



SAANENLAND, WHERE BANKING MATTERS. SINCE 1874.

ANNUAL REPORT 2019 – OUR BANK

AT A GLANCE

	2019 CHF	Prior year CHF	Change +/- in %
Balance sheet total	1,398,627,137	1,366,017,009	2.4%
Client loans (after offsetting against value adjustment)	1,162,596,192	1,128,366,436	3.0%
Client funds	1,093,910,616	1,075,410,825	1.7%
Securities account volume	418,607,988	344,984,250	21.3%
Eligible capital	113'140'537	107'091'016	5.6%
Gross income	20,147,724	19,187,815	5.0%
Operating result	7,045,508	6,835,621	3.1%
Net income	2,601,842	2,504,049	3.9%
Cost/income ratio	50.7%	54.0%	-6.1%
Tax value of an equity share in the Bank	2,860	2,850	0.4%
Proposed dividend	32.0%	29.0%	10.3%
Employees, converted to full-time positions (excluding apprentices)	39.7	37.9	4.9%
Apprentices, interns/trainees	6	5	20.0%

In order to facilitate reading, all personal designations are listed exclusively in the masculine form.

AUDIT

Auditors in conformity with the Swiss Code of Obligations
PricewaterhouseCoopers AG, Bern

Auditors in conformity with federal banking law
PricewaterhouseCoopers AG, Bern

Internal audit
Aunexis AG, Bern

SERVICE PARTNERS

Partners of Saanen Bank

Entris
Banking


swisscom


Rahn & Bodmer Zürich

R|&BANQUIERS

 **esprit**
netzwerk

EQUILAS

EDITORIAL

DEAR SHAREHOLDERS

Once again I am delighted to present this year's Annual Report. I am certain that you will be pleased to read about our Bank's continued excellent performance. Generous allocations to reserves and provisions will strengthen the net asset value of the Bank. The intrinsic value of your shares has also increased significantly. The proposed increase in dividend means that as a shareholder in Saanen Bank, you can enjoy an impressive return in the current interest-rate environment. Perhaps even more importantly, if you look back at our historical results you will see that the Saanen Bank share has experienced very stable, positive growth for decades.

At an international level, there was no major change in our operating conditions in 2019 compared with the previous year. There was an inauspicious start as Brexit remained unresolved, the trade war between the USA and China continued to simmer, and negotiations on the institutional agreement between Switzerland and the EU stalled. By the end of the year, increasing tension in the Middle East was adding to the situation. Nevertheless, the stock markets made huge advances, thanks in part to unchanged low interest rates. This environment did not exactly play into the hands of regional banks, with interest activities making up a large proportion of their business. Against this backdrop, our good annual result is even more gratifying. I would like to take this opportunity to thank the entire team at the Bank for their dedication and hard work over the past financial year.

The Board of Directors has collaborated intensively with the Executive Board in the 2019 financial year on developing and adopting the Bank's strategy for the period 2020 to 2025. Looking further ahead to the period 2025 to 2035, a separate workshop was held to develop a "radar" to ensure strategically important patterns and trends are not missed. We are fully aware that our scope of action, in particular in relation to technology, is limited. We are reliant on working together with other banks. However, where opportunities arise we pursue a clear, progressive



strategy from a position of strength, linked to investment in infrastructure and people. Saanen Bank has always greatly valued mutual trust and personal contact with its clients. The importance of trustworthiness will grow further in this rapidly changing, increasingly complex and more anonymous world.

On behalf of the Board of Directors, the Executive Board and all the staff, I would like to thank you, our shareholders and clients, for your loyalty to our Bank. I look forward to tackling our future together, with a modern, approachable and reliable Saanen Bank.

Yours faithfully

Victor Steimle
Chairman of the Board of Directors

BALANCE SHEET AS OF 31 DECEMBER 2019

	CHF in 1,000	2019	Prior year	Change +/- in %
Assets				
Liquid assets		187,455	190,846	-1.8%
Receivables from banks		20,505	20,729	-1.1%
Receivables from clients		62,866	67,056	-6.2%
Receivables from mortgages		1,082,323	1,043,085	3.8%
Trading activities		36	0	100.0%
Positive replacement values of derivative financial instruments		228	1,039	-78.1%
Financial investments		23,573	25,589	-7.9%
Accrued income and prepaid expenses		188	246	-23.6%
Participations		9,398	6,798	38.2%
Tangible fixed assets		9,027	8,839	2.1%
Intangible assets		0	0	0.0%
Other assets		3,028	1,790	69.2%
Total assets		1,398,627	1,366,017	2.4%
Total subordinate receivables		0	0	0.0%
of which with conversion obligation and/or debt waiver		0	0	0.0%

	CHF in 1,000	2019	Prior year	Change +/- in %
Liabilities				
Liabilities to banks		1,187	8,701	-86.4%
Liabilities to clients (client deposits)		1,089,528	1,069,844	1.8%
Negative replacement values of derivative financial instruments		1,470	2,765	-46.8%
Medium-term notes		4,383	5,567	-21.3%
Bonds and mortgage-backed loans		176,700	162,900	8.5%
Accrued expenses and deferred income		4,402	2,937	49.9%
Other liabilities		839	331	153.5%
Provisions		2,579	17,685	-85.4%
Reserves for general banking risks		62,440	42,240	47.8%
Share capital		2,400	2,400	0.0%
Statutory capital reserves		0	0	0.0%
of which reserves from tax-exempt capital contributions		0	0	0.0%
Statutory retained earnings		8,944	8,933	0.1%
Voluntary retained earnings		42,100	40,290	4.5%
Own equity capital (short position)		-956	-1,091	-12.4%
Profit carried forward		9	11	-18.2%
Profit		2,602	2,504	3.9%
Total liabilities		1,398,627	1,366,017	2.4%

	CHF in 1,000	2019	Prior year	Change +/- in %
Off-balance-sheet transactions				
Contingent liabilities		7,131	7,354	-3.0%
Irrevocable commitments		18,010	16,154	11.5%
Call commitments and additional payment obligations		865	865	0.0%

INCOME STATEMENT 2019

	CHF in 1,000	2019	Prior year	Change +/- in %
Income from interest activities				
Interest and discount income		18,138	18,533	-2.1%
Interest and dividend income from trading activities		0	0	0.0%
Interest and dividend income from financial investments		264	281	-6.0%
Interest expenses		-3,185	-3,767	-15.4%
Gross profit from interest activities		15,217	15,047	1.1%
Changes in value adjustments related to default risk and losses incurred in interest activities		299	-4	-7575.0%
Subtotal for net income from interest activities		15,516	15,043	3.1%
Income from commission business and services				
Commission income on securities and investment transactions		1,794	1,866	-3.9%
Commission income on lending activities		25	20	25.0%
Commission income on other services		1,087	1,060	2.5%
Commission expenses		-154	-191	-19.4%
Subtotal for income from commission business and services		2,752	2,755	-0.1%
Income from trading activities and fair-value option		1,078	1,154	-6.6%
Other ordinary income				
Income from the sale of financial investments		216	36	500.0%
Income from participations		641	305	110.2%
Income from real estate		126	59	113.6%
Other ordinary income		118	19	521.1%
Other ordinary expenses		0	-186	-100.0%
Subtotal for other ordinary income		1,101	233	372.5%
Operating expenses				
Personnel expenses		-5,969	-5,310	12.4%
Other general and administrative expenses		-4,246	-5,050	-15.9%
Subtotal for operating expenses		-10,215	-10,360	-1.4%
Value adjustments on participations and depreciation of tangible fixed assets and intangible assets		-1,879	-1,337	40.5%
Changes in provisions and other value adjustments and losses		-1,308	-652	100.6%
Business profit/loss		7,045	6,836	3.1%
Extraordinary income		3	2	50.0%
Extraordinary expenses		0	0	0.0%
Changes in reserves for general banking risks		-3,070	-2,880	6.6%
Taxes		-1,376	-1,454	-5.4%
Profit		2,602	2,504	3.9%
Appropriation of profit				
Profit		2,602	2,504	3.9%
Profit carried forward		9	11	-18.2%
Net profit		2,611	2,515	3.8%
Proposal for the appropriation of profit				
Allocation to voluntary retained earnings		-1,830	-1,810	1.1%
Distribution on share capital		-768	-696	10.3%
Profit carried forward (new)		13	9	44.4%

SIX SHAREHOLDER QUESTIONS

INTERVIEW WITH VICTOR STEIMLE (CHAIRMAN OF THE BOARD OF DIRECTORS) AND JÜRIG VON ALLMEN (CHIEF EXECUTIVE OFFICER)

The Board of Directors has worked with the Executive Board throughout the past year to develop the strategy for 2020 to 2025, making important decisions for the road ahead in the coming years.

WHAT ARE THE MOST ESSENTIAL ASPECTS OF THE REVISED STRATEGY?

Victor Steimle (VSt): We are sticking with our successful business model and investing in our branch network because we believe it is the right thing to do. At all locations, all of our client-facing areas will be renovated and upgraded over the coming years. In addition, there will be an ATM at each location.

We are quite aware that many other banks are doing exactly the opposite, closing their branches. We believe that our clients value being close to the Bank and individual contact. So these are still sensible investments that will pay off in the next few years. It is not possible to predict today whether a bank will need a branch network in another 10 years' time. Nevertheless, we are convinced that, for the next few years, such a network provides the kind of added value that we want to offer, true to our slogan "Saanenland, where banking matters".

WHAT ARE THE SPECIFIC PLANS FOR THE FORMER SWISS POST OFFICE IN SAANEN?

Jürg von Allmen (JvA): As soon as Swiss Post has found a new location for its sorting office, we will overhaul the entire ground floor at our Head Office, including the former Swiss Post office. In particular, we want to expand our client area. There will be client adviser desks and private meeting rooms as well as an area containing several different ATMs that is open around the clock. We will continue to operate a cashier's desk – another example of our Bank bucking the trend so that we can be there for our clients. And we will also be creating new office space.

"We will continue to operate a cashier's desk – another example of our Bank bucking the trend so that we can be there for our clients."

IS THERE A DANGER OF MISSING OUT ON WHAT MAY BE KEY TRENDS AND DEVELOPMENTS?

VSt: We also brought in some external consultants to help us look forward to the period 2025 to 2035. With their insight we have created a "radar" that will support our ability to respond quickly to new trends and a changing environment. We will not be first movers when it comes to technology; rather, we and the other regional banks in the Esprit network will be fast followers, adopting the developments expected by our clients.

WHAT ADAPTATIONS WILL BE MADE TO PRODUCTS?

JvA: We are planning to completely overhaul our accounts and fees. This is part of the strategy. For example, we will offer a free account for clients who only want to use digital products such as e-banking. It remains our objective to ensure that clients who use our proven, efficient products do not have to pay higher fees wherever possible. Being a shareholder and client of our Bank should continue to be worth it.

“We are planning to completely overhaul our accounts and fees.”

HOW WILL THE BANK'S ORGANISATION CHANGE?

JvA: The coming decade will see a number of long-serving employees at all levels retire. So we will invest in our people, with proactive succession planning to make sure that key posts are filled promptly and by qualified staff. As a regional bank, we will especially look to promote from within. Thus, there are opportunities for development for hard-working colleagues.

WHAT OTHER AREAS FOR DEVELOPMENT DOES THE BANK SEE IN SAANENLAND?

VSt: We want to remain the bank for Saanenland. As already explained, our desire to buck the trend is one of deeply held conviction. Other banks are starting to pull out of our region. We want to step up and plug the gaps, meet our clients' banking and financial needs across Saanenland. We believe that clients will appreciate our presence on the ground and that this strategy will pay off for the Bank.



THE PEOPLE BEHIND THE BANK

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT



BOARD OF DIRECTORS

Peter Weissen
Constructionneur HTL
Lauenen

Daniel Matti*
lic. oec. HSG
Schönried
Vice-Chairman

Regula van der Velde*
Certified Accountant
Spiez

Victor Steimle
Business Administrator FH
Schönried
Chairman

Michael Teuscher*
Government Official
Saanen

Marianne Kropf
Pharmacist FPH
Gstaad

Erich von Siebenthal
Agriculturalist and member
of the National Council
Gstaad

* Members of the Audit Committee (chairman: Daniel Matti).

None of the members of the Board of Directors exercised or exercises executive functions at SB Saanen Bank AG. None of the members of the Board of Directors has any substantial business relationships with SB Saanen Bank AG.

All members of the Board of Directors meet the criteria for independence as per FINMA Circular 17/1.





EXECUTIVE BOARD, EXECUTIVE MANAGEMENT AND BUSINESS UNIT MANAGEMENT

Bernd Makasy
Business Unit
Manager
Finance, Personnel
and Services

Ezio Giudici
Member of Executive
Management
Compliance Officer

Urs Zumbrunnen
Deputy Chief
Executive Officer
Corporate Clients
Credit

Simon Graa
Member of Executive
Management
Private Banking
Provisions

Jürg von Allmen
Chief Executive
Officer

Dominique Huwiler
Member of the
Executive Board
Private Banking

Adrian Friedli
Member of Executive
Management
Private Clients
Branches



Scenery under a full moon

IN FOCUS

LAUENEN, GSTEIG AND SCHÖNRIED BRANCHES

As a regional bank, it is very important to us to be deeply embedded in the region, close to our clients and able to offer a good range of services tailored to their individual needs. Our branches in Saanen and Gstaad, as well as those in Lauenen, Gsteig and Schönried, allow us to live up to this commitment. All of the branches will continue to play an important role in the strategy of Saanen Bank. Saanen Bank will also invest in its Lauenen, Gsteig and Schönried branches over the next few years.

LAUENEN BRANCH



Elisabeth
Brand

Elisabeth Brand has worked for Saanen Bank for some 30 years and runs our Lauenen branch. Alongside her role as a Saanen Bank Client Adviser, she also works for the Lauenen Tourist Office. In between exchanging money, receiving payment orders and providing individual advice to Saanen Bank's clients, Elisabeth Brand also welcomes guests to the region at her desk, selling cross-country ski passes and hiking maps, and supporting the village administration.

Elisabeth Brand is due to retire in December 2020. But closing the branch would be unthinkable. Saanen Bank's contact with villagers and guests in Lauenen is too important to give up. The branch is being renovated and upgraded with a range of investments. In future, an ATM will cater day and night for the most commonly needed services such as cash withdrawals and deposits.

"We will install an ATM in Lauenen and Gsteig."

GSTEIG BRANCH



Kathrin
Hauswirth

In our Gsteig branch, Saanen Bank can also count on a long-serving employee. Kathrin Hauswirth has run the Saanen Bank operation and the Tourist Office in the heart of Gsteig for almost 20 years. The cooperation between Gstaad Saanenland Tourismus and Saanen Bank opens up many benefits, especially when it comes to cost savings. While other banks in the region are closing branches, we want to continue investing.

An ATM will also be accessible around the clock in Gsteig. With Kathrin Hauswirth as Branch Manager on site, this is an ideal set-up to allow our clients continued access to comprehensive services in their own village.

The Schönried branch of Saanen Bank is operated by Sibylle Fahrler and Madeleine Zahler. When the Berner Kantonalbank (BEKB) branch closed, Saanen Bank purchased the newly available office area. Over the coming months, as part of the redesign of Saanen Bank's branches in Gsteig, Lauenen and Saanen, we will investigate how to make best use of the additional space.

In autumn 2019, new ATMs have already been installed in Schönried and in Saanenmöser. Our analysis of the initial usage patterns shows just how important these machines are to our clients and visitors alike.

However, it is also clear that Saanen Bank wants its presence in Schönried to offer more than just an ATM.

Sibylle Fahrler and Madeleine Zahler will continue to serve the individual needs and concerns of our clients there in future.

We are investing in the future and in our branches, so that we can carry on supporting all aspects of financial life, and be as close to our clients as possible.

SCHÖNRIED BRANCH



Sibylle
Fahrler



Madeleine
Zahler

“However, it is also clear that Saanen Bank wants its presence in Schönried to offer more than just an ATM.”



Lauenen
branch



Gsteig
branch



Schönried
branch

THE PEOPLE BEHIND THE BANK

YOU CAN COUNT ON US



| Bernhard
Baumann



| Ursula
Baumer



| Brigitte
Brand



| Elisabeth
Brand



| Elina
Buchs



| Heinz
Bula



| Andrey
Chernov



| Sibylle
Fahrer



| Luna
Femia



| Leandro
Frei



| Adrian
Friedli



| Ezio
Giudici



| Simon
Graa



| Erika
Habegger



| Katrin
Haldi



| Kathrin
Hauswirth



| Claudia
Heimberg



| Dominique
Huwiler



| Ariane
Jungi



| Belinda
König



| Jean-François
Linder



| Bernd
Makasy



| Dora
Moser



| Corinna
Müller



| Elija
Nydegger



Daniel
Perreten



Martina
Perreten



Pascal
Portmann



Heidi
Reichen



Ingrid
Reichenbach



Kimberly
Reichenbach



Janine
Romang



Rahel
Rösti



Simon
Rösti



Rolf
Schmid



Jasmin
Schwenter



Noémie
Schwizgebel



Tim
Staub



Yves
Staub



Thomas
Stöckli



Linda
Teuscher



Christine
Tschanz



Ursula
van den Elshout



Jürg
von Allmen



Jana
von Grünigen



Martin
von Känel



Salome
von Siebenthal



Manuel
Waldmann



Madeleine
Zahler



Urs
Zumbrunnen

THE PEOPLE BEHIND THE BANK

YOU CAN COUNT ON US

OUR EXECUTIVE BOARD

Jürg von Allmen	CEO	Chairman of the Executive Board
Urs Zumbrennen	Head Corporate Clients/Credit	Deputy CEO
Dominique Huwiler	Head Private Banking	Member of the Executive Board

OUR MEMBERS OF EXECUTIVE MANAGEMENT

Adrian Friedli	Head Private Clients/Branches	Member of Executive Management (as of 01.01.2020)
Ezio Giudici	Compliance Officer	Member of Executive Management
Simon Graa	Deputy Head Private Banking/Provisions	Member of Executive Management

OUR MANAGEMENT STAFF

Ursula Baumer	Head Counters/Branches	Authorised representative
Bernhard Baumann	Client Adviser Corporate Clients/Credit	Authorised representative
Andrey Chernov	Head Financial Administration	Authorised representative (as of 01.01.2020)
Jean-François Linder	Client Adviser Private Banking	Authorised representative
Bernd Makasy	Head Finance/Personnel/Services	Authorised representative
Corinna Müller	Head Marketing	Authorised representative (as of 01.01.2020)
Heidi Reichen	Head Management Support	Authorised representative
Simon Rösti	Head Credit Management	Authorised representative
Rolf Schmid	Head Payment Transactions	Authorised representative
Yves Staub	Client Adviser Private Banking	Authorised representative
Thomas Stöckli	Senior Portfolio Manager	Authorised representative
Martin von Känel	Head Provisions & Services	Authorised representative (as of 01.01.2020)
Pascal Portmann	Client Adviser Private Clients	Officer



Hummingbird hawk-moth feeding on nectar

LEGAL NOTICE

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Photos

Urs Zumbrunnen, Saanen (cover page)

Corinna Müller, Saanen (pages 8/9, 14)

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Mark Nolan, Muri, canton of Bern (page 7)

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