SARASIN

Our Results

Annual Report 2009

Bank Sarasin's growth strategy continues to be successful

New peak: Assets under management climb 34% to CHF 93.7 billion

Net new money growth of CHF 12.5 billion (+18%)

Adjusted group result of CHF 121.7 million improved by 6%

Sustainable Swiss Private Banking since 1841.

Mission Statement of the Sarasin Group

As a financial service provider with locations in Switzerland, Europe, the Middle East and Asia, the Sarasin Group positions itself as a leading investment advisor and asset manager for private and institutional clients. Choosing Sarasin – customer, employee or shareholder – means banking on a financial institution with a long tradition which has a firm commitment to sustainability and fundamental Swiss values, coupled with a broad international footprint. Our top-quality products and services meet the needs and expectations of our clients when it comes to innovation, exclusivity, individuality, and performance.

We expect a high level of team spirit, commitment and performance from our employees. Our success depends on their extensive technical expertise and social skills. These play a key role in providing personalised advice to clients and help to build a solid basis of trust. As an employer, we offer a performance-oriented remuneration system as well as sound company pension schemes, coupled with an attractive and dynamic work environment in which continuous professional development and transfer of know-how are actively encouraged. The financial stability of the Sarasin Group is assured by its solid earnings power, attractive dividend and the backing of its AAA-rated majority shareholder, Rabobank.

Our reporting for the 2009 financial year is based on a trilogy of publications: **Our Bank – Portrait** – Theme: Swiss Roots – Global reach. Available in German, English and French | **Our Results – Annual Report.** Available in German and English | **Our Future – Sustainability Report** – Theme: Quality of life. Available in German and English. These documents can be ordered or downloaded from: www.sarasin.com

Contents

Key data

(on a consolidated basis)

Group income statement

1,000 CHF	**2009 adjusted**[1]	**2009**	2008 adjusted[2]	2008	Change 2009 (adjusted) to 2008 (adjusted) %
Net interest income	**130,676**	**130,676**	128,557	128,557	1.6
Results from commission and service fee activities	**398,511**	**398,511**	399,016	399,016	–0.1
Results from trading operations	**103,504**	**103,504**	87,757	87,757	17.9
Other ordinary results	**41,237**	**41,237**	11,152	61,814	269.8
Operating income	**673,928**	**673,928**	**626,482**	**677,144**	**7.6**
Personnel expenses	**358,841**	**358,841**	324,173	324,173	10.7
General administrative expenses	**128,001**	**128,001**	140,576	140,576	–8.9
Operating expenses	**486,842**	**486,842**	**464,749**	**464,749**	**4.8**
Operating profit	**187,086**	**187,086**	**161,733**	**212,395**	**15.7**
Depreciation and amortisation	**33,020**	**33,020**	23,574	23,574	40.1
Value adjustments, provisions and losses	**7,487**	**77,670**	6,950	80,683	7.7
Profit before taxes	**146,579**	**76,396**	**131,209**	**108,138**	**11.7**
Taxes	**24,868**	**24,868**	16,791	1,307	48.1
Group result including minority interests	**121,711**	**51,528**	**114,418**	**106,831**	**6.4**
Group result excluding minority interests	**107,990**	**37,807**	102,303	94,716	5.6

Fig. 1: Group result

(million CHF)

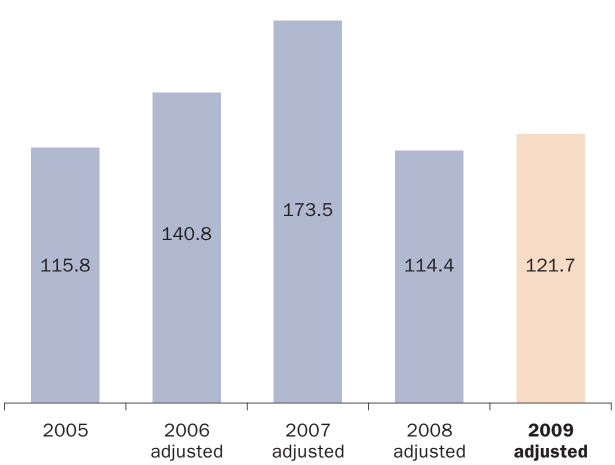
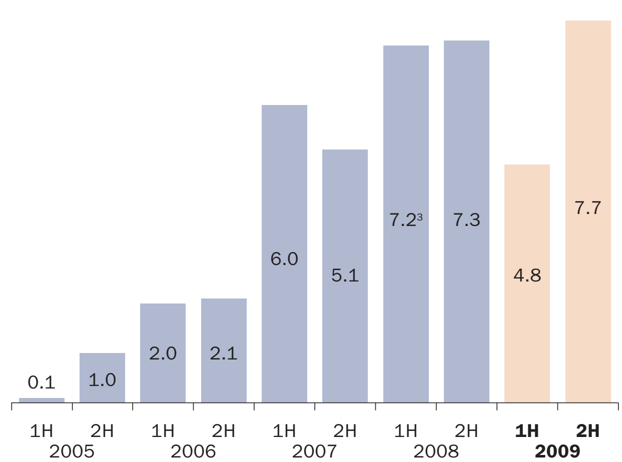


Fig. 2: Net new money growth over half-year periods

(billion CHF)



Results by segments

1,000 CHF	**2009 adjusted**	**2009**	2008 adjusted	2008
Private Banking	**30,229**	**30,229**	53,741	53,741
Trading & Family Offices	**57,997**	**57,997**	46,847	46,847
Asset Management, Products & Sales	**49,907**	**49,907**	44,611	44,611
bank zweiplus	**10,122**	**10,122**	6,974	6,974
Corporate Center	**–1,676**	**–71,859**	–20,964	–44,035
Total	**146,579**	**76,396**	**131,209**	**108,138**

Group balance sheet

1,000 CHF	**31.12.2009**	31.12.2008
Total assets	**15,300,818**	12,706,886
Due from customers	**7,320,077**	5,203,474
Due to customers	**10,236,512**	8,483,257
Shareholders' equity including minority interests	**1,291,738**	1,193,203
Shareholders' equity excluding minority interests	**1,240,789**	1,146,840

Assets under management[4]

million CHF	**2009**	2008
Total assets under management	**93,697**	69,679
New money through acquisitions	**0**	0
Change through divestment	**–442**	0
Net new money	**12,474**	14,476
Performance	**11,986**	–27,799
Increase / decrease in assets under management (%)	**34.4**	–16.1

Fig. 3: Assets under management and net new money growth by client domicile

(billion CHF)

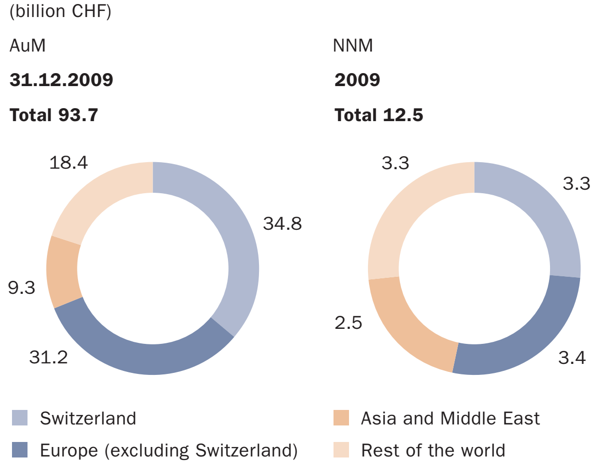
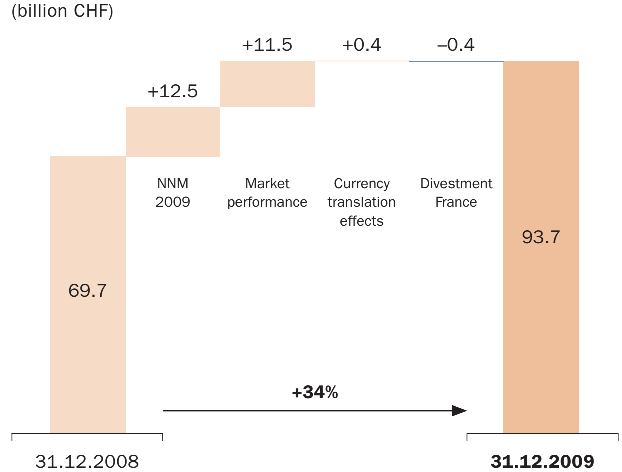


Fig. 4: Development of assets under management

(billion CHF)



Ratios

%	2009 adjusted	2009	2008 adjusted	2008
Gross margin on assets under management[5]	**0.84**	**0.84**	0.80	0.86
Return on assets (ROA)				
– Operating income as a percentage of total assets[6]	**4.8**	**4.8**	5.1	5.6
– Group result as a percentage of total assets[6]	**0.9**	**0.4**	0.9	0.9
Cost income ratio[7]	**77.1**	**77.1**	77.9	72.1
Return on equity (ROE)[8]	**9.5**	**4.1**	9.3	8.7

%	31.12.2009	31.12.2008
Equity ratio[9]	**8.4**	9.4
BIS Tier 1 ratio[10]	**16.3**	15.2

Key data per employee[11]

CHF	2009 adjusted	2009	2008 adjusted	2008
Operating income	**437,247**	**437,247**	465,409	503,045
Operating expenses[12]	**337,288**	**337,288**	362,772	362,772
Operating profit	**121,382**	**121,382**	120,150	157,787
Group result including minority interests	**78,966**	**33,432**	85,000	79,364

Fig. 5: Development of share price

(index 01.01.2009 = 100)

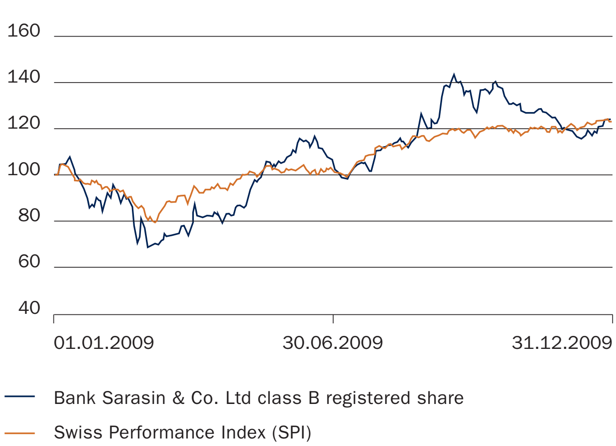
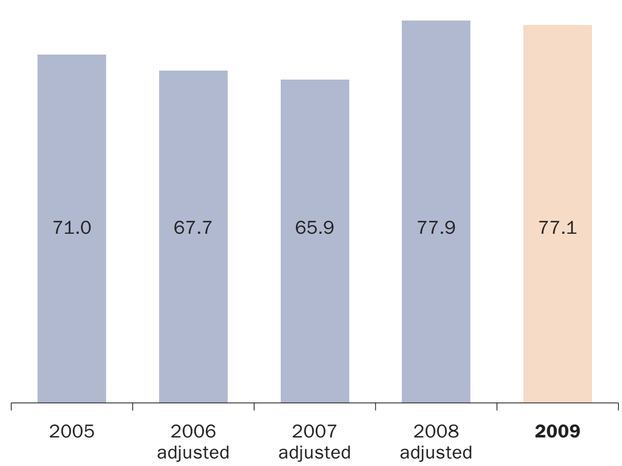


Fig. 6: Cost income ratio[7]

(in percent)



Key data per class B registered share with a nominal value of CHF 0.35[13]

CHF	2009 adjusted	2009	2008 adjusted	2008
Operating profit	**3.0**	**3.0**	2.6	3.5
Group result	**1.7**	**0.6**	1.7	1.5

Stock market price

CHF	31.12.2009	31.12.2008
End of period date	**39.10**	31.50
High[14]	**45.20**	54.05
Low[14]	**21.50**	24.80
Market capitalisation (million CHF)	**2,459**	1,926
Registered shareholders	**2,161**	**2,117**

Headcount (full-time equivalents)

	31.12.2009	31.12.2008
Group	**1,556.8**	1,537.0
Of which Switzerland	**1,043.0**	1,045.0
Of which abroad	**513.8**	492.0

Client relationship managers (full-time equivalents)

Including assistance	31.12.2009	31.12.2008
Group	**426.0**	416.0
Of which Switzerland	**242.2**	250.1
Of which abroad	**183.8**	165.9

1 Bank Sarasin has adjusted the value of its 40% financial interest in NZB Holding and written down its value by CHF 70.2 million in 2009.
2 The outsourcing of Sarasin's business with direct clients in the retail and affluent segment and with clients of IFAs to the newly established bank zweiplus ltd, Zurich, produced a one-off gain of CHF 50.7 million in 2008. Secondly, the financial crisis resulted in losses in the amounts due from banks totalling CHF 58.2 million after tax.
3 CHF 2.0 billion net new money came from the client assets transferred by AIG Private Bank, now Falcon Private Bank Ltd., into bank zweiplus.
4 Securities, rights, precious metals and fiduciary assets are valued at market. The total includes deposits with companies in the group as well as with third parties for which those companies have management authority. The assets of publicly traded Sarasin investment funds are reported under investment fund assets.
5 The reporting of the gross margin on client assets is now based on the average assets held at the end of the month (as opposed to values at the end of the half-year).
6 Total assets: average of two period end figures.
7 Operating expenses including depreciation and amortisation / operating profit.
8 Shareholders' equity before distribution of profit: average of two period end figures including minority interests.
9 Shareholders' equity including minority interests as a percentage of total assets.
10 The calculation is based on the Swiss Standardised Approach (SA-CH).
11 Headcount: Average headcount over the year (full-time equivalents).
12 Operating expenses including depreciation on fixed assets.
13 Until 2008 with a nominal value of CHF 1.
14 Closing price.

Foreword

Dear Shareholder

Our solid performance in 2009 was driven by our low-risk business model as well as the systematic implementation of our growth strategy – albeit based on a more selective approach. We also benefited from the improvement in the market environment in the course of 2009: the year got off to a disappointing start, as the negative stock market trends of 2008 spilled over into the first quarter. However, the reversal in the financial markets began on 9 March 2009. The mood brightened considerably in the second quarter and the rally in the equity markets carried on into the second half of the year. This favourable trend – combined with flexible planning and rigorous cost management – enabled us to achieve sustained growth. The positive development of our business during 2009 meant that we did not have to revert to contingency plans to dramatically reduce personnel costs. This also represents an encouraging development.

Our solid performance in 2009 was driven by our low-risk business model as well as the systematic implementation of our growth strategy.

During the reporting period, the total assets under management of the Sarasin Group reached a new record, rising from CHF 69.7 billion to CHF 93.7 billion by 31 December 2009. This exceptional result was partly attributable to highly successful asset gathering, as reflected in our net new asset inflow of CHF 12.5 billion. Market performance and currency translation effects accounted for CHF 11.9 billion of the significant rise in assets under management. We comfortably beat the net new money target of CHF 7 billion. We also managed to reach our performance-adjusted target for 2010 of CHF 100 billion in assets under management ahead of schedule.

The Group's consistently impressive new money inflows are a reflection of the confidence that Sarasin inspires in the marketplace. Our team of client relationship managers (CRMs), which has been systematically expanded and strengthened over the past three years, is our strong selling point. Our solid performance across the board is confirmed by the many industry awards Sarasin has been granted from different institutions in a number of areas. We also benefit from the backing of our majority shareholder, the Dutch Rabobank, and its AAA-rating. Sarasin enjoys a close working relationship with Rabobank, one of the world's top-20 financial institutions. The combination of a mutually owned universal bank focused on sustainability and a sustainable Swiss private bank is proving to be a highly fruitful partnership.

In 2009, operating income increased to CHF 673.9 million (2008 adjusted: CHF 626.5 million). Our skilled appraisal of financial markets, which prompted an early and significant expansion of the equities quota in mandates, was equally beneficial to our clients and to the Bank's earnings power. The effects achieved by diversifying income across several revenue streams helped to support the Bank's result: net interest income rose by 2%. Income from commission and service fee activities improved significantly during the second half of 2009 and – over the year as a whole – was in line with 2008 levels. Income from trading operations was particularly strong in the first half of 2009, but fell back to the previous year's level in the second half. On balance, the Bank reduced its risk profile once again, as reflected in the 18% decline in the average Value at Risk (VaR) in trading operations, to CHF 287,000.

Despite the growth achieved in 2009, we believe there is room to improve our earnings power. A number of factors prevented us from growing revenues as much as we would have liked. The financial crisis has shaken investors, inevitably resulting in higher cash holdings and low transaction volumes in client portfolios. Given this environment, the high proportion of new money – combined with the unusually high quota of liquid assets – limited our earnings potential.

We stand by our principles: we are maintaining our consistent focus on our clients and on personalised solutions. We therefore only offer our own products in areas where we can deliver genuine value-added to our clients, for which we can justifiably ask a reasonable price in return. Against this backdrop, our top priority for 2010 is high-quality and profitable growth, bringing an improvement to the Bank's gross margin.

Following a year-on-year increase of 14% in the average headcount, the Group's personnel costs rose by 11%, in line with expectations. At the same time, the slight increase in the number of CRMs as a percentage of the total workforce, coupled with a consistently performance-oriented human resources policy, helped to further enhance the quality of our teams. Tight cost management helped to reduce general administrative expenses by 9% compared with last year. Existing business portfolios were reviewed: business cases that had failed to develop successfully were relinquished, redimensioned or put on hold. However, most business cases are still progressing very well, as reflected in the encouraging figures for net new money inflows. Total operating expenses during the reporting period came to CHF 486.8 million, an increase of just 5% thanks to tight cost control.

Bank Sarasin no longer plans to increase its shareholding in NZB to a majority stake as announced last November. As part of its restructuring and reorientation, NZB Holding intends to continue to pursue the existing entrepreneurial model with a 60% shareholder pool made up of new shareholders from the circle of both existing and new employees and members of its Board of Directors. Bank Sarasin will retain its 40% financial investment in NZB Holding. Both banks will continue to operate totally independent of one another. Given the background of the market developments in the brokerage business, Bank Sarasin has adjusted the value of its 40% financial interest in NZB Holding and written down its value by CHF 70.2 million. To facilitate a comparison of Bank Sarasin's operating performance, the annual figures have been adjusted to allow for this non-recurring effect.

The dynamic pace of growth over the last two years makes us confident to report assets under management in excess of CHF 100 billion in the second half of 2010, as long as the markets remain reasonably stable.

Our solid adjusted group result of CHF 121.7 million for 2009 reflects the continuation and successful execution

Chairman Christoph Ammann and CEO Joachim H. Straehle

of our growth strategy, as well as the benefits of our investments in the business. As a result, we exceeded our target of equalling last year's adjusted result. Taking into account the one-off write-down, Sarasin's group result comes to CHF 51.5 million.

During the financial year 2009, we reduced the rate at which we are implementing our growth strategy in line with the more challenging market environment, as planned. There was a net increase of ten new CRMs. The mid-term planning figure is around 50 new CRMs every year. The network of Swiss locations was strengthened with the opening of a fifth office in Berne. The Bank has also opened new offices in Warsaw (Poland) and Vienna (Austria), which will provide a platform for serving new growth markets in Central and Eastern Europe. In Germany, Sarasin opened a third office in Nuremberg to complement its locations in Frankfurt and Munich. Last but not least, Sarasin gained a foothold in the Indian market in 2009 with new locations in Mumbai and Delhi. On the other hand, the joint venture announced at the end of 2007 with the El-Khereiji Group in Bahrain was terminated. In 2010 Sarasin will be entering into a new joint venture with Alpen Capital in Manama, Bahrain. The application for a licence has already been submitted to the local authorities.

Two key elements of our strategy are our commitment to investing in the future growth of the business and our focus on sustainability. We strive to work according to our claim "Sustainable Swiss Private Banking since 1841." both in terms of corporate culture and in the area of asset management across all markets in which we operate. In 2009, Sarasin celebrated 20 years of sustainable investing. There is strong demand for investment products and for portfolio management mandates based on sustainable criteria. The financial crisis has clearly demonstrated not only to us, but to all our private and institutional clients, the added value that sustainability can produce. The capital market is sending out a clear signal that companies which operate according to these principles are considered to be more creditworthy. Around one eighth of our assets under management are currently invested according to sustainable criteria. In the space of just a year they have doubled to CHF 11.9 billion (2008: CHF 6.0 billion). This growth is attributable on the one hand to changes in the asset management mandates of private clients in Switzerland, which were changed to a sustainable investment style last summer. On the other hand, new mandates were successfully acquired and our sustainable investment funds also recorded good inflows. Having already established ourselves as market leader in sustainable asset management in Switzerland, we are now well on the way to achieving this position in Europe. The fact that Bank Sarasin was singled out as providing "Germany's Most Sustainable Financial Services" in the "German Sustainability Award 2009" shows the direction we are heading in.

Our top priority for 2010 is high-quality and profitable growth, bringing an improvement to the Bank's gross margin.

In 2009, the asset management business of the Sarasin Group reached a new peak in terms of performance. This powerful momentum reflects our very good competitive position, which is confirmed by three aspects of our results: our strong net new asset inflows; our superior investment performance; and the international recognition we have gained in the form of a series of coveted industry awards such as "Best Private Bank for Portfolio Management" and "Best Private Bank for Innovation" according to the trade publications "The Banker" and "Professional Wealth Management". Sarasin's flagship investment funds and discretionary mandates returned impressive absolute and relative performances. 99% of Sarasin's investment products delivered positive returns and more than half of them generated double-digit returns.

The capital increase in the form of Cash or Title Options (COTOs) was successfully concluded in September 2009: You, our valued shareholders including the Bank's majority shareholder Rabobank, exercised 99.9% of the total COTOs issued in order to subscribe to the new registered shares. We would to take this opportunity to thank you for your confidence in Sarasin. This has enabled the Bank to successfully strengthen its capital base, as demonstrated by the impressive BIS Tier 1 ratio of 16.3%. For clients, this is a clear display of our financial stability.

The general political and legal conditions under which the Bank does business have been extremely challenging. The G-20 countries have exerted enormous pressure on Swiss bank client confidentiality in the last 18 months. The protection of financial privacy was never absolute and, in particular, never provided any form of protection for criminal activities. We think it is time for the inalienable right to privacy to be redefined in a way that safeguards the individual's private sphere. We have been following the public debate very closely and, where appropriate, making our position clear. The decisions that are due to be taken on these issues are extremely important for the future of the Swiss financial centre and for banks based in Switzerland. Bank Sarasin considers itself to be in an excellent position in this respect: our operations are well diversified internationally and we believe that any outflows of client assets that we might experience will be very limited.

The terms of office of the members of the Board of Directors Christoph Ammann, Hubertus Heemskerk and Sipko N. Schat are due to end at the Annual General Meeting (AGM) of 27 April 2010. Christoph Ammann and the two members delegated by our majority shareholder Rabobank, Hubertus Heemskerk and Sipko N. Schat, will be nominated for reelection to the Board of Directors at the forthcoming AGM. The Board of Directors is proposing a dividend of CHF 0.90 per class B registered share.

We are cautiously positive in our outlook for 2010. The markets are likely to move sideways. It remains to be seen whether the upturn initiated in the second half of 2009 will provide a sustainable foundation for consistently strong growth going forward. Having sharply curbed investments in future growth during 2009, we now think conditions look right to slightly loosen our belt again in 2010: in continuing the expansion of our CRM team, we plan to move back towards the mid-term growth path.

We also intend to strengthen the infrastructure of our Asian locations over the next 18 months. Our Hong Kong office has recently received a banking licence and will be upgraded to Bank Sarasin's first international branch. We will also be rolling out our IT banking system Avaloq, which has been successfully used in Switzerland since July 2003, in our Hong Kong and Singapore locations. The project will make an important contribution towards reducing the IT running costs of the Sarasin Group and will also provide a low-cost platform for further growth in Asia.

In the financial year 2010 we want to maintain our current pace of growth, with net new money inflows of 10%. If we achieve this goal and markets remain stable, we should be able to report assets under management in excess of CHF 100 billion in the second half of 2010. We also expect a stronger operating result thanks to the revenue boost provided by an increase in the average level of client assets. As already mentioned, our main priority in 2010 will be to further improve our profitability.

We have set ourselves the following mid-term goals: to increase assets under management to CHF 150 billion (performance-adjusted) by 2015; to significantly improve our gross margin despite the tougher competition – and the higher margin pressure that comes with it; to cut the cost income ratio substantially by means of further efficiency improvements. In geographical terms, our growth initiatives will be concentrated on our three main target markets of Europe, the Middle East and Asia. We are aiming for long-term profitable growth which is built on quality and can be achieved without running up excessive costs.

We are especially grateful to our clients and shareholders for their faith in us and the loyalty they have displayed over the past financial year. This is incredibly important to us, and we will do everything in our power to ensure that we continue to deserve your trust. Our special thanks also go to our employees. Once again they have shown an impressive level of commitment towards Bank Sarasin. Their positive and motivated attitude to their work allows us to seize the opportunities that are emerging even in this difficult operating environment. Thanks to our competent and motivated employees, the high quality of our products and services and the excellent positioning of our Bank we are confident that we can work in partnership with our clients and shareholders to achieve long-term growth.

Yours sincerely

Christoph Ammann	Joachim H. Straehle
Chairman of the Board of Directors	Chief Executive Officer

Market climate and strategy

2009 – dominated by fiscal stimulus programmes

The global economy has suffered one of its bleakest periods in the post-war era. Liquidity and lending volumes plummeted worldwide following the collapse of the investment bank Lehman Brothers in September 2008. This triggered a sharp rise in risk aversion – both on the part of banks and investors. The world's major economies subsequently slid into recession. Only massive intervention by governments prevented the sort of downward spiral developing that was last seen during the Great Depression of the 1930s. Instead, the guarantees issued by virtually every government for national banks of systemic importance, combined with a synchronised and unconventional monetary policy from central banks and stimulus packages implemented by the major industrialised nations to the tune of 10% of GDP, effectively triggered a strong cyclical upturn over the course of 2009, which in turn enabled international financial markets to stage a very rapid recovery.

The economic climate in developing countries – especially China, India and Brazil – was already looking brighter in the second quarter of 2009. Most economic regions, including the world's leading industrialised nations, were back on a growth path from the third quarter onwards. In its economic outlook in October 2009, the International Monetary Fund (IMF) raised its growth forecasts for most countries. It predicted that GDP would contract by 1.1% in 2009 rather than the original 1.4% forecast. It also revised its GDP growth estimate for 2010 from 2.5% to 3.1%. In its most recent outlook, published in January 2010, the IMF now expects the global economy to grow by 3.9%. The IMF believes that emerging markets, and China especially, will once again act as the main motor of growth for the global economy. Its January forecast predicts double-digit GDP growth of around 10% for China, while growth in emerging markets is expected to be fuelled primarily by robust domestic demand.

2010 – the crucial year for determining whether the recovery is sustainable

Now that the recession is over in all the world's major economies and sentiment indicators are continuing to improve, it seems likely that the economic recovery will be sustained. On the other hand, there are initial signs that the current pace of growth is starting to lose some of its momentum. Leading indicators, which had suggested a rebound several months before the economy and financial markets slumped to a low point in March 2009, appear to have peaked again in the fourth quarter of 2009. There are a number of structural obstacles standing in the way of sustainable economic growth, such as reducing the level of household and bank debt, restoring the global trade balance and sorting out public budgets. The ailing financial system and the increased pressure on consumers to save will continue to generate a very strong headwind. The recovery can only be sustained in the long run with the help of rising domestic demand in emerging markets and more state programmes providing fiscal stimulus. Central banks are unlikely to raise interest rates in 2010 given the continuing threat of recession in the second quarter. Key interest rates will remain at historically low levels, around the zero mark. Thanks to positive corporate profits and generous liquidity combined with lower interest rates, international stock markets should also rally in the short term. This rally is likely to tail off again from the second quarter onwards. Overall there will be no dominant trend during 2010.

Financial crisis causes asset erosion worldwide

After the number of High Net Worth Individuals (HNWIs) increased in 2007 despite the outbreak of the subprime crisis, the financial crisis had a devastating impact in 2008. The "13th World Wealth Report" published by Capgemini and Merrill Lynch in June 2009 shows that the number of HNWIs, i.e. investors with net assets of at least USD 1 million excluding owner-occupied property, was 15% down on 2007. The number of Ultra High Net Worth Individuals (UHNWIs), i.e. investors with net assets of at least USD 30 million excluding owner-occupied property, dropped by as much as 25%. The fall in the number of HNWIs was reflected in a 20% decline in their assets, down to USD 32 800 billion. The growth achieved during 2006 and 2007 was effectively wiped out by this unprecedented decline. UHNWIs were particularly badly hit: the value of their assets shrank by 24%, as did their numbers.

More than half the global population of HNWIs is concentrated in the regions of North America, Asia and Europe. The leading countries are the USA, Japan and Germany, which are home to 54% of HNWIs. This is only a very small rise on last year's figure. China comes in fourth place in the world rankings. Most HNWIs still live in the USA even though their number here has fallen by 19% within the space of a year. The pattern varies significantly within the individual European countries, depending on the prevailing economic system and its flexibility during the crisis. France, for example, experienced a 13% drop in the number of HNWIs, compared with a 3% fall in Germany. Europe as a whole saw numbers shrink by 14%. The decline in the number of HNWIs was comparatively modest in the Middle East, down 6%. The trend was very stable in Latin American countries, where the number of HNWIs contracted by just 1%.

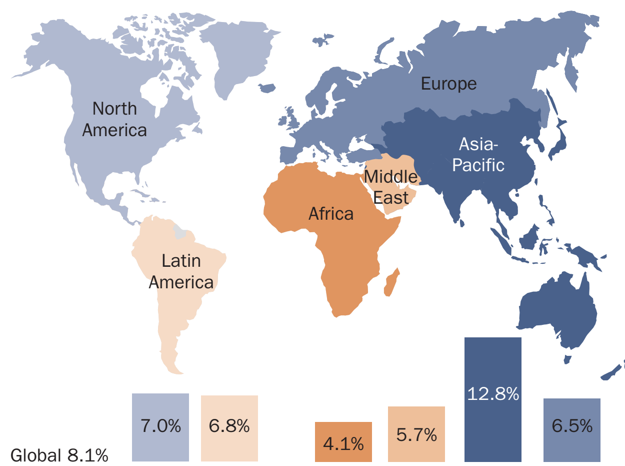
On the basic assumption that the global economy is poised for recovery, Merrill Lynch and Capgemini predict moderate growth in HNWI wealth over the coming years. Overall, the financial wealth of this group should rebound to USD 48 500 billion by 2013, equivalent to an annual growth rate of 8%. North America and the Asia-Pacific region will play a leading role here. The "Global Wealth Report 2009" published in October 2009 by the Boston Consulting Group also predicts that the Asia-Pacific region (excluding Japan) will enjoy the fastest pace of asset growth. The Asia-Pacific region is expected to overtake the USA in 2013. This trend will be supported by rising consumer spending in the USA and the growing autonomy of the Chinese economy.

Private banking is still a highly promising growth market

The various market forecasts clearly illustrate private banking's ongoing potential as a source of growth and core business for the Sarasin Group. Effective strategic resource allocation is needed to cater for the variations in size and growth dynamic of individual national markets, which must be exploited as fully as possible so as to enhance the Sarasin Group's future business performance.

The Bank's international focus on selected growth markets in Europe, the Middle East and Asia offers Sarasin more than enough potential for further growth, while at the same time allowing optimal diversification and a more evenly balanced development of the business. Not least thanks to a strong positioning in the Asian market, Bank Sarasin will be able to benefit from these excellent growth prospects.

Fig. 7: Outlook for HNWI global asset growth by region



(forecast average annual growth for the period 2008–2013.
Source: Capgemini/Merrill Lynch: World Wealth Report 2009)

Value preservation – a key theme

Financial market volatility inevitably had an impact on the investment activity and priorities of wealthy private clients and large institutional investors. As a reaction to the prevailing uncertainty, the 2008 study by Capgemini and Merrill Lynch reported that HNWIs invested less in equities and switched their attention to lower-risk asset classes, such as fixed income securities and cash. They also slightly increased their exposure to real estate. This represented 18% of the average HNWI portfolio in 2008, which is 4% higher than the 2007 level. The proportion of sight deposits in the portfolio also climbed to 21% of the total portfolio in 2008, 7% higher than in 2006. This trend clearly shows that the financial crisis has triggered a sharp rise in the risk aversion of HNWIs. The large quantities of cash and government bonds held in portfolios do at the same time make investors more flexible when the economy and financial markets eventually start to recover. Another interesting trend was that 25% of HNWIs withdrew their investments in 2008 due to asset losses and a crisis of confidence, or in some cases completely terminated the relationship with their existing wealth manager. This in turn creates opportunities for wealth managers able to give clients a sense of security through a high standard of customer service and an open, transparent advisory structure. Bank Sarasin, which recognised the importance of a sustainable growth strategy even before the crisis broke and focused on its implementation, was able to exploit this advantage during the reporting period and maintain net new money growth at high levels.

Sustainable investments becoming more popular
A report published in 2008 by Robeco and Booz predicts that sustainable investments are set to soar to USD 26.5 trillion by 2015, eventually accounting for around 15–20% of total assets managed worldwide.

More information on the market prospects for sustainable investments can be found in "Sustainability" section (p. 48ff).

Significant changes in the legal domain
The ongoing changes to regulation in the financial services industry were intensified in the wake of the financial crisis. At the same time, both Swiss and international regulators have stepped up their level of supervision over the past twelve months. The mountain of regulations is increasingly infringing on banks' organisational independence and in the way business processes are designed. As a direct consequence of this development, stricter requirements are now being imposed on the design of internal processes in the area of risk management in order to ensure compliance with the applicable standards.

During the course of 2009, Swiss bank client confidentiality was very much in the spotlight during international political discussions. This requires banks not to disclose any facts concerning their clients. It was never absolute and in particular did not offer any protection for criminal activity. The new standards governing mutual international assistance in tax matters in accordance with the new double taxation agreements which Switzerland intends to sign with numerous foreign countries, do not call into question bank client confidentiality as an institution. Once the new double taxation agreements come into force, however, bank client confidentiality will no longer provide protection when undeclared assets are involved in a client relationship.

These developments are extremely important for the future of Switzerland as a financial centre and consequently for Sarasin as a Swiss private bank. Bank Sarasin considers itself to be in an excellent position here. Bank Sarasin is committed to sustainability and generally concentrates on managing assets that have been declared to the tax authorities. Working with its clients and interested third parties, Bank Sarasin therefore tries to educate clients through timely, active and competent information, wherever possible providing a high level of support for those wishing to make a voluntary disclosure. It then works hard to ensure that the declared (and taxed) assets are managed effectively. Furthermore, during the course of its international growth strategy Bank Sarasin has achieved excellent geographical diversification in recent years and has established itself in a number of different growth regions.

Given this backdrop, the provision of cross-border services is becoming increasingly complex due to the tougher legal and regulatory requirements. As Switzerland is not a member of the European Union or European Economic Area, Swiss banks face major challenges in trying to gain access to foreign markets (particularly in the EU) while at the same time complying with all the relevant local regulations. In 2009 Bank Sarasin launched a new project designed to assure flawless marketing that conforms to the relevant regulations.

In concrete terms, the "Markets in Financial Instruments Directive" (MiFID) has an impact on Bank Sarasin's business model when servicing clients domiciled in Europe either directly or via local locations within the EU. In order to ensure that markets are served in the most flexible way possible and in compliance with regulatory requirements, the Bank's Executive Committee has decided to introduce MiFID standards not only in its European locations, but throughout Switzerland. The relevant project was initiated in 2009 and will be completed in 2010 with the support of an external consultant.

In 2008 the Executive Committee decided to reorganise the Bank's US clients business: investment advisory and asset management services provided to US persons domiciled in the USA (including US beneficial owners) are now handled exclusively by the SEC-registered Sarasin Asset Management Ltd. in London (SAM). Bank Sarasin & Co. Ltd, including its subsidiaries and branches (with the exception of SAM) only provides banking, securities, investment advisory and asset management services to US persons who are not domiciled in the USA. Irrespective of the US person's domicile, the Sarasin Group only provides services to those US persons who declare their assets and income to the IRS using the relevant US tax forms. This reorganisation of the US business has been completed in 2009. The associated outflows of certain clients' assets are included in the figures reported for net new money growth.

Focused growth strategy is proving successful

Since 2006, the Sarasin Group has been pursuing a growth strategy aimed at clearly positioning itself as an internationally active Swiss private bank committed to sustainable business principles. This strategy is built on the following three cornerstones:

1. Positioning as a private bank.
2. Profiling as a provider focused on the client.
3. Clear geographic focal points in target markets.

While Sarasin's focus is very much on the core business of private banking, it also looks to maximise the advantages of diversification through an international orientation. Today the Sarasin Group is present in 22 locations in Europe, the Middle East and Asia, thereby ensuring proximity to its clients. The Sarasin Group concentrates on those markets offering growth potential on the one hand, while on the other imposing as few restrictions as possible on market access, subject to compliance with the local legal provisions. To intensify its focus on the client and specific markets, Sarasin introduced a new organisational and management structure on 1 January 2009 which is geared to the client's domicile, rather than the location where the client relationship manager is based.

Sarasin has been able to pursue its international growth strategy and new direction thanks to the backing of its majority shareholder Rabobank: by exercising its purchase option in early 2007, the Dutch parent altered the ownership structure of the Bank and created scope for its internationalisation. Bank Sarasin's growth strategy makes use of synergies created by the collaboration with its majority shareholder. Rabobank is active in 45 countries across the globe. Its AAA-rating – the best credit rating available – is an important confidence factor. In practical terms, Rabobank's existing international network helps Sarasin to break into new markets.

As a private bank, Sarasin wants to be the first port of call for tailor-made investment solutions and personalised product advice. Its clients' individual requirements are therefore the focus of the Bank's efforts. Sarasin adapts its range of solutions to the very diverse requirements that apply in different regions. At the same time the Bank is committed to sustainability – not just as a corporate philosophy, but also as part of its product solutions.

Bank Sarasin aims for profitable growth in the mid-term and has set itself the following targets for 2015: To increase assets under management to CHF 150 billion (performance-adjusted), to significantly improve its gross margin and to cut substantially its cost income ratio by means of further efficiency improvements.

Details on the Bank's strategic direction and its financial goals for the fiscal year 2010 can be found in the Foreword (p. 8ff) and also in the "Outlook" section in the Review of Business Performance on p. 23.

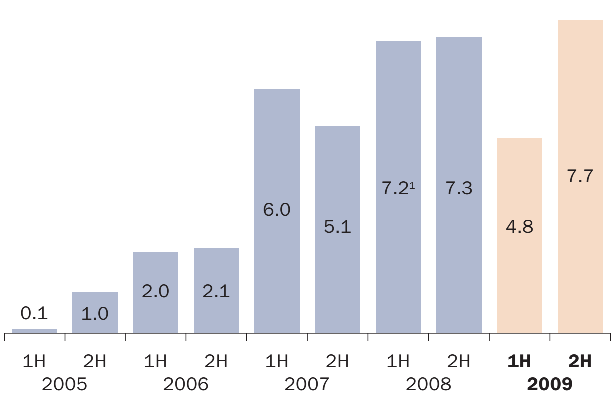
Review of business performance

Net new money growth of 18%

Bank Sarasin's new money inflow of CHF 12.5 billion confirms the exceptional strength and consistency of its acquisition performance. This excellent result is comfortably above the full-year target of CHF 7 billion for 2009, and corresponds to a growth rate of 18% as opposed to the original 10% target. Despite a difficult first quarter in 2009, a solid foundation was already laid in the first half of the year, with net new money growth of CHF 4.8 billion. As the market environment improved in the second half of the year, so too did the Bank's acquisition performance: the inflows of CHF 7.7 billion were even slightly better than the outstanding result achieved in the second half of 2008 (CHF 7.3 billion). Sarasin's team of client relationship managers (CRMs) was boosted by 122 new advisors in 2008 and this investment has started to bear fruit in the reporting period. Sarasin's positioning as a sustainable Swiss private bank is winning recognition in the marketplace and helps to build trust in the brand. The Bank's CRM teams are very impressive in terms of the quality and professionalism of the advice and service they provide. Bank Sarasin has therefore managed to reach its performance-adjusted target – CHF 100 billion in assets under management by the end of 2010 – ahead of schedule.

Not just all the Sarasin Group locations, but both the private clients and the institutional clients business contributed to the impressive net new asset growth. Especially Asia and the Middle East are exploiting their potential to the full and have improved their acquisition performance significantly. The consistently strong growth achieved by these locations shows that the expansion strategy and investments made in recent years are now starting to pay off. The banking licence just granted to Sarasin's Hong Kong office will provide a solid foundation for future growth. Hong Kong will be upgraded to Bank Sarasin's first international branch. This will deliver additional impetus to the Asian region. Sarasin's own investment funds performed better than the general industry trend, recording net inflows of CHF 1.8 billion, up 17%. During the reporting period the volume of Sarasin investment funds rose 36% from CHF 11.0 billion to CHF 14.9 billion. Following the incorporation of Sarasin Asset Management, Paris, into the joint venture UFG-Sarasin Asset Management, client deposits amounting to CHF 442 million were no longer carried in the consolidated financial statements of the Sarasin Group after the divestment.

Fig. 8: Net new money growth over half-year periods
(billion CHF)

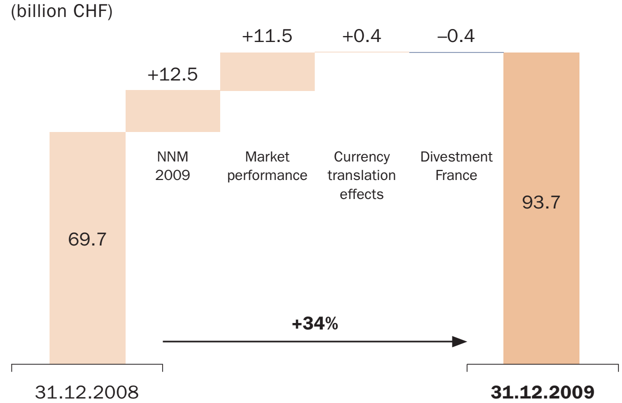


[1] CHF 2.0 billion net new money came from the client assets transferred by AIG Private Bank, now Falcon Private Bank Ltd., into bank zweiplus.

Assets under management climb to a record high

The very robust new money growth was matched by a strong performance contribution of CHF 11.5 billion

Fig. 9: Development of assets under management
(billion CHF)



(2008: CHF –19.0 billion). This performance was enhanced by the expert appraisal of financial markets by Bank Sarasin's Research team, thereby ensuring a timely and significant expansion of the equities quota in the Bank's mandates. Currency translation effects were negligible in 2009, at CHF 0.4 billion. By 31 December 2009 the assets managed by the Sarasin Group had climbed 34% to CHF 93.7 billion, the highest level in the Bank's history.

Strong growth across all locations

In absolute terms, CRMs at Bank Sarasin's Swiss locations manage by far the biggest percentage of assets in the private clients business, to the tune of CHF 51.9 billion. Client assets therefore finished 24% above their level on 31 December 2008 (CHF 41.8 billion). Growth at the Bank's locations in Asia and the Middle East was higher than average: the figure of CHF 13.8 billion (2008: CHF 7.5 billion) represents an increase of 84% on last year. In Sarasin's European locations, assets under management rose 32% to CHF 5.3 billion (2008: CHF 4.0 billion).

The dynamic pace of growth achieved in the private clients business in Asia and the Middle East is reflected in the Bank's net new money growth: the acquisition performance of CHF 4.1 billion was significantly higher than the previous year (2008: CHF 1.5 billion). In Switzerland net new money inflows at the end of 2009 amounted to CHF 3.6 billion (2008: CHF 9.3 billion) and in Europe CHF 1.1 billion (2008: CHF 1.2 billion). The CRM teams at Sarasin's Swiss locations were therefore not able to match last year's success in acquiring new business. There was virtually no change for Europe as a whole.

Bank Sarasin operates its institutional clients business from its locations in Switzerland and in Europe (Frankfurt, London and Munich). The volume of assets managed for institutional clients on 31 December 2009 was CHF 22.7 billion, an increase of 39% on the previous year (2008: CHF 16.4 billion). Locations in Switzerland manage assets worth CHF 15.1 billion, while the European locations look after CHF 7.6 billion. Overall, net new money growth was 50% higher than the previous year, at CHF 3.7 billion. While the Swiss CRMs generated new money inflows of CHF 2.0 billion, the figure for the European locations was CHF 1.7 billion. Compared to 2008, this equates to a growth rate of 46% and 54% respectively.

A breakdown of clients by domicile during the reporting period confirms the growing importance of Sarasin's international business. In absolute terms, Swiss clients still contribute the lion's share, at CHF 34.8 billion (+21%), followed by clients domiciled in other European countries, who account for CHF 31.2 billion (+33%). When it comes to new money inflows, European clients (CHF 3.4 billion) are roughly on a par with Swiss clients

Fig. 10: Private clients business at the Sarasin Group's different locations

(billion CHF)

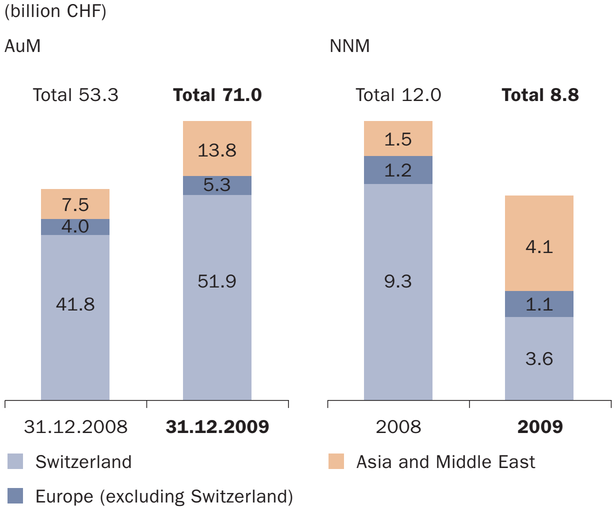


Fig. 11: Institutional clients business at the Sarasin Group's different locations

(billion CHF)

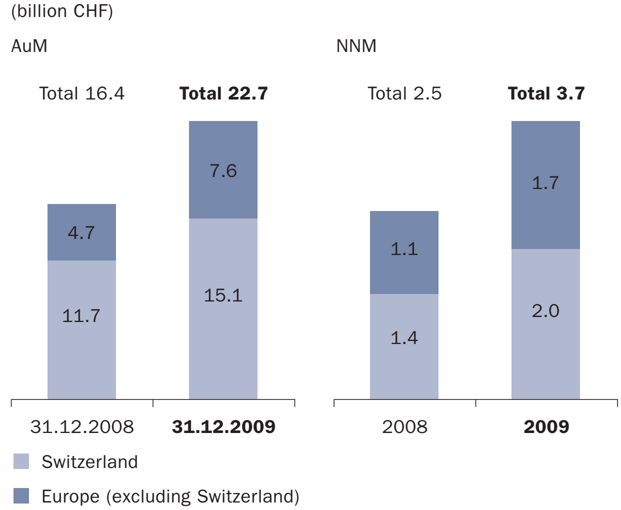
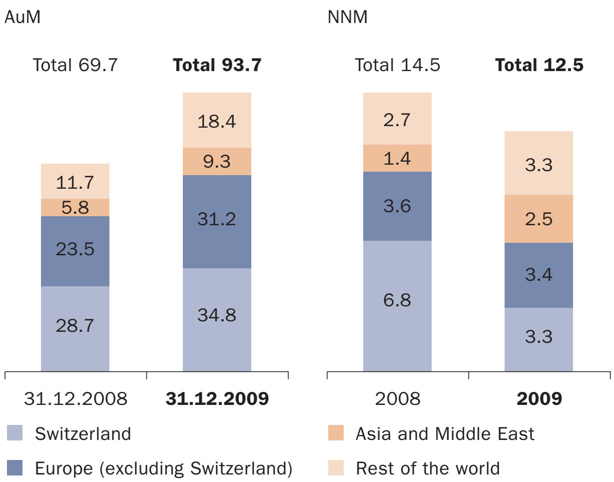


Fig. 12: Assets under management and net new money growth by client domicile

(billion CHF)



(CHF 3.3 billion). New money inflows from clients in Asia and the Middle East are continuously accelerating. The acquisition performance of CHF 2.5 billion (+79%) boosted the total assets managed for clients in these two regions by 60% to CHF 9.3 billion. Sarasin acquired CHF 3.3 billion (+22%) from clients whose domicile is classed as "Rest of the World", bringing the total assets under management to CHF 18.4 billion for this region.

An analysis of segments by asset size shows the strongest growth coming once again from clients with assets of more than CHF 10 million. This trend reflects the financial strength of large institutional investors and the significant holdings of UHNWIs. The mid-sized segments (CHF 1 to 5 million and CHF 5 to 10 million) are also enjoying steady growth. This confirms that the Sarasin Group is equally well positioned when it comes to serving very wealthy private clients.

Fig. 13: Development of client segments by asset size

(billion CHF)

	31.12.2009	31.12.2008
< CHF 1 million	**10.4**	8.7
CHF 1 million to CHF 5 million	**13.2**	11.4
CHF 5 million to CHF 10 million	**7.8**	6.3
> CHF 10 million	**62.3**	43.3
Total	**93.7**	**69.7**

Higher equity quota in portfolios

Once financial markets started to stabilise in the second quarter of 2009 and most of the world's economic regions reverted to a growth path in the second half of the year, the equities quota of most client portfolios increased slightly compared to 2008. Exposure to bonds was maintained at the same level as last year. As financial markets improved, the risk aversion of investors eased a little. This tendency is also reflected in the increasing exposure to investment funds in client portfolios, along with a reduction of liquid assets and fiduciary investments. Even so, the percentage of liquid assets is still comparatively high. The level of client funds with an asset management mandate (including in-house funds) as a percentage of total AuM fell somewhat to 41.5% (31.12.2008: 43.3%).

Fig. 14: Assets under management: breakdown by investment category

(in percent)

	31.12.2009	31.12.2008[1]
Equities	**36.5**	30.0
Bonds	**20.5**	20.8
Investment funds (Sarasin and third-party funds)	**20.2**	18.4
Others	**3.8**	6.3
Cash and cash equivalents, fiduciary investments	**19.0**	24.5

In client assets there was a shift away from the Swiss franc and the euro. The percentage of client assets held in US dollars and Japanese yen was slightly lower than last year. By contrast, the percentage of assets held in pound sterling has increased. During the reporting period the value of this currency appreciated. The proportion of assets denominated in other currencies rose sharply.

[1] The restatement of the figures as at 31 December 2008 published in the Annual Report 2008 is due to the fact that the assets which AIG Private Bank, now Falcon Private Bank Ltd., brought into bank zweiplus were migrated to Avaloq in February 2009. As a result of this migration, these assets could be allocated more precisely to the various categories of financial instruments.

Fig. 15: Assets under management: breakdown by currency

(in percent)

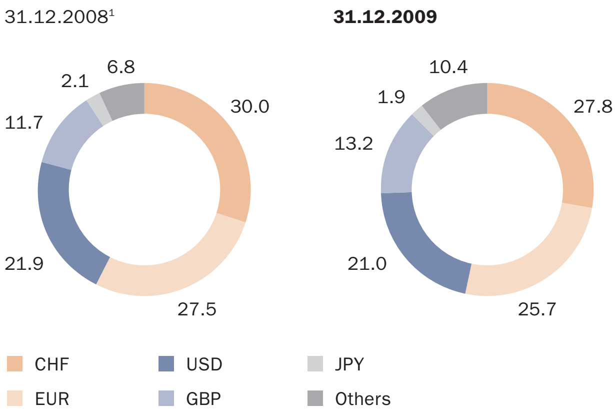
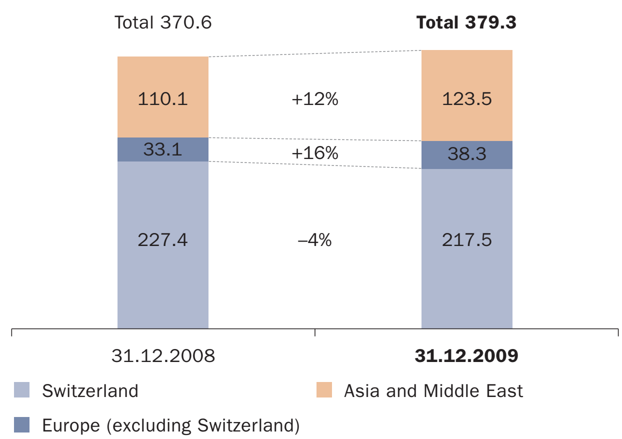


Fig. 16: Private clients business: Number of CRMs[2] at Sarasin Group locations

(full-time equivalents)



Highly motivated CRM team reveals its full potential

During the financial year 2009 Sarasin has, as planned, moderated the pace at which the growth strategy is implemented, in response to the more challenging market environment. The Group's headcount was virtually unchanged on balance. There was a net increase of ten new CRMs, slightly raising the number of client advisors as a percentage of the total workforce to 27%. New recruitment, combined with a consistently performance-oriented HR policy, further improved the quality of the Bank's CRM team. The success of the CRMs in attracting new business is a testament to their professionalism and high standards, as well as their ability to understand the needs of a growing international clientele.

As there was only a small increase in the number of client advisors in 2009, from 416 to 426 (including assistants), there were also only minimal variations at the different Sarasin locations. The number of CRMs at the Bank's locations in Switzerland decreased by 8 to 242, while the figure at the European locations rose by 5 to 60. There was a significant rise (+14) in the number of CRMs recruited by locations in Asia and the Middle East.

In the private clients business, most of the CRMs – 218 in total – work in the Bank's locations in Switzerland. The total headcount at locations in Asia and the Middle East is 124 CRMs, and 38 for the European locations. This trend can be explained by the investment and expansion activities that Sarasin has been pursuing at the international level. When averaged out across the entire Sarasin Group, the amount of assets managed by each advisor in the private clients business now comes to CHF 189.2 million, an increase of 11% on last year's figure of CHF 170.9 million. The average acquisition performance for each CRM in the private clients business came to CHF 23.4 million, compared with CHF 38.6 million in the previous year.

Sarasin operates its institutional clients business from its locations in Switzerland, Germany and the United Kingdom. There were no significant changes in the number of CRMs. The total number of CRMs was 47 in 2009, almost the same as the figure of 45 in 2008. While the CRM headcount increased slightly in Switzerland, it dipped somewhat in Europe. The average assets under management per advisor in the institutional clients business amounts to CHF 493.9 million, an increase of 30% on last year's figure of CHF 379.9 million. The average acquisition performance for each CRM in the institutional

[1] The restatement of the figures as at 31 December 2008 published in the Annual Report 2008 is due to the fact that the assets which AIG Private Bank, now Falcon Private Bank Ltd., brought into bank zweiplus were migrated to Avaloq in February 2009. As a result of this migration, these assets could be allocated more precisely by currency.

[2] Including assistants.

Fig. 17: Institutional clients business: Number of CRMs[1] at Sarasin Group locations

(full-time equivalents)

clients business came to CHF 80.3 million, an increase of 40% on last year's figure of CHF 57.4 million.

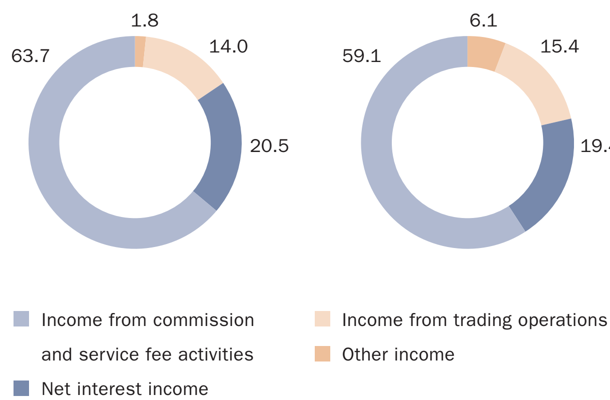
Solid earnings power thanks to diversification and improved market environment in 2H 2009

During the reporting period Bank Sarasin's operating income rose 8% to CHF 673.9 million (2008: CHF 626.5 million). After revenue streams came under pressure in 2008 due to the challenging market environment and subsequently declined slightly, they have since reverted to a more encouraging level. This improvement was made possible by the rally that started in March 2009 and the fact that the Bank had previously diversified its revenue stream across the three main pillars of its business, as part of its growth strategy.

Compared with last year, there was virtually no change in adjusted net interest income at CHF 130.7 million (2008: CHF 128.6 million) or income from commission and service fee activities at CHF 398.5 million (2008: CHF 399.0 million). Transaction-based fees continued to be dragged down by lower transaction volumes. The Bank stepped up its trading operations and made them more profitable: income from trading operations rose 18% to CHF 103.5 million in 2009, compared with CHF 87.8 million in the previous year. Other income increased sharply

Fig. 18: Breakdown of operating income (adjusted)

(in percent)



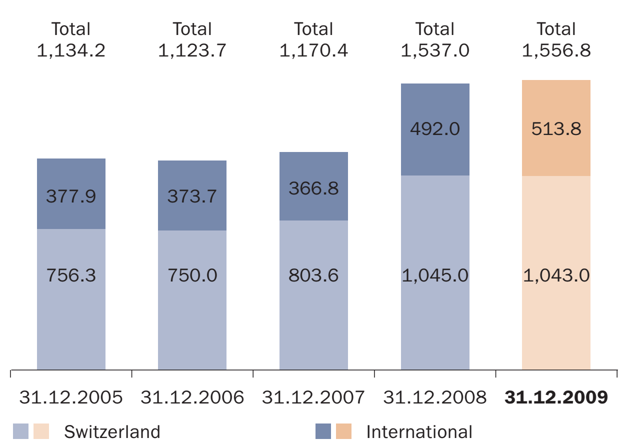
by CHF 30.1 million to CHF 41.2 million in 2009, as there was a marked improvement in income from the Bank's own financial investments.

Strict cost management continued

Bank Sarasin's operating expenses during the reporting period came to CHF 486.8 million, an increase of 5% (2008: CHF 464.7 million). This increase was in line with expectations and was attributable to higher personnel costs. These amounted to CHF 358.8 million in the past financial year (2008: CHF 324.2 million). This increase of 11% was lower than the 14% rise in the average headcount. The average personnel expenses per employee

Fig. 19: Headcount

(full-time equivalents)



[1] Including assistants.

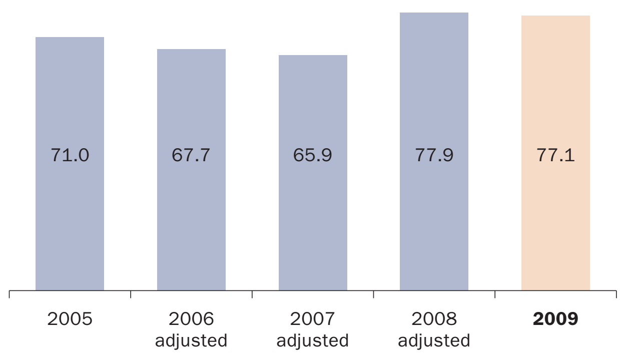
therefore dropped by 3% to CHF 232 000. The downward trend in personnel expenses reflects the investments made in future growth through the substantial expansion of the Bank's CRM team on the one hand, and on the other hand the performance-oriented HR policy as well as the variable compensation policy geared towards the company's mid-term results.

Despite further investments in selective growth initiatives, such as the opening of new offices in Switzerland (Berne), Germany (Nuremberg), Eastern and Central Europe (Warsaw and Vienna) and India (Delhi and Mumbai), as well as the roll-out of the IT platform Avaloq in Asia, general administrative expenses were lower than the previous year, falling 9% to CHF 128.0 million (2008: CHF 140.6 million). The average general administrative expenses per employee dropped 20% to CHF 82 700. The Bank's tight and consistently applied cost management paid off. The existing business portfolio was continuously reviewed. Individual business cases that offer no prospect of success or are taking too long to generate profit have been revised or discarded. Amongst other things, the decision was taken in the second half of 2009 to relaunch the business in Bahrain through a new joint venture and put on hold plans to enter the Chinese market. Measured by new money growth, most of the Sarasin Group's business cases are making excellent progress.

Depreciation and write-offs increased by 40% overall, from CHF 23.6 million in 2008 to CHF 33.0 million in 2009. Depreciation and write-offs on property and equipment rose 19% to CHF 17.1 million due to increased investments in furniture and IT hardware in connection with the expansion of the Sarasin Group network. Amortisation of intangible assets came to CHF 15.9 million (+74%). The bulk of the increase is attributable to one-off goodwill impairment losses at Sarasin Colombo Gestioni Patrimoniali SA. Bank Sarasin has adjusted the value of its 40% financial interest in NZB Holding and written down its value by CHF 70.2 million. This is a non-recurring effect and is therefore adjusted in the yearly comparison. At CHF 7.5 million, the adjusted figure for value adjustments, provisions and losses was only slightly higher than last year's CHF 7.0 million. The cost income ratio marginally improved from 77.9% (2008) to 77.1% (2009).

Fig. 21: Cost income ratio[1]

(in percent)



Now organised into five segments

Bank Sarasin's new organisational structure came into effect on 1 January 2009. As a result, Bank Sarasin's Half Year Report 2009 already included five segments, with the creation of a new Trading & Family Offices

Fig. 20: CRM team as a proportion of total workforce

(in percent)

Fig. 22: Result before taxes per segment (adjusted)

(million CHF)

	31.12.2009	31.12.2008
Private Banking	**30.2**	53.7
Asset Management, Products & Sales	**49.9**	44.6
Trading & Family Offices	**58.0**	46.8
bank zweiplus	**10.1**	7.0
Corporate Center	**–1.7**	–21.0
Sarasin Group	**146.6**	**131.2**

[1] Operating expenses including depreciation and amortisation / operating profit.

segment. Following its sale in February 2010, Sarasin Colombo Gestioni Patrimoniali SA was no longer allocated to the Private Banking segment, but to the Corporate Center. For comparison purposes, segment figures for 2008 have been restated to reflect the new segment structure.

The Private Banking segment posted a much weaker result of CHF 30.2 million, 44% down on last year. This was mainly because of a very difficult first half of the year. Lower revenues caused by challenging market conditions, higher personnel costs for the expanded CRM teams and increased general administrative expenses and write-offs in connection with the ongoing expansion of the Sarasin Group's network of locations led to Private Banking reporting a low segment result in 1H 2009. As revenues recovered and tight cost discipline continued to bite, the second half result posted by Private Banking improved, reverting to the same level as last year.

The Asset Management, Products & Sales segment saw its result grow by a healthy 12%. bank zweiplus only started trading on 1 July 2008, and in its first full financial year 2009 managed to achieve a solid segment result of CHF 10.1 million.

The best result in absolute terms, at CHF 58.0 million, came from the newly created segment Trading & Family Offices, an increase of 24%. One of the main reasons was the strong trading result, which was achieved without any increase in the Bank's risk exposure. On the contrary, Sarasin's average Value at Risk in its trading operations actually fell 18% to CHF 287 000 (1 day retention period, 99% confidence level, one-sided) compared with last year.

The Corporate Center posted a much better result in 2009 after its performance last year was impaired by one-off effects. The loss of CHF 1.7 million posted by the Corporate Center segment can be explained by a CHF 7.2 million increase in depreciation and write-offs. This was the result of investment in projects in the IT domain, as well as goodwill impairment losses at Sarasin Colombo Gestioni Patrimoniali SA.

More information on the Bank's segments can be found in the Segment Reporting section on page 24ff.

Further increase in total assets

By the end of the reporting period, the total assets held on the Bank's balance sheet rose by CHF 2.6 billion or 20% to CHF 15.3 billion, mainly in connection with amounts due to (or from) clients. On the assets side, the amounts due from customers increased by CHF 2.1 billion to reach CHF 7.3 billion. The figure for money market papers also rose by CHF 407.3 million to CHF 765.9 million. Financial investments doubled as well, from CHF 1.2 billion to CHF 2.5 billion as a result of transfers from amounts due from banks. Trading portfolio assets were 76% higher at CHF 620.9 million as financial markets started to improve from the second quarter onwards. The Bank's efforts to restrict the counterparty risks from the interbank market meant that amounts due from banks shrank by 30% or CHF 1.2 billion to CHF 2.8 billion

On the liabilities side, the level of refinancing with other banks increased by 89% to CHF 2.5 billion. Clients' persistent demand for liquid assets meant that amounts due to customers rose by 21% to CHF 10.2 billion. Demand for structured products remained low, which is reflected in lower financial liabilities designated at fair value. Thanks to the exercising of Cash or Title Options and the group result in 2009, shareholders' equity rose CHF 98.5 million or 8%, from CHF 1.2 billion at the end of 2008 to CHF 1.3 billion on 31 December 2009.

Solid capital strength – low risk exposure

On an adjusted basis, the return on equity in 2009 was slightly improved from last year, at 9.5%. Because of the sharp increase on the customer side of the balance sheet, the equity ratio dropped to 8.4% on 31 December 2009 (2008: 9.5%). The BIS Tier 1 ratio, defined as core capital as a percentage of risk-weighted assets, improved to 16.3% at year-end 2009 (2008: 15.2%), confirming the Bank's solid capital base.

As a Swiss private bank, Sarasin places enormous importance on an effective system of risk management. This system is built on the integrity and risk-aware conduct of individual employees at all levels of the company, as well as on clearly defined responsibilities and competencies. Bank Sarasin's underlying reliance on a low-risk business model is a reflection of its commitment towards its customers and shareholders. Overall the Bank's risk profile is still very low, despite its rapid pace of expansion and the intensification of its trading operations. This is best illustrated by the fact that there were no loan defaults in 2009, and no provisions had to be made for non-performing loans.

Details of the Bank's consistently low risk exposure can be found in the Risk Report on page 56ff.

Outlook

The annual results reported in 2009 confirm the success of the Sarasin Group's long-term growth strategy and the decision to focus on its core activities as a sustainable private bank. The Bank not only successfully links together sustainability and private banking, but also combines growth and security. This allows it to carve out a clear market position and set itself apart from the competition. Its standing is also reinforced by the backing of a strong majority shareholder, Rabobank, which not only has an excellent reputation but a triple-A credit rating. One of the most important factors for the Bank's long-term success, however, is the outstanding quality of Sarasin's CRM team which it has methodically built up in recent years. As an asset manager, Sarasin relies on a focused offering of top products based on three investment styles: sustainable, thematic and quantitative. Sarasin positions itself as a client-focused advisor and solutions provider, rather than a pure seller of products.

The core markets in which the Sarasin Group will deploy its resources for systematic marketing initiatives will still be Europe, Asia and the Middle East. The Bank will focus on quality growth through optimisation measures at existing locations. In particular, Sarasin plans to continue to strengthen its business base in the growth markets of Asia over the next 18 months. The Hong Kong location has just received a banking licence and will be upgraded to Bank Sarasin's first international branch. To support ongoing growth in Asia, a decision was also made to roll out the IT banking system Avaloq, which has been used successfully in Switzerland since 2003, to the international locations in Hong Kong and Singapore.

During the reporting period Sarasin already achieved its goal of managing assets worth CHF 100 billion by 2010 (after performance adjustments). Thanks to the revenue boost provided by an increase in the average level of client assets, Sarasin expects an improvement in the operating result, as long as markets remain stable. The Bank's top priority in 2010 is to achieve a lasting improvement in profitability.

Having moderated the pace of investments in future growth during 2009, Bank Sarasin now wants to return to its mid-term growth path in 2010. The Bank is aiming for net new money growth of 10% and in 2010 will once again invest in the expansion of its highly experienced CRM team, thereby substantially strengthening the long-term basis for successful acquisition. The mid-term planning figure is around 50 new CRMs every year. The Bank is also keen to steadily increase the number of CRMs as a percentage of the total workforce. In addition, it will launch initiatives to improve efficiency. The Bank will maintain a very tight cost discipline as it pursues its expansion plans geared towards enhancing quality. It will constantly review the effectiveness and progress of its business cases and their associated services, and adapt them as necessary. In geographical terms, growth initiatives will be concentrated on the three main target markets of Europe, the Middle East and Asia. As a sustainable bank, Sarasin is aiming for long-term profitable growth which is built on quality and can be achieved without running up excessive costs.

Segment reporting

On 1 January 2009, Bank Sarasin realigned its business organisation. Five segments are now represented: the first is Private Banking, whose geographical remit extends to the business units Switzerland & Europe and Middle East & Asia. The second is the new segment Trading & Family Offices, which incorporates the two business units Institutional Advisory & Sales and Trading. The third seg-

2009 adjusted

1,000 CHF	Private Banking	Trading & Family Offices	Asset Management, Products & Sales	bank zweiplus	Corporate Center	**Sarasin Group**
Net interest income	78,842	29,892	2,330	3,240	16,372	130,676
Results from commission and service fee activities, trading operations and other ordinary results	232,123	67,054	167,092	60,848	16,135	543,252
Operating income	**310,965**	**96,946**	**169,422**	**64,088**	**32,507**	**673,928**
Personnel expenses	161,196	23,219	75,091	21,985	77,350	358,841
General administrative expenses	37,396	5,045	20,080	9,849	55,631	128,001
Services from / to other segments	71,893	9,236	22,151	19,216	–122,496	0
Operating expenses	**270,485**	**37,500**	**117,322**	**51,050**	**10,485**	**486,842**
Operating profit	**40,480**	**59,446**	**52,100**	**13,038**	**22,022**	**187,086**
Depreciation and amortisation	4,514	61	2,156	1,599	24,690	33,020
Value adjustments, provisions and losses	5,737	1,388	37	1,317	–992	7,487
Profit before taxes per segment	**30,229**	**57,997**	**49,907**	**10,122**	**–1,676**	**146,579**
Cost income ratio	88.4%	38.7%	70.5%	82.1%	108.2%	77.1%
Net new money (million CHF)	7,437	1,111	3,848	–343	421	12,474
New money through acquisitions (million CHF)	0	0	0	0	0	0
Change through divestment (million CHF)	0	0	0	0	–442	–442
Performance (million CHF)	5,225	991	3,789	727	1,254	11,986
Transfers (million CHF)	–495	374	–523	11	633	0
Gross margin on assets under management	0.86%	n/a	0.69%	1.07%	n/a	0.84%
Proportion transaction related revenues	30.1%	63.6%	13.1%	23.0%	42.0%	30.5%

31.12.2009 adjusted

Assets under management (million CHF)	42,880	8,221	28,409	6,205	7,982	93,697
Assets under management mandate (million CHF)	7,701	35	15,755	1,919	683	26,093
Impaired and non-performing loans (1,000 CHF)	4,444	0	0	573	69,875	74,892
Number of employees (full-time equivalents)	618.5	85.8	295.8	135.3	421.4	1,556.8
Whereof client relationship managers (full-time equivalents)	315.4	37.5	50.7	19.4	3.0	426.0

ment is Asset Management, Products & Sales, with its two business units Wholesale & Products and Institutional Clients. The fourth is bank zweiplus ltd, which has been trading since July 2008 and reports as an autonomous segment. Bank Sarasin owns a 57.5% majority stake in bank zweiplus, and it is fully consolidated. The internal support functions are gathered within the Corporate Center segment. Following its sale in February 2010, Sarasin Colombo Gestioni Patrimoniali SA was no longer allocated to the Private Banking segment, but to the Corporate Center. To facilitate comparison, the segment figures for 2008 have been restated to reflect the new segment structure.

2008 adjusted

1,000 CHF	Private Banking	Trading & Family Offices	Asset Management, Products & Sales	bank zweiplus	Corporate Center	**Sarasin Group**
Net interest income	58,528	31,297	6,515	5,612	26,605	128,557
Results from commission and service fee activities, trading operations and other ordinary results	256,774	46,910	151,187	38,569	4,485	497,925
Operating income	**315,302**	**78,207**	**157,702**	**44,181**	**31,090**	**626,482**
Personnel expenses	138,645	18,614	80,101	13,104	73,709	324,173
General administrative expenses	37,889	4,987	25,099	13,366	59,235	140,576
Services from / to other segments	77,895	7,687	4,962	8,854	–99,398	0
Operating expenses	**254,429**	**31,288**	**110,162**	**35,324**	**33,546**	**464,749**
Operating profit	**60,873**	**46,919**	**47,540**	**8,857**	**–2,456**	**161,733**
Depreciation and amortisation	2,445	72	2,929	629	17,499	23,574
Value adjustments, provisions and losses	4,687	0	0	1,254	1,009	6,950
Profit before taxes per segment	**53,741**	**46,847**	**44,611**	**6,974**	**–20,964**	**131,209**

Cost income ratio	81.5%	40.1%	71.7%	81.4%	164.2%	77.9%
Net new money (million CHF)	7,078	1,120	2,432	688	3,158	14,476
New money through acquisitions (million CHF)	0	0	0	0	0	0
Change through divestment (million CHF)	0	0	0	0	0	0
Performance (million CHF)	–11,328	–2,267	–9,794	–1,562	–2,848	–27,799
Transfers (million CHF)	11	636	897	6,684	–8,228	0
Gross margin on assets under management	0.96%	n/a	0.62%	1.42%	n/a	0.80%
Proportion transaction related revenues	25.7%	57.2%	11.5%	38.4%	89.1%	30.1%

31.12.2008 adjusted

Assets under management (million CHF)	30,713	5,745	21,295	5,810	6,116	69,679
Assets under management mandate (million CHF)	6,761	53	12,127	1,626	268	20,835
Impaired and non-performing loans (1,000 CHF)	4,884	0	0	151	73,899	78,934
Number of employees (full-time equivalents)	577.7	81.3	300.2	136.6	441.2	1,537.0
Whereof client relationship managers (full-time equivalents)	310.6	33.9	43.8	22.7	5.0	416.0

Private Banking

Segment result reflects growth initiatives
The Private Banking segment managed to significantly improve on the weak performance of CHF 3.9 million in 1H 2009 to post a result of CHF 26.3 million in the second half of the year. Even so, the full-year result for 2009 was lower than the previous year, at CHF 30.2 million (2008: CHF 53.7 million). Revenues only played a relatively small part in this decline: operating income for the reporting period was only CHF 4.3 million lower than the previous year, finishing at CHF 311.0 million. Income showed a significant improvement in the second half of the year especially, as financial markets staged a recovery. The main reason for the disappointing result is the 6% increase in operating expenses to CHF 270.5 million (2008: CHF 254.4 million). The drive to expand the workforce in the past three years has inevitably pushed up personnel expenses to CHF 161.2 million (+16%). At the end of the year the headcount was 7% above the prior year level, and 21% higher on average over the year. The increased personnel costs more than cancelled out the savings made in general administrative expenses. After significant expenditure was incurred in the first half of 2009 with the opening of five new locations and ongoing marketing projects, strict cost discipline applied in the second half of the year ensured that general administrative expenses were kept below the level of 2008 (–1%). The focus of the growth strategy and associated initiatives was on the home market of Switzerland, on Germany, and on entry into new markets in Eastern Europe (Austria and Poland) and in India.

The **Private Banking** segment is responsible for the acquisition, service and support of customers in the global private clients business. Organised along the lines of target markets in specific geographic regions, the business extends to all the private clients served from the Bank's Swiss locations in Basel, Berne, Geneva, Lugano and Zurich, as well as by its subsidiaries in Europe (Austria, Germany, Ireland, Poland, Spain and the UK), the Middle East (Dubai, Qatar and Oman) and Asia (Hong Kong, India and Singapore). The business segment is jointly managed by Eric G. Sarasin and Fidelis M. Goetz. On 31 December 2009, Private Banking had a headcount of 619 employees (full-time equivalents).

Focus on growth opportunities in Central and Eastern Europe as well as India
During the reporting period the Sarasin Group tapped into new market potential in Eastern and Central Europe by opening new representative offices in **Poland (Warsaw)** and **Austria (Vienna).** In Warsaw, Yves Sarasin and Daniel Raemy have been entrusted with the task of bringing to the attention of prospective Polish clients the range of personalised services offered by the Sarasin Group. Here, Sarasin benefits from the existing market presence of its AAA-rated majority shareholder Rabobank. The representative office opened in Vienna in May 2009 is headed up by Christian Daimer. Thanks to its geographical proximity and close ties to Eastern European countries, Vienna is an ideal location from which to raise the profile of the Sarasin brand and secure its positioning as a sustainable private bank. The consistent pursuit of the Bank's strategic orientation around sustainability both in its corporate culture and its investment approach is, in its present form, a novel concept for investors in this region.

In June 2009 Bank Sarasin also opened **two locations in India (Delhi and Mumbai).** The Bank's newly formed subsidiary trades under the name Sarasin Alpen (India) Private Limited, and is run as a non-fund-based, non-banking financial company (NF-NBFC). In future India will be one of the countries that drive the global economy, and its market therefore offers very attractive growth prospects for Sarasin. The new company provides financial advisory services for wealthy private clients in India and distributes selected third-party premium products, including investment funds. Appropriate agreements concluded with providers in India enable Sarasin Alpen (India) Private Limited to distribute funds and portfolio management services. The prestigious accolade of "Best Private Bank" that Bank Sarasin-Alpen (ME) Limited has received at the Banker Middle East Industry Awards for two years running supports the new representative office in gaining the trust of Indian clients through a range of high-quality services.

Successful acquisition drive in the dynamic Asian market

In August 2009 Bank Sarasin said that it would no longer be pursuing the joint venture with the El-Kehereiji Group in Bahrain announced back in December 2007. The Bank decided to withdraw from the project as part of the ongoing review of its business cases. Bank Sarasin now plans to set up a new joint venture with Alpen Capital in 2010 in **Bahrain (Manama).** The relevant approval for a licence has already been submitted to the authorities. To cater more effectively for the needs of clients in the Middle East and Asia, Sarasin launched a comprehensive offering in **Islamic Wealth Management** services during the reporting period. This offers **Sharia-compliant investments** faithful to Islamic law. Fares Mourad is head of Bank Sarasin's competence centre, Islamic Finance, in Switzerland.

The appeal and dynamism of the Asian market is reflected in the net new asset inflows of CHF 4.1 billion in the reporting period by the business unit Asia & Middle East. The CRMs working from locations in this region significantly boosted their acquisition performance in 2009 (2008: CHF 1.6 billion). Bank Sarasin actively exploits the attractive opportunities available in this region and benefits from consistently dynamic growth. The Hong Kong office has just been granted a banking licence, making it Bank Sarasin's first international branch. This will further strengthen the Hong Kong location and its business potential, delivering value-added to Bank Sarasin over the long run.

Core markets of Switzerland and Germany strengthened

Switzerland and Germany are the two most important markets for the Sarasin Group in terms of assets under management. During the 2009 financial year, locations in both countries have therefore been the focus of additional investments for future growth. In the first half of 2009, Bank Sarasin opened a fifth office in the Swiss capital of **Berne,** adding to existing Swiss offices in Basel, Geneva, Lugano and Zurich. Under the leadership of Piero Huwyler, the new Private Banking team serves clients from Berne and the surrounding region in central Switzerland. In **Geneva,** a team has been put together which focuses specifically on the client base in French-speaking Switzerland.

In the second half of 2009, Bank Sarasin opened a third office in **Nuremberg** to add to its other German locations in Frankfurt and Munich. The purpose of this move is not simply to expand the company's presence in Germany, but is part of Bank Sarasin's strategy to establish a clear profile in this market as a provider of sustainable solutions for wealthy investors. Branch manager Uwe Seeberger is responsible for developing the business at this new location. The **Munich** office has moved to new premises in the heart of the city and has augmented its presence through the appointment of a Private Banking team.

Germany's most sustainable financial service provider

Sarasin's high standing in the German-speaking markets is reflected in a number of prestigious industry awards which the Bank has won. In the Elite Report on Foundation Experts, Sarasin was named one of the **leading foundation specialists** in German-speaking countries for the second year running. The survey of the advisory quality of banks, law firms and other parties specialised in working with foundations was sponsored by the German business daily Handelsblatt. Sarasin also received the highest grade possible, "summa cum laude" in the Elite Report 2010 – The elite wealth managers. The annual Elite Report, also published in conjunction with Handelsblatt, identifies the **top wealth managers** and rates as one of the most important independent industry surveys in German-speaking countries. The Elite Report also singled out **Eric G. Sarasin** as the "Most Credible Swiss Banker". Last but not least: in the German Sustainability Award 2009, under the patronage of the German Chancellor Angela Merkel, Bank Sarasin won a prize for "**Germany's Most Sustainable Financial Services".** The jury picked out Bank Sarasin from a field of 300 companies as the provider that implements sustainability management in the most exemplary fashion.

Client assets jump 40%

Despite the challenging first quarter, the Private Banking segment managed to acquire CHF 7.4 billion of new money. This equates to an increase of 5% on the prior year (2008: CHF 7.1 million). The Private Banking team Switzerland & Europe accounted for CHF 3.4 billion of the net new money inflows, a decline of 39% on the previous year. Acquisition performance in Asia & Middle East continues to improve, with net new money inflows of CHF 4.1 billion. Performance also made a positive contribution, amounting to CHF 5.2 billion in the reporting period, compared with a negative contribution of CHF –11.3 billion in 2008. Assets under management therefore increased by 40% over the course of the year to CHF 42.9 billion (2008: CHF 30.7 billion). The gross margin fell 10 basis points to 86. The cost income ratio for the entire segment rose from 81.5% in 2008 to 88.4% in 2009.

Private Banking (Total)

1,000 CHF	**2009 adjusted**	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Net interest income	**78,842**	58,528	20,314	34.7
Results from commission and service fee activities, trading operations and other ordinary results	**232,123**	256,774	–24,651	–9.6
Operating income	**310,965**	**315,302**	**–4,337**	**–1.4**
Personnel expenses	**161,196**	138,645	22,551	16.3
General administrative expenses	**37,396**	37,889	–493	–1.3
Services from / to other segments	**71,893**	77,895	–6,002	–7.7
Operating expenses	**270,485**	**254,429**	**16,056**	**6.3**
Operating profit	**40,480**	**60,873**	**–20,393**	**–33.5**
Depreciation and amortisation	**4,514**	2,445	2,069	84.6
Value adjustments, provisions and losses	**5,737**	4,687	1,050	22.4
Profit before taxes per segment	**30,229**	**53,741**	**–23,512**	**–43.7**
Cost income ratio	**88.4%**	81.5%		
Net new money (million CHF)	**7,437**	7,078		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**5,225**	–11,328		
Transfers (million CHF)	**–495**	11		
Gross margin on assets under management	**0.86%**	0.96%		
Proportion transaction related revenues	**30.1%**	25.7%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**42,880**	30,713	12,167	39.6
Assets under management mandate (million CHF)	**7,701**	6,761	940	13.9
Impaired and non-performing loans (1,000 CHF)	**4,444**	4,884	–440	–9.0
Number of employees (full-time equivalents)	**618.5**	577.7	40.8	7.1
Whereof client relationship managers (full-time equivalents)	**315.4**	310.6	4.8	1.5

Whereof business unit Switzerland & Europe

1,000 CHF	**2009 adjusted**	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Operating income	**211,986**	**224,616**	**–12,630**	**–5.6**
Operating expenses	**183,525**	**179,683**	**3,842**	**2.1**
Operating profit	**28,461**	**44,933**	**–16,472**	**–36.7**
Depreciation and amortisation	**1,177**	85	1,092	>1,000
Value adjustments, provisions and losses	**3,613**	1,246	2,367	190.0
Profit before taxes per segment	**23,671**	**43,602**	**–19,931**	**–45.7**
Cost income ratio	**87.1%**	80.0%		
Net new money (million CHF)	**3,358**	5,478		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**3,215**	–9,034		
Transfers (million CHF)	**–387**	–45		
Gross margin on assets under management	**0.82%**	0.91%		
Proportion transaction related revenues	**25.4%**	24.4%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**29,122**	22,936	6,186	27.0
Assets under management mandate (million CHF)	**7,679**	6,721	958	14.2
Impaired and non-performing loans (1,000 CHF)	**1,484**	563	921	163.4
Number of employees (full-time equivalents)	**335.5**	305.2	30.3	9.9
Whereof client relationship managers (full-time equivalents)	**191.9**	200.5	–8.6	–4.3

Whereof business unit Middle East & Asia

1,000 CHF	**2009 adjusted**	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Operating income	**98,979**	**90,686**	**8,293**	**9.1**
Operating expenses	**86,960**	**74,746**	**12,214**	**16.3**
Operating profit	**12,019**	**15,940**	**–3,921**	**–24.6**
Depreciation and amortisation	**3,337**	2,360	977	41.4
Value adjustments, provisions and losses	**2,124**	3,441	–1,317	–38.3
Profit before taxes per segment	**6,558**	**10,139**	**–3,581**	**–35.3**
Cost income ratio	**91.2%**	85.0%		
Net new money (million CHF)	**4,079**	1,600		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**2,010**	–2,294		
Transfers (million CHF)	**–108**	56		
Gross margin on assets under management	**0.94%**	1.11%		
Proportion transaction related revenues	**40.0%**	28.9%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**13,758**	7,777	5,981	76.9
Assets under management mandate (million CHF)	**22**	40	–18	–43.4
Impaired and non-performing loans (1,000 CHF)	**2,960**	4,321	–1,361	–31.5
Number of employees (full-time equivalents)	**283.0**	272.5	10.5	3.8
Whereof client relationship managers (full-time equivalents)	**123.5**	110.1	13.4	12.2

Trading & Family Offices

Successful debut
When compared with the previous year's figures restated for comparison purposes, the result reported by Trading & Family Offices, the new segment launched on 1 January 2009, improved by CHF 11.2 million (24%) to CHF 58.0 million. The segment's operating income came to CHF 96.9 million and its operating expenses amounted to CHF 37.5 million. The higher costs were mainly caused by the 25% hike in personnel expenses, rather than the modest 1% increase in general administrative expenses.

Focus on developing family governance
The new **Family Offices** business unit launched in 2009 offers services to families with assets in excess of CHF 200 million in the areas of Wealth Planning, Investment Services, Risk Management and Consolidation. The products of Bank Sarasin and other third parties are specifically tailored to the requirements of this special clientele. When working with clients for the first time, a strong emphasis is placed on developing family governance, an approach which defines the fundamental values and code of conduct for the family, and lays the foundation for a sustainable investment strategy.

Trading: a lucrative source of revenue
The more favourable market performance – especially in the second half of 2009 – delivered a healthy boost to the **Trading** business unit, which is part of the new segment. It was a record year for the bonds business, with targets exceeded by more than 300%. The income generated by this business unit alone came to CHF 50.6 million, an increase of 27% on 2008 (CHF 39.7 million). The focus on intraday trading, which responds to volatile markets in an agile manner, is bearing fruit. There was a moderate increase in expenses from CHF 8.7 million to CHF 10.0 million. On 1 September 2009 a team specialising in trading precious metals was recruited. Within the Trading Forex business, this team has taken on responsibility for trading precious metals for clients as well as on the Bank's own account, and will continue to expand this activity. It is the main interface for all precious metal transactions and has already notched up its first successes. The newly launched Double Currency Investment (DCI) offering, for example, has been well received by the market and is making a very solid contribution to revenues.

New Treasury organisation is very effective
The task of **Group Treasury** is to manage liquidity in an optimum manner at Group level, while simultaneously reducing counterparty risk and/or keeping it to a necessary minimum. The required structural basis for achieving this was established during the first half of 2009, and was then implemented in the second half of the year. The new organisation is built around the Group Treasurer, who is in charge of functional management worldwide and is charged by the newly formed Treasury Committee with implementing the strategies at all locations. The merger and concentration of global treasury resources results in far more efficient use of liquidity and financial resources than would be possible with an individual approach.

Growing business with external asset managers
An important impetus for the support of Sarasin Group's growth strategy comes from the Institutional Advisory & Sales business unit, which incorporates **business with external asset managers, private label funds and also active advisory services.** The revenue achieved by this business unit has enjoyed solid growth and amounted to CHF 46.4 million at the end of 2009. Operating expenses

The **Trading & Family Offices** segment handles the provision of advice to family offices and external asset managers at all Sarasin Group locations. It also looks after all securities transactions on behalf of the Bank's clients and monitors Sarasin's liquidity and proprietary trading. The Trading & Family Offices segment is managed by Peter Wild and on 31 December 2009 had a headcount of 86 employees (full-time equivalents).

rose 22% to CHF 27.5 million. Operating profit amounted to CHF 18.9 million. The ambitious target for new money growth in 2009 was achieved, with CHF 1.1 billion acquired. At the same time the profitability of assets has improved, with the gross margin rising by 5 to 68 basis points. The business with private label funds especially stood out, as it was able to convert investments from the previous period into substantial inflows of new money. Business with existing partners in the field of external asset management also developed in an encouraging manner – as demonstrated by the income side – and, coupled with tight cost discipline, contributed to a successful debut for the new business division.

In its business with external asset managers, Bank Sarasin positions itself not only as a provider of custodian bank services, but also supports its partners through innovative, client-oriented services. The Active Advisory services are closely tied to Sarasin Research's investment recommendations. This means that short-term investment ideas can be reconciled with long-term business goals, producing an even higher quality of client advice. The tax amnesty in Italy ("Scudo Fiscale") did not result in any significant outflows of funds in the business with external asset managers in Ticino, the Italian-speaking part of Switzerland. The strength of the business with external asset managers in Lugano actually improved slightly, thanks to Sarasin's innovative offering. The dynamic pace of growth, as well as the anticipated changes in regulations governing business with external asset managers, presented this business unit with a number of challenges on the operating side, but Sarasin managed to overcome these through clear organisational and procedural measures, and by taking moves early on to strengthen its front-office organisation.

There was a significant improvement in the acquisition performance in the second half of the year: net new asset inflows in the Institutional Advisory & Sales business unit reached CHF 1.1 billion in 2009, with a market performance of CHF 0.9 billion. On 31 December 2009 the segment managed assets of CHF 8.2 billion (31.12.2008: CHF 5.7 billion). The cost income ratio for the entire segment is still impressively low, at 38.7% (2008: 40.1%).

Trading & Family Offices (Total)

1,000 CHF	**2009 adjusted**	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Net interest income	**29,892**	31,297	–1,405	–4.5
Results from commission and service fee activities, trading operations and other ordinary results	**67,054**	46,910	20,144	42.9
Operating income	**96,946**	**78,207**	**18,739**	**24.0**
Personnel expenses	**23,219**	18,614	4,605	24.7
General administrative expenses	**5,045**	4,987	58	1.2
Services from / to other segments	**9,236**	7,687	1,549	20.2
Operating expenses	**37,500**	**31,288**	**6,212**	**19.9**
Operating profit	**59,446**	**46,919**	**12,527**	**26.7**
Depreciation and amortisation	**61**	72	–11	–15.1
Value adjustments, provisions and losses	**1,388**	0	1,388	
Profit before taxes per segment	**57,997**	**46,847**	**11,150**	**23.8**
Cost income ratio	**38.7%**	40.1%		
Net new money (million CHF)	**1,111**	1,120		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**991**	–2,267		
Transfers (million CHF)	**374**	636		
Proportion transaction related revenues	**63.6%**	57.2%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**8,221**	5,745	2,476	43.1
Assets under management mandate (million CHF)	**35**	53	–18	–34.1
Impaired and non-performing loans (1,000 CHF)	**0**	0	0	
Number of employees (full-time equivalents)	**85.8**	81.3	4.5	5.5
Whereof client relationship managers (full-time equivalents)	**37.5**	33.9	3.6	10.6

Whereof business unit Institutional Advisory & Sales

1,000 CHF	**2009 adjusted**	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Operating income	**46,375**	**38,488**	**7,887**	**20.5**
Operating expenses	**27,461**	**22,601**	**4,860**	**21.5**
Operating profit	**18,914**	**15,887**	**3,027**	**19.1**
Depreciation and amortisation	**0**	0	0	
Value adjustments, provisions and losses	**498**	0	498	
Profit before taxes per segment	**18,416**	**15,887**	**2,529**	**15.9**
Cost income ratio	**59.2%**	58.7%		
Net new money (million CHF)	**1,149**	1,130		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**957**	–2,211		
Transfers (million CHF)	**376**	635		
Gross margin on assets under management	**0.68%**	0.63%		
Proportion transaction related revenues	**72.9%**	73.8%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**8,132**	5,650	2,482	43.9
Assets under management mandate (million CHF)	**35**	53	–18	–34.1
Impaired and non-performing loans (1,000 CHF)	**0**	0	0	
Number of employees (full-time equivalents)	**39.7**	42.4	–2.7	–6.4
Whereof client relationship managers (full-time equivalents)	**35.9**	31.3	4.6	14.7

Whereof business unit Trading

1,000 CHF	2009 adjusted	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Operating income	**50,571**	**39,719**	**10,852**	**27.3**
Operating expenses	**10,039**	**8,687**	**1,352**	**15.6**
Operating profit	**40,532**	**31,032**	**9,500**	**30.6**
Depreciation and amortisation	**61**	72	–11	–15.1
Value adjustments, provisions and losses	**890**	0	890	
Profit before taxes per segment	**39,581**	**30,960**	**8,621**	**27.8**
Cost income ratio	**20.0%**	22.1%		
Net new money (million CHF)	**–38**	–10		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**34**	–56		
Transfers (million CHF)	**–2**	1		
Proportion transaction related revenues	**55.0%**	41.1%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**89**	95	–6	–6.2
Assets under management mandate (million CHF)	**0**	0	0	
Impaired and non-performing loans (1,000 CHF)	**0**	0	0	
Number of employees (full-time equivalents)	**46.1**	38.9	7.2	18.5
Whereof client relationship managers (full-time equivalents)	**1.6**	2.6	–1.0	–38.5

Asset Management, Products & Sales

Growth path maintained

The Asset Management Products & Sales (APS) segment reported a full-year result of CHF 49.9 million in 2009. This represents an increase of 12%, or CHF 5.3 million, compared with last year and was mainly achieved through strong revenue growth. The income of CHF 169.4 million generated in 2009 was CHF 11.7 million (7%) higher than the previous year and more than compensated for the increase in operating expenses, which rose by 7%, or CHF 7.2 million, to CHF 117.3 million (2008: CHF 110.2 million). Rigorous cost management coupled with the weakness of sterling certainly helped to reduce direct costs. But the lower internal charges to other segments for product initiatives pushed up costs overall. Assets under management rose 33% to CHF 28.4 billion. Net new money inflows, which came almost entirely from the business with large institutional clients, were very encouraging at CHF 3.8 billion (2008: CHF 2.4 billion). At the same time the gross margin was improved by 7 basis points to 69 basis points. The cost income ratio stood at 70.5% on 31 December 2009 (2008: 71.7%).

Institutional investors: renewed focus on northern Europe

Bank Sarasin conducts business with institutional investors in Switzerland and at its European locations in Frankfurt, London and Munich. Sarasin has a full banking licence in Germany. This enables the Sarasin Group to use Germany as a European hub and, by taking advantage of the "European Passport" in the financial services sector, offer cross-border services to institutional investors throughout the EU. Via this route, Sarasin has started to serve institutional clients in north European countries in 2009.

Products: performance, quality and innovation are crucial

As a solutions-oriented provider of tailor-made services and products, Bank Sarasin emphasises performance, quality and innovation. It concentrates on three investment styles and does not offer hedge fund products. With a view to further optimising the Bank's product range and its consistent internal and external marketing, organisational adjustments to the product management department were made during the reporting period. In addition, the risk management system – which was already functioning well – was further refined.

Sarasin celebrates 20 years of sustainable investment

Bank Sarasin is one of the pioneers of sustainable investment. What started off with the inclusion of environmental criteria in certain asset management mandates back in 1989 has now developed into one of the Bank's most important pillars of business. Today Bank Sarasin is not just a pioneer in this area, but clear market leader among Switzerland's sustainable asset managers. During the reporting period the Sarasin Group doubled the amount of assets managed according to sustainable criteria from CHF 6.0 billion in 2008 to CHF 11.9 billion on 31 December 2009. One of the main factors contributing to this rise was the decision in the summer of 2009 to switch portfolio management for private clients in Switzerland to a sustainable investment style. There are many reasons for the growing interest in sustainable investment, the most important one being that paying attention to environmental and social factors helps deliver genuine value-added. Many studies have shown that taking sustainability criteria into systematic consideration in asset management can produce a significant improvement in performance. In fact it is precisely the current global economic situation which highlights the importance, for investors and companies alike, of analysing in-

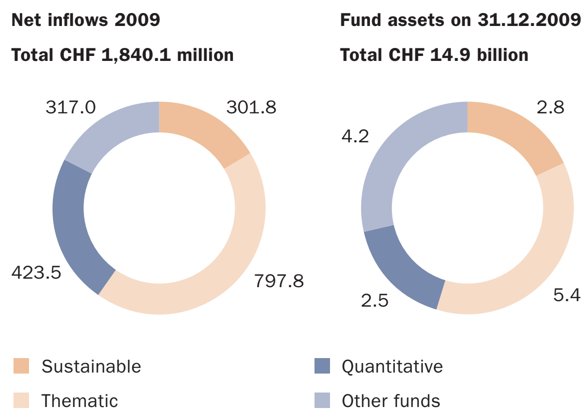
The **Asset Management, Products & Sales** segment provides services to institutional clients and distribution partners in the wholesale area at all the Sarasin Group's locations. It also brings together investment and research expertise, as well as product development. The fund management companies are therefore organised under this business segment. The APS segment is managed by the Chief Investment Officer (CIO), Burkhard P. Varnholt. On 31 December 2009 the APS segment had a headcount of 296 employees (full-time equivalents).

vestments and business strategies from the point of view of their sustainability and of taking appropriate steps to reduce risks or exploit opportunities.

Investment fund volumes on the rise

Sarasin attracted net new assets of CHF 1.8 billion into its retail funds. Compared with last year, new money inflows decreased both for funds managed according to the sustainable investment style (–7%) and the thematic investment style (–43%). In 2009 there were once again net inflows into funds based on the quantitative investment style and also into "other funds", a reversal of the net outflows seen in the prior-year period. Allowing for the performance effect, the volume of assets managed in Sarasin investment funds rose by 36% during the reporting period, from CHF 11.0 billion to CHF 14.9 billion at the end of December 2009. Thematic investment funds account for the lion's share of total assets, at 36%. Sustainable and quantitative investment funds each account for around 17% of the total asset volume.

Fig. 23: Sarasin investment funds: volumes and net inflows, broken down by investment style



Three investment styles demonstrate Sarasin's strengths

The three investment styles offered by Bank Sarasin reflect its core strengths. As part of these three specialities the Bank offers transparent and fully regulated products that satisfy client requirements. The Sarasin Group's product strategy is implemented on a global basis, but there are also product-specific teams on site which incorporate local requirements into the solutions.

Sustainable investment style: This investment style takes into consideration not just financial criteria, but also environmental and social aspects. The sustainability of companies and industries is assessed on the basis of more than 70 criteria. The sustainability research produced in-house determines whether the company is eligible for inclusion in the Sarasin universe of sustainable investments. Sarasin's specialists not only produce sustainability ratings for companies, but also for governments and supranational organisations that issue bonds, making sustainable investments in bonds an option as well.

Thematic investment style: The thematic approach is a fundamental investment style. This concept focuses on global investment themes that could give a boost to companies' earnings and share prices in the years ahead. The selection is concentrated on companies that benefit from these mega trends, irrespective of the stock index or geographical region they belong to. The ultimate investment decision is based purely on financial criteria.

Non-predictive or quantitative investment style: In many markets it is simply impossible to make individual forecasts about future investment performance. Particularly when the markets are not that mature, suitable criteria are often lacking. That's where Sarasin's quantitative investment model, which has been tried and tested over many years, comes into its own. This model reaches investment decisions without the influence of subjective human criteria.

Focus pays off in a challenging environment

The success of the consistent focus of asset management capacities on three investment styles is demonstrated in a consistently high level of performance. In the field of **thematic** investment products, the EquiSar[1] family of funds, bearing a AAA-rating from the British fund analysis company Citywire, and their two fund managers Guy Monson and Harry Talbot Rice, deserve special mention. Fund managers receive a AAA-rating from Citywire if they have achieved the best ratio of outperformance to risk taken (deviation from the benchmark). Performance over three years as at 31 December 2008 was the yardstick, with 40 sectors and 1,000 fund managers analysed.

Since the start of the financial crisis, **sustainable** bond mandates have demonstrated a superior relative perform-

[1] Funds in this family have a marketing licence in the following countries: Austria, Belgium, Denmark, France, Germany, Gibraltar, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Spain, South Africa, Sweden, Switzerland and the UK.

Market environment: sustainable investments booming
Market studies indicate that the volume of sustainable investments will continue to rise sharply. A report published in 2008 by Robeco and Booz predicts that sustainable investments could increase to as much as USD 26.5 trillion by 2015, which would correspond to between 15% and 20% of assets under management worldwide.

New and innovative sustainable investment products "Made by Sarasin"
During the reporting period, the Sarasin Group once again launched a number of new and innovative investment products, both on its own and in conjunction with other financial service providers. For the first time, sustainable real estate was included as a new asset class. Sarasin also launched the world's first sustainable convertible bond fund.

More information on market trends in sustainable investments and Sarasin's new sustainable investment products can be found in the Sustainability section on page 48ff.

ance. This is because many areas of the economy which are among the biggest losers in the financial crisis were excluded by the sustainability filters on the grounds of a high degree of conflict potential. This had a positive impact on performance. In addition, the financial crisis prompted a general reassessment of companies' credit risk profiles. Companies which operate sustainably received a better rating. Against this backdrop, the Sarasin Sustainable Bond Fund[1] and the Sarasin FairInvest Bond Universal Fund[2] both excelled with attractive performance levels.

Sarasin's **non-predictive, quantitative** investment style also proved its worth. The Currency Opportunities Fund[3] came top of the rankings in the survey by the Wall Street Journal Europe, based on performance over a single year.

Sarasin Real Estate Equity – Global[4] won first place in the Lipper Fund Awards Europe 2009 in the "Equity Sector Real Estate Holdings Global" category, over a period of three years.

Recognition in the form of prestigious awards
Recognition of the Bank's highly focused product range came in the form of numerous prestigious industry awards received during the reporting period. Bank Sarasin's Financial Engineering team was awarded **"Product of the Year"** for the second time since 2006 at the Swiss Derivative Awards. SaraSail Rainbow with Bear Market Protection[5], launched in June 2008, was voted **"Best Yield-optimising Product",** a category that is very popular with investors. Recognition of the increasingly international orientation of Sarasin's product portfolio is reflected by the two prestigious awards for **"Best Structured Product 2009"** for the Sarasin-Alpen Rabobank Enhanced Agri Note[6] and **"Best New Product 2009"** for the Sarasin GCC Equity Opportunities Fund (USD)[7] conferred by Banker Middle East. The latter is the first fund to be set up with the support of the Sarasin-Alpen & Partners Limited joint venture founded in 2008.

For the first time Bank Sarasin received two major accolades from the leading industry publications The Banker and Professional Wealth Management, both owned by the Financial Times Group, as **"Best Private Bank for Portfolio Management"** and **"Best Private Bank for Innovation".** These are some of the most coveted awards in the industry and acknowledge the success of Bank Sarasin's business model. Investment & Pensions Europe (IPE), the leading industry magazine for pension fund managers, and TBLI Group singled out Sarasin as **"The Leading Provider of Sustainability Research"** at the ESG Leaders Awards 2009.

1 This fund has a marketing licence in the following countries: Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Spain, Sweden, Switzerland and the UK.
2 This fund has a marketing licence in Austria and Germany.
3 This fund has a marketing licence in the following countries: Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Singapore (as a "restricted scheme"), Spain, Sweden, Switzerland and the UK.
4 This fund has a marketing licence in the following countries: Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Spain, Sweden, Switzerland and the UK.
5 This product has a marketing licence in Switzerland.
6 This product has a marketing licence in Dubai, Oman and Qatar.
7 This product has a marketing licence in Luxembourg.

Asset Management, Products & Sales (Total)

1,000 CHF	**2009 adjusted**	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Net interest income	**2,330**	6,515	–4,185	–64.2
Results from commission and service fee activities, trading operations and other ordinary results	**167,092**	151,187	15,905	10.5
Operating income	**169,422**	**157,702**	**11,720**	**7.4**
Personnel expenses	**75,091**	80,101	–5,010	–6.3
General administrative expenses	**20,080**	25,099	–5,019	–20.0
Services from / to other segments	**22,151**	4,962	17,189	346.4
Operating expenses	**117,322**	**110,162**	**7,160**	**6.5**
Operating profit	**52,100**	**47,540**	**4,560**	**9.6**
Depreciation and amortisation	**2,156**	2,929	–773	–26.4
Value adjustments, provisions and losses	**37**	0	37	
Profit before taxes per segment	**49,907**	**44,611**	**5,296**	**11.9**
Cost income ratio	**70.5%**	71.7%		
Net new money (million CHF)	**3,848**	2,432		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**3,789**	–9,794		
Transfers (million CHF)	**–523**	897		
Gross margin on assets under management	**0.69%**	0.62%		
Proportion transaction related revenues	**13.1%**	11.5%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**28,409**	21,295	7,114	33.4
Assets under management mandate (million CHF)	**15,755**	12,127	3,628	29.9
Impaired and non-performing loans (1,000 CHF)	**0**	0	0	
Number of employees (full-time equivalents)	**295.8**	300.2	–4.4	–1.5
Whereof client relationship managers (full-time equivalents)	**50.7**	43.8	6.9	15.8

Whereof business unit Wholesale & Products

1,000 CHF	2009 adjusted	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Operating income	**69,069**	**64,143**	**4,926**	**7.7**
Operating expenses	**48,351**	**46,501**	**1,850**	**4.0**
Operating profit	**20,718**	**17,642**	**3,076**	**17.4**
Depreciation and amortisation	**143**	103	40	38.3
Value adjustments, provisions and losses	**0**	0	0	
Profit before taxes per segment	**20,575**	**17,539**	**3,036**	**17.3**
Cost income ratio	**70.2%**	72.7%		
Net new money (million CHF)	**149**	5		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**755**	–3,059		
Transfers (million CHF)	**–180**	562		
Gross margin on assets under management	**1.31%**	1.03%		
Proportion transaction related revenues	**22.4%**	15.1%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**5,663**	4,939	724	14.7
Assets under management mandate (million CHF)	**913**	1,025	–112	–10.9
Impaired and non-performing loans (1,000 CHF)	**0**	0	0	
Number of employees (full-time equivalents)	**152.6**	156.3	–3.7	–2.4
Whereof client relationship managers (full-time equivalents)	**4.0**	3.0	1.0	33.3

Whereof business unit Institutional Clients

1,000 CHF	**2009 adjusted**	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Operating income	**100,353**	**93,559**	**6,794**	**7.3**
Operating expenses	**68,971**	**63,661**	**5,310**	**8.3**
Operating profit	**31,382**	**29,898**	**1,484**	**5.0**
Depreciation and amortisation	**2,013**	2,826	–813	–28.7
Value adjustments, provisions and losses	**37**	0	37	
Profit before taxes per segment	**29,332**	**27,072**	**2,260**	**8.3**
Cost income ratio	**70.7%**	71.1%		
Net new money (million CHF)	**3,699**	2,427		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**3,034**	–6,735		
Transfers (million CHF)	**–343**	335		
Gross margin on assets under management	**0.52%**	0.49%		
Proportion transaction related revenues	**6.7%**	9.0%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**22,746**	16,356	6,390	39.1
Assets under management mandate (million CHF)	**14,842**	11,102	3,740	33.7
Impaired and non-performing loans (1,000 CHF)	**0**	0	0	
Number of employees (full-time equivalents)	**143.2**	143.9	–0.7	–0.5
Whereof client relationship managers (full-time equivalents)	**46.7**	40.8	5.9	14.5

bank zweiplus

Solid result once again

Founded in 2008, bank zweiplus ltd posted a solid segment result of CHF 10.1 million in 2009. When comparing income and expenditure with the previous year, it is important to note that bank zweiplus only started trading on 1 July 2008, so that the comparative figures for the previous year only cover six months of trading. Total income came to CHF 64.1 million in 2009. Thanks to very tight cost management, expenses were reduced to CHF 51.1 million. The gross margin is 107 basis points, and the cost income ratio 82.1%. Despite outflows of CHF 343 million in client deposits, assets under management actually rose to CHF 6.2 billion on 31 December 2009. Because of the financial crisis, potential partners have deferred their decisions on future cooperation with bank zweiplus. Challenging conditions on the financial markets tend to have a particularly strong and disproportionate impact on relatively new banking institutions. In the short period since its launch, however, bank zweiplus has still managed to quickly build up an exceptionally strong and durable relationship of trust with its cooperation partners and clients.

Multimanager strategies: the asset management concept of the future

In 2009 bank zweiplus launched the innovative multimanager concept. Multimanager strategies are an extremely flexible form of asset management because they make it very easy to change the original choice of investment strategy or portfolio provider at any time. This means the investment strategy can be adjusted rapidly and effectively to cater for changes in the prevailing market conditions or personal financial circumstances.

The multimanager strategies offered by bank zweiplus are the only model in the Swiss market to allow such transparent comparison of the performance of leading Swiss portfolio providers. The performance of the individual investment strategies is reported every month on the internet in a clear format. Furthermore, identical investment guidelines and fees allow a direct comparison at any time of the various professionally managed strategies so that performance can be effectively monitored.

In its role as asset manager and custodian bank, bank zweiplus ensures compliance with the defined investment guidelines and implements the investment recommendations of the portfolio providers on a monthly basis. The portfolio providers who are responsible for ensuring the best possible configuration of the respective investment strategies are all highly successful portfolio managers with a proven track record: Lombard Odier Asset Management, Rieter Fischer Partners and Solitaire Wealth Management. Negotiations are currently underway with additional portfolio providers.

Successful range of products and services expanded

Swiss Classic Invest has performed extremely well. The financial concept for euro investors focuses on selected funds from leading international fund management companies. Highly experienced financial specialists handle the professional investment of the assets, helping clients to grow their wealth. In addition to investment portfolio accounts and savings accounts, bank zweiplus also started to offer clients loans against securities in 2009, as well as mortgages. By offering personalised and low-cost loans against securities, bank zweiplus provides clients with short-term liquidity so that they can take

bank zweiplus reports as an autonomous segment and has its head office in Zurich and customer centres in Basel and Zurich. It positions itself as a leading independent product and settlement platform for clients of independent financial advisors, asset managers and life insurance companies, as well as for direct clients in the retail and affluent segment. Its offering includes bespoke financial solutions with no vested interests and independent of a specific investment sum. Bank Sarasin is majority shareholder of bank zweiplus with a stake of 57.5%. Operations are headed by Marco Weber, CEO of bank zweiplus. On 31 December 2009, bank zweiplus had a headcount of 135 employees (full-time equivalents).

advantage of investment opportunities without having to sell off other assets that are meant to be invested for the long term. During the course of 2009, bank zweiplus also added interest accounts to its already attractive product range. In addition to an investment portfolio account, the distribution partners of bank zweiplus can now offer their clients a personal account, a savings account, a senior citizen's account or a call and fixed deposit account.

Successful consolidation of IT systems and optimisation of business processes
The business priorities for bank zweiplus in 2009 included the consolidation of its IT systems and the optimisation and quality control of its business processes. In total, three IT systems were consolidated within the core banking system Avaloq. As a result, around 100,000 clients and their assets of CHF 800 million were successfully migrated from Kiss to Avaloq. In addition, around 27,000 custody accounts of Swiss Life clients with an asset volume of CHF 770 million were successfully transferred from Kiss to Avaloq and FA-Clan. All clients with investment and pension products can now be serviced from a single platform and the processes can be organised in a more lean and efficient manner.

Customer service reorganised and constantly improved
During the course of 2009 bank zweiplus introduced a new service concept in its business with financial service providers that applies to all business segments and countries. The aim is to make sure that all financial service providers working in partnership with bank zweiplus are assured a consistent and high-quality service. Responsibility for looking after financial service providers lies with one department comprising three teams: **Account Management, Service Management and Service Line.** The idea of the new client care concept is to make sure that every distribution partner is supported not just by an account manager, but also a service manager.

Account Management handles all the tasks concerning relationship management with the bank's partners. Apart from looking after partners, this includes all the representative tasks such as identifying client requirements and offering product training. The account managers are the main external points of contact for the partners, and represent their interests internally. **Service Management** focuses on ensuring a high-quality service. This team includes experts who are skilled in dealing with all the technical issues and requirements associated with products. The **Service Line** is responsible for dealing with any matters relating to settlement, both for the staff of financial service providers and for their clients.

Sponsoring the next generation: young bank supports new talent
For bank zweiplus, sponsorship is an important part of corporate social responsibility and commitment. Through its initiatives in this area, it positions itself as a young, smart bank with growth potential. Top performance is not a question of luck. Talents have to be encouraged and continuously worked on. With this in mind, most of the sponsoring activities undertaken by bank zweiplus involve the promotion of young talent, primarily in the field of sport.

In 2009 bank zweiplus stepped up its sponsoring activities by becoming a new co-sponsor for Zurich-based Lions Nachwuchs. In this way it is helping to provide roughly 700 young people between the ages of four and 20 from the greater Zurich area the ideal opportunity to pursue ice hockey as a sport at both amateur and professional level. bank zweiplus also supports the project Talent Team zweiplus Art on Ice, the largest privately financed sponsorship programme in Swiss ice skating. Nine young talented skaters are currently being trained for their future leap onto the world stage – following in the footsteps of past figure skaters Sarah Meier and Stéphane Lambiel.

Positive outlook for 2010
Based on what is currently a slightly more positive trend on the financial markets, stable client numbers and a motivated workforce, bank zweiplus continues to look confidently to the future. In 2010 the further optimisation of business processes will have top priority. bank zweiplus was set up in record time in 2008. Time has been a key factor not only during the establishment of the bank, but

in the first few critical months after commencing its business activity. Many far-reaching decisions had to be taken in a very short space of time. After the intensive and very challenging set-up phase, the bank has now identified the strategic areas which offer potential for optimisation. The plan is to consistently exploit this potential in 2010 so as to put the bank on an even stronger and more independent basis. This helps to create the necessary preconditions for a successful business performance in 2010. In addition, the bank will focus on acquiring more sales partners in the Swiss market for the product and settlement platform. Internationally, bank zweiplus intends to exploit the high acceptance of the financial concept Swiss Classic Invest and systematically expand cooperations with financial service providers. Furthermore, the investment portfolio account Swiss World Invest will also be offered to investors in Russia from 2010 onwards.

More information on bank zweiplus ltd can be found on the homepage and in the corporate image film at: www.bankzweiplus.ch

bank zweiplus

1,000 CHF	2009 adjusted	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Net interest income	**3,240**	5,612	–2,372	–42.3
Results from commission and service fee activities, trading operations and other ordinary results	**60,848**	38,569	22,279	57.8
Operating income	**64,088**	**44,181**	**19,907**	**45.1**
Personnel expenses	**21,985**	13,104	8,881	67.8
General administrative expenses	**9,849**	13,366	–3,517	–26.3
Services from / to other segments	**19,216**	8,854	10,362	117.0
Operating expenses	**51,050**	**35,324**	**15,726**	**44.5**
Operating profit	**13,038**	**8,857**	**4,181**	**47.2**
Depreciation and amortisation	**1,599**	629	970	154.2
Value adjustments, provisions and losses	**1,317**	1,254	63	5.1
Profit before taxes per segment	**10,122**	**6,974**	**3,148**	**45.1**
Cost income ratio	**82.1%**	81.4%		
Net new money (million CHF)	**–343**	688		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**0**	0		
Performance (million CHF)	**727**	–1,562		
Transfers (million CHF)	**11**	6,684		
Gross margin on assets under management	**1.07%**	1.42%		
Proportion transaction related revenues	**23.0%**	38.4%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**6,205**	5,810	395	6.8
Assets under management mandate (million CHF)	**1,919**	1,626	293	18.0
Impaired and non-performing loans (1,000 CHF)	**573**	151	422	279.1
Number of employees (full-time equivalents)	**135.3**	136.6	–1.3	–1.0
Whereof client relationship managers (full-time equivalents)	**19.4**	22.7	–3.3	–14.5

Corporate Center

Concentration on selected growth projects

Tight cost management, the associated review and, if necessary, suspension of business cases and projects are reflected in the activity report of the divisions within the Corporate Center segment. The Corporate Center also provides valuable support to the front-office units in the implementation of specific growth projects such as the opening of new locations in Switzerland (Berne), Germany (Nuremberg), Austria (Vienna), Poland (Warsaw) and India (Delhi and Mumbai).

In the IT domain, the focus has been on projects designed to improve the Bank's efficiency. The rollout of Avaloq release 2.7 has created a new credit platform that has been especially adapted to meet the requirements of Bank Sarasin. In addition, the Avaloq portfolio management tool PFM+ went live. This gives Bank Sarasin an innovative, state-of-the-art tool that is fully integrated into its system and which also significantly expands and enhances Avaloq's functionality in the areas of portfolio management and performance. During the reporting period Bank Sarasin has also gone over to using MS Outlook 2007. Initiated back in 2008, these projects were successfully completed during the past financial year.

The **Corporate Center** segment includes internal support functions in the areas of Logistics (IT, Operations and Services) on the one hand, and the staff functions at the level of the Board of Directors and Executive Committee (Group Internal Audit, Corporate Communications, Corporate Marketing, Legal & Compliance, Human Resources, Accounting & Tax, Controlling, Risk Office, Credit and Corporate Finance) on the other. Peter Sami manages the Logistics division. The Corporate Center division is managed by the Bank's Chief Financial Officer, Matthias Hassels. On 31 December 2009, the Corporate Center segment had a headcount of 421 full-time employees (full-time equivalents).

Finally, the Bank's Executive Committee made a decision in 2009 to roll out the Avaloq IT system, which has been successfully used in Switzerland since 2003, to all its international sites, starting with its two Asian locations, Hong Kong and Singapore.

Stricter regulatory requirements have been introduced in response to the financial crisis. The mountain of regulations is increasingly infringing on banks' organisational independence and in the way business processes are designed. This has necessitated the further reassessment of business models and processes within the Bank and amendments to directives. At the forefront of this was, amongst other things, the creation of the Operational Risk Criticality Index to determine the general risks associated with a particular location in terms of operational risks as well as the establishment of sustainable risk minimisation and the clear allocation of responsibilities within the area of Operational Risk Management and Controlling. A comprehensive business continuity management (BCM) framework was also developed, which initially applies to the parent bank and will subsequently apply to the entire Sarasin Group. The Executive Committee has also decided to introduce MiFID standards not only at its European locations, but across the whole of Switzerland. This project, which is being implemented with the support of external consultants, is due to complete in 2010. Finally, the reorganisation of the US clients business was concluded during 2009.

More details on the regulatory environment can be found in the Market Climate and Strategy section, under the heading "Significant changes in the legal domain", p. 14.

Cost management pays off

The segment result reported by the Corporate Center improved from CHF –21.0 million in 2008 to CHF –1.7 million. The result for the first half of 2009 was already positive thanks to good returns from the Bank's own financial investments. Operating income amounted to CHF 32.5 million in 2009 (CHF 2008: CHF 31.1 million). Operating expenses were cut by 69% to CHF 10.5 million (2008: CHF 33.5 million). This reduction can be explained by higher relief for internal services provided by the Logistics division and the Corporate Center. This results in an operating profit of CHF 22.0 million. The increase of CHF 7.2 million in appreciation and amortisation to CHF 24.7 million was the result of IT investments and projects and goodwill impairment losses for Sarasin Colombo Gestioni Patrimoniali SA.

Assets under management amounted to CHF 8.0 billion. These include double payments and the client assets held in Sarasin Colombo Gestioni Patrimoniali SA, which was sold in February 2010. At the start of the accounting period, the client assets held in the Paris subsidiary are also reported. In April 2009 the joint venture UFG-Sarasin Asset Management was formed in France, with the Sarasin Group taking a minority interest. With Sarasin Asset Management, Paris, now incorporated in this joint venture, client assets worth CHF 442 million are no longer carried in the Sarasin Group financial statements, and are treated as a divestment in this reporting period.

Corporate Center

1,000 CHF	**2009 adjusted**	2008 adjusted	Change to 2008 CHF	Change to 2008 %
Net interest income	**16,372**	26,605	–10,233	–38.5
Results from commission and service fee activities, trading operations and other ordinary results	**16,135**	4,485	11,650	259.8
Operating income	**32,507**	**31,090**	**1,417**	**4.6**
Personnel expenses	**77,350**	73,709	3,641	4.9
General administrative expenses	**55,631**	59,235	–3,604	–6.1
Services from / to other segments	**–122,496**	–99,398	–23,098	–23.2
Operating expenses	**10,485**	**33,546**	**–23,061**	**–68.7**
Operating profit	**22,022**	**–2,456**	**24,478**	**996.7**
Depreciation and amortisation	**24,690**	17,499	7,191	41.1
Value adjustments, provisions and losses	**–992**	1,009	–2,001	–198.3
Profit before taxes per segment	**–1,676**	**–20,964**	**19,288**	**92.0**
Cost income ratio	**108.2%**	164.2%		
Net new money (million CHF)	**421**	3,158		
New money through acquisitions (million CHF)	**0**	0		
Change through divestment (million CHF)	**–442**	0		
Performance (million CHF)	**1,254**	–2,848		
Transfers (million CHF)	**633**	–8,228		
Proportion transaction related revenues	**42.0%**	89.1%		

	31.12.2009 adjusted	31.12.2008 adjusted	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets under management (million CHF)	**7,982**	6,116	1,866	30.5
Assets under management mandate (million CHF)	**683**	268	415	155.1
Impaired and non-performing loans (1,000 CHF)	**69,875**	73,899	–4,024	–5.4
Number of employees (full-time equivalents)	**421.4**	441.2	–19.8	–4.5
Whereof client relationship managers (full-time equivalents)	**3.0**	5.0	–2.0	–40.0

Sustainability

What does "sustainability" mean at Bank Sarasin?
Sustainability means using economic, environmental and social resources in a way that does not compromise the ability of future generations to meet their own needs, and in a manner that leaves our environment intact for the long term. Sustainable business management entails a commitment to the provision of goods and services in a socially responsible way, using production methods with the lowest possible environmental impact and creating the least possible conflict. Bank Sarasin applies these demanding criteria when assessing the sustainability of corporations and industries. The Bank applies the same criteria to itself.

Sustainable corporate governance as a fundamental principle
Sustainability has a long tradition at Sarasin. It has served as the foundation for Sarasin's enduring success as a Swiss private bank for 169 years. Sustainability helps employees identify more closely with the company and creates a greater sense of trust among clients. It enables the Sarasin Group to stand out in the market place, and creates continuity through time and across the generations.

More firmly anchored: groupwide sustainability management
In 2009, Sarasin seized the opportunity provided by its commitment to sustainability to further extend its internal sustainability management system and set it on a still more professional footing. In the spring of 2009 Sarasin created a new post, Head of Corporate Sustainability for the entire Group. This is the starting point for anchoring sustainability even more firmly at all levels of corporate governance and at all Group locations. In 2009 the Bank also significantly expanded its internal sustainability network. Sustainability officers were appointed at each of the Bank's locations in Basel, Dubai, Frankfurt, Geneva, Hong Kong, London, Lugano, Singapore and Zurich. For the first time, Sarasin Group's sustainability reporting system was extended to its international locations in Germany, the Middle East and Asia.

New social policy and new social goals
The cross-division Sustainability Committee headed by Burkhard Varnholt, member of the Executive Committee and Head of the Asset Management, Products & Sales business division, reviewed Bank Sarasin's social policy during the reporting year. In addition, new social goals were defined for the period to 2012 and approved by the Chief Executive Officer. For example, a groupwide diversity strategy now promotes and defines the general conditions for flexible workplace design, the balance between work and family life and equality of opportunity. A project focusing on women and management at Sarasin will be implemented in 2010. In particular, a mentoring programme will be introduced within the context of this project. These goals can be found on the Internet at www.sarasin.ch under "Sustainability > Sustainability at Sarasin > Social engagement".

Celebrating 20 years of sustainable investment
The style of sustainable asset management that is Sarasin's hallmark celebrated its 20th birthday in 2009. What began with the inclusion of environmental criteria in certain asset management mandates back in 1989 has now developed into one of the most important pillars of the Bank's business. Thus Bank Sarasin is not only a pioneer in this field, but is now also the market leader among providers of sustainable investment products in Switzerland.

The Bank's many years of experience in this field has shown that complying with sustainability criteria also produces superior investment returns. That's why Bank Sarasin introduced sustainability as an additional decision-making criterion for all asset management mandates for private clients in Switzerland with effect from July 2009. On the one hand this takes into account of the steadily increasing demand for this type of asset management. On the other, Bank Sarasin is firmly convinced

Fig. 24: Assets managed according to sustainable principles by the Sarasin Group
(billion CHF)

that by giving consideration to environmental and social criteria it can provide added financial value to its clients.

During the reporting period, the value of assets managed sustainably by the Sarasin Group broke the 10 billion Swiss francs barrier for the first time, reaching CHF 11.9 billion as of 31 December 2009. This doubling in value reflects, on the one hand, the recovery of the financial markets and, on the other, extensive inflows of new money and the switchover of all private client asset management mandates to sustainability which took place in 2009. Particularly gratifying is the demand for purely sustainable asset management among Bank Sarasin's private clients. Since the onset of the financial crisis in particular, Bank Sarasin's broadly based research and the transparency of its investment process is proving increasingly popular. The number of private client mandates grew by 64% in 2009, with the associated volume increasing by as much as 117%. The trend in Sarasin's in-house sustainable investment funds also demonstrates that investors have a particularly high level of confidence in this investment approach. In 2009, total second and third pillar net inflows of CHF 463 million were recorded for the investment funds, structured products and funds-related investment products in the Sarasin Investment Foundation (SAST).

New sustainability products

Partly in recognition of its role as a pioneer in sustainable investments, the Sarasin Group once again launched a number of new and innovative investment products during the reporting year, both on its own and in conjunction with other financial service providers:

> **Sarasin Sustainable Equity – Real Estate Global[2]** is the world's first sustainable real estate equity fund. The fund was created in July through the realignment of the existing fund Sarasin Real Estate Equity – IIID (EUR). Taking into consideration environmental and social criteria, the fund invests worldwide in a broad spread of listed companies active in real estate and in closed real estate funds such as Real Estate Investment Trusts (REITS). Sarasin Sustainable Equity – Real Estate Global combines the skills of the Bank's sustainable research team at Sarasin Sustainable Investment in Basel with the know-how of property experts at Sarasin & Partners LLP in London.

> Since early 2009, Sarasin's sustainable asset management team has been commissioned by Bluevalor Ltd to look after the investment fund **Bluevalor Sustainable Lifestyle Brand Equity[3].** This repositioning was officially completed on 31 March 2009. Since then, the fund has invested exclusively in companies positioned in the area of lifestyle brands which at the same time also have sustainable business operations. Precisely because the strength of an individual brand is increasingly subject to environmental and social impacts, this expansion of research capacity provides enormous value creation potential. The performance in the financial year 2009 appears to confirm this: with value growth of 53% (in euros), the fund outperformed its benchmark by 18 percentage points.

> The world's first sustainable convertible bond fund was launched in May 2009: the **FISCH CB Sustainable Fund[4].** Bank Sarasin's analysts are responsible for sustainability research, while portfolio management is undertaken by the well-known company Fisch Asset Management, specialists in this type of security.

[1] Sustainably managed assets at 31 December 2008 have to be corrected by CHF 444 million compared with the 2008 Annual Report and Sustainability Report due to a data error.

[2] This fund has a marketing licence in the following countries: Austria, Belgium, France, Germany, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Switzerland, Spain and UK.

[3] This fund has a marketing licence in Switzerland.

[4] This fund has a marketing licence in the following countries: Austria, Germany, Luxembourg and Switzerland.

Market environment: sustainable investments booming

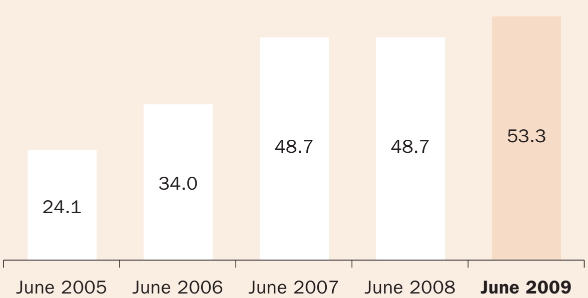
The market for sustainable investments (investment funds, mandates and structured products) in Switzerland[1] increased from CHF 20.9 billion to CHF 34.1 billion (+63%) in 2009, an all-time high. Bank Sarasin is the clear leader in sustainable investments in Switzerland, with a market share of 30%.

The market for European sustainability funds grew from EUR 48.7 billion to EUR 53.3 billion between June 2008 and June 2009. The proportion of sustainable investment funds as a percentage of the total fund market (UCITS) grew from 0.87% in the previous year to 1.11%, passing the one-percent mark for the first time. Sustainability funds are therefore still a niche area in the fund market, although in contrast to many other investment styles and to total assets placed by investors in investment funds they are still attracting new inflows. For this reason, despite a rather stable total volume of sustainable investment funds in Europe, the proportion of sustainable investment funds as a percentage of the entire fund market has continued to increase over the last five years.

All studies published to date indicate that the volume of sustainable investments will continue to increase. A 2008 study by Robeco and Booz forecasts that the global volume of sustainable investments will grow to USD 26.5 trillion by 2015 (2007: USD 5.0 trillion). The study also predicts that the average quota of sustainable investments held in portfolios will steadily increase from 7% in 2007 to 20%. Growth is expected to be particularly strong in Asia. While the study estimates annual growth of 28% for Europe and 17% for the USA, this figure is expected to be in the region of 150% for Asia. In absolute terms Europe will overtake the USA by 2015 as the world's biggest market for sustainable investments.

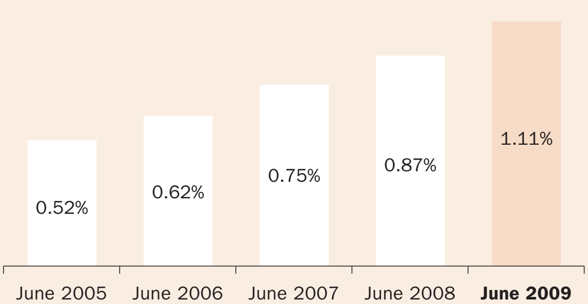
A 2009 survey of wealthy private clients (high net worth individuals) carried out by EuroSif with Bank Sarasin's support confirms that this investor group has a particular interest in sustainable investments, and is convinced of the added value which they offer.

Fig. 25: Growth of sustainable investment funds in Europe
(million EUR)



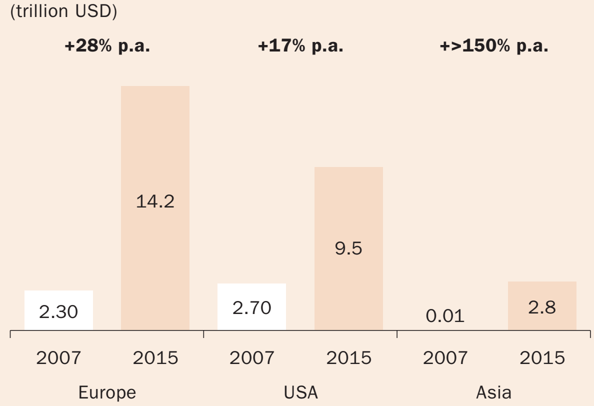
Source: Vigeo SRI Research (2009): Green, social and ethical funds in Europe

Fig. 26: Growth of sustainable investment funds as a percentage of total investment fund volume in Europe
(million EUR)



Source: Vigeo SRI Research (2009): Green, social and ethical funds in Europe

Fig. 27: Forecasted growth of sustainably managed client assets
(trillion USD)



Source: from Robeco and Booz (2008): Responsible Investing: a Paradigm Shift / From Niche to Mainstream

[1] Source: OnValues (2010): "Sustainable investments in Switzerland 2009".

- > Bank Sarasin has been selected as fund advisor for the newly established investment fund **Sparda München nachhaltige Vermögensverwaltung[1],** launched in Germany on 1 December 2009. The fund is the first sustainable fund-of-funds to employ the guaranteed value strategy developed by Bank Sarasin, based upon the constant proportion portfolio insurance (CPPI) concept. The fund portfolio is, on the one hand, actively managed in accordance with the current investment strategy applicable across the Bank, whereby fund selection is made in accordance with a qualitative approach in cooperation with Bank Sarasin's Fund Research department. On the other hand, the fund pursues a transparent and dynamic hedging concept which should prevent annual losses of more than 5%.
- > The **Sarasin Investment Foundation,** set up in 1991 by Bank Sarasin & Co. Ltd, has launched a new subfund, **Sustainable Real Estate Switzerland[2],** one of the first of its kind. This fund invests in both sustainable new buildings as well as in existing ones. Old buildings are renovated where necessary to comply with sustainability criteria. The fact that the initial offering was more than twice oversubscribed with a volume of CHF 172 million not only shows the enormous demand from Swiss pension funds for a subfund investing in sustainable real estate, but Sarasin's strong reputation in the field of sustainability. Sarasin's Sustainability Research team works together with Dr. Meyer Asset Management AG in managing the assets of this subfund.
- > **Sustainable tracker certificates:** During the reporting period Bank Sarasin once again issued a number of tracker certificates. The advantage of these certificates is that investments may be made directly in an entire portfolio of securities with a single transaction. The following certificates were issued in 2009:
  - Sustainable Sarasin Telecom Basket Composite in EUR[3]
  - Renewable Pioneer Basket in USD[3]
  - Sarasin Solar Basket in CHF[3]
  - Sarasin Sustainable Infrastructure Basket in CHF
  - Sustainable United Kingdom Basket in GBP[3]
  - Sarasin Green Building Basket in EUR[3]
  - Sustainable Japan Basket in JPY[3]
  - DAXglobal® Sarasin Sustainability Germany (Price Return) Index in EUR[4]
- > **Sustainable capital protection certificates:** In 2009, the Bank issued two capital protection products on Migrosbank's Mi-Fonds (CH) 45 Sustainable investment fund, for which Bank Sarasin acts as a portfolio manager. The two certificates allow partial capital protection with simultaneous participation in any price gains up to the cap level:
  - 90.00% partial capital protection with cap on the Mi-Fonds (CH) 45 Sustainable A in CHF[3]
  - 95.00% partial capital protection with cap on the Mi-Fonds (CH) 45 Sustainable A in CHF[3]

The asset management group UFG and Bank Sarasin teamed up on 1 April 2009 to form a joint venture in France. UFG-Sarasin Asset Management markets sustainable investment products in France. Sarasin has a 40% shareholding in this joint venture.

A commitment to sustainability

For many years, Sarasin has actively participated in many initiatives and organisations campaigning for greater sustainability, such as Klimastiftung Schweiz, öbu – network for sustainable business, the Business Energy Agency (EnAW) and Global Footprint Networking. Sarasin takes its responsibility to contribute to sustainable development seriously, and maintains a dialogue with key organisations and players in the community.

In 2009 Bank Sarasin was once again involved in important collective investor initiatives. Bank Sarasin has been part of the Carbon Disclosure Project since its inception. As a member of the European Sustainable In-

[1] This fund has a marketing licence in Germany.

[2] This subfund is exclusively for pension funds in Switzerland.

[3] This product meets the conditions for a marketing licence in Switzerland.

[4] This product has a marketing licence in Germany and Switzerland.

vestment Forum (Eurosif), Sarasin has been striving to promote sustainability in financial markets since 2004. In June 2009 the Spanish offshoot of Eurosif was created. Sarasin-Alén, Sarasin Group's Spanish subsidiary, is a founder member of SpainSIF. As a signatory to the United Nations Principles for Responsible Investment (PRI), Sarasin has committed itself to respecting six fundamental principles with the aim of enshrining environmental and social aspects together with standards of corporate governance in the asset management field. Among other things, Sarasin signed up to the Investor Statement on a Global Agreement on Climate Change in 2009.

Acquiring and disseminating knowledge

The Sarasin Group considers an important part of its contribution to social responsibility to be the acquisition of sustainability know-how and sharing that knowledge with others. In 2009, Bank Sarasin's Sustainability Research team published the following reports:

> Renewable energies – Sunnier times ahead once storms have cleared the air (June)
> Sustainable real estate – Investing in bricks and mortar (September)
> Automotive – An industry powers ahead (September)
> Solar industry – The first green shoots of recovery (November)

Sarasin supported the following third-party studies during 2009:

> Green Electricity Making a Difference (PricewaterhouseCoopers in collaboration with WWF)
> High Net Worth Individuals and Sustainable Development, the first Europe-wide study by Eurosif on this subject

In 2008, Sarasin founded the **think-tank W.I.R.E.** [Web for Interdisciplinary Research and Expertise] together with the Collegium Helveticum, a research institute run by the ETH and the University of Zurich. This think-tank studies contemporary trends and future developments in industry, society and the life sciences. Through its commitment to W.I.R.E., Bank Sarasin demonstrates to its clients and partners that it is already addressing the key questions of tomorrow here and now.

Furthermore, Bank Sarasin supports the **Swiss Finance Institute,** in common with many other Swiss banks. By establishing the Swiss Finance Institute foundation, the Swiss Banks, the Swiss federal government and leading universities have given 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 departments aim to increase Switzerland's attractiveness to exceptional researchers, teachers, students and participants in executive education programmes.

Finally, Bank Sarasin is a **member of the Association for the Promotion of the Business Studies Centre (WWZ) of the University of Basel,** thereby supporting application-based research at WWZ. The association supports research projects of high scientific quality in subject areas that are relevant for companies, business and politics, thereby stimulating economic policy and corporate governance, promoting the next generation of experts through the inclusion of highly qualified young researchers in its projects and supporting the attractiveness of the region through the promotion of high-grade research at a top business faculty.

Sustainability of supplier relationships

The Sarasin Group treats its suppliers fairly and strive to build long-lasting relationships. The Sarasin Group plays an active role in sustainable procurement and in relationships with its important suppliers.

A contented workforce

Almost three quarters of all employees took part in the employee survey which was carried out once again in

Oekom rating: Sarasin is Switzerland's most sustainable bank

According to the latest sustainability ratings produced by the independent consultants Oekom Research based in Munich, Sarasin is ranked in the top ten of the 50 Swiss companies assessed across all sectors, and comes in top place as the most sustainable bank in Switzerland.

Source: Bilanz Magazine, issue 10/09

2009. The results reveal the great sense of loyalty that employees feel towards the Bank. Still more Sarasin Group employees are proud of their company than was the case in 2007. They enjoy coming to work and would recommend Sarasin as an employer to friends. With an emotional attachment index of 80 points, the survey shows a very positive upwards trend in satisfaction levels among employees (2007: 74 points).

Added value through diversity

At Sarasin's international locations, local managers make up the majority of the Bank's management team. The proportion of women increased from 36.4% to 36.6% in 2009. The low percentage of women in management positions continues to represent a challenge. In this regard a project on women and management will be initiated in 2010. In the context of a groupwide diversity strategy, the general conditions for flexible workplace design, the balance between work and family life and equality of opportunity are to be laid down in 2010.

Health and safety at work

In 2009 a cross-division internal working group was formed to develop a groupwide health concept, reporting to the Sustainability Committee, and to propose appropriate measures to be taken. Here the Sarasin Group proceeds on the basis of a holistic understanding of well-

Fig. 28: Sarasin Group workforce by job title

(full-time equivalents, in percent)

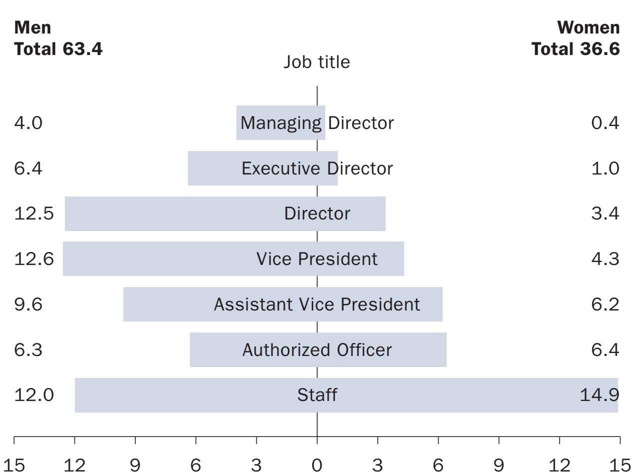
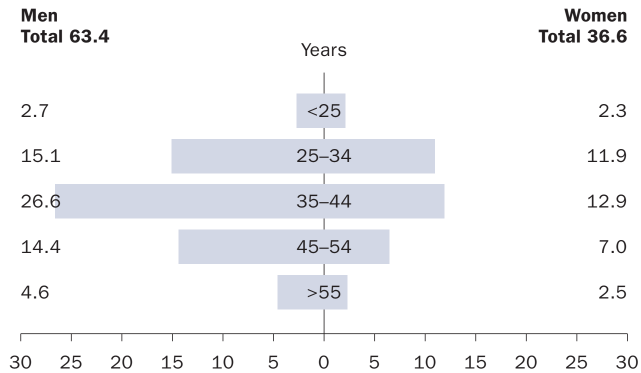


Fig. 29: Sarasin Group workforce by age structure

(full-time equivalents, in percent)



ness, where health means more than simply the absence of illness. In this respect the goal is to provide employment and physical working conditions which promote health and to establish a corporate culture to support staff well-being. Appropriate measures have to be taken to empower Sarasin employees to take responsibility for their own health.

Education, training and personal development

Bank Sarasin's professional development programme in Switzerland covers both specialist and management skills, as well as social skills. In Switzerland, Bank Sarasin offered 15 training courses and 30 events featuring both internal and external experts and trainers. 370 employees took part in this programme in 2009. At Sarasin's locations outside Switzerland, training and professional development is coordinated on a decentralised basis to suit local requirements and priorities. In addition, Bank Sarasin in Switzerland supports employee participation in individual external courses and study as far as this is possible and useful.

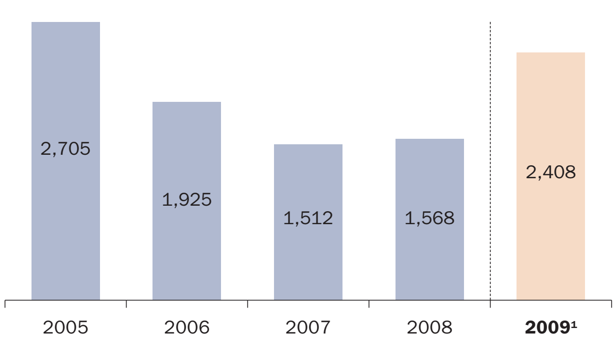
Because of the challenging market environment, the budget for professional development was sharply reduced in 2009 compared with previous years. Within the context of strict cost management, senior management decided to take these steps in order to avoid having to implement more rigorous cost saving measures such as temporary salary reductions or short-time working. The Bank's management team is conscious of the importance of education and training for both individual employees and for the Sarasin Group as a whole, and will once again stress their importance in 2010.

Sustainable business practices

In order to reduce the environmental impact of all business activities, the Sustainability Committee defines environmental targets from which concrete measures are then derived, and implemented on a decentralised basis. Total CO_2 emissions rose by 54% to 2,408 kg CO_2 equivalent per employee in 2009 compared with the previous year. The main reasons for this rise are the increased electricity consumption and air travel. In 2009, electricity consumption per employee was 5,906 kilowatt hours, 6% higher than last year. In addition to absolute consumption, the mode of electricity production plays a decisive role in determining the level of greenhouse gas emissions. In 2009 the locations in Dubai, Frankfurt, Hong Kong, Lugano and Singapore were included in the reporting process for the first time. Since electricity production is associated with much higher CO_2 emissions in most of these countries when compared with Switzerland, there was a disproportionate increase in greenhouse gas emissions.

Furthermore, business travel per employee rose by 11% in 2009 compared with the previous year. In order to limit business travel and the associated emissions to the bare minimum, all locations are equipped with telephone and video conferencing facilities. Nonetheless, personal contacts are a key success factor, particularly in the context of client relationships in private banking, and can only be replaced by telephone contact to a limited extent. The above-average per capita growth in the Sarasin Group client and business volumes also contributes to this rise.

Fig. 30: Trend in greenhouse gas emissions (carbon dioxide equivalent, kg CO_2)
(per employee)



[1] In 2009 the boundaries of the reporting system were extended to locations in Dubai, Frankfurt, Hong Kong, Lugano and Singapore.

Taking responsibility for climate protection – the Sarasin Group is carbon neutral

Wherever possible, greenhouse gas emissions are reduced through systematic environmental management. CO_2 emissions which cannot be avoided are offset retrospectively on an annual basis through the purchase of Gold Standard CO_2 certificates. This standard meets stringent UNO and WWF specifications.

The current project which was supported by Gold Standard CO_2 certificates in the context of Bank Sarasin's carbon-neutral policy is the effluent treatment plant at a starch factory in Thailand. This project makes a direct contribution to sustainability: thanks to the effluent treatment plant, emissions of methane harmful to the environment are reduced, oil is replaced by biogas in the starch factory and water quality is improved. In addition, the construction, operation and maintenance of the effluent treatment plant keeps twelve people in work and contributes to value creation locally.

Increasing the use of recycled material

The Sarasin Group has set itself the goal of only using 100% post-consumer recycled paper in future. During a transitional period, all existing paper stocks will be used up. In Switzerland, the switchover to 100% recycled paper

Fig. 31: CO_2 consumption by emission source
(in percent)

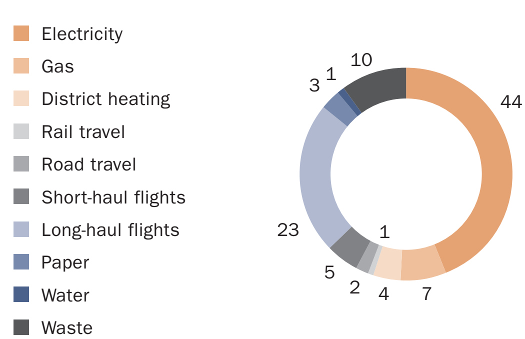
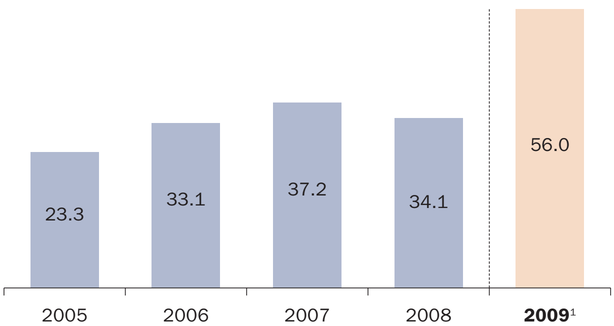


Fig. 32: Recycled paper consumption as a percentage of total paper consumption
(in percent)



was already implemented at all sites in 2009. This is reflected in a significant increase in the percentage of recycled material used from 34.1% in 2008 to 56.0% in 2009. At the same time, paper consumption per employee was successfully reduced by 22% from 144 kilograms to 113 kilograms – a most encouraging result. The reduction target of 5% for 2009 was therefore comfortably beaten.

Transparent reporting of non-financial indicators

Each year the Sarasin Group provides an account of its treatment of the natural environment and how it meets its social responsibilities. The current Sustainability Report 2009 is devoted to the theme of "quality of life". This publication will be available on the Internet from April 2009 onwards at www.sarasin.ch. We will also be happy to send you a printed copy on request.

[1] In 2009 the boundaries of the reporting system were extended to locations in Dubai, Frankfurt, Hong Kong, Lugano and Singapore.

Risk management

1. Risk management principles

Assessing and assuming risks are integral parts of the banking business. Because the achievement of a reasonable return on investment inevitably entails a degree of risk tolerance in the long run, it is particularly important to have a full overview of total risk exposure at all times. The Sarasin Group therefore employs a clearly defined, transparent and integrated system of risk management covering all its business segments, which it continuously updates to accommodate new developments. This requires considerable human and technological resources.

Given the present volatility of financial markets, the quality of risk management has become a crucial competitive factor. Active risk management minimises undesirable risks and allows the Bank's capital to be employed more efficiently to the benefit of shareholders and all other stakeholders. Risk management is therefore a vital link in the value creation chain, as it flags up real and potential risks for the Bank's decision-makers.

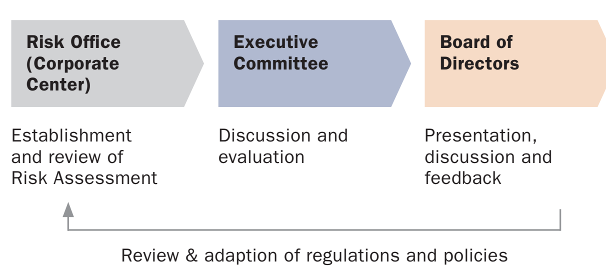
Risk culture
The quality of risk management achieved in a business is not simply a question of adhering to formal internal and external regulations. The risk awareness of the decision-makers is equally important. Quantitative techniques, which often tend to be the focal point of analysis, are just one part of a comprehensive risk management system. It is equally important to develop an appropriate risk culture, as part of the overall business culture. Key elements of a sound risk culture are the discipline and diligence of those responsible in performing their duties in the risk management process. Here the Sarasin Group demands integrity and risk-aware conduct of individual employees at every level, and stresses the importance of clearly defined responsibilities and powers.

2. Risk management organisation

Risk management responsibilities
The **Board of Directors** carries ultimate responsibility in Bank Sarasin's multi-level risk management organisation. It is its task to formulate and implement the Bank'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.

The **CEO and the Senior Management (Executive Committee)** are responsible for implementing the risk management and risk controlling principles approved by the Board of Directors.

In order to meet their responsibilities and ensure optimal risk management, the Board of Directors together with the Executive Committee carries out a comprehensive internal capital adequacy assessment process (ICAAP) in addition to the regular reporting cycle. This process can be summarised in the following flow chart:



The following elements are the key elements of risk assessment:

> An in-depth **risk profile** 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 for two different business performance scenarios) describes the impacts on capital adequacy over time.
> A **stress scenario analysis** is 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 Bank's regulations and directives and into the definition of a risk appetite which is expressed as a selection of different risk limits for each risk category.

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, subject to their allocated areas of responsibility. On the other hand their task is to promote risk awareness and ensure compliance with the approved risk standards.

The **Central Credit Committee (CCC)** is in charge of managing the credit risks. The **Treasury Committee** controls and monitors the interest rate, short-term liquidity and mid to long-term refinancing risks. The **Asset and Liability Committee (ALCO)** manages the Group's financial investments, with the exception of the bond holdings looked after by the Treasury Committee for liquidity management purposes. These committees are made up of equal numbers of members comprising representatives from different divisions, as well as from the relevant specialist units (Risk Office, Credit department and Legal & Compliance). The CCC is chaired by the Chief Financial Officer, the ALCO is by the Chief Investment Officer and the Treasury Committee by the Group Treasurer. The committees meet at regular intervals.

Risk controlling is the responsibility of the Legal & Compliance, Credit and Risk Office departments, which fall under the Corporate Center and are therefore independent, from an organisational perspective, 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 **Legal & Compliance** business unit advises Bank Sarasin's senior management, as well as its divisions and subsidiaries, in meeting its regulatory responsibility and ensures that the Bank's business activities in Switzerland and abroad comply with the 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 Board of Directors.

The **Credit department** analyses, grants, records and monitors client credits, and if necessary initiates measures to prevent credit losses for the Bank. Client credits include cash loans, contingent liabilities and transactions with margin requirements 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 **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 Board of Directors, the Executive Committee and those responsible for risk.

Risk categories
The business activities in which the Sarasin Group is involved are basically exposed to the following banking risks:
> Market risks (see point 3)
> Liquidity risks (see point 3)
> Credit risks (see point 4)
> Operational risks (see point 5)

Risk management process
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 for comprehensive assessment and rating of the risks associated with a new activity or new process. Bank Sarasin has established a clear process analysing and checking actual or potential risks before entering into any new business. This process involves all divisions, including Logistics (IT, Operations, etc.), Legal & Compliance, Accounting and the Risk Office. The involvement of all these divisions at an early stage ensures a comprehensive, cross-discipline assessment of every new business transaction or process and its associated risks.

3. Market and liquidity risks

Market risks
Depending on their investment strategy, the management of positions carrying a market risk is delegated either to the divisions (Trading & Family Offices or Asset Management, Products & Sales), ALCO or the Treasury Committee. The Trading unit is part of the TFO division on the one hand, which is responsible for settling customer transactions, market-making in the Bank's own products, and own-account trading in the spot and derivatives markets for fixed-income securities, equities, interest-rate products and foreign currency. But it also falls under the APS division, which is responsible for market-making in the Bank's own products (structured products, derivatives). The Treasury Committee controls and monitors the short-term liquidity and the mid to long-term refinancing risks. Last but not least, the ALCO is responsible for the management of the Group's financial investments with the exception of the bond holdings looked after by the Treasury Committee for liquidity management purposes.

Market risks assumed by subsidiaries are only marginally important, as our subsidiaries are not engaged in market-making nor in own-account trading, but simply enter into smaller positions in order to support and ensure efficient processing of client transactions. Even so, these risks are still subject to limits whose utilisation is checked on a daily basis by a controlling body that is independent of the front office.

Not just the TFO and APS divisions, but also the ALCO and Treasury Committee manage their market risks with instruments tailored to their particular requirements.

Fig. 33: Risk management process

Risk identification detects the emergence of new risks or any change to existing risks, and analyse their action.

Risk measurement makes it possible to quantify and limit identified risks with the help of suitable methods and models, on the basis of systematically recorded and continuously updated data.

Its purpose is to check whether a new business transaction is consistent with the **risk policy** and with Bank Sarasin's risk and legal & compliance principles.

Risk reporting covers the comprehensive, continuous and timely reporting of risk to management (Board of Directors, Executive Committee, heads of division) and the various stakeholders down the line.

Risk controlling ensures that the risks entered into comply with the approved limits and guidelines. In terms of organisation, risk controlling must be strictly separated from the units managing risks, down to divisional level.

The **market risk** refers to the risk of a loss due to changes in the market prices of interest-rate products, currencies, foreign notes & coin, precious metals, shares and other securities, as well as derivative positions on all asset classes.

These include an optimised, reliable and flexible IT platform, a limits system commensurate with the risks, and permanent, timely and independent monitoring and assessment of risk positions.

Various types of limits are used to model and limit market risks:

> **Value at Risk (VaR) limits:** The risk measure VaR quantifies the potential future loss of a portfolio over the holding period in question which is most probably not exceeded under normal market conditions. This is the standard calculation method used by the Sarasin Group for portfolio management. The VaR method applied since 2008 is based on historical simulations and replaces the variance/covariance approach used previously. This method assumes a 99% confidence interval with a holding period of one day.
Full revaluation of all the financial instruments on the basis of changes in historical risk factors (prices, volatility, interest rates, etc.) gives greater consideration in particular to the risk quality of derivatives. The method is permanently reviewed and adapted. In particular, the input parameters are constantly being updated and if necessary expanded.

> **Scenario analyses and limits:** In order to be able to assess the market risk under any market conditions and for positions with asymmetric payout profiles (options), the scenario analysis is performed in addition to the VaR method. Its technique is based on predefined normal and extreme, but perfectly plausible shifts in the relevant market parameters (market prices and volatility) and calculates the theoretical loss incurred by revaluing the positions. We use these analyses and limits in derivatives trading especially, in order to estimate and contain the loss potential following any unusual and combined changes in the market parameters (e.g. price fall of 25% with simultaneous increase in volatility of 10%). The scenarios are continuously reviewed to make sure they are up to date, and are adjusted or extended as necessary.

> **Sensitivity and concentration limits:** To avoid excessive exposure to the different market parameters (e.g. price, interest rates, volatility) we use sensitivity and concentration limits as well. These limits are used in options trading (delta, gamma, rho and vega limits). The limits are determined not just on the basis of individual books, but also stretching across all options books.

The positions and the extent to which limits are utilised are monitored both on an intraday (real time) and overnight basis in the trading system. The Risk Office is responsible for independent risk monitoring and risk reporting to the various decision-makers. The monitoring and reporting of limits in subsidiaries is performed by local control bodies independent of the front office and reported at regular intervals to the Risk Office for the purpose of consolidation. Where limits are overrun, clear escalation and reporting procedures are defined to ensure that the limits are restored immediately.

Development of market risks in the trading book during the reporting period

The Group's VaR as at 31 December 2009 came to CHF 376,000 (1 day holding period, 99% confidence level, one-sided). The table shows that the total VaR of the trading book averaged CHF 287,000 and over the course of the year fluctuated between CHF 50,000 and CHF 976,000. The overall VaR for trading is limited to CHF 6.1 million. The effective utilisation of limits was

Fig. 34: Value-at-Risk[1] of the Sarasin Group's trading book, divided into risk factors

(1,000 CHF)

	31.12.2009	ø	min.	max.
Equities risk	83	89	7	315
Interest rate risk	12	79	9	214
Currency risk	400	206	26	776
Structured products	140	167	41	480
Diversification	–259	–254		
Total	**376**	**287**	**50**	**976**

1 Calculated in each instance on the positions at the end of the day; total includes an allowance for correlation effects between risk factors.

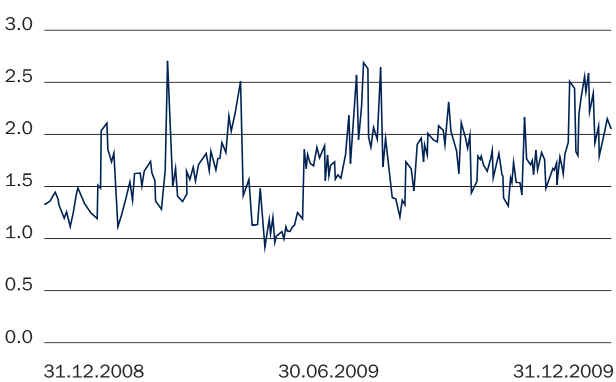
therefore well below the maximum permitted risk exposure throughout the year.

The VaR is an adequate measure for estimating risk under normal market conditions or for linear positions. In the area of structured products especially, however, many nonlinear risks arise under stress conditions (so-called hedging errors). In this area, therefore, limits are placed not only on the VaR but also on the effects on the income statement under different stress scenarios.

The next chart shows the potential loss in the area of structured products when volatility suddenly increases by 10 percentage points while at the same time the prices of the underlyings vary between +20% and –25%. This potential loss is limited to CHF 12 million and must never be exceeded throughout the day. Over the course of 2009 the potential loss that can be observed on the basis of this scenario lies with a relatively stable bandwidth of between CHF 0.9 million and CHF 2.7 million.

Fig. 35: Potential loss if the scenario materialises

(million CHF)



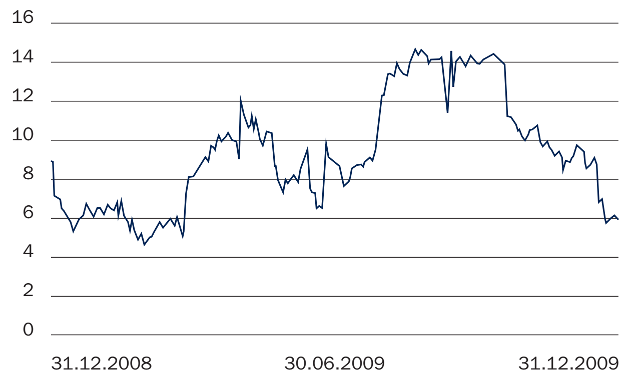
Development of market risks in the banking book

Responsibility for managing the market risks in the banking book is shared by the Treasury Committee and ALCO. The Treasury Committee's main task is to monitor and actively manage the interest-rate, short-term liquidity and mid to long-term refinancing risks.

In managing the banking book, the ALCO keeps an actively managed portfolio. This portfolio has a volume of CHF 800 million and comprises mainly bonds and liquid assets (approx. 80%), equities (roughly 10% on average in 2009) and alternative investments (around 10%). These liquid assets are as a rule reported in the balance sheet as financial investments available for sale. The portfolio also contains various derivative positions for hedging purposes (e.g. short index futures). These derivatives are used to actively manage the portfolio's asset allocation (e.g. the equities quota or the duration).

Fig. 36: VaR of the actively managed portfolio during the course of 2009

(million CHF)



Since the bulk of positions in this portfolio are linear in nature, the VaR is a good method of measuring risk. In view of the active management style and changes in market parameters, the VaR is relatively exposed to strong fluctuations.

Interest-rate risks in the banking book

The interest-rate risk at group level is limited and managed by imposing a sensitivity limit on the market-value and income effect. Sublimits exist for those subsidiaries carrying significant interest rate risks in the banking book. Here the limits are applied across time bands both individually and overall.

The Treasury Committee is responsible for managing the Group's interest rate risk in the banking book. The Treasury Committee usually meets every two weeks, or at least once a month. It monitors the interest-rate risks in the banking book and implements hedging measures where necessary or appropriate. A report on the utilisation of interest-rate risk limits is also submitted every month to the Executive Committee and every quarter to the Board of Directors and Audit Committee.

The **interest-rate risk** refers to the potentially negative impact of changes in market interest rates on the Bank's assets, financial stability and revenues. Interest-rate risks in the banking book arise from differences in the rate-fixing dates for the assets, liabilities and off-balance-sheet positions.

The most important measure when reducing the risk associated with the refixing of interest rates is to ensure that loans are refinanced with matching maturities. On the other hand, interest rate payer swaps are used to convert the interest-rate risk of long-term assets into that of variable positions.

The modelling of the rate-fixing for positions with a variable interest rate and indefinite term (known as non-maturing products) is performed with the help of the replication portfolio method. The basic idea is to simulate the interest rate and capital behaviour of a position using portfolios made up of a combination of market rates (benchmark portfolios) in order to minimise the variance of the margin between the client interest rate and the yield on the replicating portfolio.

Liquidity risks

Bank Sarasin's Treasury Committee is responsible for monitoring liquidity. It is composed of the Group Treasurer, the CFO, the Head of the TFO division, representatives of the specialist departments and of the Risk Office, and usually meets every two weeks. The prime objective is to guarantee the Bank's ability to meet its payment obligations at all times and to make sure legal requirements for liquidity are complied with. This committee is also responsible for optimising the refinancing structure and the cash flows within the Sarasin Group.

The **liquidity risk** essentially refers to the danger of the Bank being unable to meet its payment obligations or failing to meet the requirements imposed by banking regulations. In addition, holding excessive liquidity can jeopardise income.

A key task of the committee is to monitor all the relevant liquidity risk factors. These include money flows between subsidiaries and the parent, inflows and outflows of client funds and changes in the availability of liquidity reserves.

Especially in times of crisis, unsecured borrowing from third-party banks (interbank market) may turn out to be extremely difficult. In its financial investments Bank Sarasin therefore keeps significant holdings of liquid securities that are eligible for repo transactions and which can be used at any time to generate liquidity. As a supporting strategy, target bandwidths are set for surplus coverage of the minimum reserve as well as for minimum liquidity. These are actively monitored and adequate measures initiated if liquidity falls below the specified targets.

Operational liquidity management in the day-to-day running of the business is handled by the Trading Money Market department (part of the TFO division). Its tasks include controlling payments, planning the anticipated cash flows and securing liquidity in the day-to-day business.

4. Credit risks

Lending business with clients

Lending policy

Bank Sarasin is involved almost exclusively in asset-management-linked lending business with private clients, with particular emphasis on collateral loans and mortgages. Other types of loans also include guarantees and credit lines in connection with forward and derivative transactions. Bank Sarasin engages in this lending business in order to offer its clients competitive products and services, thereby enhancing customer satisfaction and loyalty. Bank Sarasin offers collateral loans, i.e. loans where marketable securities are pledged as collateral, on an international basis, while its mortgage lending business focuses primarily on Switzerland.

Responsibilities

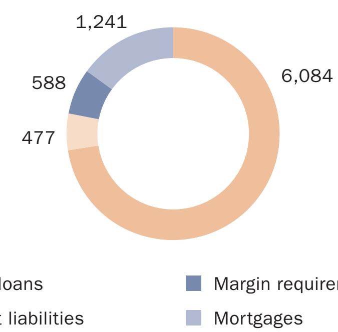
The granting of loans and monitoring of credit risks is performed by independent Credit Officers (CO) and Credit Monitoring Officers (CMO). They report to the Chief Credit Officer (CCO), who in turn reports to the CFO. The COs and CMOs are responsible for assessing the credit risks and continuously monitoring lending exposure.

Credit risks lie within the competence of the Board of Directors, which decides on applications for loans above a certain threshold. The Board delegates the power to decide on applications for amounts below this threshold to the Central Credit Committee (CCC), which is Bank Sarasin's highest credit body in operational terms. The CCC in turn allocates credit authority ad personam to the CCO and to the COs and CMOs respectively. The extent of the powers delegated to individual persons depends on their knowledge, ability and experience.

The **credit risk** includes the risk of a counterparty failing to honour its obligations. This risk also exists in the case of customer transactions performed in relation to third parties on behalf of and for the account of the Bank and for which no fiduciary agreement and risk transfer agreement exist.

Fig. 38: Credit exposure as at 31 December 2009

(million CHF)



Reducing risks

Bank Sarasin's credit business is based upon a "no loss" policy. Loans are generally granted almost exclusively against readily marketable collateral. The Bank's lending policy does not extend to the granting of loans with a higher default risk in return for a higher rate of interest.

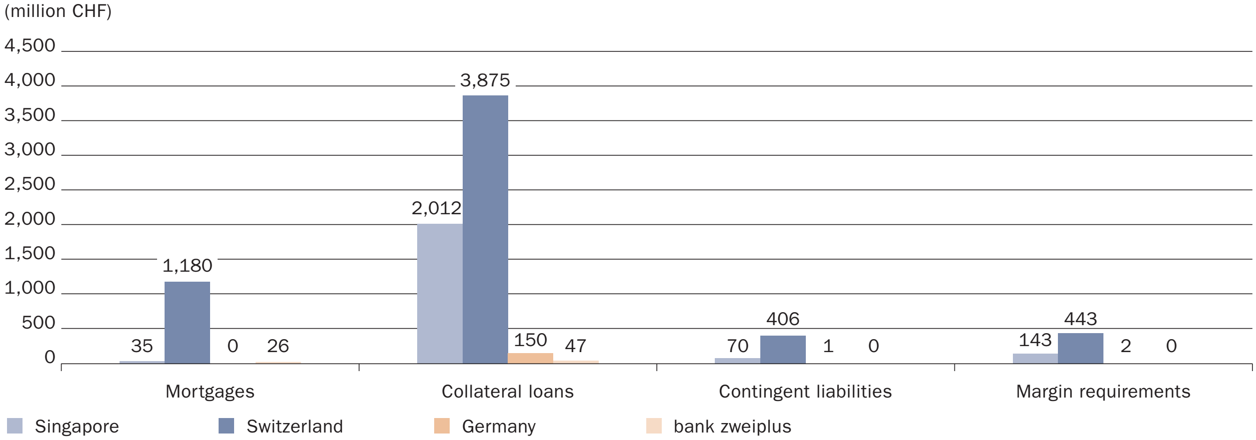
In the secured loan business, Bank Sarasin accepts financial collateral in the form of marketable securities. Their collateral value is determined by applying haircuts, the size of which depends on the quality as measured by a number of different factors. Credit utilisation and collateral value are monitored on a daily basis. If the amount of credit utilised exceeds the collateral value, clients receive a margin call to increase the securities deposited as collateral or sell them.

Bank Sarasin conducts its mortgage lending business mainly in Switzerland, and as a rule only with private banking clients. Most of the lending is therefore low-risk mortgages on owner-occupied property, but increasingly also on buy-to-let properties which our clients hold as an investment. In all cases conservative loan-to-value ratios are applied.

Collateral loans, with a volume of CHF 6.1 billion, are Bank Sarasin's most important form of lending, followed by mortgages, margin requirements and contingent lia-

Fig. 37: Lending volumes by type of credit and booking centre as at 31 December 2009

(million CHF)



Contingent liabilities and margin requirements are not reported under "amounts due from clients".

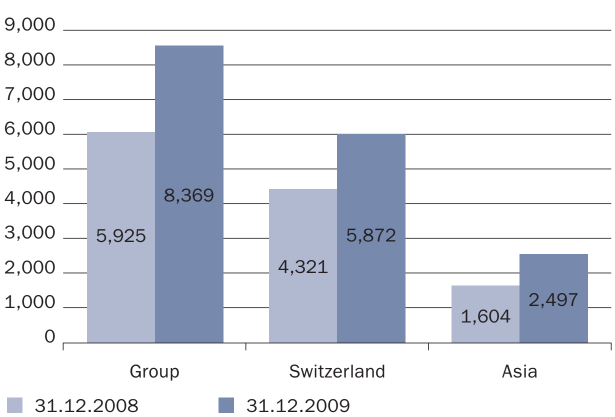
bilities. The collateral loans business grew by around CHF 1.6 billion during the reporting period. The strongest growth in relative terms was recorded in the Swiss mortgage business, where the lending volume doubled.

In regional terms, i.e. broken down by booking center, 70% of the credit exposure is concentrated in the Swiss booking center, while Singapore accounts for almost 30% of loans booked. Germany, and bank zweiplus, only play a very minor role.

A breakdown of the different types of credit clearly shows that the mortgage business is limited almost exclusively to Switzerland, while Asia also has a significant exposure to collateral loans. Compared with the previous year, the margin requirements have increased, reflecting an increase in client activity in derivative products.

Fig. 39: Lending growth by booking centre

(million CHF)



The credit exposure of the Sarasin Group has risen by 42% in the space of a year. During the course of 2009, the loan portfolio in the Swiss booking centre increased almost 40%, from CHF 4.3 billion to CHF 5.9 billion. The volume in the other booking centers rose from CHF 1.6 billion to CHF 2.5 billion over the same period, driven mainly by Asia.

Value adjustments in the lending business with customers

At the start of 2009, the turmoil on international capital markets obviously still had an immediate impact on the value of securities deposited with Bank Sarasin in the collateral loans business. This dramatic fall in value resulted in margin calls for some clients, which in most cases were met without difficulty by actively collaborating with the customer. Supported by a share price rally from mid-March onwards, the second half of 2009 was a good deal calmer in terms of margin calls. The fact that there were no defaults in client loans during the reporting year – despite the sharp rise in lending volumes – is down to the Bank's proactive management of its loan portfolio and underscores the low-risk nature of the Group's lending business.

Business with banks

The Sarasin Group engages in business relationships on the interbank market which could potentially result directly or indirectly in default risks. These default risks are handled by the Risk Office, which is independent of the front office units, working closely with various Rabobank entities, in a comprehensive risk management process whose core elements are identification, analysis, approval, monitoring, taking remedial measures, and reporting.

Identification

The identification of credit risks can be split into ex ante and ex post screening. In the ex ante method, identification is performed in close collaboration with the relevant front-office entities, either by involving them in daily trading and the development of new products, or in the opening of new business relationships. These processes are set down in appropriate internal directives. With the ex post method, automated IT processes and consistency analyses (such as comparisons to Financial and Legal Reporting) ensure that credit risks in the interbank market are fully identified.

Analysis

Analysis of the identified credit risks is performed both at Sarasin and Rabobank level. At the first level, an initial assessment is carried out by the Risk Office. This essentially involves the characterisation of the counterparty risk and a quantification of the amount, probability of default, term and credit rating of the counterparty.

When assessing credit standing, Bank Sarasin relies on ratings provided by external agencies such as Moody's, Standard & Poor's and Fitch, where available, as well as from Rabobank. The calculations of equity required under Basel II capital adequacy rules are based on the long-term ratings of the credit rating agencies Moody's and Standard & Poor's, whereby one rating is basically used for all positions (as long as one actually exists). The credit assessment also takes into account current market information, such as credit default swap rates or, if necessary, the Bank's own analysis of financial data published by counterparties.

At the second (higher) analysis level, various Rabobank departments perform a risk assessment, with the Bank Analysis Department assuming responsibility for all banks. Supported by substantial human and technological resources, virtually all of Bank Sarasin's existing counterparties are regularly analysed, occasionally in great depth, and a rating arrived at on a well-informed basis.

Approval

Closely linked to the analysis process comes a standardised approvals procedure where a suitable limit is agreed for each exposure to each counterparty. The approvals process and the relevant competencies are also organised as a two-tier system, at Sarasin and Rabobank level, whereby a top-down approach is pursued in accordance with Rabobank directives that apply to the entire group.

Within Rabobank, the Credit Committee Financial Institutions (CCFI) assesses and approves global limits for each counterparty. These are valid for the entire Rabobank Group, to which Sarasin belongs. Here the limits are set separately for each relevant legal entity of the counterparty groups, to make sure monitoring is as accurate as possible. In the next stage these global limits are then apportioned as required to the relevant limits users within the Rabobank Group, whereby Bank Sarasin, as a "Top Allocation Holder", enjoys the highest priority granted to other Rabobank entities.

At the Sarasin Group level, authority to approve bank counterparties lies with the CCC. Following the procedure adopted at Rabobank, the CCC also assesses and approves a global limit for each counterparty. This is determined from Sarasin's viewpoint, although the relevant Rabobank limits constitute a binding framework. The CCC also decides whether to impose limits on any other positions which lie outside the limits defined by Rabobank. Allocating competencies in this way ensures that Bank Sarasin assesses the counterparty risks in the interbank market independently of the parameters set by Rabobank.

Within the Sarasin Group, applications from front-office units for limits are forwarded in a centralised fashion to the Risk Office which may, depending on the competence level, perform its own transfers of limits among different limits users, or forward the applications to the CCC and at the same time to Rabobank. To ensure that the additional analysis and approval process between Sarasin and Rabobank runs as smoothly as possible, Sarasin's Risk Office has been granted access to one of Rabobank's modern online systems which is capable of displaying at all times the existing limits, allocations and positions of the entire Rabobank Group. Applications and approvals for new limits are also input on line and dealt with by a dedicated team based at Rabobank head office in Utrecht. Finally, different priority categories exist for dealing with applications from Sarasin and from Rabobank.

Monitoring, reporting and remedial action

At the parent bank level, all limits are monitored on a daily basis by the front-office units and the Risk Office. The latter provides standardised reporting to the front-office units and also to the Chief Risk Officer. At the Group level, limits are monitored daily within the local units, which provide the Risk Office with a report (for consolidation purposes) on the current situation – depending on the importance of the local entity for interbank relationships – at various intervals, or immediately if a problem arises. The consolidated data are as a rule reported to Rabobank at the end of every month, and also in aggregate form to Sarasin's Executive Committee, as required by the two-tier monitoring approach. Since the middle of 2009 there has also been a web-based portal that allows the management to see at any time the current limits, positions or latest developments.

Remedial action is taken if necessary both in a bottom-up process by the front-office entities and the Risk Office, and also in a top-down process through suitable instructions issued by Rabobank or Bank Sarasin's senior management. Potential remedial measures include reducing limits, banning new business or closing open positions.

Countries

Fig. 40: Credit risk exposure to banks in 2009

(million CHF)

Rating class	No. of banks as at 31.12.2009	31.12.2008	31.03.2009	30.06.2009	30.09.2009	31.12.2009	Ø 2009
AAA	16	1,146	1,083	1,026	898	919	982
AA	27	1,527	1,075	885	792	645	849
A	42	1,031	1,683	1,620	1,286	1,380	1,492
BBB	12	15	51	211	347	305	229
BB	0	0	0	0	0	0	0
B	0	0	0	0	0	0	0
Lower	0	0	0	0	0	0	0
N/A	27	283	300	238	437	333	327
Total	**124**	**4,002**	**4,192**	**3,980**	**3,760**	**3,582**	**3,879**

– Credit risks from other banks are displayed from the risk perspective and therefore differ from the “Amounts due from banks” reported in the financial statements. For example, amounts due from banks carried on the balance sheet, covered by collateral (e.g. the repo market) and derivatives are treated differently from a risk perspective.
– The credit risks in the category “no rating” mainly comprise positions with Robeco Direct NV. Although Robeco does not have its own rating, it is a wholly owned subsidiary of Rabobank.

In compliance with Swiss National Bank regulations, Bank Sarasin’s country risks are automatically identified by various IT systems and analysed and monitored by the Risk Office, which reports them to senior management every month. Here the “ultimate risk” approach is used: The geographic assessment of the credit risk is essentially based not on the debtor’s domicile, but on the domicile of the party issuing the collateral security. A loan granted to a foreign customer and covered by Swiss government bonds would therefore be classed in the country category “Switzerland”.

In view of the excellent quality of the debtors and the associated collateral, around 90% of the country risks belonged to the top rating category, AAA, as at 31 December 2009, based on the ratings provided by the Swiss Export Risk Insurance. These are also used to calculate Basel II capital adequacy.

5. Operational risks

Organisational structure

Group Operational Risk is an independent risk management function within Bank Sarasin’s Risk Office. Group Operational Risk is responsible for defining and refining the risk framework for operational risks and the associated directives, while responsibility for implementing this framework and the day-to-day management of operational risks lies with the divisions. This business partnership model results in close monitoring and increased awareness of operational risks.

In order to achieve a sustained reduction in operational risks and deficiencies, Group Operational Risk also seeks active involvement in projects with cross-disciplinary risk aspects.

Operational risks (OR) 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 risks, as well as fines levied by supervisory authorities and settlements. However, it does not include strategic risks and risks to the Bank’s reputation.

As a committee belonging to the Board of Directors, the Audit Committee approves the mid-term audit plan proposed by GIA. GIA applies the information available on Operational Risk when drawing up the standard audit plan.

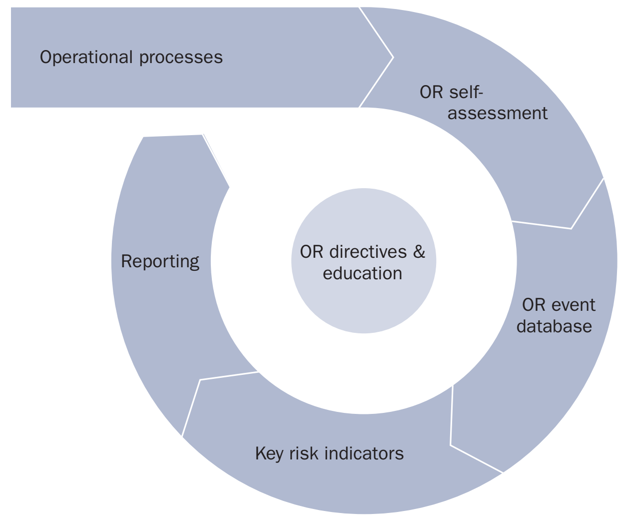
Management of operational risks
To date, the financial services industry still lacks common standards or generally valid management solutions and concepts for operational risks. This is chiefly attributable to the enormous complexity and interdisciplinary nature of these risks, which present significant difficulties even when it comes to searching for an accurate definition and a clear distinction from other types of risk.

Bank Sarasin manages its operational risks on the basis of a consistent groupwide framework which satisfies the requirements of the Swiss Financial Market Supervisory Authority (FINMA), as well as the stringent standards imposed by Rabobank. All of Sarasin Group's principal entities are assessed on the basis of standard criteria to ascertain the potential threat they present in the area of operational risks. This assessment determines the degree to which the elements of the operational risk framework need to be adapted in the entity in question. The index is updated at least once a year.

When developing management and controlling elements in the area of operational risks at Bank Sarasin, special emphasis was laid on giving due consideration to central aspects, such as the identification, analysis, controlling and management of operational risks in the form of the following instruments:

Directives
The directives in the field of operational risk set down the main goals for the management and controlling of operational risks, and the use of these instruments. At the same time, they serve as a guide for identifying and measuring operational risks and meeting the relevant reporting obligations. They define not just the responsibilities of the central group entity in the Risk Office, but also the tasks and competencies in the individual divisions.

Risk education and awareness
In view of the diverse nature of operational risks and the way they affect the entire organisation, all employees are



obliged to deal effectively with the risks arising in the course of their everyday work. The line manager is supported in his personal and management responsibility by regularly updated information on Sarasin's Intranet and background information provided to all new staff.

Self-assessment
Self-assessment in the area of operational risks is performed once a year. The main fields of activity of an entity identified in consultation with representatives of a specialist unit are discussed and assessed by operational risk experts in interviews with staff holding functional responsibility. Risk experts then evaluate and weight the documented results, comparing them with each other.

An inventory is made of all risks and deficiencies with a minimum rating of "moderate". After the self-assessment is completed, the inventory is discussed with the responsible senior management and handed over as a work tool for implementation and monitoring. Every six months Group Operational Risk monitors the implementation of the defined measures and collects relevant feedback. Finally the risk situation of the business areas in question is reassessed.

Loss event database
The loss event database for operational risks is a central anchor point for the management and controlling of operational risks. It is used to record and categorise

Bank Sarasin's losses. The systematic recording of loss events is the cornerstone of reactive risk management. By "learning from mistakes", the data help to answer the question of how this matter should be dealt with in the future. One of the benefits of recording loss events is therefore the possibility of improving processes and internal controls.

Key risk indicators

To provide a more forward-looking view of existing risks, Sarasin has developed "key risk indicators" which make it possible to track the changing risk profile of sensitive processes by regularly monitoring predefined threshold values.

Reporting

Evaluations and analyses relating to Bank Sarasin's operational risks take place in the context of regular risk reporting to the Executive Committee and the Board of Directors.

Business Continuity Management (BCM)

The Bank has been running a project on the planning and design of the BCM which incorporates recognised best practice guidelines, especially the recommendations of the Swiss Bankers Association. BCM elements, organisation and responsibilities were regulated in a directive. After the performance of a business impact analysis in 2008 marked the first important project milestone, the main activity in 2009 has been the drafting of a risk-based business continuity strategy which defines the basic procedures the Bank must follow if critical resources are lost. For the business continuity strategy to be successfully implemented, a portfolio of risk mitigation measures must be initiated first. This was approved by the Executive Committee as part of the business continuity strategy in September 2009 and will be implemented during the course of 2010.

For some time now the core element of the Bank's crisis management has been a crisis management organisation with a team leader, a core team and an extended staff function. The organisation, dissolution, responsibilities and powers of the crisis management function are set down in the Security Manual.

Capital adequacy

Given its structure and activity, Bank Sarasin measures its capital adequacy with respect to its operational risks in accordance with the basic indicator approach.

A smoothly functioning and efficient risk management system for operational risks and a risk and controlling culture that employees are fully engaged with constitute a vital success factor for a modern bank. Bank Sarasin therefore directs its efforts at rigorously applying the elements of this risk management process in the area of operational risks, as well as continuously improving it.

Corporate Governance

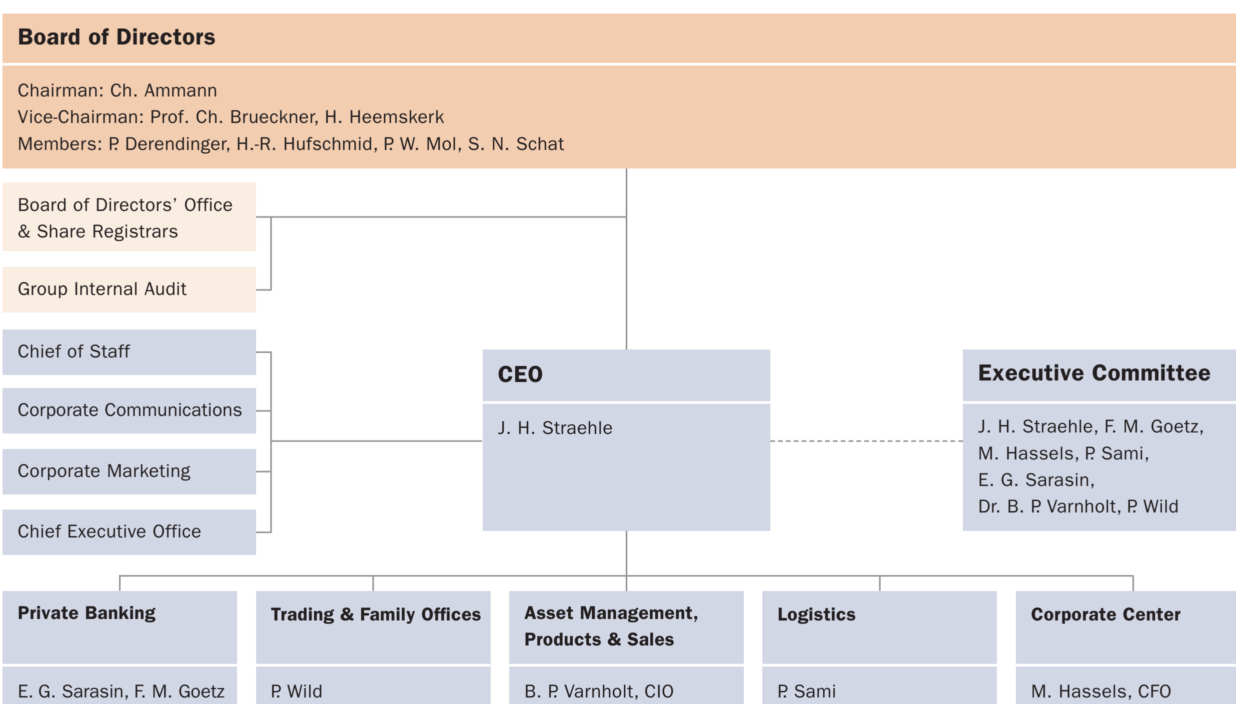
The corporate governance principles and rules followed by Bank Sarasin & Co. Ltd are laid down by the Articles of Association[1], the Regulations for Organisational Structures and Business Management[2] and the regulations of the Board's committees. They are regularly reviewed in accordance with applicable rules and are submitted to the Board of Directors or to the General Meeting of shareholders for their approval. The Bank's principles are modelled on the guidelines and recommendations contained in the Swiss Code of Best Practice for Corporate Governance established by Economiesuisse. As a bank governed by Swiss law, Bank Sarasin & Co. Ltd is obliged to submit both its Articles of Association and its Regulations for Organisational Structures and Business Management to the Swiss Financial Market Supervisory Authority (FINMA) for approval. In accordance with the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance, the present Corporate Governance Report describes the corporate governance principles followed by Bank Sarasin & Co. Ltd.

1. Group structure and shareholders

1.1 Group structure

Fig. 41: Operational presentation of the Group's structure (as at 31 December 2009)

Honorary Chairman: G. F. Krayer



Please note: An explanation of which business units belong to which segments can be found in the Notes to the consolidated financial statements, in the Segment reporting on page 155.

1 Bank Sarasin & Co. Ltd's Articles of Association are published on the on the internet (www.sarasin.com under "About us > Corporate Governance").

2 Bank Sarasin & Co. Ltd's Regulations for Organisational Structures and Business Management are published on the internet (www.sarasin.com under "About us > Corporate Governance").

At the Annual General Meeting of shareholders on 22 April 2009, Peter E. Merian stepped down as member of the Board of Directors 2009 as his mandate came to an end. Pim W. Mol was elected by shareholders as a new member of the Board.

Bank Sarasin's Board of Directors appointed Peter Wild as head of the new Trading & Family Offices Division and member of the Executive Committee, with effect from 1 January 2009. The Board of Directors decided to strengthen the Bank's positioning as an internationally active Swiss private bank by merging the two divisions Private & Institutional Clients Switzerland and International with effect from 1 January 2009. As of this date one single division is responsible for client acquisition and advisory services in all global private banking activities. The new matrix structure is organised along the lines of the Bank's locations on the one hand and its target markets on the other. The new Private Banking Division is jointly managed by Fidelis M. Goetz and Eric G. Sarasin.

The terms of office of the directors Christoph Ammann, Hubertus Heemskerk and Sipko N. Schat are due to end at the Annual General Meeting of 27 April 2010. Christoph Ammann and the representatives of our majority shareholder Rabobank, Hubertus Heemskerk and Sipko N. Schat, will be proposed for re-election to the Board of Directors.

In March 2009 the Polish financial regulator, in conjunction with the Polish Ministry of Finance, granted Sarasin a licence to open a representative office in Warsaw, which is registered under the name Bank Sarasin & Co. Ltd S.A. Przedstawicielstwo w Polsce.
In June 2009 Bank Sarasin & Co. Ltd opened a new representative office in Vienna, Austria. A new office in Berne, Switzerland opened for business in the same month.
On 1 July 2009 Bank Sarasin & Co. Ltd opened offices in Mumbai and Delhi. The newly established company in India trades under the name Sarasin-Alpen (India) Private Limited, which is run as a "Non Fund Based Non Banking Financial Company" (NF-NBFC).
In August 2009 Bank Sarasin & Co. Ltd and the El-Khereiji Group decided not to pursue their plans for a joint venture announced back in December 2007. The investment company licence (category 2) issued by the Bahrain Central Bank was returned. Bank Sarasin & Co. Ltd plans to set up a new joint venture with Alpen Capital Corporation Limited, Jersey in 2010, a company trading under the name "Sarasin-Alpen (Bahrain) B.S.C. (c)" in Manama, Bahrain. A new application for a licence has now been submitted to the authorities. In August 2009 the German subsidiary Bank Sarasin AG opened a third office in Nuremberg.
In February 2010 Bank Sarasin & Co. Ltd sold its Lugano subsidiary Sarasin Colombo Gestioni Patrimoniali SA back to the former owner, the Colombo family. Furthermore, the two Group companies Sarasin Investment Management Ltd, London, and Chiswell Associates Ltd, London were dissolved in February 2010.

1.2 Significant shareholders

As of 31 December 2009, the following shareholders held over 3 per cent of the voting rights in Bank Sarasin & Co. Ltd:

Rabobank

On 31 December 2008 Rabobank owned, through IPB Holding B.V., all 55,000,000 class A registered shares and 17,170,300 class B registered shares. By subscribing to all class A & B registered shares from the Cash or Title Options issued by Bank Sarasin in 2009, Rabobank acquired another 1,571,428 class A registered shares and 490,581 class B registered shares, thereby marginally increasing its stake in the Bank to 56,571,428 class A registered shares and 17,660,881 class B registered shares. This gives it a total of 68.6% of the voting rights and 46.1% of the equity capital in Bank Sarasin.

1.3 Cross-shareholdings

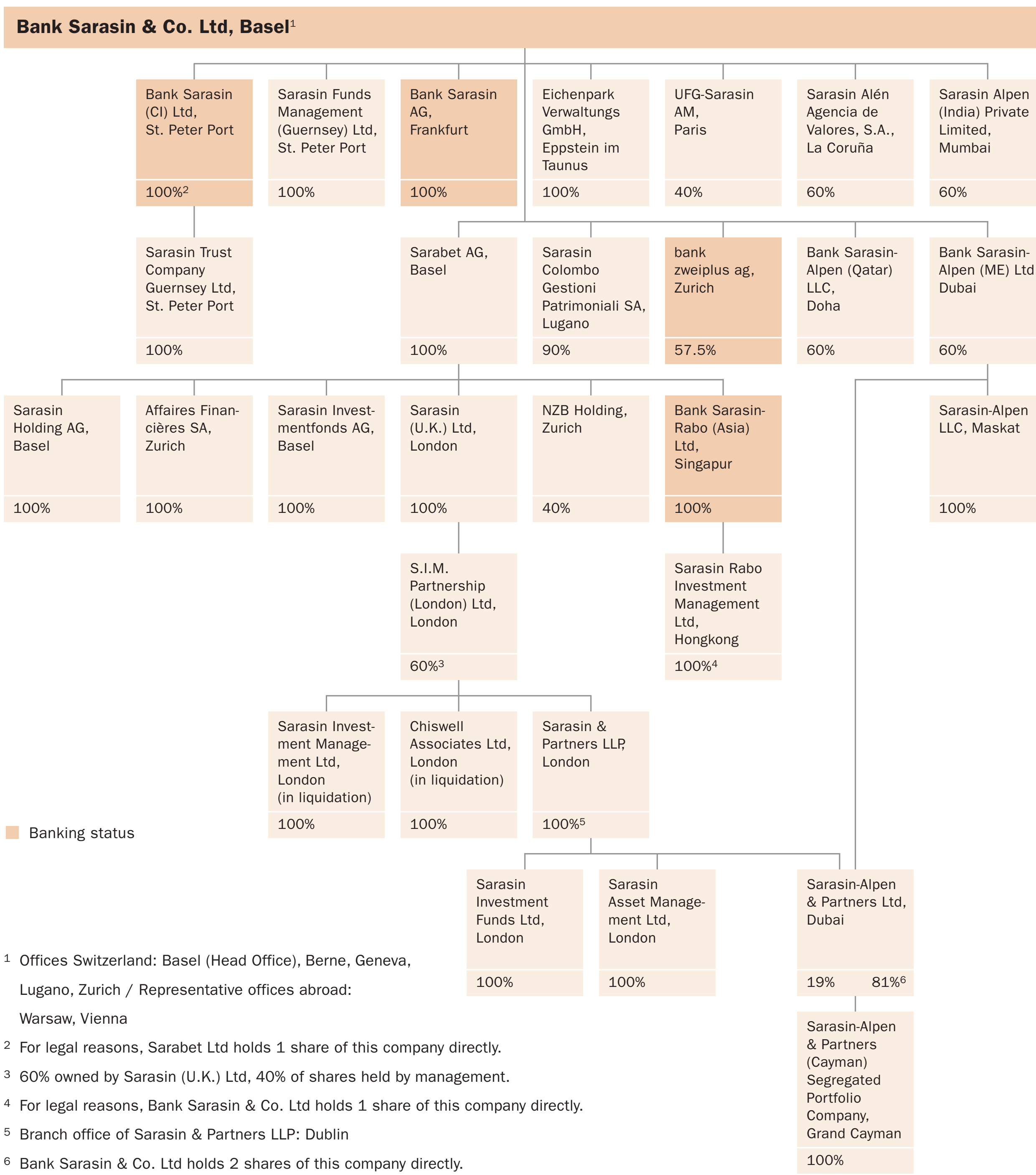
Bank Sarasin & Co. Ltd does not own any cross-shareholdings in other companies.

2. Capital structure

2.1 Capital

Details regarding Bank Sarasin & Co. Ltd's share capital can be found on page 181 in the Notes to its financial statements.

Fig. 42: Legal structure of the subsidiaries (as at 31 December 2009)



1 Offices Switzerland: Basel (Head Office), Berne, Geneva, Lugano, Zurich / Representative offices abroad: Warsaw, Vienna

2 For legal reasons, Sarabet Ltd holds 1 share of this company directly.

3 60% owned by Sarasin (U.K.) Ltd, 40% of shares held by management.

4 For legal reasons, Bank Sarasin & Co. Ltd holds 1 share of this company directly.

5 Branch office of Sarasin & Partners LLP: Dublin

6 Bank Sarasin & Co. Ltd holds 2 shares of this company directly.

Other details, for example share capital, shareholdings, etc. relating to Bank Sarasin & Co. Ltd and all subsidiaries that are included within the scope of consolidation can be found on page 166 in the Notes to the consolidated financial statements (Note 7.4).

Fig. 43: Distribution of Sarasin class B registered shares

	Shareholders		Shares	
on 31 December 2009	Number	%	Number	%
Number of class B registered shares				
1–100	240	11.1	14,506	0.0
101–1,000	1,080	50.0	501,289	1.0
1,001–515,850 (≤1%)	833	38.5	12,482,523	24.2
515,851–1,031,701 (≤2%)	1	0.0	631,262	1.2
1,031,702–1,547,552 (≤3%)	2	0.1	2,667,791	5.2
1,547,553–2,063,403 (≤4%)	1	0.0	1,620,000	3.1
2,063,404–2,579,254 (≤5%)	1	0.0	2,135,488	4.1
>2,579,255 (>5%)	3	0.1	22,941,570	44.5
Total registered shares	2,161	100.0	42,994,429	83.3
Total unregistered shares[1]			8,590,668	16.7
Total issued shares	**2,161**	**100.0**	**51,585,097**	**100.0**

Please note: class A registered shares are not included in this table because they are not publicly listed and are exclusively owned by Rabobank (see point 1.2).

2.2 Authorised and conditional capital in particular

Further details regarding Bank Sarasin & Co. Ltd's authorised and conditional share capital can be found on page 181 in the Notes to its financial statements.

2.3 Changes in capital

Changes in Bank Sarasin & Co. Ltd's share capital during the last five financial years are presented on page 182.

2.4 Shares and participation certificates

Details regarding the number, type and par value of shares in the company are given on page 181 in the Notes to Bank Sarasin & Co. Ltd's financial statements.

2.5 Profit-sharing certificates

Bank Sarasin & Co. Ltd has not issued any profit-sharing certificates.

2.6 Limitations on transferability and nominee registrations

2.6.1 Limitations on transferability and rules for granting exceptions

Authorisation to exercise voting rights and the associated rights of shareholders and beneficiaries of registered shares requires that the Board of Directors recognises the shareholders concerned and registers them in the share register. Under Article 5 of the Articles of Association[2], recognition and registration in the share register as shareholders of class B registered shares may be refused in cases where:

- Despite a request from the company, the party that has acquired shares does not expressly state that they have been acquired in his or her own name and on his or her own account.
- As a result of the transaction, the person acquiring the shares would hold more than 5% of the total number of class B registered shares recorded in the Commercial Register. Shareholders and beneficiaries who cooperate to circumvent the restrictions on inclusion in the share register are regarded as a single person.
- Approval of the acquisition might prevent the company from providing the proof about the composition of its shareholders that is required under Federal legislation in Switzerland.

Exceptions may be made at the discretion of the Board of Directors, which is guided by the interests of the company when making its decision.

[1] Shares that were not entered in the share register on 31 December 2009.

[2] Bank Sarasin & Co. Ltd's Articles of Association are published on the Internet (www.sarasin.ch under "About us > Corporate Governance").

Fig. 44: Registered shareholders: categories and distribution (Sarasin class B registered shares)

	Shareholders		Shares	
on 31 December 2009	Number	%	Number	%
Natural persons	1,914	88.6	11,510,824	22.3
Legal persons	247	11.4	31,483,605	61.0
Unregistered shares			8,590,668	16.6
Total	**2,161**	**100.0**	**51,585,097**	**100.0**
Nationality:				
Swiss	1,992	92.2	15,610,558	30.3
Other	169	7.8	27,383,871	53.1
Unregistered shares			8,590,668	16.6
Total	**2,161**	**100.0**	**51,585,097**	**100.0**

Please note: only the owners of class B registered shares are entered in the share register. Class A registered shares are exclusively owned by Rabobank (see point 1.2).

2.6.2 Reasons for granting exceptions in the year under review

No exceptions were made in the year under review and no corresponding applications were submitted.

2.6.3 Rules regarding nominee registrations

There are no provisions regarding nominee registrations that diverge from the rules laid down in the Articles of Association (Article 5), as presented in 2.6.1.

2.6.4 Procedure for changing the rules on transferability

Any change in the provisions of the Articles of Association regarding restrictions on the transferability of registered shares requires at least two thirds of the votes represented at the Annual General Meeting and an absolute majority of the par value of the registered shares represented.

2.7 Convertible bonds and options

Bank Sarasin & Co. Ltd has not issued any convertible bonds. Details regarding the options in the possession of members of the Board of Directors and the senior management can be found in the Notes to the consolidated financial statements on page 134. There are no outstanding options granted to staff which, if exercised, would be issued from conditional capital.

3. Board of Directors

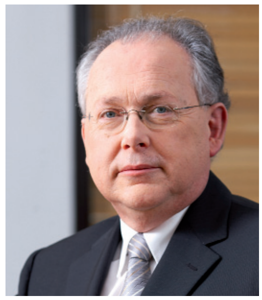
3.1 Members of the Board of Directors

No member of the Board of Directors of Bank Sarasin & Co. Ltd had operational management functions for the company or any of its subsidiaries during the 2009 financial year. Nor did any member of the Board of Directors have a significant business relationship with Bank Sarasin & Co. Ltd or with any of its subsidiaries. The same is true of the business relationships between Bank Sarasin & Co. Ltd and firms outside the Sarasin Group for which a member of Bank Sarasin's Board of Directors carries out a mandate.

At the Annual General Meeting of shareholders on 22 April 2009, Peter E. Merian stepped down as member of the Board of Directors as his mandate came to an end. Pim W. Mol was elected by shareholders as a new member of the Board.

The terms of office of the directors Christoph Ammann, Hubertus Heemskerk and Sipko N. Schat are due to end at the Annual General Meeting of 27 April 2010. Christoph Ammann and and the representatives of our majority shareholder Rabobank, Hubertus Heemskerk and Sipko N. Schat, will be proposed for re-election to the Board of Directors.

Christoph Ammann, Chairman



Born in 1950; Swiss citizen; lives in Kilchberg, Switzerland. After completing a banking apprenticeship, Christoph Ammann worked in various areas of the Credit Suisse Group from 1969 until the end of 2000. He was the head of Accounting/Controlling and had overall responsibility for a number of major integration projects implemented by Credit Suisse. In 1996 he was appointed Chief Information Officer of the Credit Suisse Group and in the autumn of 1997 he became a member of the management of Credit Suisse Private Banking. Christoph Ammann has been an independent consultant since the end of 2000. He was a member of the Swiss Federal Banking Commission from mid-2001 to mid-2007. He is also a member of the board of the VIA MAT group of companies and sits on the supervisory board of ERAMES GmbH in Frankfurt.

Christian Brueckner, Vice-Chairman

Born in 1942; Swiss citizen; lives in Basel, Switzerland; has a doctorate in law from the University of Basel, Switzerland; LL.M. from Harvard Law School, USA.

Christian Brueckner is a barrister and solicitor in the law firm of Vischer in Basel. In addition, he is on the board of several companies (including Jungbunzlauer Holding AG and Christoph Burckhardt AG) and a member of various public authorities. He also acts as Integrity Counsellor for the Swiss Academies of Arts and Sciences.

Hubertus Heemskerk, Vice-Chairman

Born in 1943; Dutch citizen; lives in Noordwijk, the Netherlands; studies in philosophy at the Université Catholique in Paris (BSc), in theology at the Philosophisch-Theologische Hochschule in Frankfurt a.M. and at the Karl Eberhard University Tuebingen (Master), and in economics at the Nederlandse Economische Hogeschool in Rotterdam.

Hubertus Heemskerk started his career with AMRO Bank/ABN Amro, where he worked for more than twenty years, in Tokyo, Dubai and London, among other places. He rose to become Director General for the domestic market, where he was responsible for the bank's retail activities. From 1991 to 2002 Hubertus Heemskerk was CEO of F. van Lanschot Bankiers NV. From 2003 to July 2009 he was CEO of Rabobank Group. Among other he is Chairman of the Supervisory Board of Koninklijke Boskalis Westminster NV and a member of the Supervisory Board of the Stock Exchange Foundation, the Supervisory Board of VADO Beheer BV, the Supervisory Board of Vlerick Leuven Gent Management School, the Supervisory Board of Wageningen University and Research Centre and the Board of Management of the European Association for Banking and Financial History e.V. (EABH).

Peter Derendinger

Born 1959; Swiss citizen; lives in Wilen, Switzerland; PhD in law from the University of Fribourg, Switzerland, and LL.M. from the Northwestern University School of Law, Chicago, USA.

After starting his career working in the courts and various law firms, Peter Derendinger joined Credit Suisse Group in 1989, where he held a number of management functions such as Head of Legal Services, CFO and Member of the Executive Board of the Private Banking Division. Since 2002 he has been an independent financial and legal consultant. Peter Derendinger sits on the board of directors of EGL AG and other unlisted companies in the financial services industry. Since 2004 he has also been Chairman of the Board and CEO of Alpha Associates AG.

Hans-Rudolf Hufschmid

Born in 1951; Swiss citizen; lives in Therwil, Switzerland; has a degree in economics from the University of Basel, Switzerland.

From 1980 to 2002 Hans-Rudolf Hufschmid worked in various positions in the institutional clients area at Sarasin. From 1993 to April 2000 he was a member of the Group Executive Board and from 1998 to June 2002 he was a partner of the bank. An independent consultant since July 2002, he also holds a number of directorships (e.g. Chairman of the Board of the construction company Glanzmann AG and of BioMed Credit AG, Vice-Chairman of the Board of Fritz Blaser & Cie AG, Blaser Bauglas AG and Markant Finanz AG), as well as being active in foundations and commissions.

Pim W. Mol
Born in 1957; Dutch citizen, lives in Haarlem, Netherlands; he has a degree in macro economics from the Free University (Vrije Universiteit) in Amsterdam and a bachelor in business administration from the Higher Business School in Amsterdam. Pim W. Mol started his career at Pierson, Heldring and Pierson, later Fortis MeesPierson, in 1987. After various research positions in Amsterdam and Paris he became managing director of MeesPierson Securities Asia in Hong Kong in 1991. He returned to the Netherlands in 1995 where he started to work for the private bank for which he became responsible in 1999. From 2002 to 2008 he was a member of the Global Management Board of Fortis Private Banking, being first responsible for all on-shore offices and later for all products and services worldwide. In July 2008 he joined Rabobank Nederland as Head of Private Banking. He is Chairman of the Board of Schretlen & Co and of Orbay, and a member of the Board of Iris. Pim W. Mol is also member of several boards of foundations, public institutions and of the Federation of Financial Planners.

Sipko N. Schat
Born in 1960; Dutch citizen; lives in Bilthoven, the Netherlands; studied law at the University of Groningen. Sipko N. Schat joined Rabobank in 1985 as a corporate lawyer. Over the past two decades he has held positions at Structured Finance in the Netherlands and at Corporate Finance in Ireland. He was appointed head of Structured Finance Europe in 1995 and head of Corporate Finance Worldwide in 1999. In 2002 he was appointed to the Managing Board of Rabobank International with responsibility for North and South America and a number of international Rabo supervisory directorships. During this period he was responsible for Corporate Finance, Trade Finance, Private Equity (Rabo Participations) and Corporate Advisory (Mergers & Acquisitions and Equity Capital Markets). He was appointed to the Executive Board of Rabobank Netherlands on 1 July 2006. In his position as a member of the Executive Board, Sipko Schat is responsible for Corporate Clients Netherlands, Global Financial Markets, Corporate Finance, Trade Finance, Private Equity, Mergers & Acquisitions and Equity Capital Markets.

3.2 Other activities and vested interests
See 3.1.

3.3 Cross-involvement
There is no cross-involvement between the members of the Board and the Boards of other publicly quoted companies.

3.4 Election and terms of office
The election and term of office of the Board members are governed by the Articles of Association (Article 15), which are published on the internet (www.sarasin.com under “About us > Corporate Governance”).

Fig. 45: Term of office of current directors

Name	Director since	Term of office
Christoph Ammann	2002	2010
Christian Brueckner	2002	2011
Hubertus Heemskerk	2007	2010
Peter Derendinger	2008	2011
Hans-Rudolf Hufschmid	2002	2011
Pim W. Mol	2009	2012
Sipko N. Schat	2007	2010

The Annual General Meeting of shareholders elects individual Board members for a three-year term of office. Board members finish their period of office on the day of the Annual General Meeting at the end of their three years of service, unless they resign or are dismissed beforehand. New members serve the remaining term of office of the Board member they replace. Members may stand for re-election. The members of the Board of Directors are proposed to the Annual General Meeting for election individually.

3.5 Internal organisational structure

The Board of Directors is responsible for the ultimate direction of the company and the ultimate supervision and control of the way it is run, in accordance with Article 3 paragraph 2 of Switzerland's Banking Act. It lays down the Bank's objectives and the broad lines of its business policy, supervises those entrusted with the management and representation of the bank in order to guarantee compliance with the provisions of the law, the Articles of Association and the regulations, regularly receives reports regarding the course of business and is responsible for all business that the Articles of Association and the law do not specifically reserve either for the audit company required by banking and stock exchange legislation or for the Annual General Meeting of shareholders.
Meetings of the Board of Directors are convened by its Chairman or, should he be impeded, by the Vice-Chairman. Meetings take place as often as business requires and generally once a quarter. In addition, any member may request in writing that a meeting be convened (to discuss matters within the competence of the Board of Directors), provided they specify the agenda items for discussion. The Board of Directors met six times in 2009 (2008: seven times). Its meetings generally last half a day.

As representative of the Executive Committee, Joachim Straehle, CEO, attended all the meetings of the Board of Directors in 2009. At one Board meeting, the entire Executive Committee was present to discuss one particular agenda item. Matthias Hassels, CFO, reported on the Group's business performance at all Board meetings. Other division heads and business unit heads briefed the Board on various themes during the meetings over the course of the year. In 2009 no external consultants attended any Board meetings. No members of the Board of Directors attended any Executive Committee meetings during FY 2009.

Assisted by the CEO, the Chairman formulates proposals for the Board which concern the long-term goals, strategic direction and future development of the company and the Group. The Chairman liaises with the CEO and the division heads to ensure that the Board of Directors and its committees receive information in good time about any aspects of the company and Group that are important for the formulation of objectives or monitoring of developments. If exceptional circumstances arise, he must inform the Board of Directors immediately.

The Board of Directors has set up the following committees:
3.5 a) Nomination and Compensation Committee
3.5 b) Audit Committee
3.5 c) Credit Panel

The tasks and reporting obligations of these committees are defined in special regulations. The Board of Directors may set up additional committees to perform other functions.

a) Nomination and Compensation Committee

Christian Brueckner chairs this committee, whose members include Christoph Ammann, Hubertus Heemskerk and Sipko N. Schat. For the attention of the full Board of Directors, this committee evaluates nominations for membership of the Board of Directors and proposes candidates for the CEO position. It also examines proposals by the CEO for appointments to the Executive Committee. All appointments are, however, decided on by the full Board of Directors. The Nomination and Compensation Committee sets the level of Board members' fees. It also submits proposals to the full Board of Directors regarding salaries and bonuses for members of the Executive Committee. Finally, it evaluates the content of and the method for determining salaries, bonuses and shareholding programmes. The Nomination and Compensation Committee met four times in 2009 (2008: five times) for an average of 2 hours per meeting. In 2009 the CEO and the Head of Group Human Resources attended all the meetings. An independent expert report was commissioned from PricewaterhouseCoopers to review the compensation system. Apart from this, the Nomination and Compensation Committee did not engage the services of any external consultants.

b) Audit Committee

Hans-Rudolf Hufschmid chairs the Committee, of which Peter Derendinger and Pim W. Mol are members. Overall the members of the Committee fulfil the necessary requirements regarding independence and qualifications. The Committee principally supports the Board of Directors in the area of accounting, risk management and internal and external auditing, by forming an independent opinion regarding the suitability of the organisation and the functioning of the internal and external control and evaluation systems, and regarding the preparation of the financial statements. In particular, it annually examines the scope and implementation of the internal and external audit plans and their results, verifying that management follows up on any recommendations and criticism. In addition, it monitors the terms of the mandate of the audit firm required under banking legislation, including its compensation, and evaluates the internal and external auditors' performance. The Audit Committee met five times in 2009 (2008: five times) for an average of 4.5 hours per meeting. The external audit firm attended four meetings to discuss certain agenda items. The Chief Financial Officer Matthias Hassels and the Head of Financial Accounting attended four and three meetings respectively to discuss various topics. The Head of Legal & Compliance attended four meetings in 2009 to discuss various topics. In addition, representatives of the Risk Office attended two meetings to discuss specific points. The Head of Group Credit and the Head of Group Information Security also attended one meeting each to discuss certain agenda items.

c) Credit Panel

The Board of Directors decides on credit applications in excess of CHF 200 million. These applications are submitted to the Board of Directors with a recommendation from the Central Credit Committee (CCC).

To facilitate efficient and rapid decision-making, the Board of Directors appoints a panel consisting of three of its members. This Credit Panel evaluates and approves the credit applications submitted by the CCC. At the next regular meeting of the Board, the Chairman provides an overview of the credit applications considered by the Credit Panel since the last Board meeting and the decisions reached. The Board then ratifies the decisions reached by the three-member panel. In the case of non-ratification, the credit relationship affected must be terminated at the earliest possible date.

The Credit Panel commenced activity in FY 2009. Christoph Ammann chairs the Panel, whose other members are Peter Derendinger and Hans-Rudolf Hufschmid. In 2009 the Credit Panel met three times for an average of 45 minutes. The Head of Group Credit took the minutes at every meeting. The CEO also attended two meetings.

3.6 Definition of areas of responsibility

Pursuant to Article 16 paragraph 5 of the Articles of Association, the Board of Directors delegates the running of the company to the CEO in accordance with the applicable Regulations for Organisational Structures and Business Management and is briefed by the CEO and the Executive Committee. The division of responsibilities between the Board of Directors, the CEO, the Executive Committee and the Heads of Division is laid down in the Allocation of Competencies.

For the attention of the Board of Directors, the CEO and the Heads of Division establish the strategic orientation and development of the company and the Group as well as the long-term objectives, including the necessary financial, human and organisational resources. The CEO assures the implementation of the Board of Directors' decisions and of plans and projects approved by the latter.

The CEO is responsible for the operational management of the company and the Group. In agreement with the Chairman of the Board of Directors, whom he immediately informs of any extraordinary events, the CEO is responsible for promptly informing the Board of Directors and the committees that report to it of any aspects of the company and the Group that are significant for decision-making and monitoring. In particular, he informs them about the course of business, major projects and the risk exposure of the company and the Group.

More information on the allocation of competencies between the Board of Directors, CEO and Executive Committee can be found in the Bank's Regulations for Organisational Structures and Business Management published on the Bank's website (www.sarasin.com under About us > Corporate Governance).

3.7 Information and control instruments vis-à-vis the senior management

The CEO or, in certain cases, the competent Head of Division informs the Board of Directors:

1. regularly about the general course of business, developments on key markets and the Bank's financial performance;
2. regularly about measures taken to achieve business objectives;
3. about the Group's quarterly consolidated results;
4. about the interim and annual financial statements of subsidiaries and participations;
5. regularly about the financial performance of the individual divisions;
6. about their assessment of the risks in the different business areas, about losses that seem imminent or that have already been sustained, about litigation and any other incidents that are exceptional, significant or likely to influence public opinion, serious disciplinary offences or infringements of regulations and about whatever measures have been taken;
7. periodically about the existence of bulk risks pursuant to Article 90 of the Ordinance concerning Capital Adequacy for Banks (parent company and on a consolidated basis);
8. through quarterly reports, about the implementation of the agreed risk policy (identification, management and limitation of risk positions), which in particular include market risks in the trading book and banking book, balance sheet structure risks, default risks, liquidity and refinancing risks, operational risks as well as reputational and legal risks).

The CEO provides the Board of Directors with the general information it requires to carry out its supervisory and control functions. The Chairman of the Board is entitled at all times to receive or demand reports from the Heads of Division, the Chief Financial Officer, the Risk Office and Group Compliance. The Board of Directors may invite the Heads of Division or Heads of Business Units along to Board meetings to discuss division-specific matters and requests (see also section 3.5).

Group Internal Audit (GIA) is responsible for the internal auditing of the Group. The Group incorporates all of Bank Sarasin's equity holdings within the scope of consolidation, i.e. all participations of 51% or more. The Board of Directors has issued regulations applying to the GIA that set out its tasks, duties and powers. The GIA prepares its reports without instruction from any other party. It reports directly to the Board of Directors. The Chairman of the Board of Directors ensures that the audit reports are presented to the Audit Committee and that, in cooperation with the Executive Committee, the latter Committee takes any measures that the GIA's reports show to be necessary. The Chairman of the Board also receives the reports prepared by the audit firm required under banking and stock exchange legislation and presents them to the Audit Committee and the Executive Committee for examination and discussion.

On behalf of and in cooperation with the Board of Directors and the external audit firm, the GIA supervises the activities of the Bank and the companies that fall within the scope of consolidation. It verifies compliance with the provisions laid down by law, the Articles of Association and regulations, standards promulgated by the auditing profession and internal directives and guidelines. Pursuant to objectives approved annually by the Board of Directors, it carries out audits within the meaning of the regulations.

GIA staff have an unlimited right to see and examine documents, to the extent necessary for them to fulfil their tasks and auditing duties. After obtaining the views of the audited unit, the GIA regularly reports on the results of the audits performed to the Chairman of the Board of Directors, the members of the Audit Committee, the Chairman of the Executive Committee and, in accordance with Article 19 of the Ordinance on Financial Market Supervision (FINMA-PV), to the audit firm required by banking and stock exchange legislation. Should anything exceptional come to light, it immediately informs the Chairman of the Board of Directors, the Chairman of the Executive Committee and, in important cases, the audit firm.

4. Senior management (Executive Committee)

4.1 Members of senior management

Bank Sarasin's Board of Directors appointed Peter Wild as head of the new Trading & Family Offices Division and member of the Executive Committee, with effect from 1 January 2009. The Board of Directors decided to strengthen the Bank's positioning as an internationally active Swiss private bank by merging the two divisions Private & Institutional Clients Switzerland and International with effect from 1 January 2009. As of that date one single division is responsible for client acquisition and advisory services in all global private banking activities. The new matrix structure is organised along the lines of the Bank's locations on the one hand and its target regional markets on the other. The new Private Banking Division is jointly managed by Fidelis M. Goetz and Eric G. Sarasin.

Joachim H. Straehle, Chief Executive Officer (CEO)
Born in 1958; Swiss citizen; lives in Oberaegeri, Switzerland; he completed his initial banking training in Zurich; graduate of the School of Management in Zurich and of the Executive Program for Overseas Bankers, Wharton School, University of Pennsylvania, Philadelphia, USA.
After completing his education Joachim H. Straehle worked among others for Bank Julius Baer in New York, where he held various management positions. From 1999 to August 2006 Joachim H. Straehle has held various executive positions at Credit Suisse Group in Switzerland and abroad. Initially employed in Zurich as Head of Family Office and Member of the Operating Committee of Credit Suisse Trust, he was later appointed CEO of the Credit Suisse Trust Group. He then became Head of Private Banking International and a Member of the Executive Board of Credit Suisse. Finally he was appointed Regional Head of Asia-Pacific, Middle East and Russia and a Member of the Private Banking Management Committee. Joachim H. Straehle has been CEO of Bank Sarasin & Co. Ltd since 1 September 2006.

Fidelis M. Goetz, Head of the Private Banking Division
Born in 1966; citizen of Liechtenstein and the Netherlands; residing in Basel, Switzerland; degree in political sciences from the University of St. Gall.
Following professional experience of organising leadership seminars for the Catholic Church in Asia, Fidelis M. Goetz joined the Credit Suisse Group in 1993 in Japan as

a trainee. He then performed various functions for the CS group in Zurich and the Far East. Among other roles, he served as Chief Representative in Osaka, Head of Investment Consulting in Singapore, Market Head Japan and Chief Representative / Market Head in Taiwan. In 2004 he was appointed Regional Head of Private Banking North Asia based in Hong Kong and joined the Private Banking Management Committee. Fidelis M. Goetz joined Bank Sarasin as a member of the Executive Committee on 1 December 2006. He was Head of the International Division in 2007 and 2008. Since 1 January 2009 he has been in charge of the Private Banking Division, along with Eric Sarasin.

Matthias Hassels, Head of the Corporate Center Division, Chief Financial Officer
Born in 1963; German citizen; lives in Bad Krozingen, Germany; holds a degree in commerce from the Westfaelische Wilhelms University in Muenster, Germany.
After several years as the Managing Director of an international consulting firm specialising in financial services, Matthias Hassels joined Bank Sarasin in 1998 as the head of Risk Management & Asset Liability Management. He has been a member of senior management since 1999 and Chief Financial Officer since May 2000. He was given responsibility for the Corporate Center Division on 1 July 2005, where he oversees not only Investor Relations, Corporate Development and Corporate Finance but also Legal & Compliance, Human Resources, Group Finance, Controlling, Risk Office, Loans and Taxes.

Peter Sami, Head of the Logistics Division
Born 1958, Swiss citizen, lives in Dietikon, Switzerland; he completed his commercial training at the Berufsschule des kaufmännischen Vereins, Zurich, graduate of the Swiss Banking School, Zurich, the AEP Swiss Banking School, Zurich, and the Advanced Management Programme INSEAD.

Peter Sami began his professional career with the Schweizerische Volksbank, where he undertook various functions over a period of 20 years, specialising in the field of loans and credit management. In 1997 he joined Credit Suisse as Head of Credit Portfolio Management and played a key role in shaping the new direction of the credit management business. In mid-2002 Peter Sami then joined the SIS Group as Head of Risk Management, where he built up SIS x-clear. At the start of 2005 Peter Sami was then appointed CEO of SIS Swiss Financial Services Group AG. Following the merger of the SWX Group, the SIS Group and the Telekurs Group to form Swiss Financial Market Services AG, Peter Sami was appointed CEO of the Securities Services Division at the start of January 2008. Peter Sami is a member of Bank Sarasin's Executive Committee and Head of the Logistics Division since 1 May 2008.

Eric G. Sarasin, Head of the Private Banking Division

Born in 1958; Swiss citizen; lives in Basel, Switzerland; did his initial banking training in Basel. Has a business degree in finance and investments from Babson College, Boston, Mass., USA and is a graduate of the Swiss Banking School.

Starting in 1980 Eric G. Sarasin spent two years with Pictet & Co. in Geneva as a financial analyst. He then did further training at Morgan Guarantee Trust and Kidder, Peabody in New York. From 1985 to 1988 he was a senior account officer with Citibank N.A. in New York. He moved to Bank Sarasin in 1988, where he became a partner in 1994. Before being appointed head of Private Banking Basel, Geneva and Lugano in April 2004, he was responsible for Swiss brokerage services for foreign institutions, the development of institutional marketing and the Group's Private Banking International business unit. He has been a member of Bank Sarasin's Executive Committee since 1 January 2004. Eric G. Sarasin was Head of the Private and Institutional Clients Switzerland Division from 2006 to 2008. Since 1 January 2009 he has been in charge of the Private Banking Division, along with Fidelis M. Goetz. Eric G. Sarasin is President of the German-Swiss Chamber of Commerce, Honorary Treasurer of WWF International and is active in numerous philanthropic foundations in Switzerland and abroad.

Burkhard P. Varnholt, Head of the Asset Management, Products & Sales Division, Chief Investment Officer

Born 1968; German citizen, residing in Zurich, Switzerland; PhD in Economics from the University of St. Gall (HSG). From 1998 until his switch to Bank Sarasin in September 2007, Burkhard P. Varnholt worked for Credit Suisse Private Banking in Zurich. After joining the bank as head of the Services and subsequently also the Investment Analysis divisions, he became Global Head of Financial Products & Investment Advisory in 2002. He was a member of the Global Executive Council from September 2005 onwards. Prior to that, from 1996 to 1998, Burkhard P. Varnholt worked for Morgan Stanley Investment Banking in London. He is also an experienced lecturer, having taught not only at the University of St. Gall (HSG), but also at the Massachusetts Institute of Technology (MIT) and the Stern School of Business, New York University. Burkhard Varnholt has already published over 100 articles and four books. As a keen art lover and collector, Burkhard Varnholt sat on the Acquisitions Committee of the Tate Modern in London. In 2004 he set up the charity Kids of Africa – The Swiss African Orphanage (www.kids-of-africa.com). To date this charity has built and now maintains a village for up to 100 orphaned homeless children in Kampala (Uganda).

Peter Wild, Head of the Trading & Family Offices Division

Born in 1951, Swiss citizen, lives in Zumikon, Switzerland; attended the ESC La Neuveville in Berne, followed by various courses at American universities in the field of Trading and the Harvard Business School, Boston ISMP. Peter Wild began his professional career with Nikon AG in Zurich before switching to the banking sector in 1971. He worked as a trainee for various trading departments

at Banque Cantonal Vaudoise, Lausanne, and at Credit Suisse, Zurich. From 1978 onwards, he worked in the Trading department of Bank Julius Baer, initially in Zurich and then in New York (from 1981), where he was appointed deputy branch manager in 1993. In 1997 he joined AIG Private Bank Zurich, where he worked as CFO from 2000 to 2005 prior to his appointment as CEO in 2006. Peter Wild is a member of Bank Sarasin's Executive Committee and Head of the Trading & Family Offices Division since 1 January 2009.

4.2 Other activities and vested interests

See 4.1.

4.3 Management contracts

No such contracts exist at Bank Sarasin & Co. Ltd.

5. Compensation, shareholdings and loans

Principles

The Compensation Rules of Bank Sarasin & Co. Ltd are based on the general corporate governance principles, the Regulations for Organisational Structures and Business Management and the Allocation of Competencies of Bank Sarasin & Co. Ltd. They are also guided by the principles of Circular 10/1 "Compensation Systems" issued by the Swiss Financial Market Supervisory Authority (FINMA).

Purpose and scope

Bank Sarasin's Compensation Rules are issued by the Bank's Board of Directors and govern the fundamentals of the compensation systems for the Sarasin Group, in particular its compensation philosophy, principles and policy in the light of the specific market conditions in each region and any direct interests held in subsidiary companies. The Rules are set out in this document.

On the basis of the Compensation Rules, the Bank issues a set of groupwide internal staff rules (e.g. "SaraRules") and annual Participation Plans setting out the conditions applicable in the current financial year for a bonus in the form of an allocation of shares. The elements of the compensation system are communicated to the persons concerned in a transparent manner and form an integral part of any agreements under their contract of employment.

The Compensation Rules do not provide any entitlement to bonus payments.

Basic principles and definitions

The compensation philosophy of the Sarasin Group is based on a transparent and sustainable approach to operating a performance-related compensation system. Compensation packages are based on sustainable, quantitative and qualitative performance measurement criteria which are as objective as possible, including the inherent risks, graded according to responsibility and position held. In other words, the higher the proportion of variable pay is set in the compensation packages, the greater the influence on operating business and risk trends.

The Sarasin Group's compensation systems are based on the following pay components:

> **Contractually agreed annual salary:** When setting the salary position held, performance, ability, responsibility, training, experience and conduct are taken into account. Comparisons with internal and external benchmarks are also used as a basis for setting the salary.

> **Allowances:** Allowances are granted solely in accordance with legal requirements or internal guidelines (e.g. Secondment Rules).

> **Flat-rate expenses:** Flat-rate expenses in Switzerland have been agreed with the appropriate tax authorities.

> **Variable pay (bonus):** Where the earnings position of the Bank or its Group companies allows, it can pay a bonus at its discretion. Bonus payments are linked to Group performance, the performance of the employee's business unit and their individual performance and achievement of targets in line with qualitative objectives such as compliance with directives and guidelines, and their attitude to risk. In all cases, they constitute a voluntary special payment and do not give rise to an entitlement to future bonuses, even where they have been paid continuously for many years. Bonus payments can be discontinued in whole

or in part at any time. This type of bonus payment can take the form of both a monetary payment and a share allocation (see below for arrangements in the Participation Plan).

In principle, no joining or severance payments are paid. This does not affect compensation payments in connection with lost bonuses from a previous employer or social plans for redundancies in the event of restructuring.
Boards of Directors receive only a fixed cash payment, graded according to position held and membership of committees.
Employees and senior executives of the Sarasin Group who hold controlling, auditing, legal, compliance and risk management posts are generally paid mainly a fixed salary in line with market rates in order to rule out any potential conflicts of interest.

Procedure for determining compensation systems in the Sarasin Group

The Board of Directors sets out the Group's compensation policy and, as part of its function as a governance, supervisory and controlling body, assumes the responsibility for its implementation. In particular, it has formed a Nomination and Compensation Committee for this purpose (NCC, for details see 3.5a) to ensure that the Board of Directors receives independent and expert support. The NCC can also call in independent experts if necessary. The Board of Directors issues and periodically reviews the Compensation Rules and obtains information each year on the operational implementation of and trends in the compensation systems.
In accordance with the Allocation of Competencies and at the request of the NCC, the Board of Directors approves the compensation packages for the Executive Committee, the annual total pool for all variable pay and the arrangement and allocation criteria for the compensation systems in the Group.

Setting the total pool and allocation criteria for variable pay

The total pool for all variable pay is determined by the Board of Directors at the NCC's request and is based on the long-term, sustainable success of the Sarasin Group, taking into account the risks incurred and the capital costs. The amount of the total pool also ensures a balanced relationship between compensation for the Bank's shareholders and its employees. The Board of Directors may in extraordinary situations alter the defined quantitative criteria for determining the total pool (both downwards and upwards, e.g. to take account of extraordinary and one-time effects on earnings).
Variable pay awards will not be made in any year in which the Sarasin Group registers a loss. If, nevertheless, in such a case, Sarasin makes a payment to the shareholders in the form of a dividend or other rewards, employees will be awarded a reasonable sum of compensation whose payment is geared to achieving the turnaround.

Composition of the Participation Plan

The Participation Plan of the Sarasin Group governs the general conditions for awarding a bonus in the form of a share allocation. Whether, to what extent and to which employees or employee groups a bonus in the form of cash or shares is awarded is at the discretion of the Board of Directors or the bodies appointed by it for that purpose. The respective Participation Plan does not therefore justify bonus claims but sets out the terms for the share allocation where a bonus is awarded in the form of shares.
Some larger bonus payments are made in the form of compensation deferred over several years which is linked to future, sustainable growth of the Bank and involves a bonus/penalty effect depending on the attainment of performance targets. This deferred compensation is generally awarded in the form of shares in the Bank, which are only irrevocably allocated if the target is met. The basic principle applies: the higher the bonus the tighter the link to future targets.
The conditions applicable to a financial year are determined by Bank Sarasin's Board of Directors by the time of the annual individual bonus notification and are communicated to employees via the Bank Sarasin intranet or by any other appropriate means.

Setting compensation for the financial year 2009

The following conditions for the Participation Plan have been laid down for the financial year 2009:
> Variable pay up to CHF 100 000 will be paid in cash.
> Variable pay in excess of CHF 100 000 will be paid 50% in cash. The remaining 50% will be paid as de-

ferred compensation over the next four years, one quarter per year, depending on whether annual and medium-term targets have been met. The award becomes irrevocable if the target is met on a scale between 50% and 150% and therefore involves a bonus/penalty effect. If the performance target attainment is below 50%, the corresponding annual instalment will not be paid. If the performance target attainment is above 100% up to a maximum of 150%, the original deferred compensation will be increased accordingly. The deferred compensation is also subject to the condition that the employee has not given notice to leave the company at the time of the share allocation.

> Attainment of performance targets will be measured against net new money targets, cost income ratio and gross margin of the Sarasin Group.

The amount of the individual bonus payments to members of the Executive Committee is dependent on the attainment of specified targets in accordance with the MbO, their personal performance and a market comparison based on the Towers Perrin INbank database. The Towers Perrin INbank database is a comprehensive source of compensation data for senior managers of leading financial service providers in Europe.
There is no fixed ratio of basic salary to performance-related pay. In 2008, members of the Executive Committee voluntarily waived the performance-related portion of their compensation, which is why it is not possible to report the ratio of basic salary to performance-related pay. In 2009, the ratio of basic salary to performance-related pay was 1:2.5. Since 1 January 2010, members of the Executive Committee do not receive a severance payment on termination of their contract. In the event of a change of control, a member of the Executive Committee will be governed by the rules as explained in 7.2.

Compensation report, details of holdings and loans
In accordance with company law, the notes to the annual consolidated financial statements (see pages 129ff) contain details of the fixed compensation paid to members of the Board of Directors and the fixed and variable compensation paid to members of the Executive Committee. Any loans received and any holdings in the Bank are also declared for both bodies.

6. Shareholders' participation

6.1 Voting-rights and representation restrictions
A share register is kept in which the names and addresses of the owners and beneficiaries of registered shares are entered as shareholders with or without voting rights. In order to exercise voting rights, shareholders and beneficiaries must be registered in the share register two days before invitations to the Annual General Meeting are issued (see 6.5).

6.1.1 Voting-rights restrictions
Under Article 5 of the Articles of Association, an application to be recognised and registered as a shareholder with voting rights may be rejected (see section 2.6.1 on page 71).

6.1.2 Granting of exceptions
In the year under review no exceptions were made to the rules regarding voting-rights restrictions and representation; no corresponding applications were submitted either.

6.1.3 Procedure for abolishing voting-rights restrictions under the Articles of Association
Any change in the provisions of the Articles of Association regarding voting-rights restrictions requires at least two thirds of the votes represented at the General Meeting of shareholders and an absolute majority of the par value of the registered shares represented.

6.1.4 Representation
Registered shareholders may represent their shares themselves or have them represented by another registered shareholder to whom they have given a written proxy. Shareholders require an admission ticket to attend the General Meeting of shareholders.

6.2 Statutory quorums
Each share carries one vote. Unless there are legal provisions to the contrary, the General Meeting of shareholders takes its decisions by an absolute majority of the votes represented. In the event of a tie, the Chairman has a casting vote for motions, while elections are determined by drawing lots. If no one is elected in the first round of an election, a second round is held, which is decided by a relative majority.

6.3 Convocation of the General Meeting of shareholders

The convocation of the General Meeting of shareholders is governed by the provisions laid down by law.

6.4 Agenda

One or more shareholders representing at least two percent of the share capital may demand that a specific item be placed on the agenda. If two percent of the share capital equates to shares with a nominal value of more than CHF 1 million, the right to request an item be placed on the agenda extends to shareholders representing shares with a nominal value of CHF 1 million. Their demand that an item be discussed must be received by the company no later than 45 days before the General Meeting of shareholders. In all other respects, the provisions laid down by law are applicable.

6.5 Inscriptions in the share register

Entry in the share register requires proof of the acquisition of a share or a certificate attesting to ownership/usufruct. In order to exercise voting rights, shareholders and beneficiaries must be registered in the share register two days before invitations to the General Meeting of shareholders are issued. The share register is closed for registrations from the second day preceding that on which invitations to a General Meeting of shareholders are issued until the day after the General Meeting of shareholders. Since Article 10 of the Articles of Association stipulates that invitations to a General Meeting must be sent out at least 20 calendar days in advance, the share register is closed 28 calendar days before a General Meeting.

7. Changes of control and defence measures

7.1 Duty to make an offer

The Articles of Association do not include any opting-out or opting-up clauses.

7.2 Clauses on changes of control

The employment contract for one member of the Executive Committee contains a change of control clause stipulating that if a third party other than Rabobank Group acquires a majority of the voting rights in Bank Sarasin, the member shall be due a redundancy payment equivalent to one and a half years' basic annual salary.

8. Auditors (audit firm)

8.1 Duration of the mandate and term of office of the lead auditor

Ernst & Young AG audits all subsidiaries and has acted as the audit firm of Bank Sarasin & Co. Ltd since its transformation into a limited company in June 2002. Prior to that date, Ernst & Young AG acted as the Controlling Body for Bank Sarasin & Co. Thomas Schneider has been the responsible partner since the 2005 financial year and Patrick Schwaller has been the lead auditor since 2006.

8.2 Auditing fees

The Sarasin Group (the figures for Bank Sarasin & Co. Ltd are shown in brackets) paid Ernst & Young fees totalling CHF 3,299,598 (CHF 1,794,498) for services connected with the auditing of the 2009 financial statements. Ernst & Young acts as auditors for all the companies in the Sarasin Group.

8.3 Additional fees

The Sarasin Group paid Ernst & Young fees totalling CHF 475,053 for services not connected with the auditing of the 2009 financial statements. These fees break down as follows: tax advice CHF 182,962 and transaction advice (including due diligence) CHF 292,091. Bank Sarasin & Co. Ltd paid fees totalling CHF 232,846 to Ernst & Young for transaction advice (including due diligence).

8.4 Information tools pertaining to the external audit

The Audit Committee of the Board of Directors holds regular discussions with the representatives of the external audit firm regarding the planning of the audit, the results of the audit activity in relation to supervisory controls and the preparation of the financial statements, as well as the adequacy of the internal control systems, in the light of the Group's risk profile.
During the 2009 financial year, the external audit firm attended four (previous year: three) Audit Committee meetings in total.
The Audit Committee also monitors the scope and organisation of the audit activity, the quality of the work done

and the external audit firm's independence. An annual appraisal meeting is held between the Bank's Audit Committee and the external audit firm's lead auditor. In particular, the Audit Committee also supervises the provision of relevant services that the external audit firm performs over and above their ordinary audit functions. The external audit firm has direct access to the Audit Committee at all times (see also the comments about the Audit Committee under 3.5b).
Finally, the Audit Committee makes proposals to the Board of Directors regarding the appointment or replacement of the audit firm, subject to approval by the General Meeting of shareholders. When selecting the external audit firm, it is important to choose a candidate that is authorised by the Swiss Financial Market Supervisory Authority (FINMA) to audit a Swiss bank and also has an international presence, in order to ensure the company has the necessary internal resources to handle the audit work for the entire Sarasin Group. The rules for the rotation of the lead auditor are set down in the relevant provisions of the Swiss Code of Obligations (Art 730a CO), i.e. the lead auditor may only perform the mandate for a maximum of seven years. He may only take the mandate back on after a three-year break. Details of the current term of the lead auditor's mandate can be found in 8.1.
The audit firm and its affiliated companies must be independent from Bank Sarasin and its group companies, i.e. there must be no material financial, corporate or other relationships that could call into question the audit firm's independence.

9. Information policy

Bank Sarasin & Co. Ltd briefs its shareholders, staff, clients and the public simultaneously, fully and at regular intervals, thereby ensuring that all stakeholders are treated equally. Through the institutionalisation and cultivation of contacts, the creation and maintenance of a relationship of trust with the financial world, on the one hand, and with the media and all other parties interested in receiving information, on the other, it guarantees equal opportunity and transparency. Information is provided through the Annual Report, the Half-Year Report, conferences for the media and financial analysts as well as at the General Meeting of shareholders. All major projects and initiatives are reported on promptly on the website (www.sarasin.com) as well as in letters to shareholders, media releases, webcasts, and notices in the Swiss Commerce Gazette (SHAB).

Subscription service for media releases
Shareholders can sign up to automatically receive copies of the Bank's media releases by visiting the website (www.sarasin.ch/newspush_en). Users can select the topics they are most interested in. Alternatively, investors can download all media releases at any time from the website (www.sarasin.ch/news_en).

Information on Bank Sarasin & Co. Ltd registered B share

ISIN number	CH003 838 930 7
Security number	3 838 930
Par value	CHF 0.35

Ticker symbols

Listing	SIX Swiss Exchange
Bloomberg	BSAN SW
Reuters	BSAN.S
Telekurs	BSAN

Important dates

Annual General Meeting 2010	27 April 2010
Interim results 2010	29 July 2010
Annual results 2010	24 February 2011
Annual General Meeting 2011	5 April 2011
Interim results 2011	28 July 2011

Contact addresses

Investor Relations
Matthias Hassels, Chief Financial Officer
T: +41 (0)61 277 77 28
F: +41 (0)61 277 75 18
E-Mail: matthias.hassels@sarasin.ch

Media Relations
Benedikt Gratzl, Head of Corporate Communications
T: +41 (0)61 277 70 88
F: +41 (0)58 059 63 00
E-Mail: benedikt.gratzl@sarasin.ch

Sarasin Group: financial statements

Consolidated income statement

1,000 CHF	Note	2009	2008	Change to 2008 CHF	Change to 2008 %
Interest and discount income		**209,067**	379,530	–170,463	–44.9
Interest and dividend income from financial investments		**37,123**	25,856	11,267	43.6
Interest expenses		**115,514**	276,829	–161,315	–58.3
Net interest income	2.1	**130,676**	**128,557**	**2,119**	**1.6**
Commission income on lending activities		**1,969**	5,549	–3,580	–64.5
Commission income on securities and investment transactions		**433,856**	439,673	–5,817	–1.3
Commission income on other services		**23,217**	6,708	16,509	246.1
Commission expenses		**60,531**	52,914	7,617	14.4
Results from commission and service fee activities	2.2	**398,511**	**399,016**	**–505**	**–0.1**
Results from trading operations	2.3	**103,504**	**87,757**	**15,747**	**17.9**
Other ordinary results	2.4	**41,237**	**61,814**	**–20,577**	**–33.3**
Of which income from investments in associates		**56**	4,618	–4,562	–98.8
Operating income		**673,928**	**677,144**	**–3,216**	**–0.5**
Personnel expenses	2.5	**358,841**	324,173	34,668	10.7
General administrative expenses	2.6	**128,001**	140,576	–12,575	–8.9
Operating expenses		**486,842**	**464,749**	**22,093**	**4.8**
Operating profit		**187,086**	**212,395**	**–25,309**	**–11.9**
Depreciation and write-offs on property and equipment	2.7	**17,105**	14,422	2,683	18.6
Amortisation of intangible assets	2.7	**15,915**	9,152	6,763	73.9
Value adjustments, provisions and losses	2.8	**77,670**	80,683	–3,013	–3.7
Profit before taxes		**76,396**	**108,138**	**–31,742**	**–29.4**
Taxes		**24,868**	1,307	23,561	n.a.
Group result		**51,528**	**106,831**	**–55,303**	**–51.8**
Attributable to:					
Shareholders of Bank Sarasin & Co. Ltd		**37,807**	94,716	–56,909	–60.1
Minority interests		**13,721**	12,115	1,606	13.3
Group result		**51,528**	**106,831**	**–55,303**	**–51.8**
Share information (CHF)					
Result per class A registered share (with voting rights)[1]		**0.12**	0.31	–0.19	–61.3
Result per class B registered share[1]		**0.62**	1.57	–0.95	–60.5
Diluted result per class A registered share[1]		**0.12**	0.31	–0.19	–61.3
Diluted result per class B registered share[1]		**0.62**	1.57	–0.95	–60.5
Dividend per class A registered share (with voting rights)[2]		**0.18**	0.13	0.05	38.5
Dividend per class B registered share[2]		**0.90**	0.65	0.25	38.5

[1] Calculation based on the weighted shares according to IFRS.

[2] Subject to approval of the annual general meeting.

Consolidated comprehensive income

1,000 CHF	**2009**	2008	Change to 2008 CHF	Change to 2008 %
Group result	**51,528**	**106,831**	**–55,303**	**–51.8**
Gains and losses “available-for-sale” financial investments:				
– Realised gains reclassified to income statement	**14,240**	1,220	13,020	>1,000
– Change in unrealised gains and losses	**19,169**	–26,409	45,578	172.6
Gains and losses from currency translation differences:				
– Realised gains/losses reclassified to income statement	**–51**	0	–51	
– Change in unrealised gains and losses	**8,094**	–79,392	87,486	110.2
Other comprehensive income (net-of-tax)	**41,452**	**–104,581**	**146,033**	**139.6**
Total comprehensive income	**92,980**	**2,250**	**90,730**	**>1,000**
Attributable to:				
Shareholders of Bank Sarasin & Co. Ltd	**77,555**	49	77,506	>1,000
Minority interests	**15,425**	2,201	13,224	600.8
Total comprehensive income	**92,980**	**2,250**	**90,730**	**>1,000**

Consolidated balance sheet

Assets

1,000 CHF	Note	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Cash and cash equivalents	2.13	**371,836**	435,236	–63,400	–14.6
Money market papers	2.14	**765,874**	358,542	407,332	113.6
Due from banks	2.15	**2,848,700**	4,082,097	–1,233,397	–30.2
Due from customers	2.15	**7,320,077**	5,203,474	2,116,603	40.7
Trading portfolio assets	2.17	**620,881**	352,209	268,672	76.3
Derivative financial instruments	2.19	**382,387**	423,784	–41,397	–9.8
Financial investments	2.20	**2,518,393**	1,269,819	1,248,574	98.3
Investments in associated companies	2.21	**38,579**	107,241	–68,662	–64.0
Property and equipment	2.22	**119,354**	129,447	–10,093	–7.8
Goodwill and other intangible assets	2.23	**145,555**	152,810	–7,255	–4.7
Current tax assets		**231**	46	185	402.2
Deferred tax assets	2.10	**7,829**	15,879	–8,050	–50.7
Accrued income and prepaid expenses		**147,944**	152,464	–4,520	–3.0
Other assets	2.24	**13,178**	23,838	–10,660	–44.7
Total assets		**15,300,818**	**12,706,886**	**2,593,932**	**20.4**
Total subordinated assets		**7,318**	16,039	–8,721	–54.4
Total due from significant shareholders		**93,025**	147,727	–54,702	–37.0

Liabilities and equity

1,000 CHF	Note	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Due to banks		**2,527,442**	1,335,982	1,191,460	89.2
Due to customers	2.27	**10,236,512**	8,483,257	1,753,255	20.7
Trading portfolio liabilities	2.18	**69,063**	92,022	–22,959	–24.9
Derivative financial instruments	2.19	**238,857**	397,568	–158,711	–39.9
Financial liabilities designated at fair value	2.28	**680,512**	927,144	–246,632	–26.6
Current tax liabilities		**5,142**	9,058	–3,916	–43.2
Deferred tax liabilities	2.10	**10,894**	9,553	1,341	14.0
Accrued expenses and deferred income		**186,101**	199,450	–13,349	–6.7
Other liabilities	2.29	**49,736**	54,196	–4,460	–8.2
Provisions	2.30	**4,821**	5,453	–632	–11.6
Total liabilities		**14,009,080**	**11,513,683**	**2,495,397**	**21.7**
Share capital	2.31	**22,015**	61,155	–39,140	–64.0
Less treasury shares	2.31	**–26,927**	–43,435	16,508	38.0
Capital reserve		**640,974**	602,340	38,634	6.4
Retained earnings		**668,435**	573,327	95,108	16.6
Reserves IAS 39 (net of tax)		**–3,192**	–36,601	33,409	91.3
Currency translation differences		**–98,323**	–104,662	6,339	6.1
Group result (excluding minority interests)		**37,807**	94,716	–56,909	–60.1
Shareholders' equity of shareholders of Bank Sarasin & Co. Ltd		**1,240,789**	**1,146,840**	**93,949**	**8.2**
Minority interests in shareholders' equity (including share in profits)		**50,949**	46,363	4,586	9.9
Total shareholders' equity (including minority interests)		**1,291,738**	**1,193,203**	**98,535**	**8.3**
Total liabilities and shareholders' equity		**15,300,818**	**12,706,886**	**2,593,932**	**20.4**
Total subordinated liabilities		**0**	0	0	
Total due to significant shareholders		**442,215**	482,349	–40,134	–8.3

Statement of changes in equity

1,000 CHF	Share capital	Treasury shares	Capital reserve	Retained earnings
Total shareholders' equity as of 01.01.2008	**61,155**	**–48,019**	**608,871**	**652,419**
Total comprehensive income	**0**	**0**	**0**	**94,716**
Dividends paid				–81,584
Change in treasury shares		4,584		
Result on treasury shares including derivatives			–11,076	
Participation plans			4,545	
Change in scope of consolidation				
Transactions with minority shareholders				2,492
Total shareholders' equity as of 31.12.2008	**61,155**	**–43,435**	**602,340**	**668,043**
Total shareholders' equity as of 01.01.2009	**61,155**	**–43,435**	**602,340**	**668,043**
Total comprehensive income	**0**	**0**	**0**	**37,807**
Dividends paid				
Capital increase[1]	610		39,068	
Reduction in par value without outflow of cash from COTO[1]	–39,677			
Reduction in par value with outflow of cash from COTO[1]	–73			
Transaction costs from COTO[2]			–543	
Change in treasury shares		16,508		
Result on treasury shares including derivatives			–5,871	
Participation plans			5,980	
Change in scope of consolidation				
Transactions with minority shareholders				392
Total shareholders' equity as of 31.12.2009	**22,015**	**–26,927**	**640,974**	**706,242**

[1] The new shareholders' equity amounts to CHF 22.0 million as at 31 December 2009. While the issue of Cash or Title Options (COTOs) resulted in a total reduction in par value of CHF 39.8 million, the issue of additional shares at the same time generated new shareholders' equity of CHF 0.6 million and capital reserves of CHF 39.1 million.

[2] Transaction costs, which are from stamp duties and other directly attributtable costs, amounts to 0.5 million.

Reserves available for sale investments (net of tax)	Currency translation differences	**Total (excluding minority interests)**	Minority interests	Currency translation differences	**Total (minority interests)**	**Total**
–11,412	–35,184	1,227,830	32,740	–148	32,592	1,260,422
–25,189	–69,478	49	12,115	–9,914	2,201	2,250
		–81,584	–10,193		–10,193	–91,777
		4,584			0	4,584
		–11,076			0	–11,076
		4,545			0	4,545
		0	20,441		20,441	20,441
		2,492	1,322		1,322	3,814
–36,601	–104,662	1,146,840	56,425	–10,062	46,363	1,193,203
–36,601	–104,662	1,146,840	56,425	–10,062	46,363	1,193,203
33,409	6,339	77,555	13,721	1,704	15,425	92,980
		0	–12,311		–12,311	–12,311
		39,678			0	39,678
		–39,677			0	–39,677
		–73			0	–73
		–543			0	–543
		16,508			0	16,508
		–5,871			0	–5,871
		5,980			0	5,980
		0	–97		–97	–97
		392	1,569		1,569	1,961
–3,192	–98,323	1,240,789	59,307	–8,358	50,949	1,291,738

Consolidated statement of cash flows

1,000 CHF	2009	2008
Cash flow from operating activities		
Profit before income taxes (including minority interests)	**76,396**	108,138
Non cash position in group result		
Depreciation and amortisation	**33,020**	23,574
Impairment of associated companies	**70,183**	0
Value adjustments for credit risks	**–4,419**	80,760
Change in provisions	**–603**	–3,763
Change in deferred taxes	**6,751**	–7,744
Net income from investing activities / result from associated companies	**–56**	–4,025
Net income from transactions with minority shareholders	**–1,846**	–50,639
Net (increase) / decrease in assets and liabilities relating to banking activities		
Due from / to banks net	**3,133,353**	1,645,506
Net trading positions and replacement values, financial investments designated at fair value	**–739,181**	–276,922
Due from / to customers net	**–454,347**	1,119,424
Accrued income, prepaid expenses and other assets	**84,370**	–353,215
Accrued expenses, deferred income and other liabilities	**–20,716**	12,800
Due from / to money market papers	**–418,095**	–305,771
Paid and withheld income taxes	**–26,635**	–60,998
Cash flow from operating activities	**1,738,175**	**1,927,125**
Cash flow from investing activities		
Investments in subsidiaries and associated companies	**0**	0
Increase in the share of associated companies	**0**	–51,367
Capital increase of associated companies	**–911**	0
Disposal of subsidiaries and associated companies	**2,753**	0
Purchase of property, equipment and intangible assets	**–15,018**	–49,005
Disposal of property, equipment and intangible assets	**1,826**	2,946
Net (investment) / divestment of financial investments	**–1,239,459**	–785,901
Cash flow from investing activities	**–1,250,809**	–883,327
Cash flow from financing activities		
Purchase of treasury shares and derivatives on treasury shares	**–53,566**	–104,625
Issue and sale of treasury shares and derivatives on treasury shares	**64,238**	100,251
Dividends paid	**–12,311**	–91,777
Reduction in par value with outflow of cash from COTO	**–73**	0
Change in minority interests	**6,961**	–2,567
Cash flow from financing activities	**5,249**	**–98,718**
Effects of currency translation differences	**–2,289**	–24,917
Net (increase) / decrease in cash and cash equivalents	**490,326**	**920,163**

1,000 CHF	**31.12.2009**	31.12.2008
Cash and cash equivalents, beginning of period	**1,584,809**	664,646
Cash and cash equivalents, end of period	**2,075,135**	1,584,809
Net (increase) / decrease in cash and cash equivalents	**490,326**	**920,163**
Cash and cash equivalents comprise:		
Cash and cash equivalents	**371,836**	435,236
Due from banks at sight	**1,703,299**	1,149,573
Total cash and cash equivalents	**2,075,135**	**1,584,809**
Paid interest	**125,774**	284,536
Received interest	**268,122**	413,418

Consolidated off-balance sheet information

1,000 CHF	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Contingent liabilities				
Credit guarantees	**383,383**	354,328	29,055	8.2
Performance guarantees	**22,397**	2,892	19,505	674.4
Other contingent liabilities	**71,362**	36,747	34,615	94.2
Total contingent liabilities	**477,142**	**393,967**	**83,175**	**21.1**
Irrevocable commitments				
Unused irrevocable commitments	**137,405**	25,630	111,775	436.1
Confirmed credits				
Other confirmed credits	**0**	0	0	
Liabilities for calls on shares and other equities	**116**	119	–3	–2.5
Derivative financial instruments				
Positive replacement values	**382,387**	423,784	–41,397	–9.8
Negative replacement values	**238,857**	397,568	–158,711	–39.9
Contract volume	**15,491,628**	7,883,450	7,608,178	96.5
Fiduciary transactions				
Fiduciary deposits with other banks	**1,506,397**	1,200,675	305,722	25.5
Fiduciary deposits with companies in the Rabobank Group	**3,652,170**	4,853,675	–1,201,505	–24.8
Fiduciary lending	**5,105**	3,521	1,584	45.0

A listing by maturities is provided in Note 5.15.

Notes to the consolidated financial statements

1. Accounting principles

1.1 Basis of presentation

Bank Sarasin & Co. Ltd is a leading Swiss private bank whose many years of banking experience has made it consciously opt for sustainability as a key component of its corporate philosophy. It provides a high level of service and expertise when acting as investment advisor and asset manager for private and institutional clients. Within Switzerland, Sarasin has offices in Basel (head office), Berne, Geneva, Lugano and Zurich. Internationally the Sarasin Group is represented in Europe, the Middle East, and Asia. Bank Sarasin & Co. Ltd is listed on the SIX Swiss Exchange.

At the end of 2009 the Sarasin Group had a headcount of 1,557 (full-time equivalents), 20 people or 1% more than a year earlier. 886 people worked at Bank Sarasin & Co. Ltd (the Group's parent company).

The consolidated financial statements are denominated in thousands of Swiss francs. The 2009 statements were drawn up in compliance with International Financial Reporting Standards (IFRS).

Events since the balance sheet date

Sarasin Colombo was sold on 12 February 2010. Sarasin held a stake of 90%. The impact on the consolidated financial statements 2009 is set out in Note 2.23.

No further events affecting the balance sheet or income statement are to be reported for the financial year 2009.

The Board of Directors discussed and approved the present consolidated financial statements at its meeting on 26 February 2010.

1.2 Principles of consolidation

Fully consolidated companies

The consolidated financial statements comprise the accounts of Bank Sarasin & Co. Ltd, Basel, and its subsidiaries. All subsidiaries over which Bank Sarasin & Co. Ltd, Basel, exerts direct or indirect control are included in the scope of consolidation. Newly acquired subsidiaries are consolidated as from the time control is transferred and deconsolidated once control is relinquished. The most important subsidiaries are listed in Note 7.4.

Method of consolidation

Capital consolidation is treated according to the Anglo-Saxon purchase method. This means that the equity capital of a consolidated company at the time of its acquisition or creation is offset against the carrying value assigned to the participation in the parent company's accounts. Following the initial consolidation, changes resulting from business operations that are included in the Group's consolidated financial statements for the period concerned are shown under retained earnings. The effects of intra-group transactions are eliminated when the consolidated financial statements are drawn up. Equity and group result attributable to minority interests are shown separately in the consolidated balance sheet and income statement.

Investments in associated companies

Companies over which the Sarasin Group exerts a significant influence and/or in which it holds 20% to 50% of the voting rights are consolidated according to the equity method. This means that these companies' financial results and net asset value are recorded in the consolidated financial statements proportionately to the participation held by the Sarasin Group. Impairment losses on investments in associates are income statement-related.

Changes in the scope of consolidation

The changes to the scope of consolidation are summarised in Note 7.4.

Discontinued lines of business and assets held for sale

If long-term assets or groups of potential disposals are held for sale, they must be given a special classification if their book value is realised principally through a sale transaction and not through continued use.

1.3 General principles

Significant discretionary decisions, estimates and assumptions

In preparing the consolidated financial statements, management is required to make estimates and assumptions that influence the amount of assets, liabilities, contingent liabilities and contingent assets reported on the balance sheet date, as well as the expenses and income falling in the reporting period. The uncertainty associated with these assumptions and estimates could however produce results which require significant amendments to the book value of the assets or liabilities in question.

There follows a description of the most important forward-looking assumptions, as well as any other relevant and potentially inaccurate estimations existing on the reporting date which could pose a serious risk of a significant adjustment having to be made over the course of the next financial year to the book values of the assets and liabilities:

1. Impairment of non-financial assets
   On the balance sheet date the Sarasin 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.
   To estimate the value in use, management has to calculate the projected future cash flows from the asset or from the payment-generating entity and then choose an appropriate discount rate in order to work out the monetary value of these cash flows. More details are provided in Table 2.23 in the Notes.

2. Impairment of financial investments available for sale
   The Sarasin Group designates certain assets as available for sale and records changes to their fair value under shareholders' equity, without recognising them in the income statement. If the fair value decreases, management makes assumptions about the loss in value in order to determine whether this equates to an impairment that has to be recognised in the income statement and recorded in the result for the reporting period. On 31 December 2009 an impairment charge of CHF 4.1 million was posted in the balance sheet for financial investments available for sale (2008: CHF 1.3 million). On 31 December 2009 the book value of financial investments available for sale was CHF 2 028 million (2008: CHF 1 040 million).

3. Deferred tax assets
   Deferred tax assets are recorded for any unused tax-deductible loss carry-forwards in cases where it is probable that taxable income will be available for this purpose, so that the loss carry-forwards can actually be used. When calculating the level of deferred tax assets, management has to exercise a fair amount of discretion regarding the timing and the amount of income to be taxed in future, as well as future tax planning strategies. On 31 December 2009 the book value of the recognised tax losses amounted to CHF 7.6 million (2008: CHF 15.8 million), while the book value of tax losses not recognised amounted to CHF 0 million (2008: CHF 0 million). More details are provided in Table 2.10 in the Notes.

4. Pensions and other benefits payable after employment ends
   The expenditure from defined-benefit plans and other medical benefits after the end of employment is determined by actuarial calculations. The actuarial valuation is based on assumptions regarding discount rates, expected income from plan assets, future wage and salary increases, mortality and future increases in pension. Because of the long-term nature of these plans, such estimates are prone to uncertainty. On 31 December 2009 the provision set aside for pensions and similar liabilities amounted to CHF 1.1 million (2008: CHF 0.2 million). Pension liabilities amount to CHF 2.8 million (2008: CHF 0 million). More details are provided in Table 2.12 in the Notes.

5. Value adjustment of impaired loans and interbank positions
   A number of different factors can influence the estimates of value adjustments for loan and interbank losses. These include volatility in the probability of default, rating changes, the scale of loss and the expected recovery rate of insolvent counterparties.

The size of the value adjustment required is determined by management on the basis of the monetary value of the expected cash flows. To estimate expected cash flows, management has to make assumptions about the counterparty's financial situation and the expected amount realisable from the securities.

6. Valuation of associated companies
   The valuation of associated companies is performed using the equity method. Bank Sarasin performs a valuation every year of all the main associated companies based on the expected cash flows derived from the mid-term planning. When drawing up the mid-term planning, the management makes assumptions about future business performance. More details are provided in Note 2.21.

Recording of transactions

Purchases and sales of financial assets and liabilities are recorded in the balance sheet on the day they occur. This means that transactions are recorded on the trading date, not the date of settlement.

Accrual of earnings

Service-related fees are recorded when the services concerned are rendered. Asset management fees, custodian fees and other fees calculated on the basis of time spent are recorded on a pro rata basis throughout the time the corresponding service is rendered. Interest is accrued and recorded as it is earned. Dividends are recorded on the day payment is received.

Foreign currency translation

The Group financial statements are denominated in Swiss francs. Foreign currency translation takes place at closing rate method.

		2009	2008
Euro (EUR)	Year-end	**1.4832**	1.4796
	Average	**1.5096**	1.5865
US dollar (USD)	Year-end	**1.0338**	1.0644
	Average	**1.0868**	1.0829
UK pound (GBP)	Year-end	**1.6693**	1.5303
	Average	**1.6954**	1.9975
Hong Kong dollar (HKD)	Year-end	**0.1333**	0.1373
	Average	**0.1402**	0.1391
Omani rial (OMR)	Year-end	**2.6854**	2.7642
	Average	**2.8075**	2.9663
Indian rupee (INR)	Year-end	**0.0222**	0.0218
	Average	**0.0223**	0.0234

Foreign currency transactions are recorded at the exchange rate on the date of the transaction concerned. Exchange rate differences arising between the date of a transaction and its settlement are reported in the income statement. At the balance sheet date, monetary assets and liabilities in foreign currencies are translated using the end-year exchange rates and unrealised exchange rate differences are reported in the income statement. Non-monetary items in a foreign currency that are stated at fair value in the balance sheet are translated at the current exchange rate. Assets and liabilities of foreign companies in the Sarasin Group that are denominated in foreign currencies are translated at the exchange rates applying on the balance sheet date. Individual items in the income statement and the cash flows are translated at average exchange rates for the period. Differences resulting from the use of these different exchange rates are reported as currency translation adjustments under shareholders' capital.

Segments

The segment reporting is based on the 'management approach'. This requires that information be presented on the basis of the internal reports that are regularly used by the chief operating decision-maker in deciding how to allocate resources to the segments and in assessing their performance.

The Sarasin Group consists of five business segments: "Private Banking", "Trading & Family Offices", "Asset Management, Products & Sales", "bank zweiplus" and "Corporate Center".

The segments are based on the products and services provided to clients and reflect the organisational and management structure, and the internal reporting to management.

The individual segments are described in section 6, "Segment reporting".

Direct income and expenditure is allocated to the segments on the basis of responsibility. Transactions between the segments are recognised at the market prices charged to external clients for similar services. Income and expenditure connected with head office functions that are not directly attributable to segments are allocated to the Corporate Center, as are consolidation positions and netting-out associated with consolidation.

1.4 Principles regarding financial instruments

General

The classification of financial instruments occurs when they are first reported and follows the criteria laid down in IAS 39. Financial instruments include not only trading portfolios and financial investments but also traditional financial assets and liabilities as well as instruments relating to the shareholders' capital.
Financial instruments can be classified as follows:

> financial instruments that must be recorded in the income statement (fair value through profit or loss) – financial investments at fair value and financial liabilities at fair value
> financial instruments that are held for trading as a subcategory of fair value through profit or loss – trading portfolios, liabilities arising from trading portfolios and all derivative financial instruments
> financial assets that are available for sale
> investments held to maturity
> loans and receivables originated by the enterprise that are not held for trading purposes and that do not constitute financial assets available for sale. This category includes in particular amounts that are due from and to banks and customers.

Instruments held for trading

Financial assets or liabilities held for trading purposes are reported at fair value under the headings "trading portfolio assets" and "trading portfolio liabilities". Fair value is based on quoted market prices wherever an active market exists. Where no such market exists, the Sarasin Group relies on prices noted by dealers or on price models. Realised and unrealised gains and losses are reported under "net income from trading operations". Interest and dividend income deriving from trading positions is reported under "net income from trading operations".

Financial assets at fair value

Based on the management and performance measurement according to a documented risk management and investment strategy, the Sarasin Group applies the Fair Value Option defined in IAS 39 for some of its financial assets. These items are recorded in the balance sheet at fair value, and the realised and unrealised gains and losses relating to these items are always reported in the income statement under "other ordinary income".
Interest and dividend income relating to financial investments recorded at fair value and interest expenses relating to financial liabilities recorded at fair value are calculated for the year under review and reported under "net interest income".

Financial liabilities at fair value

In the context of the issuance business, the Sarasin Group reports the structured products it issues, which comprise an underlying debt instrument and an embedded derivative in each case, under the balance sheet item "financial liabilities at fair value". Under the Fair Value Option defined in IAS 39, there is therefore no requirement to break down the structured products into the underlying contract and the embedded derivative and to record them separately on the balance sheet. All changes in the fair value are reported in the income statement. The valuation of structured products is based on an internal valuation model whose parameters do not take into consideration the credit rating of the Sarasin Group.

Financial assets that are available for sale

Financial assets available for sale are stated at fair value. Changes in fair value minus related deferred taxes are reported under shareholders' equity until the financial assets are sold or deemed to be impaired. A financial asset is deemed to be impaired if a fall in its fair value below its acquisition cost becomes so great that the recovery of its acquisition cost cannot reasonably be expected within a foreseeable period of time. In the event of lasting impairment, the cumulative unrealised loss previously reported under shareholders' equity is transferred to the income statement. On the disposal of a financial investment that is available for sale, the unrealised gain or loss previously reported under shareholders' equity is reported in the income statement under "other ordinary results".

Interest and dividend income are accrued for the year under review using the effective interest method and are reported under "net interest income".

Financial assets held to maturity

Investments that are held to maturity are stated at amortised cost using the effective interest rate method. A financial investment that is being held to maturity is deemed to be impaired if the recovery of the full amount owed under the contract seems unlikely. Where impairment occurs, the investment's book value in the income statement is reduced to the amount that can potentially be recovered. The Sarasin Group does not use this type of financial instrument.

"Day 1 Profit"

If the transaction price in an inactive market differs from the fair value of another transaction observable on the market or from the fair value of a valuation model based on observable market factors, the difference between the transaction price and the fair value, known as "Day 1 Profit", is reported in the income statement under "net income from trading operations".
In those cases where no observable market factors are used to determine the fair value, the "Day 1 Profit" is only reported in the income statement if the fair value can subsequently be determined on the basis of observable market data, or on settlement.
The appropriate method for reporting the "Day 1 Profit" is determined separately for each transaction.

Loans granted

Loans granted by the Sarasin Group are reported in the balance sheet at amortised cost using the effective interest method minus any impairment for credit risks. A loan is deemed to be impaired if the recovery of the full amount owed under the contract seems unlikely. The reasons for impairment are specific to an individual borrower or country. Interest income on impaired loans is accrued for the year under review.

Impaired loans

If a borrower's total indebtedness exceeds the amount that can foreseeably be realised bearing in mind the counterparty risk and the net proceeds from the liquidation of any collateral that has been lodged, a corresponding value adjustment is made in the income statement. Here the amount that can foreseeably be realised corresponds to the cash value of the borrower's expected payments. Reversals of earlier write-downs are recorded in the income statement.

Non-performing loans

A loan is classified as non-performing as soon as the contractually agreed capital and/or interest payments are 90 days overdue or more. Overdue interest is not shown as income but is recorded directly under value adjustments. Being overdue can indicate that a loan is impaired. Since the criteria partially (yet not entirely) coincide with the indicators for impaired loans, non-performing loans are generally included under impaired loans.

Financial guarantees

After initial recording, financial guarantees are as a rule reported in the balance sheet at whichever value is higher: either

> the provision that has to be set aside for the financial guarantee (if an outflow of funds is likely) and whose size can be reliably estimated, or
> the amount originally recorded, less the cumulative capital repayments carried in the income statement.

Derivatives and hedging transactions

The Sarasin Group trades in derivatives on its own behalf as well as on behalf of clients. The options, financial futures and swaps it trades on its own account relate to structured products issued by the Sarasin Group in order to hedge the trading and investment positions and to control the interest rate and foreign exchange risk. Derivatives are assessed at fair value as positive and negative replacement values and are reported in the balance sheet. Fair value is established from stock exchange quotations or option price models.
From an economic point of view and in accordance with the Sarasin Group's risk management principles, certain derivatives constitute hedging transactions. However, they do not comply with the rigorous IFRS criteria for classification as hedging transactions in the financial statements (hedge accounting pursuant to IAS 39). Realised and unrealised gains and losses arising from derivative financial instruments are therefore always reported in the income statement.

Repurchase and reverse repurchase transactions

Under these kinds of transactions, the Sarasin Group purchases and sells securities on the undertaking that it will subsequently resell or repurchase the same kind of securities.

Transactions of this type do not as a rule constitute sales or purchases but are treated as financing transactions backed by collateral. As long as the Sarasin Group remains economically entitled to dispose of the associated rights and ultimately bears the economic chances and risks, securities sold in the context of such undertakings continue to be posted to the corresponding balance sheet item and the proceeds from their sale are therefore reported as liabilities. As long as the Sarasin Group does not gain control of the associated economic rights and does not ultimately bear the economic chances and risks, purchases of securities are reported as loans secured against securities.

Securities lending and borrowing

In the case of securities lending and borrowing, transfers of securities have no effect on the balance sheet as long as the party that transfers them remains economically entitled to dispose of the associated rights and ultimately bears the economic chances and risks. If control over the loaned/borrowed securities is relinquished, the transactions are recorded in the balance sheet as changes in securities holdings and, depending on the counterparty, are reported under claims on or liabilities to banks or customers. Any cash amounts that change hands are always entered in the balance sheet. Fees that are paid or received are reported as commission expenses or commission income. Securities lending and borrowing at the risk and on the account of clients is reported on the same basis as fiduciary transactions.

Cash and cash equivalents

This item consists of cash holdings and sight deposits with central banks and post offices. Cash flow also includes sight deposits with other banks.

Money market papers

Amounts due from money market papers are stated at amortised cost using the effective interest rate method.

Impairment of financial instruments

On every balance sheet date Sarasin checks for objective signs of potential impairment of a financial instrument or a group of financial instruments. These are classed as impaired if there are objective signs of depreciation in value following one or more events after this asset was reported for the first time and if this loss event has an impact on the future flow of payments from the instrument, where this can be reliably estimated.

1.5 Other principles

Treasury shares and derivatives on treasury shares

Shares in Bank Sarasin & Co. Ltd, Basel that are held by the Sarasin Group are reported at weighted average cost and deducted from shareholders' equity as "treasury shares". The difference between the proceeds from the sale of treasury shares and their corresponding cost is reported under "capital reserve". Derivatives that require physical settlement in the form of shares in Bank Sarasin & Co. Ltd are reported in shareholders' equity under "capital reserve".

Derivatives on treasury shares that have to be settled in cash or must allow for this possibility, are recorded as derivative financial instruments and changes to the fair value are reported in the income statement.

Provisions

Provisions are only made in the balance sheet when the Sarasin Group has a current liability towards a third party connected with a past event, when it seems probable that economically useful resources will have to be used to meet that liability and when the latter liability can be reliably estimated.

Provisions relating to restructuring measures are not reported in the balance sheet if, in addition to the general reporting criteria, there is a detailed formal plan and a liability is assumed in practice through the elimination of a business division, the closure or relocation of a branch, a change in the management structure or fundamental reorganisation.

In addition, the start of the implementation or the announcement of concrete measures to those affected must have taken place before the balance sheet date.

Property and equipment

This item includes bank premises, other real property, equipment specific to banking, furniture, machines and EDP systems. These items are capitalised if their acquisition or production costs can be reliably determined, if they will bring future economic benefit and if their expected period of use exceeds one year. Minor purchases and renovation/maintenance costs that do not generate added value are, on the other hand, charged directly to general administrative expenses.

Property and equipment are valued at cost minus normal accumulated depreciation. Depreciation occurs on a straight-line basis over the assets' estimated useful life:

Bank premises and other buildings	60 years
Equipment specific to banking	10–20 years
Furniture and machines	3–10 years
EDP hardware	3–8 years

The Sarasin Group annually reviews its depreciation method and the residual useful life of its property and equipment. Land is not depreciated.

"Bank premises" are buildings that are owned and used by the Sarasin Group to provide services or for administrative purposes, while "other buildings" yield a rental income and/or are expected to appreciate in value. If a building is used partly as bank premises and partly for other purposes, it is classified according to the criterion of whether both parts can be sold separately. If such a sale is feasible, each individual part is recorded separately. If the individual parts cannot be sold separately, the whole building is classified as bank premises, unless only an insignificant part is used by the bank.

Intangible assets

Intangible assets include purchased software, in-house software, patents and licenses as well as other intangible assets. The latter include client-related intangible assets, particularly client lists and contracts, that are identified and capitalised in the context of corporate acquisitions.

Intangible assets are capitalised if their acquisition or production costs can be reliably determined, if they will bring future economic benefit and if their expected period of use exceeds one year.

Intangible assets are valued at cost, minus normal accumulated depreciation. Depreciation occurs on a straight-line basis over the assets' estimated useful life:

Purchased software	3–8 years
In-house software	3–8 years
Other intangible assets	3–10 years

Impairment of property and equipment

Property and equipment are reviewed for impairment if events or changed circumstances suggest that their book value is too high. Intangible assets with an undefined useful life are reviewed at least once a year to see whether a value adjustment is necessary.

Goodwill

If the cost of an acquisition exceeds the value of the net assets acquired and valued according to the uniform guidelines adopted within the Sarasin Group (i.e. newly valued assets, liabilities and contingent liabilities from newly acquired group companies, including in particular all identifiable intangible assets that can be capitalised), the residual amount constitutes the acquired goodwill. Goodwill is recorded in the balance sheet in the original currency and is converted at the exchange rate applying on the balance sheet date.

The value of goodwill items is reviewed every year at the level of the smallest cash generating unit.

Leasing

Expenditure connected with operating leases (ownership rights and duties relating to the object of the leasing contract remain vested in the lessor) is charged to "general administrative expenses".

Taxes and deferred taxes

Current income taxes are calculated on the basis of the applicable tax laws in individual countries and recorded as an expense in the period in which the related profits are made. They are entered in the balance sheet as tax liabilities. Tax effects arising from timing differences between the carrying value of assets and liabilities in the consolidated balance sheet and their corresponding tax values are recorded as deferred tax assets and deferred tax liabilities respectively.

Deferred tax assets arising from timing differences and from loss carry-forwards eligible for offset are capitalised only if it seems likely that sufficient taxable profits will be available against which those loss carry-forwards can be offset. Deferred tax assets and liabilities are calculated at the tax rates expected to apply in the period in which they are either realised or settled. Tax liabilities and assets are offset against each other when they refer to the same taxable entity and the same tax authority and where there is an enforceable right to offset. Deferred taxes are credited or charged directly to shareholders' equity if they relate to items that are directly credited or charged to shareholders' equity in the same period or a different one.

Pension plans

The Sarasin Group operates a number of pension plans for its employees in Switzerland and abroad. They include both defined benefit and defined contribution plans.

In the case of defined benefit plans, the costs for the year under review are determined through appraisals prepared by outside actuaries. The benefits provided under these plans are generally based on the number of years that contributions have been paid, age and insured salary. For separately funded defined benefit plans, the degree of coverage of the cash value of claims compared with the plan's assets, valued at market prices, is reported in the balance sheet as a liability or an asset, bearing in mind unrecorded actuarial profits or losses and claims that still have to be offset (projected unit credit method). A pension plan surplus is reported only if it is economically beneficial to the Sarasin Group.

The Sarasin Group reports part of the actuarial gains and losses as income or expenditure if total cumulative unreported actuarial gains and losses at the end of the previous reporting period exceed the predetermined limit of 10% of the cash value of either the pension plan liabilities or the pension plan assets, whichever is higher.

Results per share

The undiluted results per share are calculated by dividing share-holders' group result or net loss for the reporting period by the weighted average number of outstanding shares in this period (minus treasury shares).

The diluted results per share are calculated using the same method, but the determining amounts are adjusted in order to reflect the potential dilution that would result from the conversion or exercise of options, warrants, convertible debt securities or other contracts relating to the shares.

Assets under management

This item includes all client assets managed or held for investment purposes by all fully consolidated companies. Their definition and calculation are based on the following principles:

1. Customers' deposits

Securities, precious metals and fiduciary investments are valued at market. The total includes assets deposited with companies in the Group as well as assets deposited with third parties in respect of which the companies in the Sarasin Group have a management mandate. Assets held exclusively for transactional or custodial purposes (custody business) are not included.

2. Customers' funds

Securitised and unsecuritised liabilities to clients are reported.

3. Sarasin investment fund assets

These items include the assets of publicly traded investment funds offered by the Sarasin Group. Assets are double-counted when Sarasin can earn the customary margin for investment transactions at several points along the wealth creation chain. Such double-counting essentially relates to the Sarasin Group's publicly traded investment funds, units in which are held among clients' deposits, as well as to shares in the Sarasin Investment Foundation and fiduciary funds invested with companies in the Sarasin Group.

Inflow of new funds

This item consists of the funds invested by clients who have been newly acquired (directly or as a result of corporate takeovers), withdrawn by clients who have left us and invested or withdrawn by existing clients. The net inflow of new funds does not include market changes in the value of securities and currencies, interest and dividend payments or fees that have been paid. The volume of net inflows of new funds refers to the total assets under management and also contains double-counted assets.

New International Financial Reporting Standards introduced from 2009 onwards

IAS 1: Presentation of financial statements

The revised standard requires a separate statement showing changes in shareholders' equity resulting from capital transactions with owners, as well as any other changes in equity. The statement of changes in equity must include full details of transactions with owners, while all other changes in equity can be reported on a single line. The revised standard also introduces a statement of profit or loss for the period showing all components of comprehensive income either in one statement or in two connected statements.

IFRS 8: Operating Segments

IFRS 8 was published as part of the joint IASB/FASB convergence project. This new standard replaces IAS 14 Segment Reporting and advocates a "management approach" for segment reporting. The reporting is based on the information that the management uses internally for assessing the performance of operating segments and allocating resources to them. This information may be different from that reported in the balance sheet and income statement, and companies must provide explanations and reconciliations for the accounting differences.

IFRS 2: Amendment – Vesting conditions and cancellations

Amendments to IFRS 2 provide clarification on the definition of vesting conditions and the way that cancellations are treated in the accounts.

IFRS 7: Improving Disclosures about Financial Instruments

This amendment to IFRS 7 was published in March 2009 and is required to be applied for the first time for reporting periods beginning on or after 1 January 2009. The amendment governs additional disclosure requirements relating to fair value measurements and liquidity risk. The new provisions did not have any effect on the profit or equity of the Sarasin Group.

Other new Standards and Interpretations

First-time adoption of the following new or revised Standards and Interpretations did not have any effect on the Sarasin Group:

- IAS 32 and IAS 1 – Puttable Instruments and Obligations Arising on Liquidation
- IAS 23 – Borrowing Costs
- Annual improvements project (2008 publication)
- IFRS 1 and IAS 27: Amendments – Determining the cost of an investment in the separate financial statements
- IFRIC 9/IAS 39 – Accounting treatment for embedded derivatives on reclassification
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 18 – Transfers of Assets from Customers

New International Financial Reporting Standards that have to be introduced by 2010 or later

New standards that have already been published or interpretations that will later become compulsory are not voluntarily applied by the Sarasin Group ahead of time.
On the basis of initial analyses, the Bank Sarasin considers that – with the exception of the following comments – these new or adapted standards will not significantly affect the balance sheet and the assessment of the operations or the presentation of the consolidated financial statements.

IFRS 3 revised and IAS 27 revised: Business Combinations and Consolidated and Separate Financial Statements

IFRS 3 revised and the amended IAS 27 together set down the essential accounting rules for reporting corporate acquisitions, consolidated financial statements and transactions involving non-controlling interests (formerly known as "minority interests") in the balance sheet. The most important changes concern the determination of the business or company value, the treatment of contingent considerations, the reporting of subsequent transactions in equity interests in the balance sheet and the accounting of changes in the parent's equity interest which do not result in loss of control over the subsidiary. With the introduction of IAS 27 revised, transactions with owners of minority interests which do not result in a loss of control over the subsidiary are accounted for as equity transactions between acquirers. Following the introduction of IAS 27 revised, such transactions may no longer be carried in the income statement.

The two revised standards IFRS 3 and IAS 27 only apply to financial years commencing on or after 1 July 2009. Since the Sarasin Group has chosen not to apply these two revised standards earlier, they only affect future company acquisitions and future transactions with owners of non-controlling interests. If the Sarasin Group had introduced the revised standard IAS 27 earlier, the partial sale of its existing Affluent Business concluded as part of the process of establishing bank zweiplus ltd, Zurich, would have been treated as a transaction with owners of non-controlling interests and would not have had to be carried in the income statement in 2008.

IFRS 9: Financial Instruments – new Standard that will replace IAS 39 starting in 2013
The new requirements for classifying financial instruments may be early-adopted for annual periods ending 31 December 2009. However, Bank Sarasin will not do so. Impairment, hedge accounting and financial liabilities are still at the project stage and will appear as a final Standard in the course of 2010.
The main changes relate to a reduction in the number of measurement categories. Only two classifications are now permitted: measured at fair value or measured at amortised cost. In addition, the fair value option may only be applied in the event of an accounting mismatch. The treatment of embedded derivatives has been simplified and the entity can make an irrevocable election to report fair value changes in equity instruments that are not held for trading in other comprehensive income (OCI). Bank Sarasin is currently analysing the effects of the new provisions relating to financial instruments on Group profit and equity.

IFRIC 14: Amendments – The Limit on a Defined Benefit Asset
The amendment applies in the limited circumstances where an entity is subject to minimum funding requirements and makes prepaid contributions that satisfy those requirements. Following the amendment, an entity is now permitted to present the economic benefit of such a prepayment as an asset. The new interpretation of IFRIC 14 applies to reporting periods beginning on or after 1 January 2011.

2. Details of positions in the consolidated balance sheet and consolidated income statement

2.1 Net interest income

1,000 CHF	2009	2008	Change to 2008 CHF	Change to 2008 %
Interest and similar income				
Due from banks	**78,777**	207,239	–128,462	–62.0
Loans and advances to customers	**130,289**	172,291	–42,002	–24.4
Interest and dividend income from financial investments available for sale	**28,758**	23,261	5,497	23.6
Subtotal	**237,824**	**402,791**	**–164,967**	**–41.0**
Interest and dividend income from financial investments designated at fair value	**8,366**	2,595	5,771	222.4
Total interest and discount income	**246,190**	**405,386**	**–159,196**	**–39.3**
Interest and similar expenses				
Interest expenses on amounts due to banks	**21,049**	36,158	–15,109	–41.8
Interest expenses on amounts due to customers	**73,806**	186,463	–112,657	–60.4
Other interest expenses	**204**	2,040	–1,836	–90.0
Subtotal	**95,059**	**224,661**	**–129,602**	**–57.7**
Interest expenses from financial liabilities designated at fair value	**20,455**	52,168	–31,713	–60.8
Total interest expenses	**115,514**	**276,829**	**–161,315**	**–58.3**
Total net interest income	**130,676**	**128,557**	**2,119**	**1.6**

2.2 Results from commission and service fee activities

1,000 CHF	2009	2008	Change to 2008 CHF	Change to 2008 %
Commission income on lending activities	**1,969**	5,549	–3,580	–64.5
Transaction and brokerage fees	**98,275**	101,127	–2,852	–2.8
Securities deposit fees	**8,214**	9,660	–1,446	–15.0
Advisory and management fees	**141,225**	151,055	–9,830	–6.5
Underwriting	**4,167**	2,982	1,185	39.7
Investment fund transactions	**162,031**	162,753	–722	–0.4
Fiduciary fees	**19,944**	12,096	7,848	64.9
Other commission income	**23,217**	6,708	16,509	246.1
Total commission income and service fee activities	**459,042**	**451,930**	**7,112**	**1.6**
Brokerage fees paid	**25,301**	12,911	12,390	96.0
Other commission expenses	**35,230**	40,003	–4,773	–11.9
Total commission expenses and service fee activities	**60,531**	**52,914**	**7,617**	**14.4**
Total results from commission and service fee activities	**398,511**	**399,016**	**–505**	**–0.1**

2.3 Results from trading operations

1,000 CHF	2009	2008	Change to 2008 CHF	Change to 2008 %
Securities	**52,660**	29,740	22,920	77.1
Foreign exchange and precious metals	**50,844**	58,017	–7,173	–12.4
Total results from trading operations	**103,504**	**87,757**	**15,747**	**17.9**

2.4 Other ordinary results

1,000 CHF	2009	2008	Change to 2008 CHF	Change to 2008 %
Results from sale of financial investments designated at fair value	**4,207**	152	4,055	>1,000
Results from sale of financial investments available for sale	**29,106**	–6,632	35,738	538.9
Results from sale of group companies	**1,994** [1]	0	1,994	
Proportion of earnings of associated companies	**56**	4,618	–4,562	–98.8
Real estate income	**359**	336	23	6.8
Other ordinary income	**8,425**	65,918[2]	–57,493	–87.2
Other ordinary expenses	**2,910**	2,578	332	12.9
Total other ordinary results	**41,237**	**61,814**	**–20,577**	**–33.3**
Result financial investments available for sale				
Bonds and debt instruments	**1,222**	–786	2,008	255.5
Equities and the like	**32,008**	–4,525	36,533	807.3
Impairment losses on financial investments available for sale	**4,124**	1,322	2,802	212.0
Total	**29,106**	**–6,633**	**35,739**	**538.8**

2.5 Personnel expenses

1,000 CHF	2009	2008	Change to 2008 CHF	Change to 2008 %
Salaries and bonuses	**283,955**	266,431	17,524	6.6
Social benefits	**18,097**	15,256	2,841	18.6
Contribution to retirement plans / defined benefit	**25,051**	14,465	10,586	73.2
Contribution to retirement plans / defined contribution	**5,231**	3,538	1,693	47.9
Other personnel expenses	**26,507**	24,483	2,024	8.3
Total personnel expenses	**358,841**	**324,173**	**34,668**	**10.7**

[1] Disposal gain from the partial sale of UFG-Sarasin AM, Paris (previously Sarasin AM, Paris). This business is managed as an associated company as of 1 April 2009, with the Sarasin Group relinquishing responsibility for controlling.

[2] This includes the proceeds from the transaction with bank zweiplus ltd (CHF 50.7 million) and the release of reserves worth CHF 7.3 million.

2.6 General administrative expenses

1,000 CHF	2009	2008	Change to 2008 CHF	Change to 2008 %
Occupancy expenses	**25,012**	20,725	4,287	20.7
IT and telecommunication expenses	**43,783**	40,788	2,995	7.3
Expenses for machinery, furniture, vehicles and other equipment	**2,270**	2,195	75	3.4
Travel, entertainment, marketing and public relations expenses	**24,329**	38,391	–14,062	–36.6
Audit and consulting expenses	**18,455**	25,399	–6,944	–27.3
Capital tax	**4,596**	4,185	411	9.8
Other general expenses	**9,556**	8,893	663	7.5
Total general administrative expenses	**128,001**	**140,576**	**–12,575**	**–8.9**

2.7 Depreciation and amortisation

1,000 CHF	2009	2008	Change to 2008 CHF	Change to 2008 %
Depreciation of property and equipment	**17,105**	14,422	2,683	18.6
Amortisation of intangible assets	**15,915** [1]	9,152	6,763	73.9
Total depreciation and amortisation	**33,020**	**23,574**	**9,446**	**40.1**

2.8 Value adjustments, provisions and losses

1,000 CHF	2009	2008	Change to 2008 CHF	Change to 2008 %
Value adjustments for default risk	**398**	77,385 [2]	–76,987	–99.5
Provisions for litigation risk	**1,479**	328	1,151	350.9
Losses, operational risk	**75,736** [3]	1,572	74,164	>1,000
Other	**57**	1,398	–1,341	–95.9
Total value adjustments, provisions and losses	**77,670**	**80,683**	**–3,013**	**–3.7**

[1] Of this, CHF 4.4 million is attributable to goodwill impairment losses at Sarasin Colombo Gestioni Patrimoniali SA.

[2] Of which CHF 73.7 million relates to impairments in amounts due from defaulting banks.

[3] Of which CHF 70.2 million relates to the impairment in the value of the associated company NZB.

2.9 Taxes

Income taxes

1,000 CHF	**2009**	2008	Change to 2008 CHF	Change to 2008 %
Statement of income taxes				
Current taxes	**22,279**	11,924	10,355	86.8
Deferred taxes	**2,589**	–10,617	13,206	124.4
Total income taxes	**24,868**	**1,307**	**23,561**	**>1,000**
Profit before taxes	**76,396**	108,138	–31,742	–29.4
Expected income taxes using an assumed average rate of 27.2%[1] (13.7%)	**20,780**	14,761	6,019	40.8
Reasons for differences:				
Not recognised expenses	**5,175**	605	4,570	756.0
Not recognised income	**–223**	–11,791	11,568	98.1
Participation allowance unrealisable as a result of losses	**0**	3,606	–3,606	–100.0
Tax adjustment related to previous years	**–1,500**	–1,502	2	0.1
Equity investment income attracting tax relief	**–821**	0	–821	
Other effects including profit from treasury shares and derivatives	**1,457**	–4,372	5,829	133.3
Total effective income taxes (2009: 32.6%; 2008: 1.2%)	**24,868**	**1,307**	**23,561**	**>1,000**

The Sarasin Group made tax payments (domestic and foreign) for the business year 2009 of CHF 26.6 million. (Previous year: CHF 61.0 million).

Income tax effects relating to comprehensive income

			2009			2008
1,000 CHF	**Before tax amount**	**Tax (expense) benefit**	**Net of tax amount**	Before tax amount	Tax (expense) benefit	Net of tax amount
Gains and losses “available-for-sale” financial investments:						
– realised gains reclassified to income statement	**18,026**	**–3,786**	**14,240**	1,544	–324	1,220
– change in unrealised gains and losses	**22,134**	**–2,965**	**19,169**	–32,947	6,538	–26,409
Gains and losses from currency translation differences:						
– realised gains/losses reclassified to income statement	**–51**	**0**	**–51**	0	0	0
– change in unrealised gains and losses	**8,094**	**0**	**8,094**	–79,392	0	–79,392
Total	**48,203**	**–6,751**	**41,452**	**–110,795**	**6,214**	**–104,581**

[1] The expected income tax rate derives from the weighted tax rates on a pre-tax basis of each individual group company. The change compared with the previous year can be explained by shifts in the relative contribution made by individual group companies to the Group’s result.

2.10 Deferred taxes

1,000 CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Deferred tax assets				
Tax loss carry-forwards	**7,611**	15,842	–8,231	–52.0
Pension assets	**218**	37	181	489.2
Total deferred tax assets	**7,829**	**15,879**	**–8,050**	**–50.7**
Deferred tax liabilities				
Property, equipment and intangible assets	**1,431**	2,469	–1,038	–42.0
Pension liabilities	**507**	0	507	
Financial instruments	**7,934**	5,461	2,473	45.3
Provisions and other	**1,022**	1,623	–601	–37.0
Total deferred tax liabilities	**10,894**	**9,553**	**1,341**	**14.0**
Change in deferred tax assets				
Balance at beginning of the year	**15,879**	1,742	14,137	811.5
Charges and releases recognised in income statement	**–8,504**	14,276	–22,780	–159.6
Charges and releases not recognised in income statement	**507**	214	293	136.9
Impact of change in deferred tax rates and currency translation differences	**–53**	–353	300	85.0
Total deferred tax assets end of the year	**7,829**	**15,879**	**–8,050**	**–50.7**
Change in deferred tax liabilities				
Balance at beginning of the year	**9,553**	8,724	829	9.5
Charges and releases recognised in income statement	**–5,915**	5,181	–11,096	–214.2
Charges and releases not recognised in income statement	**7,258**	–2,854	10,112	354.3
Impact of change in deferred tax rates and currency translation differences	**–2**	–1,498	1,496	99.9
Total deferred tax liabilities end of the year	**10,894**	**9,553**	**1,341**	**14.0**
Loss carry-forwards not reflected in balance sheet expire as follows				
Within 1 year	**0**	0	0	
From 1 to 5 years	**0**	0	0	
After 5 years	**0**	0	0	
Total	**0**	0	0	

2.11 Earnings per share

	2009	2008	Change to 2008 CHF	Change to 2008 %
Undiluted consolidated earnings per share				
Group result (excluding minority interests) 1,000 CHF	**37,807**	94,716	–56,909	–60.1
Weighted average number of shares	**61,691,941**	61,155,300	536,641	0.9
Of which class A registered shares (with voting rights)	**11,096,703**	11,000,000	96,703	0.9
Of which class B registered shares	**50,595,238**	50,155,300	439,938	0.9
Result per class A registered share (with voting rights) (CHF)	**0.12**	**0.31**	**–0.19**	**–61.3**
Weighted average number of shares (class B registered shares)	**845,003**	919,422	–74,419	–8.1
Result per class B registered share (CHF)	**0.62**	**1.57**	**–0.95**	**–60.5**
Diluted consolidated earnings per share				
Group result (excluding minority interests) 1,000 CHF	**37,807**	94,716	–56,909	–60.1
Number of shares used to compute the diluted result	**60,989,137**	60,245,878	743,259	1.2
Of which class A registered shares (with voting rights)	**11,096,703**	11,000,000	96,703	0.9
Of which class B registered shares	**49,892,434**	49,245,878	646,556	1.3
Diluted result per class A registered share (with voting rights) (CHF)	**0.12**	**0.31**	**–0.19**	**–61.3**
Diluted result per class B registered share (CHF)	**0.62**	**1.57**	**–0.95**	**–60.5**

2.12 Pension plans

There are pension plans for most of the Sarasin Group's employees. These can be either defined contribution or defined benefit plans. The actuarial calculations for defined benefit plans are carried out by independent experts.

Benefit arrangements in Switzerland

All members of the bank's staff in Switzerland are covered by pension arrangements provided through a pension fund and a Welfare Foundation. The pension fund is a defined benefit pension plan within the meaning of IAS 19. The Welfare Foundation mainly comprise the employer's contribution reserves, which are also included in the defined benefit calculation in accordance with IAS 19. Assets earmarked for a specific purpose, on the other hand, are treated as a defined contribution plan.

Benefit arrangements outside Switzerland

Staff members in the UK, Germany, Singapore and Hong Kong are covered by pension plans. They are all classified and treated as defined contribution plans.

Defined benefit pension plans

1,000 CHF	**2009**	2008	Change to 2008 CHF	Change to 2008 %
Fair value of plan assets	**476,163**	448,805	27,358	6.1
Defined benefit obligations	**528,456**	496,034	32,422	6.5
Funded / unfunded status	**–52,293**	**–47,229**	**–5,064**	**–10.7**
Unrecognised actuarial gains / (losses)	**54,040**	47,050	6,990	14.9
Net accrued / (prepaid) pension cost	**1,747**	**–179**	**1,926**	**>1,000**

Pension expenses

1,000 CHF	**2009**	2008	Change to 2008 CHF	Change to 2008 %
Service expenses current period	**–44,083**	–32,346	–11,737	–36.3
Interest for pension liabilities	**–17,103**	–14,701	–2,402	–16.3
Expected net return on plan assets[1]	**19,765**	20,480	–715	–3.5
Amortisation of actuarial gains (losses) (IAS 19 §58 A)	**0**	0	0	
Employee contributions	**16,370**	12,102	4,268	35.3
Pension expenses for defined benefit pension plans according to actuarial computation	**–25,051**	**–14,465**	**–10,586**	**–73.2**
Contribution to defined contribution pension plans	**–5,231**	–3,538	–1,693	–47.9
Total pension expenses	**–30,282**	**–18,003**	**–12,279**	**–68.2**
[1] Actual income (loss) on assets	**44,625**	–59,937	104,562	174.5

Change in the cash value of pension liabilities

1,000 CHF	**2009**	2008	Change to 2008 CHF	Change to 2008 %
Benefit-related liabilities as at 01.01.	**496,034**	418,361	77,673	18.6
Interest expenses	**17,103**	14,701	2,402	16.3
Service expenses, current period	**44,083**	32,346	11,737	36.3
Benefits paid / benefits received	**–58,845**	35,360	–94,205	–266.4
Actuarial gains (losses)	**30,081**	–10,164	40,245	396.0
Change in the scope of consolidation	**0**	5,430	–5,430	–100.0
Conversion differences from foreign pension plans	**0**	0	0	
Liabilities for defined benefit pension plans as at 31.12.	**528,456**	**496,034**	**32,422**	**6.5**

Change in pension plan assets at fair value

1,000 CHF	**2009**	2008	Change to 2008 CHF	Change to 2008 %
Fair value of pension plan assets as at 01.01.	**448,805**	417,576	31,229	7.5
Expected return on assets	**19,765**	20,480	–715	–3.5
Employer contributions / contribution by plan participants	**43,357**	35,517	7,840	22.1
Benefits paid / benefits received	**–58,845**	35,360	–94,205	–266.4
Actuarial gains (losses)	**23,081**	–64,542	87,623	135.8
Change in the scope of consolidation	**0**	4,414	–4,414	–100.0
Conversion differences from foreign pension plans	**0**	0	0	
Fair value of pension plan assets as at 31.12.	**476,163**	**448,805**	**27,358**	**6.1**

Asset allocation

%	**2009 Pension fund**	2008 Pension fund
Equity instruments[1]	**27.3**	30.7
Debt instruments	**41.5**	42.0
Real estate	**11.3**	11.3
Other	**19.9**	16.0

The expected return on the plan assets is based on the expected inflation rates, interest rates, risk premiums and the target allocation of the plan assets. These estimates also take into consideration the historical yields of the individual asset classes.

[1] No treasury shares are held in the plan assets of the pension fund.

Actuarial assumptions (Switzerland)

%	2009	2008
Technical interest rate	**3.25**	3.5
Anticipated yield on assets	**4.5**	4.5
Development of salaries	**1.5**	1.5
Development of pensions	**0.25**	0.25

%	BVG 2005	BVG 2005
Probability of departure		
at age of 20	**22.5**	22.5
at age of 30	**12.7**	12.7
at age of 40	**6.9**	6.9
at age of 50	**4.1**	4.1
at age of 60	**1.6**	1.6

Amounts in current and previous four reporting periods

1,000 CHF	2009	2008	2007	2006	2005
Fair value of plan assets of employee benefit funds	**476,163**	448,805	417,576	376,486	341,725
Cash value of pension liabilities	**528,456**	496,034	418,361	386,053	342,900
Funded / unfunded status	**–52,293**	**–47,229**	**–785**	**–9,567**	**–1,175**
Adjustments to plan obligations based on experience	**16,750**	16,423	3,655	8,594	–3,599
Adjustments to plan assets based on experience	**23,081**	–64,542	6,080	874	6,212

Estimated contributions for the following year	
Employer's contribution	**22,126**
Employee's contribution	**14,103**

2.13 Cash and cash equivalents

1,000 CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Cash on hand	**8,740**	6,225	2,515	40.4
Sight balances with central banks	**354,180**	420,278	–66,098	–15.7
Sight balances on postal accounts	**8,916**	8,733	183	2.1
Total cash and cash equivalent	**371,836**	**435,236**	**–63,400**	**–14.6**

2.14 Money market papers

1,000 CHF	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Money market papers discountable at central banks	**553,293**	344,252	209,041	60.7
Other money market papers	**212,581**	14,290	198,291	>1,000
Total money market papers	**765,874**	**358,542**	**407,332**	**113.6**

2.15 Due from banks and customers

1,000 CHF	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Due from banks at sight	**1,703,299**	1,149,573	553,726	48.2
Due from banks at time	**1,214,315**	3,006,256	–1,791,941	–59.6
Valuation allowances for credit risk (Note 2.16)	**–68,914**	–73,732	4,818	6.5
Due from banks	**2,848,700**	**4,082,097**	**–1,233,397**	**–30.2**
Due from customers – mortgage collateral	**1,241,292**	697,568	543,724	77.9
Due from customers – other collateral	**5,968,542**	4,449,151	1,519,391	34.2
Due from customers – without collateral	**114,876**	60,989	53,887	88.4
Subtotal	**7,324,710**	**5,207,708**	**2,117,002**	**40.7**
Valuation allowances for credit risk (Note 2.16)	**–4,633**	–4,234	–399	–9.4
Due from customers	**7,320,077**	**5,203,474**	**2,116,603**	**40.7**

2.16 Valuation allowances for credit risk

1,000 CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Balance at beginning of year	**77,966**	5,167	72,799	>1,000
Specific allowances	**–57**	–4,547	4,490	98.7
New charges of valuation allowances for credit risk	**973**	77,385	–76,412	–98.7
Release of valuation allowances for credit risk	**–5,258**	0	–5,258	
Currency translation differences and other adjustments	**–77**	–39	–38	–97.4
Balance at end of year	**73,547**	**77,966**	**–4,419**	**–5.7**
Of which valuation allowances for due from banks	**68,914**	73,732	–4,818	–6.5
Of which valuation allowances for due from customers	**4,633**	4,234	399	9.4
Total valuation allowances for credit risk[1]	**73,547**	**77,966**	**–4,419**	**–5.7**
Impaired loans[2]				
Impaired loans (gross)	**89,131**	87,655	1,476	1.7
Estimated liquidation proceeds of collateral / expected recovery value	**14,239**	8,721	5,518	63.3
Impaired loans (net)	**74,892**	78,934	–4,042	–5.1
Specific allowances for impaired loans	**73,547**	77,966	–4,419	–5.7
Average amount of impaired loans (gross)	**88,393**	46,411	41,982	90.5
Non-performing loans[3]				
Non-performing loans (gross)	**89,062**	86,312	2,750	3.2
Specific allowances for non-performing loans	**73,507**	77,387	–3,880	–5.0
Net amounts due	**15,555**	8,925	6,630	74.3
Average amount of non-performing loans (gross)	**87,687**	45,477	42,210	92.8

1 The individual value adjustments for credit risks are offset directly against the corresponding assets.

2 Impaired loans are amounts outstanding from clients and banks where it is improbable that the debtor can meet its obligations.

3 A loan is classified as non-performing as soon as the capital and/or interest payments stipulated by contract are outstanding for more than 90 days. Non-performing loans are generally component parts of the value of impaired loans. The portion of the loans that do not generate income and for which no value adjustment has been made is to a large extent covered by collateral.

2.17 Trading portfolio assets

1,000 CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Debt instruments				
Listed	**3,360**	5,419	–2,059	–38.0
Unlisted	**0**	0	0	
Total	**3,360**	**5,419**	**–2,059**	**–38.0**
Equities and the like				
Listed	**555,622**	293,611	262,011	89.2
Unlisted	**8,083**	8,124	–41	–0.5
Total	**563,705**	**301,735**	**261,970**	**86.8**
Mutual funds				
Listed	**2,609**	1,321	1,288	97.5
Unlisted	**556**	1,371	–815	–59.4
Total	**3,165**	**2,692**	**473**	**17.6**
Precious metals	**50,651**	**42,363**	**8,288**	**19.6**
Total trading portfolio	**620,881**	**352,209**	**268,672**	**76.3**
Of which securities lent out	**0**	0	0	
Of which repo-eligible securities	**913**	4,676	–3,763	–80,5

2.18 Trading portfolio liabilities

1,000 CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Debt instruments	**694**	0	694	
Equities and the like	**62,245**	78,384	–16,139	–20.6
Mutual funds	**6,096**	2,625	3,471	132.2
Precious metals	**28**	11,013	–10,985	–99.7
Total trading portfolio liabilities	**69,063**	**92,022**	**–22,959**	**–24.9**

2.19 Derivative financial instruments

1,000 CHF	Positive replacement value	Negative replacement value	Contract volume 31.12.2009	Positive replacement value	Negative replacement value	Contract volume 31.12.2008
Interest rate instruments						
Forward contracts	**0**	**0**	**0**	0	0	0
Swaps	**7,712**	**13,069**	**1,001,716**	6,664	10,354	217,782
Futures	**0**	**0**	**0**	0	0	0
Options (OTC)	**0**	**0**	**0**	0	0	0
Options (exchange traded)	**0**	**0**	**0**	0	0	0
Total interest rate instruments	**7,712**	**13,069**	**1,001,716**	**6,664**	**10,354**	**217,782**
Foreign exchange						
Forward contracts	**87,687**	**61,730**	**6,716,028**	123,739	145,162	4,734,433
Combined interest / currency swaps	**316**	**376**	**34,265**	1,888	2,112	114,004
Futures	**0**	**0**	**0**	0	0	0
Options (OTC)	**62,008**	**62,386**	**2,456,852**	21,545	21,545	1,011,300
Options (exchange traded)	**0**	**0**	**0**	0	0	0
Total foreign exchange	**150,011**	**124,492**	**9,207,145**	**147,172**	**168,819**	**5,859,737**
Equities / indices						
Forward contracts	**0**	**0**	**0**	0	0	0
Futures	**146**	**999**	**6,051**	241	3	92,196
Options (OTC)	**208,802**	**67,852**	**3,456,443**	234,034	186,773	1,346,867
Options (exchange traded)	**1,742**	**18,815**	**327,462**	34,002	29,972	295,657
Total equities / indices	**210,690**	**87,666**	**3,789,956**	**268,277**	**216,748**	**1,734,720**
Precious metals						
Forward contracts	**687**	**817**	**23,839**	1,089	1,275	51,779
Futures	**0**	**0**	**0**	0	0	0
Options (OTC)	**13,140**	**12,782**	**1,453,328**	510	372	8,649
Options (exchange traded)	**0**	**0**	**0**	0	0	0
Total precious metals	**13,827**	**13,599**	**1,477,167**	**1,599**	**1,647**	**60,428**

1,000 CHF	31.12.2009 Positive replacement value	31.12.2009 Negative replacement value	31.12.2009 Contract volume	31.12.2008 Positive replacement value	31.12.2008 Negative replacement value	31.12.2008 Contract volume
Commodities						
Forward contracts	**0**	**0**	**0**	0	0	0
Futures	**0**	**0**	**0**	0	0	0
Options (OTC)	**147**	**31**	**15,644**	72	0	10,783
Options (exchange traded)	**0**	**0**	**0**	0	0	0
Total commodities	**147**	**31**	**15,644**	**72**	**0**	**10,783**
Other						
Forward contracts	**0**	**0**	**0**	0	0	0
Futures	**0**	**0**	**0**	0	0	0
Options (OTC)	**0**	**0**	**0**	0	0	0
Options (exchange traded)	**0**	**0**	**0**	0	0	0
Total other	**0**	**0**	**0**	**0**	**0**	**0**
Total derivative financial instruments	**382,387**	**238,857**	**15,491,628**	**423,784**	**397,568**	**7,883,450**

2.20 Financial investments

Financial investments designated at fair value

1,000 CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Debt instruments				
Listed	**489,382**	227,957	261,425	114.7
Unlisted	**0**	0	0	
Total	**489,382**	**227,957**	**261,425**	**114.7**
Equities and the like				
Listed	**538**	2,022	–1,484	–73.4
Unlisted	**0**	0	0	
Total	**538**	**2,022**	**–1,484**	**–73.4**
Total financial investments designated at fair value	**489,920**	**229,979**	**259,941**	**113.0**
Of which securities lent out	**0**	0	0	
Of which repo-eligible financial investments	**449,731**	0	449,731	

Financial investments available for sale

1,000 CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Debt instruments				
Listed	**1,805,336**	757,180	1,048,156	138.4
Unlisted	**0**	0	0	
Total	**1,805,336**	**757,180**	**1,048,156**	**138.4**
Equities and the like				
Listed	**93,952**	125,018	–31,066	–24.8
Unlisted	**26,423**	25,718	705	2.7
Total	**120,375**	**150,736**	**–30,361**	**–20.1**
Mutual funds				
Listed	**3,230**	97	3,133	>1,000
Unlisted	**99,532**	131,827	–32,295	–24.5
Total	**102,762**	**131,924**	**–29,162**	**–22.1**
Total financial investments available for sale	**2,028,473**	**1,039,840**	**988,633**	**95.1**
Of which securities lent out	**0**	0	0	
Of which repo-eligible financial investments	**1,193,208**	489,261	703,947	143.9
Total financial investments	**2,518,393**	**1,269,819**	**1,248,574**	**98.3**

2.21 Investment in associates

1,000 CHF	31.12.2009	31.12.2008
Balance sheet of associated companies[1]		
Assets	**65,546**	57,387
Liabilities	**27,063**	13,924
Net assets	**38,482**	**43,463**
Revenue and result of associated companies[2]		
Income	**19,104**	16,438
Result after tax	**56** [3]	4,618

On 22 January 2007, Bank Sarasin acquired a 20% interest in the existing share capital of Zurich-based NZB Holding AG (NZB). On 1 January 2008, the existing interest in NZB was increased from 20% to 40%. NZB is included in the consolidated annual financial statements as an associate and accounted for using the equity method. As part of its restructuring and reorientation, NZB intends to continue to pursue the existing entrepreneurial model with a 60% shareholder pool. As a result, Bank Sarasin no longer plans to increase its shareholding in NZB to a majority stake. Given the background to the business developments in the Brokerage arm and the personnel changes at NZB, Bank Sarasin decided to adjust the value of its interest in NZB as at 31 December 2009, realising an impairment charge of CHF 70.2 million in the process.

[1] Relates to the interests held by Bank Sarasin as at 31 December.

[2] In 2009, relates to UFG-Sarasin AM, Paris, between 1 April and year-end, and to NZB Holding.

[3] The result after tax corresponds to the proportion of profit for UFG-Sarasin. The impairment of CHF 70.2 million for the financial interest in NZB is included in the item “Value adjustments, provisions and losses”.

2.22 Property and equipment

1,000 CHF	Bank buildings	Other real estate	Furniture and machines	IT systems	**2009**
Historical cost					
Balance on 01.01.	76,546	4,989	104,083	56,528	**242,146**
Additions	0	0	4,560	3,236	**7,796**
Disposals / retirements	0	0	–1,280	–1,134	**–2,414**
Change in scope of consolidation	0	0	–193	–142	**–335**
Currency translation differences	0	0	174	162	**336**
Reclassifications	0	0	0	0	**0**
Balance on 31.12.	76,546	4,989	107,344	58,650	**247,529**
Accumulated depreciation and amortisation					
Balance on 01.01.	–9,036	–890	–61,447	–41,326	**–112,699**
Planned depreciation and amortisation	–1,282	–45	–9,165	–6,613	**–17,105**
Extraordinary depreciation and amortisation (impairment)	0	0	0	0	**0**
Disposals / retirements	0	0	386	1,129	**1,515**
Change in scope of consolidation	0	0	130	126	**256**
Currency translation differences	0	0	–45	–97	**–142**
Reclassifications	0	0	0	0	**0**
Balance on 31.12.	–10,318	–935	–70,141	–46,781	**–128,175**
Net book value on 31.12.	**66,228**	**4,054**	**37,203**	**11,869**	**119,354**

1,000 CHF	Bank buildings	Other real estate	Furniture and machines	IT systems	2008
Historical cost					
Balance on 01.01.	76,546	4,987	87,668	43,747	212,948
Additions	0	2	21,208	14,230	35,440
Disposals / retirements	0	0	–2,166	–114	–2,280
Change in scope of consolidation	0	0	0	0	0
Currency translation differences	0	0	–2,627	–1,335	–3,962
Reclassifications	0	0	0	0	0
Balance on 31.12.	76,546	4,989	104,083	56,528	242,146
Accumulated depreciation and amortisation					
Balance on 01.01.	–7,755	–845	–56,618	–36,439	–101,657
Planned depreciation and amortisation	–1,281	–45	–7,340	–5,755	–14,422
Extraordinary depreciation and amortisation (impairment)	0	0	0	0	0
Disposals / retirements	0	0	1,356	2	1,358
Change in scope of consolidation	0	0	0	0	0
Currency translation differences	0	0	1,155	865	2,020
Reclassifications	0	0	0	0	0
Balance on 31.12.	–9,036	–890	–61,447	–41,326	–112,699
Net book value on 31.12.	**67,510**	**4,099**	**42,636**	**15,202**	**129,447**

Additional information regarding property and equipment

1,000 CHF	31.12.2009	31.12.2008
Fire insurance value of real estate	**177,002**	170,219
Fire insurance value of other property and equipment	**60,000**	60,000

The Sarasin Group has no property and equipment arising from finance leases.

Operating Leasing

As per 31.12.2009, there existed several non-cancellable operating lease contracts for real estate and other property and equipment, which principally are used for the conduct of business activities of the Bank. The material leasing contracts contain renewal options, as well as escape clauses.

Future commitments from operating leases

1,000 CHF	2009	2008
Remaining duration up to 1 year	**18,912**	15,219
Remaining duration of 1 to 5 years	**38,186**	39,370
Remaining duration of over 5 years	**9,815**	14,054
Total minimum commitments from operating leasing	**66,913**	**68,643**

Operating expenses per 31.12.2009 include CHF 22.1 million and per 31.12.2008 CHF 18.5 million from operating leases. The minimum commitments mainly result from leasing arrangements.

Future claims from operating leases

1,000 CHF	2009	2008
Remaining duration up to 1 year	**796**	807
Remaining duration of 1 to 5 years	**1,113**	1,501
Remaining duration of over 5 years	**278**	513
Total minimum claims from operating leasing	**2,187**	**2,821**

Operating income per 31.12.2009 includes CHF 0.3 million and per 31.12.2008 CHF 0.4 million from operating leases. This concerns income from subleasing arrangements.

2.23 Intangible assets

1,000 CHF	Software	Other intangible assets	Goodwill	**2009**
Historical cost				
Balance on 01.01.	63,296	31,709	310,462	**405,467**
Additions	7,222	0	0	**7,222**
Disposals / retirements	–1,620	0	–926	**–2,546**
Change in scope of consolidation	–38	0	–224	**–262**
Currency translation differences	269	481	2,421	**3,171**
Reclassifications	0	0	0	**0**
Balance on 31.12.	69,129	32,190	311,733	**413,052**
Accumulated depreciation and amortisation				
Balance on 01.01.	–43,892	–7,126	–201,637	**–252,655**
Planned depreciation and amortisation	–8,252	–3,299	0	**–11,551**
Extraordinary depreciation and amortisation (impairment)	0	0	–4,363	**–4,363**
Disposals / retirements	1,620	0	0	**1,620**
Change in scope of consolidation	17	0	0	**17**
Currency translation differences	–100	–258	–207	**–565**
Reclassifications	0	0	0	**0**
Balance on 31.12.	–50,607	–10,683	–206,207	**–267,497**
Net book value on 31.12.	**18,522**	**21,507**	**105,526**	**145,555**

1,000 CHF	Software	Other intangible assets	Goodwill	2008
Historical cost				
Balance on 01.01.	52,188	16,238	281,014	349,440
Additions	13,120	445	224	13,789
Disposals / retirements	0	0	0	0
Change in scope of consolidation	0	17,622	43,131	60,753
Currency translation differences	–2,012	–2,596	–13,907	–18,515
Reclassifications	0	0	0	0
Balance on 31.12.	63,296	31,709	310,462	405,467
Accumulated depreciation and amortisation				
Balance on 01.01.	–38,166	–6,124	–204,082	–248,372
Planned depreciation and amortisation	–6,843	–2,309	0	–9,152
Extraordinary depreciation and amortisation (impairment)	0	0	0	0
Disposals / retirements	0	0	0	0
Change in scope of consolidation	0	0	0	0
Currency translation differences	1,115	1,306	2,446	4,867
Reclassifications	0	0	0	0
Balance on 31.12.	–43,894	–7,127	–201,636	–252,657
Net book value on 31.12.	**19,402**	**24,582**	**108,826**	**152,810**

Intangible assets

1,000 CHF	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Bank Sarasin & Co. Ltd (Private Banking)	**31,820**	31,820	0	0.0
bank zweiplus ltd	**43,131**	43,131	0	0.0
S.I.M. Partnership (London) Ltd (Private Banking)	**26,604**	24,391	2,213	9.1
Sarasin Asset Management (France), Paris (Private Banking)	**0**	224	–224	–100.0
Sarasin Colombo Gestioni Patrimoniali SA (Private Banking)	**3,971**	9,260	–5,289	–57.1
Total	**105,526**	**108,826**	**–3,300**	**–3.0**

The goodwill for Bank Sarasin's parent company is essentially connected with the acquisition of Rabobank's former Swiss companies. Apart from goodwill, the Group does not have any other intangible assets with indefinite useful lives.

Goodwill Sarasin Colombo Gestioni Patrimoniali SA

In 2009, 10% of the stake was sold to Sarasin Colombo Gestioni Patrimoniali SA, resulting in a goodwill reduction of CHF 0.9 million. The remaining 90% shareholding was sold on 12 February 2010, which led resulted in an extraordinary goodwill impairment charge of CHF 4.4 million in the financial year ending 31 December 2009. The CHF 4.4 million impairment charge is recognised in "Amortisation of intangible assets".

Other goodwill items

The value of the goodwill positions is reviewed annually at the level of the smallest cash generating unit to establish whether impairment has occurred. Here the book value is compared with the realisable value in each case. In Private Banking, assets under management are the key value drivers that principally determine future earnings potential and subsequently future cash flows as well. For these assets, typical multipliers are available on the market for determining the value of the assets under management. Against this backdrop, Bank Sarasin essentially works out the realisable value based on the fair value less selling costs. Depending on the client segment, Bank Sarasin applies a multiplier of between 1% and 3% when valuing client assets. The review conducted showed no permanent impairment of any of the other goodwill items. The management is of the opinion that, realistically speaking, there could be no intrinsically possible change in the basic assumptions made which would result in the book value of the entity generating payments significantly exceeding the realisable amount.

2.24 Other assets

1,000 CHF	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Value added tax and other tax claims	**5,839**	6,877	–1,038	–15.1
Pension plan assets	**2,819**	0	2,819	
Miscellaneous other assets	**4,520**	16,961	–12,441	–73.4
Total other assets	**13,178**	**23,838**	**–10,660**	**–44.7**

2.25 Assets pledged or ceded to secure own commitments and assets subject to retention of title

1,000 CHF	31.12.2009 Market value	31.12.2009 Effective commitment	31.12.2008 Market value	31.12.2008 Effective commitment
Money market papers	**0**	**0**	0	0
Financial instruments	**131,989**	**46,006**	117,513	43,359
Other assets	**0**	**0**	0	0
Total pledged assets	**131,989**	**46,006**	**117,513**	**43,359**

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

2.26 Securities lending and borrowing operations and securities repurchase and reverse repurchase transactions

1,000 CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Book value of claims resulting from cash deposits connected with securities borrowing and reverse repurchase transactions	**0**	0	0	
Book value of liabilities resulting from cash deposits connected with securities lending and repurchase transactions	**0**	0	0	
Book value of own holdings of securities lent out in connection with securities lending, delivered as collateral in connection with securities borrowing or transferred in connection with repurchase transactions	**1,552**	0	1,552	
Of which securities for which the unrestricted right of resale or pledging has been granted	**1,552**	0	1,552	
Fair value of securities delivered as collateral in connection with securities lending, borrowed in connection with securities borrowing or received under reverse repurchase transactions, for which the unrestricted right of resale or pledging has been granted	**29,854**	2,801	27,053	965.8
Fair value of all such securities that have been resold or pledged	**29,854**	**2,801**	**27,053**	**965.8**

2.27 Due to customers

1,000 CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Due to customers in savings and investment accounts	**1,058,461**	538,810	519,651	96.4
Due to customers other	**9,178,051**	7,944,447	1,233,604	15.5
Total due to customers	**10,236,512**	**8,483,257**	**1,753,255**	**20.7**

2.28 Financial liabilities designated at fair value

1,000 CHF		Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	**Total**
Issuer						
Bank Sarasin (CI) Ltd, Guernsey	SaraFloor	107,921	61,846	56,398	0	226,165
Bank Sarasin (CI) Ltd, Guernsey	SaraSail Units	173,751	830	0	0	174,581
Bank Sarasin (CI) Ltd, Guernsey	SaraSail Warrants	0	0	0	0	0
Bank Sarasin (CI) Ltd, Guernsey	SaraZert	0	1,204	0	0	1,204
Bank Sarasin & Co. Ltd, Basel	SaraZert	88,588	70,245	29,311	90,418	278,562
Total 31.12.2009		**370,260**	**134,125**	**85,709**	**90,418**	**680,512**
Total 31.12.2008		425,627	263,833	140,530	97,154	927,144

The above table shows the publicly placed structured products of the Bank with fixed interest rates between 0 and 26.8%. The banks' own positions of the debts in the amount of CHF 58.0 million (previous year CHF 89.7 million) were netted with the issued debts.

2.29 Other liabilities

1,000 CHF	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Value added tax and other tax liabilities	**24,332**	26,788	–2,456	–9.2
Pension plan liabilities	**1,072**	179	893	498.9
Miscellaneous other liabilities	**24,332**	27,229	–2,897	–10.6
Total other liabilities	**49,736**	**54,196**	**–4,460**	**–8.2**

2.30 Provisions

1,000 CHF	Restructuring provision	Other business risks	Other provisions	**2009**
Balance on 01.01.	2,003	1,014	2,436	**5,453**
Utilisation in conformity with purpose	–235	0	–1,042	**–1,277**
New provisions charged to income statement	0	59	1,479	**1,538**
Provisions released to income statement	0	0	–864	**–864**
Recoveries	0	0	0	**0**
Reclassifications	0	0	0	**0**
Change in scope of consolidation	0	0	0	**0**
Currency translation differences	0	0	–29	**–29**
Balance on 31.12.	**1,768**	**1,073**	**1,980**	**4,821**
Maturity of provisions				
Within 1 year	244	0	0	**244**
Over 1 year	1,524	1,073	1,980	**4,577**

1,000 CHF	Restructuring provision	Other business risks	Other provisions	2008
Balance on 01.01.	2,931	3,084	3,300	9,315
Utilisation in conformity with purpose	–254	0	–2,178	–2,432
New provisions charged to income statement	0	212	1,514	1,726
Provisions released to income statement	–674	–2,182	–200	–3,056
Recoveries	0	0	0	0
Reclassifications	0	0	0	0
Change in scope of consolidation	0	0	0	0
Currency translation differences	0	–100	0	–100
Balance on 31.12.	**2,003**	**1,014**	**2,436**	**5,453**
Maturity of provisions				
Within 1 year	239	0	0	239
Over 1 year	1,764	1,014	2,436	5,214

The restructuring provisions were created when Bank Sarasin took over Rabobank's Swiss companies in 2002. They essentially relate to liabilities connected with long-term leases that are no longer used and reconversion costs (CHF 1.8 million). The restructuring provision will disappear at the end of 2011.

Litigation

In the course of its normal business, the Sarasin Group is involved in various types of litigation. Provisions are made for such contingencies if the Bank and its legal advisors consider that the Group is likely to have to make payments and if the amount of those payments can be estimated. All provisions for risks connected with litigation are reported in the Group balance sheet under "other provisions".

2.31 Share capital and treasury shares

	Number of shares	Nominal CHF	**2009** 1,000 CHF	2008 1,000 CHF
Share capital, class A registered shares (with voting rights)	56,571,428	0.07	**3,960**	11,000
Share capital, class B registered shares	51,585,097	0.35	**18,055**	50,155
Total share capital			**22,015**	**61,155**
Authorised capital class A registered shares			**504**	1,000
Conditional capital class B registered shares			**2,275**	3,000

The class A and B registered shares are fully paid up.

Treasury shares

	2009 Number of shares	**2009** 1,000 CHF	2008 Number of shares	2008 1,000 CHF
Balance at beginning of year				
Class A registered shares (with voting rights)	**0**	**0**	0	0
Class B registered shares	**1,075,817**	**43,435**	993,500	48,019
Purchases of class A registered shares (with voting rights)	**0**	**0**	0	0
Sales of class A registered shares (with voting rights)	**0**	**0**	0	0
Purchases of class B registered shares	**1,805,119**	**53,566**	2,436,253	104,625
Sales of class B registered shares	**–2,065,983**	**–70,074**	–2,353,936	–109,209
Balance at end of year				
Class A registered shares (with voting rights)	**0**	**0**	0	0
Class B registered shares	**814,953**	**26,927**	1,075,817	43,435

On 7 May 2008 there was a 1:100 share split.

3. Transactions with related persons and companies

Related persons and companies include significant shareholders, Members of the Group's Board of Directors and executive management, as well as their close relatives and companies over which they exert an influence, either through a majority shareholding or through a significant role on the Board of Directors and/or the executive management.

The term "related parties" applies in particular to the Rabobank Group, the members of the Group's management bodies and their close relatives as well as Eichbaum Holding Ltd, New Energies Invest Ltd and the Sarasin Group's benefit plans. Associated companies are not fully consolidated. Those companies also qualify as "related parties".

This table takes into consideration, as required by the legal provisions of the Swiss Code of Obligations Art. 663b bis, all the remunerations consisting of basic salary, lump sum expenses, employer contributions to social insurance schemes and the pension fund, variable performance-based remuneration as well as remuneration from share participation plans paid to the members of the Board of Directors or Executive Committee. The variable remunerations and the payments from share participation schemes are accounted for using the accrual principle.

Compensation paid to governing bodies, loans to governing bodies and other receivables and liabilities to related parties

1,000 CHF	2009	2008
Compensation to Members of the Board of Directors of Bank Sarasin & Co. Ltd, Basel	**2,478**	2,895
Compensation to Members of the Group Executive Board	**13,420**	9,650
Compensation to Resigned Members of the Board of Directors of Bank Sarasin & Co. Ltd, Basel	**2,006**	0
Total compensation paid	**17,904**	**12,545**
Of which short-term basic salary and variable remuneration	**13,343**	7,153
Of which short-term employers' social security contributions and pension premium payments	**1,958**	1,335
Of which lump-sum pension contributions following early retirement, Board of Directors	**1,090**	0
Of which termination benefits (Andreas Sarasin)	**0**	2,199
Of which share-based payments	**1,513**	1,762
Of which other long-term benefits	**0**	96
Total compensation paid	**17,904**	**12,545**
Loans to Members of the Board of Directors		
Outstanding loans on 01.01.	**1,000**	300
New loans and increases in existing loans	**0**	1,000
Repayment of loans	**0**	–300
Outstanding loans to Members of the Board of Directors on 31.12.	**1,000**	**1,000**
Loans to Members of the Group Executive Board		
Outstanding loans on 01.01.	**1,133**	4,086
New loans and increases in existing loans	**4,466**	130
Repayment of loans	**0**	–3,083
Outstanding loans to Members of the Group Executive Board on 31.12.	**5,599**	**1,133**
Total loans to governing bodies (Board of Directors and Group Executive Board)	**6,599**	**2,133**
Total receivables with related parties and companies	**1,087,973**	1,053,871
Total liabilities to related parties and companies	**844,371**	600,222

The Sarasin Group has quite a significant volume of lending and commission business with related parties and with companies in the Rabobank Group. Business including operations such as securities transactions, payments transactions, loans, and payment of interest on deposits is conducted with other related parties. It is governed by the conditions applied to third parties. Normal market conditions apply to the Group's benefit plans. As at 31.12.2009, the liabilities towards the benefit plans totalled CHF 12.7 million (CHF 54.6 million).

Private Equity

The items "trading portfolio assets" and "financial investments" contain 32,791 (21,309) shares in New Energies Invest Ltd with a countervalue of CHF 8.3 million (CHF 8.5 million). Bank Sarasin is the company's investment sub-advisor. Commission income amounted to CHF 0.3 million (CHF 0.2 million).

Management remuneration in accordance with the Swiss Code of Obligations

2009 CHF	Compen-sation basis cash	Compen-sation variable[1] cash	Share-based payments previous years[2]	Social security and contribution to retirement plans (employer)	Total compen-sation
Members of the Board of Directors					
Ammann, Christoph (Chairman of the Board of Directors)	750,000	0	0	185,195	935,195
Merian, Peter E., until 22.04.09[3]	400,028	0	0	64,058	464,086
Brueckner, Christian	200,000	0	0	14,374	214,374
Hufschmid, Hans-Rudolf	200,000	0	0	16,696	216,696
Heemskerk, Hubertus	170,000	0	0	6,335	176,335
Schat, Sipko N.	170,000	0	0	0	170,000
Mol, Pim W., since 23.04.09	117,112	0	0	0	117,112
Derendinger, Peter	170,000	0	0	14,433	184,433
Total Members of the Board of Directors	**2,177,140**	**0**	**0**	**301,091**	**2,478,231**
Members of the Executive Committee					
Straehle, Joachim H. (Chief Executive Officer)	852,698	2,000,000	549,612	310,872	3,713,182
Total Members of the Executive Committee	**4,771,226**	**5,700,000**	**1,248,012**	**1,435,789**	**13,155,027**

1 Under the terms of the Participation Plan, the Executive Committee is entitled to receive, to the same extent as all other employees, non-binding entitlements that are dependent on achieving future targets (see page 81 "Setting compensation for the financial year 2009"). These compensation components are taken into consideration from the point of their definitive binding allocation.

2 The reporting of remuneration from participation plans in accordance with the Swiss Code of Obligations deviates from the disclosure of management compensation required by IFRS in certain points, such as the valuation rules and the recording of expenditure.

3 Since his leaving, further remuneration payable under the employment contract totalling CHF 2,006,026 was paid, including employer's social insurance and pension contributions of CHF 1,311,152.

Management remuneration in accordance with the Swiss Code of Obligations

2008 CHF	Compen-sation basis cash	Compen-sation variable cash	Share-based payments previous years	Social security and contribution to retirement plans (employer)	Total compen-sation
Members of the Board of Directors					
Krayer, Georg F., until 23.04.08 (Chairman of the Board of Directors)	625,000	0	0	55,839	680,839
Ammann, Christoph, since 24.04.08 (Chairman of the Board of Directors)	500,000	0	0	84,712	584,712
Merian, Peter E.	589,408	0	0	136,321	725,729
Brueckner, Christian	200,000	0	0	17,810	217,810
Hufschmid, Hans-Rudolf	200,000	0	0	20,524	220,524
Heemskerk, Hubertus	170,000	0	0	0	170,000
Schat, Sipko N.	170,000	0	0	0	170,000
Derendinger, Peter, since 24.04.08	117,198	0	0	8,563	125,761
Total Members of the Board of Directors	**2,571,606**	**0**	**0**	**323,769**	**2,895,375**
Members of the Executive Committee					
Straehle, Joachim H. (Chief Executive Officer)	854,252	0	666,390	168,335	1,688,977
Total Members of the Executive Committee[1]	**6,876,434**	**0**	**1,762,005**	**1,011,210**	**9,649,649**

[1] Remuneration for Marco Weber and Andreas Sarasin, who left the Executive Commitee in 2008: basis CHF 3,014,975, remuneration from participation plans CHF 248,805, employer's social insurance and pension contributions CHF 267,102.

Loans, options and shares as at 31 December 2009

2009	Loans and advances CHF	Number of shares	Compen-sation to related parties CHF	Loans to related parties CHF
Members of the Board of Directors				
Ammann, Christoph (Chairman of the Board of Directors)	1,000 000	36,000	0	0
Brueckner, Christian	0	3,600	0	0
Hufschmid, Hans-Rudolf	0	21,400	0	0
Heemskerk, Hubertus	0	0	0	0
Schat, Sipko N.	0	0	0	0
Mol, Pim W., since 23.04.09	0	0	0	0
Derendinger, Peter	0	0	0	0
Total Members of the Board of Directors	**1,000,000**	**61,000**	**0**	**0**

No outstanding options.

Members of the Executive Committee				
Straehle, Joachim H. (Chief Executive Officer)	3,497,000	183,567	–	–
Goetz, Fidelis M.	–	47,932	–	–
Hassels, Matthias	–	48,340	–	–
Sarasin, Eric G.	–	53,282	–	–
Varnholt, Burkhard P.	–	9,770	–	–
Sami, Peter	–	3,000	–	–
Wild, Peter, since 01.01.09	–	0	–	–
Total Members of the Executive Committee	**5,599,000**	**345,891**	**0**	**0**

No outstanding options.

Loans, options and shares as at 31 December 2008

2008	Loans and advances CHF	Number of shares	Compen-sation to related parties CHF	Loans to related parties CHF
Members of the Board of Directors				
Krayer, Georg F., until 23.04.08 (Chairman of the Board of Directors)[1]	154,000	1,520,000	5,000	0
Ammann, Christoph, since 24.04.08 (Chairman of the Board of Directors)	1,000,000	35,000	0	0
Merian, Peter E.	0	52,800	0	0
Brueckner, Christian	0	0	3,500	0
Hufschmid, Hans-Rudolf	0	16,800	0	0
Heemskerk, Hubertus	0	0	0	0
Schat, Sipko N.	0	0	0	0
Derendinger, Peter, since 24.04.08	0	0	0	0
Total Members of the Board of Directors	**1,154,000**	**1,624,600**	**8,500**	**0**

No outstanding options.

Members of the Executive Committee				
Straehle, Joachim H. (Chief Executive Officer)	–	175,200	–	–
Goetz, Fidelis M.	–	40,500	–	–
Hassels, Matthias	1,000,000	43,200	–	–
Sarasin, Eric G.	–	46,100	–	–
Varnholt, Burkhard P.	–	11,400	–	–
Sami, Peter, since 01.05.08	–	2,000	–	–
Total Members of the Executive Committee	**1,133,000**	**318,400**	**0**	**0**

No outstanding options.

[1] Plus 5000 put options.

4. Management and staff participation schemes (share-based payment plan)

Senior managers and employees of Bank Sarasin may be offered not just the contractually agreed basic salary, but an annual bonus. This bonus can either be paid in cash or as an allocation of shares (with lock-up periods and subject to certain conditions).[1]
The purpose of participation plans is to strengthen the bond between the Bank Group and its senior executives, managers and other key persons, as well as to encourage entrepreneurial thinking and a high level of input and commitment. Allocations of shares that are subject to a lock-up period and certain conditions are booked as equity-settled share-based payments in accordance with the rules of IFRS 2. Employees who leave Bank Sarasin before the end of the lock-up period usually forfeit their entitlement to shares.

The expense recognised for employee services received during the year

1,000 CHF	**31.12.2009**	31.12.2008
Personnel expense from “equity-settled” payments	**5,980**	4,545

Participation plan

Equity	**31.12.2009**	31.12.2008
Shares with a vesting period as at 01.01.	**252,062**	0
Shares allocated during the year	**214,604**	263,162
Shares forfeited or transferred	**113,131**	11,100
Shares with a vesting period as at 31.12.	**353,535**	252,062
Average weighted allocation price per share (in CHF)	**34.99**	44.58
Fair value of shares outstanding at the end of the financial year (in CHF)	**13,823,219**	7,939,953

[1] A more detailed description of the new programmes can be found on pages 80–82.

5. Risk management

Structure of risk management

General considerations

Assessing and taking risks is in the nature of banking. For this reason, a clearly defined, transparent and integrated risk management policy is adopted for all divisions and is adapted continuously to the latest knowledge. Substantial human and technological resources are made available for this purpose. Active risk management should make it possible to minimise undesirable risks and to make optimum use of the Bank's capital for the benefit of shareholders and other stakeholders (see also the "Risk Management" section, p. 52 onwards).

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. Of equal, if not even greater, significance is the risk awareness of decision-makers. The quantitative criteria on which attention frequently centres 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 just as 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. Integrity, risk awareness on the part of everyone concerned at all levels of Bank Sarasin as well as clearly defined responsibilities and competencies are the pillars that support Sarasin's risk culture.

Organisation of risk management

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

The CEO and the Executive Committee are responsible for implementing the risk management and risk controlling principles approved by the Board of Directors. They are supported by the following committees:

The Central Credit Committee (CCC) is in charge of managing counterparty risk. The Treasury Committee controls and manages interest rate risk, short-term liquidity risk and mid to long-term refinancing risk throughout the Group. The Asset and Liability Committee (ALCO) manages the Group's financial investments, with the exception of the bond portfolios held by the Treasury Committee for liquidity management purposes. These committees are composed of top divisional management and staff from the various specialist areas concerned and meet at regular intervals. The Central Credit Committee is chaired by the Chief Financial Officer (CFO), the Treasury Committee by the Global Treasurer and ALCO by the Chief Investment Officer (CIO).

Sarasin's Risk Office, which is independent of the trading activities, conducts a detailed assessment of the Group's market and credit risks, evaluates the potential of different opportunities and risks and, where appropriate, takes steps to adjust the Group's risk profile. It is responsible for ensuring compliance with the risk management process, which consists of risk identification, risk measurement, risk reporting and risk control. The Risk Office makes proposals to the Board of Directors regarding the risk models to be used. It also supplies the Board of Directors, the CEO and the responsible risk-bearers with individual reports.

The Legal & Compliance department monitors compliance with legal and regulatory requirements, and also ensures that generally accepted market standards and codes of conduct are adhered to.

Risk categories

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

> Market risks
> Credit risks including concentration of risks
> Liquidity risks
> Operational risks

Market risk

The market risk refers to the risk of a loss to the Bank due to changes in the market variables (share prices, interest rates and currency exchange rates). Depending on their investment strategy, the management of positions carrying a market risk is delegated either to one of the divisions (Trading & Family Offices or Asset Management, Products & Sales), ALCO or the Treasury Committee. Not just the divisions, but also the committees manage the associated market risks with instruments tailored to their particular requirements. These include a limits system and permanent monitoring of risk positions on the basis of quantitative approaches such as Value at Risk (VaR) and scenario analysis.

VaR limits, sensitivity and concentration limits (Delta, Gamma, Vega and nominal limits) and PVBP (present value of a basis point) limits are used to determine and limit market risk. The Value at Risk indicator measures the potential future loss on a portfolio in the envisaged retention period that will not be exceeded with a certain probability under normal market conditions. This calculation method is standard for all portfolios in the Sarasin Group. The VaR is calculated on the basis of historical simulations. The quality of the VaR model is checked periodically by means of back-testing and extended where necessary.

Value-at-Risk[1] of Sarasin Group's trading positions broken down according to risk factors

1,000 CHF	**31.12.2009**	ø	min.	max.
Equities risk	83	89	7	315
Interest rate risk	12	79	9	214
Foreign exchange risk	400	206	26	776
Structured products	140	167	41	480
Diversification	–259	–254		
Total	**376**	**287**	**50**	**976**

1,000 CHF	31.12.2008	ø	min.	max.
Equities risk	31	76	12	241
Interest rate risk	29	75	3	227
Foreign exchange risk	72	86	13	324
Structured products	76	113	18	530
Total	**208**	**350**	**145**	**897**

1 Calculated in each instance on the positions at the end of the day.

The Group's VaR in the trading area amounted to CHF 0.376 million as at 31 December 2009 (1 day retention period, 99% confidence level). The table shows that the total VaR for the trading positions averaged CHF 0.287 million, fluctuating between CHF 0.050 million and CHF 0.976 million in the course of the year. The overall VaR (value at risk) for trading is limited to CHF 6.1 million (2008: CHF 5.7 million). The actual utilisation of limits was therefore well below the maximum permitted risk exposure throughout the year.

The VaR is a good measure for estimating risk under normal market conditions or for linear positions. In the area of structured products especially, however, many nonlinear risks arise under stress conditions (e.g. hedging errors). In this area, therefore, limits are placed not only on the VaR but also on the effects on the income statement under different stress scenarios. The positions and the extent to which limits are utilised are monitored both on an intraday (real time) and overnight basis. Where limits are overrun, clear escalation and reporting procedures are defined.

Standard procedures are used to calculate the capital resources required to cover market risks relating to the trading book. Interest rate risks relating to the banking book are monitored in accordance with the Swiss Federal Banking Commission's circular regarding the measurement, management and monitoring of interest rate risks. In compliance with the requirement under FINMA Circular 08/6 to report interest-rate risks, a parallel 100 basis point increase in interest rates would have an income effect of CHF +5.7 million and a market-value effect of CHF –31.9 million, as at 31 December 2009. A parallel 100 basis point reduction in interest rates would have an income effect of CHF –2.1 million and a market-value effect of CHF +31.2 million.

The interest rate risk at group level is limited and managed by imposing a sensitivity limit on the market-value effect. Sublimits exist for those subsidiaries carrying significant interest-rate risks in the banking book.

Credit risk

Lending business with clients

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

The granting of loans and monitoring of credit risks is performed by an independent Credit Officer (CO) and Credit Monitoring Officer (CMO). They report to the Chief Credit Officer (CCO), who in turn answers to the Chief Financial Officer (CFO). The CO and CMO are responsible for assessing the credit risks and continuously monitoring lending exposure.

Lending business with banks

Business with other banks is conducted according to strict rules imposed by Rabobank which apply to the entire Rabobank Group and are therefore binding on the Sarasin Group as well. The criteria are such that only first-class counterparties are considered. New relationships with banks and brokers are discussed in parallel by Sarasin and Rabobank in the respective Credit Committees, which then define and approve the necessary limits, provided the rating conditions are satisfied. The credit rating of counterparties is also checked on two levels, i.e. at both Sarasin and Rabobank.

Concentrated risks

As a rule loans are only granted on a covered basis. Amounts due from clients are generally covered by marketable and diversified securities. Mortgages are also increasingly being made to clients, mainly on owner-occupied homes. The concentration of risks for each counterparty is monitored in accordance with the requirements of Swiss banking law. A group of affiliated counterparties is treated as a single counterparty. The measurement of concentrated risks is performed on a risk-weighted basis. The upper limit for each counterparty is 25% of the qualifying own funds as calculated according to legal requirements.

Liquidity risk

The liquidity risk essentially refers to the danger of the bank being unable to meet its payment obligations or failing to meet the requirements imposed by banking regulations. In addition, holding excessive liquidity can jeopardise income.
Bank Sarasin's Treasury Committee is responsible for monitoring liquidity. It is composed of the Group Treasurer, the CFO, the Head of the Trading & Family Offices division, representatives of the specialist departments and of the Risk Office, and usually meets every two weeks. The prime objective is to guarantee the Bank'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, inflows and outflows of client funds and changes in the availability of liquidity reserves. Especially in times of crisis, unsecured borrowing from third-party banks may turn out to be extremely difficult. In its financial investments Bank Sarasin therefore keeps significant holdings of liquid bonds that are eligible for repo transactions and which can be used at any time to generate liquidity. As a supporting strategy, target bandwidths are set for surplus coverage of the minimum reserve as well as for minimum liquidity. These are actively monitored and adequate measures initiated if liquidity falls below the specified targets.

Operational liquidity management in the day-to-day running of the business is handled by the Trading Money Market department (part of the TFO division). Its tasks include controlling payments, planning the anticipated cash flows and securing liquidity in the day-to-day business.

Operational risks

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 bank's reputation.

Bank Sarasin manages its operational risks on the basis of a consistent groupwide framework that not only satisfies the requirements of the Swiss Financial Market

Supervisory Authority (FINMA), but also meets the stringent standards imposed by Rabobank.
All Sarasin Group's main entities are assessed on the basis of standardised criteria to ascertain the potential threat they present in the area of operational risks.
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 are then repeatedly reviewed. The regular measurement, reporting and assessment of segment-specific risk indicators enables potential hazards to be detected well in advance. A centralised database is used to collect and analyse loss events across the entire group. An information campaign targeting all employees helps to raise awareness of risk and ensures that this topic is firmly embedded in the organisation.
The underlying processes for monitoring operational risks are based on internal directives, specialist staff training and reporting tailored to the appropriate level.

Litigation risk
In the course of their normal business, Bank Sarasin & Co. Ltd and individual companies in the Group are involved in various types of litigation. The Group makes provisions for such contingencies if the bank and its legal advisers consider that the Group is likely to have to make payments and if the amount of those payments can be estimated. All provisions for risks connected with litigation are included in the Group balance sheet under "other provisions".
As regards any further claims against the Sarasin Group of which the competent bodies within the bank are aware (and for which, in accordance with the principles outlined above, no provision has been made), the executive management and its legal advisers consider that such claims are without merit, can be successfully defended or will not have a significant impact on the Group's financial situation or operating results.

5.1 Market risks: balance sheet per currency

1,000 CHF	CHF	EUR	GBP	USD	Other	**Total**
Assets						
Cash and cash equivalents	366,756	4,629	204	235	12	371,836
Money market papers	400,013	229,551	100,467	21,122	14,721	765,874
Due from banks	925,102	674,501	143,826	905,767	199,504	2,848,700
Due from customers	2,230,385	739,242	185,923	3,028,755	1,135,772	7,320,077
Trading portfolio assets	190,971	219,278	53,195	32,591	124,846	620,881
Derivative financial instruments	153,814	106,227	0	100,849	21,497	382,387
Financial investments	923,285	769,881	193,063	409,932	222,232	2,518,393
Investments in associated companies	37,057	1,522	0	0	0	38,579
Property and equipment	109,502	465	3,062	3,023	3,302	119,354
Goodwill and other intangible assets	113,095	273	30,955	169	1,063	145,555
Current tax assets	2	3	46	0	180	231
Deferred tax assets	218	7,611	0	0	0	7,829
Accrued income and prepaid expenses	49,513	35,622	26,695	27,374	8,740	147,944
Other assets	4,454	3,548	221	1,340	3,615	13,178
Total balance sheet assets per 31.12.2009	**5,504,167**	**2,792,353**	**737,657**	**4,531,157**	**1,735,484**	**15,300,818**
Claims deriving from spot and forward forex transactions	1,526,736	1,305,049	424,032	2,570,510	947,806	6,774,133
Claims deriving from forex options	2,824	655,098	176,138	821,064	2,255,056	3,910,180
Total assets per 31.12.2009	**7,033,727**	**4,752,500**	**1,337,827**	**7,922,731**	**4,938,346**	**25,985,131**
Total assets per 31.12.2008	6,157,160	3,152,978	584,145	6,077,200	2,655,570	18,627,053

1,000 CHF	CHF	EUR	GBP	USD	Other	**Total**
Liabilities						
Due to banks	483,677	954,315	85,554	550,769	453,127	2,527,442
Due to customers	3,990,179	1,413,200	422,728	3,167,980	1,242,425	10,236,512
Trading portfolio liabilities	17,559	1,668	0	1	49,835	69,063
Derivative financial instruments	110,802	40,049	2,169	63,878	21,959	238,857
Financial liabilities designated at fair value	253,567	100,649	49,572	202,667	74,057	680,512
Current tax liabilities	2,034	0	1,973	567	568	5,142
Deferred tax liabilities	8,614	0	512	1,495	273	10,894
Accrued expenses and deferred income	98,938	13,340	37,625	13,713	22,485	186,101
Other liabilities	31,889	5,241	9,807	634	2,165	49,736
Provisions	4,271	0	0	0	550	4,821
Total liabilities	**5,001,530**	**2,528,462**	**609,940**	**4,001,704**	**1,867,444**	**14,009,080**
Total shareholders' equity (including minority interests)	**1,216,921**	**–18,347**	**86,816**	**–145**	**6,493**	**1,291,738**
Total balance sheet liabilities and shareholders' equity per 31.12.2009	**6,218,451**	**2,510,115**	**696,756**	**4,001,559**	**1,873,937**	**15,300,818**
Liabilities deriving from spot and forward forex transactions	1,178,594	1,490,303	441,352	2,841,176	853,392	6,804,817
Liabilities deriving from forex options	2,824	620,213	176,138	860,939	2,247,386	3,907,500
Total liabilities per 31.12.2009	**7,399,869**	**4,620,631**	**1,314,246**	**7,703,674**	**4,974,715**	**26,013,135**
Total liabilities per 31.12.2008	6,546,857	3,092,194	470,855	5,898,394	2,679,055	18,687,355
Net position per currency per 31.12.2009	**–366,142**	**131,869**	**23,581**	**219,057**	**–36,369**	**–28,004**
Net position per currency per 31.12.2008	–389,697	60,784	113,290	178,806	–23,485	–60,302

5.2 Market risks: currency risk - effect on profit and on equity

Currency			31.12.2009			31.12.2008
	Change in currency rate	Effect on profit	Effect on equity	Change in currency rate	Effect on profit	Effect on equity
	%	1,000 CHF	1,000 CHF	%	1,000 CHF	1,000 CHF
EUR	**+5**	**–4,153**	**2,072**	+5	–2,699	3,049
USD	**+5**	**26,030**	**1,624**	+5	5,894	1,608
GBP	**+5**	**–2,102**	**0**	+5	840	0

The analysis includes the most important foreign currencies for the Sarasin Group. If foreign currencies are assumed to fluctuate 5% and net positions in each currency were unchanged, it would produce the illustrated effects on the income statement and shareholders' equity. A negative value has a negative impact on the income statement or shareholders' equity, while a positive value results in a higher profit or an increase in shareholders' equity.

5.3 Market risks: interest rate risk – interest sensitivity

Currency			31.12.2009			31.12.2008
	Increase in basis points	Sensitivity income statement 1,000 CHF	Sensitivity of equity 1,000 CHF	Increase in basis points	Sensitivity income statement 1,000 CHF	Sensitivity of equity 1,000 CHF
CHF	**+100**	**–3,179**	**–14,198**	+100	–8,508	–18,343
EUR	**+100**	**–2,386**	**–2,307**	+100	–2,624	–927
USD	**+100**	**4,822**	**–2,228**	+100	1,264	0
GBP	**+100**	**–761**	**–1,006**	+100	471	0
JPY	**+100**	**186**	**0**	+100	127	0
Others	**+100**	**–2,541**	**–2,908**	+100	–563	0
Total		**–3,859**	**–22,647**		**–9,833**	**–19,270**

Currency			31.12.2009			31.12.2008
	Decrease in basis points	Sensitivity income statement 1,000 CHF	Sensitivity of equity 1,000 CHF	Decrease in basis points	Sensitivity income statement 1,000 CHF	Sensitivity of equity 1,000 CHF
CHF	**–100**	**941**	**14,708**	–100	1,264	19,626
EUR	**–100**	**751**	**2,028**	–100	2,624	944
USD	**–100**	**–1,303**	**1,980**	–100	–1,795	0
GBP	**–100**	**323**	**986**	–100	–471	0
JPY	**–100**	**–57**	**0**	–100	–167	0
Others	**–100**	**168**	**2,168**	–100	–335	0
Total		**823**	**21,870**		**1,120**	**20,570**

Interest sensitivity illustrates the impact of a parallel shift in the yield curve of ±100 basis points (bp). Other factors are not changed. The column “Interest sensitivity of the income statement” shows, for each currency, how net interest income would change if interest rates were to rise by 100 bp. In FY 2009, net interest income would have decreased by CHF 3.9 million (2008: decrease CHF 9.8 million). The column “Interest rate sensitivity of equity” shows the theoretical change in shareholders’ equity in response to the change in the cash value of financial investments available for sale and whose changes in value must be booked directly to shareholders’ equity. If interest rates increase by 100 bp, the change in shareholders’ equity comes to CHF –22.6 million as at 31 December 2009 (as at 31 December 2008: CHF –19.3 million).

5.4 Market risks: equity price risk

Market indices	31.12.2009		31.12.2008	
	Change in equity price basis points	Effect on equity 1 000 CHF	Change in equity price basis points	Effect on equity 1 000 CHF
SPI	**+10**	**8,111**	+10	10,948
FTSE 100	**+10**	**0**	+10	17
Euronext 100	**+10**	**1,278**	+10	1,539
S&P 500	**+10**	**0**	+10	0
Nikkei	**+10**	**0**	+10	0
Others	**+10**	**88**	+10	74

The share price risk is the risk that the fair value of the “Financial investments available for sale” can assume if stock market indexes fluctuate.

5.5 Credit risks: classification of assets and liabilities by domestic / foreign

1,000 CHF	31.12.2009 Domestic	31.12.2009 Foreign	31.12.2008 Domestic	31.12.2008 Foreign
Assets				
Cash and cash equivalents	**371,811**	**25**	435,188	48
Money market papers	**403,140**	**362,734**	204,306	154,236
Due from banks	**635,033**	**2,213,667**	744,734	3,337,363
Due from customers	**1,833,224**	**5,486,853**	1,178,522	4,024,952
Trading portfolio assets	**191,444**	**429,437**	168,920	183,289
Derivative financial instruments	**172,447**	**209,940**	102,111	321,673
Financial investments	**331,681**	**2,186,712**	388,001	881,818
Investments in associated companies	**37,057**	**1,522**	107,241	0
Property and equipment	**109,502**	**9,852**	116,110	13,337
Goodwill and other intangible assets	**113,095**	**32,460**	121,869	30,941
Current tax assets	**2**	**229**	31	15
Deferred tax assets	**218**	**7,611**	11,825	4,054
Accrued income and prepaid expenses	**45,480**	**102,464**	43,989	108,475
Other assets	**2,199**	**10,979**	13,165	10,673
Total assets	**4,246,333**	**11,054,485**	**3,636,012**	**9,070,874**
Liabilities				
Due to banks	**1,041,714**	**1,485,728**	491,983	843,999
Due to customers	**5,229,829**	**5,006,683**	4,441,959	4,041,298
Trading portfolio liabilities	**69,063**	**0**	92,022	0
Derivative financial instruments	**101,011**	**137,846**	167,237	230,331
Financial liabilities designated at fair value	**278,562**	**401,950**	927,144	0
Current tax liabilities	**2,034**	**3,108**	5,197	3,861
Deferred tax liabilities	**8,614**	**2,280**	7,421	2,132
Accrued expenses and deferred income	**102,704**	**83,397**	107,701	91,749
Other liabilities	**29,239**	**20,497**	40,851	13,345
Provisions	**4,271**	**550**	5,453	0
Total liabilities	**6,867,041**	**7,142,039**	**6,286,968**	**5,226,715**
Total shareholders' equity (including minority interests)	**1,216,287**	**75,451**	**1,169,615**	**23,588**
Total liabilities and shareholders' equity	**8,083,328**	**7,217,490**	**7,456,583**	**5,250,303**

5.6 Credit risks: classification of assets by country or group of countries

	31.12.2009		31.12.2008	
	1,000 CHF	%	1,000 CHF	%
Europe				
Switzerland	**4,246,333**	**27.8**	3,636,012	28.6
Netherlands	**1,629,548**	**10.7**	963,201	7.6
Great Britain	**907,073**	**5.9**	836,566	6.6
Germany	**1,705,235**	**11.1**	1,064,108	8.4
France	**662,613**	**4.3**	245,469	1.9
Luxembourg	**206,510**	**1.4**	147,061	1.2
Ireland	**142,553**	**0.9**	660,788	5.2
Rest of Europe	**350,298**	**2.3**	308,889	2.4
Total Europe	**9,850,163**	**64.4**	**7,862,094**	**61.9**
Overseas				
Singapore	**347,038**	**2.3**	1,204,119	9.5
South America	**193,112**	**1.3**	188,213	1.5
United States of America	**158,692**	**1.0**	87,068	0.7
Various overseas countries	**4,751,813**	**31.0**	3,365,392	26.5
Total Overseas	**5,450,655**	**35.5**	**4,844,792**	**38.1**
Total Assets	**15,300,818**	**100.0**	**12,706,886**	**100.0**

The classification is made according to the principle of the counterparties' domicile.

5.7 Credit risks: analysis of collateral

	Type of collateral			
1,000 CHF	Mortgage	Other	Unsecured	**Total**
Loans				
Due from customers, net of value adjustments	1,241,292	5,968,542	110,243	7,320,077
Of which mortgage loans				
– residential property	1,190,783	0	0	1,190,783
– office and business premises	50,509	0	0	50,509
Total loans per 31.12.2009	**1,241,292**	**5,968,542**	**110,243**	**7,320,077**
Total loans per 31.12.2008	697,568	4,449,151	56,755	5,203,474
Off-balance sheet				
Contingent liabilities	0	452,484	24,657	477,141
Irrevocable commitments	0	137,405	0	137,405
Other confirmed credits	0	0	0	0
Liabilities for calls on shares and other equities	0	0	116	116
Total off-balance sheet per 31.12.2009	**0**	**589,889**	**24,773**	**614,662**
Total off-balance sheet per 31.12.2008	0	415,207	4,509	419,716

5.8 Credit risks: total exposure to credit risk / breakdown by counterparty

1,000 CHF	Central banks	Banks	Public bodies	Private and institutional investment clients	Other	**31.12.2009**
Due from banks	582,083	2,173,891	92,726	0	0	**2,848,700**
Loans and advances	88,106	1,047,019	19,846	5,510,799	654,307	**7,320,077**
Debt instruments	1,102,420	1,674,569	76,358	385,692	791	**3,239,830**
Other assets	6,607	94,803	132	77,747	4,998	**184,287**
Derivative financial instruments	441	189,811	459	187,443	4,233	**382,387**
Subtotal	**1,779,657**	**5,180,093**	**189,521**	**6,161,681**	**664,329**	**13,975,281**
Contingent liabilities	22,840	95,671	27,968	309,588	5,958	**462,025**
Irrevocable commitments	0	0	4,880	20,518	0	**25,398**
Liabilities for calls on shares and other equities	0	0	0	724	0	**724**
Add-ons	207	95,184	84	36,244	366	**132,085**
Total credit risk exposure	**1,802,704**	**5,370,948**	**222,453**	**6,528,755**	**670,653**	**14,595,513**

1,000 CHF	Central banks	Banks	Public bodies	Private and institutional investment clients	Other	31.12.2008
Due from banks	384,408	3,611,991	85,698	0	0	4,082,097
Loans and advances	41,400	927,749	35,268	3,949,105	249,952	5,203,474
Debt instruments	361,037	765,722	7,901	473,470	883	1,609,013
Other assets	3,361	94,171	142	93,237	1,316	192,227
Derivative financial instruments	11,222	147,340	56,141	208,601	480	423,784
Subtotal	**801,428**	**5,546,973**	**185,150**	**4,724,413**	**252,631**	**11,510,595**
Contingent liabilities	18,317	142,205	2,105	223,477	6,417	392,521
Irrevocable commitments	0	4,547	4,353	1,813	0	10,713
Liabilities for calls on shares and other equities	0	0	0	743	0	743
Add-ons	130	29,364	664	43,871	147	74,176
Total credit risk exposure	**819,875**	**5,723,089**	**192,272**	**4,994,317**	**259,195**	**11,988,748**

The total credit risk in tables 5.8–5.11 is based on the calculation of capital backing for credit risks according to Basel II and may therefore differ from the balance sheet figures reported according to IFRS. The off-balance sheet positions in particular are weighted and reported with the relevant credit conversion factors. The allocation of the counterparty is based on the “Ultimate Risk” principle of the Swiss National Bank. Receivables are accordingly allocated to the sector in which the risk ultimately lies.

5.9 Credit risks: total exposure to credit risk / geographical credit risk

1,000 CHF	Switzerland	Europe	Middle East and Asia	Other	**31.12.2009**
Due from banks	908,891	1,626,929	292,166	20,714	**2,848,700**
Loans and advances	1,968,175	1,374,770	1,717,940	2,259,192	**7,320,077**
Debt instruments	693,967	2,219,095	175,014	151,754	**3,239,830**
Other assets	110,771	38,155	32,007	3,354	**184,287**
Derivative financial instruments	173,787	169,259	19,409	19,932	**382,387**
Subtotal	**3,855,591**	**5,428,208**	**2,236,536**	**2,454,946**	**13,975,281**
Contingent liabilities	169,749	140,803	62,780	88,693	**462,025**
Irrevocable commitments	24,623	0	775	0	**25,398**
Liabilities for calls on shares and other equities	724	0	0	0	**724**
Add-ons	31,955	58,419	35,687	6,024	**132,085**
Total credit risk exposure	**4,082,642**	**5,627,430**	**2,335,778**	**2,549,663**	**14,595,513**

1,000 CHF	Switzerland	Europe	Middle East and Asia	Other	31.12.2008
Due from banks	833,625	2,024,952	1,215,579	7,941	4,082,097
Loans and advances	1,225,943	1,280,296	1,184,729	1,512,506	5,203,474
Debt instruments	514,127	1,020,110	15,293	59,483	1,609,013
Other assets	118,794	25,818	41,421	6,194	192,227
Derivative financial instruments	184,880	128,585	27,844	82,475	423,784
Subtotal	**2,877,369**	**4,479,761**	**2,484,866**	**1,668,599**	**11,510,595**
Contingent liabilities	88,399	166,173	83,019	54,930	392,521
Irrevocable commitments	5,636	2,119	2,942	16	10,713
Liabilities for calls on shares and other equities	743	0	0	0	743
Add-ons	15,026	44,686	5,424	9,040	74,176
Total credit risk exposure	**2,987,173**	**4,692,739**	**2,576,251**	**1,732,585**	**11,988,748**

The allocation of the credit risk is based on the "Ultimate Risk" principle of the Swiss National Bank. Receivables are accordingly allocated to the country in which the risk ultimately lies.

5.10 Credit risks: credit risk mitigation

1,000 CHF	Covered by recognized financial collateral or repos	Covered by guarantees	Covered by real securities	Other credit commit-ments	Not covered by recognized financial collateral in accordance with Basel II	**31.12.2009**
Due from banks	848,937	92,726	0	0	1,907,037	**2,848,700**
Loans and advances	5,134,825	234,556	954,165	210,641	785,890	**7,320,077**
Debt instruments	0	0	0	0	3,239,830	**3,239,830**
Other assets	7,755	2,818	19	18	173,677	**184,287**
Derivative financial instruments	257,735	0	0	2	124,650	**382,387**
Subtotal	**6,249,252**	**330,100**	**954,184**	**210,661**	**6,231,084**	**13,975,281**
Contingent liabilities	337,445	156	1,997	426	122,001	**462,025**
Irrevocable commitments	1,729	0	6,000	0	17,669	**25,398**
Liabilities for calls on shares and other equities	0	0	0	0	724	**724**
Add-ons	53,490	0	0	5	78,590	**132,085**
Total credit risk exposure	**6,641,916**	**330,256**	**962,181**	**211,092**	**6,450,068**	**14,595,513**

1,000 CHF	Covered by recognized financial collateral or repos	Covered by guarantees	Covered by real securities	Other credit commit-ments	Not covered by recognized financial collateral in accordance with Basel II	31.12.2008
Due from banks	893,917	85,698	0	0	3,102,482	4,082,097
Loans and advances	3,831,321	169,035	504,702	8,601	689,815	5,203,474
Debt instruments	0	0	0	0	1,609,013	1,609,013
Other assets	11,372	2,933	6	19	177,897	192,227
Derivative financial instruments	171,395	0	0	339	252,050	423,784
Subtotal	**4,908,005**	**257,666**	**504,708**	**8,959**	**5,831,257**	**11,510,595**
Contingent liabilities	262,306	22,148	20	521	107,526	392,521
Irrevocable commitments	3,418	2,395	0	0	4,900	10,713
Liabilities for calls on shares and other equities	0	0	0	0	743	743
Add-ons	39,537	0	0	51	34,588	74,176
Total credit risk exposure	**5,213,266**	**282,209**	**504,728**	**9,531**	**5,979,014**	**11,988,748**

Sarasin applies the comprehensive approach to capital adequacy of the Basel Committee on Banking Supervision (Basel II), under which securities are reported net, after deduction of so-called “haircuts”. Credit exposures are stated using netting based on accounting practice. The credit risk for derivative financial instruments is calculated using the market value method.

5.11 Credit risks: Credit quality per class of financial assets

1,000 CHF	Neither past due nor impaired: AAA to AA	A to BBB	BB to C	Without external rating	Book value of impaired loans	31.12.2009
Due from banks	1,390,528	1,298,932	0	154,402	4,838	**2,848,700**
Loans and advances	0	0	0	7,309,331	10,746	**7,320,077**
Debt instruments	2,306,377	569,212	94	364,147	0	**3,239,830**
Other assets	9,400	8,814	0	166,073	0	**184,287**
Derivative financial instruments	46,406	54,513	0	281,468	0	**382,387**
Subtotal	**3,752,711**	**1,931,471**	**94**	**8,275,421**	**15,584**	**13,975,281**
Contingent liabilities	0	0	0	462,025	0	**462,025**
Irrevocable commitments	0	0	0	25,398	0	**25,398**
Liabilities for calls on shares and other equities	0	0	0	724	0	**724**
Add-ons	44,995	32,482	0	54,608	0	**132,085**
Total credit risk exposure	**3,797,706**	**1,963,953**	**94**	**8,818,176**	**15,584**	**14,595,513**

1,000 CHF	Neither past due nor impaired: AAA to AA	A to BBB	BB to C	Without external rating	Book value of impaired loans	31.12.2008
Due from banks	3,010,442	959,274	0	105,950	6,431	4,082,097
Loans and advances	0	0	0	5,200,216	3,258	5,203,474
Debt instruments	1,219,873	140,135	274	248,731	0	1,609,013
Other assets	20,351	14,506	0	157,370	0	192,227
Derivative financial instruments	103,169	7,723	0	312,892	0	423,784
Subtotal	**4,353,835**	**1,121,638**	**274**	**6,025,159**	**9,689**	**11,510,595**
Contingent liabilities	0	0	0	392,521	0	392,521
Irrevocable commitments	0	0	0	10,713	0	10,713
Liabilities for calls on shares and other equities	0	0	0	743	0	743
Add-ons	26,177	3,482	0	44,517	0	74,176
Total credit risk exposure	**4,380,012**	**1,125,120**	**274**	**6,473,653**	**9,689**	**11,988,748**

Amounts due from clients are allocated to the rating category “without external rating” or to non-performing loans (past due or impaired). A loan is to be qualified as non-performing as soon as interest payments remain outstanding for more than 90 days and/or evidence exists to suggest that loan repayment could be in jeopardy. Indicators of a threat to loan repayment can include:

– Outstanding capital repayments
– Outstanding interest payments
– Credit limit overrun for more than 90 days
– Probable longer-term suspension in the trading of a security, where this suspension calls the valuation of the security into question
– Negative operating performance figures in respect of liquidity, profitability and/or internal financing level in the case of unlisted securities
– Failure to honour agreements in the case of unsecured loans
– Where applicable, qualitative indicators such as client reputation

The calculation of equity required by Basel II rules on capital adequacy are based on the long-term ratings of the credit rating agencies Moody’s and Standard & Poor’s.

5.12 Credit risks: Aging analysis of past due but not impaired loans per class of financial assets

1,000 CHF	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	**31.12.2009**
Due from banks	0	0	0	0	**0**
Loans and advances	0	0	0	0	**0**
Mortgages	0	0	0	0	**0**
Due from customers	0	0	0	0	**0**
Total	**0**	**0**	**0**	**0**	**0**

1,000 CHF	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	31.12.2008
Due from banks	0	0	0	0	0
Loans and advances	0	0	0	0	0
Mortgages	0	0	0	0	0
Due from customers	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

The table shows the assets that are overdue but not impaired on the reporting date. As at 31.12.2009, there are no financial investments that are overdue or impaired and whose conditions have been renegotiated.

5.13 Credit risks: Presentation of impaired loans to clients by geographical area

		31.12.2009		31.12.2008
1,000 CHF	Impaired loans to clients (gross)	Individual value adjustments	Impaired loans to clients (gross)	Individual value adjustments
Switzerland	234	207	317	290
Europe	1,347	897	0	0
Middle East and Asia	12,152	2,680	5,168	2,889
Others	1,644	849	2,007	1,055
Total	**15,377**	**4,633**	**7,492**	**4,234**

The figures are stated in accordance with the Swiss National Bank’s domicile principle. Lending to customers includes amounts due from clients and mortgage obligations.

5.14 Liquidity risks: maturity structure of balance sheet

1,000 CHF	At sight	Callable	Maturities Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	31.12.2009
Assets							
Cash and cash equivalents	371,836	0	0	0	0	0	**371,836**
Money market papers	3,140	0	624,717	138,017	0	0	**765,874**
Due from banks	1,652,920	15,327	693,771	316,077	118,599	52,006	**2,848,700**
Due from customers	392,425	0	5,140,087	1,125,823	551,306	110,436	**7,320,077**
Trading portfolio assets	618,360	0	236	311	1,855	119	**620,881**
Derivative financial instruments	382,387	0	0	0	0	0	**382,387**
Financial investments	223,674	0	202,901	339,519	1,607,399	144,900	**2,518,393**
Investments in associated companies	0	0	0	0	0	38,579	**38,579**
Property and equipment	0	0	0	0	0	119,354	**119,354**
Goodwill and other intangible assets	0	0	0	0	0	145,555	**145,555**
Current tax assets	231	0	0	0	0	0	**231**
Deferred tax assets	7,829	0	0	0	0	0	**7,829**
Accrued income and prepaid expenses	147,944	0	0	0	0	0	**147,944**
Other assets	13,178	0	0	0	0	0	**13,178**
Total assets	**3,813,924**	**15,327**	**6,661,712**	**1,919,747**	**2,279,159**	**610,949**	**15,300,818**
Liabilities							
Due to banks	594,695	192,051	1,317,092	260,643	162,961	0	**2,527,442**
Due to customers	4,627,121	1,437,087	3,213,594	891,726	66,984	0	**10,236,512**
Trading portfolio liabilities	69,063	0	0	0	0	0	**69,063**
Derivative financial instruments	238,857	0	0	0	0	0	**238,857**
Financial liabilities designated at fair value	0	0	48,570	321,690	219,835	90,417	**680,512**
Current tax liabilities	4,686	0	0	0	0	456	**5,142**
Deferred tax liabilities	6,332	0	0	0	0	4,562	**10,894**
Accrued expenses and deferred income	186,101	0	0	0	0	0	**186,101**
Other liabilities	49,736	0	0	0	0	0	**49,736**
Provisions	4,821	0	0	0	0	0	**4,821**
Total liabilities	**5,781,412**	**1,629,138**	**4,579,256**	**1,474,059**	**449,780**	**95,435**	**14,009,080**
Total shareholders' equity (including minority interests)	**37,807**	**0**	**0**	**0**	**0**	**1,253,931**	**1,291,738**
Total liabilities and shareholders' equity	**5,819,219**	**1,629,138**	**4,579,256**	**1,474,059**	**449,780**	**1,349,366**	**15,300,818**

1,000 CHF	At sight	Callable	Maturities Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	31.12.2008
Assets							
Cash and cash equivalents	435,236	0	0	0	0	0	435,236
Money market papers	3,220	0	355,322	0	0	0	358,542
Due from banks	1,091,575	36,847	2,077,417	330,372	487,473	58,413	4,082,097
Due from customers	889,115	735	2,578,371	1,142,823	549,400	43,030	5,203,474
Trading portfolio assets	346,946	0	684	89	3,160	1,330	352,209
Derivative financial instruments	423,784	0	0	0	0	0	423,784
Financial investments	283,174	0	50,309	147,731	601,032	187,573	1,269,819
Investments in associated companies	0	0	0	0	0	107,241	107,241
Property and equipment	0	0	0	0	0	129,447	129,447
Goodwill and other intangible assets	0	0	0	0	0	152,810	152,810
Current tax assets	46	0	0	0	0	0	46
Deferred tax assets	15,879	0	0	0	0	0	15,879
Accrued income and prepaid expenses	152,464	0	0	0	0	0	152,464
Other assets	23,838	0	0	0	0	0	23,838
Total assets	**3,665,277**	**37,582**	**5,062,103**	**1,621,015**	**1,641,065**	**679,844**	**12,706,886**
Liabilities							
Due to banks	358,052	31,352	591,752	107,905	246,921	0	1,335,982
Due to customers	2,792,246	1,874,972	2,946,197	869,662	180	0	8,483,257
Trading portfolio liabilities	92,022	0	0	0	0	0	92,022
Derivative financial instruments	397,568	0	0	0	0	0	397,568
Financial liabilities designated at fair value	0	0	125,734	299,893	404,363	97,154	927,144
Current tax liabilities	8,021	0	0	0	0	1,037	9,058
Deferred tax liabilities	4,310	0	0	0	0	5,243	9,553
Accrued expenses and deferred income	199,450	0	0	0	0	0	199,450
Other liabilities	54,196	0	0	0	0	0	54,196
Provisions	5,453	0	0	0	0	0	5,453
Total liabilities	**3,911,318**	**1,906,324**	**3,663,683**	**1,277,460**	**651,464**	**103,434**	**11,513,683**
Total shareholders' equity (including minority interests)	**94,716**	**0**	**0**	**0**	**0**	**1,098,487**	**1,193,203**
Total liabilities and shareholders' equity	**4,006,034**	**1,906,324**	**3,663,683**	**1,277,460**	**651,464**	**1,201,921**	**12,706,886**

5.15 Liquidity risks: maturity structure of off-balance sheet

1,000 CHF	At sight	Callable	Maturities Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	31.12.2009
Contingent liabilities	56,993	0	78,079	260,916	70,594	10,560	**477,142**
Irrevocable commitments	17,729	0	4,551	74,228	40,897	0	**137,405**
Liabilities for calls on shares and other equities	116	0	0	0	0	0	**116**
Confirmed credit	0	0	0	0	0	0	**0**
Derivative financial instruments	0	0	9,612,972	4,594,506	1,263,717	20,433	**15,491,628**
Fiduciary transactions	3,481,384	0	1,209,436	201,139	271,713	0	**5,163,672**
Total	**3,556,222**	**0**	**10,905,038**	**5,130,789**	**1,646,921**	**30,993**	**21,269,963**

1,000 CHF	At sight	Callable	Maturities Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	31.12.2008
Contingent liabilities	31,388	0	7,901	135,201	210,617	8,860	393,967
Irrevocable commitments	10,124	0	2,157	4,834	8,515	0	25,630
Liabilities for calls on shares and other equities	119	0	0	0	0	0	119
Confirmed credit	0	0	0	0	0	0	0
Derivative financial instruments	0	0	5,365,415	2,206,249	311,786	0	7,883,450
Fiduciary transactions	3,788,485	0	1,767,822	218,369	283,195	0	6,057,871
Total	**3,830,116**	**0**	**7,143,295**	**2,564,653**	**814,113**	**8,860**	**14,361,037**

5.16 Liquidity risks: analysis of financial liabilities by remaining contractual maturities

1,000 CHF	At sight or callable	Within 3 months	3 to 12 months	1 to 5 years	Maturities Over 5 years	**31.12.2009**
Liabilities						
Due to banks	786,746	1,322,078	270,866	182,245	0	**2,561,935**
Due to customers	6,064,208	3,218,698	895,998	67,466	0	**10,246,370**
Trading portfolio liabilities[1]	69,063	0	0	0	0	**69,063**
Financial liabilities designated at fair value	0	51,527	332,289	225,152	90,417	**699,385**
Total undiscounted financial liabilities per 31.12.2009	**6,920,017**	**4,592,303**	**1,499,153**	**474,863**	**90,417**	**13,576,753**

The table summarises the maturity profile of the liabilities. The interest payments due over the term are contained in the corresponding maturities. The values are based on liabilities that have not been discounted.

1,000 CHF	At sight or callable	Within 3 months	3 to 12 months	1 to 5 years	Maturities Over 5 years	31.12.2008
Liabilities						
Due to banks	389,404	598,293	120,380	277,991	0	1,386,068
Due to customers	4,667,218	2,960,972	880,512	185	0	8,508,887
Trading portfolio liabilities[1]	92,022	0	0	0	0	92,022
Financial liabilities designated at fair value	0	132,550	323,176	429,045	97,154	981,925
Total undiscounted financial liabilities per 31.12.2008	**5,148,644**	**3,691,815**	**1,324,068**	**707,221**	**97,154**	**10,968,902**

[1] Since trading portfolios are purchased or entered into with the intention of selling them or repurchasing them in the short term, they are classified as “at sight”.

6. Segment reporting

The Sarasin Group is reporting on the basis of five segments “Private Banking”, “Trading & Family Offices”, “Asset Management, Products & Sales”, “bank zweiplus” and “Corporate Center”.

The Private Banking segment is responsible for the acquisition, service and support of customers in the global private clients business.
Organised along the lines of target markets in specific geographic regions, the business extends to all the private clients served from the Bank’s Swiss locations in Basel, Berne, Geneva, Lugano and Zurich, as well as by its subsidiaries in Europe (Austria, Germany, Ireland, Poland, Spain and the UK), the Middle East (Dubai, Qatar and Oman) and Asia (Hong Kong, India and Singapore). The business segment is jointly managed by Eric G. Sarasin and Fidelis M. Goetz. On 31 December 2009, Private Banking had a headcount of 619 employees (full-time equivalents).

The Trading & Family Offices segment handles the provision of advice to family offices and external asset managers at all Sarasin Group locations. It also looks after all securities transactions on behalf of the Bank’s clients and monitors Sarasin’s liquidity and proprietary trading. The Trading & Family Offices segment is managed by Peter Wild and on 31 December 2009 had a headcount of 86 employees (full-time equivalents).

The Asset Management, Products & Sales segment provides services to institutional clients and distribution partners in the wholesale area at all the Sarasin Group’s locations. It also brings together investment and research expertise, as well as product development. The fund management companies are therefore organised under this business segment. The APS segment is managed by the Chief Investment Officer (CIO), Burkhard P. Varnholt. On 31 December 2009 the Asset Management Products & Sales segment had a headcount of 296 employees (full-time equivalents).

bank zweiplus reports as an autonomous segment and has its head office in Zurich customer centres in Basel and Zurich. It positions itself as a leading independent product and settlement platform for clients of independent financial advisors, asset managers and life insurance companies, as well as for direct clients in the retail and affluent segment. Its offering includes bespoke financial solutions with no vested interests and independent of a specific investment sum. Bank Sarasin is majority shareholder of bank zweiplus with a stake of 57.5%. Operations are headed by Marco Weber, CEO of bank zweiplus. On 31 December 2009, bank zweiplus had a headcount of 135 employees (full-time equivalents).

The Corporate Center segment includes internal support functions in the areas of Logistics (IT, Operations and Services) on the one hand, and the staff functions at the level of the Board of Directors and Executive Committee (Group Internal Audit, Corporate Communications, Corporate Marketing, Legal & Compliance, Human Resources, Accounting & Tax, Controlling, Risk Office, Credit und Corporate Finance) on the other. Peter Sami manages the Logistics division. The Corporate Center division is managed by the Bank’s Chief Financial Officer (CFO), Matthias Hassels. On 31 December 2009, the Corporate Center segment had a headcount of 421 full-time employees (full-time equivalents). All income and expenditure that are not directly connected with front office operation activities of the Bank as a whole are reported in the Corporate Center segment, as are all consolidation items.

Business segment reporting

2009

1,000 CHF	Private Banking	Trading & Family Offices	Asset Manage-ment, Products & Sales	bank zweiplus	Corporate Center	**Sarasin Group**
Net interest income	78,842	29,892	2,330	3,240	16,372	130,676
Results from commission and service fee activities, trading operations and other ordinary results	232,123	67,054	167,092	60,848	16,135	543,252
Operating income	**310,965**	**96,946**	**169,422**	**64,088**	**32,507**	**673,928**
Personnel expenses	161,196	23,219	75,091	21,985	77,350	358,841
General administrative expenses	37,396	5,045	20,080	9,849	55,631	128,001
Services from / to other segments	71,893	9,236	22,151	19,216	–122,496	0
Operating expenses	**270,485**	**37,500**	**117,322**	**51,050**	**10,485**	**486,842**
Operating profit	**40,480**	**59,446**	**52,100**	**13,038**	**22,022**	**187,086**
Depreciation and amortisation	4,514	61	2,156	1,599	24,690[1]	33,020
Value adjustments, provisions and losses	5,737	1,388	37	1,317	69,191[2]	77,670
Profit before taxes per segment	**30,229**	**57,997**	**49,907**	**10,122**	**–71,859**	**76,396**
Taxes						24,868
Group result including minority interests						**51,528**
Minority interests						13,721
Group result excluding minority interests						37,807

31.12.2009

Segment assets	11,437,223	1,009,746	201,400	806,006	1,846,443	15,300,818
Segment liabilities	8,124,221	1,032,053	2,132,374	700,674	2,019,758	14,009,080
Investments	2,879	0	0	565	11,574	15,018
Assets under management (million CHF)	42,880	8,221	28,409	6,205	7,982	93,697
Number of employees (full-time equivalents)	618.5	85.8	295.8	135.3	421.4	1,556.8

[1] The goodwill impairment loss of CHF 4.4 million at Sarasin Colombo Gestioni Patrimoniali SA is recognised in “Amortisation of intangible assets”.

[2] An impairment loss of CHF 70.2 million at NZB is recognised in “Value adjustments, provisions and losses”.

2008

1,000 CHF	Private Banking	Trading & Family Offices	Asset Management, Products & Sales	bank zweiplus	Corporate Center	**Sarasin Group**
Net interest income	58,528	31,297	6,515	5,612	26,605	128,557
Results from commission and service fee activities, trading operations and other ordinary results	256,774	46,910	151,187	38,569	55,147	548,587
Operating income	**315,302**	**78,207**	**157,702**	**44,181**	**81,752**	**677,144**
Personnel expenses	138,645	18,614	80,101	13,104	73,709	324,173
General administrative expenses	37,889	4,987	25,099	13,366	59,235	140,576
Services from / to other segments	77,895	7,687	4,962	8,854	–99,398	0
Operating expenses	**254,429**	**31,288**	**110,162**	**35,324**	**33,546**	**464,749**
Operating profit	**60,873**	**46,919**	**47,540**	**8,857**	**48,206**	**212,395**
Depreciation and amortisation	2,445	72	2,929	629	17,499	23,574
Value adjustments, provisions and losses	4,687	0	0	1,254	74,742	80,683
Profit before taxes per segment	**53,741**	**46,847**	**44,611**	**6,974**	**–44,035**	**108,138**
Taxes						1,307
Group result including minority interests						**106,831**
Minority interests						12,115
Group result excluding minority interests						94,716

31.12.2008

Segment assets	9,501,922	1,016,183	270,491	787,722	1,130,568	12,706,886
Segment liabilities	7,474,174	826,682	1,427,525	687,698	1,097,604	11,513,683
Investments	15,161	0	0	72,380	54,771	142,312
Assets under management (million CHF)	30,713	5,745	21,295	5,810	6,116	69,679
Number of employees (full-time equivalents)	577.7	81.3	300.2	136.6	441.2	1,537.0

The net income from associates amounted to minus CHF 0.1 million (CHF 4.6 million). The carrying amount of the associates, which is presented within the segment assets, is CHF 38.6 million (CHF 107.2 million). They are included in the Corporate Center.

Restatement of the segment information in the 2008 annual report

The current annual financial statements present a new segment, Trading & Family Offices, which in the 2008 annual report was included in Asset Management, Products & Sales. The following changes have been made to the accounting policies in order to improve the usefulness of the reporting or meet new IFRS requirements:

- Net interest income is presented separately.
- Service transactions between the segments are presented separately. These were previously included in general administrative expenses and in depreciation and amortisation.
- The gross margin on assets under management is now presented on the basis of average assets calculated from month-end amounts (previously half-yearly amounts).
- Double-counted assets under management (Sarasin investment funds, Sarasin investment foundations, money market instruments from structured products, fiduciary investments) are no longer allocated to the segments, but remain in the Corporate Center.

The 2008 information was restated to reflect the new segment structure as at 31 December 2009. This resulted in the following reclassifications: The 2008 annual financial statements included four segments: “Private Banking”, “Asset Management, Products & Sales”, “bank zweiplus” and “Corporate Center”. To facilitate comparison with the previous year, “Trading” and “Institutional Advisory” have been removed from the “Asset Management, Products & Sales” segment and presented as a new “Trading & Family Offices” segment. In addition, “Trading” is now allocated the net treasury income/expense originally presented within “Corporate Center”. The “Trading” sub-segment has also been extended to include the business unit “Guernsey”, which mainly performs treasury functions and was presented in the 2008 annual report under “Asset Management, Products & Sales”. Due to the partial disposal of UFG-Sarasin SA, Paris, this company is shown within “Corporate Center”. In the 2008 annual report, it was presented under “Asset Management, Products & Sales”, sub-segment “Institutional Clients”. Sarasin Colombo Gestioni Patrimoniali SA in Lugano is also presented within “Corporate Center”. On 12 February 2010 Sarasin Colombo Gestioni Patrimoniali SA was sold. Since the plan to sell this business already existed at the end of 2009, this entity is listed under the Corporate Center (previously part of Private Banking). In 2008, the effect on gross profit was CHF 3.2 million and the effect on the segment result CHF 2.5 million.

Geographical details on segment reporting

31.12.2009

1,000 CHF	Switzerland	Europe (excluding Switzerland)	Asia and Middle East	Other	Consolidation and elimination	**Sarasin Group**
Operating income (2009)	467,576	107,045	99,307	0	0	**673,928**
Segment assets	12,035,079	2,610,642	3,754,131	0	–3,099,034	**15,300,818**
Investments	12,139	1,959	920	0	0	**15,018**

31.12.2008

1,000 CHF	Switzerland	Europe (excluding Switzerland)	Asia and Middle East	Other	Consolidation and elimination	Sarasin Group
Operating income (2008)	457,205	119,657	100,282	0	0	677,144
Segment assets	9,753,663	2,801,603	3,614,158	0	–3,462,538	12,706,886
Investments	127,118	4,383	10,811	0	0	142,312

The geographical segment reporting is based on the location of operations.

7. Other information

7.1 Capital management and regulatory capital requirements

Capital management

The bank pursues active and carefully targeted capital management which not only complies with legal requirements, but also takes into account Sarasin's internal goals and the interests of clients and shareholders. Sarasin is committed to providing clients with an adequate degree of security in their banking relations with the Sarasin Group. At the same time the shareholders should participate in the Bank's success through the creation of value-added and a consistent dividend policy. When managing the Bank's capital not only is the need for equity checked to cover the banking risks (see the section on Risk Management, p.52 onwards), but also the available resources which support the Bank's sustainable growth and safeguard the creditworthiness are taken into account. For risk management purposes forecasts on the development of capital adequacy are compiled.

Capital requirements

The disclosure of the information required by FINMA Circular 2008/22 is provided in the Risk Management section (page 136 onwards), in the annex tables 5.8–5.13, as well as in this section. The information is based on Basel II regulations. To calculate the capital requirements for credit risks, market risks and operational risks, banks can choose from a number of different approaches under Basel II. Bank Sarasin uses the Swiss Standardised Approach (SA-CH) for credit risks, the standardised method for market risks and the basic indicator approach for operational risks.

million CHF	**31.12.2009** Weighted positions	31.12.2008 Weighted positions
Total risk-weighted positions	**6,338**	**6,066**
Capital resources: Tier 1	**1,036**	924
BIS Tier 1 ratio[1]	**16.3%**	**15.2%**

For both 2007 and the current reporting period, the scope of consolidation used for calculating capital is identical to that applied when compiling the consolidated financial statements. For more details on the scope of consolidation and any changes to it, please refer to note 7.4. There are no restrictions that would prevent the transfer of funds or own resources within the Sarasin Group. According to Basel II the core capital must amount to at least 4% and the total capital at least 8% of the risk-weighted assets. Bank Sarasin's target for its core capital ratio is within a range of 12% to 14%. Both the total capital and core capital of the Sarasin Group have at all times significantly exceeded the minimum requirements stipulated by BIS and FINMA. The eligible assets of the Bank Sarasin Group exclusively comprise core capital.

Capital ratios

The increase in risk-weighted assets was disproportionately lower compared with the nominal values as a result of higher eligible securities. On 31 December 2009, the core capital amounted to CHF 1.0 billion, compared with CHF 0.9 in the previous year. This increase is mainly attributable to the COTO transaction to bolster equity, the recovery in the value of financial investments available for sale and the retained profits. The BIS Tier-1 ratio therefore rises from 15.2% to 16.3%.

[1] The calculation is based on the Swiss Standardised Approach (SA-CH).

Capital adequacy – risk weighted assets (BIS)

1,000 CHF	Approach used	31.12.2009 Risk weighted position	31.12.2009 Capital requirement	31.12.2008 Risk weighted position	31.12.2008 Capital requirement
Required equity					
Credit risk	CH-Standard	**3,426,725**	**274,138**	**3,114,925**	**249,194**
Of which price risk relating to equity-type securities in the banking book			**42,998**		46,968
Non-counterparty-related risks	CH-Standard	**464,500**	**37,160**	**528,663**	**42,293**
Market risk	Standard	**1,256,200**	**100,496**	**1,282,962**	**102,637**
Of which on interest-rate instruments (general and specific market risk)	Standard		**1,568**		1,017
Of which equity-type securities	Standard		**15,562**		33,730
Of which on currencies and precious metals	Standard		**79,821**		60,448
Of which on commodities	Standard		**2,446**		4,890
Operational risk	Basis indicator	**1,190,275**	**95,222**	**1,139,700**	**91,176**
Total required equity		**6,337,700**	**507,016**	**6,066,250**	**485,300**
Eligible equity					
Cross core capital			**1,288,367**		**1 158,721**
Of which minority shareholdings			**50,949**		46,364
Of which “innovative” instruments			**0**		0
– less other components to be deducted from core capital (goodwill and non-consolidated participations)			**–252,248**		–234,811
Total eligible core capital			**1,036,119**		**923,910**
+ Supplementary capital and additional capital			**0**		0
– less other deductions from supplementary capital, from additional capital and from total capital			**0**		0
Total eligible capital			**1,036,119**		**923,910**
Ratio of eligible / required equity			**2.04**		**1.90**

The next table provides an overview of the credit risks by risk weighting classes in accordance with Basel II. The allocation of loans to the risk weightings depends on the type of loan and on the current rating of the counterparty or the issue rating of the financial investment. The covered part of the loans is allocated to the column with a zero risk weighting, as no capital is required to cover this part of the lending.

Segmentation of credit risks according to Basel II

1,000 CHF	0%	25%	35%	50%	75%	100%	125%	150%	250%	1,250%	**31.12.2009**
Due from banks	849,059	1,570,529	0	427,484	0	1,627	0	1	0	0	**2,848,700**
Loans and advances	5,340,591	21,919	815,530	209,740	150,825	720,773	0	60,699	0	0	**7,320,077**
Debt instruments	1,096,387	1,478,344	0	358,780	0	56,394	194,595	0	36,701	18,629	**3,239,830**
Other assets	14,136	92,067	16	2,843	356	74,822	0	0	47	0	**184,287**
Derivative financial instruments	257,737	81,578	0	27,443	874	14,755	0	0	0	0	**382,387**
Subtotal	**7,557,910**	**3,244,437**	**815,546**	**1,026,290**	**152,055**	**868,371**	**194,595**	**60,700**	**36,748**	**18,629**	**13,975,281**
Contingent liabilities	337,870	1,626	1,997	14	774	119,744	0	0	0	0	**462,025**
Irrevocable commitments	1,729	4,880	0	0	6,000	12,789	0	0	0	0	**25,398**
Liabilities for calls on shares and other equities	0	0	0	0	0	724	0	0	0	0	**724**
Add-ons	53,495	57,655	0	9,481	360	11,094	0	0	0	0	**132,085**
Total credit risk exposure	**7,951,004**	**3,308,598**	**817,543**	**1,035,785**	**159,189**	**1,012,722**	**194,595**	**60,700**	**36,748**	**18,629**	**14,595,513**

1,000 CHF	0%	25%	35%	50%	75%	100%	125%	150%	250%	1,250%	**31.12.2008**
Due from banks	900,684	2,736,696	0	441,500	0	3,217	0	0	0	0	4,082,097
Loans and advances	3,884,193	14,238	442,896	151,362	99,860	603,343	0	7,582	0	0	5,203,474
Debt instruments	350,280	783,563	0	156,275	8	18,646	257,637	0	25,129	17,475	1,609,013
Other assets	36,054	87,711	6	2,947	1,199	63,999	0	10	301	0	192,227
Derivative financial instruments	171,912	113,798	0	1,929	4,374	131,771	0	0	0	0	423,784
Subtotal	**5,343,123**	**3,736,006**	**442,902**	**754,013**	**105,441**	**820,976**	**257,637**	**7,592**	**25,430**	**17,475**	**11,510,595**
Contingent liabilities	262,827	1,480	20	22,148	2,523	103,523	0	0	0	0	392,521
Irrevocable commitments	3,418	4,353	0	2,395	0	547	0	0	0	0	10,713
Liabilities for calls on shares and other equities	0	0	0	0	0	743	0	0	0	0	743
Add-ons	39,588	28,158	0	599	855	4,976	0	0	0	0	74,176
Total credit risk exposure	**5,648,956**	**3,769,997**	**442,922**	**779,155**	**108,819**	**930,765**	**257,637**	**7,592**	**25,430**	**17,475**	**11,988,748**

7.2 Financial Instruments

Fair value of financial instruments

The following table shows the fair value of financial instruments based on the valuation methods and assumptions described below. Fair value is the amount for which assets could be exchanged or liabilities honoured between knowledgeable, unconnected third parties wishing to conclude a contract. The Sarasin Group uses the market price whenever an active market (eg a recognised stock exchange) exists because it is the best indicator of the fair value of financial instruments.

1,000 CHF	**31.12.2009** Carrying value	**31.12.2009** Fair Value	**Variance**	31.12.2008 Carrying value	31.12.2008 Fair Value	Variance
Assets						
Cash and cash equivalents	**371,836**	**371,836**	0	435,236	435,236	0
Money market papers	**765,874**	**765,232**	–642	358,542	359,101	559
Due from banks	**2,848,700**	**2,871,665**	22,965	4,082,097	4,094,996	12,899
Due from customers	**7,320,077**	**7,394,512**	74,435	5,203,474	5,269,477	66,003
Trading portfolio assets	**620,881**	**620,881**	0	352,209	352,209	0
Derivative financial instruments	**382,387**	**382,387**	0	423,784	423,784	0
Financial investments designated at fair value	**489,920**	**489,920**	0	229,979	229,979	0
Financial investments available for sale	**2,028,473**	**2,028,473**	0	1,039,840	1,039,840	0
Subtotal	**14,828,148**	**14,924,906**	**96,758**	**12,125,161**	**12,204,622**	**79,461**
Liabilities						
Due to banks	**2,527,442**	**2,551,703**	–24,261	1,335,982	1,412,685	–76,703
Due to customers	**10,236,512**	**10,242,532**	–6,020	8,483,257	8,491,601	–8,344
Trading portfolio liabilities	**69,063**	**69,063**	0	92,022	92,022	0
Derivative financial instruments	**238,857**	**238,857**	0	397,568	397,568	0
Financial liabilities designated at fair value	**680,512**	**680,512**	0	927,144	927,144	0
Subtotal	**13,752,386**	**13,782,667**	**–30,281**	**11,235,973**	**11,321,020**	**–85,047**
Total variance			**66,477**			**–5,586**

The following valuation methods are used to determine the fair value of on-balance sheet financial instruments:

Short-term financial instruments

Financial instruments with a maturity or refinancing profile of one year or less are generally classified as short term. They may fall into any of the following balance sheet categories: “cash and other liquid assets”, “money market investments”, “money market liabilities” and, depending on the maturity, “due from banks”, “due from customers”, “due to banks” and “due to customers”. In the case of short-term financial instruments that do not have a published market value on a recognised stock exchange or a representative market (hereinafter market value), the carrying value essentially corresponds to the fair value.

Long-term financial instruments

These instruments, which may fall into the categories of claims on and liabilities to banks and customers, medium-term notes or loans, have a maturity or a refinancing profile of over one year. If the interest rate or the flow of payments is not determined in advance, replicating portfolios are used. Fair value is based on market rates if a liquid market exists. Otherwise it is determined by the cash value method.

Trading portfolios, financial investments

For the majority of financial instruments held in trading portfolios and among financial investments, fair value corresponds to market value. The fair value of instruments with no market value is determined by means of recognised valuation methods.

Derivative financial instruments

Fair value corresponds to market value for most positive and negative replacement values (Note 2.19). The fair value of derivative instruments with no market value is determined by means of recognised models, which take account of relevant parameters such as the contract specifications, the market price of the underlying security, the yield curve and volatility.

Sensitivity of fair value compared with the use of alternative realistic valuation assumptions

For a small number of financial instruments stated at fair value in the balance sheet, the valuation is derived from valuation models and not from actual market prices or other market observations. Such valuation models are continuously monitored before their introduction and during the period of their application. The adoption of less favourable assumptions would not significantly affect the fair value of the financial instruments used. The fair value of listed securities held in trading portfolios and financial investments, and also of exchange-traded derivatives and other financial instruments is based on market prices wherever an active market exists. If no direct market prices are available, recognised valuation methods or models are used to determine the fair value of financial instruments. Wherever possible, the underlying assumptions are based on market prices or other quoted prices noted on the balance sheet date. For most derivatives traded over the counter, as well as unlisted financial instruments or other assets not traded on an active market, the fair price is based on recognised valuation methods or models. With a very small number of financial instruments, neither market prices nor recognised valuation methods or models based on quoted market prices are available for determining the fair value. In such cases Sarasin relies on valuation methods or models that are based on realistic assumptions that reflect market conditions.

				31.12.2009				31.12.2008
	Quoted market price	Valuation technique market observable inputs	Valuation technique non-market observable inputs	Total	Quoted market price	Valuation technique market observable inputs	Valuation technique non-market observable inputs	Total
1,000 CHF	(level 1)	(level 2)	(level 3)		(level 1)	(level 2)	(level 3)	
Assets								
Trading portfolio assets	**612,242**	**556**	**8,083**	**620,881**	342,714	1,371	8,124	352,209
Derivative financial instruments	**1,888**	**380,499**	**0**	**382,387**	34,243	389,541	0	423,784
Financial investments designated at fair value	**489,920**	**0**	**0**	**489,920**	229,979	0	0	229,979
Financial investments available for sale	**1,902,518**	**99,533**	**26,422**	**2,028,473**	882,295	131,827	25,718	1,039,840
Total assets per 31.12.2009	**3,006,568**	**480,588**	**34,505**	**3,521,661**	**1,489,231**	**522,739**	**33,842**	**2,045,812**
Liabilities								
Trading portfolio liabilities	**62,967**	**6,096**	**0**	**69,063**	89,397	2,625	0	92,022
Derivative financial instruments	**19,814**	**219,043**	**0**	**238,857**	29,975	367,593	0	397,568
Financial liabilities designated at fair value	**0**	**680,512**	**0**	**680,512**	0	927,144	0	927,144
Total liabilities per 31.12.2009	**82,781**	**905,651**	**0**	**988,432**	**119,372**	**1,297,362**	**0**	**1,416,734**

The next table provides an overview of those instruments which have significant unobservable inputs (classified as Level 3).

1,000 CHF	Opening balance 01.01.	Total gains/ (loss) in income statement	Total gains/ (loss) recorded in other comprehensive income	Purchases	Sales	Transfers from level 1 and level 2	Closing balance 31.12.	**31.12.2009** Total gains or losses[1]
Assets								
Trading portfolio assets	8,124	–1,356[2]	0	12,089	–10,774	0	8,083	**297**
Derivative financial instruments	0	0	0	0	0	0	0	**0**
Financial investments designated at fair value	0	0	0	0	0	0	0	**0**
Financial investments available for sale	25,718	0	671	33	0	0	26,422	**0**
Liabilities								
Trading portfolio liabilities	0	0	0	0	0	0	0	**0**
Derivative financial instruments	0	0	0	0	0	0	0	**0**
Financial liabilities designated at fair value	0	0	0	0	0	0	0	**0**

1,000 CHF	Opening balance 01.01.	Total gains/ (loss) in income statement	Total gains/ (loss) recorded in other comprehensive income	Purchases	Sales	Transfers from level 1 and level 2	Closing balance 31.12.	31.12.2008 Total gains or losses[1]
Assets								
Trading portfolio assets	6,813	–755[2]	0	8,692	–6,626	0	8,124	–516
Derivative financial instruments	0						0	0
Financial investments designated at fair value	0						0	0
Financial investments available for sale	8,654	0	17,064	0	0	0	25,718	0
Liabilities								
Trading portfolio liabilities	0	0	0	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0	0	0
Financial liabilities designated at fair value	0	0	0	0	0	0	0	0

There were no significant shifts between the different levels during the reporting period.

[1] Total net income/expense in the current period in the income statement for portfolios held at the end of the reporting period.

[2] Presented within income from trading operations.

7.3 Client assets under management

million CHF	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets invested with in-house funds	**12,804**	9,326	3,478	37.3
Assets invested under a management mandate	**26,093**	20,835	5,258	25.2
Other assets under management	**54,800**	39,517	15,283	38.7
Total assets under management	**93,697**	**69,679**	**24,018**	**34.5**
Of which double-counting [1]	**7,298**	5,182	2,116	40.8

million CHF	**2009**	2008	Change to 2008 CHF	Change to 2008 %
Net new money	**12,474**	**14,476**	**–2,002**	**–13.8**
Change through partial sale of UFG-Sarasin AM, Paris	**–442**	0	–442	
Net new money II	**12,032**	**14,476**	**–2,444**	**–16.9**

[1] Of which, money market instruments from structured products of CHF 0.4 billion (31.12.2008: CHF 0.8 billion) and fiduciary deposits of CHF 1.1 billion (31.12.2008: CHF 1.3 billion).

7.4 Scope of consolidation

Company	Domicile	Currency	Capital	Equity interest
Fully consolidated companies				
Bank Sarasin & Co. Ltd	Basel			Parent company
Sarabet AG	Basel	CHF	**3,250,000**	100%
Affaires Financières S.A.	Zurich	CHF	**1,000,000**	100%
Sarasin Investmentfonds AG	Basel	CHF	**4,000,000**	100%
Sarasin Holding AG	Basel	CHF	**1,454,000**	100%
Sarasin Colombo Gestioni Patrimoniali S.A.[1]	Lugano	CHF	**1,000,000**	90%
bank zweiplus ag	Zurich	CHF	**35,000,000**	57.5%
Sarasin (U.K.) Ltd	London	GBP	**17,900,000**	100%
S.I.M. Partnership (London) Ltd	London	GBP	**727,273**	60%
Sarasin Investment Management Ltd (in dissolution)	London	GBP	**300,000**	100%
Chiswell Associates Ltd (in dissolution)	London	GBP	**3,000,000**	100%
Sarasin & Partners LLP	London	GBP	**10,801,039**	100%
Sarasin Investment Funds Ltd	London	GBP	**250,000**	100%
Sarasin Asset Management Ltd	London	GBP	**250,000**	100%
Bank Sarasin (CI) Ltd	St. Peter Port	GBP	**15,000,000**	100%
Sarasin Trust Company Guernsey Ltd	St. Peter Port	USD	**100,000**	100%
Sarasin Funds Management (Guernsey) Ltd	St. Peter Port	GBP	**15,000**	100%
Bank Sarasin-Rabo (Asia) Ltd	Singapore	USD	**20,000,000**	100%
		SGD	**50,549,527**	100%
Sarasin Rabo Investment Management Ltd	Hong Kong	HKD	**31,123,000**	100%
Bank Sarasin AG	Frankfurt	EUR	**1,000,000**	100%
Eichenpark Kapital Verwaltungs GmbH	Eppstein im Taunus	EUR	**25,000**	100%
Sarasin Alén Agencia de Valores S.A.	La Coruña	EUR	**2,000,000**	60%
Bank Sarasin-Alpen (ME) Ltd	Dubai	USD	**1,000,000**	60%
Sarasin-Alpen LLC	Muscat	OMR	**577,500**	100%
Sarasin-Alpen & Partners Ltd[2, 3]	Dubai	USD	**2,000,000**	81%
Bank Sarasin-Alpen (Qatar) LLC	Doha	USD	**1,000,000**	60%
Sarasin-Alpen (India) Private Ltd	Mumbai	INR	**20,099,000**	60%
Associated companies				
NZB Holding	Zurich	CHF	**746,712**	40%
UFG-Sarasin AM[4]	Paris	EUR	**500,150**	40%

1 Decrease of equity interest from 100% to 90%.

2 Capital increase of USD 0.5 million.

3 The remaining 19% of share capital are held by Sarasin & Partners LLP.

4 Decrease of equity interest from 92% to 40%.

Participations removed from the scope of consolidation	
Company	Domicile
Euro-Patent AG in Liquidation	Basel
Acorn Alternative Strategies (Plus) Ltd (in dissolution)	George Town

Change in companies' names during the year under review			
Old company name	Domicile	New company name	Domicile
Acorn Alternative Strategies AG	Basel	Sarasin Holding AG	Basel
Sarasin Asset Management (France)	Paris	UFG-Sarasin AM	Paris

7.5 Swiss banking legislation

The Sarasin Group's consolidated financial statements comply with International Financial Reporting Standards. The most important differences between IFRS and the accounting provisions applicable to banks under Swiss law (FINMA-RS 08/2) are the following:

1. Financial assets that are available for sale

Under IFRS, financial assets available for sale are stated at fair value. Changes in fair value minus related deferred taxes are reported under shareholders' equity until the financial assets are sold, collected, otherwise disposed of, or are considered to be impaired. As soon as a financial asset is classified as impaired, the cumulative unrealised loss previously reported under shareholders' equity is transferred to the income statement. Under Swiss law, such financial investments are stated at the lower of purchase price and market or according to the accrual method. Any depreciation or appreciation in market value as well as any profits or losses from the sale of such investments are reported under "other income".

2. Financial instruments designated at fair value

Under IFRS, certain financial instruments can be specifically designated as being reported at fair value in the balance sheet. If they are, both realised and unrealised profits and losses affect the income statement (fair value through profit or loss). This IFRS option is not available under FINMA-RS 08/2.

3. Depreciation of goodwill

Under FINMA-RS 08/2, goodwill is subject to ordinary annual amortisation over its estimated useful life. IFRS provide for annual impairment tests instead of ordinary amortisation of goodwill.

4. Extraordinary income and expenditure

Under FINMA-RS 08/2, income and expenditure are classified as extraordinary if they do not relate to the company or the period under review. Under IFRS, on the other hand, almost all income and expenditure are classified as ordinary.

7.6 Acquisitions / Disposals

Acquisitions

No acquisitions have taken place in 2009.

Transaction bank zweiplus (2008)

With the establishment of Falcon Private Bank Ltd. in which Bank Sarasin & Co. Ltd, Basel, owns a stake of 57.5% and Falcon Private Bank Ltd. 42.5%, Bank Sarasin took over the bulk of Falcon Private Bank's Retail and Affluent Business, thereby smoothing entry into the IFA business in Germany. In return Bank Sarasin has transferred its entire Affluent Business to bank zweiplus, which meant selling this interest to Falcon Private Bank Ltd. because of the latter's minority 42.5% shareholding. In accordance with International Financial Reporting Standards, this will be recorded on the one hand as a company acquisition as per IFRS 3 Business Combinations, and on the other hand booked as a partial sale of the existing Affluent Business of the Sarasin Group. This resulted in a one-off gain of CHF 50.7 million.

The market values and book values of the assets and liabilities taken over from Falcon Private Bank Ltd. as at 1 July 2008 break down as follows:

		31.12.2008
1,000 CHF	Book value	Fair value
Cash and cash equivalents	0	0
Due from banks	127,261	127,261
Due from customers	69,747	69,747
Intangible assets	0	17,622
Other assets	2,346	2,346
Total assets	**199,354**	**216,976**
Due to banks	53,825	53,825
Due to customers	142,514	142,514
Pension liability	0	1,016
Deferred tax liabilities	0	3,509
Other liabilities	3,015	3,015
Total liabilities	**199,354**	**203,879**
Net assets		13,097
Minorities		5,566
Total net assets		**7,531**
Goodwill		43,131
Purchase price / inflow from disposals		**50,662**

The acquisition costs have been covered by the partial sale of the existing Affluent Business of the Sarasin Group. These transactions did not therefore result in an inflow or outflow of cash. From 1 July 2008 until 31 December 2008 bank zweiplus ltd has contributed a total of CHF 5.5 million to Bank Sarasin's operating result (pre-tax profit CHF 7.0 million). Goodwill and other intangible assets mainly comprise acquired client lists. The goodwill arises in connection with the entry into the German market and anticipated synergy effects.

Disposals

1,000 CHF	31.12.2009	31.12.2008
Fair value of the net assets sold		
Due from customers	**1,271**	0
Financial investments	**1,539**	0
Property and equipment	**79**	0
Goodwill	**224**	0
Other assets	**346**	0
Due to banks	**–173**	0
Other liabilities	**–1,846**	0
Total net assets	**1,440**	**0**
Minority interests	**–97**	0
Net assets including minority interests	**1,343**	0
Capitalised as an interest in affiliated companies	**–584**	0
Net assets sold	**759**	0
Gain from sale	**1,994**	0
Total net assets	**2,753**	**0**
Less:		
Disposal of cash	**0**	0
Inflow of funds from disposals	**2,753**	0

On 31 March 2009, Bank Sarasin sold 52% of its subsidiary UFG-Sarasin AM, Paris, thereby reducing its interest from 92% to 40%. The selling price was CHF 2.8 million. The sale generated a disposal gain of CHF 2.0 million, which was recognised in “Other ordinary results”.

Report of the statutory auditor on the consolidated financial statements

To the General Meeting of Bank Sarasin & Co. Ltd, Basel

As statutory auditor, we have audited the consolidated financial statements of the Sarasin Group, which comprise the balance sheet, comprehensive income statement, income statement, statement of cash flows, statement of changes in equity and notes (pages 85 to 169) for the year ended 31 December 2009.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) 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 as well as the International Standards on Auditing. 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 31 December 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight Act (AOA) and independence (article 728 CO and article 11 AOA) that there are no circumstances incompatible with our independence.
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Basle, 2 March 2010

Ernst & Young Ltd.

Thomas Schneider	Patrick Schwaller
Licensed audit expert	Licensed audit expert
	(Auditor in charge)

Bank Sarasin & Co. Ltd: financial statements

Balance Sheet as at 31 December 2009

Assets

1,000 CHF	Notes	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Cash and equivalents		**360,666**	414,624	–53,958	–13.0
Money market papers		**502,910**	437,180	65,730	15.0
Due from banks		**1,494,835**	1,533,527	–38,692	–2.5
Due from customers		**4,369,263**	3,108,287	1,260,976	40.6
Mortgages		**1,179,453**	635,684	543,769	85.5
Securities and precious metals portfolios	3.4	**570,199**	284,550	285,649	100.4
Financial investments	3.5	**1,187,368**	816,847	370,521	45.4
Participations		**184,087**	353,834	–169,747	–48.0
Intangible assets		**21,359**	25,272	–3,913	–15.5
Property and equipment		**114,971**	118,801	–3,830	–3.2
Accrued income and prepaid expenses		**79,059**	67,775	11,284	16.6
Other assets[1]		**348,635**	377,517	–28,882	–7.7
Total assets		**10,412,805**	**8,173,898**	**2,238,907**	**27.4**
Total subordinated assets		**5,307**	12,005	–6,698	–55.8
Total due from associated companies and significant shareholders		**916,815**	608,586	308,229	50.6
[1] including positive replacement values of		**341,176**	366,043	–24,867	–6.8

Liabilities and shareholders’ equity

1,000 CHF	Notes	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Due to banks		**3,738,029**	3,389,429	348,600	10.3
Due to customers in savings and investment accounts		**601,270**	430,785	170,485	39.6
Other amounts due to customers		**4,431,276**	2,838,853	1,592,423	56.1
Bonds and mortgage-backed bonds		**36,596**	34,767	1,829	5.3
Accrued expenses and deferred income		**129,207**	128,063	1,144	0.9
Other liabilities[1]		**528,830**	518,881	9,949	1.9
Value adjustments and provisions	3.8	**4,221**	4,403	–182	–4.1
Reserves for general banking risks		**17,692**	17,692	0	0.0
Share capital	3.10	**22,015**	61,155	–39,140	–64.0
General legal reserve	3.11	**602,933**	563,866	39,067	6.9
Reserves for treasury shares		**18,308**	18,308	0	0.0
Retained earnings brought forward		**167,696**	222,069	–54,373	–24.5
Profit/loss for the year		**114,732**	–54,373	169,105	311.0
Total shareholders’ equity	3.11	**943,376**	828,717	114,659	13.8
Total liabilities and shareholders’ equity		**10,412,805**	**8,173,898**	**2,238,907**	**27.4**
Total due to associated companies and significant shareholders		**2,130,930**	2,701,873	–570,943	–21,1
[1] Including negative replacement values of		**514,627**	495,497	19,130	3.9

Off-balance sheet transactions

1,000 CHF	Notes	**31.12.2009**	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Contingent liabilities		**406,489**	342,824	63,665	18.6
Guarantee for Bank Sarasin-Rabo (Asia) Ltd		**3,798,650**	3,642,365	156,285	4.3
Guarantee for Bank Sarasin AG Deutschland		**0**	190,941	–190,941	–100.0
Irrevocable commitments		**50,676**	25,630	25,046	97.7
Liabilities for calls on shares and other equities		**116**	119	–3	–2.5
Derivatives					
Contract volume		**11,069,817**	5,362,365	5,707,452	106.4
Positive replacement value		**341,176**	366,043	–24,867	–6.8
Negative replacement value		**514,627**	495,497	19,130	3.9
Fiduciary transactions	4	**6,205,422**	7,153,358	–947,936	–13.3

Income Statement for 2009

1,000 CHF	Notes	**2009**	2008	Change to 2008 CHF	Change to 2008 %
Interest income		**111,717**	160,721	–49,004	–30.5
Interest and dividend income from financial investments		**16,733**	16,237	496	3.1
Interest expenses		**–61,126**	–109,709	48,583	–44.3
Net interest income		**67,324**	**67,249**	**75**	**0.1**
Commission income on lending activities		**620**	915	–295	–32.2
Commission income on securities and investment transactions		**255,902**	278,388	–22,486	–8.1
Commission income on other services		**16,421**	7,429	8,992	121.0
Commission expenses		**–85,405**	–70,833	–14,572	20.6
Net income from commission and service fee activities		**187,538**	**215,899**	**–28,361**	**–13.1**
Net income from trading operations	5.1	**94,897**	**38,267**	**56,630**	**148.0**
Net income from sale of financial investments		**39,702**	1,138	38,564	>1,000
Income from participations		**5,777**	16,887	–11,110	–65.8
Income from real estate		**323**	319	4	1.3
Ordinary income from other sources		**32,150**	–53,512	85,662	160.1
Other ordinary income		**77,952**	**–35,168**	**113,120**	**321.7**
Operating income		**427,711**	**286,247**	**141,464**	**49.4**
Personnel expenses		**220,926**	205,294	15,632	7.6
General administrative expenses		**67,879**	76,830	–8,951	–11.7
Operating expenses		**288,805**	**282,124**	**6,681**	**2.4**
Operating profit		**138,906**	**4,123**	**134,783**	**>1,000**
Depreciation and write-offs on property and equipment		**–9,719**	–8,633	–1,086	12.6
Amortisation of other intangible assets		**–6,242**	–5,128	–1,114	21.7
Amortisation of goodwill		**–3,336**	–3,336	0	0.0
Value adjustments, provisions and losses		**–4,880**	–75,777	70,897	–93.6
Result before extraordinary items and taxes		**114,729**	**–88,751**	**203,480**	**229.3**
Extraordinary income	5.2	**17,137**	39,430	–22,293	–56.5
Extraordinary expenses		**–4**	–1,569	1,565	–99.7
Taxes		**–17,130**	–3,483	–13,647	391.8
Profit/loss for the year		**114,732**	**–54,373**	**169,105**	**311.0**

Proposal of the Board of Directors to the General Meeting of Shareholders

1,000 CHF	2009	2008
The Board of Directors proposes to the General Meeting of Shareholders on April 27, 2010		
that the profit for the 2009 financial year, consisting of:		
Profit/loss for the year	**114,732**	–54,373
Retained earnings brought forward	**167,696**	222,069
Profit as shown on the balance sheet	**282,428**	167,696
Be distributed as follows		
Dividend	**56,609**	0
Allocation to general legal reserve	**5,551**	0
Allocation to retained earnings brought forward	**220,268**	167,696
Profit as shown on the balance sheet	**282,428**	**167,696**

If this proposal is accepted, the following dividend, value dated April 27, 2010, will be paid for the 2009 financial year:

for class A registered shares with a nominal value of	**CHF 0.07**	
Dividend	CHF 0.18	gross per share

for class B registered shares with a nominal value of	**CHF 0.35**	
Dividend	CHF 0.90	gross per share

35% Swiss Federal withholding tax will be deductible in each case.

No dividend is payable on treasury shares held by Bank Sarasin & Co. Ltd on the reference date.

Notes to Bank Sarasin & Co. Ltd's financial statements

1. Information on business activities

Bank Sarasin & Co. Ltd (parent company) is a limited company that has its head office in Basel, a branch in Zurich and offices in Geneva, Lugano and Berne. Its class B registered shares with a nominal value of CHF 1.– each are quoted on the SIX Swiss Exchange. Bank Sarasin & Co. Ltd principally focuses on investment advice and portfolio management. It is also very active in the investment funds area, operating through subsidiaries in Luxemburg, Guernsey, London, Paris, Germany and Switzerland. Bank Sarasin & Co. Ltd is a member of the SIX Swiss Exchange and a direct clearing member of EUREX. Bank Sarasin & Co. Ltd's lending activities mainly involve loans against collateral.
Information about Bank Sarasin & Co. Ltd's headcount is to be found in section 1.1 of the notes to the Group financial statements as well as in the table headed "Key Data".

2. Accounting principles

2.1 General principles

The financial statements comply with the provisions of Switzerland's Code of Obligations, its Banking Act and the related ordinance as well as with the guidelines of the Swiss Financial Market Supervisory Authority. The annual financial statements have been drawn up in accordance with the relevant regulatory requirements for banks (FINMA Circular 08/2).

Attention is drawn to the explanations provided in the Notes to the consolidated financial statements, Note 1, and Note 7.5 "Swiss banking legislation", which set out the most important differences between IFRS and the accounting provisions applicable to banks under Swiss law. Only a few selected items will be commented on here.

2.2 Participations

This item includes all holdings in consolidated companies in the Group, non-consolidated minority participations, collective infrastructure investments in the banking sector and a few unquoted companies with a large number of shareholders. Consolidated companies in which a participation is held are listed in section 7.4 of the notes to the Group financial statements.
Participations are valued at cost after deduction of the necessary writedowns.

2.3 Remarks

Information concerning events occurring after the balance sheet date which would have had an impact on the balance sheet or income statement can be found in section 1.1 of the notes to the consolidated financial statements.
As provided for in Article 25k of Switzerland's Banking Ordinance, readers are referred to the detailed information contained in the various tables, notes and comments that accompany the Group financial statements also published in this report. In particular, readers are referred to the comments regarding risk management and market, credit and interest rate risks in section 5 of the notes to the Group financial statements, which also apply to Bank Sarasin & Co. Ltd's financial statements.
Pursuant to point 3 of the FINMA Circular 08/2, disclosures in connection with capital adequacy requirements are only performed on a consolidated basis. Please refer to the notes to the consolidated financial statements for more details.

3. Information on the balance sheet

3.1 Total assets pledged or ceded to secure own liabilities as well as assets subject to reservation of title

This relates exclusively to collateral deposits of securities valued at CHF 117.5 million (end 2007: CHF 108.1 million). At the end of the year, CHF 43.4 million (2007: CHF 25.6 million) was advanced under that facility.

3.2 Securities lending and borrowing operations and securities repurchase and reverse repurchase transactions

Please refer to section 2.26 of the notes to the consolidated financial statements. These exist exclusively for the parent bank.

3.3 Liabilities to Bank Sarasin's pension plans

millions CHF	**31.12.2009**	31.12.2008
Liabilities to Bank Sarasin's pension plans	**12.7**	54.6

All members of the Bank's staff are covered by defined contribution pension arrangements provided through the pension fund of Bank Sarasin & Co. Ltd, Basel. Normal retirement age is 63 years but staff may opt for early retirement in return for reduced benefits

Bank Sarasin & Co. Ltd also has a welfare foundation, the purpose of which is to protect it's staff members and the employees those of closely connected firms as well as their respective relatives and survivors against the economic consequences of old age, death and disability. The foundation can offer support in particularly difficult situations, such as illness, disability, accident or unemployment. Benefit shortfalls in the event of early retirement or hardship cases can also be mitigated.
The financial statements of Bank Sarasin & Co. Ltd's pension fund, which are drawn up in compliance with the Swiss Accounting Standard GAAP FER 26, show a coverage ratio of 101.6%. On the balance sheet date, Bank Sarasin & Co. Ltd also disposed of employer's contribution reserves totalling just under CHF 14.6 million (2008: CHF 15.8 million). The funds concerned are invested with the welfare foundation. Bank Sarasin & Co Ltd does not renounce their possible future use.
In line with FINMA Circular 08/2 and with particular respect to the available employer's contribution reserves, Bank Sarasin & Co. Ltd's balance sheet does not reflect any potential positive economic impact on its assets in the future.

Disclosure in compliance with the Swiss Accounting Standard GAAP FER 16 (Table relating to 3.3)

1,000 CHF	Nominal value **31.12.2009**	Renunciation of use **31.12.2009**	Creation **2009**	Balance sheet **31.12.2009**	Balance sheet 31.12.2008	Impact of employer's contribution reserves on personnel expenses **2009**	Impact of employer's contribution reserves on personnel expenses 2008
Employer's contribution reserves							
Welfare Foundation of Bank Sarasin & Co. Ltd	**14,996**	**0**	**0**	**0**	0	**0**	0

1,000 CHF	Surplus / deficit **31.12.2009**	Due to bank **31.12.2009**	Due to bank 31.12.2008	Impact on balance sheet **2009**	Deferred pension liabilities on **31.12.2009**	Pension expenditure **2009**	Pension expenditure 2008
Economic benefit							
Fund of Bank Sarasin & Co. Ltd	**0**	**0**	0	**0**	**12,676**	**24,165**	16,661

3.4 Securities and precious metals trading portfolios

1,000 CHF	**31.12.2009**	31.12.2008
Interest-bearing securities	**5,490**	10,762
of which listed	**2,498**	5,349
of which unlisted	**2,992**	5,413
Equities	**517,153**	243,752
of which treasury shares	**18,629**	20,404
of which hedging portfolios for structured products	**269,656**	135,442
Precious metals	**47,556**	30,036
Total securities and precious metals trading portfolios	**570,199**	**284,550**
of which securities rediscountable or pledgeable with the central bank	**913**	4,676

3.5 Financial investments

	Book value	Book value	Fair value	Fair value
1,000 CHF	**31.12.2009**	31.12.2008	**31.12.2009**	31.12.2008
Interest-bearing securities and rights	**1,014,213**	602,220	**1,019,162**	606,000
of which valued according to the accrual method	**979,083**	545,573	**984,032**	549,353
of which valued at the lower of cost and market	**35,130**	56,647	**35,130**	56,647
Equities	**173,155**	214,627	**173,450**	216,000
of which treasury shares	**11,927**	13,042	**11,927**	13,042
Total financial investments	**1,187,368**	**816,847**	**1,192,612**	**822,000**
of which securities rediscountable or pledgeable with the central bank	**768,919**	489,261		

3.6 Claims on and liabilities to associated companies and loans to members of management bodies

1,000 CHF	**31.12.2009**	31.12.2008
Claims on associated companies	**18,095**	4,243
Liabilities to associated companies	**22,100**	31,941
Loans to members of management bodies	**6,599**	2,133

All loans to members of management bodies are secured according to established banking

3.7 Client assets under management

million CHF	31.12.2009	31.12.2008	Change to 31.12.2008 CHF	Change to 31.12.2008 %
Assets invested with in-house funds	**5,739**	4,251	1,488	35.0
Assets invested under a management mandate	**13,874**	13,066	808	6.2
Other assets under management	**36,283**	26,712	9,571	35.8
Total assets under management (including double-counting)	**55,896**	**44,029**	**11,867**	**27.0**
of which double-counting	**3,105**	2,241	864	38.6
Net new money I	**6,047**	**9,823**	**–3,776**	**–38.4**
Transfer to Bank Zweiplus AG	**0**	–6,684	6,684	–100.0
Net new money II	**6,047**	**3,139**	**2,908**	**92.6**

3.8 Value adjustments and provisions / reserves for general banking risks

1,000 CHF	Balance 31.12.2008	Designated uses	Change in designated use	Recoveries, endangered interest, currency translation differences	New amounts charged to income statement	Reversals credited to income statement	Balance 31.12.2009
Value adjustments and provisions							
– for default risks (credit and country risks)	74,434	–76		114		–4,379[1]	**70,093**
– for other business risks	0						**0**
Provision for restructuring	2,002	–234					**1,768**
Provision for pension liabilities	0						**0**
Other provisions	2,401	–357			908	–499	**2,453**
Total value adjustments and provisions	**78,837**	**–667**		**114**	**908**	**–4,878**	**74,314**
Value adjustments deducted directly from assets	–74,434						**–70,093**
Total value adjustments and provisions as per balance sheet	**4,403**,						**4,221**
Reserves for general banking risks[2]	**17,692**						**17,692**

[1] Part repayment of impaired amounts due from banks.

[2] Tax has been paid on the reserves for general banking risks.

3.9 Information about treasury shares

No. of units	2009	2008
Number traded on the SIX Swiss Exchange	**15,664,939**	17,389,440

On 31 December 2009 there were Sarasin class B shares worth CHF 30.6 million held in treasury (2007: CHF 33.4 million). Trading in treasury shares resulted in a profit of CHF 4.2 million in 2009 (2008: a loss of 13.7 million), which has been reported under trading income. The total holding of 781,481 shares includes 65,451 shares held for hedging purposes in connection with structured products issued by the Sarasin Group.

3.10 Capital structure

CHF		Total nominal value	No. of units	Dividend-bearing capital
Situation as at 31.12.2009				
Share capital	class A registered shares (with voting rights)	3,960,000	56,571,428	3,960,000
	class B registered shares	18,054,784	51,585,097	18,054,784
Total share capital as at 31.12.2009		**22,014,784**	**108,156,525**	**22,014,784**
Authorised capital	class A registered shares	504,000	7,200,000	0
of which capital increase completed		0		
Conditional capital	class B registered shares	2,275,000	6,500,000	0
of which capital increase completed		0		

Conditional Capital (Article 3a of the Articles of Association)

1. Through the exercise of conversion or option rights connected with bonds or similar liabilities of the company or one of its subsidiaries, the share capital of the company may be increased by a maximum of CHF 1,750,000 by means of the issue of no more than 5,000,000 fully paid up class B registered shares with a par value of CHF 0.35 each. The subscription of these new class B registered shares is open to the holders of conversion or option rights connected with such bonds. These new class B registered shares are subject to the transfer restrictions set out in article 5 of the present Articles of Association.
2. The holders of class B registered shares have advance subscription rights should such convertible and warrant bonds be issued. Shares that are newly issued in connection with the exercise of conversion or option rights are available solely to the holders of conversion or option rights, and not to the other shareholders.
3. Without entailing any subscription rights for existing shareholders, the share capital may be increased by a maximum of CHF 525,000 by means of the issue of no more than 1,500,000 fully paid up class B registered shares with a par value of CHF 0.35 each in order to make it possible for executives to purchase shares. The executive share purchase scheme shall be governed by rules laid down by the Board of Directors. For the purpose of the scheme, shares may be issued at less than their current market value. The new class B registered shares shall be subject to the transfer restrictions laid down in article 5 of the present Articles of Association.

Authorised Capital (Article 3b of the Articles of Association)

Should shares be issued in accordance with article 3a above, the Board of Directors, in order to maintain the ratio of the total number of class A registered shares to the total number of class B registered shares, may, until 22 April 2011, increase the share capital by a maximum of CHF 504,000 through the issue of no more than 7,200,000 class A registered shares with a par value of CHF 0.07 each, which must be fully paid up. The increase may take place in instalments. The issue price of the class A registered shares, the method of payment, the conditions governing the exercise of subscription rights and the beginning of dividend entitlement shall be determined by the Board of Directors. The holders of class B shares have no subscription rights in respect of such class A registered shares. Any decision on the allocation of unexercised subscription rights is made by the Board of Directors.

Significant shareholders and shareholder groups with voting rights

	31.12.2009			31.12.2008		
	Nominal CHF	% of total capital	% of total voting rights	Nominal CHF	% of total capital	% of total voting rights
Rabobank Nederland						
IPB Holding B.V. Utrecht						
Class B shares	**6,175,908**	**28.06**	**16.31**	17,155,300	28.05	16.31
Eichbaum Holding AG						
Class A shares (with voting rights)	**3,960,000**	**17.99**	**52.31**	11,000,000	17.99	52.30
Class B shares	**5,400**	**0.02**	**0.01**	15,000	0.02	0.01
Total Rabobank Nederland	**10,141,308**	**46.07**	**68.63**	**28,170,300**	**46.06**	**68.62**

3.11 Statement of changes in shareholders' equity (before distribution of profit)

1,000 CHF	**2009**	2008	2007	2006	2005
Shareholders' equity at beginning of year					
Paid up share capital	**61,155**	61,155	61,155	61,155	61,155
General legal reserve	**563,866**	555,916	550,718	545,519	542,156
Other reserves	**0**	0	0	0	0
Reserves for general banking risks	**17,692**	36,000	36,000	36,000	36,000
Reserves for treasury shares	**18,308**	0	0	0	0
Profit as shown on the balance sheet	**167,696**	311,603	91,750	87,800	47,861
Total shareholders' equity at beginning of year under review	**828,717**	**964,674**	**739,623**	**730,474**	**687,172**
+ Capital increase through the issue of COTOs[1]	**39,677**	0	0	0	0
– Reduction in par value through the issue of COTOs[1]	**–39,750**	0	0	0	0
+ Agio	**0**	0	0	0	0
+ Transfer to reserves for general banking risks	**0**	0	0	0	0
– Previous year's dividend	**0**	–81,584	–54,454	–54,535	–36,483
+ Profit/loss for the year	**114,732**	–54,373	279,505	63,684	79,785
Total shareholders' equity at end of year under review	**943,376**	**828,717**	**964,674**	**739,623**	**730,474**
of which					
Paid up share capital	**22,015**	61,155	61,155	61,155	61,155
General legal reserve	**602,933**	563,866	555,916	550,718	545,519
Other reserves	**0**	0	0	0	0
Reserves for general banking risks	**17,692**	17,692	36,000	36,000	36,000
Reserves for treasury shares	**18,308**	18,308	0	0	0
Profit as shown on the balance sheet	**282,428**	167,696	311,603	91,750	87,800

[1] For details of the capital increase and reduction in par value through the issue of COTOs, please refer to the "Statement of changes in equity" in the consolidated financial statements.

4 Information on off-balance sheet transactions

1,000 CHF	31.12.2009	31.12.2008
Fiduciary Transactions		
Fiduciary deposits with other banks	**1,506,397**	1,194,517
Fiduciary investments held with Group banks and affiliated companies	**4,693,920**	5,955,320
Fiduciary lending	**5,105**	3,521
Total	**6,205,422**	**7,153,358**

5 Information on the income statement

5.1 Net income from trading operations

1,000 CHF	2009	2008
Securities trading	**63,113**	6,974
Trading in interest products	**–2,345**	–5,820
Trading in foreign exchange, precious metals and banknotes	**34,129**	37,113
Total	**94,897**	**38,267**

5.2 Extraordinary income

1,000 CHF	2009	2008
Release of lump-sum provisions not required for operating purposes	**0**	31,400
Release of tax provisions no longer required	**0**	5,100
Profit from the disposal of holdings	**9,317**	0
Part repayment of impaired amounts due from banks	**4,379**	0
Other	**3,441**	2,930
Total	**17,137**	**39,430**

For further details, please see the notes to the Group financial statements.

6 Compensation paid to governing bodies

Details of management compensation are disclosed in the section “Sarasin Group financial statements” on page 131.

Report of the statutory auditor on the financial statements

To the General Meeting of Bank Sarasin & Co. Ltd, Basel

As statutory auditor, we have audited the financial statements of Bank Sarasin & Co. Ltd, which comprise the balance sheet, income statement and notes (pages 171 to 183) for the year ended 31 December 2009.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of 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 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 financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight Act (AOA) and independence (Art. 728 Code of Obligations (CO) and Art. 11 AOA and that there are no circumstances incompatible with our independence.
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Basle, 2 March 2010

Ernst & Young AG

Thomas Schneider	Patrick Schwaller
Licensed audit expert	Licensed audit expert
	(Auditor in charge)

List of figures

Please note: This list of figures does not include the tables which form part of the Sarasin Group's consolidated financial statements and the financial statements of Bank Sarasin & Co. Ltd. This ensures a clearer overview. To locate the tables, please refer to the Contents on page 3.

Switzerland (1)

Basel – Head Office
Bank Sarasin & Cie AG
Elisabethenstrasse 62
Postfach
4002 Basel
Schweiz
T: +41 (0)61 277 77 77
F: +41 (0)61 272 02 05
www.sarasin.com

Berne
Bank Sarasin & Cie AG
Waisenhausplatz 10
3000 Bern 7
Schweiz
T: +41 (0)31 560 59 59
F: +41 (0)31 560 59 79
www.sarasin.com

Geneva
Banque Sarasin & Cie SA
8, place de l'Université
Case postale 33
1211 Genève 4
Suisse
T: +41 (0)22 322 99 99
F: +41 (0)22 322 99 97
www.sarasin.com

Lugano
Banca Sarasin & C. SA
Via Clemente Maraini 39
Casella postale 864
6902 Lugano
Svizzera
T: +41 (0)91 911 36 36
F: +41 (0)91 911 36 97
www.sarasin.com

Zurich
Bank Sarasin & Cie AG
Löwenstrasse 11
Postfach
8022 Zürich
Schweiz
T: +41 (0)44 213 91 91
F: +41 (0)44 221 04 54
www.sarasin.com

International

Delhi (2)
Sarasin-Alpen (India) Private Limited
Office 4.07
4th Floor, Statesman House
Barakhamba Road, Connaught Place
110001, New Delhi
India
T: +91 11 3044 6706
F: +91 11 3044 6508
www.sarasin-alpen.com

Doha (3)
Bank Sarasin-Alpen (Qatar) LLC.
Qatar Financial Centre Tower
Level 3, Room 302
P.O. Box 24580
Doha
State of Qatar
T: +974 (0)496 8000
F: +974 (0)496 8010
www.sarasin-alpen.com

Dubai (4)
Bank Sarasin-Alpen (ME) Limited
Gate Precinct Building 5 (North)
4th Floor
P.O. Box 121806
Dubai
U.A.E.
T: +971 (0)4 363 4300
F: +971 (0)4 363 4343
www.sarasin-alpen.com

Dublin (5)
Sarasin & Partners Dublin LLP
5 Fitzwilliam Square
Dublin 2
Ireland
T: +353 (01)638 0850
F: +353 (01)661 0148
www.sarasin.ie

Frankfurt (6)
Bank Sarasin AG
Taunusanlage 17
60325 Frankfurt am Main
Deutschland
T: +49 (0)69 71 44 97 100
F: +49 (0)69 71 44 97 199
www.sarasin.de

Guernsey (7)
Bank Sarasin (CI) Limited
Park Court, Park Street
P.O. Box 348
St. Peter Port
Guernsey GY1 3UY
T: +44 (0)148 172 51 47
F: +44 (0)148 172 51 57
www.sarasin.com

Hong Kong (8)
Bank Sarasin & Cie AG
40/F Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong
T: +852 2287 9888
F: +852 2501 4001
www.sarasin.hk

La Coruña (9)
Sarasin Alén Agencia
de Valores S.A.
Plaza de Galicia, 2-3 - 1°E
15004 La Coruña
España
T: +34 981 12 18 36
F: +34 981 12 18 48
www.sarasin-alen.com

London (10)
Sarasin & Partners LLP
Juxon House
100 St. Paul's Churchyard
London EC4M 8BU
United Kingdom
T: +44 (0)20 7038 70 00
F: +44 (0)20 7038 68 50
www.sarasin.co.uk

Madrid (11)
Sarasin Alén Agencia
de Valores S.A.
Calle Marqués de Riscal 9
1er Piso
28010 Madrid
España
T: +34 91 319 61 63
F: +34 91 319 61 60
www.sarasin-alen.com

Mumbai (12)
Sarasin-Alpen (India) Private Limited
1st Floor, Forbes Building
Charanjit Rai Marg, Fort
400 001, Mumbai
India
T: +91 22 2201 0266
F: +91 22 2201 0267
www.sarasin-alpen.com

Munich (13)
Bank Sarasin AG
Promenadeplatz 8
80333 München
Deutschland
T: +49 (0)89 55 89 99 0
F: +49 (0)89 55 89 99 499
www.sarasin.de

Muscat (14)
Sarasin-Alpen LLC
CBD Area
P.O. Box – 1175, PC 130
Muscat, Sultanate of Oman
T: +968 2476 3000
F: +968 2476 3050
www.sarasin-alpen.com

Nuremberg (15)
Bank Sarasin AG
Am Stadtpark 2
90409 Nürnberg
Deutschland
T: +49 (0)911 21 522 410
F: +49 (0)911 21 522 419
www.sarasin.de

Singapore (16)
Bank Sarasin-Rabo (Asia) Limited
77 Robinson Road # 31-00
Robinson 77
Singapore 068896
T: +65 6 536 68 48
F: +65 6 536 38 66
www.sarasin.sg

Vienna (17)
Bank Sarasin & Cie AG
Repräsentanz Österreich
Naglergasse 2/11
1010 Wien
Österreich
T: +43 1 535 33 88
F: +43 1 535 33 88-1020
www.sarasin.com

Warsaw (18)
Bank Sarasin & Co. Ltd S.A.
Przedstawicielstwo w Polsce
ul. Emilii Plater 53
00-113 Warszawa
Polska
T: +48 22 528 66 01 / 03
F: +48 22 528 67 83
www.sarasin.pl

Impressum
Concept: Bank Sarasin, Corporate Communications
Layout & design: Glutz AG
Text: Bank Sarasin, Corporate Communications; Balanx AG;
Graeme High, MITI
Printing: Birkhäuser+GBC AG

www.sarasin.com

Printed on Cyclus Print,
100% deinked waste paper

printed climate neutrally
myclimate.org / natureOffice.ch / CH-144-556530