

Table of Contents

General Review

Key Data	2
Introduction by the Chairman of the Board of Directors	6
Report of the CEO	8
Market Environment	12
Private Banking	16
International Private Banking	20
Institutional Banking	24
Investment Funds	28
Logistics	32
Staff Functions	36

Corporate Governance 41

Bank Sarasin Group: Financial Statements

Group Balance Sheet and Off-Balance Sheet Transactions	62
Group Income Statement	64
Statement of Source and Application of Funds	65
Notes to the Group Financial Statements	66
1. Business Activities and Headcount	66
2. Accounting Principles	66
3. Information on the Balance Sheet	72
4. Information on Off-Balance Sheet Transactions	83
5. Information on the Income Statement	84
Report of the Group Auditors	87

Bank Sarasin & Co. Ltd: Financial Statements

Balance Sheet and Off-Balance Sheet Transactions	90
Income Statement	92
Proposal of the Board of Directors to the General Meeting of Shareholders	93
Notes to Bank Sarasin & Co. Ltd's Financial Statements	94
1. Information on our Business Activities	94
2. Accounting Principles	94
3. Information on the Balance Sheet	94
4. Information on Off-Balance Sheet Transactions	98
5. Information on the Income Statement	98
Report of the Statutory Auditors	99

Addresses 100

Key Data (on a consolidated basis)

Group Income Statement	1000 CHF	2004	2003	2002	2001 pro forma	2000
Operating income		411 440	392 364	401 265	489 791	419 534
Operating expenses		310 729	298 863	317 232	351 978	221 701
Operating profit		100 711	93 501	84 033	137 813	197 833
Cash flow ¹⁾		121 549	68 472	59 045	114 618	151 813
Group result including minority participations		102 005	70 124	-315 563	92 122	131 128
Group result excluding minority participations		101 169	70 351	-315 521	91 496	127 995
Group Balance Sheet	1000 CHF					
Total assets		7 498 075	7 576 949	8 139 455	10 615 130	3 556 966
Loans and advances to customers		1 473 094	1 581 304	1 713 661	1 999 587	837 162
Amounts due to customers		4 651 699	5 146 259	6 180 212	7 994 958	2 365 492
Shareholders' equity including minority participations		880 368	805 148	752 523	1 125 341	589 105
Shareholders' equity excluding minority participations		859 872	804 458	751 698	1 121 894	582 331
<i>of which reserves for general banking risks</i>		36 000	41 500	41 500	41 500	45 500
Ratios	%					
Return on assets (RoA)						
– Operating income as a percentage of total assets ²⁾		5.5	5.0	4.3	6.9	12.3
– Group result as a percentage of total assets ²⁾		1.4	0.9	-3.4	1.3	3.9
Return on equity (RoE) ³⁾		12.1	9.0	-33.6	10.7	24.2
RoE before amortisation of goodwill		13.3	10.2	-1.9	11.5	
Equity ratio ⁴⁾		11.7	10.6	9.2	10.6	16.6
BIS Tier 1 ratio		26.7	23.4	23.7	n/a	28.0
Operating expenses/Operating income ⁵⁾		82.5	83.4	86.8	79.3	57.5
Operating expenses/Operating income ⁵⁾ before amortisation of goodwill		79.9	81.2	84.6	78.0	
Assets under Management ⁶⁾	millions CHF					
Private customers		31 895.9	30 821.2	30 197.0	36 591.6	22 303.7
Institutional customers		14 737.0	10 958.3	10 720.0	12 210.1	12 115.5
Investment fund assets		7 207.0	6 870.3	5 517.1	6 293.7	7 001.8
Total assets under management		53 839.9	48 649.8	46 434.1	55 095.4	41 421.0
Year-on-year increase/decrease	%	10.7	4.8	-15.7	n/a	15.1

Selected Key Data per Employee ⁷⁾	CHF	2004	2003	2002	2001 <i>pro forma</i>	2000
Cash flow		107 837	57 270	44 939	104 279	237 719
Group result including minority participations		90 498	58 651	-240 173	83 812	205 328
Operating income		365 027	328 174	305 400	445 609	656 933
Operating expenses ⁵⁾		301 095	273 909	265 035	353 385	377 710
Operating profit		89 350	78 205	63 957	125 381	309 779

Selected Key Data per Class B registered

Share with a Nominal Value of CHF 100 ⁸⁾

	CHF					
Cash flow		198.8	112.0	96.5	187.4	345.0
Group result		165.4	115.0	-515.9	149.6	290.9
Operating profit		164.7	152.9	137.4	225.3	449.6
Shareholders' equity		1 406.0	1 315.4	1 229.6	1 834.5	1 323.5
Dividend		60.0	50.0	25.0	79.0	100.0
Pay-out ratio	%	36.3	43.5	n/a	36.1	34.4
Stock market price / Group profit ⁹⁾		11.5	16.5	n/a	21.6	17.9

Stock Market Price

	CHF					
On 31 December		1 900	1 900	1 538	3 225	5 200
High		2 400	2 130	3 710	5 500	5 920
Low		1 680	1 020	1 150	2 125	3 020
Market capitalisation <i>(at year-end)</i>	millions CHF	1 162	1 162	941	n/a	2 288

Registered Shareholders

		2 192	2 217	2 372	2 265	2 078
--	--	--------------	-------	-------	-------	-------

Headcount *(adjusted for part-time working)*

	employees					
Group		1 144.5	1 109.8	1 281.4	1 346.4	710.8
<i>of which Switzerland</i>		755.5	755.0	840.2	868.0	596.5
<i>of which abroad</i>		389.0	354.8	441.2	478.4	114.3

1) Our cash flow essentially consists of our net profit including minority participations, depreciation and write-offs on fixed assets, value adjustments, provisions and losses as well as net changes in provisions charged to extraordinary income.

2) Total assets: average of two year-end figures

3) Shareholders' equity before distribution of profit: average of two year-end figures including minority participations

4) Shareholders' equity including minority participations as a percentage of total assets

5) Operating expenses including depreciation and write-offs on fixed assets, goodwill and intangible assets

6) 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.

7) Headcount (adjusted for part-time working): average of two year-end figures

8) The selected key data per Class B registered share are calculated without minority participations.

9) Ratio at year-end

Calder – Miró and Bank Sarasin – Associations

The art of Alexander Calder and Joan Miró was strongly influenced by their long-standing friendship. Their intense dialogue and admiration for each other's originality reinforced their natural affinity. The works created by the two men

reach out in a striking manner into the space around them. Their playfulness and their passion for toys were a source of constant inspiration to them. They spurred one another on in their art, each with their own specific characteristics.



Communication in the sense of a mutual dialogue with everyone involved in our business – both internally and externally – is a daily challenge for the management and staff of Bank Sarasin. That dialogue is underpinned by our wide angle focus on the financial markets and our comprehensive understanding of the general economic context. We are passionate promoters of creative individuals and follow up on every innovative idea which arises from our dialogue and which can be of lasting benefit to our clients.



Introduction by the Chairman of the Board of Directors



Dr. Georg F. Kraye

Dear Shareholder

Other perspectives – a new world: associations with an exhibition at the Fondation Beyeler that, with its bright colours and playful ingenuity, was a veritable feast for the eyes. The dialogue and profound friendship between the two artists Calder and Miró inspired both of them to create works that remain highly valued and that delight us today as much as they will delight those who come after us. What can this mean for us in our business world?

The stock market euphoria of the late 1990s gave way to a sharp downtrend that persisted until March 2003 and so the time came to distinguish between things that last and those that are transitory, between a dream world and reality. At the time when stock prices were rising steeply, people were quick to assert that a new world had dawned, that old perspectives had become obsolete. When the markets were in the doldrums, there was talk of past crises and people feared that they might return. And what is the situation now? Do we face other perspectives and a new world or an old world and more recent perspectives?

The world and the perspectives on it influence one another and you cannot analyse your own situation reliably without looking back. You must then compare yourself with your competitors and establish goals for the future. We progressed significantly along our chosen path in all our locations in 2004, particularly in London, which is a very tough market. We are proud of the results we are presenting. They did not fall into our lap so I wish to thank all those concerned for their contribution, whatever form it took.

Our bank stands on a sound footing and we are confidently going ahead with several relatively large projects. Yet we remain aware that, although we have

excellent systems and work very hard, we are heavily dependent on market conditions. For example, virtually no one expected interest rates to stay so low for so long. Their impact remains strong. A measure designed to boost the economy is creating a yield problem for pension funds.

We realise that, more and more, the choice of a banking relationship and loyalty to a chosen bank are ignoring tradition and relationships based on affection. We must adapt to this, while at the same time sticking to our guns: being there when our clients need us is our task and the foundation of our business. Providing service – this is easy to write but it is no easy task in daily business, particularly with a changing cast of characters among our clients and within our bank.

Our three key values are a reliable relationship, an understanding dialogue and careful, competent advice and execution. Those values can be upheld only if we have highly qualified staff and managers. Finding such staff, training them, welding them into teams and leading them to success in our growing organisation is a task that, as in the past, we shall pursue with confidence and energy in 2005.

Responsibly yours

A handwritten signature in blue ink, appearing to read 'Kraye', with a stylized, cursive script.

Dr. Georg F. Kraye

Chairman of the Board of Directors



Peter E. Merian

2004: Improved performance in a volatile market environment

Share prices picked up dramatically at the beginning of 2004 and the year therefore started extremely well for us. However, the terrorist attack in Madrid in March abruptly halted the brief positive intermezzo after only one quarter. As in the previous year, geopolitical risks – particularly the escalation of hostilities in Iraq and the rise in oil prices – shaped the development of the financial markets, putting a damper on growth prospects. Our volume of business and income in the second and third quarters of the year were correspondingly low. The mood changed once the US elections had taken place and shares staged an impressive year-end rally to finish the year with a positive overall performance. Despite its volatility, 2004 generally offered us a very favourable framework within which to perform successfully. That is demonstrated by our operating income, which increased by 11% to CHF 71 million.

Against this background, we systematically pursued our growth strategy and our objective of continuously improving our bank's positioning in the market. In London we considerably expanded our presence by taking over

Chiswell Associates Ltd, an asset management firm. Measured by the parameter of assets under management, which now stand at just under CHF 9 billion in London, we doubled the volume of our business by our acquisition of Chiswell. We are now one of the leading players in the highly attractive market niche of asset management for charities. There are also useful product synergies here with the sustainability approach we have developed for asset management in Switzerland, which could give us a significant advantage when it comes to acquiring new clients. The fact that *Euromoney* recently rated Sarasin Chiswell the “Best specialist provider of philanthropy services United Kingdom” demonstrates that our well established position in the market is acknowledged by our competitors and by other leading service providers in the private banking sector of London’s financial market.

In Switzerland, we signed a takeover agreement with the independent asset management firm Colombo Gestioni Patrimoniali SA of Lugano, which manages client assets totalling around CHF 686 million. We initially took a

participation of 25%, which was backdated to the beginning of 2004, but have in the meantime increased our stake to 50.1%. It has already been agreed that we will completely take the firm over by 2006.

Our income in 2004 was also affected by the sale of Banque Jenni & Cie SA. Since it was sold in the middle of the year, it has only been included in the consolidated accounts for the first six months of 2004. The extraordinary income earned from Banque Jenni’s sale brought our group income to a total of CHF 102 million, a rise of 46%.

Our other key financial figures also reflect our improved business performance in 2004. Net interest income posted a modest 2% increase to CHF 59 million. Net income from commission and service fee activities – the most important component of our earnings, accounting for 73% of the total – rose by 5% to CHF 301 million. Net income from trading operations was also up by 5%, rising to CHF 47 million. Forex trading accounts for the lion’s share here, but derivatives trading is gaining ground.

Total assets under management rose by CHF 5.2 billion to CHF 53.8 billion. This was the result of net inflows on the operating side (CHF 0.8 billion), net inflows from the acquisition and disposal of companies (CHF 3.2 billion) and a performance contribution of CHF 1.2 billion. All segments of our business contributed to this positive development. Our Private Banking Division increased assets under management by CHF 1.1 billion. Our Investment Funds Division, where demand is buoyant, recorded an increase of CHF 0.3 billion, while our Institutional Banking Division added CHF 3.8 billion. The latter division particularly benefited from our acquisition of Chiswell, which was responsible for CHF 3.2 billion of the increase in assets.

The changes in our portfolio of participations caused our costs to start rising again, if only moderately. Personnel expenses were up by 4% to CHF 222 million while general administrative expenses rose by 5% to CHF 88 million. If non-operating factors like takeovers and the sale of participations are disregarded, the increase in costs was, however, only 1%. Overall, our headcount rose by 3% to 1145 due to the non-operating factors mentioned above. After the relevant adjustments, it even fell slightly.

Our operating profit rose by 8% to CHF 101 million. Depreciation and write-offs on fixed assets fell by CHF 2 million, or 13%, to CHF 13 million, while write-offs on other intangible assets rose by CHF 0.5 million to CHF 4.9 million. The latter will rise by approximately another CHF 1 million due to further investments in our IT platform scheduled for 2005. Thanks to only modest losses in the area of operating risks and loans, our value adjustments, provisions and losses rose by just CHF 0.2 million to CHF 0.8 million.

At CHF 46 million, our extraordinary income was again high last year. In 2003 its high level had reflected the application for the first time of the new accounting guidelines for banks adopted by the Swiss Federal Banking Commission (BAG-SFBC). Last year it reflected changes in our portfolio of participations. Once we switch to the international accounting standard IFRS, which we are due to do next year, such effects will be reported under ordinary income from other sources. Extraordinary income totalled CHF 55 million. The sale of Banque Jenni & Cie SA played a major role, accounting for CHF 42 million.

Growth presents new challenges on all fronts. Behind our products and services – with which we again earned many

prestigious awards – there are always human beings. The members of our staff and management work together as an experienced, dedicated team. With their broad expertise, they contribute to constant improvements in quality. Organisational and structural changes are inevitable in this context. Last year we formed an international, bank-wide New Product Committee, as well as setting up a CEO's Committee to assure the implementation of strategies and projects throughout the Sarasin Group. Yet we must strive to retain our identity despite all the changes. Our slogan "Responsibly yours" commits us to behave responsibly not only towards our clients and shareholders, but also towards one another. "Responsibly yours" is therefore a yardstick for our daily actions.

Personnel changes are also inevitable as time goes by. We should like to take this opportunity to thank Dr. Heinz D. Zimmer, who retired from our Group Executive Board at the end of November 2004, for his valuable contribution since 2002. Rolf Wittendorfer will be retiring at the end of March 2005 after having worked for our bank for over forty-five years and having been a member of our senior executive management for more than thirty. As of that date, he will be passing the reins of our Investment

Funds Division to a younger man and simultaneously stepping down from his position on our Group Executive Board. Rolf Wittendorfer's exceptionally long service in key positions at Bank Sarasin is indicative of his remarkable contribution to our bank and to banking as a whole. We wish to express our heartfelt thanks to him.

We are pleased with what we achieved in 2004. We set the stage for moving in new directions in 2005 that should bring profitable growth. I should like to express my thanks to all the members of our staff and management who dedicate themselves to our bank and who always respond with great motivation to new challenges, however complex they may be. Without such dedication, constant success would not be possible.

Responsibly yours



Peter E. Merian

Chief Executive Officer

Market Environment

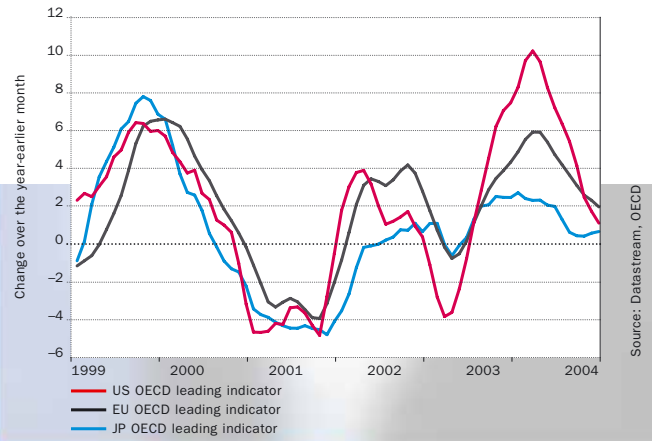
New perspectives
show how market opportunities
can be used





In order to operate successfully in the market, it is vital to recognise market changes as they occur, to classify them correctly, to assess their impact and to identify at an early stage what new client needs will result from them. Through constant alertness, it is possible to open up fresh perspectives for making the most of market opportunities. 2004 was another year marked by unexpected and contradictory developments, by fears and hopes. We again did our utmost to give our clients advice which oriented them in the right direction, as well as to define strategic guidelines that took account of the uncertain market environment.

Leading indicators point to a cyclical landing



The international financial markets were very buoyant in the first quarter of 2004. Rising cyclical indicators, combined with the central banks' maintenance of an extremely expansive monetary policy, helped shares to turn in a strong performance. The rally was brought to an abrupt halt by the terrorist attack in Madrid on 11 March, which again focused the financial markets' attention on geopolitical risks. The second quarter was overshadowed by the escalating level of violence in Iraq. The uncertainty surrounding the transfer of sovereignty from the USA to the Iraqis caused crude oil prices to rise steeply. The more subdued growth prospects caused a premature and unexpected drop in bond yields in the summer and the stock markets lost ground.

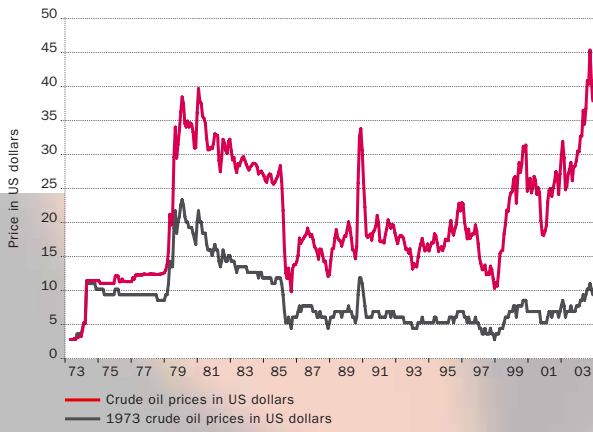
Even when geopolitical concerns subsided in the late summer, the price of crude oil continued to rise, reaching the level of USD 55 a barrel. Given the lack of flexibility of

supply capacities, the heavy demand emanating from China pushed up the price of oil and of most other commodities, so that the profit margins of firms that process raw materials came under extra pressure. Another negative factor was that in the third quarter, for the first time in four years, the US Federal Reserve, the Swiss National Bank and other central banks raised leading interest rates.

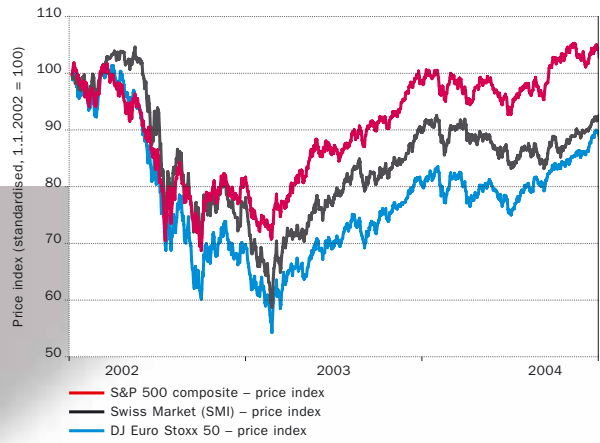
In the wake of George W. Bush's re-election as US President and a year-end rally, the markets' overall performance in 2004 was positive. Yet even in the fourth quarter the market environment remained difficult, particularly in Europe. The dollar came under pressure, losing around 10% of its value against the Swiss franc. This aroused fears of a loss of confidence in the world's leading currency and of a rise in long-term US interest rates. The economic prospects for Europe, with its heavy dependence on exports, therefore deteriorated.

The financial markets in 2004: unexpected and contradictory developments, fears and hopes.

Oil shock? A comparison of nominal and real crude oil prices



Year-end rally puts shares back on track



Source: Datastream

As from the summer of 2004, the leading indicators began to suggest a worldwide slowdown in economic growth. We expect that slowdown to continue in the first quarter of 2005. However, the latest data now point to a “soft landing” as far as the economy’s growth potential is concerned, so we are confident that the economy will pick up again significantly in the second half of the year.

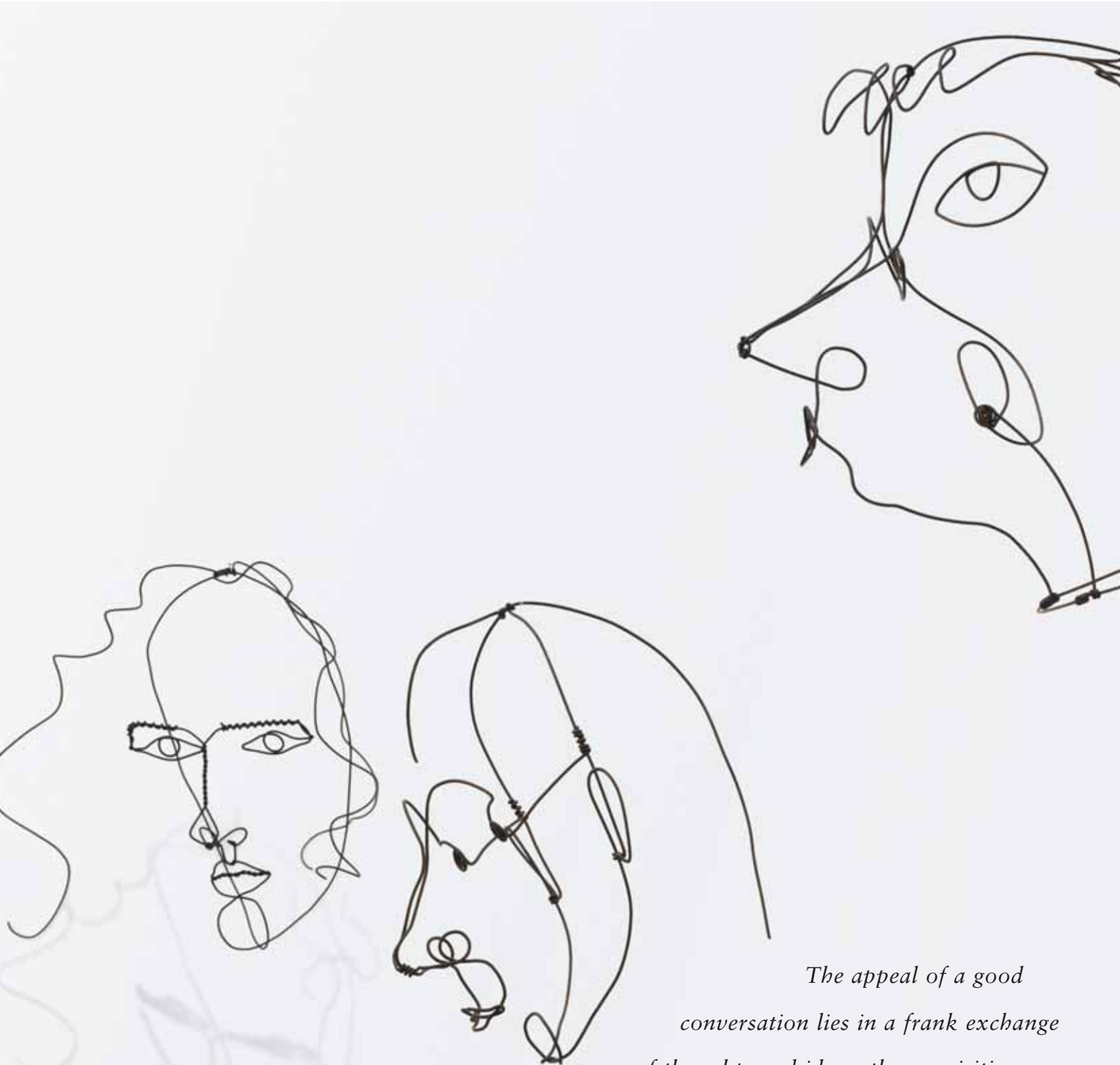
The trend towards the increasingly tight regulation of international banking markets is continuing without interruption and one can hardly help thinking that the authorities are competing with each other to see who can regulate the most. Yet the mere existence of regulations does not mean that individual financial markets are, in fact, effectively regulated.

As far as the transnational supply of financial services is concerned, there is currently a regrettable tendency to increase legal hurdles rather than to dismantle them. One

prominent example of this is Germany, where the acquisition of new clients from outside Europe has become far more difficult. Such barriers to market access not only exist in Europe, but are also becoming increasingly common in other regions, such as Asia (e.g. China and Japan).

Facilitating partnership through
a culture of dialogue





The appeal of a good conversation lies in a frank exchange of thoughts and ideas, the acquisition of new insights and a sense of being stimulated or challenged by contradiction. At the same time, common ground can be discovered and friendships established. Every partnership with our bank starts with this kind of intense personal dialogue, in which we have always engaged as part of our corporate culture. It has often resulted in firm relationships that have lasted for generations, reflecting not only the high quality of our products and services but also, and above all, our tradition of interaction, mutual trust and loyalty. Some of our long-standing client relationships are reminiscent of the friendship between Calder and Miró.



Conrad P. Schwyzer

Eric G. Sarasin

The results of a representative survey conducted among our Private Banking clients in Basel showed that our clients rate their personal contact with their relationship managers very positively, confirming the success of our continuous efforts to achieve a fruitful culture of dialogue. We shall use the information we obtained from the survey to align ourselves even closer to our clients' needs.

We were also delighted to have the quality of our services confirmed by independent experts. In 2004 the annual survey of portfolio managers in German-speaking countries carried out by the German daily newspaper *Die Welt* again resulted in our being rated the leading provider of asset management services in Switzerland. We also took first place in the areas of client guidance, quality of relationship managers, systems, ser-

vice and comfort as well as our range of specialities. We established ourselves as the front runner overall.

We adapted our organisational structure in 2004, placing more emphasis on a personal profile in Basel, Geneva, Lugano and Zurich, the four cities in which we have offices in Switzerland. Since April 2004, Conrad P. Schwyzer has been the head of Private Banking in Zurich, while Eric G. Sarasin has been responsible for Private Banking in Basel, Geneva and Lugano.

Our teams in Zurich, Basel and Geneva were reinforced by the addition of new relationship managers. In the autumn we started cooperating closely with Colombo Gestioni Patrimoniali SA in Lugano, moving to new premises in the Via Clemente Maraini in November 2004.

A culture of fruitful dialogue with our clients provides the basis for healthy growth in which we also share.



Peter Fischer

Once again, market conditions offered only restricted yield opportunities in traditional investment categories. Attractive opportunities are nonetheless provided by a combination of continuous product innovation and long-established vehicles. One example of this is EuRoparco, a fiduciary sight account that offers an above-average interest rate, which proved very popular with our clients. We launched successful new life insurance products for foreign clients that optimise the yield for private investors on the basis of national tax legislation. Finally, the further integration of our operations in Luxemburg and Singapore means that an increasing proportion of the investment products and services we offer come from an internationally diversified network. Our in-house products' market

competitiveness is assured by their own undisputed quality and by the fact that clients are free to choose other leading products in the market.

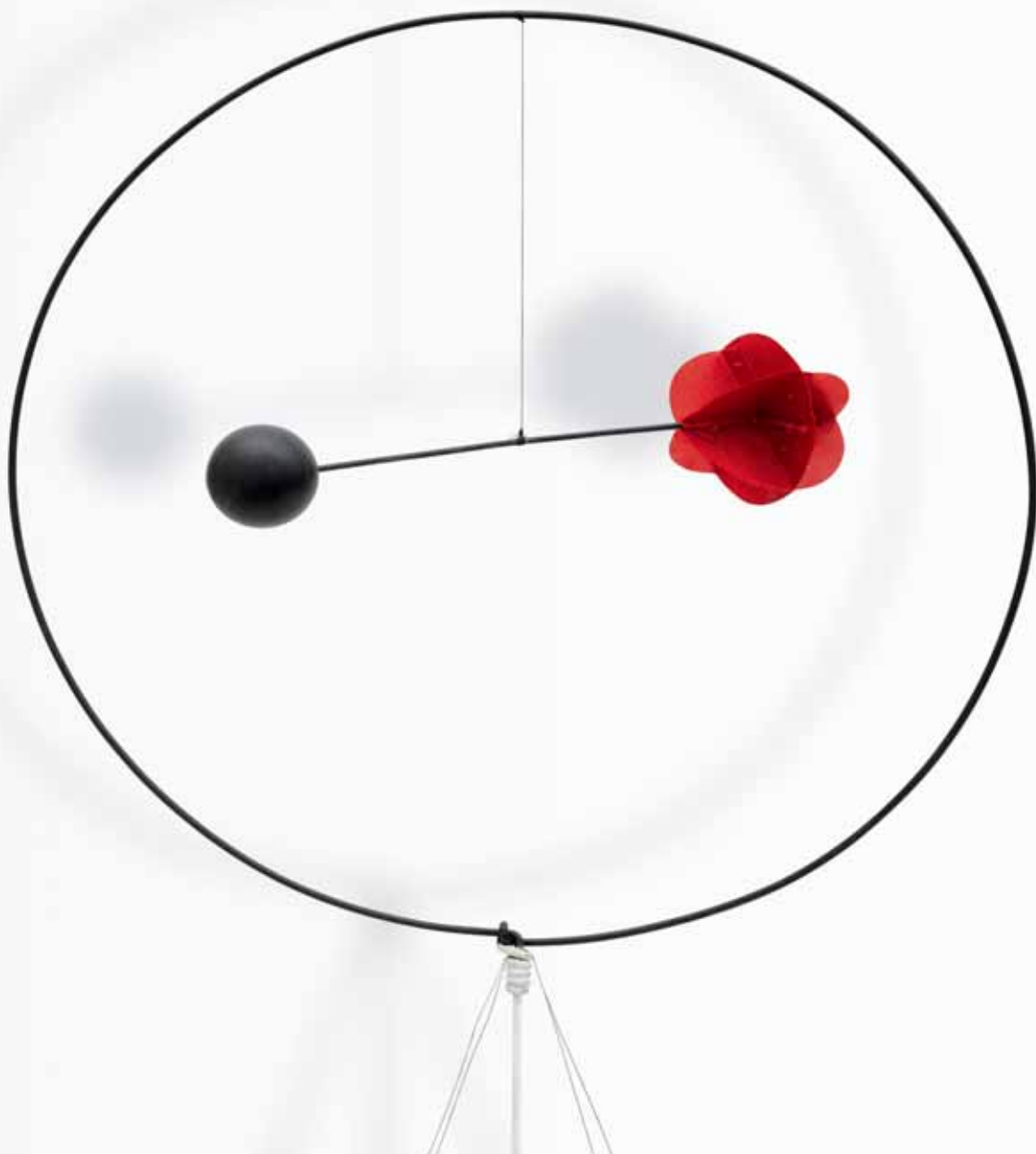
In 2005 our bank will remain committed to a healthy blend of tradition and innovation, seeking to continue to assert itself as a supplier of first-class services in the Swiss private banking sector. In the future, as in the past, we shall particularly focus on offering clients personalised services based on tailor-made, innovative solutions.

Proximity to clients

thanks to our global approach



Providing service to clients beyond national frontiers is increasingly becoming a matter of course. That is one of the reasons why we have broadened our business horizon in recent years and are now represented by subsidiaries in a number of key markets. This close contact with our clients permits us to develop concepts that correspond to individual needs. Our local presence also allows us to conduct a dialogue on the spot. The expansion of our range of products and services, in line with demand, enabled us to meet our growth targets for 2004.





Guido van Berkel

Thomas Wittlin

Marc Tomchek

Hong Kong and Singapore: The products and services we offer in Asia are directed at wealthy private clients, with asset portfolios currently averaging around USD 3 million. While our client base in Hong Kong consists of local onshore clients and a growing number of Chinese expatriates, the business we do in Singapore is dominated by transnational services for offshore clients from, in particular, Indonesia and Taiwan. Since our clients in Asia play a fairly active role in managing their portfolios, we exclusively concentrate on investment advice there, while the few clients who wish to give us a discretionary mandate are referred to our asset managers in one of our two competence centres in Basel and London.

The second annual *Euromoney* survey of the private banking sector ranked us 13th in the category “Best Private bank” in Asia, 11th in Singapore and 12th in Hong Kong, providing confirmation that we are very well placed in the high

potential Asian market. Our excellent positioning in Asia is further emphasised by the 8th place we gained in the category “Best private bank for private clients with a portfolio of USD 1 million to USD 10 million” and by our 10th place in the category “Best private bank for private clients with a portfolio of USD 10 million to USD 30 million”.

London: Our acquisition of Chiswell Associates brought considerable expansion in our private client base in London. The reinforced competence of our combined team bore its first fruit in the second half of 2004. Despite structural adaptations, we took great care to ensure that there was no interruption of our traditional high-quality service to clients during this transitional period.

Luxemburg: Following significant restructuring in the previous year, 2004 brought changes in the composition of our local management team. Thomas Wittlin, a highly experienced manager from Switzerland with wide knowledge

The awards we received from *Euromoney* confirm that we occupy a good starting position in Asia.



Simon Ruckert



Ken Gibbs

of Luxemburg's financial markets, came on board as our new Managing Director. Dirk van den Berg, a private banker from Germany, was appointed Director of the Front Office. Continuity in our management is assured by the Dutchman Coen van der Lubbe. The shift in our business strategy and our new focus on Continental Europe is reflected in our change of name from Bank Sarasin Benelux S.A. to Bank Sarasin Europe S.A.

In 2004, our conversations with clients were dominated by discussions about the tax amnesty in Belgium and the anticipated harmonisation of the taxation of interest as from July 2005. We lost a few relatively small clients but at the same time also gained some relatively large new client mandates. There was consequently no change in the volume of client assets that Bank Sarasin manages in Luxemburg. Faster growth was hampered by the low market penetration of the name Sarasin among potential clients

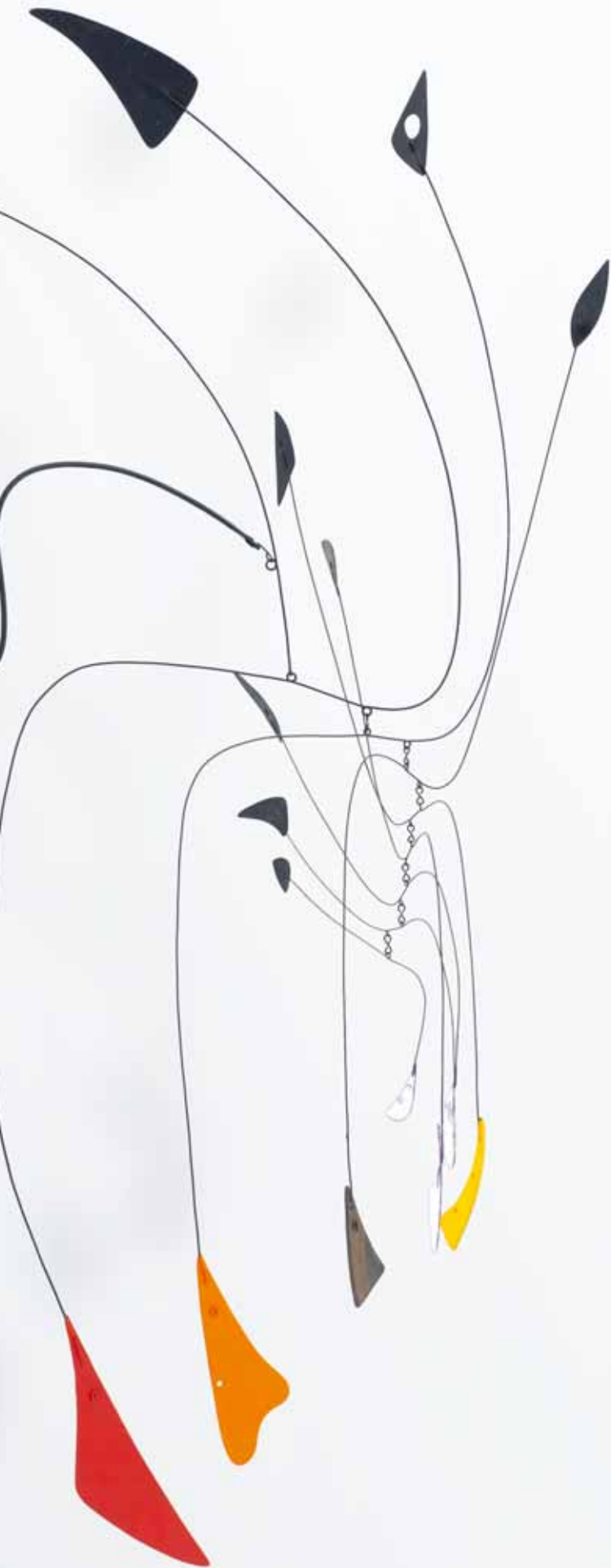
in the two key markets, the Netherlands and Belgium.

Guernsey: Last year saw the continuation of the process of consolidation in the Channel Islands that had caused us to focus on institutional business in 2003. Nonetheless, there are also some very interesting niches in this market environment. We were consequently able to increase our business with fiduciary assets and structured products by approximately 20% last year.

Institutional Banking

Careful distribution – the art
of sound balance





Given the years of uncertainty and the rather hesitant recovery of the stock markets, the balanced distribution of investments is a top priority for institutional investors. The painting above, which displays remarkable equilibrium and gracefulness, symbolises this. It challenges us to be very attentive even to seemingly unimportant factors and to carefully weigh up all the relevant facts and background circumstances, in order to hold our investment strategies in balance. Only in that way can we offer our investors maximum security.

Institutional Banking



Franz K. von Meyenburg

Robert Brown

Dr. Urs Chicherio

Michael Jent

Hans Keist

The financial situation of many institutional investors, particularly Swiss pension funds, stabilised further in 2004. Yet many institutional investors still face the dilemma that an investment structure corresponding to their risk propensity does not assure them with sufficient certainty of the yield they need to earn. As a result, clients displayed heightened awareness of risks and costs, increasing professionalism and greater demand for advice. The organisation of our marketing efforts and services to clients is therefore being more closely geared to regional and individual client needs. As from now, the Berne/Geneva region and large-scale investors will consequently be looked after by special units.

The assets managed by our Institutional Banking Division rose by CHF 4 billion to CHF 14 billion in 2004. The increase reflected our substantial success in gaining new clients and our takeover of the London firm of asset

managers Chiswell – a further investment in our successful thematic investment approach.

On the products side, clients' needs increasingly shifted towards specialised products inspired by an innovative investment idea. This benefited our products in the area of sustainable investments, small/mid-cap shares for Switzerland, emerging markets and thematic investments. We responded to pension funds' increased cost awareness by introducing seven new institutional investment funds which, unlike investment foundations, are exempt from stamp duty.

In the area of traditional asset management, our investment process based on score cards was further refined, resulting, in particular, in above-average performance, notably on the part of our flagship investment fund BondSar World¹ (CHF 660 million; + CHF 100 million). Our sustainable investments also did well. Our strong

We are now one of the leading suppliers of asset management services for charities in the United Kingdom.



Andreas Knörzer

Christian Lubicz

Guy Monson

Urs Müller

Gerd Ramsperger

Thomas Service

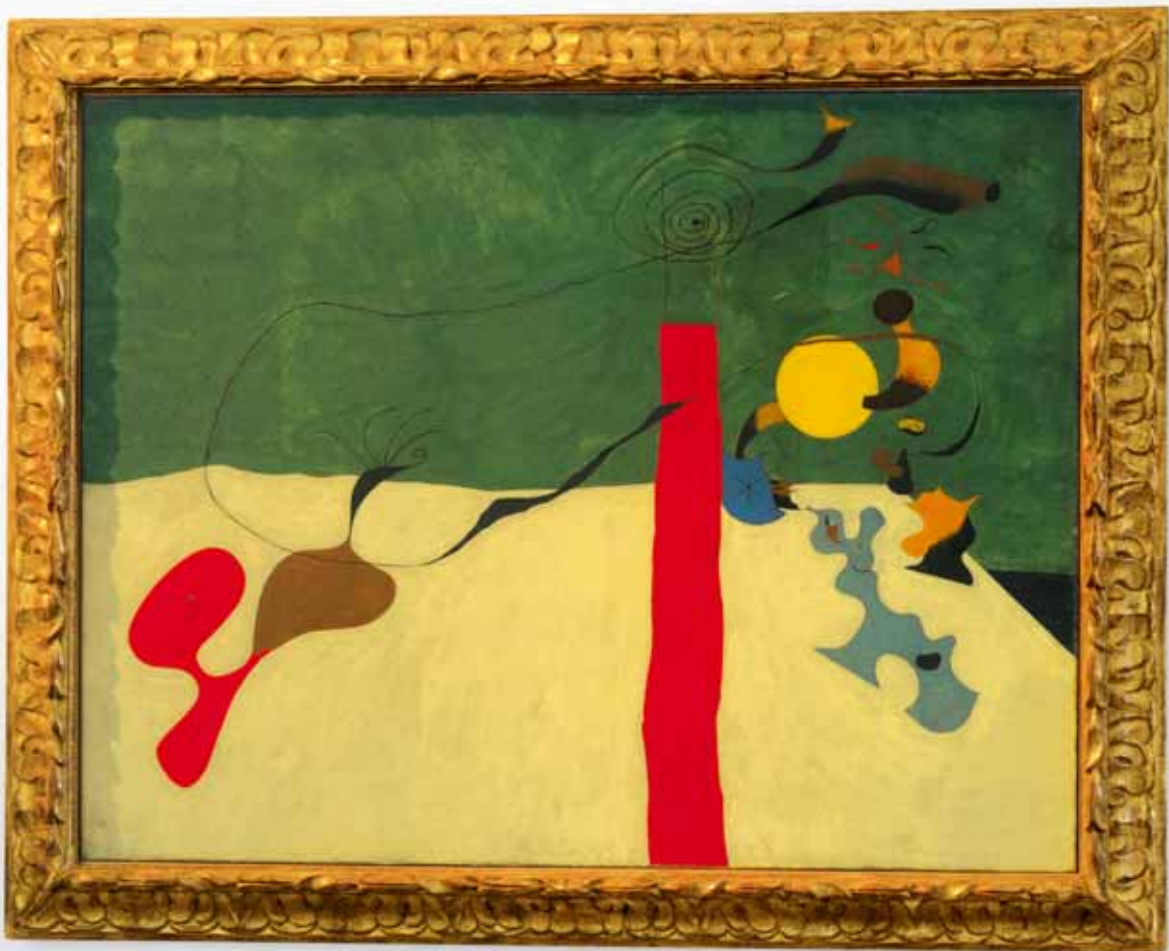
market position in this area was confirmed when *Euromoney* awarded us 7th place in the category “Best global provider for ethical investing” and 3rd place in the category “Best provider for ethical investing in Western Europe”. We believe that greater market potential can be unlocked by the more intensive marketing of sustainable products through our foreign subsidiaries and among our Swiss private clients.

On the trading side, the bank-wide introduction of Avaloq software enabled us to merge our forex and money market trading operations in Basel and Zurich. Additional synergies were achieved by merging our sales activities and our advisory teams.

Sarasin’s Corporate Finance Team pursued its strategy in 2004, offering personalised, high-quality, independent advice in the area of mergers & acquisitions and capital market transactions.

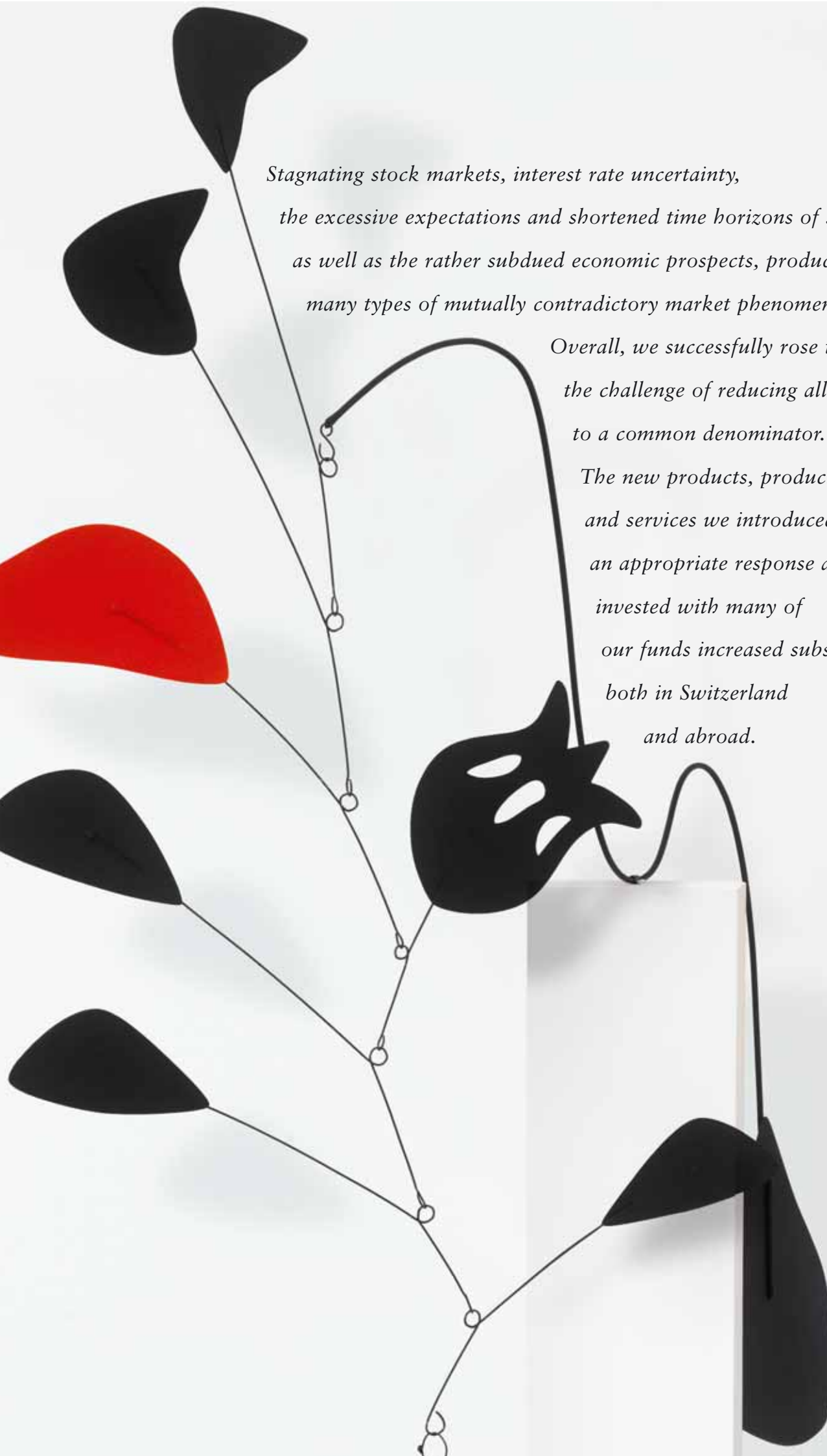
Our research unit was expanded in 2004 and its activities were reoriented to take account of the different segments of our client base. We are delighted that, despite the ongoing reorientation of its work, our research unit was awarded third place in the category “Best Research Unit for Securities listed in the Swiss Market Index (SMI)” and fourth place in the category “Best Research Unit for Non-SMI Securities” in a survey commissioned by the Swiss daily newspaper, the *Neue Zürcher Zeitung*. Our research unit has successfully positioned itself in the market with, in particular, its newly developed Sarasin Market Window.

¹ See also the Lipper awards to our bond funds, which are mentioned on page 30 in the section relating to our Investment Funds Division.



Investment Funds

Reducing many types of market phenomena
to a common denominator



Stagnating stock markets, interest rate uncertainty, the excessive expectations and shortened time horizons of some investors, as well as the rather subdued economic prospects, produced many types of mutually contradictory market phenomena in 2004.

Overall, we successfully rose to the challenge of reducing all these aspects to a common denominator.

The new products, product categories and services we introduced were an appropriate response and the assets invested with many of our funds increased substantially both in Switzerland and abroad.



Rolf M. Wittendorfer

Christoph Fuchs

Nils Ossenbrink

Last year we again successfully reinforced our position as a leading supplier of investment funds, collective investments and as an administrative platform for independent sales partners, thereby significantly expanding our contribution to our bank's income. The fact that total assets invested with Sarasin investment funds increased by over 16% to CHF 8017 million provides evidence of this positive trend. As a result of takeovers and the extension of cooperation arrangements, the number of persons whose investment fund accounts we administer on behalf of independent sales partners increased by 15 000. The launch of a special fund for institutional investors attracted funds in excess of CHF 700 million, which also had a positive impact on the volume of investments.

The range of asset management opportunities based on in-house and third party funds was expanded and supplemented by additional insurance components. As at November 2004, our range of in-house funds was reinforced by the Luxemburg real estate fund Sarasin Real Estate Equity. As the same time, a virtually identical fund – with the exception of the reference currency – was launched in Guernsey under the name of Sarasin CI Global Property Fund, so that we were able to start with investment assets

totalling around CHF 100 million. In the summer of 2004, we launched Sarasin Global Return (EUR), which is modelled on our Sarasin SwissMix fund. Thanks to our adjusted investment policy, which includes an asymmetric risk profile and dynamic portfolio hedging, we were able to achieve an above average yield (4.1% since 1 July, 2004). Sarasin EmergingSar increased total assets under its management by 13% and received the S&P award for the “Best Emerging Markets Product over 1 and 3 Years”, both of which achievements enhanced its reputation.

In the first quarter of 2005, the excellent positioning of Sarasin investment funds was confirmed by numerous Lipper Fund Awards in various European countries. We were particularly delighted by the awards we received in Switzerland: “Best Fund Group over Three Years – Overall Group – Small”, “Best Fund Group over Three Years – Bond Group – Small” and by the first place awarded to Sarasin GlobalSar (CHF) in the category “Mixed Asset CHF Balanced over 10 years”.



Competence centre for investment funds and services for independent sales partners: a fruitful combination.



Jürg Peng

Marco Weber

The Swiss media responded very positively to our market launch of services for clients in the Personal Banking area¹. Our Personal Banking clients are offered a standardised range of products and services, as well as personal advice. At the same time, they benefit from the expertise, competence and investment strategy of our entire bank.

The EU ban on the public advertising and marketing of products and services by banks from non-member states hampers the acquisition of EU-based clients for our Personal Banking services and those we offer via independent sales partners. In 2004 we therefore concentrated on cultivating existing client relationships and marketing our range of funds via local financial institutions. We are very pleased that our Paris subsidiary Sarasin Expertise AM, which operates in the investment funds area, successfully increased its assets under management by around 80% to almost CHF 500 million.

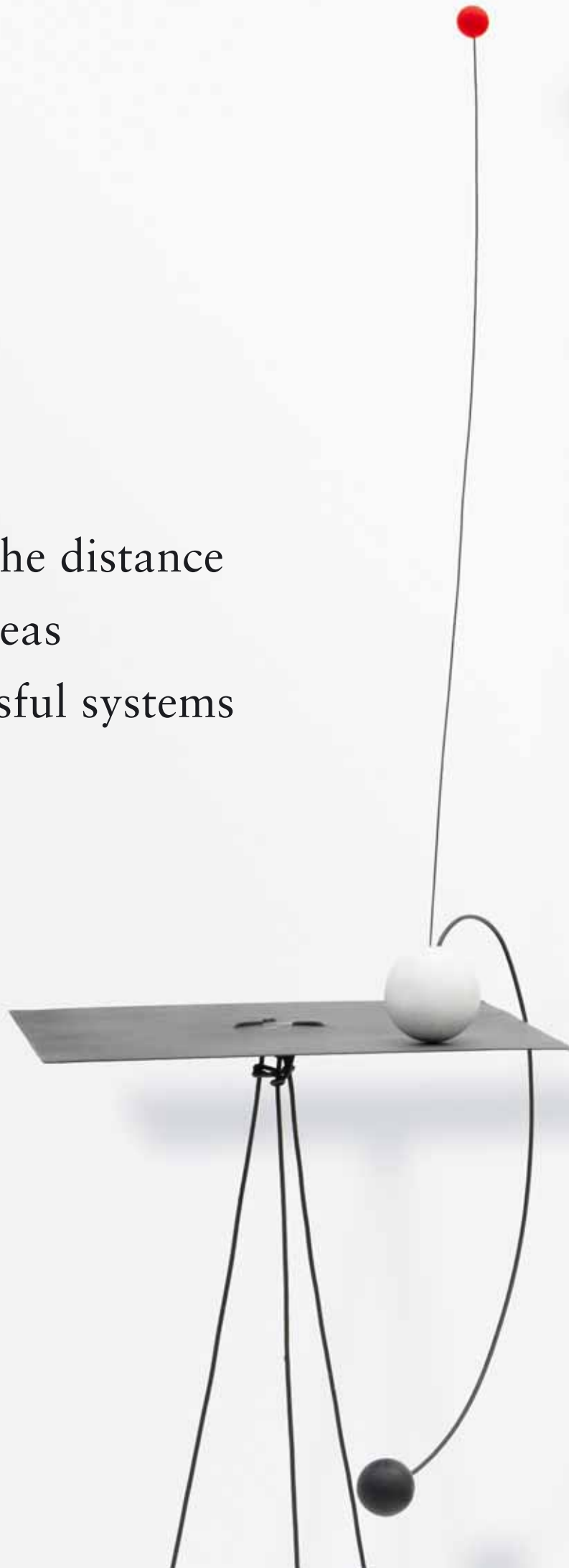
In 2005 we are also expecting to see positive developments with regards to the expansion of our investment fund services in Switzerland. Our significantly improved technical infrastructure and our market leadership in the area of fund account administration should, in particular, have a positive impact in this respect.

¹ Private clients with investments of between CHF 100 000 and 500 000

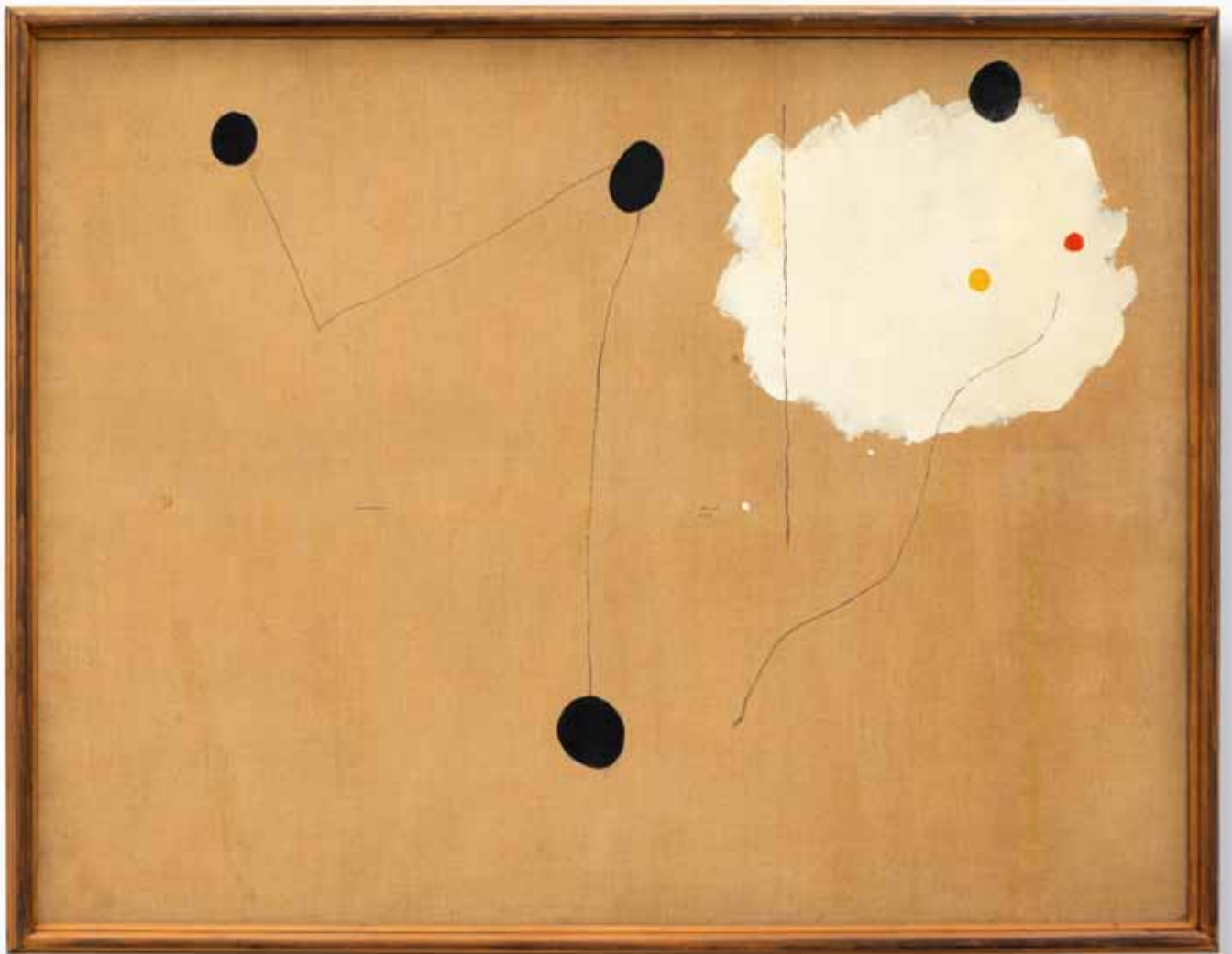
Investment fund assets in CHF	31.12.2004	31.12.2003	Change %
Swiss investment funds	1 826 131 640	875 557 755	108.57
SaraSwiss	402 989 860	377 325 253	6.80
SaraSelect	414 768 631	259 429 704	59.88
SaraFlex	54 224 548	50 631 574	7.10
SaraBond	144 445 795	153 350 237	-5.81
SaraPro Inst. Fd. Swiss Equities	143 089 967	23 548 815	507.63
SaraPro Inst. Fd. Equities North America	21 181 855	11 272 172	87.91
SaraPro Inst. Fd. Europe	130 784 813	-	-
SaraPro Inst. Fd. Pacific	49 229 041	-	-
SaraPro Inst. Fd. Em. Markets	84 007 850	-	-
SaraPro Inst. Fd. Glob. Thematic	29 211 844	-	-
SaraPro Inst. Fd. Bond CHF Inl.	230 695 585	-	-
SaraPro Inst. Fd. Bond CHF Ausl.	47 083 784	-	-
SaraPro Inst. Fd. Bond For. Curr.	74 418 067	-	-
Luxemburg investment funds	3 935 198 616	3 752 754 984	4.86
Sarasin BlueChipSar	228 150 954	248 531 880	-8.20
Sarasin EquiSar	261 223 260	244 679 504	6.76
Sarasin EuropeSar	139 317 246	161 142 049	-13.54
Sarasin TecSar	87 892 575	140 777 441	-37.57
Sarasin WebSar	41 505 285	72 321 906	-42.61
Sarasin ValueSar Equity	141 955 776	142 243 104	-0.20
Sarasin EmergingSar	422 782 046	382 936 009	10.41
Sarasin EmergingSar-Asia	96 277 621	59 972 903	60.54
Sarasin HealthSar	23 738 714	17 892 929	32.67
Sarasin Dutch Equity	30 954 808	-	-
Sarasin Real Estate Equity (EUR)	83 827 936	-	-
Sarasin GlobalSar (CHF)	797 994 383	812 976 071	-1.84
Sarasin GlobalSar (EUR)	223 522 442	246 064 267	-9.16
Sarasin OekoSar Portfolio	327 422 341	319 794 159	2.39
Sarasin Global Return (EUR)	43 856 769	41 889 675	4.70
Sarasin BondSar World	658 785 914	561 155 180	17.40
Sarasin BondSar Swiss Franc	70 051 492	55 232 334	26.83
Sarasin BondSar Euro	99 933 377	103 457 857	-3.41
Sarasin BondSar US Dollar	41 267 626	44 722 133	-7.72
Sarasin BondSar US Dollar Opportunity	47 977 382	56 064 985	-14.43
Sarasin Sustainable Bond Euro	57 361 891	40 900 600	40.25
Sarasin Dutch Bonds	9 398 778	-	-
Guernsey investment funds	925 923 765	907 917 722	1.98
GlobalSar-Sterling	436 747 103	418 974 397	4.24
GlobalSar-Dollar	150 852 218	149 056 000	1.21
EquiSar Guernsey	210 956 071	247 636 222	-14.81
EquiSar Guernsey Dollar	30 341 025	22 363 393	35.67
Global Property Fund	24 700 765	-	-
Income Portfolio	64 299 619	60 710 590	5.91
Winterthur EPP Fund	8 026 963	9 177 121	-12.53
UK investment funds	279 099 034	295 754 678	-5.63
Alpha Charity Fund	66 568 672	61 442 040	8.34
EquiSar (GB)	167 859 247	187 898 231	-10.66
GlobalSar Balanced Fund	44 671 115	41 113 479	8.65
Income Portfolio Fund	-	5 300 928	-100.00
French investment funds	204 912 960	153 559 493	33.44
FCP Sarasin Expertise Actions Europe	47 265 547	36 875 308	28.18
FCP Sarasin Euro Mid-Caps Expansion Durable	8 724 126	1 919 156	354.58
FCP Sarasin Europe Expansion Durable	16 366 603	11 506 522	42.24
FCP Sarasin Expertise Crédit CT	83 179 113	46 989 694	77.02
FCP Sarasin Expertise Euro Oblig.	32 293 528	33 686 259	-4.13
FCP Sarasin Expertise Inter Convertibles	17 084 044	22 582 554	-24.35
Rabobank's Luxemburg investment funds	17 443 164	49 582 383	-64.82
Rabobank Holland Fund - Dutch Equity Fund	-	33 186 522	-100.00
Rabobank Holland Fund - Dutch Bond Fund	-	10 452 379	-100.00
Rabobank Select Fund - Select Equity	17 443 164	5 943 482	193.48
Luxemburg private label funds	336 722 312	296 299 677	13.64
Sarasin Multi Label SICAV - RM Growth Fund	63 966 415	62 347 379	2.60
Sarasin Multi Label SICAV - New Energy Fund (EUR)	12 541 652	6 821 881	83.84
Sarasin Multi Label SICAV - Monti Harvest Fund	50 779 448	50 412 547	0.73
Sarasin Multi Label SICAV - Swiss Small & Mid-Cap	57 512 376	79 934 087	-28.05
Sarasin Multi Label SICAV - Master Selection CHF	83 513 097	85 512 175	-2.34
Sarasin Multi Label SICAV - Master Selection EUR	-	11 271 608	-100.00
Sarasin Multi Label SICAV - Master Selection Global Equity	68 409 323	-	-
Swiss private label funds	491 228 119	548 002 852	-10.36
CB-Accent Income Fund (CHF)	-	32 357 471	-100.00
CB-Accent Income Fund (EUR)	-	37 202 092	-100.00
CB-Accent Income Fund (USD)	-	5 684 350	-100.00
CB-Accent Money Market Fund (CHF)	49 533 686	47 931 273	3.34
CB-Accent Money Market Fund (EUR)	312 649 102	349 554 639	-10.56
CB-Accent Money Market Fund (USD)	129 045 331	75 273 027	71.44
Total investment fund assets	8 016 659 609	6 879 429 544	16.53

Logistics

Reducing the distance
between ideas
and successful systems



The pace of development in logistics is constantly accelerating, demanding increased productivity and flexibility from our staff. We continuously reduce the time it takes to turn ideas into viable systems, while maintaining the same level of quality and service.



Such constant process optimisation depends partly on technological progress and partly – and this is the decisive factor – on enhanced creativity.



Andreas R. Sarasin

Rolf Bühler

In 2004, as in 2003, the work of our Logistics Division was dominated by the introduction of the standard banking software Avaloq. On 5 January, 2004, after eighteen months of intensive preparation, the first phase of Avaloq went live throughout our bank in Switzerland. Its introduction was successful, although we regret to say that we did not achieve our ambitious goal of zero errors in our client correspondence. We wish to thank our clients most sincerely for the great loyalty they displayed.

While operating without interruption, our Avaloq system has undergone countless adjustments and technical improvements since its introduction. Processes have been redesigned and all internal users have been given more technical training. For stock market settlements and deliveries, for example, we have been able to increase the proportion of straight-through processing considerably. The optimisation process will continue in the future. One year after

Avaloq's introduction we are, however, happy to note that almost all our project objectives have been achieved and that our bank has a forward looking IT platform on which to build.

Regulatory and legal requirements meant that we additionally had to take on other challenging projects. The technical implementation of the Ordinance of the Swiss Federal Banking Commission concerning the Prevention of Money Laundering took place on time at the beginning of 2005. On the other hand, the introduction of processes and procedures connected with the implementation of EU interest taxation in accordance with the Directive issued by the Swiss Federal tax authorities does not have to be completed until 1 July, 2005. For us – as for all Swiss banks – both projects involve considerable costs.

To assist our foreign subsidiaries, our IT unit is increasingly functioning as a group-wide competence centre in selected

Our new IT system provides us with a good framework for further optimisation of our operating efficiency.



Julius Zürcher



Georges Roten

fields. For example, IT security assessments or security checks were performed in all locations, with due regard for the local legal and regulatory framework. In addition, our IT network, Intranet, Internet and e-services are designed centrally in Switzerland. Finally, we are, for the first time, also performing certain technical monitoring functions.

With a view to future process optimisation, the bank's central registry in Switzerland was transferred to our Central Services unit. The registry's activities in 2004 were dominated by the introduction of Avaloq and the associated task of streamlining client data.


More generally, our Central Services unit focused its attention on further efficiency gains and quality improvements in 2004. This includes constantly adapting our business premises to the sophisticated needs and expectations of our bank and, in particular, of our clients. Our move to new, ultramodern office premises was particularly

important for our subsidiaries in London and Lugano. As regards the remarks about environmental issues traditionally mentioned here, we wish to refer to our sustainability report for 2004, which will be published in June 2005. This new document, which will replace our previous environmental report, will include a chapter on social issues as well as sections dealing with the environment and ecological aspects of our operations and products.



Staff Functions

A sphere removed
from our day to day business



Our Corporate Services units work behind the scenes rather than in the limelight as our relationship managers do. Yet every day they perform vital, important functions in the area of Legal Services, Compliance, Human Resources and Corporate Communications, helping to assure the smooth operation of our bank. Their contributions, which generally have a long-term time frame, are essential for our bank's continuing internal development. Their distance from our day to day business broadens and completes their perspective. They therefore not only come up with new ideas and innovations but also ensure that regulatory risks are properly evaluated.





Dr. Markus Affolter

Corporate Communications: In 2004, our activities concentrated on the development and introduction of the slogan “Responsibly yours”. This phrase, which conjures up the very essence of our corporate identity, is now the main thread running through all our communication. In order to establish the slogan firmly within the Sarasin Group, we held internal information meetings at all the locations where we have a presence. The new slogan was publicly introduced in September 2004 through a new image campaign consisting of advertisements in the Swiss media.

Our commitment as the co-sponsor and official bank of the international tennis tournament Swiss Indoors, our long-standing cooperation with the Fondation Beyeler and our presence at various events related to sustainability were all maintained in 2004. Finally, it continues to be part of our social policy to support political, cultural and

philanthropic activities by means of involvement in their organisational structure and by offering financial support.

Group Legal & Compliance: Against the background of the rapidly changing legal and regulatory framework and the increasing complexity of products and services, our Legal & Compliance unit launched a major training offensive in 2004.

In addition, the introduction of a computerised monitoring system to identify unusual business transactions, as is required by the Ordinance of the Swiss Federal Banking Commission concerning the Prevention of Money Laundering, represented a major challenge for the entire Sarasin Group.

Through our statements at official hearings and our activity in banking associations, we endeavour to ensure that sufficient attention is paid to Switzerland’s ability to compete with other financial markets in the world.

Responsibly yours – A deep sense of responsibility is central to our corporate identity and the yardstick for our daily actions.



Hanspeter Wüst



Dr. Benedikt Gratzl

Human Resources¹: Our headcount had fallen to 1110 persons in 2003 as a result of restructuring, but by the end of 2004 it had risen again, to stand at 1144. Our acquisition of Chiswell Associates in London and our cooperation with Colombo Gestioni Patrimoniali SA in Lugano were both factors in this increase. These steps towards expansion were partially offset by the completion of our restructuring in Guernsey and the sale of Banque Jenni & Cie, SA. In order to ensure that our bank is managed according to the principles of sustainability, our Group Executive Board defined a social policy and corresponding goals and measures. An independent market research institute carried out a staff satisfaction survey at all our locations in Switzerland, in which we are happy to say that 80% of our staff participated. Further measures will be defined on the basis of the survey's results. Another group-wide satisfaction survey is due to be conducted in 2006.

Our internal training programme in Switzerland was again limited to six months of the year because of the heavy workload associated with the introduction of Avaloq. At the same time, our commitment to quality assurance was increased by means of examinations. We also introduced more systematic management training last year. We supervised a total of nineteen apprentices of whom seven successfully completed their training. Five apprentices passed their professional baccalaureate.

As at 1 January, 2005, the pension fund of the former RaboRobeco Schweiz was integrated into Bank Sarasin's pension fund, representing the last administrative step in our integration.

¹ For more detailed coverage of social issues in 2004, readers are referred to the sustainability report that we shall be publishing, for the first time, in June 2005.



Introduction

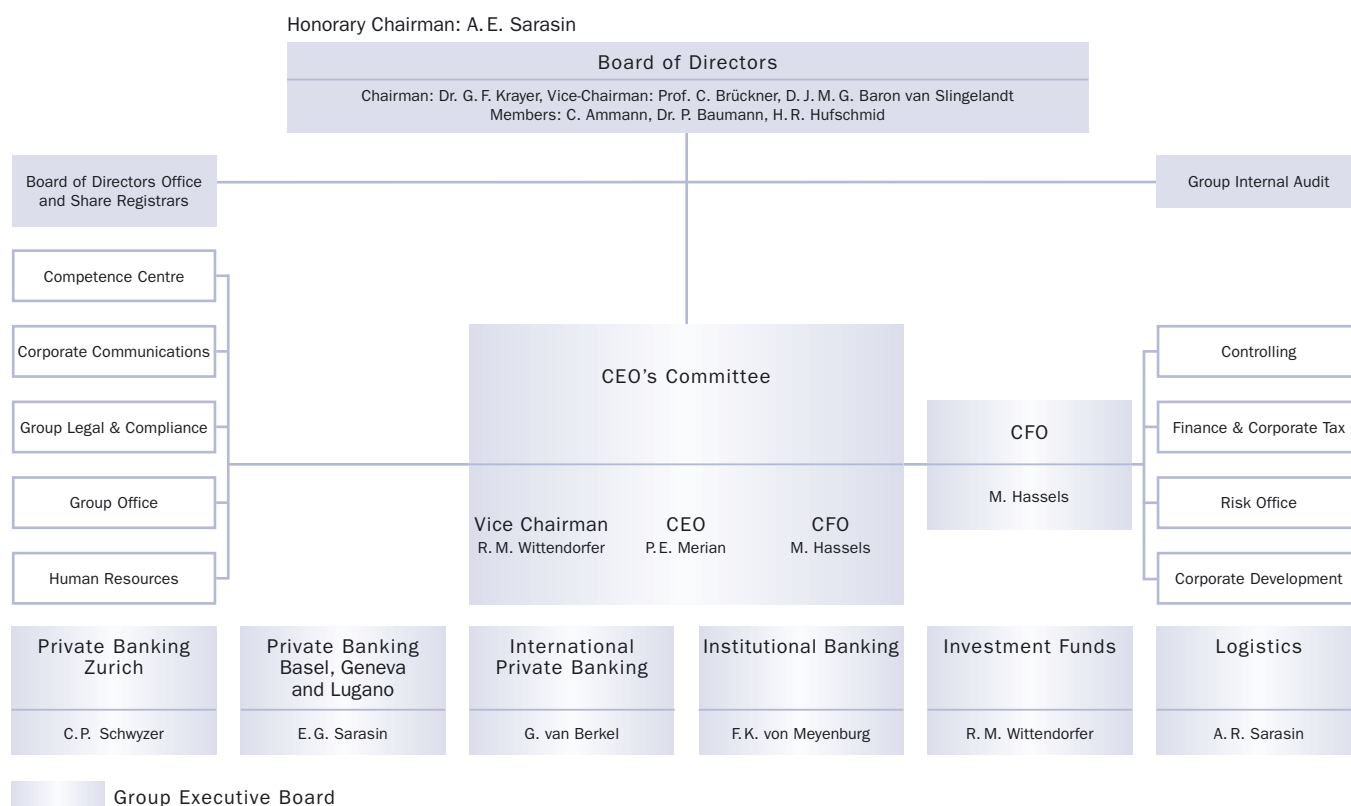
The corporate governance principles and rules followed by Bank Sarasin & Co. Ltd are laid down by our Articles of Association¹, our Business and Organisational Regulations and the regulations of the committees that report to our Board of Directors. They are regularly reviewed in accordance with applicable rules and are submitted to the Board of Directors or the General Meeting of shareholders for their approval. The principles we follow 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 Business and Organisational Regulations to the Swiss Federal Banking Commission for its approval.

In accordance with the SWX Swiss Exchange's guideline on information about corporate governance, the present Corporate Governance Report describes the corporate governance principles followed by Bank Sarasin & Co. Ltd.

1. Group structure and shareholders

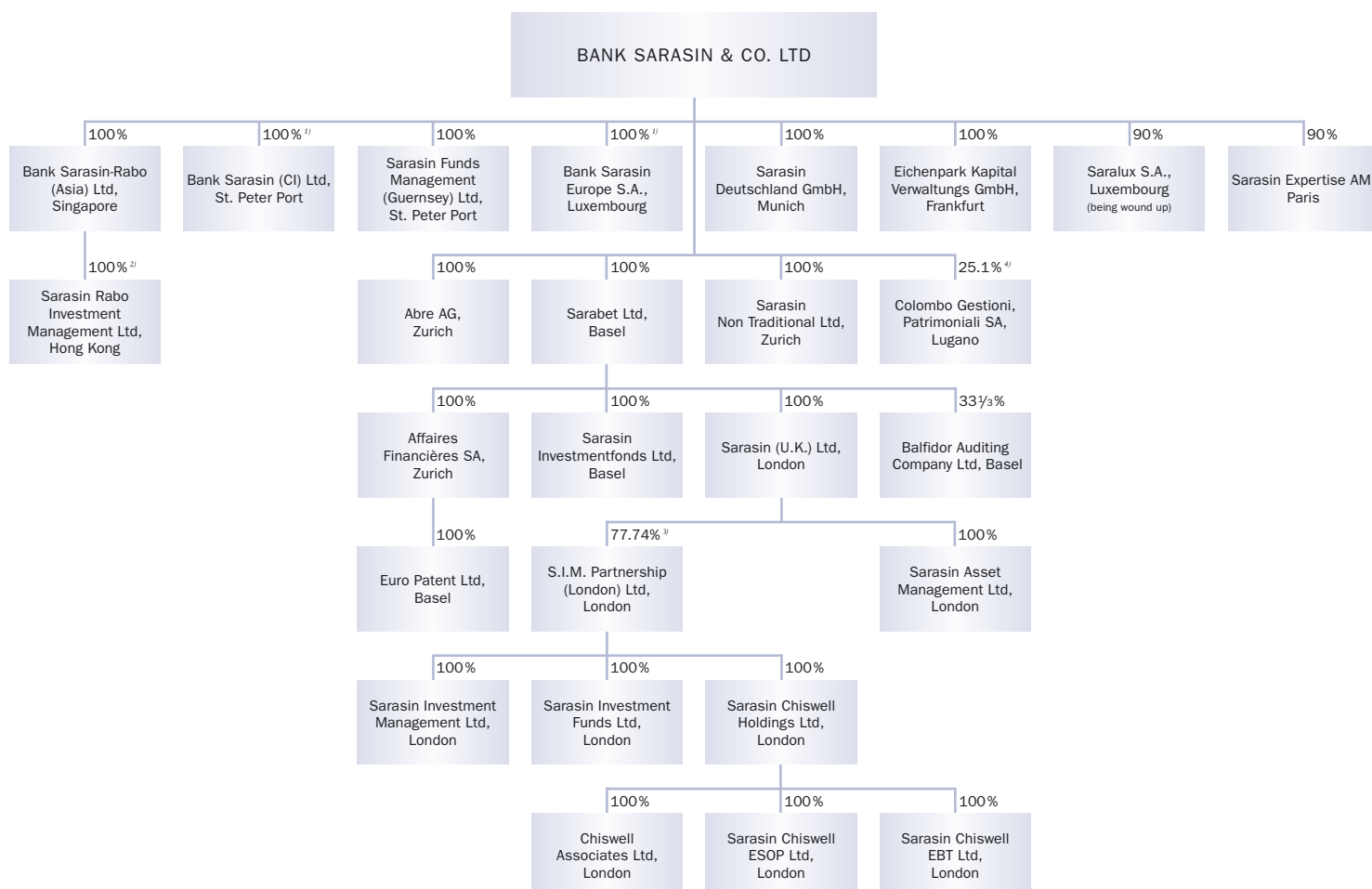
1.1 Group structure

Operational presentation of our Group's structure



The competence centre that used to come under Staff Functions is being wound up as at 1 February, 2005 and its units are being transferred to different business areas. Rolf Wittendorfer is retiring from the Group Executive Board at the end of March. Marco Weber will succeed him as Head of the Investment Funds Division with effect from 1 April, 2005.

Legal structure of our subsidiaries



¹⁾ For legal reasons, Sarabet Ltd holds 1 share in each of these companies.

²⁾ For legal reasons, Bank Sarasin & Co. Ltd holds 1 share in this company.

³⁾ 77.74% of this company's shares are directly owned Sarasin (U.K.) Ltd, while the remaining shares are held by management.

⁴⁾ In February Bank Sarasin & Co. Ltd will acquire more shares, backdated to 31.12.2004, thereby increasing its stake to 50.1%.

Other details, for example share capital, stock market capitalisation and shareholdings, relating to Bank Sarasin & Co. Ltd and all subsidiaries that are included within the scope of consolidation, can be found on page 74 in the notes to the group financial statements.

¹⁾ Bank Sarasin & Co. Ltd's Articles of Association are publicly available in the Internet (www.sarasin.ch/see section headed "About Sarasin").

1.2 Significant shareholders

As at 31.12.2004, the following shareholders held over 5 per cent of Bank Sarasin & Co. Ltd's total share capital:

Eichbaum Holding Ltd: All 550 000 Class A registered shares as well as 150 Class B registered shares, corresponding to 52.3% of the voting rights in Bank Sarasin & Co. Ltd and 18.0% of its share capital. All shares in Eichbaum Holding Ltd are held by Dr. Philip Baumann, Matthias Hassels, Hans-Rudolf Hufschmid, Dr. Georg F. Kraye, Peter E. Merian, Franz K. von Meyenburg, J. Guy E. Monson, Andreas R. Sarasin, Dr. Beat A. Sarasin, Eric G. Sarasin, Conrad P. Schwyzer and Rolf M. Wittendorfer. The above-mentioned men have granted IPB Holding B.V. a call option on all the shares in Eichbaum Holding Ltd. That option, which runs until 30 June, 2009, gives IPB Holding B.V. the right to obtain those shares and consequently also the voting majority in Bank Sarasin & Co. Ltd within that period of time.

IPB Holding B.V.: IPB Holding B.V., a fully owned subsidiary of the Cooperatieve Centrale Raiffeisen-Boerenleenbank (Rabobank), owns 171 553 Class B registered shares, corresponding to 16.3% of the voting rights in the company and 28.0% of its share capital.

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 96 in the notes to its financial statements.

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 97 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 pages 78 and 98.

2.4 Shares and participation certificates

Details regarding the number, type and par value of shares in our company are given on page 96 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 our Articles of Association¹⁾, 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 shall let itself be guided by the interests of the company when making its decision.

2.6.2 Reasons for granting exceptions in the year under review

No exceptions were made in 2003 and no corresponding applications were submitted.

2.6.3 Admissibility of nominee registrations

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

2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability

Any change in the provisions of our Articles of Association regarding restrictions on the transferability of registered shares requires at least two thirds of the votes represented at the 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 Group Executive Board can be found in section 5.6 on page 56. There are no outstanding options granted to staff which, if exercised, would be issued from conditional capital.

¹⁾ *Bank Sarasin & Co. Ltd's Articles of Association are publicly available in the Internet (www.sarasin.ch / see section headed "About Sarasin").*



Dr. Georg F. Krayer

Prof. Christian Brückner

Diederik J.M.G. Baron van Slingelandt

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 as at 31 December, 2004. 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 third-party firms for which a member of Bank Sarasin's Board of Directors carries out a mandate.

At the General Meeting on 26 April, 2004 our shareholders appointed Dr. Philip Baumann, a former partner of Bank Sarasin, to our Board of Directors. In addition, three of our existing directors, Dr. Georg F. Krayer, Géry Daeninck and Christoph J. Ammann, were elected for a further term of office expiring in 2007. When Géry Daeninck ceased to be CEO of Robeco Groep N.V. at the end of June 2004, he relinquished his directorship of Bank Sarasin & Co. Ltd as at the same date.

Dr. Georg F. Krayer (Chairman)

Swiss citizen; lives in Basel, Switzerland; doctorate in law and honorary doctorate in politics from the University of Basel.

Georg F. Krayer joined A. Sarasin & Co. Bankers in 1970. From 1978 to June 2002 he was a partner and since 1997 he has been Chairman of the Board of Directors. He is a director of the following publicly quoted companies: Bâloise Holding, Basel, and Pirelli SpA, Milan.

Professor Christian Brückner (Vice-Chairman)

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

Christian Brückner is a barrister, solicitor and a partner in the law firm of Vischer in Basel and since 1995 he has also held a chair in the law faculty of the University of Basel. In addition, he is on the board of several companies (including Jungbunzlauer Holding AG and Christoph Burckhardt AG, and a member of various auditing authorities.

Diederik J.M.G. Baron van Slingelandt (Vice-Chairman)

Dutch citizen; lives in Voorburg, the Netherlands; studied economics at the University of Groningen (specialising in management and organisation), the Netherlands.

After occupying senior finance positions in various firms, Diederik van Slingelandt joined Rabobank Nederland in 1989. He has been a member of the management of the Rabobank Group since 1996. Since July 2000 he has also been the CEO of Rabobank International. In addition, he is Chairman of the Board of Rabo Pensioenfondsen, Rabo International Advisory Services B.V. IPB Holding B.V. and N.V. Interpolis as well as being a director of Rabo Australia Ltd and the Robeco Group N.V. He is also a member of the Unico Steering Committee.



Christoph Ammann



Dr. Philip Baumann



Hans-Rudolf Hufschmid



Alfred E. Sarasin, Honorary Chairman

Christoph Ammann

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 is a member of the Swiss Federal Banking Commission, Chairman of the Board of Directors of the SIS Swiss Financial Services Group AG and a director of MSE MAT Securitas Express AG and of ifb International AG in Pfäffikon.

Dr. Philip Baumann

Swiss citizen; lives in Bottmingen, Switzerland; doctorate in law from the University of Basel.

Philip Baumann is a barrister. From 1988 until the end of 2003 he occupied a number of positions at Bank Sarasin in the areas of Corporate Finance and Private Banking, as well as acting as General Counsel. He was a partner of our bank from 1994 to 2002. As at 1 May, 2004 he became a partner in the law firm of Thomann Fischer. Philip Baumann is the secretary of our Board of Directors and a member of our Nomination and Compensation Committee. He chairs the pension fund of Bank Sarasin & Co. Ltd and is also active in philanthropic foundations and commissions.

Hans-Rudolf Hufschmid

Swiss citizen; lives in Therwil, Switzerland; has a degree in political science from the University of Basel, Switzerland.

As from 1980 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 Glanzmann AG, Vice-Chairman of the Board of Fritz Blaser & Cie AG and Blaser Bauglas AG and a director of Markant Finanz AG) as well as being active in foundations and commissions.

3.2 Other activities and vested interests

See 3.1.

3.3 Cross-involvement

There is no cross-involvement between our directors and the boards of publicly quoted companies.

3.4 Election and terms of office

The election and term of office of directors is governed by our Articles of Association (Article 15), which are publicly available in the Internet (www.sarasin.ch /see section headed “About Sarasin”).

Term of office of current directors

	Director since	Term of office ends
Dr. Georg F. Kraye	2002	2007
Prof. Christian Brückner	2002	2005
Diederik J.M.G. Baron van Slingelandt	2002	2005
Christoph Ammann	2002	2007
Dr. Philip Baumann	2004	2007
Hans-Rudolf Hufschmid	2002	2005

3.5 Internal organisational structure

The Board of Directors as an entity 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 Statutory Auditors required by banking and stock exchange legislation or for the General Meeting of shareholders.

Meetings of the Board of Directors are convened by its Chairman or, should he be impeded, by a 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. Our Board of Directors met seven times in 2004 (2003: seven times). Its meetings generally last a whole day, but in 2004 it held its first two-day retreat, at which the entire Group Executive Board (GEB) was present for part of the time.

The Chairman of the Board of Directors, in cooperation with the bank’s senior executive management, the Group Executive Board (GEB) and the CEO’s Committee, ensures that the Board of Directors and the committees that report to it are promptly notified of all issues relating to the bank and its group that are important for decision-making and monitoring. He informs the Board of Directors immediately of any extraordinary events.

The Board of Directors has set up the following committees:

a) the Nomination and Compensation Committee

b) the Audit Committee.

The tasks and reporting obligations of these committees are defined in special regulations. The Board of Directors may set up additional committees to carry out other functions. The tasks and reporting obligations of such committees must also be defined in regulations.

a) Nomination and Compensation Committee

Diederik J.M.G. Baron van Slingelandt chairs this committee, on which Professor Christian Brückner and Dr. Philip Baumann also sit. 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 position of CEO. It also examines proposals by the CEO for appointments to the CEO's Committee and the GEB. All appointments are, however, decided on by the full Board of Directors. The Committee sets the level of directors' fees. It also submits proposals to the full Board of Directors regarding salaries and bonuses for members of the GEB. Finally, it evaluates the content of and the method for determining salaries, bonuses and shareholding programmes. In 2004 the Nomination and Compensation Committee met five times (2003: four times) for an average of two hours per meeting.

b) Audit Committee

Hans-Rudolf Hufschmid chairs this committee, on which Christian Ammann also sits. The members of this Committee fulfil certain requirements regarding independence and qualifications. This 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 carrying out 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 auditors required under banking legislation, including their compensation, and evaluates the internal and external auditors' performance. In 2004 the Audit Committee met six times (2003: six times) for an average of 3.2 hours per meeting.

3.6 Definition of areas of responsibility

Pursuant to Article 16 paragraph 5 of our Articles of Association, the Board of Directors delegates the running of the company to its executive management (under our current Business and Organisation Regulations, the GEB) and receives the reports prepared by the GEB. The division of responsibilities between the Board of Directors, the GEB and its head (the CEO) and the CEO's Committee is laid down in writing.

The head of the GEB (CEO) and two members of the GEB appointed by the Board of Directors together constitute the CEO's Committee. For the attention of the Board of Directors, the CEO's Committee establishes the strategic orientation and development of our company and our group as well as our long-term objectives, including the necessary financial, human and organisational resources. Finally, the CEO's Committee 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 the prompt notification of the Board of Directors and of 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. He delegates and monitors the implementation of the Board of Directors' decisions.

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

The **GEB** 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 bank's monthly financial statements and the Group's quarterly consolidated results;
4. about the interim and annual financial statements of subsidiaries and participations;
5. about its 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;
6. periodically about the existence of bulk risks pursuant to Article 21 of the Banking Ordinance (parent company and on a consolidated basis);
7. through quarterly reports, about the implementation of the agreed risk policy (identification, management and limitation of risk positions).

In a general way, the GEB provides the Board of Directors with the 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 Chief Financial Officer, the Risk Office and Group Compliance.

Group Internal Audit (GIA) is responsible for the internal auditing of the Group. The Board of Directors has issued regulations applying to the GIA, which set out its tasks, duties and powers. The GIA prepares its reports without instruction from any quarter. It reports directly to the Chairman of the Board of Directors, who ensures that the audit reports are presented to the Audit Committee and that, in cooperation with the GEB, 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 Statutory Auditors required under banking and stock exchange legislation and presents them to the Audit Committee and the GEB so that they can be examined and discussed.

On behalf of and in cooperation with the Board of Directors and the external auditors, 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 instructions and guidelines. Pursuant to objectives approved every year by the Board of Directors, it carries out audits within the meaning of the regulations. The GIA may be given permanent or once-only instructions to carry out audits or to monitor subsidiaries or companies in which a participation is held.

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 CEO and, in accordance with Article 40 of the Banking Ordinance, to the Statutory Auditors required by banking and stock exchange legislation. Should anything exceptional come to light, it immediately informs the Chairman of the Board of Directors, the CEO and, in important cases, the Statutory Auditors.



Peter E. Merian

Rolf M. Wittendorfer

Matthias Hassels

Guido M. P. M. van Berkel

4. Senior management

4.1 Members of the senior management

In accordance with a decision of the Board of Directors of Bank Sarasin & Co. Ltd, Eric G. Sarasin was appointed to the Group Executive Board, the bank's senior executive management, with effect from 1 January, 2004. Since 1 April, 2004 Rolf M. Wittendorfer has been the only Vice-Chairman of the GEB as well as a member of the CEO's Committee set up as at that date. The other member of that Committee is Matthias Hassels. Dr. Heinz D. Zimmer retired from the Group Executive Board at the end of November 2004 and Rolf Wittendorfer will also be stepping down for age reasons at the end of March 2005.

Peter E. Merian, Chairman of the GEB and Chief Executive Officer

Swiss citizen; lives in Binningen, BL, Switzerland; studied economics at the University of Lausanne and has a law degree from the University of Basel, Switzerland.

After training with a major Swiss bank for three years, Peter E. Merian headed the Börsen-Informationen AG and the Basel Stock Exchange from 1981 to 1987. In that capacity, he was a member of various nationwide associations and commissions in the field of stock exchange operations. Peter E. Merian has been with Bank Sarasin since 1988 and became a partner in 1989. He headed the Private Clients unit in Basel and was appointed CEO in the spring of 1994. Peter E. Merian is, among other things, a director of the National Zeitung und Basler Nachrichten AG and of the Schweizerische National-Versicherungs-Gesellschaft. In addition, he is active in numerous public institutions, foundations, associations and commissions (for example, he chairs the listing committee of the SWX Swiss Exchange).

Rolf M. Wittendorfer, Vice-Chairman of the GEB, Member of the CEO's Committee and Head of the Investment Funds Division

Swiss citizen; lives in Büren near Liestal, Switzerland; trained as a banker in Basel, Paris and New York.

Rolf M. Wittendorfer, who joined Bank Sarasin over 40 years ago, has been a member of our executive management since 1974. In 1975 he was entrusted with the reorganisation and management of the entire investment advice area and in 1985 he became head of the Institutional Clients Division. In 1993 he was given the task of setting up and managing Sarasin's investment funds. Rolf M. Wittendorfer is Chairman of the Board of various Sarasin investment fund companies in Basel, Luxemburg, Paris and Guernsey as well as a director of the Swiss Fund Association.

Matthias Hassels, Chief Financial Officer, Member of the CEO's Committee

German citizen; lives in Bad Krozingen, Germany; holds a degree in commerce from the Westfälische Wilhelms University in Münster, 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 our senior executive management since 1999 and the Chief Financial Officer, with responsibility for Controlling, Accounting, Risk Office and Corporate Development, since May 2000. In addition, he has been a member of the CEO's Committee since 1 April, 2004.

Guido M. P. M. van Berkel, Head of the International Private Banking Division

Dutch citizen; lives in Basel, Switzerland and Bussum, the Netherlands; studied economics in Utrecht, the Netherlands and at INSEAD, France.

After occupying several different positions with a Dutch bank, Guido van Berkel joined Citibank in 1980, where for the following ten years he occupied a series of management positions, including that of Vice President, in a number of European countries. In 1990 Guido van Berkel moved to the Robeco Group, where he held various senior management positions. In 2000 he became the head of one of Rabobank's business units, International Private Banking & Trust. From 1995 to 2002 he was also on the board of the



Franz K. von Meyenburg



Andreas R. Sarasin



Eric G. Sarasin



Conrad P. Schwyzer

Royal Dutch Water Sports Association. Guido van Berkel has been a member of Bank Sarasin's Group Executive Board since July 2002, with responsibility for its International Private Banking Division.

Franz K. von Meyenburg, Head of the Institutional Banking Division

Swiss citizen; lives in Herrliberg, Switzerland; has a degree in economics from the University of St. Gallen, Switzerland.

After working for one of Switzerland's largest banks for twenty-five years, where he rose to the rank of General Manager and member of the Executive Board of its Investment Banking area, Franz K. von Meyenburg transferred to Bank Sarasin in May 1999. In January 2000 he became a partner and a member of our senior executive management. He is responsible for the Institutional Banking Division, which is made up of Asset Management, Sales and External Portfolio Management, Sustainable Investment, Institutional Clients, Research, Trading and Corporate Finance. Franz K. von Meyenburg is, among other things, Chairman of the Board of Directors of New Energies Invest Ltd and Sarasin Investment Management Ltd, London, Managing Director of Acorn Alternative Strategies Ltd, Vice-Chairman of the Board of the Wilhelm Schulthess Foundation and a member of the Advisory Board of Fuchs Petrolub AG Oel + Chemie.

Andreas R. Sarasin, Head of the Logistics Division

Swiss citizen; lives in Pfeffingen BL, Switzerland; has a degree in political science from the University of Basel, Switzerland.

Andreas R. Sarasin joined A. Sarasin & Co., Bankers in 1982. He became a partner and a member of our senior executive management in 1994. He heads the Logistics Department, which, since May 2000, includes IT, Operations and Services. Andreas R. Sarasin is a director of SDC AG.

Eric G. Sarasin, Head of Private Banking Basel, Geneva, Lugano

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. From 1985 to 1988 he was a senior account officer with Citibank N.A. in New York. After doing further training at Morgan Guarantee Trust and Kidder, Peabody 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 the group's institutional marketing and its Private Banking International business unit. Eric G. Sarasin is President of the German-Swiss Chamber of Commerce, Honorary Treasurer of WWF International and a member of the Swiss Advisory Board of the Swiss-American Association as well as being active in numerous philanthropic foundations in Switzerland and abroad.

Conrad P. Schwyzer, Head of Private Banking Zurich

Swiss citizen; lives in Küsnacht ZH, Switzerland; has an economics degree from the University of St. Gallen, Switzerland.

After being a member of the management of two Swiss firms for a number of years, Conrad P. Schwyzer joined A. Sarasin & Co., Bankers in 1986, becoming a partner in 1987 and a member of our senior executive management, with responsibility for the Private Clients Division, in July 1989. Since April 2004 he has been the member of the management responsible for Private Clients Zurich. Conrad P. Schwyzer chaired the Board of Directors of Banque Jenni & Cie SA until its sale in July 2004 and is Chairman of the Board of Weidmann Holding AG. He also holds various offices in public, philanthropic and cultural organisations.

4.2 Other activities and vested interests

See 4.1 on page 52.

4.3 Management contracts

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

5. Compensation, shareholdings and loans

5.1 Content of and method for determining compensation and the shareholding programmes

As the body responsible for the ultimate direction of the company and the ultimate supervision and control of the way it is run, the Board of Directors is also responsible for the content of and method for determining compensation and shareholding programmes. It has, in particular, set up a Nomination and Compensation Committee for this purpose (see comments under section 3.5 a) on page 48). The members of the Board of Directors receive a fixed fee which is paid in cash. The compensation of the members of the GEB consists of a fixed base salary plus a performance-related bonus. Part of their bonus may, if so desired, be paid not as money but in the form of shares or options on shares in Bank Sarasin & Co. Ltd (see also section 5.4 on page 55). The level of performance-related bonus payments depends partly on the Sarasin Group's profit in the year in question and partly on individual performance appraisals, based on annually agreed targets and expectations. The determination of the compensation of members of the Board of Directors and the GEB or of individual elements thereof is within the competence of the Nomination and Compensation Committee and the Board of Directors.

5.2 Compensation for acting members of governing bodies

The following table shows all fixed compensation paid to members of the Board of Directors and the GEB as well as performance-related bonus payments to the members of the GEB (see also section 5.4 on page 55). In accordance with the accrual principle stipulated by the SWX Swiss Exchange, the bonus payments relate to performance in 2004, although the amounts in question will not be disbursed until the second quarter of 2005.

Compensation of members of the Board of Directors and the GEB for 2004

	CHF
Members of the GEB (executive)	14 763 814
Directors (non-executive)	1 687 136
Total	16 450 950

In 2004 no severance payments were made to members of the Board of Directors or to members of the GEB. One member of the GEB received a severance payment in the amount of CHF 617 617 to offset a shortfall in pension benefits. This amount is included in the compensation for members of the GEB (executive) indicated in the table above.

5.3 Compensation for former members of governing bodies

No compensation was paid in 2004 to former directors or members of the GEB.

5.4 Share allotment in the year under review

The participation scheme SaraPart is an instrument that has been created to bind top management, executives and other key individuals more closely to the bank and to motivate them to think entrepreneurially and to display exceptional dedication and commitment.

As a long-term bonus, individuals eligible to participate in the scheme have the right to receive one share in the Bank and at least one (and no more than six) option(s) as part of their bonus. There is a waiting period, which can be as long as four years, during which the shares or options cannot be obtained or exercised. The issue price payable for any shares and options that are allotted is deducted from the bonus payment to the individual concerned. Participation in SaraPart is optional.

Our directors do not receive performance-related bonuses and therefore cannot participate in SaraPart, whereas members of our GEB, within the context of their performance-related bonuses, may do so. However, the conditions applying to SaraPart in 2005 had not been determined by the time this report went to press. It is therefore not possible to report on any shares or options allotted to members of our GEB within the context of SaraPart. The extent to which members of the GEB use a portion of their compensation for 2004 (see 5.2 on page 54) to participate in SaraPart, taking shares and options in partial lieu of their bonus payment, will be shown next year in the table in Section 5.6 on page 56. The package offered under SaraPart 2004 consisted of one share and three options per person. The shares, which had an issue price of CHF 2600, are immobilised until 31.3.2008. The options, which had an issue price of CHF 141.33, may not be exercised until 31.3.2007 and expire on 31.3.2009.

5.5 Share ownership

Shares owned by directors and members of the GEB as at 31 December, 2004

	Class B registered shares
Members of the GEB (executive)	2 096
Directors (non-executive)	16 784
Total	18 880

5.6 Options

Options owned by directors and members of the GEB as at 31 December, 2004

	Year	Number of options	Maturity date	Exercise price (in CHF)
Members of the GEB (executive)	2000	566	11.4.2005	5 900
	2001	564	29.3.2006	5 250
	2002	63	15.4.2007	3 400
	2003	75	2.4.2009	1 627
	2004	90	31.3.2009	2 600
Directors (non-executive) ¹⁾	2000	186	11.4.2005	5 900
	2001	183	29.3.2006	5 250
	2002	45	15.4.2007	3 400
	2003	0	–	–
	2004	0	–	–

Note: The subscription ratio for all options is 1 option for 1 share. The SaraPart package that was offered in 2004 in partial lieu of bonus payments for 2003 consisted of 3 options and 1 share per person (2003: likewise 3 options and 1 share).

¹⁾ *These are options granted to our former partners prior to 1 July, 2002.*

5.7 Additional fees and remunerations

In the year under review there were no instances in which a director or a member of the GEB received additional fees or remuneration that equalled or exceeded half their ordinary compensation.

5.8 Loans granted by governing bodies

Loans to directors and members of the GEB as at 31 December, 2004

	Number of beneficiaries	Loans (in CHF)	Interest rate (p. a.)	Term	Collateral
Members of the GEB (executive)	4	3 000 000	2.25% to 3.75%	At sight or redeemable within 3 months	Mortgage notes, cash, securities
Directors (non-executive)	1	205 000	2.25% to 3.75%	At sight or redeemable within 3 months	Mortgage notes, cash, securities

Note: The same conditions apply to directors and members of the GEB as to staff.

5.9 Highest total compensation

In 2004 the director with the highest total compensation received compensation amounting to CHF 1 102 136.

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 three days before invitations to the General Meeting are issued (see 6.5 on page 58).

6.1.1 Voting-rights restrictions

Under Article 5 of our 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 45).

6.1.2 Reasons for granting exceptions in the year under review

In the year under review no exceptions were made to the rules regarding the restriction and representation of voting rights. No corresponding applications were submitted either.

6.1.3 Procedure and conditions for abolishing statutory voting-rights restrictions

Any change in the provisions of our 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 Statutory rules on participation in the general meeting

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 who represent shares with a par value of at least CHF 1 million may demand that a specific item be placed on the agenda. 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 into 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 three days before invitations to the General Meeting of shareholders are issued. The share register is closed for registrations from the third 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 20 of our Articles of Association stipulates that invitations to a General Meeting must be sent out 20 calendar days in advance, the share register is closed 23 days before the General Meeting.

7. Changes of control and defence measures

7.1 Duty to make an offer

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

Since 30 June, 2002 IPB Holding B.V., Utrecht, Holland, a fully owned subsidiary of the Cooperatieve Centrale Raiffeisen-Boerenleenbank (Rabobank), has owned 171 553 Class B registered shares, corresponding to 16.3 % of the voting rights of Bank Sarasin & Co. Ltd and 28.0 % of its share capital, while Eichbaum Holding Ltd holds all 550 000 Class A registered shares as well as 150 Class B registered shares, corresponding to 52.3 % of the voting rights and 18.0 % of the share capital. The shares in Eichbaum Holding Ltd are exclusively owned by Dr. Philip Baumann, Matthias Hassels, Hans-Rudolf Hufschmid, Dr. Georg F. Kraye, Peter E. Merian, Franz K. von Meyenburg, J. Guy E. Monson, Andreas R. Sarasin, Dr. Beat A. Sarasin, Eric G. Sarasin, Conrad P. Schwyzer and Rolf M. Wittendorfer. The above-mentioned men have granted Rabobank a call option on all the shares in Eichbaum Holding Ltd. That option is valid for 7 years (until 30 June, 2009) and gives Rabobank the right to acquire those shares – and consequently a voting majority in Bank Sarasin & Co. Ltd – within that period of time.

In accordance with a recommendation issued by the Swiss Takeover Board on 26 March, 2002, which was confirmed on 13 October, 2003 in connection with Matthias Hassels's and Rolf Wittendorfer's shareholding in Eichbaum Holding Ltd, Bank Sarasin's former partners, Eichbaum Holding Ltd and the Rabobank Group together constitute a group within the meaning of Article 27 of the Swiss Stock Exchange Ordinance (BEHV). Unless IPB Holding B.V. exercises its call option, the latter group is exempted until 30 June, 2009 from the duty of making a public offer to the shareholders of Bank Sarasin & Co. Ltd.

7.2 Clauses on changes of control

No agreements containing such clauses exist at Bank Sarasin & Co. Ltd.

8. Auditors

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

Ernst & Young AG has audited the Group financial statements since they were introduced in 1992. It audits our most important subsidiaries (except Bank Sarasin [CI] Ltd, Guernsey, Sarasin Funds Management [Guernsey] Ltd, Bank Sarasin Benelux S.A., Luxemburg and Sarasin [U.K.] Ltd and its subsidiaries), has acted as the Statutory Auditors of Bank Sarasin & Co. Ltd since its transformation into a limited company in June 2002 and acted as the Supervisory Committee for Bank Sarasin & Co. prior to that date. Since the 2002 financial year, Dr. Andreas Blumer has been the responsible partner and Lukas J. MacDonald has been in charge of the audit.

8.2 Auditing fees

The Sarasin Group (the figures for Bank Sarasin & Co. Ltd are shown in brackets) paid Ernst & Young fees totalling CHF 1 826 135 (CHF 1 532 102) for services connected with the auditing of the 2004 financial statements. In addition, subsidiaries within the scope of the Sarasin Group's consolidation paid other audit firms a total of CHF 599 839 for corresponding services.

8.3 Additional fees

The Sarasin Group (the figures for Bank Sarasin & Co. Ltd are shown in brackets) paid Ernst & Young fees totalling CHF 1 210 592 (CHF 809 986) for services not connected with the auditing of the 2004 financial statements. In addition, other audit firms received fees totalling CHF 1 229 090 from subsidiaries within the scope of the Sarasin Group's consolidation.

8.4 Supervisory and control instruments pertaining to the audit

The Audit Committee of our Board of Directors holds regular discussions with our external auditors regarding the adequacy of our internal control systems, in the light of the Group's risk profile. In addition, it monitors the scope of the audit, the quality of the work done and the external auditors' independence. In particular, it also supervises any services the external auditors perform over and above their ordinary audit functions. Our external auditors have access to the Audit Committee at all times. Finally, the Audit Committee makes proposals to the Board of Directors regarding the appointment or replacement of the auditors, subject to approval by the General Meeting (see also the comments about the Audit Committee under 3.5 b).

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 the parties entitled to information are equally treated. 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, half-yearly reports, conferences for the press and financial analysts as well as at the General Meeting. All major projects and initiatives are reported on promptly in the Internet (www.sarasin.ch), letters to shareholders and media releases.

Contact addresses

Investor Relations

Matthias Hassels, Chief Financial Officer

Tel. +41 (0)61 277 77 28

Fax +41 (0)61 277 75 18

E-mail matthias.hassels@sarasin.ch

Media Relations

Dr. Benedikt Gratzl, Head of Corporate Communications

Tel. +41 (0)61 277 70 88

Fax +41 (0)61 277 77 30

E-mail benedikt.gratzl@sarasin.ch



Group Balance Sheet as at December 31, 2004

Assets	Notes	31.12.2004 CHF	31.12.2003 CHF	CHF	Change %
Cash and other liquid assets		158 621 196	132 413 265	26 207 931	19.8
Money market investments		126 747 368	49 865 149	76 882 219	154.2
Due from banks		4 589 173 488	4 765 489 570	-176 316 082	-3.7
Due from customers	3.1	1 253 774 648	1 364 424 086	-110 649 438	-8.1
Mortgages	3.1	219 318 583	216 880 313	2 438 270	1.1
Securities and precious metals trading portfolios	3.3	217 171 666	193 737 231	23 434 435	12.1
Financial investments	3.41	496 733 806	479 113 857	17 619 949	3.7
Non-consolidated participations	3.42/3.6	2 288 560	1 189 152	1 099 408	92.5
Fixed assets	3.6	133 763 295	138 129 017	-4 365 722	-3.2
Intangible assets	3.6	89 469 467	52 206 492	37 262 975	71.4
Accrued income and prepaid expenses		58 641 353	44 169 794	14 471 559	32.8
Other assets ¹⁾	3.7	152 372 012	139 330 776	13 041 236	9.4
Total assets		7 498 075 442	7 576 948 702	-78 873 261	-1.0
Total subordinated claims		14 470 513	13 123 528	1 346 985	10.3
Total due from non-consolidated participations and significant shareholders		570 848 392	1 420 654 978	-849 806 586	-59.8
¹⁾ Including positive replacement values of	4.1	129 602 895	103 371 227	26 231 668	25.4

Group Balance Sheet as at December 31, 2004

Liabilities and Shareholders' Equity	Notes	31.12.2004 CHF	31.12.2003 CHF	CHF	Change %
Due to banks		1 103 183 532	885 675 588	217 507 944	24.6
Due to customers in savings and investment accounts		451 957 917	545 510 186	-93 552 269	-17.1
Other amounts due to customers		4 199 740 512	4 600 748 636	-401 008 124	-8.7
Bonds and mortgage-backed bonds		432 585 058	321 900 135	110 684 923	34.4
Accrued expenses and deferred income		105 596 157	97 816 287	7 779 870	8.0
Other liabilities ¹⁾	3.7	293 634 432	276 658 006	16 976 426	6.1
Value adjustments and provisions	3.11	31 010 154	43 491 943	-12 481 789	-28.7
Reserves for general banking risks	3.11	36 000 000	41 500 000	-5 500 000	-13.3
Share capital		61 155 300	61 155 300		
Treasury shares		-11 545 404	-9 471 922	2 073 482	21.9
Capital reserve		588 556 419	587 129 538	1 426 881	0.2
Retained earnings		84 536 186	53 793 762	30 742 424	57.1
Minority participations in shareholders' equity		19 659 928	917 610	18 742 318	n.a.
Group profit		102 005 251	70 123 636	31 881 615	45.5
<i>of which minority participations</i>		835 781	-227 521	1 063 302	n.a.
<i>Total shareholders' equity</i>	3.12	880 367 680	805 147 924	75 219 756	9.3
Total liabilities and shareholders' equity		7 498 075 442	7 576 948 702	-78 873 263	-1.0
Total due to non-consolidated participations and significant shareholders		107 088 712	741 526 084	-634 437 372	-85.6
¹⁾ Including negative replacement values of	4.1	266 390 326	246 446 536	19 943 790	8.1

Off-Balance Sheet Transactions	1000 CHF	31.12.2004 CHF	31.12.2003 CHF	CHF	Change %
Contingent liabilities	3.1/4.3	144 999	171 704	-26 705	-15.6
Irrevocable commitments	3.1	51 241	36 112	15 129	41.9
Liabilities for calls on shares and other equities	3.1	1 199	2 165	-966	-44.6
Derivatives					
Contract volume	4.1	3 932 481	5 731 400	-1 798 919	-31.4
Positive replacement value	4.1	129 603	103 371	26 232	25.4
Negative replacement value	4.1	266 390	246 447	19 943	8.1
Fiduciary transactions	4.2	2 455 874	2 473 148	-17 274	-0.7

Group Income Statement for 2004

	Notes	2004 CHF	2003 CHF	CHF	Change %
Interest income		138 594 446	152 278 970	-13 684 524	-9.0
Interest and dividend income from financial investments		12 573 701	11 138 236	1 435 465	12.9
Interest expenses		-91 998 007	-105 240 423	-13 242 416	-12.6
Net interest income		59 170 140	58 176 783	993 357	1.7
Commission income on lending activities		636 440	1 129 951	-493 511	-43.7
Commission income on securities and investment transactions		335 026 338	292 374 927	42 651 411	14.6
Commission income on other services		8 845 466	16 116 496	-7 271 030	-45.1
Commission expenses		-43 272 735	-23 049 151	20 223 584	87.7
Net income from commission and service fee activities	5.2	301 235 509	286 572 223	14 663 286	5.1
Net income from trading operations	5.3	47 286 020	45 215 808	2 070 212	4.6
Net income from the sale of financial investments		7 948 136	2 404 701	5 543 435	230.5
Ordinary income from other sources	5.4	-4 199 757	-5 165	4 194 592	n.a.
Other ordinary income		3 748 379	2 399 536	1 348 843	56.2
Operating income		411 440 048	392 364 350	19 075 698	4.9
Personnel expenses	5.5	222 424 895	214 918 773	7 506 122	3.5
General administrative expenses	5.5	88 304 550	83 944 213	4 360 337	5.2
Operating expenses		310 729 445	298 862 986	11 866 459	4.0
Operating profit		100 710 603	93 501 364	7 209 239	7.7
Depreciation and write-offs on fixed assets	3.6	-13 337 330	-15 252 238	-1 914 908	-12.6
Amortisation of other intangible assets		-4 865 626	-4 327 014	538 612	12.4
Amortisation of goodwill	3.6	-10 446 852	-9 042 936	1 403 916	15.5
Value adjustments, provisions and losses		-792 402	-575 785	216 617	37.6
Profit before extraordinary items and taxes		71 268 393	64 303 391	6 965 002	10.8
Extraordinary income	5.6	54 511 757	37 052 677	17 459 080	47.1
Extraordinary expenses*	5.7	-8 974 210	-17 095 956	-8 121 746	47.5
Taxes	5.9	-14 800 689	-14 136 476	664 213	4.7
Group profit		102 005 251	70 123 636	31 881 615	45.5
<i>of which minority participations</i>		835 781	-227 521	1 063 302	n.a.

* To facilitate comparison, the restructuring costs of CHF 14 986 956 reported in 2003 are shown under extraordinary expenses for that year.

Statement of Source and Application of Funds

	2004		2003		
	1000 CHF	Source of funds	Application of funds	Source of funds	Application of funds
Group profit		102 005		70 124	
Depreciation and write-offs on fixed assets		13 337		15 252	
Amortisation of goodwill and other intangible assets		15 312		13 370	
Value adjustments, provisions and losses		3 445	15 925	5 840	24 868
Accrued income and prepaid expenses			14 472	3 655	
Accrued expenses and deferred income		7 780		7 225	
Currency translation differences			9 031		5 541
Previous year's dividend			30 578		15 289
Dividend paid to minority shareholders					40
Cash flow from/used in operating activities (self-financing)		71 873		69 728	
Writing-back of reserves for general banking risks			5 500		
Changes in minority participation		18 970		90	
Purchase of treasury shares			33 791		28 347
Sale of treasury shares		31 718		30 446	
Profit realised on treasury shares		1 426		1 182	
Cash flow from/used in transactions relating to equity capital		12 823		3 371	
Participations			1 099	32	15
Real estate			2 429		5 803
Other fixed assets		280	6 823	1 359	7 552
Intangible assets		946	53 521	1 289	9 308
Cash flow from/used in investing activities			62 646		19 998
Medium and long-term business (>1 year)					
Due to banks		23 482			11 521
Due to customers			78 543	56 630	
Bonds and mortgage-backed bonds			11 515	100 241	
Other liabilities		16 976		64 611	
Due from banks			4 105		61 814
Due from customers			20 786	21 635	
Mortgages			9 959		88 446
Financial investments		7 877		20 708	
Other claims			13 041	33 207	
Short-term business					
Due to banks		194 026		150 011	
Due to customers in savings and investment accounts			93 552		
Other amounts due to customers			322 466		1 090 588
Bonds and mortgage-backed bonds		122 200		127 283	
Money market claims			76 882	33 591	
Due from banks		180 421		448 088	
Due from customers		131 435		99 871	
Financial investments			25 497	21 495	
Securities and precious metals trading portfolios			23 434		97 203
Mortgages		7 521		99 297	
Cash and other liquid assets			26 208	19 803	
Cash flow from/used in banking activities			22 050		53 101

Notes to the Group Financial Statements

1. Business Activities and Headcount

The services offered by our group are divided into the areas of *Private Banking*, *Investment Funds* and *Institutional Banking*. On the *Private Banking* side, our key services of investment advice and asset management for domestic and foreign clients are rounded off by complementary activities such as portfolio management, financial planning and lending as well as consulting services in the areas of taxation, estate planning, trusts and foundations. Our *Investment Funds* Division manages and designs investment funds and adapts our marketing channels and products to market demands. Our *Institutional Banking* Division assists and advises institutional clients, offering services in the areas of financial engineering (structured products), asset management, sustainable investment, research, brokerage, corporate finance and underwriting as well as securities and forex trading.

26 companies are consolidated in the Sarasin Group. The companies in the group are listed in section 3.5 in the notes.

At the end of 2004 the Sarasin Group had a headcount of 1 144.5 (adjusted for part-time working), 36 people or 3.25% more than a year earlier. 742 people (64.8% of the total) worked at Bank Sarasin & Co. Ltd (our group's parent company), 10 more than a year earlier.

2. Accounting Principles

2.1 General Principles. Bank Sarasin & Co. Ltd's group financial statements have been drawn up in accordance with Switzerland's Code of Obligations, its Banking Act and the related ordinance, the guidelines of the Swiss Federal Banking Commission and the accounting provisions of the listing rules of the SWX Swiss Exchange. Our financial statements have been drawn up in accordance with the version dated December 18, 2002 of the revised accounting guidelines for banks adopted by the Swiss Federal Banking Commission (BAG-SFBC), which came into force as at December 31, 2003. On the basis of the application of uniform accounting principles, our group financial statements give a true and fair view of the financial position, the results of operations and the cash flows of the Sarasin Group.

2.2 Reporting and Presentation. All business transactions have been entered in the books of the companies in our group as of their trade date.

2.3 Consolidation. Our group financial statements cover all companies in our group operating in the financial sector in which Bank Sarasin & Co. Ltd has a direct or indirect participation of more than 50% or otherwise exerts control. The most important companies in which a participation is held are listed in section 3.5 below. Third party shareholders' interests in subsidiaries' net assets and operating results are reported on the liabilities side under "*minority participations in shareholders' equity*" in our group balance sheet and as "*minority participations*" under "*group profit/loss*" in our group income statement.

The following insignificant participations in companies are not consolidated:

- Minority participations of up to 50%
- Majority participations which are not substantial.

Colombo Gestioni Patrimoniali SA, which we acquired in 2004, has been fully consolidated and we have reported a minority participation of 74.9%. We have chosen full consolidation because we exerted control by the end of the year and because there are contractual provisions whereby our participation is due to rise to 100% by the end of 2006. The consolidation period is the calendar year. All the companies included in the scope of consolidation have a financial year that ends on December 31.

2.4 Consolidation Method. Capital consolidation is treated according to the Anglo-Saxon purchase method, i.e. the cost price is offset against the fair value of the net assets at the time of their creation or acquisition. January 1, 1989 has been set as the acquisition date for participations acquired before 1989. Any surplus or shortfall (goodwill) resulting from this valuation has been posted to retained earnings. Where significant, goodwill on newly acquired companies is capitalised and written off over its useful life. The goodwill on the International Private Banking units taken over from Rabobank is being amortised over ten years. The goodwill on the Chiswell Group and Colombo Gestioni Patrimoniali SA is being written off over twenty and ten years respectively. Intragroup claims and liabilities, expenditure and income are offset against one another.

2.5 Foreign Currencies. The balance sheets of individual companies in our group that are drawn up in foreign currencies are translated into Swiss francs at year-end exchange rates. Items in income statements are converted at average rates for the year. The resulting translation differences are posted to retained earnings with no effect on income.

In the financial statements of individual companies in the group, assets, liabilities and off-balance sheet transactions in foreign currencies are converted into the respective currency of calculation at year-end exchange rates. Income and expenditure in foreign currencies are converted at applicable daily rates into the currency used for accounting purposes.

The most important year-end conversion rates used for drawing up our group balance sheet were:

USD	1.1302	(2003: 1.23)
GBP	2.1822	(2003: 2.21)
EUR	1.5424	(2003: 1.5575)

The average rates used for preparing our group income statement were USD 1.1801 (2003: USD 1.31), GBP 2.1961 (2003: GBP 2.222) and EUR 1.5499 (2003: EUR 1.5063).

Notes to the Group Financial Statements

2.6 Valuation of individual Items. Individual balance sheet items are valued on the basis of uniform principles throughout the entire Sarasin Group, with that of materiality being the most important.

2.7 Cash and other liquid Assets, Amounts due from and to Banks and Customers, Mortgage Claims, Liabilities, Money Market Investments and Liabilities. These items are reported at their nominal value. Individual value adjustments based on the prudence principle are made for identifiable default risks.

2.8 Reporting of Repurchase and Reverse Repurchase Transactions. Under these kinds of transactions, we purchase and sell securities subject to an undertaking that we shall 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 we retain the capacity to dispose of the economic rights associated with them, 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 we do not gain control of the associated economic rights, purchases of securities are reported as loans secured against securities.

2.9 Lending and Borrowing with non-monetary Securities. In the case of securities lending and borrowing, the transfer of securities has no effect on the balance sheet as long as the party that transfers them remains economically entitled to dispose of the rights attaching to them. If we relinquish the entitlement to dispose of the loaned/borrowed securities, the transactions are posted to the balance sheet as changes in securities holdings and, depending on the counterparty, are reported under claims on or liabilities to banks or clients. Any cash amounts that change hands are always entered in the balance sheet. Fees that we pay or receive are reported as commission expenses or commission income. Securities lending and borrowing transactions involving securities executed at the risk and on the account of clients are reported as fiduciary transactions.

2.10 Securities and Precious Metals Trading Portfolios. We assign a fair value to interest-bearing securities and equities as well as to precious metals held as part of our trading positions. Where an efficient, liquid market exists, that fair value is based on stock market prices. Where there is no such market, we rely on a valuation model. Realised and unrealised profits and losses on components of our securities positions are reported under “*net income from trading operations*”, to which interest and dividend income is also posted. Financing costs are charged to “*net income from trading operations*” and credited to “*net interest income*”.

In our group financial statements, treasury shares are deducted from shareholders' equity on the basis of their average cost price. In the financial statements of Bank Sarasin & Co. Ltd, they continue to be reported at their market value in our trading portfolio.

2.11 Financial Investments. Securities acquired as a long-term investment are reported under this item. Interest-bearing securities acquired with the intention that they shall be retained until final maturity are valued according to the accrual method. Premiums and discounts are apportioned over the residual period still remaining until final maturity. Interest-related profits or losses from early sale or redemption are apportioned over the residual period, i.e. the period remaining until the original maturity date, and are posted to “*net interest income*”. All other financial investments are reported at the lower of cost and market. Profits resulting from the sale of securities for more than their cost price are reported under “*income from the sale of financial investments*”. Market-related reductions or recoveries in value up to cost price are reported under “*ordinary income from other sources*”.

2.12 Participations. This item shows participations in enterprises that are held as a long-term investment and that are not consolidated. They are valued at cost minus the necessary write-downs.

2.13 Fixed Assets. Land, buildings and equipment are valued at cost minus accumulated depreciation over their normal useful life. Minor investments are directly charged to the income statement. Renovation and maintenance costs are usually classified as general administrative expenses but may be capitalised if substantial amounts are involved. Fixed assets are written down as from January 1 of the year in which they are acquired. The normal useful life of assets is defined as follows:

• Bank premises and other property including land	60 years
• Equipment specific to banking	10 years
• Furniture and equipment	4–10 years
• EDP hardware	3–8 years
• Vehicles	4 years

Investments that do not exceed the threshold for capitalisation and/or are used during only one accounting period are directly charged to the income statement. Investments in existing fixed assets (e.g. renovation and maintenance costs) are capitalised if their market value or user value is thereby lastingly enhanced or if their useful life is thereby significantly increased. They are otherwise charged to our income statement.

We review our fixed assets annually to verify their valuation, whenever events or circumstances suggest that there has been any impairment, i.e. that their book value exceeds their market value. In the case of impairment, their book value is reduced to their market value through adjustments to “*depreciation and write-offs on fixed assets*” in our income statement. If the factors that influence market value have significantly improved, assets are written up. In that case, the new book value is the lower of the newly established market value, on the one hand, and the book value after normal depreciation (without taking account of impairment), on the other.

Notes to the Group Financial Statements

2.14 Intangible Assets. Intangible assets are valued at cost minus accumulated depreciation over their estimated useful life. They are written down as from the date on which they start being used. Their normal useful life is defined as follows:

• Goodwill on Rabobank's former IPB units	10 years
• Goodwill on Colombo Gestioni Patrimoniali SA	10 years
• Goodwill on the Chiswell Group	20 years
• Other goodwill	5 years
• EDP software	3–8 years
• Other intangible assets	5 years

Intangible assets are capitalised if they exceed the threshold for capitalisation and if they are of quantifiable benefit to our bank for a period of several years.

We review our intangible assets annually to verify their valuation, whenever events or circumstances suggest that their value has been impaired.

2.15 Value Adjustments and Provisions. We make value adjustments and set aside provisions on the basis of the prudence principle for all identifiable risks. Individual value adjustments on loans to clients are offset directly against assets. All other value adjustments and provisions are reported under liabilities.

2.16 Taxes

2.16.1 Current payable Taxes. Our payments in respect of income and capital taxes are calculated on the basis of the results for the reporting period concerned that are contained in the individual financial statements of the companies in our group. Our tax liability is calculated on the basis of current tax rates and is reported under "*accrued expenses and deferred income*".

2.16.2 Deferred Taxes. Deferred tax liabilities and credits to allow for the future fiscal impact of timing differences between the balance sheet values considered for tax purposes and those reported in our consolidated financial statements are calculated on the basis of the balance sheet method and are reported under "*value adjustments and provisions*". Deferred taxes are calculated separately for every financial year and for every taxable entity. Deferred tax credits on operating losses that are carried forward are capitalised only if their future realisation is sufficiently probable.

The tax rate used in our group financial statements is based on the tax rates actually foreseeable for the individual entities. The total for deferred taxes corresponds to the net change in deferred tax credits and liabilities during the year under review and is reported under "*taxes*".

2.17 Derivatives. We trade in derivatives on our own account as well as on behalf of clients. The options, financial futures and swaps we trade on our own account relate to structured products issued by us in order to hedge our trading and investment positions and to control our interest rate risk.

Derivatives are valued at market except in the case of hedging transactions. We use prices for the residual life until maturity for forward positions. Trading positions in derivatives for which there is a representative market are valued at market prices, with valuation differences being entered in our income statement. Where no representative market exists, we follow recognised valuation rules and value positions at the lower of cost and market.

Hedging transactions are valued according to the same rules as the hedged position concerned. Where the value of hedging transactions exceeds that of the hedged positions, the excess is reported under "*net income from trading operations*".

Our balance sheet shows the gross replacement value of derivative instruments (proprietary and client trades). The positive and negative replacement value of contracts with a single counterparty are not netted out.

2.18 Risk Management

a) General considerations

Assessing and taking risks is in the nature of banking. No transaction can take place without a risk being incurred. For this reason, we adopt a clearly defined, transparent and integrated risk management policy for all our divisions and adapt it continuously to the latest knowledge. Substantial human and technological resources are made available for this purpose. Risk management has become a decisive factor in banks' competitiveness. Active risk management should make it possible to minimise undesirable risks and to make optimum use of our capital for the benefit of our shareholders and other stakeholders. Risk management is therefore an important link in the wealth-creation chain, in that it makes existing and potential risks obvious to decision-makers.

b) 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 our bank as well as clearly defined responsibilities and competencies are the pillars that support our risk culture.

c) Organisation of our risk management

Our Board of Directors is responsible for the formulation and implementation of our group's risk policy. It lays down our risk strategy, the organisational framework for risk management such as limits and systems, our maximum risk tolerance and respective responsibilities. Our risk policy is reviewed annually to ensure its appropriateness.

Notes to the Group Financial Statements

Our Group Executive Board (GEB) is responsible for implementing the risk management and risk control principles laid down by our Board of Directors. The GEB has set up committees for two risk categories: a Credit Committee to manage counterparty risk and an Asset/Liability Committee (ALCO) to manage market risks in our banking book. These two committees are composed of members of the management and staff from the various areas concerned and they meet monthly in the case of the first one and quarterly in the case of the second. Both the Credit Committee and ALCO are chaired by our Chief Financial Officer (CFO).

Our Risk Office, which is independent of our trading activities, conducts a detailed assessment of our group's market and credit risks, evaluates the potential of different opportunities and risks and, where appropriate, takes steps to adjust our group's risk profile. It is responsible for ensuring compliance with our 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 GEB and the responsible risk-bearers with individual reports.

d) Market risk

Market risk means the risk that we might incur losses due to changes in market variables (equity prices, interest rates and exchange rates). The monitoring of positions subject to market risk is assigned either to trading or to ALCO, depending on their investment strategy, and they both manage the associated risks by means of instruments suited to the specific needs. These include a system of risk limits and the permanent monitoring of risk positions on the basis of quantitative approaches such as Value at Risk (VaR) and scenario analysis.

We use VaR limits, sensitivity and concentration limits (Delta, Gamma, Vega and nominal limits) and PVBP (present value of a basis point) limits 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 at Bank Sarasin & Co. Ltd. Positions and the level of recourse to limits are monitored overnight as well as intraday (real time). There are clearly defined escalation procedures should limits be exceeded.

Our group's VaR in the trading area amounted to CHF 0.33 million as at December 31, 2004 (1 day retention period, 99% confidence level). The table shows that the total VaR for our trading positions averaged CHF 0.64 million, fluctuating in a narrow range between CHF 0.32 million and CHF 1.08 million.

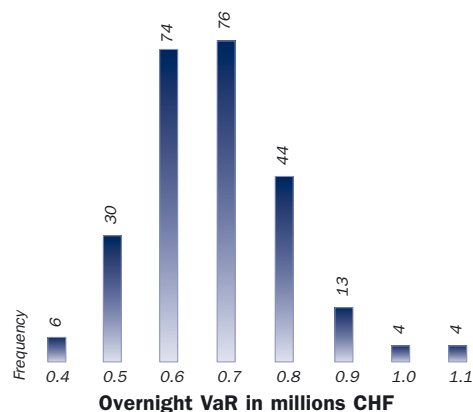
Value at Risk^{*)} of Bank Sarasin & Co. Ltd's trading positions broken down according to risk factors

Risk factors	millions CHF			
	31.12.2004	Ø	min.	max.
Equities risk	0.29	0.45	0.28	0.91
Interest rate risk	0.01	0.05	0.01	0.19
Foreign exchange risk	0.03	0.13	0.01	0.60
Precious metals risk	0.00	0.01	0.00	0.04
Total	0.33	0.64	0.32	1.08

*) 99% confidence level; 1 day retention period; calculated on the basis of day-end holdings in 2004 with no allowance for correlation effects between the risk factors

The median level of our overnight VaR amounted to CHF 0.62 million in 2004, or around CHF 0.01 million less than in 2003. The frequency distribution of our overnight VaR shows a large number of observations clustered around that median. Our traders are careful to keep their overnight risk exposure as small as possible and to assume only very specific risks outside trading hours.

Histogram showing overnight VaR



The VaR method we use is based on the variance/covariance approach. Our methodology is continuously monitored and adjusted. Our input parameters, in particular, are constantly being extended and updated. The VaR method is useful for the daily risk quantification of positions with linear value changes under normal market conditions. We use scenario analysis as well as the VaR method to calculate the market risk of portfolios with asymmetric payoff patterns (options). This technique assumes predefined extreme shifts in the relevant market parameters and calculates the theoretical loss through the revaluation of positions. The appropriateness of the predefined scenarios is regularly reviewed.

We use standard procedures to calculate the capital resources required to cover market risks relating to our trading book. Interest rate risks relating to our banking book are monitored in accordance with the Swiss Federal Banking Commission's circular regarding the measurement, management and monitoring of interest rate risks.

Notes to the Group Financial Statements

e) Credit risk

Credit risk means the risk that we 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.

Our lending activities are mainly limited to loans to private clients that are secured against securities or mortgages. Our lending criteria are very prudently formulated and their appropriateness is continuously reviewed.

For the purpose of our dealings with other banks and brokers, we use a rating system to determine the selection of counterparties and the limits for them. The criteria are such that only first-class counterparties are considered. New relationships with banks and brokers are discussed in our Credit Committee, which then defines and approves the necessary limits provided the rating conditions are satisfied.

f) Liquidity risk

Our solvency is monitored and assured within the framework of the provisions laid down by Switzerland's Banking Act. Our own positions are regularly reviewed in respect of their negotiability.

g) 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 management is aware (and for which, in accordance with the principles outlined above, no provision has been made), the GEB 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.

2.19 Pension plan liabilities. Our group maintains pension plans for its staff both in Switzerland and abroad.

We meet the cost of work-related pension coverage for all staff and their survivors in accordance with the law, the related foundations' articles of association and the applicable pension regulations.

Our pension plan liabilities are reported and valued in accordance with the Swiss accounting standard GAAP FER 16. For defined contribution plans, employer contributions continue to be reported as before as an expense relating to the company's pension plan.

All Swiss companies in the Sarasin Group have their own legally autonomous pension plan. These plans are funded through employer and

employee contributions. As at the end of 2004, the group's Swiss pension plans covered a total of 755 insured members still in employment and 115 pensioners. Our Swiss pension plans can be classified as defined contribution plans within the meaning of the Swiss accounting standard GAAP FER 16.

The pension plan for the staff of our parent company is a defined contribution plan that has the legal form of a foundation. The bank's contributions are specified in the rules regarding the pension plan. As at December 31, 2004, the pension plan had a cover ratio of 106.6% (2003: 105.4%). As at December 31, 2004, the employer's contributions reserve totalled CHF 12.4 million (2003: CHF 12.3 million).

Our foreign subsidiaries, particularly those in Luxembourg, Singapore, Hong Kong and the United Kingdom, operate pension plans that meet legal requirements in each of the countries concerned. Those pension plans are defined contribution plans within the meaning of the Swiss accounting standard GAAP FER 16.

2.20 Assets under Management. These are calculated on the following basis:

a) Assets under management:

Assets under management include 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 have been 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 our group have a management mandate. Assets held exclusively for transactional or custodial purposes (custody business) are not included.

2) Customers' funds:

We report securitised and unsecuritised liabilities to clients (excluding securities lending and borrowing).

3) Sarasin investment fund assets:

This item includes the assets of publicly traded investment funds offered by the Sarasin Group.

b) Double-counting:

Assets may be double-counted when the bank 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.

Double-counting is reported separately.

Notes to the Group Financial Statements

c) Inflow of new funds:

This item is composed of the funds invested by newly acquired clients (directly or as a result of takeovers) and withdrawn by clients who have left us plus the inflow or outflow of funds invested by existing clients. The net inflow of new funds neither includes market changes in the value of securities and currencies, interest, nor dividend payments and fees that have been paid.

2.21 Remarks. No events have occurred since the balance sheet date that call for a different presentation of our financial position, the results of our operations and our cash flows.

The reported minority participations in our shareholders' equity and group profit principally relate to interests held by S.I.M. Partnership (London) Ltd, Saralux S.A., Sarasin Expertise AM and Colombo Gestioni Patrimoniali (see section 3.5 entitled Scope of Consolidation).

2.22 Differences in our Financial Statements as compared with 2003. Our financial statements for 2004 have been drawn up in accordance with the revised accounting guidelines for banks adopted by the Swiss Federal Banking Commission (BAG-SFBC), which came into force as at December 31, 2003. This year it has, for the first time, also been necessary to apply the Swiss accounting standard GAAP FER 23 regarding the reporting of provisions. The provision of CHF 8 million for operational risks previously reported by our parent company, Bank Sarasin & Co. Ltd, falls under the scope of that accounting standard. Since that provision did not comply with the Swiss accounting standard GAAP FER 23, it has been written back this year and included under extraordinary income.

Our balance sheet for 2003 has been adjusted, with the amount of CHF 293.6 million being transferred from "*other amounts due to customers*" to "*due to customers in savings and investment accounts*".

Notes to the Group Financial Statements

3. Information on the Balance Sheet

3.1 Listing of Collateral

Loans	1000 CHF	Type of collateral			Total
		Mortgage	Other	Unsecured	
Due from customers		18 723	1 193 779	41 272	1 253 774
Mortgages					
Residential real estate		212 199			212 199
Office and business premises		7 120			7 120
Total loans	31.12.2004	238 042	1 193 779	41 272	1 473 093
	31.12.2003	242 566	1 310 890	27 848	1 581 304

Off-balance sheet transactions

Contingent liabilities		2 182	137 331	5 486	144 999
Irrevocable commitments			51 241		51 241
Liabilities for calls on shares and other equities				1 199	1 199
Total off-balance sheet transactions	31.12.2004	2 182	188 572	6 685	197 439
	31.12.2003	2 190	184 935	22 856	209 981

Impaired loans	1000 CHF	Gross outstanding claims	Estimated liquidation value of collateral	Net outstanding claims	Individual value adjustment
	31.12.2004	8 646	2 217	6 429	6 429
	31.12.2003	8 501	3 747	4 754	4 754

3.2 Hedge Fund/Private Equity

Acorn Alternative Strategies Ltd, which was launched in 1999 and which holds broadly diversified investments in hedge funds, has assets totalling CHF 469.7 million (2003: CHF 463 million).

Acorn is quoted on the SWX Swiss Exchange (investment companies segment). The item "securities and precious metals trading portfolios" in our group balance sheet contains 90 509 of its shares (2003: 54 928) valued at CHF 22.175 million (2003: CHF 13.7 million).

The item "securities and precious metals trading portfolios" in our group balance sheet contains 11 951 shares (2003: 18 788) of New Energies Invest Ltd, valued at CHF 2.731 million (2003: 3.081 million).

Notes to the Group Financial Statements

3.3 Securities and Precious Metals Trading Portfolios	1000 CHF	31.12.2004	31.12.2003
Interest-bearing securities		7 410	17 895
<i>of which listed</i>		2 714	17 895
<i>of which unlisted</i>		4 697	0
Equities		203 298	170 817
<i>of which hedging portfolio for structured products</i>		131 596	146 340
Precious metals		6 464	5 025
Total securities and precious metals trading portfolios		217 172	193 737
<i>of which securities rediscountable or pledgeable with the central bank</i>		451	4 053

3.4 Financial Investments

3.4.1 Financial Investments	1000 CHF	Book value		Fair value	
		31.12.2004	31.12.2003	31.12.2004	31.12.2003
Interest-bearing securities and rights		440 158	436 644	449 607	449 003
<i>of which valued according to the accrual method</i>		353 718	376 834	362 178	388 506
<i>of which valued at the lower of cost and market</i>		86 440	59 810	87 429	60 497
Equities		56 576	42 471	61 607	50 685
Total financial investments		496 734	479 115	511 214	499 688
<i>of which securities rediscountable or pledgeable with the central bank</i>		234 582	255 915		
<i>of which financial investments lent out</i>		897	253		

3.4.2 Non-consolidated Participations

	1000 CHF	31.12.2004	31.12.2003
with quoted value		0	0
without quoted value		2 289	1 189
Total non-consolidated participations		2 289	1 189

Notes to the Group Financial Statements

3.5 Scope of Consolidation

Switzerland

		<i>Capital</i>
Bank Sarasin & Co. Ltd, Basel¹⁾		
Sarabet Ltd, Basel	CHF	3 250 000
Affaires Financières SA, Zurich ²⁾	CHF	1 000 000
Euro-Patent Ltd, Basel	CHF	50 000
Sarasin Investmentfonds Ltd, Basel	CHF	4 000 000
Colombo Gestioni Patrimoniali SA, Lugano³⁾ (new)	CHF	1 000 000
Sarasin Non Traditional Ltd, Basel	CHF	100 000
ABRE AG, Zurich	CHF	60 000

Abroad

		<i>Capital</i>
Sarasin (U.K.) Ltd, London	GBP	17 900 000
S.I.M. Partnership (London) Ltd, London ⁴⁾	GBP	701 637
Sarasin Investment Management Ltd, London	GBP	300 000
Sarasin Investment Funds Ltd, London	GBP	50 000
Sarasin Chiswell Holdings Ltd, London (new)	GBP	4 365 000
Chiswell Associates Ltd, London	GBP	3 000 000
Sarasin Chiswell ESOP Ltd, London	GBP	1 000
Sarasin Chiswell EBT Ltd, London	GBP	1 000
Sarasin Asset Management Ltd, London	GBP	250 000
Bank Sarasin (CI) Ltd, St. Peter Port	GBP	6 000 000
Sarasin Funds Management (Guernsey) Ltd, St. Peter Port	GBP	15 000
Bank Sarasin-Rabo (Asia) Ltd, Singapore	USD	20 000 000
	SD	50 549 527
Sarasin Rabo Investment Management Ltd, Hong Kong	HKD	31 123 000
Sarasin Deutschland GmbH, Munich	EUR	750 000
Eichenpark Kapital Verwaltungs GmbH, Frankfurt	EUR	25 000
Bank Sarasin Europe S.A., Luxembourg (formerly Bank Sarasin Benelux S.A.)	EUR	16 300 000
Saralux S.A., Luxembourg⁵⁾ being wound up	EUR	1 200 000
Sarasin Expertise AM, Paris⁵⁾	EUR	350 000

1) Listed on the SWX Swiss Exchange Zurich

Market capitalisation as at 31.12.2004: CHF 1 161 912 700.–

Security number: 226 773

ISIN No. CH 0002267737

2) In 2004 Affaires Financières SA, Patobal Ltd and Cofindal Ltd merged with Nerva Finance Ltd, which then changed its name to Affaires Financières SA.

3) 25.1% participation, but there is a contractual provision whereby our participation is due to rise to 100% by the end of 2006.

4) Indirect participation of 77.74% (2003: 95%)

5) 90% participation

Except for those to which footnotes ³⁾, ⁴⁾ and ⁵⁾ relate, all the participations listed above are fully owned, either directly or indirectly, by Bank Sarasin & Co. Ltd. The participations listed above are fully consolidated.

Banque Jenni & Cie SA was sold as at June 30, 2004 and Sarasin Trust Co. Ltd and Sarasin Securities International Ltd were wound up in the course of the year.

Notes to the Group Financial Statements

3.6 Breakdown of Assets and Participations	1000 CHF	Purchase cost	Write-offs/ accumulated depreciation	Book value 31.12.2003	Current year				Book value 31.12.2004	
					Acquisition	Invest- ments	Disposals	Write-offs/ depreciation		Currency translation differences
Participations										
– valued according to the equity method				0						0
– other		2 147	–958	1 189	1 100				–1	2 289
Total participations		2 147	–958	1 189	1 100	0	0	0	–1	2 289
Fixed assets										
– bank premises		123 534	–21 437	102 097				–2 267		99 830
– other real estate		12 264	–904	11 360	86	2 430		–356	–87	13 432
– goods acquired under financial leasing arrangements		43		43		2			–1	44
– other fixed assets		139 868	–115 239	24 629	854	6 120	–280	–10 714	–152	20 457
Total fixed assets		275 709	–137 580	138 129	940	8 551	–280	–13 337	–239	133 763
Intangible assets										
– goodwill		358 874	–318 297	40 577	43 564		–944	–10 447	–275	72 476
– other intangible assets		30 565	–18 937	11 628	62	10 358	–3	–4 866	–188	16 993
Total intangible assets		389 439	–337 234	52 205	43 626	10 358	–946	–15 312	–463	89 468
Fire insurance value of real estate										150 316
Fire insurance value of other fixed assets										60 000
Liabilities: future leasing instalments under operating leases										3 627

3.7 Other Assets and Liabilities	1000 CHF	31.12.2004		31.12.2003	
		Other assets	Other liabilities	Other assets	Other liabilities
Replacement value of derivatives		129 603	266 390	103 371	246 446
Equalisation account		3 938	0	2 465	0
Indirect taxes		10 508	13 677	16 629	8 120
Unredeemed coupons		930	103	5 309	33
Other assets and liabilities		7 393	13 465	11 557	22 059
Total other assets and liabilities		152 372	293 634	139 331	276 658

Notes to the Group Financial Statements

3.8 Assets pledged or ceded to secure own Liabilities and Assets to which our Title is reserved

This relates exclusively to a deposit of securities valued at CHF 167.6 million (2003: CHF 179.4 million). CHF 11.6 million was advanced under that facility at the end of the year (2003: CHF 10.6 million).

Securities valued at CHF 34.0 million (2003: CHF 37.0 million) are deposited with the Swiss National Bank in connection with a credit line. At the end of the year, no funds were advanced under that facility.

Loan and repurchase transactions involving securities	1000 CHF	31.12.2004	31.12.2003
Loan and repurchase transactions involving securities Book value of claims resulting from cash deposits connected with securities borrowing and reverse purchase transactions		0	0
Book value of liabilities resulting from cash deposits connected with securities lending and repurchase transactions		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		2 516	0
– of which: securities for which the unrestricted right of resale or pledging has been granted		2 516	0
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		85 511	7 114
– Fair value of all such securities that have been resold or pledged		85 511	7 114

3.9 Liabilities to our own Pension Plans

Our liabilities to our own pension plans totalled CHF 13.5 million at the end of 2004 (2003: CHF 20.7 million).

3.10 Outstanding Bond Issues/Structured Products

Issuer	Product	Weighted average interest rate as %	Maturities	Amount in 1 000 CHF
Bank Sarasin (CI) Ltd, Guernsey	SaraFloor	2.02	2005-2008	39 480
Bank Sarasin (CI) Ltd, Guernsey	SaraSail Units	1.20	2005-2007	322 029
Bank Sarasin & Co. Ltd, Basel	SaraSail Units	1.20	2005-2007	25 601
Bank Sarasin & Co. Ltd, Basel	SaraSail Warrants	1.70	2005	45 475
Total				432 585

Issuer	Product	1000 CHF	Maturities				Total
			up to one year	1 – 2 years	2 – 3 years	3 – 4 years	
Bank Sarasin (CI) Ltd, Guernsey	SaraFloor		15 277		19 547	4 656	39 480
Bank Sarasin (CI) Ltd, Guernsey	SaraSail Units		253 102	64 467	4 460		322 029
Bank Sarasin & Co. Ltd, Basel	SaraSail Units		25 053	548			25 601
Bank Sarasin & Co. Ltd, Basel	SaraSail Warrants		45 475				45 475
Total			338 907	65 015	24 007	4 656	432 585

Notes to the Group Financial Statements

3.11 Value Adjustments and Provisions/ Reserves for General Banking Risks

	1000 CHF	Balance 31.12.2003	Designated uses	Recoveries, dubious interest, currency transla- tion differences	New amounts charged to income statement	Reversals credited to income statement	Balance 31.12.2004
Provisions for deferred taxes		9 784	122	-63	850	-800	9 893
Value adjustments and provisions							
- for default risks (credit and country risks)		4 754	-62	107			4 799
- for other business risks		10 667		-109		-9 320	1 238
- other provisions		13 141	-431	-22	792	-1 613	11 867
- provision for restructuring		9 854	-1 838	-4			8 012
Total value adjustments and provisions		48 200	-2 209	-91	1 642	-11 733	35 809
Value adjustments deducted directly from assets		-4 708					-4 799
Total value adjustments and provisions as per balance sheet		43 492					31 010
Reserves for general banking risks		41 500				-5 500	36 000

Notes to the Group Financial Statements

3.12 Statement of Changes in Shareholders' Equity

Shareholders' equity at beginning of year	1000 CHF	2004	2003 ¹⁾	2002	2001	2000
Paid up share capital		61 155	61 155	44 000	44 000	44 000
Capital reserve		587 129	585 947	84 841	84 841	84 841
Retained earnings (including currency translation differences)		53 794	390 187	363 786	279 995	220 108
Reserves for general banking risks		41 500	41 500	41 500	45 500	41 500
Minority participation in shareholders' equity		918	868	2 821	3 642	3 533
Previous year's group profit/loss (including minority participations)		70 124	-315 563	70 132	131 128	99 667
Treasury shares		-9 472	-11 570			
Total shareholders' equity at beginning of year under review		805 148	752 524	607 080	589 106	493 649
+ Allocation to reserves for general banking risks						4 000
+ Capital increase				17 155		
+ Agio				501 106		
- Reversal from reserves for general banking risks		-5 500			-4 000	
-/+ Change in minority participation		19 063	80	-1 811	-1 956	
- Currency translation differences and other factors		-9 124	-5 531	-22 062	-137	-4 421
- Dividends		-30 578	-15 329	-33 122	-46 065	-35 251
- Purchases of treasury shares		-33 791	-28 348			
+ Sales of treasury shares		31 718	30 446			
+ Disposals of treasury shares		1 427	1 182			
+/- Group result		101 169	70 351	-315 520	69 506	127 995
-/+ Minority participation in group result		836	-227	-43	626	3 133
Total shareholders' equity at end of year under review		880 368	805 148	752 783	607 080	589 105
<i>of which</i>						
Paid up share capital		61 155	61 155	61 155	44 000	44 000
Capital reserve		588 556	587 129	585 947	84 841	84 841
Retained earnings (including currency translation differences)		84 536	53 794	378 876	363 786	279 995
Reserves for general banking risks		36 000	41 500	41 500	41 500	45 500
Minority participation in shareholders' equity		19 660	918	868	2 821	3 642
Group result (including minority participations)		102 005	70 124	-315 563	70 132	131 128
Treasury shares		-11 545	-9 472			

Treasury shares (registered shares)

	Number
Treasury shares on January 1, 2004	5 352
+ Purchases	16 814
- Sales	-16 271
Holding on December 31, 2004	5 895

¹⁾ Shareholders' equity was adjusted as at the beginning of the year (in line with the Swiss Federal Banking Commission's new accounting provisions)

Notes to the Group Financial Statements

3.13 Maturity Structure of current Assets, financial Investments and borrowed Funds

	1000 CHF	At sight	Redeemable upon notice	Maturities				Total
				Within 3 months	Within 3 to 12 months	Within 1 to 5 years	Over 5 years	
Current assets and financial investments								
Cash and other liquid assets		158 621						158 621
Money market investments		3 548		80 679	42 521			126 747
Due from banks		1 404 839	26 393	2 590 532	475 281	92 129		4 589 174
Due from customers		14 637	93 953	789 605	324 089	5 957	25 533	1 253 775
Mortgages			71 151	5 025	13 305	126 478	3 360	219 319
Securities and precious metals trading portfolios		217 172						217 172
Financial investments		90 107		22 106	34 995	222 436	127 091	496 734
Total current assets and financial investments	31.12.2004	1 888 923	191 497	3 487 947	890 191	446 998	155 984	7 061 541
	31.12.2003	2 057 642	269 770	3 611 349	687 152	411 576	164 434	7 201 923
Borrowed Funds								
Due to banks		229 223	613 565	149 214	79 352	7 151	24 678	1 103 183
Due to customers in savings and investment accounts			451 958					451 958
Other amounts due to customers		2 065 005	301 006	1 695 690	131 390	6 649		4 199 741
Bonds and mortgage-backed bonds				40 040	303 819	88 726		432 585
Total borrowed funds	31.12.2004	2 294 228	1 366 530	1 884 944	514 560	102 526	24 678	6 187 467
	31.12.2003	1 200 512	2 322 500	2 082 776	554 266	193 781	0	6 353 835

There are no unredeemable positions.

Notes to the Group Financial Statements

3.14 Balance Sheet Breakdown by Domestic/Foreign

Assets	31.12.2004		31.12.2003		
	1000 CHF	Domestic	Foreign	Domestic	Foreign
Cash and other liquid assets		125 282	33 340	98 110	34 303
Money market investments		99 790	26 957	44 974	4 891
Due from banks		278 867	4 310 306	255 893	4 509 596
Due from customers		208 442	1 045 333	221 530	1 142 894
Mortgages		216 650	2 668	213 809	3 071
Securities and precious metals trading portfolios		164 452	52 720	141 194	52 544
Financial investments		249 848	246 886	253 849	225 265
Participations		2 275	14	1 172	17
Fixed assets		120 294	13 469	126 870	11 260
Intangible assets		42 045	47 425	45 884	6 322
Accrued income and prepaid expenses		24 452	34 190	15 215	28 955
Positive replacement value		121 927	7 676	96 384	6 987
Other assets		3 850	18 920	22 191	13 768
Total assets		1 658 172	5 839 903	1 537 075	6 039 873
Liabilities and shareholders' equity					
Due to banks		911 628	191 556	675 309	210 367
Due to customers in savings and investment accounts		422 553	29 405	513 136	32 374
Other amounts due to customers		770 844	3 428 896	844 352	3 756 397
Bonds and mortgage-backed bonds		408 820	23 765	293 606	28 294
Accrued expenses and deferred income		77 386	28 210	64 786	33 030
Negative replacement value		257 455	8 935	236 683	9 763
Other liabilities		21 884	5 360	21 534	8 677
Value adjustments and provisions		20 561	10 450	33 018	10 474
Total shareholders' equity (including treasury shares)		834 003	46 365	804 230	918
Total liabilities and shareholders' equity		3 725 134	3 772 942	3 486 654	4 090 294

3.15 Assets by Country/Groups of Countries

Assets	31.12.2004		31.12.2003	
	1000 CHF	%	1000 CHF	%
Europe				
Switzerland	1 658 172	22.1	1 537 075	20.3
Germany	276 449	3.7	426 718	5.6
France	166 894	2.2	219 769	2.9
United Kingdom	651 409	8.7	698 581	9.2
Ireland	78 801	1.1	61 813	0.8
Luxemburg	234 293	3.1	223 809	3.0
Netherlands	1 416 825	18.9	1 511 520	19.9
Various European countries	799 985	10.7	651 880	8.6
Total Europe	5 282 829	70.5	5 331 165	70.4
Overseas				
Singapore	1 319 593	17.6	1 261 836	16.7
South America	212 033	2.8	234 943	3.1
United States	99 870	1.3	139 273	1.8
Various overseas countries	583 752	7.8	609 732	8.0
Total Overseas	2 215 247	29.5	2 245 784	29.6
Total Assets	7 498 075	100.0	7 576 949	100.0

Notes to the Group Financial Statements

3.16 Balance Sheet Breakdown by Currency

Assets	<i>1000 CHF</i>	<i>CHF</i>	<i>EUR</i>	<i>GBP</i>	<i>USD</i>	<i>Other</i>	<i>Total</i>
Cash and other liquid assets		122 356	34 008	1 089	1 145	23	158 621
Money market investments		103 438	22 579	24	317	390	126 747
Due from banks		760 788	1 764 270	229 847	1 536 811	297 458	4 589 173
Due from customers		300 335	207 834	43 423	346 243	355 940	1 253 775
Mortgages		219 249				70	219 319
Securities and precious metals trading portfolios		154 516	51 754	275	10 551	76	217 172
Financial investments		397 493	46 341	12 817	37 682	2 401	496 734
Participations		2 275			14		2 289
Fixed assets		120 294	2 181	9 976	47	1 266	133 763
Intangible assets		87 015	577	108	1 585	185	89 470
Accrued income and prepaid expenses		33 600	8 161	10 165	6 760	-44	58 641
Other assets		115 369	17 191	2 497	11 465	5 851	152 372
Total balance sheet assets		2 416 727	2 154 894	310 221	1 952 618	663 615	7 498 075
Claims deriving from spot and forward forex transactions		770 003	439 152	101 304	1 195 134	345 105	2 850 698
Claims deriving from forex options		121 152	12 578	5 753	134 105	113 810	387 398
Total assets	31.12.2004	3 307 882	2 606 624	417 278	3 281 858	1 122 530	10 736 171
Liabilities and Shareholders' Equity							
Due to banks		248 816	278 943	102 009	391 629	81 788	1 103 184
Due to customers in savings and investment accounts		451 958					451 958
Other amounts due to customers		603 331	1 515 865	108 581	1 597 716	374 247	4 199 740
Bonds and mortgage-backed bonds		165 374	205 813	17	61 382		432 585
Accrued expenses and deferred income		80 207	6 082	10 472	5 194	3 642	105 596
Other liabilities		232 535	49 100	1 095	10 773	132	293 634
Value adjustments and provisions		20 561	9 211		1 238		31 010
Reserves for general banking risks		36 000					36 000
Share capital		61 155					61 155
Treasury shares		-11 545					-11 545
Capital reserve		588 556					588 556
Retained earnings		84 536					84 536
Minority participations in shareholders' equity		6 870	117	12 673			19 660
Group profit		102 005					102 005
Total balance sheet liabilities		2 670 358	2 065 131	234 846	2 067 931	459 809	7 498 075
Liabilities deriving from spot and forward forex transactions		819 730	438 244	103 764	949 003	541 356	2 852 096
Liabilities deriving from forex options		121 152	12 578	5 753	134 105	113 810	387 398
Total liabilities and shareholders' equity	31.12.2004	3 611 240	2 515 953	344 363	3 151 039	1 114 975	10 737 569
Net position per currency		-303 358	90 671	72 915	130 819	7 555	-1 398

Notes to the Group Financial Statements

3.17 Claims on and Liabilities to affiliated Companies and Loans to Members of Management Bodies	1000 CHF	31.12.2004	31.12.2003
Claims on affiliated companies		1 135 461	1 280 095
Liabilities to affiliated companies		15 557	29 634
Loans to members of management bodies		3 205	3 974

The loans to members of management bodies are secured according to established banking practice.

Transactions with related parties

The term "related parties" means the Rabobank Group, our management bodies and Eichbaum Holding Ltd.

Claims on/liabilities to related parties correspond to total claims on/liabilities to affiliated companies and loans to members of management bodies.

We do 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 related parties. It is governed by the conditions applied to third parties.

Please also see point 3.9 of our parent company's financial statements for information regarding the option granted to Rabobank by Eichbaum Holding Ltd.

3.18 Risk-weighted Assets (BIS)	millions CHF	31.12.2004		31.12.2003	
		Balance sheet valuation or contract volume	Risk-weighted amount	Balance sheet valuation or contract volume	Risk-weighted amount
Balance sheet assets					
Due from banks		4 589	918	4 768	953
Due from customers net of value adjustments		1 473	848	1 581	931
Net securities positions ¹⁾		752	420	537	246
Real estate and other fixed assets		151	151	150	150
Accrued income and prepaid expenses		59	59	44	44
Other assets		152	64	139	58
Off-balance sheet positions					
Contingent liabilities and irrevocable commitments		196	119	208	128
Liabilities for calls on shares and other equities		1	1	2	1
Forward contracts (gross)		3 080	13	3 391	25
Options and add-ons		580	15	1 030	15
Market risk positions					
Securities net of long positions		211	211	189	189
Foreign exchange and precious metals		111	111	391	391
Total risk-weighted positions			2 930		3 131

¹⁾ Without securities trading positions but including treasury shares.

	millions CHF	31.12.2004	31.12.2003
Core capital		783	734
BIS Tier 1 ratio	%	26.7	23.4

Notes to the Group Financial Statements

4. Information on Off-Balance Sheet Transactions

4.1 Outstanding Derivatives	1000 CHF	Trading Instruments			Hedging Instruments		
		Replacement value positive	negative	Contract volume	Replacement value positive	negative	Contract volume
Interest rate instruments							
Swaps					4 835	4 086	252 271
Foreign exchange							
Forward contracts		60 559	61 427	2 773 884		703	75 600
Options (OTC)		8 000	8 000	546 282			
Precious metals							
Forward contracts		30	25	2 938			
Options (OTC)		4	4	231			
Equities/Indices							
Futures		3	5	1 990			
Options (OTC) ¹⁾		56 173	192 140	279 284			
Total outstanding derivatives	31.12.2004	124 768	261 602	3 604 609	4 835	4 789	327 871
<i>Total on</i>	<i>31.12.2003</i>	<i>103 072</i>	<i>245 567</i>	<i>5 501 980</i>	<i>299</i>	<i>880</i>	<i>229 420</i>

¹⁾ Gross volume of purchases and sales (proprietary and client trades)

There are no netting-out agreements.

4.2 Breakdown of fiduciary Transactions

	1000 CHF	31.12.2004	31.12.2003
Fiduciary deposits with other banks		696 993	782 575
Fiduciary deposits with companies in the Rabobank group		1 710 647	1 676 062
Fiduciary lending		7 857	8 388
Other fiduciary business		40 377	6 123
Total fiduciary transactions		2 455 874	2 473 148

4.3 Breakdown of contingent Liabilities

	1000 CHF	31.12.2004	31.12.2003
Credit guarantees		127 994	157 021
Performance guarantees		16 993	14 663
Other contingent liabilities		13	20
Total contingent liabilities		144 999	171 704

4.4 Assets under Management

	millions CHF	31.12.2004	31.12.2003
Type of asset			
Assets invested with in-house funds		7 207.0	6 870.3
Assets invested under a management mandate		15 729.3	13 359.8
Other assets under management		30 903.6	28 419.7
Total assets under management (including-double counting)		53 839.9	48 649.8
<i>of which double-counting</i>		4 786.9	5 067.7
<i>of which inflow of new funds</i>		3 957.2	

Notes to the Group Financial Statements

5. Information on the Income Statement

5.1 Financing Costs for trading Positions

Trading income includes interest and dividend income on trading portfolios and financing costs for trading positions. For 2004 CHF 0.1 million (2003: CHF 0.0 million) has been credited to interest income in connection with financing.

5.2 Net Income from Commission and Service Fee Activities	<i>millions CHF</i>	<i>2004</i>	<i>2003</i>
Transaction and brokerage fees		79.0	76.9
Investment fund transactions		77.6	89.1
Commission for investment advice, securities deposit fees		162.7	109.6
Underwriting		3.4	1.1
Other commission		21.8	32.9
Commission expenses		-43.3	-23.1
Total		301.2	286.5

5.3 Net Income from trading Operations	<i>millions CHF</i>	<i>2004</i>	<i>2003</i>
Securities trading		19.6	19.4
Trading in foreign exchange, precious metals and banknotes		27.7	25.8
Total		47.3	45.2

5.4 Ordinary income from other sources	<i>millions CHF</i>	<i>2004</i>	<i>2003</i>
Income from non-consolidated participations		0.6	0.3
Income from real estate		0.4	0.5
Other ordinary income		0.7	2.4
Other ordinary expenses		-5.9	-3.2
Total		-4.2	0.0

Notes to the Group Financial Statements

5.5 Operating Expenses	<i>millions CHF</i>	2004	2003
Personnel expenses			
Salaries and bonuses		178.1	171.4
Social charges		12.6	12.5
Pension contributions		16.5	16.8
Other personnel expenses		15.2	14.2
Total		222.4	214.9
General administrative expenses			
Bank premises		18.1	17.0
Expenditure on fixed assets		14.0	12.8
Telecommunication charges		18.6	18.3
Advertising and travel		18.6	16.3
Other business expenses		19.0	19.5
Total		88.3	83.9

5.6 Extraordinary Income	<i>millions CHF</i>	2004	2003
Our extraordinary income is made up of:			
Writing-back of individual value adjustments that are no longer required			6.6
Writing-back of overall value adjustments			13.6
Writing-back of provisions for taxes that are no longer required			10.2
Writing-back of provisions for restructuring that are no longer required			1.2
Miscellaneous			5.5
Profit from the sale of Bank Jenni & Cie SA (including writing-back of reserves for general banking risks and other provisions)		42.0	
Writing-back of reserves for operational risks		8.0	
Miscellaneous		4.5	
Total		54.5	37.1

5.7 Extraordinary Expenses

This item amounts to CHF 9.0 million, made up of CHF 7.5 million of restructuring costs connected with our acquisition of Chiswell and CHF 1.5 million of various items of expenditure incurred before 2004. To facilitate comparison, the amount of CHF 15 million reported under restructuring costs in 2003 has been transferred to extraordinary expenses for that year, bringing that item to a total of CHF 17.1 million.

Notes to the Group Financial Statements

5.8 Breakdown of Income and Expenditure from normal

banking Operations by Domestic/Foreign	1000 CHF	2004			2003		
		Domestic	Foreign	Total	Domestic	Foreign	Total
Interest income		27 172	111 422	138 594	29 154	123 125	152 279
Interest and dividend income from financial investments		10 053	2 521	12 574	10 144	993	11 137
Interest expenses		-8 281	-83 717	-91 998	-9 914	-95 326	-105 240
Net interest income		28 944	30 226	59 170	29 384	28 792	58 176
Commission income on lending activities		318	318	636	652	478	1 130
Commission income on securities and investment transactions		260 781	74 245	335 026	234 534	57 841	292 375
Commission income on other services		3 437	5 409	8 845	11 759	4 357	16 116
Commission expenses		-29 390	-13 883	-43 273	-19 965	-3 084	-23 049
Net income from commission and service fee activities		235 146	66 089	301 235	226 980	59 592	286 572
Net income from trading operations		43 744	3 542	47 286	39 800	5 416	45 216
Net income from the sale of financial investments		6 325	1 623	7 948	2 390	14	2 404
Income from non-consolidated participations		556		556	292		292
Income from real estate		428		428	475		475
Ordinary income from other sources		497	217	714	1 691	751	2 442
Other ordinary expenses		-5 895	-3	-5 898	-3 213		-3 213
Other ordinary income		1 911	1 838	3 748	1 635	765	2 400
Operating income		309 745	101 695	411 440	297 799	94 565	392 364
Personnel expenses		168 949	53 476	222 425	164 388	50 531	214 919
General administrative expenses		58 932	29 373	88 305	55 190	28 754	83 944
Operating expenses		227 881	82 849	310 729	219 578	79 285	298 863
Operating profit		81 865	18 846	100 710	78 221	15 280	93 501

5.9 Taxes

	1000 CHF	2004	2003
Transfer to provisions for deferred taxes		975	4 145
Writing-back of provisions for deferred taxes		-925	0
Expenses in respect of current payable income/capital taxes		14 750	9 991
Total taxes		14 800	14 136

For prudential reasons, we have not capitalised deferred tax credits that can be calculated from the losses we have carried forward.

	1000 CHF	2004	2003
Losses carried forward*		152 275	182 016

* Before the offsetting of losses against the result for the corresponding year

Report of the Group Auditors

to the General Meeting of Shareholders of Bank Sarasin & Co. Ltd, Basel

Mr. Chairman

Ladies and Gentlemen

As auditors of the group, we have audited the consolidated financial statements (containing the balance sheet, income statement, source of application and funds as well as the notes/pages 62–86) of the Sarasin Group for the year ended December 31, 2004.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with standards promulgated by the auditing profession in Switzerland, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the group's financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the accounting rules for banks and comply with Swiss legislation.

We recommend that the group's financial statements submitted to you be approved.

Basel, March 3, 2005

Ernst & Young AG

Dr. Andreas Blumer

Certified accountant

Lukas J. MacDonald

*Certified accountant
(in charge of the audit)*



Balance Sheet as at December 31, 2004

Assets	Notes	31.12.2004 CHF	31.12.2003 CHF	Change CHF	Change %
Cash and other liquid assets		125 271 926	96 749 859	28 522 067	29.5
Money market investments		125 953 981	48 912 721	77 041 260	157.5
Due from banks		991 306 899	1 125 358 648	-134 051 749	-11.9
Due from customers		489 519 355	520 846 931	-31 327 576	-6.0
Mortgages		219 248 622	216 717 163	2 531 459	1.2
Securities and precious metals portfolios	3.4	228 254 174	203 797 440	24 456 734	12.0
Financial investments	3.5	399 218 578	391 938 272	7 280 306	1.9
Participations		262 446 306	259 485 124	2 961 182	1.1
Intangible assets		39 678 000	40 020 375	-342 375	-0.9
Fixed assets		118 879 000	125 624 625	-6 745 625	-5.4
Accrued income and prepaid expenses		34 076 668	26 269 516	7 807 152	29.7
Other assets ¹⁾		128 871 025	114 213 941	14 657 084	12.8
Total assets		3 162 724 534	3 169 934 615	-7 210 081	-0.2
Total subordinated claims		14 470 513	13 123 528	1 346 985	10.3
Total due from affiliated companies and significant shareholders		152 821 757	126 203 855	26 617 902	21.1
¹⁾ Including positive replacement values of		122 619 501	96 384 071	26 235 430	27.2

Balance Sheet as at December 31, 2004

Liabilities and shareholders' equity	Notes	31.12.2004 CHF	31.12.2003 CHF	CHF	Change %
Due to banks		349 454 466	261 078 002	88 376 464	33.9
Due to customers in savings and investment accounts		451 945 962	545 510 186	-93 564 224	-17.2
Other amounts due to customers		1 276 270 009	1 312 308 157	-36 038 148	-2.7
Bonds and mortgage-backed bonds		23 765 253	28 293 935	-4 528 682	-16.0
Accrued expenses and deferred income		62 833 127	61 687 364	1 145 763	1.9
Other liabilities ¹⁾		286 780 050	253 750 994	33 029 056	13.0
Value adjustments and provisions	3.3/3.7	24 502 925	35 336 860	-10 833 935	-30.7
Reserves for general banking risks		36 000 000	36 000 000	0	0.0
Share capital	3.9	61 155 300	61 155 300	0	0.0
General legal reserve		542 155 851	539 403 862	2 751 989	0.5
Retained earnings brought forward		2 080 316	0	2 080 316	100.0
Profit for the year		45 781 275	35 409 955	10 371 320	29.3
<i>Total shareholders' equity</i>	3.10	687 172 742	671 969 117	15 203 625	2.3
Total liabilities and shareholders' equity		3 162 724 534	3 169 934 615	-7 210 081	-0.2
Total due to affiliated companies and significant shareholders		192 970 296	86 412 940	106 557 356	123.3
¹⁾ Including negative replacement values of		264 898 899	236 683 271	28 215 628	11.9

Off-Balance Sheet Transactions	1000 CHF	31.12.2004 CHF	31.12.2003 CHF	CHF	Change %
Contingent liabilities		57 540	83 287	-25 747	-30.9
Guarantee for Bank Sarasin-Rabo (Asia) Ltd		2 034 017	2 200 809	-166 792	-7.6
Irrevocable commitments		7 395	3 000	4 395	146.5
Liabilities for calls on shares and other equities		1 199	2 165	-966	-44.6
Derivatives					
Contract volume		2 924 232	4 492 624	-1 568 392	-34.9
Positive replacement value		122 620	96 384	26 236	27.2
Negative replacement value		264 899	236 683	28 216	11.9
Fiduciary transactions	4.1	3 070 065	2 882 290	187 775	6.5

Income Statement for 2004

	Notes	2004 CHF	2003 CHF	CHF	Change %
Interest income		26 492 571	28 523 729	-2 031 158	-7.1
Interest and dividend income from financial investments		8 408 988	8 525 006	-116 018	-1.4
Interest expenses		-8 276 086	-9 900 650	-1 624 564	-16.4
Net interest income		26 625 473	27 148 085	-522 612	-1.9
Commission income on lending activities		464 830	648 018	-183 188	-28.3
Commission income on securities and investment transactions		220 863 795	204 870 532	15 993 263	7.8
Commission income on other services		10 892 144	11 645 243	-753 099	-6.5
Commission expenses		-21 887 679	-19 408 866	2 478 813	12.8
Net income from commission and service fee activities		210 333 090	197 754 927	12 578 163	6.4
Net income from trading operations	5.1	43 707 092	39 713 894	3 993 198	10.1
Net income from sale of financial investments		3 375 360	517 051	2 858 309	n.a.
Income from participations		267 581	144 482	123 099	85.2
Income from real estate		368 980	415 730	-46 750	-11.2
Ordinary income from other sources		-1 628 379	-2 120 049	-491 670	-23.2
Other ordinary income		2 383 542	-1 042 786	3 426 328	n.a.
Operating income		283 049 197	263 574 120	19 475 077	7.4
Personnel expenses		162 984 283	157 342 480	5 641 803	3.6
General administrative expenses		54 144 741	50 936 751	3 207 990	6.3
Operating expenses		217 129 024	208 279 231	8 849 793	4.2
Operating profit		65 920 173	55 294 889	10 625 284	19.2
Depreciation and write-offs on fixed assets		-12 175 424	-12 174 033	1 391	0.0
Amortisation of other intangible assets		-3 662 732	-3 052 659	610 073	20.0
Amortisation of goodwill		-6 681 000	-6 662 308	18 692	0.3
Value adjustments, provisions and losses		-3 775 355	-487 721	3 287 634	n.a.
Result before extraordinary items and taxes		39 625 662	32 918 168	6 707 494	-20.4
Extraordinary income		10 230 356	21 592 856	-11 362 500	-52.6
Extraordinary expenses*		-834 743	-15 901 069	-15 066 326	-94.8
Taxes		-3 240 000	-3 200 000	40 000	1.3
Profit for the year		45 781 275	35 409 955	10 371 320	29.3

* To facilitate comparison, the restructuring costs of CHF 14 986 956 reported in 2003 are shown under extraordinary expenses for that year.

Proposal of the Board of Directors to the General Meeting of Shareholders

The Board of Directors proposes to the General Meeting of Shareholders on April 25, 2005 that the profit for the 2004 financial year, consisting of:

	2004 CHF	2003 CHF
Profit for the year	45 781 275	35 409 955
Profit balance brought forward	2 080 316	0
Profit as shown on the balance sheet	47 861 591	35 409 955
be distributed as follows		
Dividend	36 693 180	30 577 650
Transfer to general legal reserve	3 363 542	2 751 989
Profit balance to be carried forward	7 804 869	2 080 316
	47 861 591	35 409 955

If this proposal is accepted, the following dividend, value dated April 28, 2005, will be paid for the 2004 financial year:

for Class A registered shares with a nominal value of CHF 20.–

Dividend CHF 12.– gross per share

for Class B registered shares with a nominal value of CHF 100.–

Dividend CHF 60.– 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 our 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 and Lugano. Its Class B registered shares with a nominal value of CHF 100.– each are quoted on the SWX 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 SWX 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 of the notes to our group financial statements as well as in the table headed "Key Data".

2. Accounting Principles

2.1 General Principles. Our financial statements comply with the provisions of Switzerland's Code of Obligations, its Banking Act and the related ordinance as well as with the guide-lines of the Swiss Federal Banking Commission. Our financial statements have been drawn up in accordance with the version dated December 18, 2002 of the revised accounting guidelines for banks adopted by the Swiss Federal Banking Commission (BAG-SFBC), which came into force as at December 31, 2003.

More generally, readers are referred to section 2 of the notes to our group financial statements. 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 3.5 of the notes to our group financial statements.

Participations are valued at cost after deduction of the necessary writedowns.

2.3 Remarks. No events have occurred since the balance sheet date that call for a different presentation of our financial position, the results of our operations and our cash flows.

As provided for in Article 25k of Switzerland's Banking Ordinance, we wish to refer readers 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, we refer readers to our comments regarding risk management and market, credit and interest rate risks in section 2.18 of the notes to our group financial statements, which also apply to Bank Sarasin & Co. Ltd's financial statements.

3. Information on the Balance Sheet

3.1 Total Assets pledged or ceded to secure own Liabilities and Assets to which our Title is reserved. This relates exclusively to collateral deposits of securities valued at CHF 167.6 million (end 2003: CHF 179.4 million). At the end of the year, CHF 11.6 million (2003: CHF 10.6 million) was advanced under that facility.

3.2 Liabilities to our own Pension Plans. Our liabilities to our own pension plans totalled CHF 13.4 million at the end of 2004 (end 2003: CHF 19.2 million).

3.3 Provisions for other Business Risks. Pursuant to the new Swiss accounting standard GAAP FER 23, the provision of CHF 8 million for risks associated with commission transactions was written back in the income statement as at December 31, 2004.

For further details, please see the notes to our group financial statements.

Notes to Bank Sarasin & Co. Ltd's Financial Statements

3.4 Securities and Precious Metals Trading Portfolios	1000 CHF	31.12.2004	31.12.2003
Interest-bearing securities		7 410	17 883
<i>of which listed</i>		2 714	17 883
<i>of which unlisted</i>		4 697	0
Equities		214 380	180 889
<i>of which treasury shares</i>		11 201	10 169
<i>of which hedging portfolios for structured products</i>		131 596	146 340
Precious metals		6 464	5 025
Total securities and precious metals trading portfolios		228 254	203 797
<i>of which securities rediscountable or pledgeable with the central bank</i>		451	4 053

3.5 Financial Investments	1000 CHF	Book value		Fair value	
		31.12.2004	31.12.2003	31.12.2004	31.12.2003
Interest-bearing securities and rights		381 939	381 738	395 921	392 738
<i>of which valued according to the accrual method</i>		353 718	351 178	367 700	362 178
<i>of which valued at the lower of cost and market</i>		28 221	30 560	28 221	30 560
Equities		17 279	10 200	17 279	13 476
Total financial investments		399 218	391 938	413 200	406 214
<i>of which securities rediscountable or pledgeable with the central bank</i>		227 831	240 883		

3.6 Claims on and Liabilities to affiliated Companies and Loans to Members of Management Bodies	1000 CHF	31.12.2004	31.12.2003
Claims on affiliated companies		1 185	797
Liabilities to affiliated companies		2 488	6 586
Loans to members of management bodies		3 205	3 974

All loans to members of management bodies are secured according to established banking practice.

Notes to Bank Sarasin & Co. Ltd's Financial Statements

3.7 Value Adjustments and Provisions/Reserves for general banking Risks

1000 CHF	Balance 31.12.2003	Designated uses	Change in designated use	Recoveries, dubious interest, currency translation differences	New amounts charged to income statement	Reversals credited to income statement	Balance 31.12.2004
Value adjustments and provisions							
– for default risks (credit and country risks)	4 688	–16		107	1 630		6 409
– for other business risks	8 000					–8 000	0
Provision for restructuring	9 179	–1 248					7 931
Other provisions	18 158	–372			620	–1 834	16 572
Total value adjustments and provisions	40 025	–1 636	0	107	2 250	–9 834	30 912
Value adjustments deducted directly from assets	–4 688						–6 409
Total value adjustments and provisions as per balance sheet	35 337						24 503
Reserves for general banking risks*	36 000						36 000

* Tax has been paid on the reserves for general banking risks.

3.8 Information about treasury Shares

	31.12.2004 No. of units	31.12.2003 No. of units
Number traded on the SWX Swiss Exchange	113 957	101 935

Our trading position of Class B Sarasin shares was valued at CHF 11.2 million (2003: 10.2 million) on December 31, 2004. Trading in treasury shares resulted in a profit of CHF 0.6 million in 2004 (2003: 1.8 million), which has been reported under trading income. Our total holding of 5 895 shares includes 2 380 shares held for hedging purposes in connection with structured products issued by us.

3.9 Capital Structure

		Situation as at 31.12.2004		
		Total nominal value CHF	Number of units	Dividend- bearing capital CHF
Share capital	Class A registered shares (with voting rights)	11 000 000	550 000	11 000 000
	Class B registered shares	50 155 300	501 553	50 155 300
Total share capital as at 31.12.2004		61 155 300	1 051 553	61 155 300
Authorised capital	Class A registered shares	1 000 000	50 000	0
<i>of which capital increase completed</i>		0		
Conditional capital	Class B registered shares	3 000 000	30 000	0
<i>of which capital increase completed</i>		0		

Notes to Bank Sarasin & Co. Ltd's Financial Statements

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 1.5 million by means of the issue of no more than 15 000 fully paid up Class B registered shares with a par value of CHF 100.– 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 1.5 million by means of the issue of no more than 15 000 fully paid up Class B registered shares with a par value of CHF 100.– 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 April 26, 2006, increase the share capital by a maximum of CHF 1 million through the issue of no more than 50 000 Class A registered shares with a par value of CHF 20.– 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.

Significant Shareholders and Shareholder Groups with Voting Rights

	Situation as at 31.12.2004			Situation as at 31.12.2003		
	Nominal CHF	% of total capital	% of total voting rights	Nominal CHF	% of total capital	% of total voting rights
Eichbaum Holding Ltd						
Class A shares (with voting rights)	11 000 000	17.99	52.30	11 000 000	17.99	52.30
Class B shares	15 000	0.02	0.01	15 000	0.02	0.01
Total Eichbaum Holding Ltd.	11 015 000	18.01	52.31	11 015 000	18.01	52.31
IPB Holding B.V., Utrecht						
Class B shares	17 155 300	28.05	16.31	17 155 300	28.05	16.31

All the shares of Eichbaum Holding Ltd are owned by the former partners of Bank Sarasin & Co. They have given the Rabobank Group a call option on all the shares of Eichbaum Holding Ltd. The option expires on June 30, 2009.

Notes to Bank Sarasin & Co. Ltd's Financial Statements

3.10 Statement of Changes in Shareholders' Equity (before distribution of profit)

Shareholders' equity at beginning of year	1000 CHF	2004	2003	2002	2001	2000
Paid up share capital		61 155	61 155	44 000	44 000	44 000
General legal reserve		539 404	606 096	101 910	97 730	94 650
Other reserves			172 500	155 500	138 500	121 500
Reserves for general banking risks		36 000	36 000	36 000	36 000	32 000
Profit/loss as shown on the balance sheet		35 410	-223 904	142 172	154 991	108 181
Total shareholders' equity at beginning of year under review		671 969	651 847	479 582	471 221	400 331
+ Capital increase				17 155		
+ Agio				501 106		
+ Transfer to reserves for general banking risks						4 000
- Previous year's dividend		-30 578	-15 288	-33 000	-44 000	-33 000
+ Profit/loss for the year		45 781	35 410	-312 996	52 361	99 889
Total shareholders' equity at end of year under review		687 172	671 969	651 847	479 582	471 220
<i>of which</i>						
Paid up share capital		61 155	61 155	61 155	44 000	44 000
General legal reserve		542 156	539 404	606 096	101 910	97 730
Other reserves		0	0	172 500	155 500	138 500
Reserves for general banking risks		36 000	36 000	36 000	36 000	36 000
Profit/loss as shown on the balance sheet		47 861	35 410	-223 904	142 172	154 991

4. Information on Off-Balance Sheet Transactions

4.1 Fiduciary Transactions

	1000 CHF	31.12.2004	31.12.2003
Fiduciary deposits with other banks		2 407 640	2 373 536
Fiduciary deposits with affiliated banks		656 859	502 141
Fiduciary lending		5 566	6 613
Total		3 070 065	2 882 290

5. Information on the Income Statement

5.1 Net Income from Trading Operations

	1000 CHF	2004	2003
Securities trading		20 289	20 825
Trading in foreign exchange, precious metals and banknotes		23 418	18 889
Total		43 707	39 714

For further details, please see the notes to our group financial statements.

Report of the Statutory Auditors

to the General Meeting of Shareholders of Bank Sarasin & Co. Ltd, Basel

Mr. Chairman

Ladies and Gentlemen

In our capacity as its Statutory Auditors, we have audited the accounting records and the financial statements (containing the balance sheet, income statement and the notes/pages 90–98) of Bank Sarasin & Co. Ltd for the year ended December 31, 2004.

The financial statements are the responsibility of the Board of Directors, whereas our task is to express an opinion on the financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with the standards promulgated by the auditing profession in Switzerland, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and the financial statements and the proposal regarding distribution of the profit comply with Swiss legislation and with Bank Sarasin & Co. Ltd's Articles of Association.

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

Basel, March 3, 2005

Ernst & Young AG

Dr. Andreas Blumer

Certified accountant

Lukas J. MacDonald

*Certified accountant
(in charge of the audit)*

Bank Sarasin & Cie AG
Elisabethenstrasse 62
Postfach, CH-4002 Basel
Telefon +41 (0)61 277 77 77

Banque Sarasin & Cie SA
8, place de l'Université
Case postale 33, CH-1211 Genève 4
Téléphone +41 (0)22 322 99 99

Banca Sarasin & C. SA
Via Clemente Maraini 39
Casella postale 864, CH-6902 Lugano
Telefono +41 (0)91 911 36 36

Bank Sarasin & Cie AG
Löwenstrasse 11
Postfach, CH-8022 Zürich
Telefon +41 (0)44 213 91 91

Sarasin Investmentfonds AG
Wallstrasse 9
Postfach, CH-4002 Basel
Telefon +41 (0)61 277 77 37

Bank Sarasin-Alpen (ME) Limited
P.O. Box 502193
Dubai U.A.E.
Tel. +971 (0)4 391 0627

Bank Sarasin (CI) Limited
P.O. Box 348, Holland House
1 St. Julian's Avenue
St. Peter Port, Guernsey GY1 3UY
Telephone +44 1481 725 147

Sarasin Rabo Investment Management Ltd
17/F, One Pacific Place
88 Queensway, Hong Kong
Telephone +852 2287 9888

Sarasin Investment Management Ltd.
Juxon House, 100 St. Paul's Churchyard
GB-London EC4M 8BU
Telephone +44 (0)20 7038 7000

Bank Sarasin Europe S.A.
287-289 Route d'Arlon
L-1150 Luxembourg
Telephone +352 45 78 80-1

Sarasin Deutschland GmbH
Friedrichstrasse 9
D-80801 München
Telefon +49 (0)89 33 99 74-0

Sarasin Expertise AM
Siège social, 33 rue de Lisbonne
F-75008 Paris
Tel. +33 (0)1 53 53 59 59

Bank Sarasin-Rabo Asia Ltd
77 Robinson Road #13-00 SIA Building
Singapore 068896
Telephone +65 6536 6848

www.sarasin.com