. In most countries, power generation involves far higher CO_2 emissions than in Switzerland and has been one of the reasons for the steep rise in greenhouse gas emissions since 2009.

Greenhouse gas emissions
(Carbon dioxide equivalent per FTE (kg CO_2 per FTE))



[1] Flights adjusted due to a data error (plus 1,300,000 km)

Proportion of greenhouse gas emissions 2012 by source (in %)



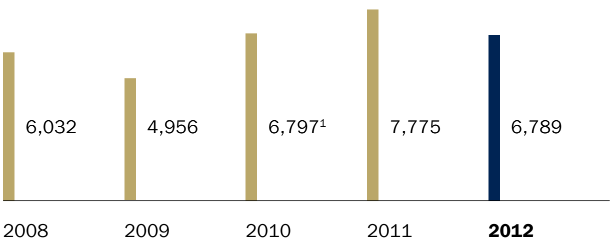
In 2012, business travel activity per employee decreased to 6,789 kilometres per employee. This reduction of 12.7% compared to last year is partly due to the increased use of telephone and video conference systems with which all locations are equipped. Business travel by train and by car has increased, but air travel dropped disproportionately. The associated reductions in CO_2 emissions were largely offset by the rising power consumption (see next paragraph). However, the Bank seeks to use ecologically appropriate means of transport for business travel wherever possible. Staff commuting to and from work is not included. However, in Switzerland employees receive financial assistance if they wish to switch to public transport for commuting purposes.

CO_2 emissions that can neither be avoided nor reduced further by environmental protection measures are offset by investments in high-quality climate protection projects. In 2011, the Bank produced somewhat more than 4,000 tonnes of CO_2; the emissions were offset by the former major shareholder Rabobank. For that year, Rabobank has decided to support a wind energy project in the Liaoning province in the north east of the

People's Republic of China. In the Liaoning Kangping Furaoshan wind power project, a total of 66 wind turbines providing a total capacity of 49.5 MW were built in 2008. As a result, the regional dependency on fossil fuels is gradually being reduced. It is planned to maintain the climate compensation also after the change in the shareholder structure.

All of Sarasin's greenhouse gas emissions are measured and reported in CO_2 equivalents. Further materials that contribute to greenhouse gas are negligible in the case of Sarasin as a financial services provider and are therefore not measured for reporting purposes.

Business travel (km per employee)



[1] Flights adjusted due to a data error (plus 1,300,000 km)

Taking early action to counter rising demand for electricity

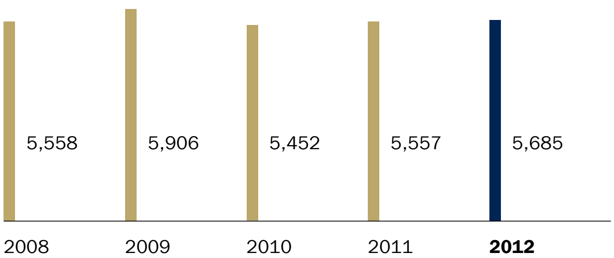
To attain its goal of energy efficiency, Bank Sarasin regularly takes steps to raise efficiency. The focus is mainly on IT equipment – the largest energy consumer of financial service providers. In 2010, the Bank replaced the cooling units at the Basel head office with two new machines that were twice as efficient. In doing so, it took early action to meet the future increase in power consumption resulting from higher server performance. To make better use of the technical resources also from an energy perspective, the Bank also established a new backup disaster recovery computer centre in Zurich in September 2010. In the Basel computer centre, the cooling system was already improved with so-called cooling racks in 2009: the servers are hermetically sealed by special racks to enable the waste heat to be cooled in a concentrated manner.

In Zurich, the entire client area was fitted with new energy-efficient lighting. In the future, just one-third of the current amount of electricity will be consumed. In Geneva, the entire cooling system was replaced in 2011 to enable electricity to be used more efficiently and to save water.

In regular awareness-raising campaigns employees are also called on to save electricity. This year, the Bank's offices in Asia again took part in "Earth Hour", a global initiative of WWF (www.earthhour.org) aimed at highlighting the need for action against climate change.

In 2012, power consumption rose by 2.3% to 5,685 kWh per employee. Primarily responsible for this development are changes in the availability of data. For example, it was possible to measure the power consumption

Power consumption (kWh per employee)



of the air conditioning for the first time in Singapore and to add the amount to the power consumption at Bank Sarasin. Without these data, the power consumption would decline, mainly due to a reduction in electricity purchases at the locations in Basel, Geneva and London.

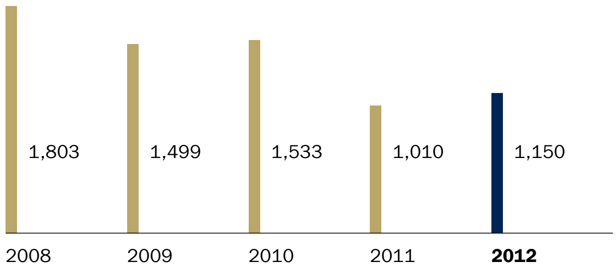
Electricity from renewable energies

As a pioneer in environmental protection, the Bank showed its colours as early as 1993 when it installed its own photovoltaic system on the roof of its Basel head office. Each year, the system produces power for several four-person households. In 2012, this amounted to 22,061 kilowatt hours (kWh). Renewable sources account for 68% of the electricity consumed in the Bank; at the Swiss sites, the figure is already 100%. In the future, this value will increase further: in early 2012 Sarasin Germany changed the energy provider and purchases exclusively renewable energy at the existing offices in Frankfurt and Munich. The new locations in Cologne, Hamburg and Hanover will switch to green electricity from 2013 on. The electricity from renewable energies used in Zurich and at bank zweiplus has been awarded the "naturemade star" label. This is the Swiss seal of quality for power that is generated in an especially environmentally friendly way. The Basel office uses only distance heating as a source of heating energy. This comes from process heat generated by the nearby refuse incineration plant in Basel and is 100% renewable.

Heating in line with needs

Annual heating energy requirements depend heavily on temperatures during the heating period. In 2012, the winter was relatively strong and accordingly high were the heating

Heating energy consumption (kWh per employee)



degree days. The effect of this was reflected in an 13.8% increase in heating consumption per employee compared to the previous year to 1,150 kWh. To minimise energy requirements at low temperatures, an automatic heating control system has been installed in the Basel head office. At the start of 2011,

Asia Square: our new office in Singapore

In relocating at the beginning of April 2012 the Singapore office demonstrated a clear commitment to sustainability. Asia Square, which consists of two towers, is described as "the human building", mainly because the building materials used are all environmentally friendly. It was awarded the LEED platinum certificate, one of the world's highest standards for ecological building, by the US Green Building Council. Thanks to the largest installation of photovoltaic modules and the first on-site biodiesel system in a commercial property complex in Singapore, Asia Square consumes 35% less energy than a standard office building. Water is recycled to irrigate the surrounding greenery; as a result, water consumption is 40% below the average. As one of the most sustainable buildings in Asia, Asia Square has an energy efficient air-conditioning system using cooled water from the municipal district cooling system, UV emitters in ventilation systems to remove harmful microorganisms from the air, energy-efficient illumination, motion and photo sensors in light management systems, systems to recover condensate from the ventilation systems for watering, and water-saving fixtures.

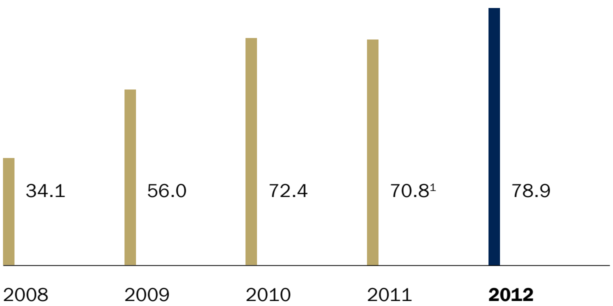
a new, more efficient heating system was installed in the Geneva office. This had a big effect: In Geneva the gas consumption decreased by 28% in 2011 and increased only by 5% in 2012.

Increasing share of recycled paper

Sarasin has set itself the target of using only recycled paper by 2015. In 2012, the share was 78.9%.

In the international offices – in particular Dubai, Singapore and Hong Kong – it is more difficult to meet the target of using only recycled paper given the current lack of local supplies. This requires a longer transitional period. However, in the Dubai office more than 60% of the marketing publications are already printed on recycled paper.

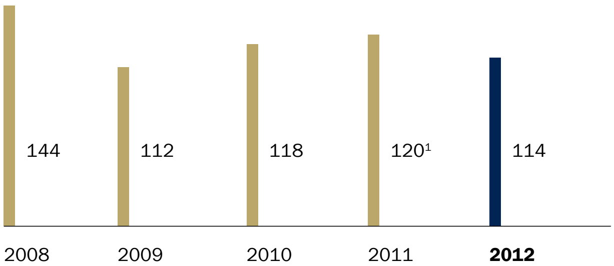
Share of recycled paper (in %)



[1] Paper consumption adjusted due to a data error

To reduce absolute paper consumption, duplex printing is the standard setting in most offices. Finally, careful management of print runs for internal and external publications pays off both ecologically and economically. Numerous publications are published primarily in electronic format and paper versions are provided to interested parties only upon request. In Zurich and Basel, cloth roll towels

Paper consumption (kilogram per employee)



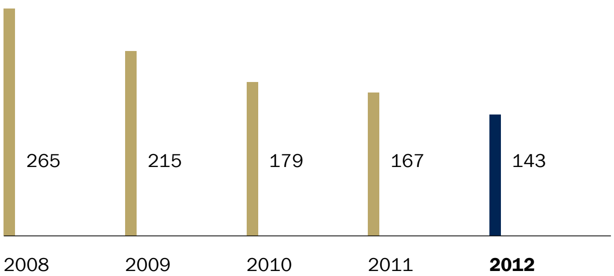
[1] Paper consumption adjusted due to a data error

are used instead of paper towels except in the breakout area.

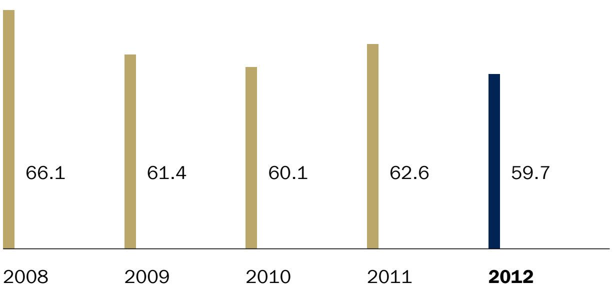
Paper consumption per employee decreased from 120 kilogram to 114 kilogramm.

To cut waste quantities and raise the proportion of waste that is recycled, the Bank has been carrying out awareness-raising campaigns for years. Confidential paper is collected in closed containers and passed to outside firms for recycling in that form. Electronic scrap, toner cartridges, batteries, fluorescent lamps, polystyrene and metals are also properly disposed of. In 2012, the amount of waste fell markedly by 14.4% to 143 kilogram per employee. The overall percentage that was recycled was 59.7% in 2012.

Waste (kilogram per employee)



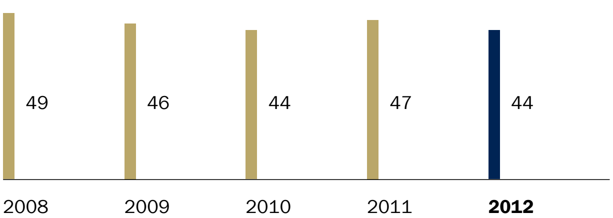
Recycled waste (in %)



Careful use of drinking water

In terms to environmental relevance, the water consumption of a financial services company is relatively insignificant compared to other consumption figures. For reporting purposes, the quantity of waste or reused water is therefore not measured. As a financial services provider, Sarasin does not generally discharge toxic substances into the water. Nevertheless, clean drinking water is becoming increasingly scarce worldwide, which makes it essential to use it carefully. Aerators have been installed on all taps in the Bank's head office buildings. In addition, WC flushing systems were adapted to cut water consumption per flush. In Geneva, consumption was reduced by about 50% thanks to a new cooling system. Throughout Sarasin, water consumption decreased from 47 litres per employee and day to 44 litres and reached again the level of 2010.[8]

Water consumption (liter per employee and day)



Protection of biodiversity

The operations of the Bank do not directly endanger biodiversity. The sites owned by Sarasin do not affect protected areas.

[8] The changes in water consumption are also due to an adaption of the survey methodology and data quality improvement.

Overall table of environmental KPIs according to VfU 2010 and GRI G3.1

Indicator	Unit	VfU 2010	GRI G3	**2012**	2011	2010	2009	2008	Change 2012 vs. 2011 (%)
Electricity consumption	MJ/emp	1a)	EN4	20,467	20,007	19,629	21,262	20,008	2.3
Fossil fuel energy consumption	MJ/emp	1b)	EN3	2,758	2,352	3,384	2,914	4,024	17.3
Other energy consumption (district heating)	MJ/emp	1c)	EN4	1,858	1,694[1]	2,738	2,504	2,507	9.7
Business travel	MJ/emp	2)	EN1	6,789	7,775	6,797[2]	4,965	6,032	– 12.7
Paper consumption	kg/emp	3)	EN8	114	120[3]	118	112	144	– 5.0
Water consumption	l/emp+day	4)	EN22	44	47	44	46	49	– 6.4
Waste	kg/emp	5)	EN16	143	167	179	215	265	– 14.4
Direct and indirect energy consumption	MJ/emp	6)	EN4	60,268[4]	55,547	54,272	55,532	59,980	8.5
Greenhouse gas emission	kg CO_2-equivalent./emp	7)	EN3	2,404	2,427	2,375[2]	2,247	1,568	– 0.9

emp = employees, adjusted for part-time working; MJ = Megajoule (1 MJ = 0.278 kWh); equivt. = equivalent

[1] Adjusted due to new calculation basis

[2] Flights adjusted due to a data error (plus 1,300,000km)

[3] Paper consumption adjusted due to a data error

[4] Significant change due to an adjustment of the energy conversion factor for the typical market power mix

Sustainability indicators 2012: Data sources and data quality

Indicator	Data source	Data quality	System boundary
Business performance indicators	Accounting	3	J. Safra Sarasin Holding Ltd.
Sustainable investment products	Asset Management Products & Sales business division	3	Bank Sarasin & Co. Ltd as well as all consolidated Sarasin affiliates / locations
Client aspects	Corporate Marketing & Corporate Communications	2	Bank Sarasin & Co. Ltd as well as all consolidated Sarasin affiliates / locations
Corporate Governance	Legal & Compliance	3	J. Safra Sarasin Holding Ltd.
Human resource indicators	Corporate Center, Business Area Human Resources	3	Bank Sarasin & Co. Ltd as well as all consolidated Sarasin affiliates / locations
Charitable commitment	Corporate Marketing & Corporate Communications	2	Bank Sarasin & Co. Ltd as well as all consolidated Sarasin affiliates / locations
Legal aspects	Corporate Center, Business Area, Legal & Compliance	3	Bank Sarasin & Co. Ltd as well as all consolidated Sarasin affiliates / locations
Electricity	Electricity meters, energy supplier bills	3/2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong and London locations, bank zweiplus ltd
Heating energy	District heating meters, energy supplier bills	3/2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong and London locations, bank zweiplus ltd
Water	Water meters, water supplier bills	3/2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong and London locations, bank zweiplus ltd
Paper and proportion of recycled paper	Goods procurement, printers statements of account, own estimates	2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong and London locations, bank zweiplus ltd
Business travel	Expenses billing and employee information (PW), analyses of a travel management service provider (air traffic), own estimates (rail traffic)	2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong and London locations, bank zweiplus ltd
Greenhouse gas emissions	Calculated in accordance with VfU 2010	2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong and London locations, bank zweiplus ltd

Evaluation of data quality pursuant to VfU 2005. Data quality 3: The data is based on exact measurements, e.g. supplier invoices, meter readings. Data quality 2: The data is based on a calculation or on an exact estimate. Data quality 1: The data is based on a rough estimate.

Awards and ratings

In the last two years, Bank Sarasin received a number of prestigious awards that testify to its commitment to sustainability in practice.

- Bank Sarasin-Alpen received the **Arabia CSR Award 2012 (small category).** The Bank's sustainability principles and objectives, combined with the comprehensive understanding of corporate social responsibility, were able to convince the jury. It is the second consecutive year that the Bank Sarasin-Alpen can claim this prize. Also in the reporting period, Bank Sarasin-Alpen was awarded by the "Dubai Chamber CSR Label 2012".
- For the third year in a row a fund of Bank Sarasin won the **Climate Change Award in the category "Water, Food, Agriculture and Forestry"**. This was awarded at the end of 2012 by the trade magazine Investment Week and the asset manager Holden & Partners.
- At the **Sustainable City Awards 2012** the Sarasin sustainability study "Sustainable fulfilment of state obligations" was awarded the title "Highly Commended". This study is the follow-up report of the previous year's winner "The world in a dilemma between prosperity and resource protection – Sustainability rating of sovereign bonds 2010".
- In 2011, Bank Sarasin & Co. Ltd was named **"Cross-Regional Sustainable Bank of the Year" by the Financial Times and the International Finance Corporation (IFC)**, which is part of the World Bank Group. In presenting the award, the judging panel highlighted Bank Sarasin's pioneering role in sustainable investment and its bank-wide efforts to establish sustainability internationally.
- For its leading approach in sustainable asset management, Bank Sarasin & Co. Ltd was ranked **"Best Private Bank for Socially Responsible Investing"** in the years 2010 and 2011 by the highly regarded industry magazines The Banker and Professional Wealth Management, published by the Financial Times Group.
- At the end of November 2011, Bank Sarasin AG was rated **"Best Asset Manager – Socially Responsible Investing"** by Feri EuroRating AG and the news channel n-tv. The award is based on a comprehensive analysis of a company's funds.

Podium for the financial reporting

Bank Sarasin has finished in third place in the annual report ratings awarded by the Fachhochschule Nordwestschweiz (FHNW). For 10 years now, a research team at FHNW has produced an annual survey of the reporting provided by the 250 biggest companies headquartered in Switzerland, as well as a number of selected SMEs and non-profit organisations, with a particular focus on the integration of environmental and social aspects. Special emphasis is placed on the transparency and credibility of reporting. One particular aspect that attracted positive comment was the depth of detail provided by the GRI report 2011, which was published as a separate PDF. Another aspect that won praise was the fact that the sustainability report "Our Future" addressed sustainability themes in company-relevant articles and that sustainability overall was integrated very extensively into the entire annual reporting.

Regularly Bank Sarasin receives top marks for the sustainable asset management, environmental management and sustainability reporting.

Independent assurance report

To the management of Bank Sarasin & Co. Ltd, Basel

Our engagement

You engaged us to perform a limited review of the following quantitative key performance indicators (KPIs) disclosed in the sustainability report of Bank Sarasin & Co. Ltd:

– KPIs on sustainable and responsible investments in the chapter "Asset management" for the reporting period 1 January to 31 December 2012 on page 80 of the sustainability report
– The personnel KPIs in the chapter "Corporate culture" for the reporting period 1 January to 31 December 2012 (pages 90 to 99 of the sustainability report)
– The environmental KPIs in the chapter "Managing resources efficiently" for the reporting period 1 January to 31 December 2012 (pages 100 to 105 of the sustainability report)

Our procedures were planned to obtain limited assurance as a basis for our conclusion. The scope of work to obtain evidence is reduced compared to the scope required to obtain reasonable assurance (e.g., in an audit of financial statements) such that a lower degree of audit assurance is obtained.

Limitations of the engagement

Our engagement was limited to a review of the KPIs listed above. We have not assessed the following KPIs or information disclosed in the sustainability report:

– KPIs for the reporting period 1 January to 31 December 2012 not explicitly listed
– KPIs for the previous reporting periods were not reviewed for this engagement
– All qualitative statements in the sustainability report
– Our engagement did not include a review of forward-looking statements.

Criteria

We reviewed the information in the sustainability report against the following criteria applicable in the reporting year 2012 (hereafter "criteria"):

– GRI Sustainability Reporting Guidelines (G3.1)
– "VfU Indicators 2005" guideline issued by VfU ["Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e.V.": Association for Environmental Management in Banks, Savings Banks and Insurance Companies], as of February 2005 as well as VfU calculation system 2010 for determining emissions indicators

A summary of the guidelines is presented on the GRI website (online at https://www.globalreporting.org/reporting/latest-guidelines/g3-1-guidelines/Pages/default.aspx) as well as the VfU website (online at http://www.vfu.de/default.asp?Menue=20). We believe that these criteria are a suitable basis for our review.

Responsibility of Bank Sarasin & Co. Ltd's management

The management of Bank Sarasin & Co. Ltd is responsible for the preparation of the sustainability report and the information contained therein in accordance with the aforementioned criteria. This responsibility includes developing, implementing and safeguarding internal controls of material importance for the preparation of a report that is free of material misstatements. In addition, the responsibility includes selecting and applying suitable reporting standards as well as measurement methods and estimates deemed suitable in view of the circumstances.

Our responsibility

Our responsibility is to express a conclusion on the information disclosed in the sustainability report based on our review to obtain limited assurance. We planned and performed our engagement in accordance with the International Federation of Accountants (IFAC) International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE3000) and the Code of Ethics for Professional Accountants, which includes requirements in relation to our independence. In accordance with the engagement agreement, our duty of care for this engagement only extends to the management of Bank Sarasin & Co. Ltd.

Our approach

We performed all of the procedures needed to ensure a sufficient and suitable basis for our conclusion. Within the scope of our engagement, we obtained evidence on a sample basis considering materiality and assurance engagement risk to obtain limited assurance on the compliance of the KPIs with the reporting principles and criteria. The nature and scope of our work, including appropriate samples, were based on our professional judgment used in forming our conclusion. The performance of our engagement included the following procedures:

– Assessment of the suitability of the underlying criteria and their consistent application
– Interviews with employees regarding the sustainability strategy of Bank Sarasin & Co. Ltd
– Interviews with employees responsible for preparing the sustainability report to assess the process of preparing the sustainability report, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for a review of the sustainability report
– Interviews of employees in specialist departments responsible for the topics “Asset management”, “Corporate culture” and “Managing resources efficiently”
– Review of the documentation of the systems and processes for compiling, analysing, and aggregating sustainability data and testing such documentation on a sample of basis
– Analytical considerations, interviews and review of documents on a sample basis with respect to the compilation and reporting of quantitative data
– Interviews and reviews of documents on a sample basis relating to the collection and reporting of KPIs during walkthroughs at the Basle, Zurich and Singapore sites.

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the KPIs do not comply in all material respects with the aforementioned criteria.

Basel, 25.04.2013

Ernst & Young AG

GRI Index

The GRI Index is based on the guidelines of the Global Reporting Initiative[1] (GRI) and the associated sustainability reporting guidelines for banks[2] (www.globalreporting.org).

GRI	Reporting element	Page/ref./ comment
GRI key indicators[3]		
1	**Strategy and analysis**	
1.1	Description of key impacts, risks, and opportunities	69 – 71
2	**Organisational profile**	
2.1	Name of the organisation	69
2.2	Primary brands, products and services	69 – 71
2.3	Organisational structure	22 – 27
2.4	Location of organisation's headquarters	25
2.5	Locations where the organisation operates	112 – 113
2.6	Nature of ownership and legal form	22 – 27
2.7	Markets served	29 – 33
2.8	Scale of the reporting organisation	69
2.9	Significant changes during the reporting period regarding size, structure, or ownership	69
2.10	Awards received	106
3	**Report parameters**	
3.1	Reporting period	69
3.2	Date of most recent previous report	69
3.3	Reporting cycle	69
3.4	Contacts	www. jsafrasarasin. com
3.5	Process for defining report content	69
3.6	Boundary of the report	69
3.7	Specific limitations on the scope or boundary of the report	69, 105
3.8	Comparability	69, 105
3.9	Data measurement techniques and bases of calculations	69, 105
3.10	Effect of any restatements of information provided in earlier sustainability reports	100, 101, 103
3.11	Changes from previous reporting periods in the scope, boundary or measurement methods	69
3.12	GRI Index	109, 110
3.13	External assurance for the report	107, 108
4	**Corporate governance, commitments and engagement**	
4.1	Governance structure of the organisation	22 – 27
4.2	The chair of the highest governance body is not also an executive officer	The CEO is not member of the Board of Directors
4.4	Participation rights of employees	96
4.5	Linkage between compensation for members of the highest governance body and their sustainability performance	90
4.6	Avoidance of conflicts of interest	45 – 48

GRI	Reporting element	Page/ref./ comment
4.7	Process of determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's sustainability policy	73
4.8	Mission statements and strategies in the field of sustainability	74
4.9	Control mechanisms	73 – 75
4.10	Processes for evaluating the highest governance body's sustainability performance	90
4.11	Application of the precautionary principle	94
4.12	Support for external sustainability initiatives	88 – 89
4.13	Active membership of associations and interest groups	89
4.14	List of stakeholder groups	84
4.15	Basis for identification and selection of stakeholders	84
4.16	Approaches to stakeholder engagement	84 – 86
4.17	Key topics and concerns raised through stakeholder engagement, and the organisation's response to them	84 – 86
	Environmental performance indicators	
Management approach		
EN1	Materials used by weight or volume	105
EN2	Percentage of recycled materials	103, 104
EN3	Direct energy consumption	105
EN4	Indirect energy consumption	105
EN5	Energy saving due to measures	100 – 102
EN6	Product initiatives with respect to energy efficiency or renewable energies	81
EN7	Initiatives to reduce indirect energy consumption	100 – 102
EN8	Total water withdrawal by source	104
EN11	Location and size of land owned adjacent to protected area	104
EN12	Significant impact on biodiversity	104
EN16	Total direct and indirect greenhouse gas emissions	100
EN17	Other relevant greenhouse gas emissions	101
EN18	Initiatives to reduce greenhouse gas emissions	100 – 101
EN19	Emissions of ozone-depleting substances	101
EN20	Air emissions (NO_X, SO_X)	101
EN21	Water discharge	104
EN22	Total weight of waste by type and disposal method	103
EN23	Significant spills	101 – 104
EN26	Initiatives to mitigate environmental impacts of products and services	81
EN28	Fines and sanctions for non-compliance with environmental regulations	75

GRI	Reporting element	Page/ref./ comment
	Human rights	
Management approach		
HR1	Significant investment agreements and contracts that include clauses incorporating human rights concerns	76 – 77, 81
HR2	Suppliers, contractors and human rights	77
HR4	Total number of incidents of discrimination and actions taken	94
HR6	Avoiding child labor	76 – 78
HR7	Avoiding forced or compulsory labor	76 – 78
	Labour practices and quality	
Management approach		74, 84, 90
LA1	Total workforce by employment type, employment contract and region	97
LA2	Rate of employee turnover	98
LA4	Percentage of employees covered by collective bargaining agreements	93
LA5	Minimum notice periods regarding operational changes	n.a.
LA7	Rates of injury, occupational diseases, lost days and absenteeism	99
LA8	Health education, counselling and prevention	94, 95
LA10	Training and professional development	92
LA12	Performance and career development	92, 93
LA13	Diversity in the highest governance body, senior management and workforce	99
LA14	Ratio of basic salary of men to women	94
	Social performance indicators	
Management approach		74, 83
SO1	Impact of operations on society	83 – 90
SO2	Analysis of risks related to corruption	75
SO3	Training in anti-corruption policies and procedures	75
SO4	Actions taken in response to incidents of corruption	75
SO5	Public policy positions and participation in lobbying	88
SO8	Significant fines and sanctions for non-compliance with laws and regulations	75
	Product responsibility	
Management Approach		71, 74, 76, 78
PR3	Type of product and service information	79
PR5	Client satisfaction	84
PR6	Adherence to advertising standards	77
PR9	Significant fines and sanctions for non-compliance with regulations concerning the provision of products and services	75
	Economic performance	
Management approach		69, 70, 79
EC1	Preparation of financial statements	35 – 64
EC 2	Financial implications of climate change	100
EC3	Extent of the organisation’s benefit plans	44 – 45

GRI	Reporting element	Page/ref./ comment
EC4	Financial assistance received from government	Sarasin received no such assistance
EC6	Use of local suppliers	77
EC7	Local hiring of personnel	91
EC 8	Investments for public benefit	86 – 89
	Supplementary indicators for financial services[2]	
Management approach		69 – 74
FS1	Policies with specific environmental and social components applied to business lines	76, 78 – 82
FS2	Procedures for assessing and screening environmental and social risks in business lines	78 – 82
FS4	Processes for improving staff competency in relation to the sustainability risks of products and services	92, 93, 95
FS5	Interactions with invested companies regarding sustainability risks and opportunities	82
FS7	Products with significant social benefit	78 – 82
FS8	Products with significant environmental benefit	78 – 82
FS9	Auditing of processes to assess sustainability risks	107 – 108
FS10	Investor engagement	82
FS11	Percentage of assets subject to positive or negative sustainability screening	80
FS12	Policy for exercising voting rights	82
FS14	Disabled access	Most client reception areas are accessible by wheelchair
FS15	Fair design and sale of products and services	78 – 82
FS16	Initiatives to enhance financial literacy	79, 86

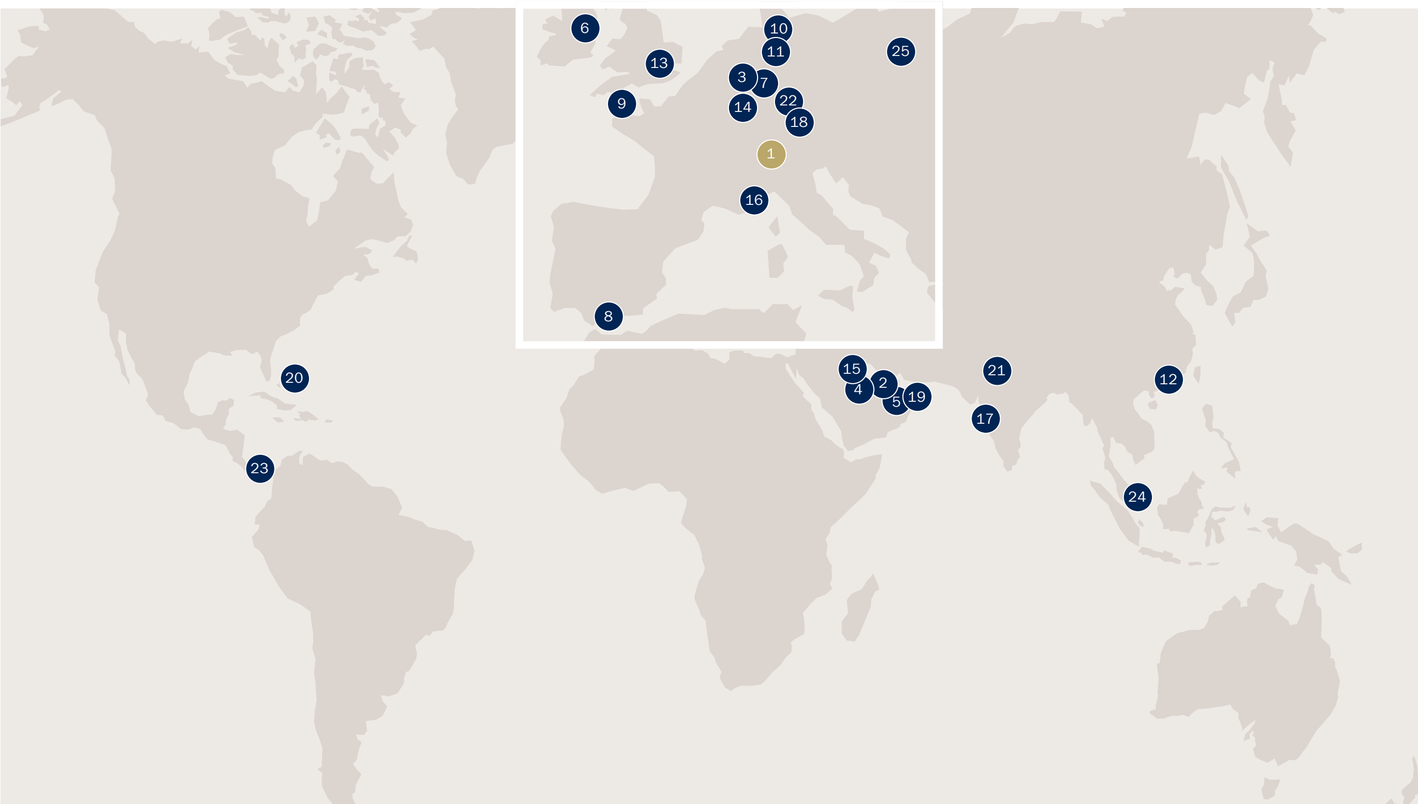
Comment

In the opinion of Bank Sarasin, the following key GRI and industry-specific supplementary indicators are not relevant or important due to the nature of the Sarasin Group’s business activity and geographic area of business: 1.1, 4.3, EN9, EN10, EN13, EN14, EN 15, EN24, EN25, EN27, H3, HR5, HR 8–HR11, SO6, SO7, SO9, SO10, PR1, PR2, PR4, PR7, PR8, FS3, FS6, FS13

[1] Global Reporting Initiative: Guideline for sustainability reporting, version 3.1 (2011)

[2] Global Reporting Initiative: Sustainability Reporting Guidelines & Financial Services Sector Supplement, version 3.0 (2008)

[3] Cf. GRI Sustainability Reporting Guidelines – Reference Sheet



Switzerland (1)

Headquarters
J. Safra Sarasin Holding Ltd.
Wallstrasse 1
4051 Basel
Schweiz
T: +41 (0)58 317 52 52
F: +41 (0)58 317 52 00
www.jsafrasarasin.com

Basel
Bank Sarasin & Cie AG
(Bank J. Safra Sarasin AG*)
Elisabethenstrasse 62
Postfach
4002 Basel
Schweiz
T: +41 (0)58 317 44 44
F: +41 (0)58 317 44 00
www.sarasin.ch

Berne
Bank Sarasin & Cie AG
(Bank J. Safra Sarasin AG*)
Waisenhausplatz 10
3000 Bern 7
Schweiz
T: +41 (0)58 317 59 59
F: +41 (0)58 317 59 00
www.sarasin.ch

Geneva
Banque J. Safra (Suisse) SA
(Banque J. Safra Sarasin SA*)
Rue du Rhône 70
Case postale 5809
1211 Genève 11
Suisse
T: +41 (0)58 317 55 55
F: +41 (0)58 317 55 00
www.jsafra.com

Banque Sarasin & Cie SA
(Banque J. Safra Sarasin SA*)
8, place de l'Université
Case postale 33
1211 Genève 4
Suisse
T: +41 (0)58 317 39 39
F: +41 (0)58 317 39 00
www.sarasin.ch

Lucerne
Bank Sarasin & Cie AG
(Bank J. Safra Sarasin AG*)
Schwanenplatz 4
Postfach 2228
6002 Luzern
Schweiz
T: +41 (0)58 317 50 50
F: +41 (0)58 317 50 00
www.sarasin.ch

Lugano
Banca Sarasin & C. SA
(Banca J. Safra Sarasin SA*)
Via Serafino Balestra 5
Casella postale 5846
6901 Lugano
Svizzera
T: +41 (0)58 317 58 85
F: +41 (0)58 317 58 80
www.sarasin.ch

Banque J. Safra (Suisse) SA
(Banca J. Safra Sarasin SA*)
Via Marconi 2
6900 Lugano
Svizzera
T: +41 (0)58 317 58 58
F: +41 (0)58 317 58 00
www.jsafra.com

Zurich
Bank J. Safra (Schweiz) AG
(Bank J. Safra Sarasin AG*)
Bleicherweg 1 / Paradeplatz
Postfach 4080
8022 Zürich
Schweiz
T: +41 (0)58 317 51 51
F: +41 (0)58 317 51 00
www.jsafra.com

Bank Sarasin & Cie AG
(Bank J. Safra Sarasin AG*)
Löwenstrasse 11
Postfach
8022 Zürich
Schweiz
T: +41 (0)58 317 33 33
F: +41 (0)58 317 33 00
www.sarasin.ch

International

Abu Dhabi (2)
Bank Sarasin-Alpen (ME) Limited
Abu Dhabi (Representative Office)
1st Floor, East Tower,
P.O. Box 54049
Abu Dhabi Trade Centre
Abu Dhabi
United Arab Emirates
T: +971 (0)2 652 9888
F: +971 (0)2 652 9850
www.sarasin-alpen.com

Cologne (3)
Bank Sarasin AG
(Bank J. Safra Sarasin
(Deutschland) AG*)
Kranhaus Süd
Im Zollhafen 24
50678 Köln
Deutschland
T: +49 (0)221 37992 0
F: +49 (0)221 37992 449
www.sarasin.de

Doha (4)
Bank Sarasin-Alpen (Qatar) LLC
Qatar Financial Centre Tower
Level 3, West Bay
P.O. Box 24580
Doha
State of Qatar
T: +974 (0)4 496 8000
F: +974 (0)4 496 8020
www.sarasin-alpen.com

Dubai (5)
Bank Sarasin-Alpen (ME) Limited
Dubai International Financial
Centre
Gate Precinct Building 5 (North)
4th Floor
P.O. Box 121806
Dubai
United Arab Emirates
T: +971 (0)4 363 4300
F: +971 (0)4 363 4343
www.sarasin-alpen.com

* new name as of summer 2013

Dublin (6)
Sarasin & Partners LLP
5 Fitzwilliam Square
Dublin 2
Ireland
T: +353 (0)1 638 0850
F: +353 (0)1 661 0148
www.sarasin.ie

Frankfurt (7)
Bank Sarasin AG
(Bank J. Safra Sarasin
(Deutschland) AG*)
Taunusanlage 17
60325 Frankfurt am Main
Deutschland
T: +49 (0)69 714497 100
F: +49 (0)69 714497 199
www.sarasin.de

Gibraltar (8)
Bank J. Safra (Gibraltar) Ltd.
(Bank J. Safra Sarasin
(Gibraltar) Ltd*)
Suite 971, Europort
P.O. Box 542
Gibraltar
T: +350 2000 2500
F: +350 2000 2501
www.jsafra.com

Guernsey (9)
Bank Sarasin & Co. Ltd
(Bank J. Safra Sarasin Ltd*)
Guernsey Branch
P.O. Box 348
1st Floor, Frances House
Sir William Place
St. Peter Port
Guernsey GY1 3UY
Channel Islands
T: +44 (0)148 172 51 47
F: +44 (0)148 172 51 57
www.sarasin.com

Hamburg (10)
Bank Sarasin AG
(Bank J. Safra Sarasin
(Deutschland) AG*)
Neuer Wall 30
20354 Hamburg
Deutschland
T: +49 (0)40 238808 0
F: +49 (0)40 238808 259
www.sarasin.de

Hanover (11)
Bank Sarasin AG
(Bank J. Safra Sarasin
(Deutschland) AG*)
Ernst-August-Carrée
Ernst-August-Platz 10d
30159 Hannover
Deutschland
T: +49 (0)511 65524 0
F: +49 (0)511 65524 389
www.sarasin.de

Hong Kong (12)
Bank Sarasin & Cie AG
(Bank J. Safra Sarasin Ltd*)
Hong Kong Branch
40/F Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong
T: +852 2287 9888
F: +852 2501 4001
www.sarasin.hk

London (13)
Bank J. Safra (Gibraltar) Ltd.
(Bank J. Safra Sarasin
(Gibraltar) Ltd*)
London Branch
47 Berkeley Square,
London W1J 5AU
United Kingdom
T: +44 (0)20 7514 1000
F: +44 (0)20 7514 1001
www.jsafra.com

J. Safra Asset Management
(Europe) Ltd.
(J. Safra Sarasin Asset
Management (Europe) Ltd*)
London Branch
47 Berkeley Square
London W1J 5AU
United Kingdom
T: +44 (0)20 7514 1000
F: +44 (0)20 7514 1001
www.jsafra.com

Sarasin & Partners LLP
Juxon House
100 St Paul's Churchyard
London EC4M 8BU
United Kingdom
T: +44 (0)20 7038 7000
F: +44 (0)20 7038 6850
www.sarasin.co.uk

Luxembourg (14)
Banque Safra-Luxembourg
(Banque J. Safra Sarasin
(Luxembourg) SA*)
10a, Boulevard Joseph II
L-1840 Luxembourg
Grand-Duché de Luxembourg
T: +352 45 47 81-1
F: +352 45 47 86
www.safra.lu

Manama (15)
Sarasin-Alpen (Bahrain) B.S.C.
P.O. Box 5898, 34th Floor
West Tower
Bahrain World Trade Centre
Manama
Kingdom of Bahrain
T: +973 17 135 300
F: +973 17 135 311
www.sarasin-alpen.com

Monaco (16)
Banque J. Safra (Monaco) SA
(Banque J. Safra Sarasin
(Monaco) SA*)
La Belle Epoque
15 Bis / 17 Avenue D'Ostende
Case postale 347
MC-98 000 Monaco Cedex
T: +377 (0)93 10 66 55
F: +377 (0)93 10 66 00
www.jsafra.com

J. Safra Gestion (Monaco) SA
(J. Safra Sarasin Gestion
(Monaco) SA*)
La Belle Epoque
15 Bis / 17 Avenue D'Ostende
Case postale 347
MC-98 000 Monaco Cedex
T: +377 (0)93 10 66 55
F: +377 (0)93 10 66 00
www.jsafra.com

Mumbai (17)
Sarasin Alpen (India) Private Ltd
3rd Floor, Forbes Building
Charanjit Rai Marg, Fort
Mumbai 400 001
India
T: +91 (0)22 22 190 150
F: +91 (0)22 22 010 267
www.sarasin-alpen.com

Munich (18)
Bank Sarasin AG
(Bank J. Safra Sarasin
(Deutschland) AG*)
Lenbachplatz 2a / 6. Stock
80333 München
Deutschland
T: +49 (0)89 558999 0
F: +49 (0)89 558999 499
www.sarasin.de

Muscat (19)
Sarasin-Alpen LLC
Rolex building
Office No 15, Level 1
P.O. Box 1175, P C 130
Azaiba, Sultanate of Oman
T: +968 2494 6600
F: +968 2494 6666
www.sarasin-alpen.com

Nassau (20)
Safra International Bank and
Trust Ltd.
(Bank J. Safra Sarasin
(Bahamas) Ltd.*)
Saffrey Square Building,
Suite 103-B
Bay Street & Bank Lane
CB-10988 Nassau
The Bahamas
T: +1 242 601 64 00
F: +1 242 601 64 01
www.jsafra.com

New Delhi (21)
Sarasin Alpen (India) Private Ltd
Office 704/708, 7th Floor
Mercantile House
15 Kasturba Gandhi Marg
New Delhi 110001
India
T: +91 (0)11 464 440 00
F: +91 (0)11 464 440 20
www.sarasin-alpen.com

Nuremberg (22)
Bank Sarasin AG
(Bank J. Safra Sarasin
(Deutschland) AG*)
Am Stadtpark 2
90409 Nürnberg
Deutschland
T: +49 (0)911 21522 410
F: +49 (0)911 21522 419
www.sarasin.de

Panama (23)
J. Safra Asset Management S.A.
(J. Safra Sarasin Asset
Management S.A.*)
Calle 50, Torre Global Bank,
Piso 24
Oficinas 2401/2402
Panamá, Rep. de Panamá
T: +507 209 09 55
F: +507 209 09 56
www.jsafra.com

Singapore (24)
Bank Sarasin & Cie AG
(Bank J. Safra Sarasin Ltd*)
Singapore Branch
8 Marina View
#25-01 Asia Square Tower 1
Singapore 018960
T: +65 6536 6848
F: +65 6536 3866
www.sarasin.sg

Warsaw (25)
Bank Sarasin & Co. Ltd S.A.
(Bank J. Safra Sarasin Ltd*)
Przedstawicielstwo w Polsce
ul. Mysia 5
00-496 Warszawa
Polska
T: +48 (0)22 596 52 72
F: +48 (0)22 596 52 80
www.sarasin.pl

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