Annual Report 2014

Bank J. Safra Sarasin Ltd

J. SAFRA SARASIN

Sustainable Swiss Private Banking since 1841

Consolidated Financial Statements

Consolidated balance sheet

Assets	31.12.2014 CHF 000	31.12.2013 CHF 000
Cash	7,328,736	5,871,214
Money market paper	682,598	735,986
Due from banks	2,979,882	3,359,787
Due from customers	7,343,179	5,324,026
Mortgages	1,668,429	1,927,794
Securities and precious metals trading portfolios	903,942	676,954
Financial investments	3,057,792	4,199,136
Non-consolidated participating interests	3,230	3,229
Fixed assets	237,420	256,709
Intangible assets	1,402	1,931
Accrued income and prepaid expenses	199,096	199,836
Other assets	648,896	227,894
Total assets	**25,054,602**	**22,784,496**
Total subordinated claims	5,357	2,908
Total due from significant shareholders	294	0

Liabilities		
Due to banks	4,170,163	4,094,890
Amounts due to customers in savings or deposit accounts	1,435,362	1,587,756
Other amounts due to customers	15,316,503	13,644,292
Bond issues and central mortgage institution loans	699,350	516,548
Accrued expenses and deferred income	250,872	241,436
Other liabilities	1,185,602	799,758
Value adjustments and provisions	105,938	108,349
Reserves for general banking risks	36,000	36,000
Share capital	22,015	22,015
Capital reserves	929,873	929,873
Profit reserves	760,483	808,106
Shares of minority shareholders in equity	36,755	35,500
Group profit/(loss) for the year	105,686	–40,027
of which minority interests in profit	11,558	11,690
Total liabilities	**25,054,602**	**22,784,496**
Total subordinated liabilities	3,600	3,100
Total due to significant shareholders	0	1,398

Consolidated off-balance sheet

CHF 000	**31.12.2014**	31.12.2013
Contingent liabilities	605,902	252,194
Irrevocable commitments	81,931	45,546
Liabilities for calls on shares and other equities	1,421	1,423
Commitment credits	0	0
Derivative financial instruments:		
– Contract volumes	41,365,556	28,260,411
– Positive replacement values	625,618	207,356
– Negative replacement values	1,149,385	755,297
Fiduciary transactions	870,534	689,555

Consolidated income statement

CHF 000	**2014**	2013
Interest and discount income	166,827	216,348
Interest and dividend income from trading portfolios	0	0
Interest and dividend income from financial investments	106,689	72,893
Interest expense	−66,743	−117,073
Result from interest operations	206,773	172,168
Commission income on lending activities	7,882	1,890
Commission income on securities and investment transactions	474,047	469,830
Commission income on other services	35,626	33,684
Commission expenses	−62,474	−58,437
Result from commission and service fee activities	455,081	446,967
Result from trading activities	95,223	78,705
Result from the disposal of financial investments	427	6,794
Income from participating interests	1,907	4,954
Result from real estate	398	581
Other ordinary income	5,366	9,538
Other ordinary expenses	−30,103	−1,006
Result from ordinary activities	−22,005	20,862
Operating income	**735,072**	**718,702**
Personnel expenses	−420,492	−421,503
General and administrative expenses	−125,526	−169,985
Operating expenses	**−546,018**	**−591,488**
Gross profit	**189,054**	**127,214**
Depreciation and amortisation of fixed assets	−28,478	−33,523
Value adjustments, provisions and losses	−44,859	−157,370
Result before extraordinary items and taxes	**115,717**	**−63,679**
Extraordinary income	3,748	9,193
Extraordinary expenses	−35	−15
Taxation	−13,744	14,474
Group profit/(loss) for the year	**105,686**	**−40,027**
of which share of minority interests in profit	11,558	11,690

Consolidated cash flow statement

	31.12.2014		31.12.2013	
CHF 000	Source of funds	Use of funds	Source of funds	Use of funds
Group profit / (loss) for the year	105,686	0	0	−40,027
Depreciation and amortisation of fixed assets	28,478	0	33,523	0
Value adjustments and provisions	30,661	0	159,291	0
Accrued income and prepaid expenses	4,743	0	0	−53,645
Accrued expenses and deferred income	5,057	0	0	−14,788
Dividends paid	0	0	0	−12,064
Reserve for general banking risks	0	0	0	0
Cash flow from operating activities	**174,625**		**72,290**	
Participating interests	0	0	2,366,234	0
Fixed assets	0	−7,917	0	−8,960
Intangible assets	0	0	0	0
Cash flow from investment activities		**−7,917**	**2,357,274**	
Share capital	0	0	0	0
Capital reserves	0	0	0	0
Profit reserves	0	0	0	0
Minority interests in equity	0	−11,890	0	0
Cash flow from equity transactions		**−11,890**		
Due to banks	41,377	0	1,068,936	0
Due to customers	1,195,133	0	27,441	0
Due from banks	0	−412,806	0	−1,117,168
Due from customers	0	−1,755,118	1,744,275	0
Mortgages	253,203	0	458,997	0
Financial investments	897,306	0	0	−815,790
Money market paper	472,508	0	0	−408,746
Bond issues and central mortgage institution loans	182,802	0	72,448	0
Securities and precious metals trading portfolios	0	−218,418	0	−129,866
Other assets	0	−556,897	38,244	0
Other liabilities	376,363	0	118,652	0
Cash flow from financial activities	**475,453**		**1,057,423**	
Balance	630,271	0	3,486,987	0
Conversion differences	12,600	0	7,129	0
Net increase/decrease in cash and cash equivalents	**642,871**		**3,494,116**	
Liquidity at beginning of the year	7,728,884		4,234,768	
Liquidity at the end of the year	8,371,755		7,728,884	
Net increase/decrease in cash and cash equivalents	**642,871**		**3,494,116**	

Cash comprises:	**31.12.2014**	**31.12.2013**
– Cash	7,328,736	5,871,214
– Due from banks at sight	1,043,019	1,857,670
Total cash	**8,371,755**	**7,728,884**

Consolidated notes

Comments on business activities and number of employees

The Bank J. Safra Sarasin Ltd. (the "Group") is a global banking group specialising in private banking services and asset management. As an international group committed to sustainability and well established in Europe, Asia, the Middle East and Latin America, the Group is a global symbol of private banking tradition, emphasising security and well-managed conservative growth for clients. Bank J. Safra Sarasin Ltd. is headquartered in Basel.

Employees – The total number of employees at the end of the year is 1,746 (2013 – 1,760) employees).

Outsourcing of business areas within the banking sector

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. Changes to the method of presentation were made to improve the level of information provided. These changes do not have a material effect. Comparative information has been restated accordingly. The statutory financial statements of Bank J. Safra Sarasin Ltd. are not deemed representative of the banking activities of the Group and are therefore not published.

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

Statutory individual financial statements for the parent company Bank J. Safra Sarasin Ltd are published separately and available upon request.

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 Bank J. Safra Sarasin Ltd., Basel, as well as those of its subsidiaries and branches listed on page 18. Newly acquired subsidiaries are consolidated as from the time control is transferred and deconsolidated once control is relinquished.

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.

Cash, money market papers, due 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 held 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 held until maturity date, shares and similar securities and rights are stated at the lower of cost or market value. An impairment test is performed on a regular basis to determine any potential depreciation in the credit quality of the issuer.

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:

	2014	2013
Fixed assets		
Bank premises & other buildings	50 years	50 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 realisable 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, 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. Value adjustments for due from banks, due from customers and mortgages are deducted from the corresponding asset in the balance sheet.

Reserves for general banking risks

Reserves for general banking risks can be accounted for at consolidated level only or at individual accounts level.

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	31.12.2014	31.12.2013
USD/CHF	0.993	0.890
EUR/CHF	1.202	1.226

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 Group 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 (listed below) 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 setup 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

Credit or counterparty risk is the risk of a client or a counterparty being either unable, or only partially able, to meet an obligation owed to the Group or to an individual Group company. These eventual counterparty failures may result in financial losses to the Group.

Lending business with clients

The lending activities are mainly limited to loans to private clients that are secured against securities or mortgages. The lending criteria are very strictly formulated and their appropriateness is continuously reviewed. Lending business with clients follows a strict separation of front and support functions, where the assessment, approval and monitoring of this business is performed by the latter.

Credit is granted under a system of delegation of authority, based on the size and risk class of the loan, where the Central Credit Committee examines applications and authorises operations in line with the delegated authority and the policy defined.

Client loans and mortgages are classified in an internal rating system by risk classes, whereas the applied lending value, the average daily turnover and dynamic weightings are taken into considerations for the classification.

When a loan is granted, the loan-to-value ratio is established on the basis of the current value of the collateral. The Group applies loan-to-value criteria that are in line with common practice in the Swiss banking industry.

A system of alerts and internal controls is used to monitor individual situations in which credit risk has increased. The risk profile of the Group's loan portfolio distributed by type of exposure, risk classes and collateral type is reviewed on a quarterly basis and reported to management.

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. The need for provisions is determined individually for each impaired loan based on an analysis performed according to a procedure clearly defined.

Lending business with banks, governments and companies

The transaction entered into with banks, governments and companies (non-client credit activities) may serve the Group's needs to manage its foreign exchange, liquidity or interest rate risk and hedge client transactions.

An internal framework regulates the granting of credit limits to non-clients. This framework is based on the Group's general risk appetite, mainly measured in freely disposable capital, and the credit quality of the respective counterparty. The Central Credit Committee approves and reviews the limits granted to non-client counterparties.

The limit requests and the credit analysis of the respective counterparties are performed by credit analysts. The limits are reviewed regularly, but at least once a year or ad-hoc if required by specific credit events. The Group's Risk Office is in charge of monitoring and reporting all exposures on a daily basis.

As a general rule, the emphasis when conducting business on the interbank market is on the quality of the counterparty, but also with a strong focus on risk reduction measures wherever possible. Over the counter transactions with third party banks are mainly executed under netting and collateralisation agreements and lending is provided against collateral (repo transaction) whenever appropriate.

The country risk is monitored based on a framework and limits approved by the Board of Directors.

Large exposure and concentration risks

Large exposure risks are monitored for each 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. Large exposure risks are calculated on a risk-weighted basis taking into consideration available collateral provided. 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 realisable collateral and therefore do not represent large exposure risks from a regulatory point of view, the Group's 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. The Group has addressed these requirements to ensure effective management of its reputational risk and has set aside adequate provisions in this respect, including in relation with the U.S. program for Swiss banks announced in August 2013.

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	Secured by other collateral	Without collateral	Total
Loans and advances				
Due from customers	107,631	7,162,046	73,502	7,343,179
Mortgages loans				
Residential property	1,1,39,986	0	0	1,139,986
Office and business premises	161,439	0	0	161,439
Trade and industry	269,744	0	0	296,774
Others	70,230	0	0	70,230
Current year	**1,776,060**	**7,162,046**	**73,502**	**9,011,608**
Previous year	2,059,677	5,128,543	63,600	7,251,820
Off-balance sheet transactions				
Contingent liabilities	0	597,864	8,038	605,902
Irrevocable commitments	1,503	42,448	37,980	81,931
Liabilities for calls on shares and other equities	0	0	1,421	1,421
Current year	**1,503**	**640,312**	**47,439**	**689,254**
Previous year	7	130,510	168,647	299,164

Impaired loans

CHF 000	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
Current year	**360,354**	**157,974**	**202,380**	**202,380**
Previous year	292,969	124,257	168,712	168,712

Securities and precious metals trading portfolios

CHF 000	**31.12.2014**	31.12.2013
Debt securities		
Exchange listed	17,058	9,678
Unlisted	0	0
Equity securities	601,575	499,176
Precious metals	285,309	168,100
Total securities and precious metals trading portfolios	**903,942**	**676,954**
of which securities eligible for repo transactions in accordance with liquidity regulations	3,151	1,185

Financial investments

	31.12.2014		31.12.2013	
CHF 000	**Book value**	**Fair value**	Book value	Fair value
Debt securities				
of which intended to be held until maturity	3,025,280	3,026,009	4,167,615	4,180,655
of which recognised in accordance with the lower of cost or market principle	21,048	21,163	20,084	20,549
Equity securities	11,464	17,342	11,437	11,477
Precious metals	0	0	0	0
Total financial investments	**3,057,792**	**3,064,514**	**4,199,136**	**4,212,681**
of which securities eligible for repo transactions in accordance with liquidity regulations	455,332		1,529,626	

Significant participating interests

	Place of Incorporation	Activity	Currency	Nominal '000s	% of equity
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%
J. Safra Sarasin Gestion (Monaco) SA	Monaco	Advisory	EUR	160	100.00%
Bank J. Safra Sarasin Asset Management (Middle East) Ltd	Dubai	Asset Management	USD	22,000	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%
Arcavio Ltd.	Basel	Family Office	CHF	500	100.00%
J. Safra Sarasin Trust Company (Singapore) Ltd.	Singapore	Trust Company	USD	1,000	100.00%
Sarabet Ltd	Basel	Holding	CHF	3,250	100.00%
Bank Sarasin-Alpen (Qatar) LLC, in liquidation	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, in liquidation	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	Fund Management	GBP	250	60.00%
Sarasin Funds Management (Ireland) Ltd	Dublin	Fund Management	GBP	500	60.00%
J. Safra Sarasin Investmentfonds Ltd (formerly Sarasin Investmentfonds Ltd)	Basel	Fund Management	CHF	4,000	100.00%
J. Safra Sarasin Fund Management (Luxembourg) S.A.	Luxembourg	Fund 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%
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.

Participations removed from the scope of consolidation

Antillia Services AG (due to merger into bank zweiplus ltd)
Sarasin-Alpen Bahrain B.S.C. (liquidated)
Bank Sarasin (CI) Ltd. (liquidated)

Non consolidated investments in subsidiary companies

	Place of Incorporation	Activity	Currency	Nominal '000s	% of equity
Zakito Investments Ltd. (liquidated)	BVI	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%

Fixed assets, intangible assets and participating interests

CHF 000	Acquisition costs	Accumulated depre-ciation	Balance as at 31.12.2013	Reclassi-fications	Additions	Disposals	Depreciation and value adjustments	**Balance as at 31.12.2014**
Non consolidated participations	**3,494**	**-265**	**3,229**	**0**	**1**	**0**	**0**	**3,230**
Fixed assets								
Real estate: bank buildings	217,342	−61,914	155,428	1,281	0	0	−3,773	152,936
Real estate: other real estate	4,985	−1,497	3,488	0	0	0	−83	3,405
Fixtures and leasehold improvements	212,171	−132,722	79,449	−964	10,075	−2,434	−14,443	71,683
Other fixed assets	98,458	−80,114	18,344	−317	1,147	−128	−9,650	9,396
Total fixed assets	**532,956**	**−276,247**	**256,709**	**0**	**11,222**	**−2,562**	**−27,949**	**237,420**
Intangible assets								
Goodwill	209,070	−209,070	0	0	0	0	0	0
Other intangible assets	9,153	−7,222	1,931	0	0	0	−529	1,402
Total intangible assets	**218,223**	**−216,292**	**1,931**	**0**	**0**	**0**	**−529**	**1,402**
Fire insurance value of real estate			184,045					276,823
Fire insurance value of other fixed assets			60,000					75,000
Commitments: future leasing instalmentsarising from operating leases			28,488					22,071

Other assets/Other liabilities

CHF 000	**31.12.2014**	31.12.2013
Other assets		
Positive replacement value of derivative instruments	625,618	207,356
Compensation account	12,583	6,371
Others	10,695	14,167
Total	**648,896**	**227,894**
Other liabilities		
Negative replacement value of derivative instruments	1,149,385	755,297
Compensation account	0	0
Others	36,217	44,461
Total	**1,185,602**	**799,758**

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

	31.12.2014		31.12.2013	
CHF 000	**Book value**	**Effective commitment**	Book value	Effective commitment
Financial instruments	421,070	341,078	246,476	166,419
Other assets	176,890	162,519	229,092	167,538
Total pledged assets	**597,960**	**503,597**	**475,568**	**333,957**

The assets are pledged for commitments from securities borrowing, for lombard limits at central banks and for stock exchange security.

Lending transactions and securities repurchase agreements

CHF 000	**2014**	2013
Receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase agreements	40,000	60,000
Obligations from cash collateral received in connection with securities lending and repurchase agreements	155,000	0
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	419,864	176,631
with unrestricted right to resell or pledge	419,864	176,631
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	330,840	150,368
including repledged or resold securities	10,330	4,600

Pension institutions

The pension plans of Swiss entities are defined contribution plans.

Reserve for employer's future contributions as well as any economic advantage are not recorded as assets in the balance sheet.

CHF 000	**Nominal value 31.12.2014**	**Renunciation of use 31.12.2014**	**Creation 2014**	**Balance sheet 31.12.2014**	Balance sheet 31.12.2013	**Result from ECR in personnel expenses 2014**	Result from ECR in personnel expenses 2013
Employer's contribution reserves (ECR)							
Patronage funds	**0**	**0**	**0**	**0**	0	**0**	0

CHF 000	**Surplus/ deficit 31.12.2014**	**Economical part of the organisation 31.12.2014**	Economical part of the organisation 31.12.2013	**Change in the prior year period or recognised in the current result of the period**	**Contributions concerning the business period**	**Pension benefit expenses within personnel expenses 2014**	Pension benefit expenses within personnel expenses 2013
Economical benefit/economic obligation and pension benefit expenses							
Pension institutions without surplus/deficit	0	0	0	0	24,247	24,247	27,904
Liabilities abroad	0	0	0	0	5,543	5,543	5,938
Total	**0**	**0**	0	**0**	**29,790**	**29,790**	33,842

Bonds outstanding

	Year of issuance	Weighted average interest rate	Maturity date	Amount outstanding CHF 000	Type of debenture
Bank J. Safra Sarasin Ltd	2014	1.00%	28.5.2020	170,655	non-subordinated
Bank J. Safra Sarasin Ltd	2010	2.00%	15.10.2015	347,940	non-subordinated
Bank J. Safra Sarasin Ltd	2011	0.94%	2015–2024	181,600	mortgage backed-bonds non-subordinated

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**
Bank J. Safra Sarasin Ltd	358,440	24,900	52,800	17,000	45,400	201,655	700,195

Value adjustments and provisions

CHF 000	Balance as at 31.12.2013	Use in conformity with designated purpose	Redesignation of purpose (reclassification)	Recoveries, overdue interest, forex differences	New provisions charged to income	Release to income	**Balance as at 31.12.2014**
Deferred tax provision	0	0	−202	1	691	0	490
Default risks (credit and country risks)	168,712	−376	0	23,734	10,963	−653	202,380
Value adjustments and provisions for other business risks	92,820	−2,401	−720	44	750	0	90,493
Restructuring provisions	5,379	−1,406	210	51	11	0	4,245
Other provisions	10,150	0	510	0	50	0	10,710
Total value adjustments and provisions	**277,061**	**−4,183**	**−202**	**23,830**	**12,465**	**−653**	**308,318**
Less: value adjustments directly netted with assets	168,712						−202,380
Total value adjustments and provisions	**108,349**						**105,938**
Reserves for general banking risks	**36,000**	**0**	**0**	**0**	**0**	**0**	**36,000**

Value adjustments and provisions include risk provisions in connection with reputation risks as described in the risk management section on page 11.

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

	31.12.2014			31.12.2013		
	Number of shares	**Nominal CHF**	**Dividend bearing capital (CHF 000)**	Number of shares	Nominal CHF	Dividend bearing capital
Share capital, class A registered shares (with voting rights)	**56,571,428**	**0.07**	**3,960**	**56,571,428**	**0.07**	**3,960**
Share capital, class B registered shares	51,585,097	0.35	18,055	51,585,097	0.35	18,055
Share capital			**22,015**			**22,015**

J. Safra Sarasin Holding Ltd. Basel, holds the entire share capital and the voting rights of Bank J. Safra Sarasin Ltd as of 31.12.2014.
The ultimate shareholder of J. Safra Sarasin Holding Ltd is Mr. Joseph Y. Safra.

Statement of changes in shareholders' equity

CHF 000	
Shareholders' equity	
Reserves for general banking risks	36,000
Share capital	22,015
Capital reserves	929,873
Profit reserves	756,389
Minority interests in equity	47,190
Total shareholders' equity at 1.1.2014	**1,791,467**
of which conversion differences	−127,444
+ Capital increase	0
+ Capital reserves	0
+/− Reallocation of conversion differences into profit reserves due to change of corporate form	−37,487
+/− Reserves for general banking risks	0
+/− Conversion differences	41,581
− Dividends minorities	−11,890
+ Minority interests in equity	1,455
+ Group profit/(loss) for the year	105,686
Shareholders' equity at 31.12.2014	**1,890,812**
Reserves for general banking risks	36,000
Share capital	22,015
Capital reserves	929,873
Profit reserves	760,483
Minority interests in equity	36,755
Group profit/(loss) for the year	105,686
Shareholders' equity at 31.12.2014	**1,890,812**
of which conversion differences	−85,863

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		7,328,736	0	0	0	0	0	7,328,736
Money market paper		1,779	0	618,767	56,921	5,131	0	682,598
Due from banks		1,043,019	0	1,377,737	559,126	0	0	2,979,882
Due from customers		0	731,614	5,648,649	634,908	379,923	−51,915	7,343,179
Mortgages		0	6,823	587,468	115,073	632,174	326,891	1,668,429
Securities and precious metals trading portfolios		903,942	0	0	0	0	0	903,942
Financial investments		11,954	0	304,805	349,175	1,778,932	612,926	3,057,792
Total current assets	**Current year**	**9,289,430**	**738,437**	**8,537,426**	**1,715,203**	**2,796,160**	**887,902**	**23,964,558**
Total current assets	Previous year	8,406,061	806,812	6,409,416	1,591,845	3,325,814	1,554,949	22,094,897
Third-party capital								
Due to banks		354,413	4,000	3,067,456	237,903	379,728	126,663	4,170,163
Amounts due to customers in savings or deposit accounts		1,435,362	0	0	0	0	0	1,435,362
Other amounts due to customers		11,819,823	306,885	2,400,480	661,900	123,815	3,600	15,316,503
Bond issues and central mortgage institution loans		0	0	6,010	351,804	143,716	197,820	699,350
Third-party capital	**Current year**	**13,609,598**	**310,885**	**5,473,946**	**1,251,607**	**647,259**	**328,083**	**21,621,378**
Total third-party capital	Previous year	11,390,585	517,426	5,931,386	1,127,634	708,229	168,226	19,843,486

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

CHF 000	**31.12.2014**	31.12.2013
Loans to members of the Group’s governing bodies	**7,373**	6,941
Amounts due from related companies	**19,470**	9,205
Amounts due to related companies	**440,636**	178,644

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 related companies are mainly money market transactions and current accounts concluded at arm’s length.

Assets and liabilities by domestic and foreign origin

	31.12.2014		31.12.2013	
CHF 000	**Swiss**	**Foreign**	Swiss	Foreign
Assets				
Cash	7,276,591	52,145	5,836,276	34,938
Money market paper	1,726	680,872	1,645	734,341
Due from banks	499,301	2,480,581	643,885	2,715,902
Due from customers	764,711	6,578,468	1,001,460	4,322,566
Mortgages	1,080,289	588,140	1,578,647	349,147
Securities and precious metals trading portfolios	446,855	457,087	280,548	396,406
Financial investments	124,031	2,933,761	120,954	4,078,182
Non-consolidated participations	3,156	74	3,155	74
Fixed assets	229,824	7,596	251,471	5,238
Intangible assets	1,402	0	1,931	0
Accrued income and prepaid expenses	78,803	120,293	110,649	89,187
Other assets	215,751	433,145	46,145	181,749
Total assets	**10,722,440**	**14,332,162**	**9,876,766**	**12,907,730**
Liabilities and equity				
Due to banks	482,965	3,687,198	488,149	3,606,741
Amounts due to customers in savings or deposit accounts	1,362,582	72,780	1,506,147	81,609
Other amounts due to customers	4,513,809	10,802,694	4,806,835	8,837,457
Bond issues and central mortgage institution loans	699,350	0	516,548	0
Accrued expenses and deferred income	168,158	82,714	149,887	91,549
Other liabilities	753,020	432,582	593,801	205,957
Value adjustments and provisions	105,648	290	106,265	2,084
Reserves for general banking risks	36,000	0	36,000	0
Share capital	22,015	0	18,815	3,200
Capital reserve	828,934	100,938	828,930	100,943
Profit reserve	448,349	312,135	463,767	344,339
Shares of minority shareholders in equity	17,689	19,065	7,700	27,800
Group profit/(loss) for the year	4,414	101,271	−101,075	61,048
Total liabilities	**9,442,933**	**15,611,669**	**9,421,769**	**13,362,727**

Assets by countries/country groups

	31.12.2014		31.12.2013	
CHF 000	**Total**	**Part as a %**	Total	Part as a %
Europe	5,434,234	21.7%	4,818,806	21.1%
Americas	3,334,071	13.3%	5,419,846	23.8%
Asia	5,142,096	20.5%	2,397,471	10.5%
Others	421,762	1.7%	271,607	1.2%
Total foreign assets	**14,332,163**	**57.2%**	**12,907,730**	**56.7%**
Switzerland	10,722,440	42.8%	9,876,766	43.3%
Total assets	**25,054,602**	**100.0%**	**22,784,496**	**100.0%**

Balance sheet by currencies

CHF 000	CHF	EUR	USD	Others	Total
Assets					
Cash	7,272,939	10,308	276	45,213	7,328,736
Money market paper	16,332	12,296	41,888	612,082	682,598
Due from banks	590,430	182,510	833,065	1,373,877	2,979,882
Due from customers	871,336	889,824	3,929,835	1,652,184	7,343,179
Mortgages	1,082,031	6,012	0	580,386	1,668,429
Securities and precious metals trading portfolios	269,621	138,121	210,387	285,813	903,942
Financial investments	931,910	386,665	1,591,685	147,532	3,057,792
Non-consolidated participating interests	3,230	0	0	0	3,230
Fixed assets	226,136	1,957	5,235	4,092	237,420
Intangible assets	1,402	0	0	0	1,402
Accrued income and prepaid expenses	60,639	34,961	48,869	54,627	199,096
Other assets	391,928	60,024	148,327	48,617	648,896
Total balance sheet assets	**11,717,934**	**1,722,678**	**6,809,567**	**4,804,423**	**25,054,602**
Delivery claims from spot, forward and options transactions	4,156,103	7,654,239	15,989,449	8,260,351	36,060,142
Total assets	**15,874,037**	**9,376,917**	**22,799,016**	**13,064,774**	**61,114,744**

Liabilities					
Due to banks	296,151	403,079	2,518,217	952,716	4,170,163
Amounts due to customers in savings or deposit accounts	1,428,829	6,533	0	0	1,435,362
Other amounts due to customers	2,769,849	2,840,063	7,416,724	2,289,867	15,316,503
Bond issues and central mortgage institution loans	699,350	0	0	0	699,350
Accrued expenses and deferred income	137,901	11,925	34,713	66,333	250,872
Other liabilities	544,860	284,683	304,833	51,226	1,185,602
Value adjustments and provisions	104,552	290	671	425	105,938
Reserves for general banking risks	36,000	0	0	0	36,000
Share capital	22,015	0	0	0	22,015
Capital reserves	929,873	0	0	0	929,873
Profit reserves	818,476	−32,398	−20,720	−4,875	760,483
Minority interests in shareholders' equity	17,690	0	5,700	13,365	36,755
Group (loss)/profit for the year	46,332	−4,069	8,224	55,199	105,686
Total balance sheet liabilities	**7,851,878**	**3,510,106**	**10,268,362**	**3,424,256**	**25,054,602**
Delivery obligations from spot and forward forex transactions	8,688,263	5,673,356	12,332,873	9,332,365	36,026,857
Total liabilities	**16,540,141**	**9,183,462**	**22,601,235**	**12,756,621**	**61,081,459**
Net currency positions	**−666,104**	**193,455**	**197,781**	**308,153**	**33,285**

Consolidated notes – Information on off-balance sheet transactions

Contingent liabilities and commitment credits

CHF 000	**31.12.2014**	31.12.2013
Contingent liabilities		
Guarantees to secure credits	113,951	128,025
Performance guarantees	773	734
Others	491,178	123,435
Commitment credits	**0**	**0**

Outstanding derivative financial instruments

CHF 000	Positive replace-ment values	Negative replace-ment values	Contract volumes
Trading instruments			
Interest rate instruments			
Swaps	51,752	56,916	3,266,217
Total interest rate instruments	**51,752**	**56,916**	**3,266,217**
Foreign exchange			
Forward contracts	167,455	165,174	4,724,065
Combined interest/currency swaps	242,857	209,295	23,462,385
Options (OTC)	48,336	48,288	7,873,690
Total foreign exchange	**458,648**	**422,757**	**36,060,140**
Equity securities/indices			
Futures	910	0	7,514
Options (OTC)	84,470	631,042	805,646
Options (exchange traded)	18,543	19,075	519,974
Total equity securites/indices	**103,923**	**650,117**	**1,333,134**
Precious metals			
Forward contracts	4,969	5,250	86,821
Swaps	449	78	30,142
Options (OTC)	684	684	106,492
Total precious metals	**6,102**	**6,012**	**223,455**
Commodities			
Options (OTC)	0	686	553
Total commodities	**0**	**686**	**553**
Total before netting contracts	**620,425**	**1,136,488**	**40,883,499**
Total before netting contracts previous year	205,141	738,769	27,761,211
Hedge instruments			
Interest rate instruments			
Swaps	5,193	12,897	482,057
Total interest rate instruments	**5,193**	**12,897**	**482,057**
Hedge instruments previous year	2,215	16,528	499,200
Total before netting contracts	**625,618**	**1,149,385**	**41,365,556**
Total before netting contracts previous year	207,356	755,297	28,260,411

Fiduciary transactions

CHF 000	**2014**	2013
Fiduciary deposits with third-party banks	561,089	515,102
Fiduciary investments held with affiliated companies	309,445	174,453
Other fiduciary transactions	0	0
Total	**870,534**	**689,555**

Managed assets

CHF million	**2014**	2013
Type of managed assets		
Assets in collective investment schemes by the Group	16,099	15,199
Assets under discretionary asset management agreements	29,407	28,057
Other managed assets	69,595	68,568
Total managed assets (including double-counting)	**115,101**	**111,824**
Of which double-counted items	8,951	8,901
Net new money inflow/outflow (including double-counting)	**–2,096**	**12,932**

Assets under management mainly comprise amounts due to customers in the form of savings and investments, along with term accounts, fiduciary investments, all duly valued assets in custody accounts and linked sight accounts. Assets under management also include assets held for investment purposes by institutional investors, companies and individual clients, along with investment fund assets.

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.

Net new inflows/outflows comprise all external inflows and outflows of cash and securities recorded on client accounts.

Consolidated notes –
Information of the income statement

CHF 000	2014	2013
Disclosure of a material funding income under "Interest and discount income"	0	0
Analysis of result from trading activities		
Foreign currencies and bank notes	57,281	49,555
Securities	35,732	27,779
Interest rate Swaps	2,210	1,371
Total	**95,223**	**78,705**
Analysis of personnel expenses		
Salaries	340,392	338,406
Social charges	59,804	55,302
Other personnel expenses	20,296	27,795
Total	**420,492**	**421,503**
Analysis of general and administrative expenses		
Occupancy costs	27,791	30,419
Data processing, fixtures and fittings and equipment expenses	19,077	19,390
Other expenses	78,658	120,176
Total	**125,526**	**169,985**

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

Provisions and losses are mainly due to the constitution of risks provisions. (2013: Provisions and losses are mainly due to the constitution of risks provisions and individual loan adjustments). Extraordinary income is mainly attributed to value added tax recoveries and other various items. (2013: Extraordinary income is mainly attributed to the sale of a non-core asset and other various items).

CHF 000	2014	2013
Revaluation of non-current assets up to historical cost (art. 665 and 665a CO)	0	0

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

CHF 000	Swiss	Foreign	2014 Total
Net interest income	65,536	141,237	206,773
Result from commission and service fee activities	269,952	185,129	455,081
Result from trading activities	75,601	19,622	95,223
Result from ordinary activities	22,622	−44,627	−22,005
Operating expenses	−335,474	−210,544	−546,018
Gross profit	**98,237**	**90,817**	**189,054**

CHF 000	Swiss	Foreign	2013 Total
Net interest income	75,920	96,248	172,168
Result from commission and service fee activities	279,891	167,076	446,967
Result from trading activities	70,521	8,184	78,705
Result from ordinary activities	18,257	2,605	20,862
Operating expenses	−396,493	−194,995	−591,488
Gross profit	**48,096**	**79,118**	**127,214**

Report of the Group Auditors

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

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Bank J. Safra Sarasin Ltd, which comprise the consolidated balance sheet as at December 31, 2014, 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, 2014 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 Licensed Audit Expert, Auditor in Charge	Erich Schaerli Licensed Audit Expert

Zurich, March 2, 2015

J. SAFRA SARASIN

Sustainable Swiss Private Banking since 1841