



21st Annual General Meeting of Shareholders, Bank Sarasin & Co. Ltd, 23 April 2008

[Check against delivery]

Georg Kraye, Chairman of the Board of Directors

Dear Shareholders

Ladies and gentlemen,

You can probably see the relief on my face at being able to present yet another set of excellent figures from a flourishing Bank Sarasin at this, my last Annual General Meeting as Chairman of the Board of Directors, particularly at a time when things are looking rather grim for the financial sector as a whole.

It would perhaps be tempting to try and take personal credit for this or even to use the opportunity to impose a strategy or business policy on my successor.

But if there is one lesson I have learned that is worth passing on, it's this: circumstances are constantly changing in the world of finance, throwing up new risks and opportunities in the process, and there can never be a universal recipe for success.

Furthermore I am convinced that if a business – especially a bank – is to survive and prosper over the long run it must be careful not to lose sight of certain guiding principles.

A bank operates in a climate of many differing forces and interests, and management has to take them all into consideration and balance them out as it takes the business forward.

True to the saying: “Nothing ventured, nothing gained”, I would like to examine some of the values and principles that have shaped our bank over its illustrious past from 1841 to the present, and will hopefully guide us into a bright future.

The most important component of any business is the quality of the people. By that I do not just mean the employees, but also the clients and even the controlling shareholders



Bank Sarasin has always planned and managed its development very carefully, even when outsiders may have found certain steps a little uncommon or difficult to understand, such as the 15 years we traded as a limited commercial partnership. But our approach ensured continuity and gave a sufficiently homogeneous management team with common objectives enough time to work through the separate stages of our development and prepare for the next one.

What makes for good management – and what contributes to its success?

1. Ambitious but realistic goals
2. Total personal commitment in order to promote awareness of these goals and demand allegiance to them.
3. Consistency in pursuing these goals, combined with carefully measured intervention where necessary.
4. Encouraging positive elements and correcting negative ones when moving towards the stated goal.
5. Fairness and transparency in assessing key personnel.

At management level especially, personnel issues are – and will always be – a source of risk, since no amount of qualifications and assessments can accurately predict how managers will behave in critical situations or how they will develop personally and professionally. Another point to bear in mind is that we are dealing with interactive processes. Executives have to prove themselves in a group in which persons with individual skills and drives pursue goals which from the outset are not necessarily compatible with one another. Every time functions are conferred or co-opted, the best motto to my mind is therefore:

“Look before you leap!” First check out every aspect and consider the consequences, and try to establish whether the prognosis is reasonably secure before venturing anything. Once the decision has been made, there is no room for doubt, reservations or going back - this would undermine the credibility and decisiveness of effective management.



We need to be daring enough to encourage more open interaction and to find the courage needed to select people that do not simply tow the line by always agreeing with the boss and never voicing their own opinions. Good decisions are not usually made if the boss is always allowed to get his own way without any discussion or opposition. It is far more important to ensure a broad and open discussion at an early stage when preparing for decisions, so that after the process of careful deliberation, the risks associated with a decision are both quantifiable and tolerable. This ensures a high level of understanding and commitment, and there is also a fair chance that the implementation of the decision will not have to overcome internal obstacles as well as external difficulties.

When it comes to our customers, our choice over the last 35 years has been shaped less and less by a free business policy, instead we increasingly adhered due diligence rules which the industry has for the most part brought upon itself following a series of public scandals. There is a growing tendency for banks to be drawn in more tightly into the official regulations binding citizens in the areas of tax, stamp duty, stock market transactions, competition and financing. Instead of being able to reach a decision that is compatible with our social responsibilities and reputation, time has to be spent poring through the tiniest legal detail to ensure full compliance. The latest discussion on the role of banks with regard to the tax obligations of their clients shows that this is a question that simply won't go away and that the answers will be different, depending on political direction and developments. Personally, I hope that Switzerland stays true to its principles for a long time to come: private autonomy in financial matters, a generally tolerable tax burden, tax competition, self-declaration based on the principle of trust, but with an effective safeguard in the form of withholding tax.

Finally, it may seem a little surprising at first sight for me to include our majority shareholder under the heading "choice of people". Of course our choice of Rabobank is an institution, but it has a very special character. It is a mutual bank, which means its development has traditionally been shaped by an approach and self-control that is very similar to the way that Bank Sarasin does business. Our contacts at many different levels have confirmed this in many instances. We get on very well on a professional and personal level, and have little trouble interpreting the rules of the game correctly, even when these are not set down extensively on paper.



I would therefore like to express my gratitude to Rabobank for granting us such a high degree of autonomy in shaping and managing our business and in deploying our resources. By the same token, this obliges us to use this freedom in a responsible way and to achieve results that sustain the goodwill and allow us to develop plans together on the basis of the trust we have built up.

Let's move on to other decision areas where a combination of prudence and courage is required, such as the choice of business segment, as well as the type, location and form in which they are offered. In this respect the Bank's development was shaped by its legal form of a partnership for a good 130 years: simple transactions in one location, managed by a handful of partners who were able to keep an overview thanks to their own insight and involvement in the business on a daily basis, limited use of capital and a correspondingly low risk profile. Everybody knows the Bank's evolutionary path and milestones. The current legal form and organisation allows us to build on this organic foundation and to prosper wherever economic growth is the strongest. We are expanding our operations from Switzerland into the Middle East and Far East, but stay within our habitual borders when it comes to the nature of our offering, and subsequently our risk profile. We have further narrowed our focus to avoid the temptation of trying to offer too many things to too many people. Instead we concentrate on a defined target group, so as to offer a more personalised and effective service. This was the reasoning behind our decision to sell our Luxembourg subsidiary in 2007, sell our brokerage business to NZB in return for a shareholding in NZB, and set up a new joint venture, Bank Zweiplus: a specialised provider of financial services - in which we own a majority stake - that is due to start trading this year.

Of course we realise that the world is not full of millionaires and that people in Asia also need to earn money before they are in a position to invest it. Thanks to our partnership with Rabobank, we are able to offer credit facilities to customers as well, and at the moment also benefit from controls by two institutions, along the lines of the "four eyes principle" which has established itself within the Bank as a failsafe procedure for high-risk decisions.

Overall, external observers confirm that our strategy and the measures chosen to implement it are effective and likely to produce success. We are convinced of this, and do our utmost to prove this to you through our results.



The most important criteria are met when the right people are deployed in the right place. But there are also the three “D’s” that must accompany them, and where once again the right balance between caution and daring has to be achieved:

- Dimension
- Dynamism
- Discipline

There is a close link between these three D’s and the recent turbulence on financial markets.

Let’s start with dimension. Business volumes in the financial sector have soared, and transactions have also become increasingly international and more complex. The question occasionally arises whether a useful economic service is actually being performed, or whether the constructs only serve the interests of market players. A short recap shows just how quickly we have entered a new dimension that would have been virtually inconceivable back in the day: only 50 years ago, when most of us in this room were alive and some of us already in work, the total assets on the balance sheet of Swiss Bank Corporation amounted to 4.1 billion Swiss francs, its shareholders’ equity 293 million Swiss francs, and its net profit 28.5 million Swiss francs. Admittedly, 1958 was not long after the Second World War, when the economic miracle was only just beginning in Germany and Europe. Even so, these figures seem improbably small. The office environment was very different in those days, too: paper, telephone, punched cards, an open-outcry system, printed share certificates, encashment of coupons, golfball typewriters as the latest gadget, and mechanical calculators on the assistant manager’s desk. But the dimensions made a definite impression. You saw them, felt them, moved them and became aware of them. Many pairs of eyes and hands worked together, booking and rechecking, reporting and getting approvals. In those days there were occasional mistakes and errors of judgement, but the consequences were far more contained. Modern systems, models and technological aids have stretched the dimensions. People, with all their human failings, are still a risk factor, as the financial services industry still does not seem to be able to learn from past mistakes.



Instead, a major crisis normally tends to occur every 5 years or so. At Bank Sarasin we are still a little wary of really big numbers, and I actually find that quite comforting: we are happy to move forward into new dimensions with carefully measured steps, under the protective wing of our big sister in Utrecht. So it's more a case of looking not once, but several times before you leap.

Dynamism is a fascinating force that inspires people and sweeps them up, carrying along the weak, the faint-hearted, the laggards and the sceptics on a tide of positive energy. Everyone enjoys that pleasurable feeling when a problem is overcome and things start to move smoothly again. "Things are running as they should", we say, and cherish the moment. But at the same time we need to remain focused, as we operate in a cyclical business. And just when things are going so well, a nasty surprise often tends to lurk around the corner. But our knowledge of downward and upward cycles should not cover us into inaction. Whatever we do, we need to do with conviction and enthusiasm, otherwise the results will never be convincing. When it comes to planning, however, we should not be guided by a temporary sense of euphoria or bullish sentiment, but by realistic, proportionate assumptions. Rarely any company has collapsed because of a surplus in reserve assets.

And so we come to the last D in our list: discipline. All sophisticated systems, risk calculations and control mechanisms rely on one thing: that the people in control have enough common sense to know the right place to use them. It is becoming increasingly clear how much every bank depends on the trust of the public, and above all the trust of its clients. We work with the money that clients have entrusted to our care. Our success depends on our ability to package this capital into maturities, currencies, vehicles, conditions and risk categories. The mechanism of investment is simple to grasp initially: there is no such thing as zero risk, unless you want zero returns as well. So the higher the risk, the greater the return. Nothing ventured, nothing gained – but a systematic approach is needed for everyone to benefit. After recent billion-dollar losses, discipline is much higher on the agenda in 2008 than the hunt for a return on equity, which 20% of financial analysts have rated as unsatisfactory. In many cases discipline simply means: Less is more!



In 2008 I am pleased to be handing over a very healthy bank that is well equipped to make the most of a very promising future. My optimism is not based purely on material values. I am convinced that the management will approach the dynamism of the new dimensions in which we are moving with the necessary discipline, and that the Board of Directors will perform its duties diligently and responsibly: carefully and coolly weighing up any risks before taking them on.

I have been with Bank Sarasin for almost forty years. I would like to thank everyone who has made my time here so special:

- My first mentors and trainers, who helped me find my feet very quickly
- The Bank's partners, who placed a lot of confidence in me by entrusting me with important business responsibilities, especially the hugely influential Alfred Sarasin, whose generous and visionary spirit still lives on as a guiding light for all of us.
- All the colleagues with whom I have shared the ups and downs and the problems and successes of the past years, and whose input and companionship I have always highly valued

I look forward very much to continuing to see Bank Sarasin prosper in future. Thank you for listening.