Annual Report 2013

J. SAFRA SARASIN

Sustainable Swiss Private Banking since 1841

"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 (1891 – 1963)

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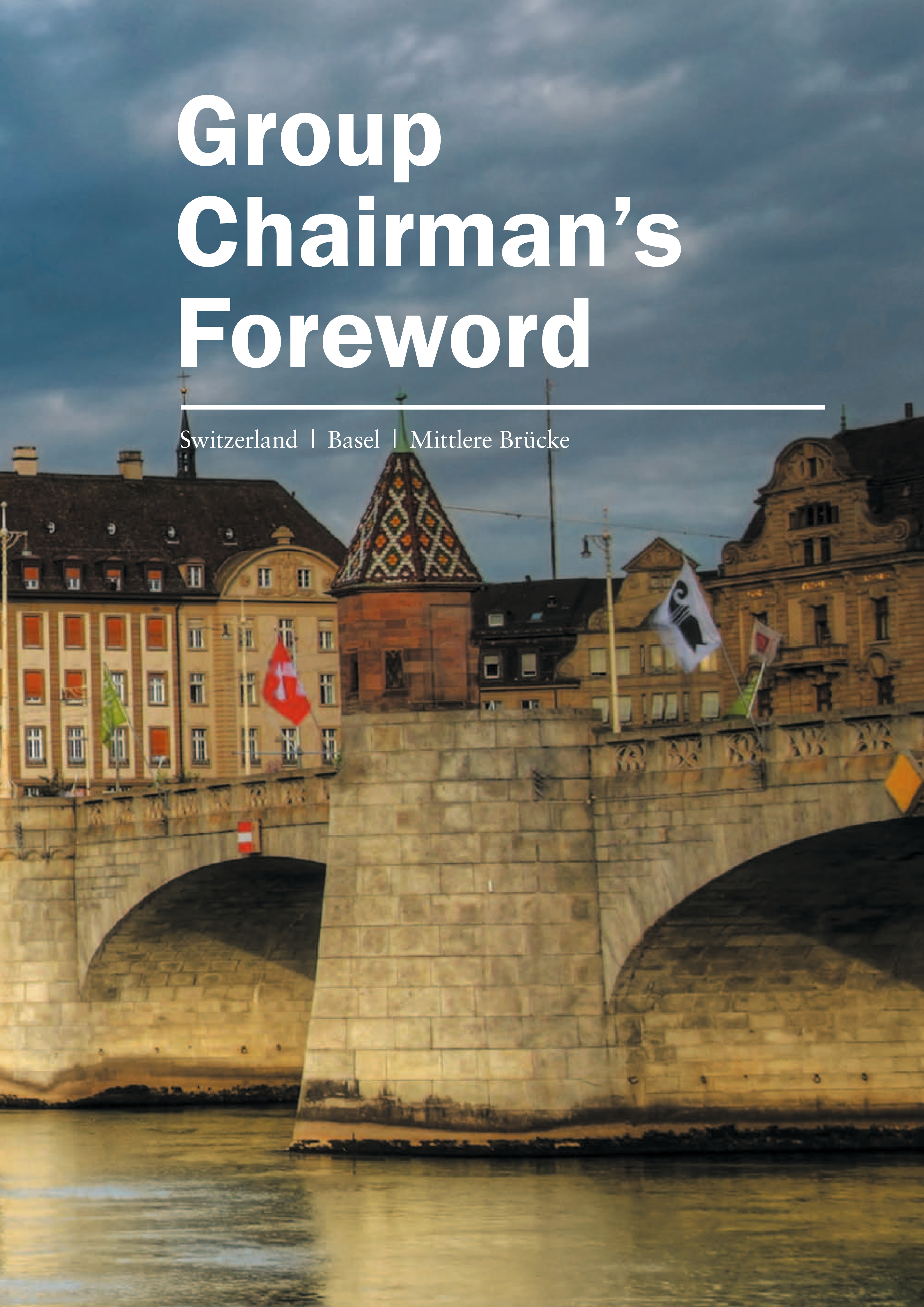


Switzerland | Basel | Mittlere Brücke

Group Chairman's Foreword

Welcome to the first annual report of J. Safra Sarasin Group since the successful completion of the merger of Bank Sarasin & Co. Ltd and Bank J. Safra (Switzerland) Ltd.

The name J. Safra Sarasin combines the successful private banking heritages of Safra and Sarasin. The two logos on either side of the name signify both the integration of Safra and Sarasin, and the substantive banking strengths that the business combination provides the Group and our clients. The tagline "Sustainable Swiss Private Banking since 1841" demonstrates our Swiss roots and the Group's continued commitment and unique expertise in the area of sustainable investments.

Switzerland remains the best country from which to operate a global private bank. Its qualities include a stable political process, a reliable legal system, low government debt, a strong currency, and first-class expertise in managing private and institutional wealth.

It is also a country with a strong reputation for "building bridges", both in the engineering sense and as a connector between different cultures and organisations globally. We have chosen the theme of bridges in this report to illustrate how the Group's history since the mid-19th century has been one of building connections: across generations, with clients and between the world's major trading and financial centres.

It is our firm belief that clients value our solid and conservative approach in their choice of where to entrust their wealth. The Group's shareholders' equity stands today at CHF 3.5 billion which means J. Safra Sarasin is one of the best capitalised private banks in Switzerland. As a private entity, we can take a long-term perspective and reinvest into equity capital, which ultimately secures the stability of the Group and protects the assets of our clients.

I am personally delighted that we have been able to put these two great private banking heritages together into a single Group which has the scale and strength to meet the needs of our clients for future generations.

Every bank is like a child – you have to nurture it so it is able to grow and thrive.

Joseph Y. Safra
Chairman of the Board of Directors
J. Safra Sarasin Holding Ltd.

Consolidated Key Data

Consolidated income statement	2013 CHF 000
Operating income	984,150
Operating expenses	–656,353
Gross profit	**327,797**
Group profit for the year	**180,508**

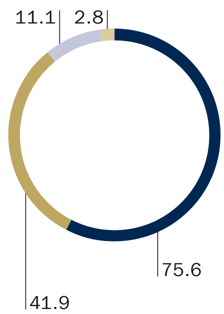
Consolidated balance sheet	31.12.2013 CHF 000
Total assets	28,995,534
Due from customers	9,177,125
Due to customers	22,044,605
Shareholders' equity	3,491,974

Ratios	2013 %
Cost income ratio	66.7%
BIS Tier 1 ratio	25.2%

Assets under management	31.12.2013 CHF million
Assets under management	131,385

Headcount (full-time equivalents)	31.12.2013
Consolidated headcount	1,990
of which client relationship managers	368

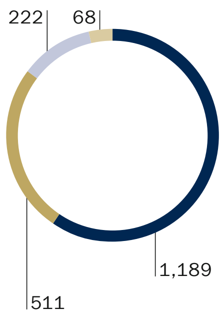
Assets under management by booking centre
(CHF billion) **31.12.2013**



Total 131.4

- Switzerland
- Europe (exclusive Switzerland)
- Asia
- Other

Headcount by location
(full-time equivalents) **31.12.2013**



Total 1,990

- Switzerland
- Europe (exclusive Switzerland)
- Asia
- Other

Year in Review

It is our honour and privilege to have been appointed as Chairman and CEO of Bank J. Safra Sarasin Ltd in 2013. This is an exciting new opportunity to lead a truly exceptional global private bank. We believe that the Bank has all the ingredients to achieve this goal: great family heritages as private bankers, a complementary presence and knowledge of key global markets, the shared philosophy of a sustainable and conservative investment approach, a wonderful portfolio of clients, first-class talents across all our teams, significant financial strength, and a powerful private owner who invests over the long term.

Our underlying performance in 2013 was more than satisfactory, with reported Group profit of CHF 180.5 million and client assets under management of CHF 131.4 billion. With shareholders' equity of CHF 3.5 billion, we significantly exceed the requirements of the Swiss financial regulator and have a BIS Tier 1 ratio of over 25%. The Banker's Top 1000 World Banks July 2013 edition ranked us as being amongst the Top 10 of all Swiss Banks by several key indicators.

Beyond the numbers, 2013 was a year of building bridges – on behalf of clients, across our different offices, and with our business partners. As Chairman and CEO we feel it is critical to spend a lot of our time with many different people who are impacted by the decisions we make and the activities we undertake. Human relationships are at the heart of a private bank. It is only by listening openly, observing objectively, and responding appropriately that leaders can create trust and inspire confidence.

The client is at the centre of all we do: it is our duty to know a client intimately in order to provide the right advice. Beyond the essential infrastructure of a global bank, we have two key attributes – personal dedication and time for our clients. Our focus lies not on complex financial products, speculation or the generation of short-term profit, but rather on the personalised analysis of individual requirements. We are passionate and personally committed to do the best thing for our clients.

During 2013 we have achieved a lot in terms of integrating both banks in areas such as IT systems, offices and processes. But more importantly we are now much more on the same page as a team. We have built an appreciation of our diverse talents, we are acting more together and the cultures have now bonded.

An important part of success is retaining and hiring the right people. It is clear that our strong position in the market continues to attract top-calibre talent. The qualities we seek are self-evident but do count a lot: hard work, commitment, professionalism and respect for each other. If people are committed to an organisation they can work hard and enjoy what they are doing. This is what colleagues, clients and stakeholders feel and appreciate.

In everything we do, sustainability is a core value and strength. The Bank has been a pioneer in the field of sustainable investments since 1989. The value of the sustainable investment market in Switzerland has grown from CHF 10.7 billion in 2005 to CHF 48.5 billion in 2012, of which Bank J. Safra Sarasin held a market leadership position of 38% (source: FNG, Forum Nachhaltige Geldanlagen – Forum sustainable investments 2013). In 2013 we invested in some significant new talent to extend our market leadership and ensure that our clients can benefit from the next generation of sustainable investment ideas, products and services. Key activities in this area include integrating sustainability insights into every step of the investment process, strengthening the links between sustainability and financial research methodology and providing tailor-made solutions for clients. Pension funds are among almost 1,200 signatories to a United Nations-supported plan to encourage managers to follow principles for responsible investment (PRI). Assets managed by those in the project rose to USD 34 trillion in 2013 from USD 6.5 trillion in 2006, according to the UN PRI Association, which promotes the program.

Bridges can also be seen as symbols of sustainability, in that some remain intact for centuries, irrespective of the changes in cultures, trade, and technology which are transported across them or flow under them. We have selected a few iconic bridges from the major centres where we do business, and contrast their present-day appearance in colour with how they may have appeared several generations ago.

In conclusion, on behalf of the Bank's leadership team, we would like to thank all of our clients, employees and business partners for their continued trust and confidence as we continue to build a truly exceptional global private bank of which we can all be proud.

Ilan Hayim
Chairman
Bank J. Safra Sarasin Ltd

Edmond Michaan
Chief Executive Officer
Bank J. Safra Sarasin Ltd

Stories of …

We have selected for you some short stories providing examples of where we have acted as a bridge to connect clients across generations, to promote opportunities across continents, to support the sale of a Swiss company to a conglomerate overseas, to register a Hong Kong company, and to improve cross-cultural understanding between our teams.

Eric G. Sarasin
Deputy Chief Executive Officer
Bank J. Safra Sarasin Ltd

A Swiss small and medium enterprise (SME) producing and selling electromagnetic and electronic test equipment owned by a diverse group of shareholders including entrepreneurs, venture capitalists and management has been sold to a large technology conglomerate with global reach and activities domiciled overseas. By acquiring and integrating the Swiss SME into its activities, the global leader in that field will be created. The Bank advised the shareholders of the Swiss SME on the sale. Many of the shareholders will now continue as employees of the technology conglomerate to advance the business.

The Bank worked during 2013 in order to generate and market transaction-oriented business ideas to Swiss based mid- and large caps, primarily in the form of acquisition or co-operation opportunities with Brazilian-based companies and ventures. The culmination of this initiative was a week-long roadshow in Switzerland during autumn 2013 to promote and discuss ideas with various mid- and large caps interested in a business expansion in Brazil. We are committed to continue with this initiative during 2014, potentially also opening up the Swiss market to Brazilian companies interested in investing in Switzerland.

An entrepreneur and client of the Bank in Switzerland with a medium-sized company was interested to get a contact for the distribution of his products in Brazil. Through the Group's network in Brazil contact was made with a company who has been working with the Group. The client was very happy and was able to establish new relationships in a country where he would otherwise have difficulty to gain access to the market.

… Building Bridges

A client in the region of Basel for 50 years, and still going strong, has two adult children who did not know that their father is a client of the Bank. We met first with the father and discussed various options for succession planning. After deciding on the best solution, he agreed to organise the wealth transfer to the children. All parties were happy with the outcome; we could also open two new accounts for the children and advise them on other matters.

At the Bank's annual management conference, an important theme was exploring how to combine the different elements of the two merged organisations into a single bank culture. This was led by an external consultant specialised in the field of cross-cultural management. This created an extremely good mood amongst staff from Europe, Asia, Middle East and Latin America. The communication and understanding improved and new contacts were built. The exchange of stories and cultures amongst the different social and ethnic groups was very positive. Several activities were agreed to maintain the momentum across the different group offices.

A North Asia-based client was planning to take his company global. We helped the client establish a Hong Kong-registered company and open an account which could receive overseas payments. The payments funded higher-yielding investment instruments and provided credit facilities against the investment to provide for the company's liquidity needs. Working with our Hong Kong and Singapore branches, we provided a holistic solution for our client's short- and long-term personal and professional needs.

We look after a client who, together with his siblings, owns and manages a large steel mill in Asia. While we were in discussions with his family, two of his siblings came to us separately and wanted our assistance to review their succession-planning needs. As a result of this interaction, we have been able to help the extended family complete wide-ranging tailored plans for each family. We have helped one of the families prepare so that their succession plans now anticipate the needs of the third generation.

Board of Directors' Report

Switzerland | Zurich | Münsterbrücke

Board of Directors' Report

Merger between Bank Sarasin and Bank J. Safra (Switzerland) successfully completed

J. Safra Sarasin Group successfully completed the merger of its Swiss main banking entities by the end of the second quarter of 2013 under the new name of Bank J. Safra Sarasin Ltd, headquartered in Basel, Switzerland. This combined entity has the scale and strength to be one of the world's leading private banks, with expertise in most asset classes and a deep-rooted presence in many of the great financial and trading centers across Europe, Asia, the Middle East and Latin America.

The Group has ensured a smooth integration of operations during 2013 and is now focused on executing a clear growth strategy using all the attributes of the combined Group.

Solid foundations

J. Safra Sarasin Group has been named the highest mover by Tier 1 capital, the ultimate measure of a bank's financial strength, in the Banker's Top 1000 World Banks July 2013 edition. With a Tier 1 Capital of CHF 3 billion at 31 December 2013, J. Safra Sarasin Group ranks as the 6th largest banking group in Switzerland. The BIS Tier 1 ratio of J. Safra Sarasin Group is over 25%.

This is a clear demonstration of the strength of the Group's private ownership and its commitment to a sound capital base as the foundation stone needed for a global private bank to be stable and to protect its clients' assets across generations. This philosophy is also reflected in the conservative structure of the Group's balance sheet, which maintained a high level of liquidity.

Capital requirements disclosures under FINMA Circular 2008/22 are published on our website www.jsafrasarasin.com.

Group results for 2013

Operating income was CHF 984.2 million for the year 2013. Operating expenses were CHF 656.4 million for the year 2013.

Consequently, operating profit was CHF 327.8 million and Group profit was CHF 180.5 million for the year 2013.

Client assets under management rose to CHF 131.4 billion at 31 December 2013 compared to CHF 129.6 billion at 31 December 2012.

The consolidated balance sheet at 31 December 2013 remained stable at CHF 29 billion compared with CHF 28.2 billion at 31 December 2012.

As a result of conservative management of our balance sheet, the Group increased its liquidity position (cash and money market paper) to CHF 6.6 billion at the end of 2013 compared with CHF 3.6 billion at the end of 2012.

With the allocation of all Group net profit for 2013 to retained earnings, Group shareholders' equity reached CHF 3.5 billion at the end of 2013 compared with CHF 3.3 billion at the end of 2012.

Group locations and headcount

During 2013, as part of the merger and integration process, the Group reduced global headcount (full-time equivalents) by 153 or 7% to 1,990 compared to 2,143 at the end of 2012. Client relationship managers remained stable at 368.

The Group now operates in 26 locations worldwide and continues to seek appropriate locations to best serve its clients as it executes its growth strategy across Europe, Asia, the Middle East and Latin America.

The Group has a number of key attributes which gives us the confidence to execute this growth strategy: significant financial strength, complementary presence and knowledge of key global markets, the philosophy of a sustainable and conservative investment approach, and strong brand value from our long heritage as private bankers.

The Board of Directors would like to thank our loyal clients for their continued trust and support, and to express our gratitude to all employees whose expertise and dedication ensures the Group is extremely well positioned for a stable and successful future.

Jacob J. Safra
Vice-Chairman of the Board of Directors
J. Safra Sarasin Holding Ltd.

Market Climate

Brazil | Rio de Janeiro | Arcos de Lapa

Market Climate

The market environment should remain favourable in the mid-term, as the global economy continues to normalise after recovering from the last big financial crisis. The gradual improvement in investors' risk appetite creates attractive opportunities for sustainable asset management.

2013 was a golden year for investors. The main reason for stock markets performing better than expected was the absence of any major negative surprises or crises. The low interest-rate policy adopted by central banks continued to provide support for the economy, in the process fuelling a quest for investment returns and higher valuations on equity markets. In 2013 investors' growing risk appetite led to substantial flows of money into equity investments for the first time in many years. While corporate bonds held up relatively well and benefited from a falling credit risk premium, commodity investments suffered from the faltering pace of growth in emerging markets. Rising interest rates in 2013 also eroded the value of longer-dated safe government bonds.

Macroeconomic and political environment in 2013

The biggest concern at the start of 2013 was the looming fiscal cliff in the USA. In the opening days of the year, the US administration approved a series of tough austerity measures, and financial markets feared that future spending cuts would push the US economy over the edge of the cliff. These fears turned out to be unfounded, however: a strong recovery in the housing and employment markets more than offset the tighter fiscal policy and even helped the US economy pick up significant momentum towards the end of the year.

Given the pressure of the impending fiscal cliff, no one believed at the start of the year that the US Fed would start to wind down its asset purchasing programme, QE3, any time soon. The surprise was therefore even greater in May 2013 when the chairman of the US Fed, Ben Bernanke, announced a process of "tapering", i.e. the staged reduction of bond purchases. Through the entire second half of the year, financial markets were preoccupied with discussions about when, in what form and with what frequency this gradual withdrawal of stimulus would take place. However, the US Fed held off until December before making a move, while at the same time stressing that tapering was not synonymous with a more restrictive monetary policy.

For many years emerging market countries had been major beneficiaries of the generous liquidity provided by quantitative easing. Emerging markets were subsequently one of the biggest victims of the tapering announcement, along with the fear that it could cause liquidity to dry up quickly. Countries with weak fundamentals were affected particularly badly. Brazil, India, Indonesia, South Africa and Turkey all had high rates of inflation and weak export growth, and were saddled with the not particularly flattering nametag of the “Fragile Five”. The central banks in these five countries were forced to raise interest rates significantly to contain capital flows and the subsequent devaluation of the local currency.

China’s economic policy was another major theme in emerging markets. Over the last few decades, the aim of this policy was to generate the strongest growth possible. The new leadership in Peking under Premier Li Keqiang is now trying to focus economic policy more on sustainable reforms. From now on, more attention is to be paid to qualitative growth, with an end to the lax lending practices seen in the housing market in the past. However, the first consequence of this change of course was the refusal of the Chinese government to take virtually any countermeasures to combat the weakening economic momentum in the first half of 2013, which inevitably resulted in a slower pace of GDP growth. In the second half of the year, an investment programme enabled China to slightly step up its rate of growth again. Nevertheless, investors still fear that the Chinese economy could be facing a hard landing.

The eurozone was not the focus of investors’ attention in 2013, for a change. The promise made in 2012 by the ECB President Mario Draghi that he would do “whatever it takes” to preserve the euro continued to reverberate in 2013. The currency union was spared another crisis, not least because the eurozone managed to shake off recession. The Swiss economy also posted a solid performance over the year, riding in the slipstream of stronger US and European economic growth. Stronger export demand and a persistently buoyant domestic economy helped to boost Switzerland’s GDP growth to almost 2% in 2013.

Global economy continuing to normalise in 2014

The positive environment on financial markets should continue in 2014. Most of the world’s major economies have recovered from the financial crisis and are on course to normalisation. Among the major industrialised countries, the USA has made the most progress in this “healing process”. There are signs of a sustainable recovery in the housing market, the banks are once again prepared to step up their lending activity and the headwind created by the restrictive fiscal policy will gradually die down over the next few years. The US Fed is also the first central bank looking to gradually step back from its highly expansionary monetary policy. As the start of 2014 shows, this adjustment process is likely to lead to a certain amount of volatility and insecurity in financial markets. However, some central banks, such as the European Central Bank and the Bank of Japan, are actually likely to inject even more liquidity into the markets in 2014 in a move to stimulate the economy and ensure that inflation expectations do not slip back. At the global level, monetary policy will therefore remain accommodating and continue to support economic growth.

Asset management benefits from growing risk appetite

J. Safra Sarasin Group's core business, the management of private and institutional customers' money, should benefit from investors' growing risk appetite in 2014. Firstly, private investors are once again becoming more confident about putting their money into financial markets now that the economic outlook has improved and most of the flashpoints have been resolved. Secondly, institutional investors are switching their assets from fixed-income investments offering very low returns into equity investments which not only have much better hope of generating returns in the mid-term, but also carry higher risks. Now that many pension funds are showing higher risk tolerance, this trend will probably accelerate. But both private and institutional investors are unlikely to put safety concerns aside so quickly. The past shows that it often takes several years before investors think that a crisis has finally been overcome. In the case of private investors especially, inflows of money into equities is therefore only likely to be gradual. When selecting the right asset manager, it is more essential today than ever before to ensure the investment process includes a comprehensive analysis of all the opportunities and risks. With its unique focus on sustainable investments, J. Safra Sarasin Group is therefore ideally positioned to benefit from the renewed appetite for better returns.

Corporate Governance

Germany | Frankfurt | Alte Brücke

Corporate Governance

Corporate Governance at J. Safra Sarasin Holding Ltd. (JSSH) 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 Ltd. is a holding company incorporated under the laws of Switzerland with its registered office in Basel. JSSH is the shareholder of Bank J. Safra Sarasin Ltd (BJSS) and other direct and indirect subsidiaries and, as the case may be, their branches and representative offices (each a "Group Company" and together the "JSS Group" or the "Group"). Reference is made to the organisation chart on page 33 of this report.

Bank J. Safra Sarasin Ltd is a company incorporated under the laws of Switzerland with its registered office in Basel. It holds a banking licence and has the status of a securities dealer.

BJSS resulted from the merger between Bank Sarasin & Co. Ltd and Bank J. Safra (Switzerland) Ltd. which became effective on 6 June 2013. As from 10 June 2013, the merged entity was renamed Bank J. Safra Sarasin Ltd, headquartered in Basel.

Both JSSH and BJSS are regulated by the Swiss Financial Market Supervisory Authority (FINMA).

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.

JSSH has delegated to BJSS governing bodies all duties, responsibilities and competencies related to the management and operation of its current business. This management includes the financial consolidation as well as the supervision on a consolidated basis of the activities of J. Safra Sarasin Group.

Accordingly the implementation of the framework of consolidated supervision for the JSS Group is the responsibility of the Executive Committee of BJSS under the auspices of the Board of Directors of JSSH. The main functions and departments at the level of BJSS, and in particular, the following functions and departments, exercise group-wide consolidated supervision:

- Legal and Compliance
- Risk Management
- Credit Office
- Finance
- Treasury, Trading & ALM
- Group Internal Audit

The duties, responsibilities and competences of the above functions are governed by their charters, and, if adequate and appropriate, any charters, directives, policies, working directives and guidelines issued by JSSH and/or BJSS.

The implementation of an adequate and effective framework of consolidated supervision throughout the JSS Group ensures inter alia:

- Compliance with consolidated capital adequacy provisions for the JSS Group;
- Compliance with risk provisions on a consolidated basis for the JSS Group;
- Adequate system for internal controls and supervision of the governing bodies of all Group entities;
- Operation of 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; and
- 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 (BoD) of JSSH is the ultimate governing body of JSS Group which decides on the strategy of the Group. The Board is also responsible under the Swiss Banking Act for monitoring and controlling the main risks of JSS Group as required by Swiss banking regulation and the implementation of the consolidated supervision framework.

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 2013 the composition of the Board of Directors of JSSH was as follows:

• Joseph Y. Safra	Chairman
• Jacob J. Safra	Vice-Chairman
• Pierre-Alain Bracher	Member*
• Philippe Dupont	Member*
• Ilan Hayim	Member*
• Sipko N. Schat	Member*

* Independent

As of 31 December 2013 the composition of the Board of Directors of Bank J. Safra Sarasin Ltd was as follows:

• Ilan Hayim	Chairman
• Pierre-Alain Bracher	Vice-Chairman
• Philippe Dupont	Member
• Jacob J. Safra	Member
• Sipko N. Schat	Member
• Dagmar G. Woehrl	Member

The Board of Directors has set up an Audit Committee.

Audit Committee

As of 31 December 2013 the Audit Committee was composed of the following members:

- Pierre-Alain Bracher Chairman
- Philippe Dupont Member
- Ilan Hayim 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 JSS Group.

The Audit Committee is responsible for the review of the consolidated statements of JSS Group and the annual financial statements before they are presented to the Board of Directors of JSSH 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 to 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 Group internal auditors. The dual functions of Chairman of the Board of Directors of the Bank and member of the Audit Committee is allowed to achieve the regulatory requirements of the composition of the Audit Committee.

Duration and scope of mandate of the lead external auditor

Deloitte AG has been appointed as external auditor of J. Safra Sarasin Holding Ltd. and for all relevant Group companies for the year 2013. The audit firm is appointed by the General Assembly of J. Safra Sarasin Holding Ltd. for a one-year term. Reelection is possible.

Group Internal Audit

Group Internal Audit is the internal audit function responsible for the entire JSS Group.

In addition to the Board of Directors and the Audit Committee, Group Internal Audit representatives also report to the respective Board of Directors and Audit Committees of the individual entities.

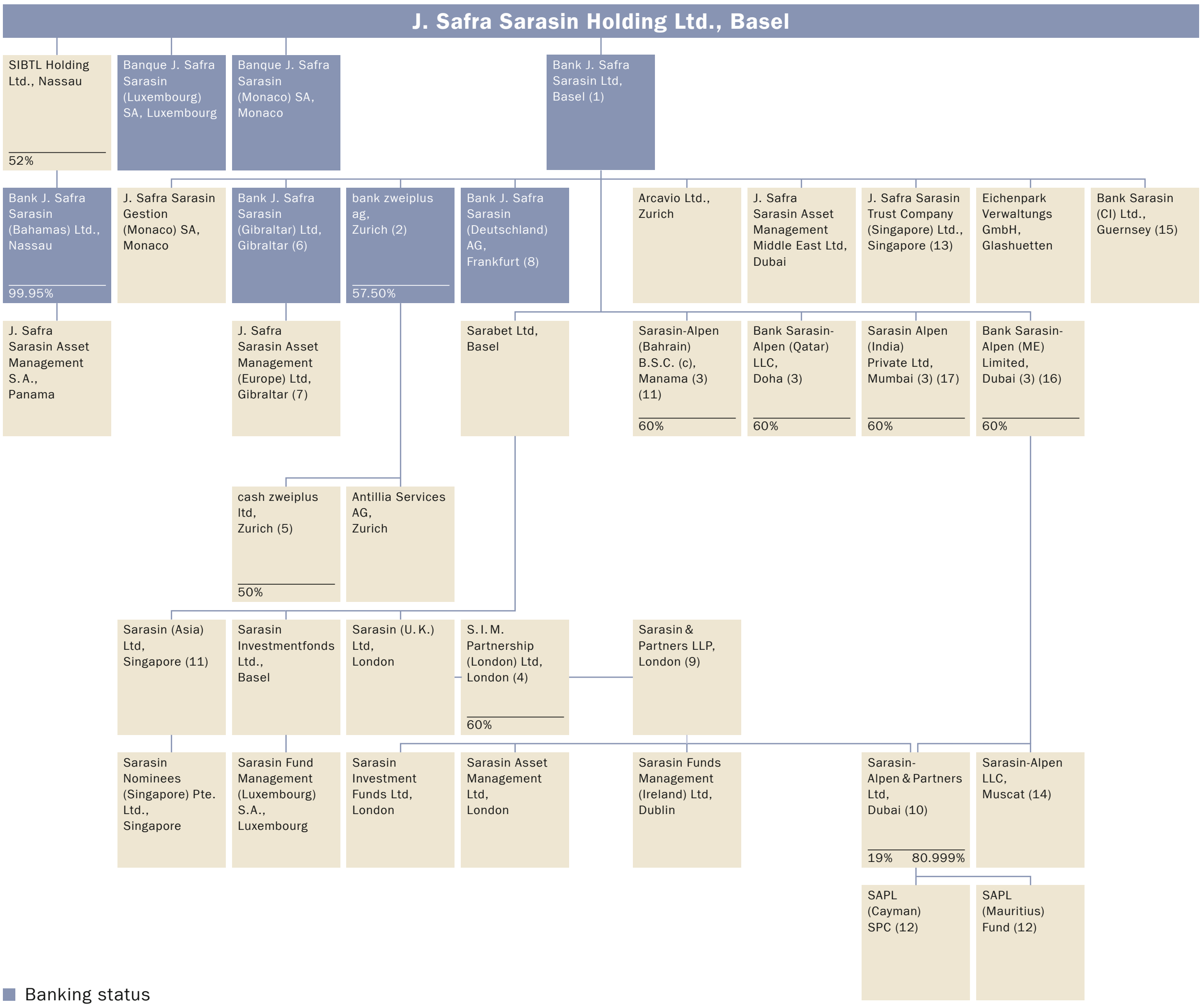
Group Internal Audit provides an independent objective assurance and consulting activity designed to add value and improve BJSS's and JSS Group's operations. It helps BJSS and JSS Group to accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes by systematically assessing:

i. the effectiveness of processes implemented to define strategy and risk tolerance, as well as the overall adherence to the strategy approved by the Board of Directors;
ii. effectiveness of governance processes;
iii. effectiveness of risk management, including whether risks are appropriately identified and managed;
iv. effectiveness of internal controls, specifically whether they are commensurate with the risks taken;
v. effectiveness and sustainability of remedial actions, if any;

vi. reliability and integrity of financial and operational information, i.e. whether activities are properly, accurately and completely recorded, and the quality of underlying data and models; and
vii. compliance with legal, regulatory and statutory requirements, as well as with internal policies and contracts.

Executive Committee
The Board of Directors delegates the responsibility for the operational management of the BJSS and JSS Group to the CEO and the Executive Committee of BJSS. The CEO assures the implementation of the Board of Directors' decisions approved by the latter. The CEO provides the Board of Directors with all information it requires to carry out its supervisory and control functions and requests the approval of the Board for matters which are in the competence of the Board of Directors according to relevant internal regulations.

Legal structure as at 31.12.2013



■ Banking status

Except as disclosed, 100% ownership.

(1) Branches in Zurich, Geneva, Lugano, Berne, Lucerne.
Branches abroad: Singapore, Hong Kong and Guernsey. Representative office: Warsaw (including an office in Poznan)
(2) 42,5% with Falcon Private Bank
(3) 40% with Alpen Capital
(4) 40% with Management
(5) 50% with Ringier Ltd
(6) Head Office: Gibraltar – Branch: London
(7) Head Office: Gibraltar – Branch: London
(8) Head Office: Frankfurt – Branches: Munich, Stuttgart, Hamburg and Hanover
(9) Head Office: London – Branch: Dublin
(10) For legal reasons 2 shares are directly held by Bank J. Safra Sarasin Ltd
(11) In liquidation
(12) These companies are fund constructions whose units are owned by investors.
Nevertheless, they are subject to Bank J. Safra Sarasin Ltd consolidated supervision and are therefore reported here.
(13) The company owns the following subsidiaries: Asia Square Holdings (BVI), Edinburgh Management (BVI), Shenton Management Ltd. (BVI), which are companies related to the Trust business.
(14) In liquidation
(15) In liquidation – For legal reasons Sarabet Ltd holds 1 share of this company directly
(16) Head Office: Dubai. Representative Office: Abu Dhabi
(17) In liquidation – Head Office: Mumbai. Branch: New Delhi

Group Companies

United Kingdom | London | Tower Bridge

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 26 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 consolidated in J. Safra Sarasin Holding Ltd., please see the notes to the consolidated financial statements on page 56. A graph showing the legal structure of the Group is available as part of the chapter on the corporate governance on page 33.

Bank J. Safra Sarasin Ltd

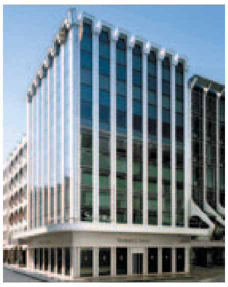
Bank J. Safra Sarasin Ltd was founded in 1841. As a leading Swiss private bank, its many years of banking experience have made it consciously opt for sustainability as a key component of its corporate philosophy.

Within Switzerland, Bank J. Safra Sarasin has offices in Basel (head office), Berne, Geneva, Lucerne, Lugano, and Zurich. It also has a representative office in Poland and branches in Hong Kong, Singapore and Guernsey.

Bank J. Safra Sarasin 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, 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. It provides a high level of service and expertise when acting as investment advisor and asset manager for private and institutional clients.


Basel


Berne


Geneva


Lucerne


Zurich

Bank J. Safra Sarasin (Bahamas) Ltd
Incorporated in 1983 under the laws of the Bahamas, Bank J. Safra Sarasin (Bahamas) 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 programmes and structured products.

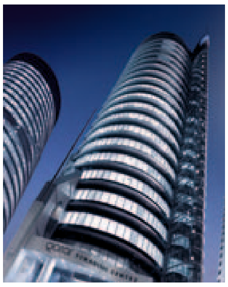
Bank J. Safra Sarasin (Deutschland) AG
Bank J. Safra Sarasin (Deutschland) AG offers entrepreneurs as well as private and institutional investors private wealth management and asset management solutions, with a focus on sustainability. The Bank also provides solutions-based advice in the lending and deposit business. In addition to its head office in Frankfurt, the Bank has branches in Hanover, Hamburg, Munich, and Stuttgart.

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

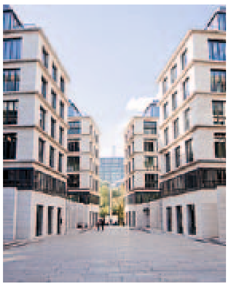
Bank J. Safra Sarasin (Gibraltar) Ltd, London Branch
Bank J. Safra Sarasin (Gibraltar) Ltd, London Branch, started operating in 2007. It offers UK residents and international clients based in London access to one of the world's most important financial centres. Its staff develops comprehensive and flexible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

Bank J. Safra Sarasin Ltd, Guernsey Branch
Bank J. Safra Sarasin established a presence in Guernsey in 1992 and in 2011 it was converted from a subsidiary into a branch. The branch accepts deposits from other banking institutions and institutional clients as well as offering a discretionary investment management service, principally to private clients, in conjunction with Sarasin & Partners LLP, London. The branch is authorised and regulated by the Guernsey Financial Services Commission.

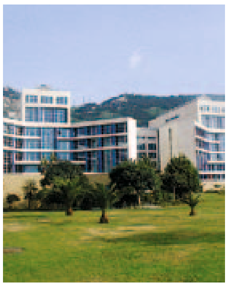
Bank J. Safra Sarasin Ltd, Hong Kong Branch
As the first branch of Bank J. Safra Sarasin outside Switzerland and the second booking centre in Asia, the Hong Kong branch is an Authorized Institution regulated by the Hong Kong Monetary Authority. It provides a complete set of private banking and wealth management services to private and institutional clients in the region.



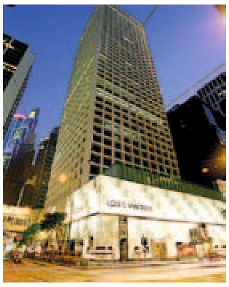
Doha



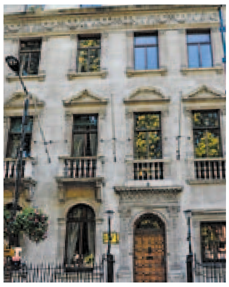
Frankfurt



Gibraltar



Hong Kong



London

Bank J. Safra Sarasin Ltd, Singapore Branch

Bank J. Safra Sarasin Ltd, Singapore Branch operates under an offshore bank licence granted by the Monetary Authority of Singapore and is an exempt financial advisor under the Financial Advisers Act. It 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 Singapore, the Singapore branch offers personalised solutions to clients across the broad spectrum of their financial needs.

Banque J. Safra Sarasin (Luxembourg) SA

Established in 1985, Banque J. Safra Sarasin (Luxembourg) SA focuses on private and commercial banking, offering an array of products and personalised service tailored to the needs of customers. Thanks to the combination of expertise in the banking sector with discretion and confidentiality, Banque J. Safra Sarasin (Luxembourg) SA meets its customers' expectations by developing financial strategies to achieve their targets in accordance with their investment profiles. The Bank is a member of the "Association pour la Garantie des Dépôts Luxembourg" (AGDL), a non-profit association that insures deposits that are made by small business and individuals regardless of nationality or country of residence.

Banque J. Safra Sarasin (Monaco) SA

Acquired in 2006, Banque J. Safra Sarasin (Monaco) SA is one of the largest banks in the Principality of Monaco. Banque J. Safra Sarasin (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.

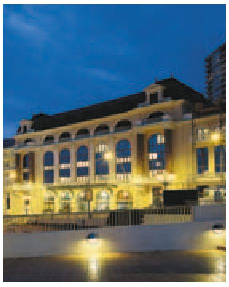
J. Safra Sarasin Asset Management (Europe) Ltd

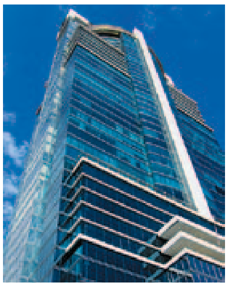
J. Safra Sarasin Asset Management (Europe) Ltd is a subsidiary of Bank J. Safra Sarasin (Gibraltar) Ltd. It opened its London Branch in 2010 with the objective of focusing its offerings of services on investment funds, thus being attractive to wealth managers who want to invest across a wide range of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

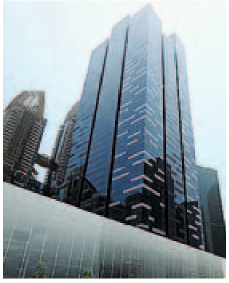
J. Safra Sarasin Asset Management Middle East Ltd

J. Safra Sarasin Asset Management Middle East Ltd has been incorporated in 2013 and is a wholly owned subsidiary of Bank J. Safra Sarasin Ltd, Switzerland. The company provides institutional asset management services in the Gulf Cooperation Council region. J. Safra Sarasin Asset Management Middle East Ltd is domiciled in the Dubai International Financial Center and is licenced by the Dubai Financial Services Authority.


Luxembourg


Monaco


Panama


Singapore

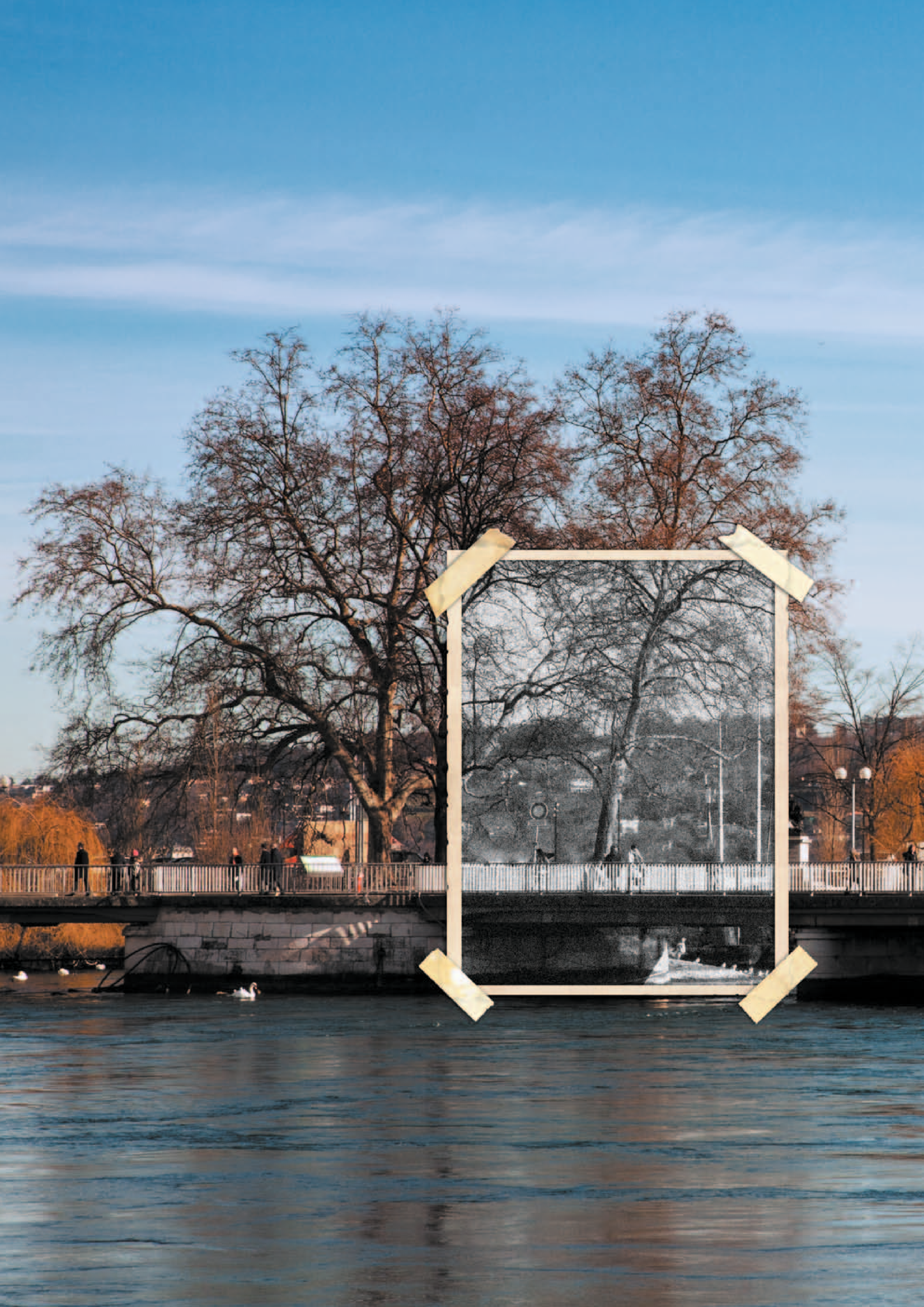

Warsaw

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

J. Safra Sarasin Trust Company (Singapore) Ltd
Incorporated under the laws of Singapore, J. Safra Sarasin Trust Company (Singapore) Ltd (JSSTCSL) obtained its licence from the Monetary Authority of Singapore under the Trust Companies Act 2004 and commenced business in December 2010. JSSTCSL offers tailored trust and company management services to take care of the wealth-protection and succession-planning needs of its clients.

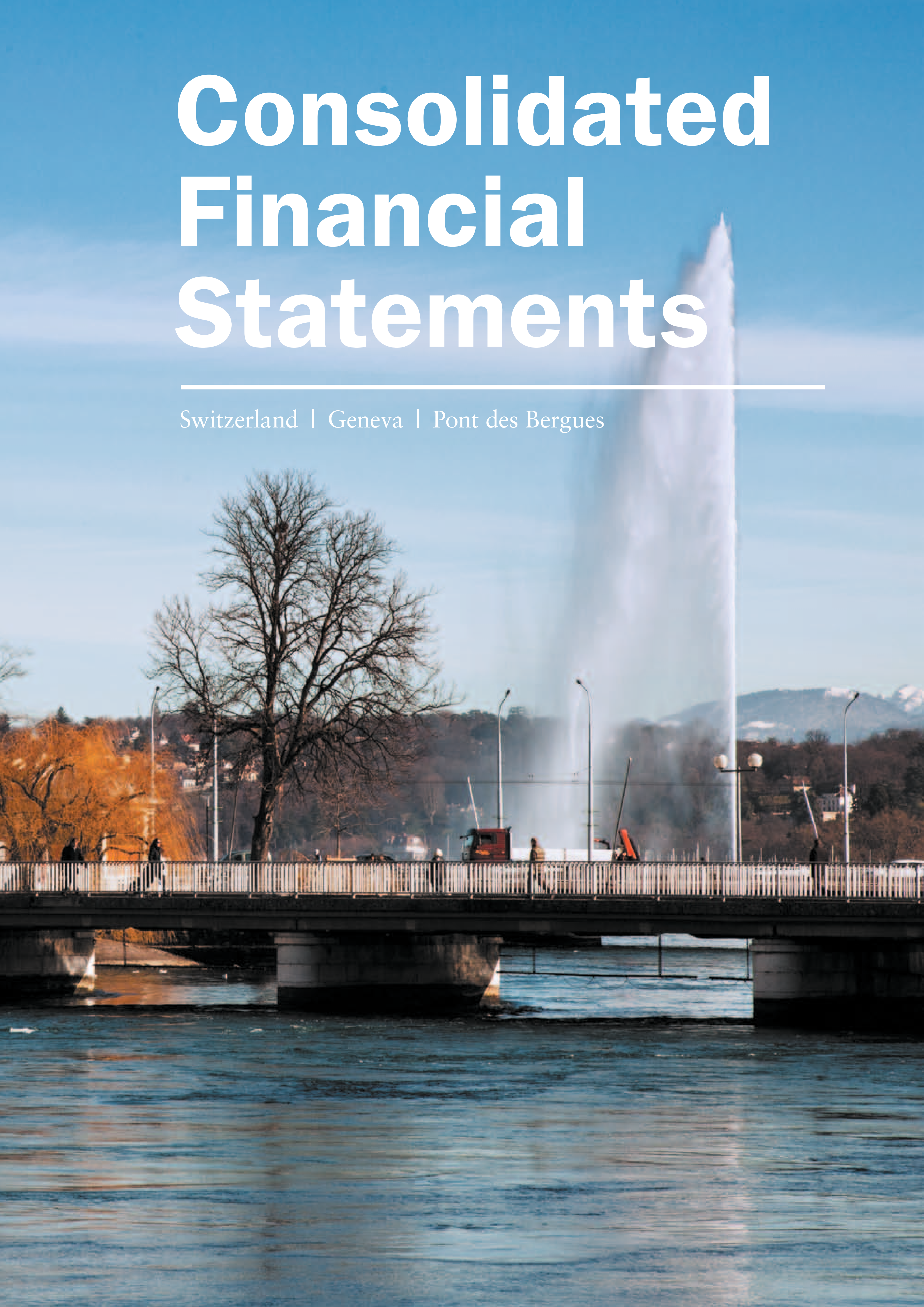
Bank Sarasin-Alpen (ME) Limited
The Group's joint venture with Alpen Capital is represented in the Middle East with offices in Abu Dhabi, Doha and Dubai. Sarasin-Alpen is incorporated as Bank Sarasin-Alpen (ME) Limited in the United Arab Emirates and Bank Sarasin-Alpen Qatar, LLC, in Qatar. These cater to the requirements of private and institutional clients from the Middle East and South Asia.

Sarasin & Partners LLP
Sarasin & Partners LLP is a London-based asset management group that manages investments on behalf of charities, institutions, intermediaries, pension funds and private clients, from the UK and abroad. Sarasin & Partners is known both as a leader in thematic investment and for long-term income and dividend management across multi-asset and equity mandates. Consistent with a longer-term approach is a commitment to "stewardship" principles, embedding environmental, social and governance considerations into the investment process.



Consolidated Financial Statements

Switzerland | Geneva | Pont des Bergues



Consolidated balance sheet

Assets	31.12.2013 CHF 000	31.12.2012 CHF 000
Cash	5,947,371	2,895,925
Money market paper	735,985	697,109
Due from banks	3,619,000	3,699,733
Due from customers	7,257,670	8,638,150
Mortgages	1,919,455	2,426,663
Securities and precious metals trading portfolios	936,940	828,265
Financial investments	7,056,887	7,385,961
Non-consolidated participating interests	3,229	4,685
Fixed assets	298,670	320,592
Intangible assets	523,245	539,101
Accrued income and prepaid expenses	416,069	382,630
Other assets	281,013	361,571
Total assets	**28,995,534**	**28,180,385**
Total subordinated claims	2,908	5,877
Total due from significant shareholders	18	9,617

Liabilities		
Money market paper issued	0	0
Due to banks	1,562,121	2,060,118
Amounts due to customers in savings or deposit accounts	1,587,756	1,648,908
Other amounts due to customers	20,456,849	19,515,961
Bond issues and central mortgage institution loans	585,660	507,760
Accrued expenses and deferred income	356,752	275,590
Other liabilities	817,371	820,165
Value adjustments and provisions	137,051	68,286
Reserves for general banking risks	75,742	18,847
Share capital	848,245	848,245
Capital reserves	1,745,862	1,745,862
Profit reserves	328,623	245,632
Shares of minority shareholders in equity	312,995	253,847
Group profit for the year	180,508	171,164
thereof minority interests in profit	80,182	60,015
Total liabilities	**28,995,534**	**28,180,385**
Total subordinated liabilities	132,067	133,091
Total due to significant shareholders	4,216	298,779

Consolidated off-balance sheet

	31.12.2013	31.12.2012
	CHF 000	CHF 000
Contingent liabilities	1,317,207	1,348,973
Irrevocable facilities granted	56,906	141,460
Liabilities for calls on shares and other equities	1,423	1,426
Derivative instruments:		
– Contract volumes	32,491,829	27,215,874
– Positive replacement values	179,506	233,305
– Negative replacement values	781,968	676,962
Fiduciary transactions	1,348,961	3,009,970

Consolidated income statement

	31.12.2013	31.12.2012
	CHF 000	CHF 000
Interest and discount income	278,496	212,522
Interest and dividend income from trading portfolios	14,149	959
Interest and dividend income from financial investments	233,545	208,941
Interest expense	−155,494	−171,305
Net interest income	370,696	251,117
Commission income on lending activities	2,116	1,286
Commission income on securities and investment transactions	615,193	298,713
Commission income on other services	36,157	24,674
Commission expenses	−141,932	−66,267
Result from commission and service fee activities	511,533	258,406
Result from trading activities	81,216	22,901
Result from the disposal of financial investments	10,421	12,898
Income from participating interests	4,954	3,162
Result from real estate	430	157
Other ordinary income	10,140	7,401
Other ordinary expenses	−5,240	−430
Result from ordinary activities	20,705	23,188
Operating income	**984,150**	**555,612**
Personnel expenses	−472,764	−263,288
General and administrative expenses	−183,589	−86,538
Operating expenses	**−656,353**	**−349,826**
Gross profit	**327,797**	**205,786**
Depreciation and amortisation of fixed assets	−62,779	−28,465
Value adjustments, provisions and losses	−35,966	−12,300
Result before extraordinary items and taxes	**229,052**	**165,021**
Extraordinary income	91,192	9,802
Extraordinary expenses	−137,309	0
Taxation	−2,427	−3,659
Group profit for the year	**180,508**	**171,164**
thereof share of minority interests in profit	80,182	60,015

Cash flow statement

	31.12.2013		31.12.2012	
CHF 000	**Source of funds**	**Use of funds**	Source of funds	Use of funds
Profit for the year	180,508		171,164	
Depreciation and amortisation of fixed assets	62,779		28,465	
Value adjustments and provisions	35,966		12,803	
Accrued income and prepaid expenses		−33,439		−216,380
Accrued expenses and deferred income	81,161		164,240	
Extraordinary income	46,117			9,802
Other positions		0		−481
Cash flow from operating activities	**373,092**		**169,613**	
Participating interests	1,456		11,361	
Fixed assets		−12,460		−212,844
Intangible assets		−12,542		−550,536
Cash flow from investment activities		**−23,546**		**−752,019**
Share capital	0		608,648	
Capital reserves	0		1,420,182	
Profit reserves	0		86,745	
Minority interests in equity	0		35,352	
Cash flow from equity transactions	**0**		**2,150,927**	
Due to banks		−497,997		−616,559
Due to customers	879,736		14,590,646	
Due from banks	80,733			−2,090,191
Due from customers	1,380,480			−6,253,471
Mortgages	507,208			−2,375,319
Financial investments	329,074			−2,327,494
Money market instruments		−38,876		−696,770
Bond issues and central mortgage institution loans	77,900		432,663	
Securities and precious metals trading portfolios		−108,675		−646,950
Other assets	80,558			−142,071
Other liabilities		−2,794	613,632	
Cash flow from financial activities	**2,687,346**		**488,116**	
Balance	3,036,892		2,056,637	
Conversion differences	14,554			−11,558
Balance	**3,051,446**		**2,045,079**	
Liquidity at beginning of the year	2,895,925		850,846	
Liquidity at the end of the year	5,947,371		2,895,925	
Movement	**3,051,446**		**2,045,079**	

Consolidated notes

Comments on business activities and number of employees

The J. Safra Sarasin Holding Ltd. (the "Group" or the "Holding") is a global banking group specialising in private banking services and asset management. As an international group committed to sustainability and well established in 26 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. J. Safra Sarasin Holding Ltd. is headquartered in Basel.

Employees – The total number of employees at the end of the year is 1,990 (2012 – 2,143 employees).

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

J. Safra Sarasin Group successfully completed the merger of its Swiss main banking entities, which became effective on 6 June 2013 under the new name of Bank J. Safra Sarasin Ltd (the "Bank"), headquartered in Basel, Switzerland.

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.

Accounting and valuation principles

The Group's financial statements are presented in accordance with the requirements of the Swiss Financial Market Supervisory Authority FINMA Circular 2008/2 concerning the preparation of financial statements for banks. The statutory financial statements of J. Safra Sarasin Holding Ltd. are not deemed representative of the banking activities of the Group and are therefore not published.

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 the J. Safra Sarasin Holding Ltd., Basel, as well as those of its subsidiaries and branches listed on page 56. Newly acquired subsidiaries are consolidated as from the time control is transferred and deconsolidated once control is relinquished.

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 for the year 2012 only includes Bank Sarasin contribution from the date of its acquisition, namely 31 July 2012. Therefore the direct comparison of the income statement for 2013 with that for 2012 is not meaningful.

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 concluded before the balance sheet date are recorded and valued on the date they occur. Foreign exchange spot transactions concluded but not yet executed are recorded as derivative financial instruments in the off-balance sheet applying the trade date accounting principle. Firm commitments to underwrite securities issues and money market time deposits are recognised at the settlement 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 are 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.

Securities and precious metals trading portfolios

Trading balances are valued at market price on the balance-sheet date. Realised and unrealised 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 cost of funding from these portfolios.

Financial investments

Financial investments, intended to be kept until maturity date, are stated at acquisition cost, less amortisation 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:

	2013	2012
Fixed assets		
Bank premises & other buildings	50 years	50–60 years
Leasehold improvements/Renovations	10–20 years	10–20 years
Furniture & machines	3–10 years	3–10 years
Hardware	3–8 years	3–8 years
Intangible assets		
Software	3–8 years	3–8 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 capitalised in the balance sheet and amortised linearly over the estimated useful life.

Impairment of non-financial assets

On 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 of the fair value. The estimated fair value of non-financial assets is determined on the basis on three valuation methods:

i. Comparable Transactions;
ii. Market Comparable; and
iii. Model of discounting of cash flows.

To produce the latter valuation, the management has to calculate 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.

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.

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:

Currency	2013	2012
USD/CHF	0.8909	0.9156
EUR/CHF	1.2276	1.2073

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, realised and unrealised 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 realised 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 recognised 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 current 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 or in other assets for deferred tax assets. 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 provisions 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 recognised under personnel costs. In the balance sheet, the surplus is recognised under other assets, whereas a deficit is recognised under value adjustments and provisions.

Consolidated supervision

The 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.

The Holding has delegated to the Bank's governing bodies all duties, responsibilities and competences related to the management and operations of its current business. This management includes the financial consolidation as well as the supervision, on a consolidated basis, of the activities of the Group.

Risk management

Structure of risk management

General considerations

The Board of Directors carries the ultimate responsibility in the Group's multilevel risk management organisation. Its task is to formulate and implement the Group's risk policy. The Board also defines the risk strategy, the basic risk management parameters (e. g. limits and systems), the maximum risk tolerance as well as the responsibilities for risk monitoring.

Risk culture

The standard of risk management achieved by a financial institution is not simply a question of compliance with formalised 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 are 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.

Organisation of risk management

In order to meet their responsibilities and ensure optimum risk management, the Board of Directors together with the Executive Committee carries out a comprehensive risk assessment in addition to the regular reporting cycle.

The key elements of risk assessment are:

- An in-depth risk profile that assesses all types of risk, both in terms of quality and quantity, based on the status quo. A detailed analysis is also performed of the associated corporate governance and the existing risk management (limitation) with reference to the plans for future business growth.
- A detailed three-year timetable for capital planning and development (catering to different business performance scenarios) describes the impacts on capital adequacy over several years.
- Stress analyses are also performed in order to estimate the financial impacts on capital adequacy of significant distortions in the money and capital markets.

The risk assessment findings, along with any adjustments required, are incorporated into the annual review of the Group's regulations and directives and in the definition of a risk appetite which is expressed as a selection of different risk limits for each risk category.

The CEO and the Executive Committee are responsible for implementing the risk management and risk controlling principles approved by the Board of Directors. To ensure holistic risk management, the Executive Committee has appointed the necessary committees to deal with risks, which on the one hand act as decision-making bodies for key issues and risks. On the other hand, their task is to promote risk awareness and ensure compliance with the approved risk standards.

The Risk Committee carries out a comprehensive assessment of all the Group's principal risks, both current and those anticipated in future. When evaluating risk, it takes into consideration the findings and measures of the other committees. The Central Credit Committee (CCC) is in charge of managing the credit risks. The Treasury Committee controls and manages interest rate risk, short-term liquidity risk and mid- to long-term refinancing risks. These committees are made up of equal numbers of members comprising representatives from different divisions. The committees meet at regular intervals.

Risk controlling is the responsibility of the Risk Office, Credit and Legal & Compliance departments, which, from an organisational perspective, are independent of the business entities that actively manage risk. This separation of functions ensures that the business units which reach decisions about the level and extent of risk exposure act independently of the departments that analyse the risks assumed and monitor adherence to limits and other competencies. The set-up chosen intends to avoid potential conflicts of interest and incompatible objectives as early and as effectively as possible.

The Risk Office performs in-depth analysis of the Group's market, credit and operational risks, assesses the opportunities and risk potential and takes any measures needed to adjust the Group's risk profile. It is responsible for ensuring compliance with the risk management process. The Risk Office submits requests to the Board of Directors on the risk models to be employed. It also submits individual reports to the Audit Committee, the Executive Committee and those responsible for risk.

The Credit department analyses, grants, records and monitors client credits and if necessary initiates measures to prevent credit losses for the Group. Client credits include cash loans, contingent liabilities and transactions with margin calls from currency and/or option contracts. The Credit department defines the parameters relevant to credit, such as levels of lending against collateral and also margin requirements and continues to actively develop the systems in question.

The Legal & Compliance business unit advises the Executive Committee, as well as its divisions and subsidiaries, in meeting its regulatory responsibility and ensures that the Group's business activities in Switzerland and abroad comply with applicable legal and regulatory framework, together with the generally accepted market standards and code of conduct. Compliance puts in place the appropriate operational measures and precautions, and in particular ensures that an appropriate system of directives exists. It also makes arrangements for the involvement of all staff in the maintenance of compliance at the appropriate level. The Legal function ensures that the Group structure and business processes adhere to a legally acceptable format, especially in the areas of provision of services to clients and product marketing. As far as compliance and legal risks are concerned, there is also regular and comprehensive risk reporting to the Executive Committee and the Audit Committee.

A clearly structured and transparent risk management process ensures that the principal risks are identified in good time and fully documented and that they can be visualised, limited and monitored in a suitable fashion. The process is applied to all risk categories, both individually and collectively. Especially when introducing new business transactions and new procedures, the risk management process is the basis of the comprehensive assessment and rating of the risks associated with a new activity or new process. The Group has established a clear process analysing and checking actual or potential risks before entering into any new business. The involvement of all relevant business units at an early stage ensures comprehensive, cross-discipline assessment of every new business transaction or process and its associated risks.

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
- Operational and reputation risk
- Legal and compliance risk
- Business and strategic risk

Market risk

The market risk refers to the risk of a loss due to changes in risk parameters (share prices, interest rates and currency exchange rates) in on-balance or off-balance sheet 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.

Credit risk

Lending business with clients

Credit risk means the risk that the Group might sustain losses due to the insolvency of a counterparty.

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.

Credit is granted under a system of delegation of authority, based on the size of the loan, and submitted to an expert rating system. A credit committee examines applications and authorises operations in line with the delegated authority and the policy defined. Non-performing loans and collateral obtained are valued at liquidation value, taking into account any correction for the debtor's solvency. Off balance sheet transactions are also included in this assessment.

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.

Concentration 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 concentrations of risk in the regulatory sense, the Risk Office 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. The 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. 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 risk 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 Risk Office 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. The Group offers wealth management services to its clients by applying the highest standards in terms of Anti-Money Laundering and tax compliance. Several jurisdictions have undertaken steps to strengthen compliance requirements in these areas, in particular during 2013 but also for prior years. The Group has addressed these requirements to ensure effective management of its reputational risk and has set aside adequate provisions in this respect.

Legal and compliance risk

Risks related to potential financial loss as a result of the deficient drafting or implementation of contractual agreements or as a consequence of contractual infringements or illegal and/or culpable actions. It also covers the deficient implementations of changes in the legal and regulatory environment. The Legal department is involved once a potential risk has been identified. It assesses the problem and, if appropriate, retains an external lawyer with whom it handles the case. Risks have been assessed and provisions have been set aside on a case-by-case basis.

Business and strategic risk

Business and strategic risk is inherent to external or internal events or decisions resulting in strategic and business objectives not being achieved. Assessment reviews are conducted on a regular basis to evaluate the impact of potential strategic and business risks and define mitigating measures.

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.

Consolidated notes – Information on the balance sheet

Overview of collateral for loans and off-balance sheet transactions

CHF 000	Mortgage collateral	Other guarantees	Without collateral	Total
Loans and advances				
Due from customers	131,883	7,014,709	111,078	7,257,670
Mortgages loans				
residential property	1,250,616	0	0	1,250,616
Office and business premises	297,146	0	0	297,146
Trade and industry	11,057	0	0	11,057
Others	360,636	0	0	360,636
Current year	**2,051,338**	**7,014,709**	**111,078**	**9,177,125**
Previous year	2,463,552	8,437,281	163,980	11,064,813
Off-balance sheet				
Contingent liabilities	0	204,610	1,112,597	1,317,207
Irrevocable commitments	0	0	56,906	56,906
Liabilities for calls on shares and other equities	0	0	1,423	1,423
Total off-balance sheet	**0**	**204,610**	**1,170,926**	**1,375,536**
Previous year	9,468	486,789	995,602	1,491,859

Impaired loans

CHF 000	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Current year	**314,335**	**125,005**	**189,330**	**189,330**
Previous year	289,630	67,204	222,426	222,162

Securities and precious metals trading portfolios

CHF 000	**2013**	2012
Debt securities		
Exchange listed	91,871	135,115
Marketable securities of OTC on an organised market	0	0
Unlisted	137,738	77,406
Equity securities	**539,231**	**520,331**
Precious metals	**168,100**	**95,413**
Total securities and precious metals trading portfolios	**936,940**	**828,265**

Financial investments

CHF 000	**Book value 2013**	**Fair value 2013**	Book value 2012	Fair value 2012
Debt securities				
of which intended to be held until maturity	5,175,167	5,232,173	4,851,102	4,990,259
of which recognised in accordance with the lower of cost or market principle	1,450,462	1,461,551	1,074,839	1,099,435
Equity securities	**431,258**	**503,980**	**1,460,020**	**2,304,742**
Precious metals	**0**	**0**	**0**	**0**
Total financial investments	**7,056,887**	**7,197,704**	**7,385,961**	**8,394,436**
of which securities eligible for repo transactions in accordance with liquidity regulations	1,529,626		1,866,811	

Significant participating interests

	Place of Incorporation	Activity	Currency	Nominal '000s	% of equity
Bank J. Safra Sarasin Ltd	Basel	Bank	CHF	22,015	100.00%
Bank J. Safra Sarasin (Gibraltar) Ltd	Gibraltar	Bank	CHF	1,000	100.00%
J. Safra Sarasin Asset Management (Europe) Ltd	Gibraltar	Advisory	CHF	2,200	100.00%
Banque J. Safra Sarasin (Monaco) SA	Monaco	Bank	EUR	40,000	100.00%
J. Safra Sarasin Gestion (Monaco) SA	Monaco	Advisory	EUR	160	100.00%
Banque J. Safra Sarasin (Luxembourg) SA	Luxembourg	Bank	EUR	8,800	100.00%
SIBTL Holding Ltd.	Bahamas	Holding	USD	460,932	52.00%
Bank J. Safra Sarasin (Bahamas) Ltd.	Bahamas	Bank	USD	18,000	51.97%
J. Safra Sarasin Asset Management S.A.	Panama	Advisory	USD	170	51.97%
J. Safra Sarasin Asset Management Middle East Ltd	Dubai	Advisory	USD	2,200	100.00%
Eichenpark Verwaltungs GmbH	Glashuetten	Holding	EUR	25	100.00%
bank zweiplus ltd	Zurich	Bank	CHF	35,000	57.50%
cash zweiplus ltd	Zurich	Information	CHF	1,000	28.75%
Bank J. Safra Sarasin (Deutschland) AG	Frankfurt	Bank	EUR	1,000	100.00%
Antillia Services AG (formerly Skandia Service AG)	Zurich	Advisory	CHF	100	57.50%
Arcavio Ltd.	Zurich	Family Office	CHF	500	100.00%
J. Safra Sarasin Trust Company (Singapore) Ltd.	Singapore	Trust	USD	1,000	100.00%
Sarabet Ltd	Basel	Holding	CHF	3,250	100.00%
Sarasin-Alpen Bahrain B.S.C. (c), in liquidation	Manama	Advisory	USD	2,000	60.00%
Bank Sarasin-Alpen (Qatar) LLC	Doha	Advisory	USD	1,000	60.00%
Sarasin Alpen (India) Private Ltd, in liquidation	Mumbai	Advisory	INR	107,349	60.00%
Bank Sarasin-Alpen (ME) Limited	Dubai	Advisory	USD	1,000	60.00%
Sarasin (U.K.) Ltd	London	Holding	GBP	17,900	100.00%
S.I.M. Partnership (London) Ltd	London	Holding	GBP	727	60.00%
Sarasin & Partners LLP	London	Asset Management	GBP	11,801	60.00%
Sarasin Asset Management Ltd	London	Asset Management	GBP	250	60.00%
Sarasin Investment Funds Ltd	London	Funds Management	GBP	250	60.00%
Sarasin Funds Management (Ireland) Ltd	Dublin	Funds Management	GBP	500	60.00%
Sarasin Investmentfonds Ltd	Basel	Funds Management	CHF	4,000	100.00%
Sarasin Fund Management (Luxembourg) S.A.	Luxembourg	Funds Management	EUR	1,500	100.00%
Sarasin-Alpen LLC, in liquidation	Muscat	Advisory	USD	1,558	60.00%
Sarasin-Alpen & Partners Ltd	Dubai	Asset Management	USD	2,000	60.00%
Bank Sarasin (CI) Ltd, in liquidation	St. Peter Port	Bank	GBP	2	100.00%
Sarasin (Asia) Ltd, in liquidation	Singapore	Holding	SGD	50,550	100.00%

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

With the exception of the merger of the Swiss banking entities and the establishment of J. Safra Sarasin Asset Management Middle East Ltd, the consolidation perimeter of the Group remained unchanged in 2013 compared to 2012.

Non consolidated investments in subsidiary companies

	Place of Incorporation	Activity	Currency	Nominal '000s	% of equity
Zakito Investments Ltd.	British Virgin Islands	Trust	USD	1	51.97%
SIX Group AG Namen	Zurich	Stock exchange	CHF	19,522	1.44%
PFBK Schweizerische Hypothekarinstitute AG	Zurich	Mortgage company	CHF	800,000	0.30%

In 2013, the participation in LFP-Sarasin AM was disposed to a third party.

Fixed assets, intangible assets and participating interests

CHF 000	Acquisition costs	Accumulated depreciation	Book value as at 31.12.2012	Additions	Disposals	Depreciation and value adjustments	**Book value as at 31.12.2013**
Non consolidated participations	**4,658**	**27**	**4,685**	**14**	**−1,470**		**3,229**
Fixed assets							
Real estate bank buildings	204,287	−5,590	198,697	2,707	6	−4,646	196,763
Other real estate	3,606	−35	3,571	0	0	−83	3,488
Fixtures and leasehold improvements	71,696	−6,805	64,891	3,205	−74	−8,039	59,983
Other fixed assets	70,107	−16,674	53,433	6,796	−179	−21,613	38,436
Total fixed assets	**349,696**	**−29,104**	**320,592**	**12,707**	**−247**	**−34,381**	**298,670**
Intangible assets							
Goodwill	550,540	−11,439	539,101	12,541	0	−28,397	523,245
Total intangible assets	**550,540**	**−11,439**	**539,101**	**12,541**	**0**	**−28,397**	**523,245**
Fire insurance value							
Real estate			262,401				269,175
Other fixed assets			114,380				114,447

Pledged or assigned assets and assets subject to retention of title and lending transactions and securities repurchase agreements

CHF 000	**2013**	2012
Receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase agreements	60,000	60,000
Obligations from cash collateral received in connection with securities lending and repurchase agreements	236,006	204,946
Securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	176,631	70,403
with unrestricted right to resell or pledge	176,631	70,403
Securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse-repurchase agreements with an unrestricted right to resell or repledge	376,240	432,177
including repledged or resold securities	230,471	234,212

Liabilities relating to own pension funds

CHF 000	**2013 Pension plan without own assets**	2012 Pension plan without own assets
Only the pension plans of Bank J. Safra Sarasin Ltd and bank zweiplus ag are defined contribution plans and detailed below. 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	0	0
Reserve for employer's future contributions		
Nominal value reserve for employer's future contributions	0	0
Amount of possible abnegation to use	0	0
Economic advantage (liability) and contributions		
Amount of surplus (overdraft) contributions	0	0
Economic advantage (liability)	0	0
Variation of economic advantage (liability) between the current year and previous year	0	0
Current year contributions (incl. result of reserve for employer's future contributions)	33,842	35,271
of which extraordinary contributions, time limited, to absorbed overdrafts	0	0
Pension fund expenses including important effects (charged as personnel expenses)	33,842	35,271

Valuation adjustments and provisions

CHF 000	Balance as at 31.12.2012	Use in conformity with designated purpose	Recoveries, overdue interest, forex differences	New provisions charged to income	Release to income	**Balance as at 31.12.2013**
Deferred tax provision	3,256	0	0	5,117	−78	8,295
Default risks (credit and country risks)	222,162	−10,421	9,351	0	−31,762	189,330
Other business risks	60,800	−2,084	−220	118,526	−63,795	113,227
Restructuring provisions	4,080	−156	−6	1,766	−305	5,379
Other provisions	150	0	0	10,000	0	10,150
Total value adjustments and provisions	**290,448**	**−12,661**	**9,125**	**135,409**	**−95,940**	**326,381**
Less: value adjustments directly netted with assets	−222,162					−189,330
Total value adjustments and provisions	**68,286**					**137,051**
Reserves for general banking risks	**18,847**	**0**	**132**	**136,763**	**−80,000**	**75,742**

Bonds outstanding

	Year of issuance	Weighted average interest rate	Maturity date	Amount outstanding (CHF 000)	Type of debenture
Banque J. Safra Sarasin (Luxembourg) SA	2011	8.38%	7.4.2016	71,272	subordinated
Bank J. Safra Sarasin Ltd	2010	2%	15.10.2015	334,168	bond
Bank J. Safra Sarasin Ltd	2011	1.08%	2015–2024	182,380	mortgage backed-bonds central mortgage institution loans

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 J. Safra Sarasin (Luxembourg) SA	0	0	0	0	71,272	0	71,272
Bank J. Safra Sarasin Ltd	0	0	334,168	0	0	0	334,168
Bank J. Safra Sarasin Ltd	0	0	46,180	42,800	17,000	76,400	182,380

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

CHF 000	31.12.2013 Total nominal value	31.12.2013 Number of units	31.12.2013 Dividend bearing capital	31.12.2013 %	31.12.2012 Total nominal value	31.12.2012 Number of units	31.12.2012 Dividend bearing capital	31.12.2012 %
J. Safra Holdings International (Luxembourg) S.A.								
Share capital	848,245	848,245	848,245	100%	848,245	848,245	848,245	100%

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	**2013**	2012
Shareholders' equity		
Share capital	848,245	239,597
Capital reserves	1,745,862	325,680
Reserves for general banking risks	18,847	18,901
Profit reserves	356,781	288,920
Minority interests in equity	313,862	218,495
Total shareholders' equity at 1.1.	**3,283,597**	**1,091,593**
+Capital increase	0	608,648
+Capital reserves	0	1,420,182
+/− Reserves for general banking risks	56,895	0
+Conversion differences	−29,026	−43,342
+Minority interests in equity	0	35,352
+Group profit for the year	180,508	171,164
Shareholders' equity at 31.12.	**3,491,974**	**3,283,597**
Of which		
Share capital	848,245	848,245
Capital reserves	1,745,862	1,745,862
Reserves for general banking risks	75,742	18,847
Profit reserves	353,685	264,204
Conversion differences	−25,063	−18,572
Minority interests in equity	312,995	253,847
Group profit for the year	180,508	171,164
Total	**3,491,974**	**3,283,597**

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		5,947,371	0	0	0	0	0	5,947,371
Money market instruments		1,644	0	613,592	107,359	13,390	0	735,985
Due from banks		2,147,299	0	374,667	1,089,171	7,863	0	3,619,000
Due from customers		222,689	1,878,696	4,238,706	716,814	97,652	103,113	7,257,670
Mortgages		0	18,005	976,024	96,382	487,159	341,885	1,919,455
Trading portfolios		936,940	0	0	0	0	0	936,940
Financial investments		428,502	0	88,825	980,926	3,913,890	1,644,743	7,056,887
Total current assets	**Current year**	**9,684,446**	**1,896,701**	**6,291,814**	**2,990,652**	**4,519,954**	**2,089,741**	**27,473,308**
Total current assets	Previous year	6,337,210	3,513,978	7,866,951	2,866,310	4,622,338	1,365,019	26,571,806
Third-party capital								
Money market instruments issued		0	0	0	0	0	0	0
Due to banks		613,430	15,476	823,095	110,120	0	0	1,562,121
Amounts due to customers in savings or deposit accounts		1,587,756	0	0	0	0	0	1,587,756
Other amounts due to customers		14,415,158	601,443	3,395,038	1,386,401	657,581	1,228	20,456,849
Bond issues and central mortgage institution loans		0	0	0	0	509,260	76,400	585,660
Third-party capital	**Current year**	**16,616,344**	**616,919**	**4,218,133**	**1,496,521**	**1,166,841**	**77,628**	**24,192,386**
Total third-party capital	Previous year	12,811,525	1,637,747	4,574,630	2,072,918	2,611,392	24,535	23,732,747

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

CHF 000	**2013**	2012
Loans to members of the Group’s governing bodies	12,913	3,965
Amounts due from related companies	9,205	9,617
Amounts due to related companies	49,677	298,779

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

Amounts due from/to affiliated companies are mainly money market transactions and current accounts concluded at arm’s length.

Assets and liabilities by domestic and foreign origin

	31.12.2013		31.12.2012	
CHF 000	**Swiss**	**Foreign**	Swiss	Foreign
Assets				
Cash	5,836,276	111,095	2,805,005	90,920
Money market paper	1,644	734,341	1,452	695,657
Due from banks	756,846	2,862,154	884,301	2,815,432
Due from customers	1,019,362	6,238,308	986,299	7,651,851
Mortgages	1,580,985	338,470	2,285,789	140,874
Securities and precious metals trading portfolios	283,028	653,912	267,882	560,383
Financial investments	120,085	6,936,802	258,509	7,127,452
Non-consolidated participations	3,154	75	3,140	1,545
Fixed assets	288,965	9,705	312,540	8,052
Intangible assets	523,245	0	539,101	0
Accrued income and prepaid expenses	99,734	316,335	84,705	297,925
Other assets	21,513	259,500	98,439	263,132
Total assets	**10,534,837**	**18,460,697**	**8,527,162**	**19,653,223**
Liabilities				
Money market paper issued	0	0	0	0
Due to banks	572,305	989,816	1,006,652	1,053,466
Amounts due to customers in savings or deposit accounts	1,506,147	81,609	1,562,681	86,227
Other amounts due to customers	5,690,408	14,766,441	7,221,088	12,294,873
Bond issues and central mortgage institution loans	514,388	71,272	434,512	73,248
Accrued expenses and deferred income	193,519	163,233	174,316	101,274
Other liabilities	593,245	224,126	552,852	267,313
Value adjustments and provisions	52,413	84,638	11,142	57,144
Reserves for general banking risks	19,408	56,334	11,000	7,847
Share capital	848,245	0	848,245	0
Capital reserve	1,745,862	0	1,745,862	0
Profit reserve	−61,616	390,239	18,891	226,741
Shares of minority shareholders in equity	17,982	295,013	19,825	234,022
Group profit for the year	4,171	176,337	−3,084	174,248
Total liabilities	**11,696,476**	**17,299,058**	**13,603,982**	**14,576,403**

Assets by countries/country groups

	31.12.2013		31.12.2012	
CHF 000	**Total**	**Part as a %**	Total	Part as a %
Europe	6,775,386	23.4%	7,074,019	25.1%
Americas	8,793,199	30.3%	8,517,555	30.2%
Asia	2,570,193	8.9%	3,690,902	13.1%
Others	321,919	1.1%	370,747	1.3%
Total foreign assets	**18,460,697**	**63.7%**	**19,653,223**	**69.7%**
Switzerland	10,534,837	36.3%	8,527,162	30.3%
Total assets	**28,995,534**	**100.0%**	**28,180,385**	**100.0%**

Balance sheet by currencies

CHF 000	CHF	EUR	USD	Others	Total
Assets					
Cash	5,832,832	78,812	475	35,252	5,947,371
Money market paper	12,758	16,696	101,503	605,028	735,985
Due from banks	1,277,732	461,732	1,043,078	836,458	3,619,000
Due from customers	1,236,388	541,867	4,253,258	1,226,157	7,257,670
Mortgages	1,582,889	40,141	0	296,425	1,919,455
Securities and precious metals trading portfolios	190,332	135,950	429,764	180,894	936,940
Financial investments	1,441,930	676,403	4,006,085	932,469	7,056,887
Non-consolidated participations	3,229	0	0	0	3,229
Fixed assets	289,317	1,582	7,641	131	298,670
Intangible assets	523,245	0	0	0	523,245
Accrued income and prepaid expenses	118,558	62,120	149,006	86,385	416,069
Other assets	81,992	73,154	105,213	20,654	281,013
Total balance sheet assets	**12,591,201**	**2,088,457**	**10,096,023**	**4,219,853**	**28,995,534**
Delivery claims from spot, forward and options transactions	3,546,640	5,831,615	11,680,944	5,181,242	26,240,441
Total assets	**16,137,841**	**7,920,072**	**21,776,967**	**9,401,095**	**55,235,975**
Liabilities					
Money market paper issued	0	0	0	0	0
Due to banks	265,019	259,535	989,708	47,859	1,562,121
Amounts due to customers in savings or deposit accounts	1,580,339	7,417	0	0	1,587,756
Other amounts due to customers	3,763,779	3,371,989	11,011,274	2,309,806	20,456,849
Bond issues and central mortgage institution loans	514,388	0	71,272	0	585,660
Accrued expenses and deferred income	195,904	30,967	43,547	86,334	356,752
Other liabilities	281,447	204,629	154,804	176,491	817,371
Value adjustments and provisions	55,312	16,813	64,926	0	137,051
Reserves for general banking risks	19,408	56,334	0	0	75,742
Share capital	848,245	0	0	0	848,245
Capital reserves	1,745,862	0	0	0	1,745,862
Profit reserves	196,159	60,645	68,798	3,021	328,623
Shares of minority shareholders in equity	17,981	0	283,219	11,795	312,995
Group profit for the year	9,490	33,642	137,376	0	180,508
Total balance sheet liabilities	**9,493,333**	**4,041,971**	**12,824,924**	**2,635,306**	**28,995,534**
Delivery obligations from spot, forward and options transactions	7,198,225	3,708,138	9,791,021	7,058,213	27,755,597
Total liabilities	**16,691,558**	**7,750,109**	**22,615,945**	**9,693,519**	**56,751,131**
Net currency positions	**–553,716**	**169,962**	**–838,978**	**–292,424**	**–1,515,156**

Other assets/Other liabilities

CHF 000	**2013**	2012
Other assets		
Positive replacement value of derivative instruments	179,506	233,305
Compensation account	0	0
Others	101,507	128,266
Total	**281,013**	**361,571**
Other liabilities		
Negative replacement value of derivative instruments	781,968	676,962
Compensation account	0	0
Others	35,403	143,203
Total	**817,371**	**820,165**

Consolidated notes – Information on off-balance sheet transactions

CHF 000	2013	2012
Contingent liabilities		
Guarantee	890,900	915,600
Others	426,307	433,373
Irrevocable commitments	**56,906**	**141,460**
Liabilities for calls on shares and other equities	**1,423**	**1,426**
Credit commitments	**0**	**0**

Outstanding derivative instruments

CHF 000	Positive replacement values	Negative replacement values	Contract volumes
Trading instruments			
Interest rate instruments			
Swaps (IRS)	37,518	71,310	2,039,177
Precious metals/Currencies			
Forward contracts	11,851	28,438	8,318,952
Options (OTC)	72,469	593,369	6,700,977
Swaps	55,453	72,323	14,931,779
Equities/indices			
Futures			1,744
Total current year	**177,291**	**765,440**	**31,992,629**
Total previous year	233,305	676,962	27,215,874

Hedge instruments			
Interest rate instruments			
Swaps (IRS)	2,215	16,528	499,200
Total current year	**2,215**	**16,528**	**499,200**
Total previous year	1,121	16,649	595,564

Fiduciary transactions

CHF 000	**2013**	2012
Fiduciary deposits with third-party banks	1,017,390	2,629,001
Other fiduciary transactions	331,571	380,969
Total	**1,348,961**	**3,009,970**

Managed assets

CHF million	**2013**	2012
Type of managed assets		
Assets in collective investment schemes by the Group	15,560	8,905
Assets under discretionary asset management agreements	28,057	25,116
Other managed assets	87,768	95,556
Total managed assets (including double-counting)	**131,385**	**129,577**
Of which double-counted items	12,987	12,999
Net new money inflow/outflow (including double-counting)	95	97,434

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 of the income statement

CHF 000	**2013**	2012
Disclosure of a material funding income under “Interest and discount income”	**0**	**0**
Analysis of result from trading activities		
Foreign currencies and bank notes	29,743	−9,119
Securities	29,445	28,670
Interest rate Swaps	22,029	3,350
Total	**81,216**	**22,901**
Analysis of personnel expenses		
Salaries	382,567	214,540
Social charges	70,635	34,669
Other personnel expenses	19,562	14,079
Total	**472,764**	**263,288**
Analysis of general and administrative expenses		
Occupancy costs	33,704	17,563
Data processing, fixtures and fittings and equipment expenses	21,290	12,616
Other expenses	128,594	56,360
Total	**183,589**	**86,539**
Revaluation of non-current assets up to historical cost (art. 665 and 665 a CO)	**0**	**0**

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.

Provisions and losses are mainly due to the constitution of risk provisions partly offset by the release of existing provisions. (2012: Provisions and losses are mainly due to a provision of CHF 2.5 million and country risk provision of CHF 5.7 million). Net extraordinary charge corresponds to the constitution of additional general banking risk provision partly offset by other extraordinary income items. (2012: The extraordinary profit stems mainly from insurance proceeds of CHF 8 million received during 2012).

Analysis of income and expenses from ordinary banking operations by business locations

CHF 000	Swiss	Foreign	**2013 Total**
Net interest income	168,395	202,301	370,696
Result from commission and service fee activities	442,894	68,639	511,533
Result from trading activities	71,619	9,597	81,216
Other ordinary results	21,312	−607	20,705
Operating expenses	−585,258	−71,095	−656,353
Gross profit	**118,962**	**208,835**	**327,797**

CHF 000	Swiss	Foreign	2012 Total
Net interest income	64,080	187,037	251,117
Result from commission and service fee activities	212,577	45,829	258,406
Result from trading activities	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 of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements (pages 42 to 68) of J. Safra Sarasin Holding Ltd., which comprise the consolidated balance sheet as at December 31, 2013, and the consolidated income statement, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss accounting principles applicable for banks and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation 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 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, 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss accounting principles applicable 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 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

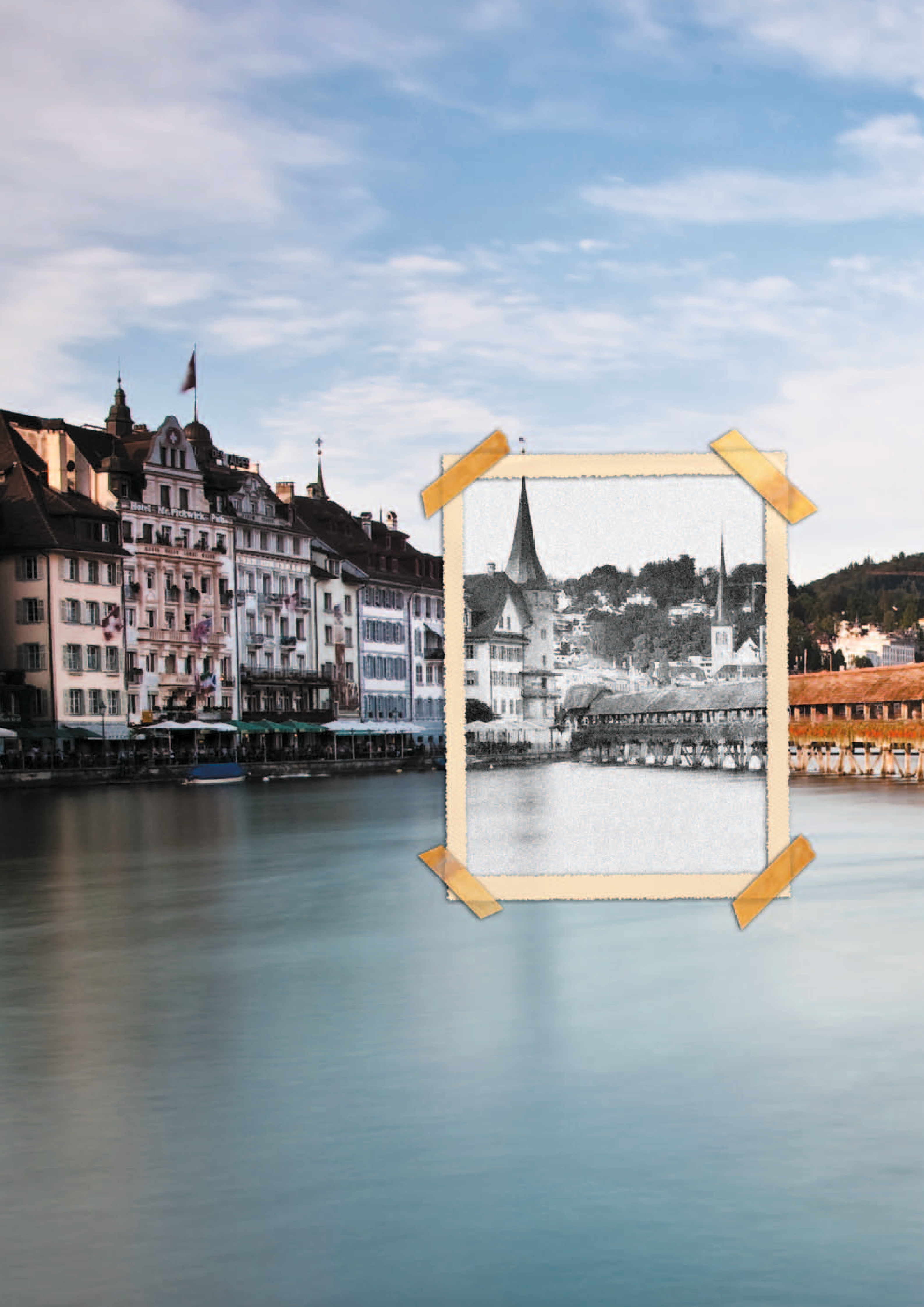
In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Deloitte AG

Alexandre Buga	Erich Schaerli
Licensed Audit Expert	Licensed
Auditor in Charge	Audit Expert

Zurich, March 19, 2014



Sustainability Report

Switzerland | Lucerne | Kapellbrücke

Sustainability Report

In this Sustainability Report 2013, J. Safra Sarasin Group 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). In general, the figures published in the Sustainability Report cover the J. Safra Sarasin Group as well as all consolidated affiliates. As a rule, the offices with more than 15 employees are integrated into the environmental indicator reporting system. At local level, estimates are made if no exact measurements are available.

Corporate Governance

Commitment to sustainability – since 1841

Sustainability has been a firm component of J. Safra Sarasin's identity and stability as a Swiss private bank for over 170 years. J. Safra Sarasin does not view sustainability as an end in itself, but rather as a key factor in its success. Sustainability enables the Group 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. This is a commitment for the future.

The associated principles and rules of corporate governance form the framework of every entity. The sustainability strategy is strictly implemented at management and operational levels, which ensures credibility.

J. Safra Sarasin Group's sustainability indicators 2013 at a glance

Financial	
BIS Tier 1 ratio (%)	25.2
Total assets under management (billion CHF)	131.4
Sustainably managed assets (billion CHF)	15.2
Responsibly managed assets (billion CHF)	8.6
Volume of J. Safra Sarasin sustainable investment funds (billion CHF)	3.9
Volume of J. Safra Sarasin responsible investment funds (billion CHF)	4.3
Social	
Total number of employees (FTEs)	1,990
Part-time jobs	207
Proportion of women (%)	35.2
Proportion of women in management positions (%)	13.5
Fluctuation rate (%)	16.8
Number of trainees	17
Training hours per employee	12.1
Environmental	
Greenhouse gas emissions (kg CO_2 per employee)	2,109
Electricity consumption (kwh per employee)	5,618
Heating energy consumption (kwh per employee)	1,501
Paper consumption (kg per employee)	95
Proportion of recycled paper (%)	63
Proportion of energy from renewable sources (%)	71

Management & monitoring

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

A sustainability network has been in place at 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.

Solid capital strength

Capital strength is one of the Bank's trademarks. The Group has a clear and stable ownership structure. Particularly given the stronger capital adequacy requirements, a strong capital base and top-quality liquidity position are vitally important for ensuring the ongoing success of our business model. The BIS Tier 1 ratio of J. Safra Sarasin Group (defined as core capital as a percentage of risk-weighted assets) stands at 25.2% as of 31. 12. 2013.

Sustainability rating

Sustainability rating of the independent agency oekom research: "Prime Status" confirmed. In the latest rating published in December 2013, Bank J. Safra Sarasin once again scored above the industry average. The high proportion of assets managed according to sustainability criteria was seen to be a particularly positive aspect.

Responsible risk management

The confidence of clients and market partners forms the basis of J. Safra Sarasin Group's stability and commercial success. The precondition for this is effective 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 the Bank's 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 the management in meeting this responsibility. Central management of the Legal & Compliance units by the General Counsel, who reports to the Head of Corporate Center & Logistics, ensures independence from the operating business.

The Group-wide Code of Compliance defines the key principles and rules of conduct which lay the foundation for irreproachable business activity that demonstrates integrity and complies with the relevant regulations. Every member of staff is required to meet the standards set out in the Code of Compliance. Staff joining J. Safra Sarasin are obliged to submit written confirmation in this regard. All the key business processes are governed by internal Group provisions and directives and are conducted in a standardised form. In the 2013 reporting year, there were no incidents of corruption and no legal actions on the basis of anti-competitive 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 the regulation of the financial services industry imposes significant demands 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 Group-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 programs.

Asset Management

Sustainable investment for our clients

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

This in turn prompted Bank J. Safra Sarasin'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. Bank J. Safra Sarasin is convinced that the identification and systematic avoidance of company-specific and sector-specific risks will continue to generate demonstrable added value for our clients.

Sustainable and responsible investment universe

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.

Sustainable Investment – made by J. Safra Sarasin

Bank J. Safra Sarasin's sustainable investment solutions are based on the same financial analyses and considerations as classical investment products. The sustainability evaluation nevertheless complements the proven financial assessment and thus creates value.

For the definition of the investment universe a combination of a "Best-of-Classes" and "Best-in-Class" approach is adopted. In addition, exclusion criteria for the universe are applied.

Companies that generate more than 5% of consolidated revenues with activities in the following areas are excluded from the investment universe: Nuclear power, armaments, chlorine and agrochemicals, tobacco, genetic engineering used in farming, and pornography. Also excluded are – independent of the share of sales – the 30 biggest military contractors globally, as well as the 10 companies with the biggest global sales in genetically modified seeds. Substantial infringements of the International Labour Organization (ILO) core conventions are an additional exclusion criterion.

In sustainable investment, the environmental and social analysis of companies is, in addition to financial aspects, a key focus for decisions. J. Safra Sarasin has developed a two-dimensional valuation procedure for this (the Sarasin Sustainability-Matrix®), in which the valuation of each company consists of two components:

- The **sector rating** represents a comparison of the respective ecological and social impacts of companies which, on the basis of their products and processes, are exposed to the same challenges. This analytical step permits the differentiation of the entry threshold, depending on the ecological and social relevance for sustainable development **("Best-of-classes").**
- The **company rating** assesses how well the respective company deals with these sector-specific environmental and social risks and uses corresponding opportunities, in each case with other companies in the same sector **("Best-in-Class").**

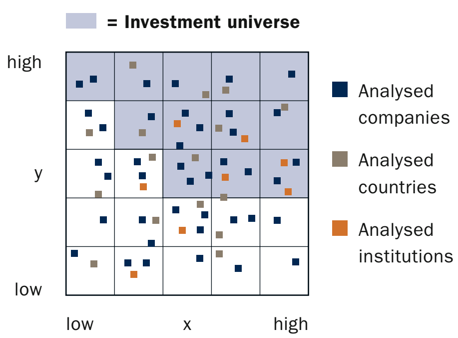
Sustainability rating of countries

Bank J. Safra Sarasin also evaluates government bonds with the aid of a sustainability rating. For sovereign bonds, the economic and social system in the country and the two following questions are at the centre of the evaluation:

- How high is the sustainability level of the country as a whole, i.e. to what degree of stress are nature and human beings subjected?
- How efficient is both the handling of resources and their conversion into quality of life?

The success of a national economy in dealing with resources can have long-term effects on its creditworthiness and hence the attractiveness of its sovereign debt.

Sarasin Sustainability-Matrix®



y **Companies:** company's sustainability rating
Countries: resource efficiency
Institutions: sustainability in implementation

x **Companies:** sustainability of the industry
Countries: availability of resources
Institutions: sustainability of the mandate

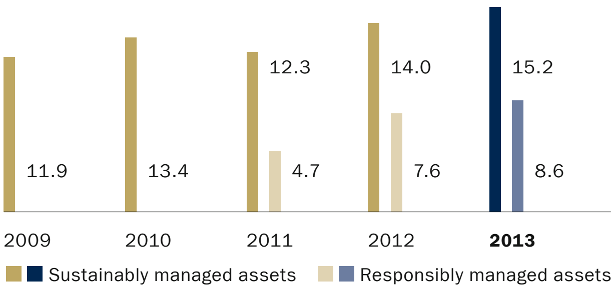
Bank J. Safra Sarasin continues to reign as market leader in Switzerland

Sustainably managed assets at Bank J. Safra Sarasin amounted to CHF 15.2 billion as at 31 December 2013, while responsibly managed assets totalled CHF 8.6 billion on the same date. The sustainable investment market in Switzerland has continued to develop positively. The volume of sustainable investment funds, mandates and structured products amounted to CHF 48.5 billion as at 31.12.2012, which is an increase of 14.7% compared to the previous year. With a market share of 38%, the Bank continues to reign as market leader in sustainable investments in Switzerland[18)].

Transparency logo for sustainability funds

Bank J. Safra 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 making 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.

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



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[19)] 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 J. Safra Sarasin, likewise waive half of their fees, which are donated as well.

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.

18) Source: Forum Nachhaltiger Geldanlagen (FNG e.V.), Marktbericht Nachhaltiger Geldanlagen 2013

19) This fund has a marketing licence in Switzerland.

Sarasin Sustainable Water Fund[20)] wins €uro-FundAward 2013

Since 2006 Finanzen Verlag GmbH has awarded the €uro-FundAwards to the best funds on the German market. The Sarasin Sustainable Water Fund has come top in the category ecological/sustainable equity. Each year the funds with the best performance over one, three, five and ten years are recognised. The Sarasin Sustainable Water Fund received the €uro-FundAward 2013 for the five-year time period.

Sarasin-FairInvest-Universal-Fonds[21)] awarded AAA-Rating by TELOS

By awarding their AAA-rating, Telos has certified that the Sarasin-FairInvest-Universal-Fonds meets the highest quality standards. In their full rating report, TELOS GmbH appreciates J. Safra Sarasin's "sustainable investment approach" as well as the fact that sustainability criteria are understood to be a key risk management tool.

Bank J. Safra Sarasin wins German Fund Prize 2013 in the "Sustainability" category

Each year the company FONDS professionell Multimedia GmbH teams up with the Institut für Vermögensaufbau (IVA) to award the German Fund Prize. Prizes were awarded in ten fund categories in 2013, with sustainable investment funds vying for the "Sustainability Prize". To be in the running, an equity fund must satisfy certain admission requirements. In order to be considered, funds must invest globally and seek long-term capital growth. The fund management must also demonstrate environmental awareness and show that it engages with the companies concerned. Sarasin Sustainable Equity – Global[22)] achieved the best results and was consequently judged "outstanding".

20) This fund is approved for distribution in the following countries: Spain, Switzerland, Germany, Austria, Liechtenstein, France, Italy, Luxembourg, Belgium, Netherlands, Great Britain, Ireland, Sweden, Denmark and Singapore.

21) This fund is approved for distribution in Germany and Austria.

22) This fund is approved for distribution in the following countries: Spain, Switzerland, Germany, Austria, Liechtenstein, France, Italy, Luxembourg, Belgium, Netherlands, Great Britain, Ireland, Sweden and Denmark.

Asset management products

		Only sustainable	Sustainable or responsible
Investment funds and certificates	Equity funds	– Theme: renewable energies and energy efficiency – Theme: water – Real Estate/REITS shares – Classic Switzerland – Classic Europe – Classic USA – Classic Emerging Markets – Classic Global	– Multi-themes
	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[23] – Limited maturities: themes and country baskets[23] – Partial Capital Protection[23]	
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[24] – Balanced asset allocation[24] – Defensive asset allocation[24]	
	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[25]	
	Advisory and joint management	– Different mandates for institutional customers – Portfolio Sustainability Audit	

23) These certificates are approved for distribution in Switzerland.

24) Some of the mandates are managed mainly sustainably due to non-existent or insufficient sustainable alternatives in different asset classes.

25) At least 80% of the fund’s securities must be rated as sustainable.

Investor commitment

For numerous sustainability funds, as well as for various institutional mandates, voting rights are exercised by Bank J. Safra Sarasin taking due consideration of environmental, social and corporate governance criteria. In the year under review a total volume of CHF 2.2 billion was approved at 201 annual shareholders meetings (2012: 225). Of a total 6,999 agenda items (2012: 6,695), the Bank voted against 6% of management's proposals (2012: 6%).

STOXX® made by Bank J. Safra Sarasin

As of March 2011, Bank J. Safra 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.[26)]

Sustainability indices of Deutsche Börse and Bank J. Safra Sarasin

In 2007 Deutsche Börse launched two new indices in co-operation with Bank J. Safra Sarasin: The DAXglobal Sarasin Sustainability Germany Index tracks the performance of sustainably managed companies domiciled in Germany, while the DAXglobal Sarasin 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 J. Safra Sarasin performing the evaluation. The Sarasin Sustainability-Matrix®, which combines an industry rating and a company rating, serves as the basis.

Corporate Culture

The Group is an attractive employer thanks to its clear positioning, and 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 decreased this year by 153 jobs (–7%) to a total of 1,990 positions (full-time equivalents) at the end of 2013. 207 employees worked in part-time jobs as per 31.12.2013. The Group-wide fluctuation amounted to 16.8%. The proportion of women in management positions (female employees in the two uppermost management levels with the title Managing Director or Executive Director) was 13.5%. The percentage of women working in the Group totalled 35.2% in 2013. Overall a total of 24,057 hours of training were held. This corresponds to an average time spent on training of 12.1 hours per employee.

26) 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.

Code of Conduct as an obligatory guide

The foundation for the Group's success is the confidence it instils in existing and potential clients. This confidence depends on how the Group is experienced on a daily basis. A Group-wide Code of Conduct covers the underlying principles, which are to be observed by all employees as well as by the members of the Board of Directors as part of their business-related activities. It covers 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 Group relies on an open dialogue should possible violations arise against the code: If in doubt, the initial point of contact is the line manager. If this is not possible, contact should be taken up with the Human Resources Department.

Whistleblowing directive

In December 2012, the Board of Directors approved a new Whistleblowing Policy. 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.

Attractive terms of employment and social benefits

The staff regulations for each J. Safra 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. The employee benefits offered by J. Safra Sarasin companies are at least equivalent to the legal requirements at individual locations, or exceed them. Remuneration within J. Safra Sarasin Group is determined exclusively by the demands of the position and the qualifications and performance of the employee.

Innovation Initiative for the promotion of employee ideas

In the autumn of 2013 the "Innovation Initiative" was launched with great success at the Swiss locations in Basel, Zurich and Geneva. Employees were asked how the Bank's culture, efficiency, growth, innovation and sustainability could be promoted. The results speak for themselves: within two weeks 114 ideas had been entered. But more important than the quantity is the quality of the inputs. The active participation of employees, and the discussions held, shows the importance of collaboration across departments and sharing ideas, both in this initiative and in daily work.

Innovation
Box

Respectful working environment

The Group pursues a strict policy of equal opportunities and encourages a working environment characterised by a dignified and respectful atmosphere. Full-time and part-time employees with a workload of at least 40% and a length of service of at least three months are fundamentally treated equally. The Group 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 agreed upon. There were no reported violations against this directive in the reporting period.

Employee representation

For the protection of the common interests of all employees the Bank has a Staff Representative Council (ANV). The basis of the ANV is the "Regulations on employee participation through the Staff Representative Council" of J. Safra Sarasin, based on the Federal Information and Consultation of Employees in the Workplace Act. With elected representatives from Geneva, Basel and Zurich, the three largest locations in Switzerland are all represented. The members of the ANV are elected for three years. Depending on the scope, the employee representative has information or participation rights. The aim of this cooperation is to promote a dialogue within the company and thus contribute to a good working relationship between employer and employees. Well-informed employees identify more closely with the company, which in turn has a positive effect on motivation and productivity.

Development Forum

The Group-wide systematic approach and conception of the Development Forum allows the consolidated, targeted and standardised development and advancement of the skills of all employees. The Development Forum is thus a core element of quality management and improvement at J. Safra Sarasin. The line manager plays a central role in the implementation process and has the task of leading by example. A key requirement for success is their willingness and effort to foster potential and to recognise the strengths and weaknesses of the employees. Customised modules are set up to consolidate their strengths and improve their weaknesses. In addition, instruments such as the "Potential Check" guarantee the optimised design of the development measures. In the last three years since the implementation of the Development Forum, numerous employees have completed various training courses, and this engagement allowed them to gain many insights.

In the "Social and Cultural Skills" modules many different topics are presented: effective communication, different aspects of change management, cultural sensitivity, team dynamics and leadership modules. All line managers attend the implemented leadership modules, which stretch over several years and up to 10 modules. All workshops and modules are highly appreciated by the participants and the line managers. This good feedback is the result of the methodology. The Development Forum uses a different approach than most of the conventional training courses the participants have experienced in the past. Classroom training is minimised, yet the practical exercises and the parallels with competitive sport (leadership modules) are the focus of attention. The flexibility of the format is highly appreciated as well.

Systematic CRM Certification

The systematic CRM Certification (client relationship manager) was a milestone for the Development Forum, beginning in 2012 and completed in 2013 with a big certification celebration event. Client relationship managers from the divisions Private Banking, Institutional Clients and External Asset Managers went through the structured, two-stage training modules. The uniform benchmark aimed to implement a Group-wide advisory standard. Customised Professional Skills and Sales Assessments were developed together with line managers and selected CRM. As preparation for these assessments, practical sales training and different modules covering the products of the Bank and the financial markets were offered to the participating client relationship managers.

Specific development of young professionals

In both disciplines, banking and IT, 17 young people are being educated by the Bank. After successful completion of their apprenticeship, all young professionals are offered a job. In the last couple of years all apprentices have succeeded in completing their apprenticeship. After three to five years of working experience, former apprentices in the Private Banking division are offered the possibility to complete an internally developed and structured programme to become a Junior CRM. One main focus of the programme is the coaching and mentoring by their superior and the practical experience with the assigned CRM. Furthermore, they are supported in their individual development plan by external education programmes.

University graduates are equally interested in Bank J. Safra Sarasin's special Graduate Trainee Programme (GTP), which aims to give the graduates a comprehensive insight into our business. An individual development plan is offered to the graduates and guarantees them further employment in their desired job function after the programme is successfully completed after 24 months.

Hours of training by job title (per year)

Managing Director	557
Executive Director	3,816
Director	4,317
Vice President	3,214
Assistant Vice President	2,120
Authorized Officer	875
Staff	9,158

Healthy employees

J. Safra Sarasin views the promotion of health as a fixed element of its corporate culture. 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. At the Basel office, employees are also given a discount for membership of a local fitness studio.

With targeted activities, the Bank encourages employees to exercise more in everyday life. For example, Bank J. Safra Sarasin in Switzerland took part in the "bike to work" campaign launched by the PRO VELO SCHWEIZ for the eighth time. Bank J. Safra Sarasin's cycling fans were once again heavily involved: eleven teams from the locations in Basel, Geneva and Zurich cycled to their office on at least half the days they worked in the previous month. The J. Safra Sarasin teams covered a total of 8,202 kilometres. In doing so, they not only did something for their own health but also sent a message on sustainable mobility.

Sustainability week in Dubai
In November 2013 a sustainable week for all local staff took place at the office in Dubai. During this week, employee awareness of sustainability was raised by a wide range of activities:
Day 1 – Refresher on sustainability policies and launch of the 45-day weight-loss challenge
Day 2 – Importance of recycling and Share & Care drive, which included clothes donations and mobile phone recycling
Day 3 – Sustainable Transport Day
Day 4 – Handicrafts bazaar set up by Al Noor Centre for Children with Special Needs
Day 5 – Diabetes Awareness campaign with a stall set up in the Dubai International Financial Centre (DIFC) for free check-up, including blood sugar and BMI

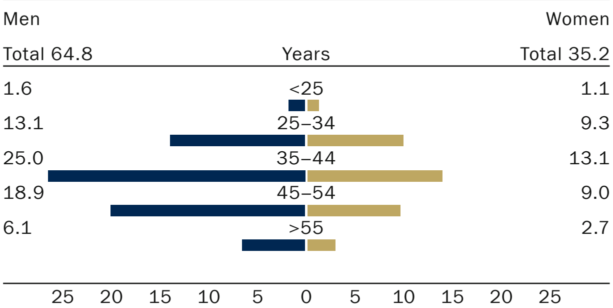
Communicating sustainability

The training module “Sustainability at J. Safra Sarasin” was implemented with the aim to impart basic knowledge on the topic of sustainability and to raise staff awareness. This module is part of the Development Forum 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. A series of “Sustainability Notes” was published regularly in 2013. The series looks at small and big ways that can contribute to a more sustainable world. The employee magazine includes a section on sustainability with various current background reports from within the Bank. A “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.

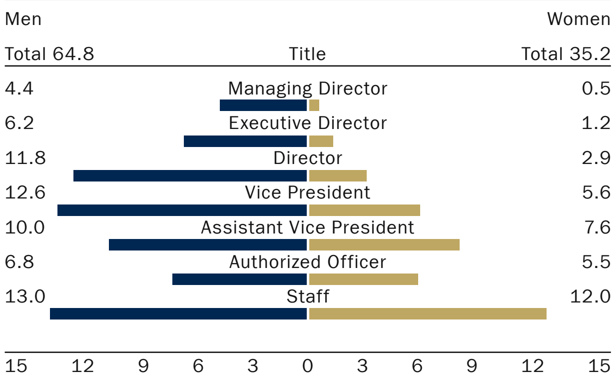
Number of employees as per 31.12.2013

Men	Women	Total
1,289	**701**	**1,990**

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

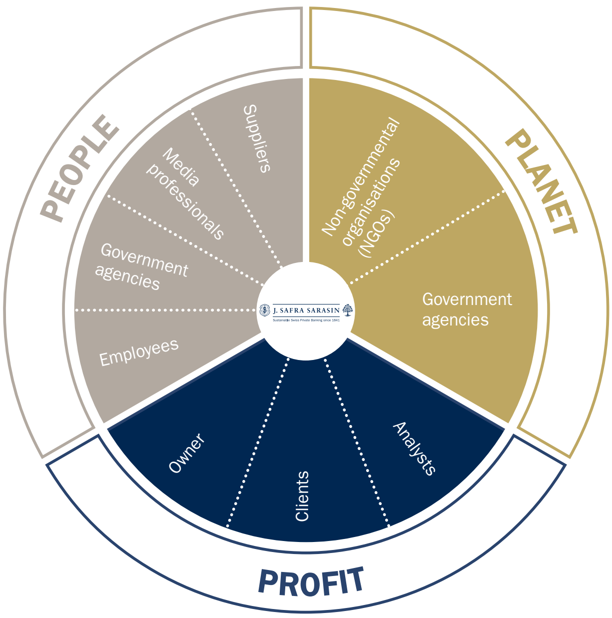


Headcount by job title (full-time equivalents in %)



J. Safra Sarasin for society

One of J. Safra Sarasin Group's and its employees' major concerns is to make an active contribution to sustained social development with different commitments. It is important for the Group 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 connected with the Group.



Sustainable events

Client events offer a host of opportunities to support sustainable development and send a clear message. J. Safra 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 waste disposal. For example, J. Safra Sarasin will, whenever 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 and regional products as well as suppliers with short delivery paths. The sustainability idea is usually also reflected in decoration.

Sustainable procurement

High ethical standards are a major factor for all decisions at the Group. The same standards also apply for its suppliers, whose conduct must comply with the values and principles of J. Safra Sarasin. 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

The Group suppliers agree to

- use environment management systems to minimise their impact on the environment;
- avoid child labour and forced labour;
- preserve the health of employees; and
- avoid abetting corruption.

All of the principles are based on 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. J. Safra Sarasin reserves the right to have inspections of its suppliers conducted by the Bank or by external parties.

Sustainability in donations and sponsoring

J. Safra Sarasin 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 J. Safra Sarasin Group, a set of guidelines was extended to the entire Group.

Classical music, art and philanthropy were the main strategic focal points of the Bank's sponsoring activities in 2013. These included, among others, the Camerata Bern, the Lucerne Festival, the concert series "Les Grands Interprètes" in Geneva and the "Meisterinterpreten" in Zurich, and the lunchtime concerts of the Lucerne Symphony Orchestra held at the Culture and Congress Centre (KKL) in Lucerne. As part of its cultural sponsorship of institutions promoting art, Bank J. Safra Sarasin continued its long-standing partnership with the Beyeler Foundation in Riehen near Basel in support of Classical Modernism. In the area of sport the Bank sponsored the Laureus Foundation Switzerland, the ATP 500 Swiss Indoors tennis tournament in Basel and the Sky Lounge at the FC Basel stadium.

In 2013 J. Safra Sarasin made donations in support of numerous charitable organisations from the social, environmental, cultural, educational and sporting areas. In doing so, a particular focus was placed on humanitarian projects. In Switzerland, for example, the proceeds of an employee initiative were donated to the foundation "Denk an mich", helping to support the project "playgrounds for all", a commitment of the foundation to realise play areas suitable for disabled children all over Switzerland. Likewise the charity golf tournament "We Help Cup" of the association "WE HELP" was supported in Germany, which works to help children in need. In Dubai, calendar images painted by the kids of the Al Noor Training Centre for Children with special needs were purchased. The contribution will be used by the centre to provide better facilities for the children.

Award for children

For the fifth time, the Bank supported the drawing competition for schoolchildren in June 2013 organised by the Swiss Association for Quality and Management Systems (SQS). The motto of this year's competition was "The value of water for human beings". The task for the submissions was "Draw a picture of the value of water for us humans!". Bank J. Safra Sarasin supported the competition by awarding three special prizes. The winning drawings reveal how creative children regard water – as a natural force, as a source of life, as a source of energy, but also as an endangered element. By supporting the competition, the Bank aims to promote understanding for art and to raise children's awareness of environmental matters.

Passing on knowledge about sustainability topics

J. Safra Sarasin Group compiles and shares knowledge about sustainability-related topics. Each year surveys concerning relevant topics and issues are published. The findings covered provide different stakeholders – such as analysts, media representatives, non-government organisations (NGOs) or an interested public audience – 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 2013, the Bank has released the following publications:

- Apple, Samsung & Co: interconnected with China
- Sustainable countries proved better at mastering the debt crisis
- Green tourism – opportunities for forward-looking companies
- Sustainability Spotlight: Seawater vital source of drinking water for millions
- Real estate investments: Everything in its right place?
- Brazil: Scoring with sustainability
- Electricity storage – the missing link in the energy revolution

At the same time, different authors made their expertise widely available in various specialist articles.

Together for more sustainability

The Bank also supports social concerns in the form of seats on company boards. The members of the Board of Directors and the Executive Committee hold a number of different mandates and official functions in these organisations. J. Safra Sarasin supports employees who work voluntarily on behalf of the company. Overall the employees worked many hours during their regular working time for charitable organisations in 2013.

For many years, J. Safra 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
- CDP Water Disclosure Initiative
- European Sustainable Investment Forum
- Forum for Sustainable Investment
- UN Principles for Responsible Investment
- The investor initiative of the Emerging Markets Disclosure Project
- Investor declaration of the UNEP FI on climate change
- Sustainable Solar Initiative

Organisations:

- Swiss Climate Foundation
- öbu – Network for sustainable business
- Business Energy Agency (EnAW)
- Global Footprint Network

Climate Foundation Switzerland: 5-year anniversary

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. Since five years the foundation promotes energy efficiency and climate protection projects, especially in small and medium-sized enterprises (SMEs) in Switzerland. The foundation awards the money – almost nine million Swiss francs to date – to SMEs developing products in the area of climate change and those that save energy in their own company. It also supports companies that enter into a voluntary agreement on objectives for energy savings with the Business Energy Agency (EnAW). So far 500 SMEs have benefited from the foundation. Together they will save with their projects about 300,000 tons of CO_2 over the next ten years. In 2012, Bank J. Safra Sarasin extended its partnership with the Swiss Climate Foundation for another eight years.

Swiss Climate Foundation

Together with other Swiss banks, Bank J. Safra 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 J. Safra 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 doing so, 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.

Sporting commitment: CENTRAL rat race

A delegation from J. Safra Sarasin in Hong Kong joined in when Hong Kong's business centre was transformed into a funfair of light-footed managers and creatively dressed teams to mark the annual CENTRAL Rat Race in mid-October 2013. MINDSET is a registered charitable organisation that supports mental health-related organisations and projects in Hong Kong and mainland China. In the race, teams of executives dressed in business attire or creative costumes and running shoes navigate eight different obstacles, passing a briefcase 'baton' between each other as they race their way to the finish line. Over 460 participants helped raise USD 387,000 for MINDSET.

Blindspot – J. Safra Sarasin employees support a unique integration concept for children

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. In September employees of Bank J. Safra Sarasin supported the project Blindspot Metro in Zurich. The aim of this event was to give children access to new sports and encourage integration and acceptance. In Zurich the children could choose between workshops in Hip Hop/Breakdance, light-contact boxing and skateboarding.

Managing resources efficiently

The Group's aim is to achieve commercial success with an acceptable ecological footprint. It therefore seeks to contain energy consumption and use resources carefully. J. Safra 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.

Climate protection

Total CO_2 emissions decreased by 12% in 2013 from the previous year to 2,109 kg CO_2-equivalent per employee. The largest sources of emissions are power consumption (50%) and long-haul flights (19%). Besides absolute consumption, the type of electricity generation plays a crucial role in greenhouse gas emissions. In most countries, power generation involves far higher CO_2 emissions than in Switzerland.

In 2013, business travel activity per employee decreased to 4,853 kilometres per employee. This reduction of 29% compared to last year is partly due to the disproportionate decrease of air travel. However, the Group 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.

Overall table of environmental KPIs according to VfU[27] and GRI G3.1*

Indicator	Unit	VfU 2010	GRI G3.1	2013**	2012	2011	2010	2009	Change 2013 vs. 2012 (%)
Electricity consumption	MJ/emp	1a)	EN4	20,226	20,467	20,007	19,629	21,262	−1.2
Fossil fuel energy consumption	MJ/emp	1b)	EN3	3,726	2,758	2,352	3,384	2,914	35.1
Other energy consumption (district heating)	MJ/emp	1c)	EN4	2,191	1,858	1,694	2,738	2,504	17.9
Business travel	MJ/emp	2)	EN1	4,853	6,789	7,775	6,797	4,965	−28.5
Paper	kg/emp	5)	EN16	95	114	167	179	215	−16.7
Direct and indirect energy consumption	MJ/emp	6)	EN4	63,369	60,268	55,547	54,272	55,352	5.1
Greenhouse gas emissions	kg CO_2-equivt./emp	7)	EN3	2,109	2,404	2,427	2,375	2,247	−12.3

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

* Water and waste data are omitted due to their minor environmental impact

** In 2013 the boundaries of the reporting system were extended to Luxembourg, Monaco and Panama; in the years 2009–2012, the figures refer only to the former Sarasin locations.

Taking early action to counter rising demand for electricity

To attain its goal of energy efficiency, J. Safra 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. At the Singapore office, 124 units of lighting tubes were removed around the office while maintaining the ideal lux level at all work places. Total power savings from this initiative have been estimated at 10,155 kWh per annum. To further save power at bank zweiplus, all halogen bulbs from the ceiling lights were replaced by LEDs and the room temperatures in server rooms or meeting rooms have been adapted. Energy-intensive appliances such as coffee machines are switched off overnight and on weekends.

Regular awareness-raising campaigns also call on employees to save electricity. This year, the Singapore and Hong Kong offices participated in the 2013 “Earth Hour”, a global WWF initiative where all the lights on the building, including the exterior signage, were switched off. As the Earth Hour falls on a Saturday night, they also conducted a “lights out” in the office during lunch time to reinforce the message and to remind staff to switch off lights and computers during the regular work week, and to support Earth Hour at home. In 2013, power consumption declined by 1.2% to 5,618 kWh per employee.

27) 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.

Energy 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 2013, this amounted to 19,600 kilowatt hours (kWh). Renewable sources account for 71% of the electricity consumed in the Group; at the Swiss sites, the figure is already 100%. 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.

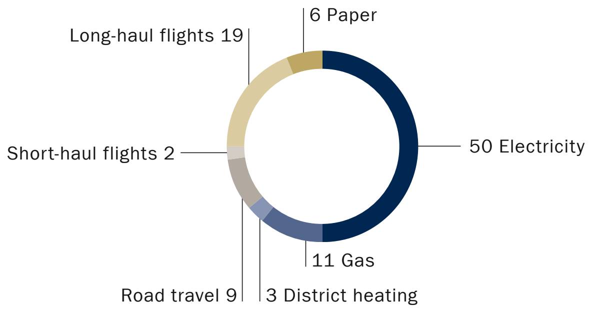
Heating in line with needs

Annual heating energy requirements depend heavily on temperatures during the heating period. In 2013, the winter was relatively severe and the heating days were correspondingly high. The effect of this was reflected in a 30% increase in heating consumption per employee compared to the previous year to 1,501 kWh. To minimise energy requirements at low temperatures, an automatic heating control system has been installed in the Basel head office.

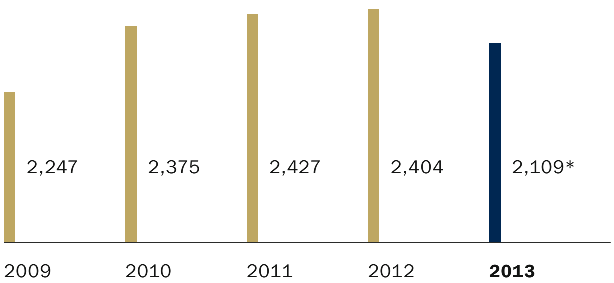
Increasing share of recycled paper

In 2013, the share was 63%. 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 are used instead of paper towels. Paper consumption per employee decreased from 114 kilograms to 95 kilograms.

Proportion of greenhouse gas emissions 2013 by source (in %)



Greenhouse gas emissions (kg CO_2 per FTE)



* In 2013 the boundaries of the reporting system were extended to Luxembourg, Monaco and Panama; in the years 2009–2012, the figures refer only to the former Sarasin locations.

Sustainability initiative in Germany

In order to further improve resource consumption in Germany, it was decided to integrate the employees in this process. Therefore, all colleagues in Germany were asked to collect ideas. The response rate from all German locations was high – 20% of the employees provided more than 50 ideas within two weeks. These ranged from presence detectors for ceiling lights to pick-up services for used toner cartridges, cost reductions in sourcing of materials, and the automatic switching-off of office lights. Nearly all ideas were realisable and will contribute to a sustainable improvement of our ecological footprint in Germany.

Office in Singapore awarded twice

The Singapore office is proud to be awarded the BCA Green Mark GoldPlus Award under the category BCA Green Mark for Office Interiors by the Building and Construction Authority of Singapore ("BCA") in May 2013. The BCA Green Mark Scheme was launched by the Building and Construction Authority of Singapore in January 2005 to promote environmental awareness in the construction and real estate sectors.

To maintain the building Asia Square – where the office of J. Safra Sarasin is located – as one of the most sustainable office buildings in Asia, the building management has set up a Green Committee in which all tenants are invited to participate. J. Safra Sarasin has been an active participant since its inception. The committee keeps tenants informed of sustainability-related activities in the building, as well as providing support and facilitating the sharing of sustainability ideas among tenants. As a token of appreciation for its involvement, the Asia Square building management has given the Green Committee workforce award 2013 to the employees of J. Safra Sarasin.

Sustainability indicators 2013: 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	J. Safra Sarasin Holding Ltd.
Client aspects	Corporate Marketing & Communications	2	J. Safra Sarasin Holding Ltd.
Corporate Governance	Legal & Compliance	3	J. Safra Sarasin Holding Ltd.
Human resource indicators	Corporate Center, Business Area Human Resources	3	J. Safra Sarasin Holding Ltd.
Charitable commitment	Corporate Marketing & Communications	2	J. Safra Sarasin Holding Ltd.
Legal aspects	Corporate Center, Business Area Legal & Compliance	3	J. Safra Sarasin Holding Ltd.
Electricity	Electricity meters, energy supplier bills	3/2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong, London, Luxembourg, Monaco, Panama locations, bank zweiplus
Heating energy	District heating meters, energy supplier bills	3/2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong, London, Luxembourg, Monaco, Panama locations, bank zweiplus
Paper and proportion of recycled paper	Goods procurement, printers' statements of account, own estimates	2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong, London, Luxembourg, Monaco, Panama locations, bank zweiplus
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, London, Luxembourg, Monaco, Panama locations, bank zweiplus
Greenhouse gas emissions	Calculated in accordance with VfU 2010	2	Basel, Zurich, Geneva, Frankfurt, Dubai, Singapore, Hong Kong, London, Luxembourg, Monaco, Panama locations, bank zweiplus

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 a reliable estimate. Data quality 1: The data is based on a rough estimate.

To the management of
J. Safra Sarasin Group, Basel

Assurance Statement

Our engagement

You engaged us to perform a limited review of the following quantitative key performance indicators (KPIs) disclosed in the sustainability report of J. Safra Sarasin Group (comprising J. Safra Sarasin Holding Ltd. and subsidiaries):

- KPIs on sustainable and responsible investments in the chapter "Corporate Governance" for the reporting period 1 January to 31 December 2013 on page 75 of the sustainability report
- The personnel KPIs in the chapter "Corporate culture" for the reporting period 1 January to 31 December 2013 (pages 82 to 86 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 2013 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 2013 (hereafter "criteria"):

- GRI Sustainability Reporting Guidelines (G3.1)

A summary of the guidelines is presented on the GRI website (online at https://www.globalreporting.org). We believe that these criteria are a suitable basis for our review.

Responsibility of J. Safra Sarasin Group management

The management of J. Safra Sarasin Group 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 J. Safra Sarasin Group.

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 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
- 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 review of documents on a sample basis relating to the collection and reporting of KPIs during walkthroughs at the site in Basel.

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.

Deloitte AG

Alexandre Buga	Erich Schaerli
Licensed Audit Expert	Licensed
Auditor in Charge	Audit Expert

Zurich, March 19, 2014

GRI Index

The GRI Index is based on the guidelines of the Global Reporting Initiative[28)] (GRI) and the associated sustainability reporting guidelines for banks[29)] (www.globalreporting.org).

GRI	Reporting element	Page/ref./ comment
GRI key indicators[30)]		
1	**Strategy and analysis**	
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3.7	Specific limitations on the scope or boundary of the report	74, 95
3.8	Comparability	74, 95
3.9	Data measurement techniques and bases of calculations	74, 95
3.10	Effect of any restatements of information provided in earlier sustainability reports	n. a.
3.11	Changes from previous reporting periods in the scope, boundary or measurement methods	74, 92–93
3.12	GRI Index	98–99
3.13	External assurance for the report	96–97
4	**Corporate governance, commitments and engagement**	
4.1	Governance structure of the organisation	29–33
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	84
4.5	Linkage between compensation for members of the highest governance body and their sustainability performance	n. a.
4.6	Avoidance of conflicts of interest	49–53

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	n. a.
4.8	Mission statements and strategies in the field of sustainability	74–75
4.9	Control mechanisms	76
4.10	Processes for evaluating the highest governance body's sustainability performance	n. a.
4.11	Application of the precautionary principle	85
4.12	Support for external sustainability initiatives	89–91
4.13	Active membership of associations and interest groups	89–90
4.14	List of stakeholder groups	87
4.15	Basis for identification and selection of stakeholders	87
4.16	Approaches to stakeholder engagement	87–89
4.17	Key topics and concerns raised through stakeholder engagement, and the organisation's response to them	77
	Environmental performance indicators	
Management approach		
EN1	Materials used by weight or volume	92
EN2	Percentage of recycled materials	93
EN3	Direct energy consumption	92
EN4	Indirect energy consumption	92
EN5	Energy saving due to measures	92–94
EN6	Product initiatives with respect to energy efficiency or renewable energies	81
EN7	Initiatives to reduce indirect energy consumption	92–94
EN8	Total water withdrawal by source	n. a.
EN11	Location and size of land owned adjacent to protected area	n. a.
EN12	Significant impact on biodiversity	n. a.
EN16	Total direct and indirect greenhouse gas emissions	91–93
EN17	Other relevant greenhouse gas emissions	n. a.
EN18	Initiatives to reduce greenhouse gas emissions	91
EN19	Emissions of ozone-depleting substances	n. a.
EN20	Air emissions (NOx, SOx)	n. a.
EN21	Water discharge	n. a.
EN22	Total weight of waste by type and disposal method	n. a.
EN23	Significant spills	92–93
EN26	Initiatives to mitigate environmental impacts of products and services	77–82
EN28	Fines and sanctions for non-compliance with environmental regulations	76

GRI	Reporting element	Page/ref./ comment
	Human rights	
Management approach		
HR1	Significant investment agreements and contracts that include clauses incorporating human rights concerns	77–78, 81, 87–88
HR2	Suppliers, contractors and human rights	87–88
HR4	Total number of incidents of discrimination and actions taken	83
HR6	Avoiding child labor	77–81, 87–88
HR7	Avoiding forced or compulsory labor	77–81, 87–88
	Labour practices and quality	
Management approach		
LA1	Total workforce by employment type, employment contract and region	86
LA2	Rate of employee turnover	82
LA4	Percentage of employees covered by collective bargaining agreements	n. a.
LA5	Minimum notice periods regarding operational changes	n. a.
LA7	Rates of injury, occupational diseases, lost days and absenteeism	n. a.
LA8	Health education, counselling and prevention	85
LA10	Training and professional development	84–85
LA12	Performance and career development	84–85
LA13	Diversity in the highest governance body, senior management and workforce	82
LA14	Ratio of basic salary of men to women	83
	Social performance indicators	
Management approach		
SO1	Impact of operations on society	87–90
SO2	Analysis of risks related to corruption	76
SO3	Training in anti-corruption policies and procedures	76
SO4	Actions taken in response to incidents of corruption	76
SO5	Public policy positions and participation in lobbying	89
SO8	Significant fines and sanctions for non-compliance with laws and regulations	76
	Product responsibility	
Management Approach		
PR3	Type of product and service information	79
PR5	Client satisfaction	n. a.
PR6	Adherence to advertising standards	79
PR9	Significant fines and sanctions for non-compliance with regulations concerning the provision of products and services	76
	Economic performance	
Management approach		
EC1	Preparation of financial statements	42–71
EC 2	Financial implications of climate change	n. a.

GRI	Reporting element	Page/ref./ comment
EC3	Extent of the organisation's benefit plans	49
EC4	Financial assistance received from government	J. Safra Sarasin received no such assistance
EC6	Use of local suppliers	87
EC7	Local hiring of personnel	n. a.
EC 8	Investments for public benefit	79, 88
	Supplementary indicators for financial services[21]	
Management approach		
FS1	Policies with specific environmental and social components applied to business lines	77–78
FS2	Procedures for assessing and screening environmental and social risks in business lines	78
FS4	Processes for improving staff competency in relation to the sustainability risks of products and services	84, 86
FS5	Interactions with invested companies regarding sustainability risks and opportunities	82
FS7	Products with significant social benefit	79–81
FS8	Products with significant environmental benefit	79–81
FS9	Auditing of processes to assess sustainability risks	96–97
FS10	Investor engagement	82
FS11	Percentage of assets subject to positive or negative sustainability screening	75
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	79
FS16	Initiatives to enhance financial literacy	84, 89

Comment

In the opinion of Bank J. Safra Sarasin Ltd, the following key GRI and industry-specific supplementary indicators are not relevant or important due to the nature of the J. Safra 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

28) Global Reporting Initiative: Guideline for sustainability reporting, version 3.1 (2011)

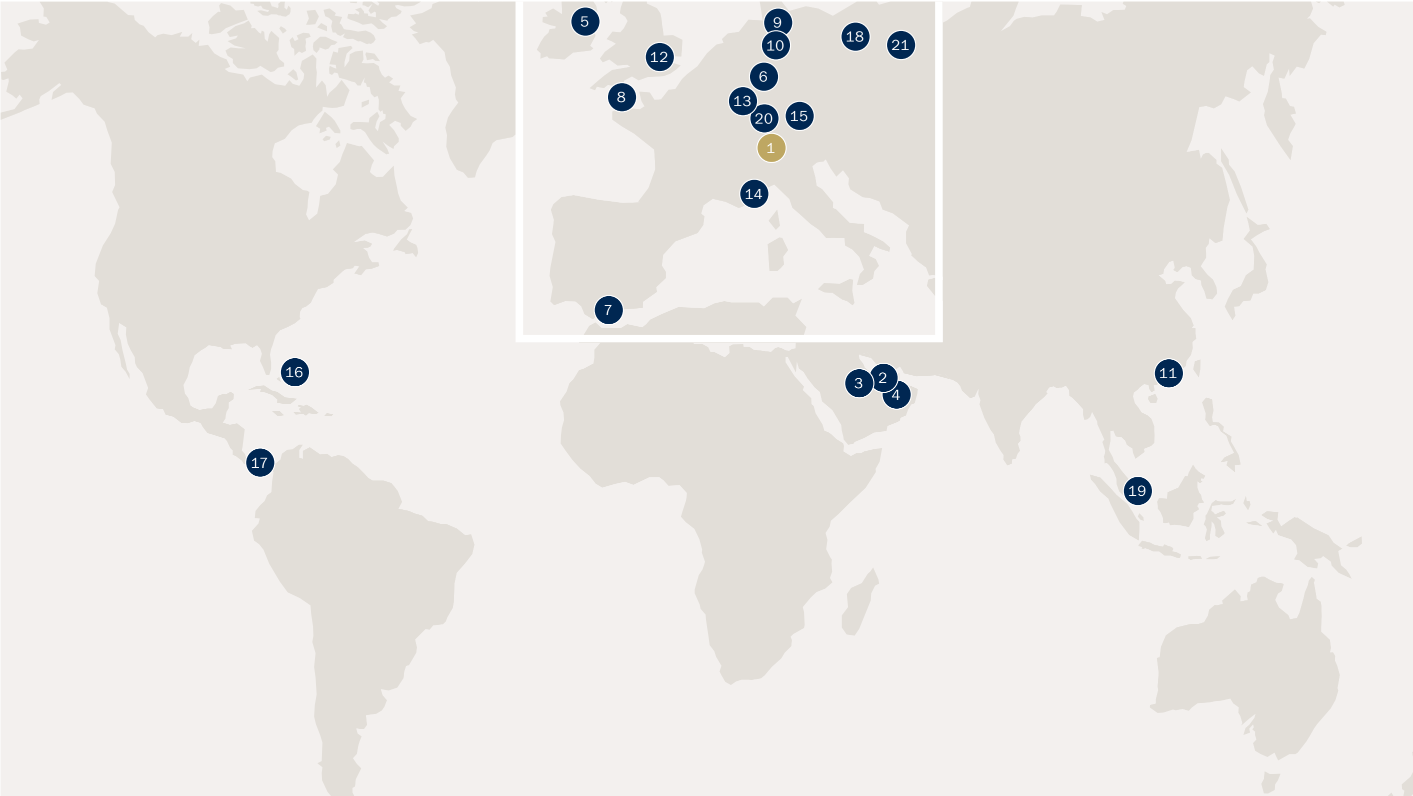
29) Global Reporting Initiative: Sustainability Reporting Guidelines & Financial Services Sector Supplement, version 3.0 (2008)

30) Cf. GRI Sustainability Reporting Guidelines – Reference Sheet

Address List

China | Hong Kong | Tsing Ma Bridge

Address List



Switzerland (1)

Basel
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.jsafrasarasin.ch

Geneva
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.jsafrasarasin.ch

Lucerne
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.jsafrasarasin.ch

Zurich
Bank J. Safra Sarasin AG
Bleicherweg 1/Paradeplatz
Postfach 2123
8022 Zürich
Schweiz
T: +41 (0)58 317 51 51
F: +41 (0)58 317 51 00
www.jsafrasarasin.ch

Berne
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.jsafrasarasin.ch

Geneva
Banque J. Safra Sarasin SA
3, Quai de l'Ile
Case postale 5809
1211 Genève 11
Suisse
T: +41 (0)58 317 55 55
F: +41 (0)58 317 55 00
www.jsafrasarasin.ch

Lugano
Banca J. Safra Sarasin SA
Via Marconi 2
Casella postale 5846
6901 Lugano
Svizzera
T: +41 (0)58 317 58 58
F: +41 (0)58 317 58 00
www.jsafrasarasin.ch

Zurich
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.jsafrasarasin.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

Doha (3)
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 (4)
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

Dubai (4)
J. Safra Sarasin Asset Management Middle East Ltd
Al Fattan Currency House #1201
P. O. Box 506774
DIFC
Dubai
United Arab Emirates
T: +971 (0)4 381 26 26
F. +971 (0)4 381 26 00
www.jsafrasarasin.ae

Dublin (5)
Sarasin & Partners LLP
120 St Stephen's Green
Dublin 2
Ireland
T: +353 (01) 424 4004
F: +353 (01) 425 1100
www.sarasin.ie

Frankfurt (6)
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.jsafrasarasin.de

Gibraltar (7)
Bank J. Safra Sarasin (Gibraltar) Ltd
Suite 971, Europort
P. O. Box 542
Gibraltar
T: +350 2000 2500
F: +350 2000 2501
www.jsafrasarasin.com.gi

Guernsey (8)
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)1481 72 51 47
F: +44 (0)1481 72 51 57
www.jsafrasarasin.gg

Hamburg (9)
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.jsafrasarasin.de

Hanover (10)
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.jsafrasarasin.de

Hong Kong (11)
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.jsafrasarasin.hk

London (12)
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.jsafrasarasin.com.gi

London (12)
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 (13)
Banque J. Safra Sarasin (Luxembourg) SA
10A, Boulevard Joseph II
L-1840 Luxembourg
T: +352 45 47 81 1
F: +352 45 47 86
www.jsafrasarasin.lu

Monaco (14)
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.jsafrasarasin.mc

Munich (15)
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.jsafrasarasin.de

Nassau (16)
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.jsafrasarasin.bs

Panama (17)
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.jsafrasarasin.com.pa

Poznan (18)
Bank J. Safra Sarasin Ltd S. A.
Przedstawicielstwo w Polsce
ul. Śląska 4
60–614 Poznań
Polska
T: +48 (0)22 596 52 72
F: +48 (0)22 596 52 80
www.jsafrasarasin.pl

Singapore (19)
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.jsafrasarasin.sg

Stuttgart (20)
Bank J. Safra Sarasin (Deutschland) AG
Panoramastrasse 17
70174 Stuttgart
Deutschland
T: +49 (0)711 20303 151
F: +49 (0)711 20303 429
www.jsafrasarasin.de

Warsaw (21)
Bank J. Safra Sarasin Ltd S. A.
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.jsafrasarasin.pl

Impressum

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