



SAANENLAND, WHERE BANKING MATTERS. SINCE 1874.

ANNUAL REPORT 2015 – OUR BANK

AT A GLANCE

	2015	Prior year	Change
	CHF	CHF	+/- in %
Balance sheet total	1,239,573,426	1,184,113,362	+4.7%
Client loans	1,013,059,354	974,146,279	+4.0%
Client funds	1,006,542,615	946,622,294	+6.3%
Capital and disclosed reserves after			
appropriation of profit	80,212,023	76,102,805	+5.4%
Operating result	6,893,271	3,934,213	+75.2%
Net income	2,274,725	2,269,779	+0.2%
Cost income ratio	56.6%	54.0%	+4.8%
Tax value of an equity share in the Bank	2,550	2,375	+7.4%
Proposed dividend	22%	22%	unchanged
Employees, converted to full-time positions	36.6	34.5	+6.1%
Apprentices and interns	5	6	-16.7%

AUDIT

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

Auditors in conformity with federal banking law
PricewaterhouseCoopers Ltd, Bern

Internal audit
Entris Audit AG, Gümüligen

SERVICE PARTNERS

Partners of Saanen Bank

Entris
Banking



R|&BANQUIERS
Rahn & Bodmer Zürich

EDITORIAL

DEAR SHAREHOLDERS

Saanenland, where banking matters – a successful approach since 1874. Over the course of more than 140 years, we have succeeded in responding to ever-increasing demands with a healthy balance between tradition and transition, the familiar and the modern. As time goes on, we continue to be required to develop our Bank – step by step.

This Annual Report 2015 is one of these steps, and has been produced in a new, refreshing design. The first part of the report, entitled “Our Bank”, contains interesting information about the most important figures relating to our Bank, as well as a glimpse behind the scenes. “Facts and figures”, the separate second part, comprises the comprehensive financial reports. This part of the Annual Report has been significantly expanded due to new regulatory requirements, which is why we decided to separate the somewhat figure-heavy section.

The full versions of both Annual Reports are only available in German. This English edition represents a shortened version of the report, entitled “Our Bank”.

In view of the new accounting standards, the balance sheet and income statement also needed to be restructured, and the figures are no longer comparable with those of the Annual Report 2014. We have therefore also recalculated the figures for the previous year in order to enable the two years to be compared.

A first glance at the figures for 2015 shows that we achieved an encouraging increase in business volume, and this growth enabled us to sustain our total return despite a further decline in the interest margin. While other financial institutions are reducing their headcounts, we succeeded in creating two new positions last year, and it is therefore understandable that personnel and operating costs increased. Thanks to lower depreciation and the release of provisions no longer required, we achieved a further significant increase in equity capital, which will surely be welcome news to you, our shareholders.

In July 2015, a definitive solution was found with the US authorities regarding the US tax pro-



gramme, which is a relief to us all. The process of implementing the white-money strategy for clients with a foreign tax residence was also essentially completed.

This good news had a positive effect on demand for our share and hence on the share price (+CHF 175/+7.4%), providing us with further motivation. I look forward to celebrating our success in 2015 with you at our annual general meeting. As you will see from the invitation to the meeting, due to the continuous increase in the number of shareholders, the event will be held for the first time in the Menuhin marquee. Come and experience this unique venue for yourself!

We would like to express our sincere thanks to our loyal and faithful clients and of course to you, our shareholders. On behalf of the Board of Directors and all the staff at the Bank, I would like to thank you for your trust and support. We are here for you, and look forward to continuing to be a reliable banking partner to you in the coming year.

Yours faithfully

Peter Kübli
Chairman of the Board of Directors

TRULY REGIONAL

SAANENLAND, WHERE BANKING MATTERS

Anyone who works together with Saanen Bank supports the entire region directly and/or indirectly. **BECAUSE SAANENLAND MATTERS TO THEM, AS IT DOES TO US.**

MARKETING/SPONSORSHIP

For many years now, Saanen Bank has been supporting countless large and small events in Saanenland with generous sponsorship contributions, thereby helping to ensure the diversity of these events – an extremely important factor in the successful future development of the region.

JOBS

Saanen Bank currently employs 42 people (excluding apprentices), or 36.6 full-time equivalents.

TRAINING PLACES

In the past 10 years, a total of 11 apprentices have successfully completed their training at Saanen Bank (some with a vocational diploma). The Bank currently has five apprentices. Incidentally, nine of our former apprentices now work for Saanen Bank – in various functions including executive management – having either remained since their apprenticeship or returned following other employment.

MATERIALS PROCUREMENT

Saanen Bank strives to ensure that it uses local suppliers as far as possible when procuring materials. This also applies to organisation and procurement in the case of major events such as the annual general meeting, which is attended by some 500 guests.

JOINT BRANCHES WITH GSTAAD SAANENLAND TOURISM

Thanks to the two Saanen Bank branches in Lauenen and Gsteig, these two locations are also able to run a tourist office using the staff at these branches.

ALL DECISIONS MADE IN SAANENLAND

Thanks to the Bank's independence, all decisions – within the framework of legal and regulatory requirements, naturally – are made in Saanenland. Our employees' knowledge of the region and its people therefore enables us to find tailor-made solutions (e.g. in the credit business) that in turn have a positive effect on the sustainable development of the region.

TAXPAYER

Over the past 10 years, Saanen Bank's total tax expenditure has been CHF 13.8 million, and the majority of the Bank's staff pay tax in Lauenen, Gsteig or Saanen.

COMMITTED TO THE REGION

Many of our employees are involved in supporting the development of the region, not only at work but also in their free time. Whether as part of a municipal council, committee or commission, staff at Saanen Bank contribute many hours of voluntary work outside their working hours.

BALANCE SHEET AS PER 31 DECEMBER 2015

Assets	CHF in 1,000	2015	Prior year
Liquid assets		131,186	73,778
Receivables from banks		93,995	133,192
Receivables from clients		75,887	80,875
Receivables from mortgages		937,172	893,271
Total client loans		1,013,059	974,146
Value adjustments for default risks (short position)		-17,173	-17,506
Securities and precious metals trading positions		0	1,805*
Positive replacement values of derivative financial instruments		74	41
Financial investments		6,415	7,087
Accrued income and prepaid expenses		303	363
Participations		1,133	656
Tangible fixed assets		7,042	6,768
Intangible assets		0	0
Other assets		3,539	3,783
Total assets		1,239,573	1,184,113

Liabilities	CHF in 1,000	2015	Prior year
Liabilities to banks		3	0
Liabilities to clients (client deposits)		997,302	929,414
Negative replacement values of derivative financial instruments		3,559	3,811
Medium-term notes		9,241	17,208
Bonds and mortgage-backed loans		129,100	135,500
Accrued expenses and deferred income		1,778	1,484
Other liabilities		594	1,027
Provisions		17,255	19,038
Reserves for general banking risks		33,157	29,801
Share capital		2,400	2,400
Statutory capital reserves		0	0
of which reserves from tax-exempt capital contributions		0	0
Statutory retained earnings		8,617	8,500
Voluntary retained earnings		35,288	33,646
Own equity capital (short position)		-1,010	0*
Profit carried forward		14	14
Profit		2,275	2,270
Total liabilities		1,239,573	1,184,113

Off-balance-sheet transactions	CHF in 1,000	2015	Prior year
Contingent liabilities		7,668	7,545
Irrevocable commitments		21,939	32,534
Call commitments and additional payment obligations		769	769

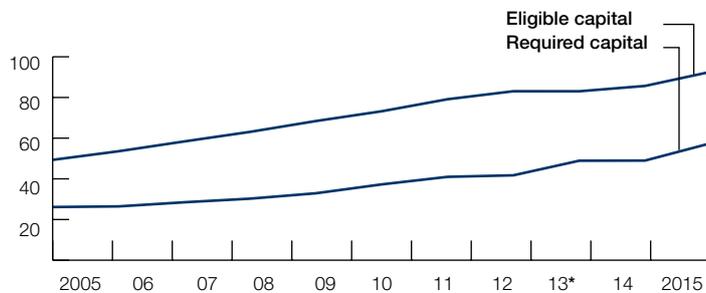
* As the prior-year values for equity capital cannot be changed, own shares must continue to be disclosed as "Securities and precious metals trading positions" for the prior year.

INCOME STATEMENT 2015

Income from interest activities	CHF in 1,000	2015	Prior year
Interest and discount income		18,038	19,103
Interest and dividend income from trading activities		0	23
Interest and dividend income from financial investments		157	254
Interest expenses		-5,637	-6,766
Gross profit from interest activities		12,558	12,614
Changes in value adjustments related to default risk and losses incurred in interest activities		295	-3
Subtotal for net income from interest activities		12,853	12,611
Income from commission business and services			
Commission income on securities and investment transactions		1,415	1,674
Commission income on lending activities		36	27
Commission income on other services		990	983
Commission expenses		-181	-173
Subtotal for income from commission business and services		2,260	2,511
Income from trading activities and fair-value option		918	887
Other ordinary income			
Income from the sale of financial investments		-33	-27
Income from participations		196	173
Income from real estate		155	109
Other ordinary income		77	26
Other ordinary expenses		-81	-55
Subtotal for other ordinary income		314	226
Operating expenses			
Personnel expenses		-4,608	-4,353
Other general and administrative expenses		-4,481	-4,351
Subtotal for operating expenses		-9,089	-8,704
Value adjustments on participations and depreciation of tangible fixed assets and intangible assets		-889	-1,390
Changes in provisions and other value adjustments and losses		526	-2,206
Business profit/loss		6,893	3,935
Extraordinary income		426	1,124
Extraordinary expenses		0	0
Changes in reserves for general banking risks		-3,356	-1,749
Taxes		-1,688	-1,040
Profit		2,275	2,270
Appropriation of profit			
Profit		2,275	2,270
Profit carried forward		14	14
Net profit		2,289	2,284
Proposal for the appropriation of profit			
Allocation to statutory retained earnings		-100	-100
Allocation to other reserves		-1,647	-1,642
Distribution on share capital		-528	-528
Profit carried forward (new)		14	14

KEY FIGURES 2015

DEVELOPMENT OF EQUITY CAPITAL



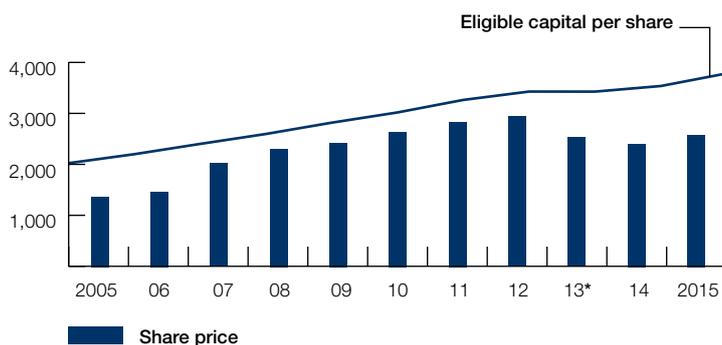
* In 2013, the calculation of eligible and required capital was reviewed and adjusted in view of new accounting standards based on Basel III.

The Bank has succeeded in significantly increasing its eligible capital in the past 10 years. Thanks to the retention of earnings (instead of the payment of a higher dividend, the capital generated was reinvested in the business), equity capital has risen by 85% over the past 10 years, corresponding to an average annual increase of approximately 6.4%. Given that the balance sheet total grew by an average of 7.5% over the same period, the share of eligible equity capital in terms of the balance sheet total fell slightly from 8.2% to 7.4%. We are pleased to have succeeded in achieving our impressive growth with no capital increase or dilution of earnings.

	In CHF million	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014	2015
Eligible capital		49.3	53.6	58.4	63.1	68.4	73.2	79.1	83.1	83.0	85.7	91.4
Required capital, including countercyclical capital buffer		26.3	26.6	28.7	30.4	33.1	37.5	41.2	41.9	46.3	49.3	50.7

Saanen Bank continues to be very well capitalised. The development in required capital illustrates that we have significantly more capital than would in fact be required. Despite the significant increase in capital requirements by the Swiss Financial Market Supervisory Authority (FINMA) in 2013, the Bank's capacity utilisation is currently just 56%.

SHARE PRICE DEVELOPMENT



* In 2013, the calculation of eligible capital was adjusted in view of new accounting standards based on Basel III.

These figures illustrate the relationship between the share price and the Bank's eligible capital. Over the past 10 years, the share price has spent certain periods well above its current level. For many years, it increased by between CHF 100 and 200 per year, which also corresponded approximately to the retention of earnings, that is the enhancement of eligible capital per share. The above-average price spikes in 2007 and 2008, which cannot be explained on this basis, were then corrected in the years 2012 to 2014.

	CHF	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014	2015
Eligible capital per share		2,055	2,231	2,433	2,628	2,850	3,051	3,297	3,461	3,460	3,570	3,810
Enhancement of eligible capital			176	202	195	222	201	246	164	-1	110	240
Share price		1,350	1,450	2,000	2,300	2,400	2,600	2,800	2,900	2,500	2,375	2,550
Change in share price			100	550	300	100	200	200	100	-400	-125	175
Relationship share price to eligible capital		65.7%	67.2%	82.2%	87.5%	84.2%	85.2%	84.9%	83.8%	72.3%	66.5%	66.9%

SIX QUESTIONS

FROM THE SHAREHOLDERS' PERSPECTIVE

INTERVIEW WITH JÜRIG VON ALLMEN | CHIEF EXECUTIVE OFFICER

WHY SHOULD I BUY OR HOLD SHARES IN SAANEN BANK?

True to our motto "Saanenland, where banking matters", we are delighted to see new or existing shareholders purchase our Saanen Bank shares. After all, anyone who works together with us is surely also committed to supporting the local region. What is more, our annual general meeting is one of the biggest events in the region for local people – an event valued not only for the delicious food but also as an opportunity to enjoy contact with friends and acquaintances.

Given the considerable price of a Saanen Bank share today, it also has to make financial sense to purchase and hold our shares. A shareholder who continuously purchased shares in our Bank during the course of last year explained his motivation as follows: "I buy your shares because I appreciate your business model. In a niche market, you focus your business activities exclusively on the [Saanenland] region. You stand by your conservative strategy. The share is solid and well priced. And above all, you reinvest part of your profits back into the company. Re-investment is the most reliable route to success."

"Reinvestment is the most reliable route to success."

WHY DOES SAANEN BANK PAY A DIVIDEND OF JUST CHF 22 PER SHARE?

The answer to this question is retention of earnings, which means that the Bank aims to reinvest its earnings in its banking operations. For the Bank to continue to grow, it also needs to increase its equity to the same extent every year. In concrete terms, this means that while a modest annual dividend of CHF 22 is currently being paid to shareholders, the Bank is succeeding in enhancing its capital by CHF 3 to 5 million. This has enabled us to achieve a sustainable increase in the value of the Bank, with the resulting positive impact on the share price. As an example, while the Bank's reported equity capital was CHF 40 million in 2005, in the past 10 years, this figure has been increased by some CHF 40 million with the result that the Bank currently has a total of CHF 81 million in capital at its disposal.

HOW DOES THE RETENTION OF EARNINGS AFFECT THE SHARE PRICE?

In 2005, the tax value of our share stood at CHF 1,350. Given that the Bank's equity capital has doubled in the meantime, the share price has also increased significantly and was CHF 2,550 (+88%) at the end of 2015. The return on the share therefore comprises not only the dividend but also the increase in share price. And naturally, the market value of the share is based on factors that include the Bank's equity capital. In the past 10 years, the Bank has paid an average dividend of CHF 20 per year. It can therefore be said that shareholders have earned a total return of some 100% in 10 years.

**WHICH OTHER FACTORS
INFLUENCE THE SHARE
PRICE OF THE BANK?**

In principle, the price of our share on the free market is based on supply and demand. If existing shareholders or prospective buyers anticipate that the Bank will do well and increase in value, the share price also rises. Conversely, if no one feels tempted to buy and shareholders perhaps even need money and want to sell their shares, then the price falls. We have of course also experienced this in recent years. As a result of the retention of earnings, however, the share price should increase over the long term.

**HOW MUCH IS THE
SAANEN BANK SHARE
CURRENTLY WORTH?**

The Saanen Bank, as an Aktiengesellschaft (company limited by shares), comprises 24,000 shares. The net asset value of the Bank – taking into account equity capital only, without hidden assets, etc. – stands at CHF 81 million, resulting in a net asset value per share of some CHF 3,300. If we take not only the equity capital as a basis for calculation but also the risk-bearing net asset value of CHF 114 million (i.e. including value adjustments and provisions), we then come to a net asset value of approximately CHF 4,700. The banking business also bears risks, however. With the net asset value of the share, which currently therefore stands at between CHF 3,300 and 4,700, we can say that the share is attractively valued at its current price of CHF 2,550.

**IS THERE STILL A WAITING
LIST FOR PURCHASING
SAANEN BANK SHARES?**

No, and this is now no longer permitted in any case. The Bank has a holding of its own shares, and anyone can purchase shares in the Bank at the prices published.



*“As a result of the retention of earnings,
however, the share price should
increase over the long term.”*

THE PEOPLE BEHIND THE BANK

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT



BOARD OF DIRECTORS

Ueli Haldi-von Siebenthal
Agriculturalist
Feutersoey

Bruno von Allmen
Architect HTL
Gstaad

Peter Weissen
Constr. Eng. HTL
Lauenen

Marianne Kropf
Certified Pharmacist
Gstaad

Peter Kübli
Engineer HTL
Gstaad
Chairman

Victor Steimle*
Business Adm. FH
Saanen
Vice-Chairman

Daniel Matti
lic. oec. HSG
Schönried

None of the members of the Board of Directors exercised or exercises executive functions at SB Saanen Bank Ltd. None of the members of the Board of Directors has any substantial business relationships with SB Saanen Bank Ltd. All members of the Board of Directors meet the criteria for independence as per FINMA Circular 2008/24, margin numbers 20 to 24.

* AC delegate on the Board of Directors.





EXECUTIVE MANAGEMENT AND BUSINESS UNIT MANAGEMENT

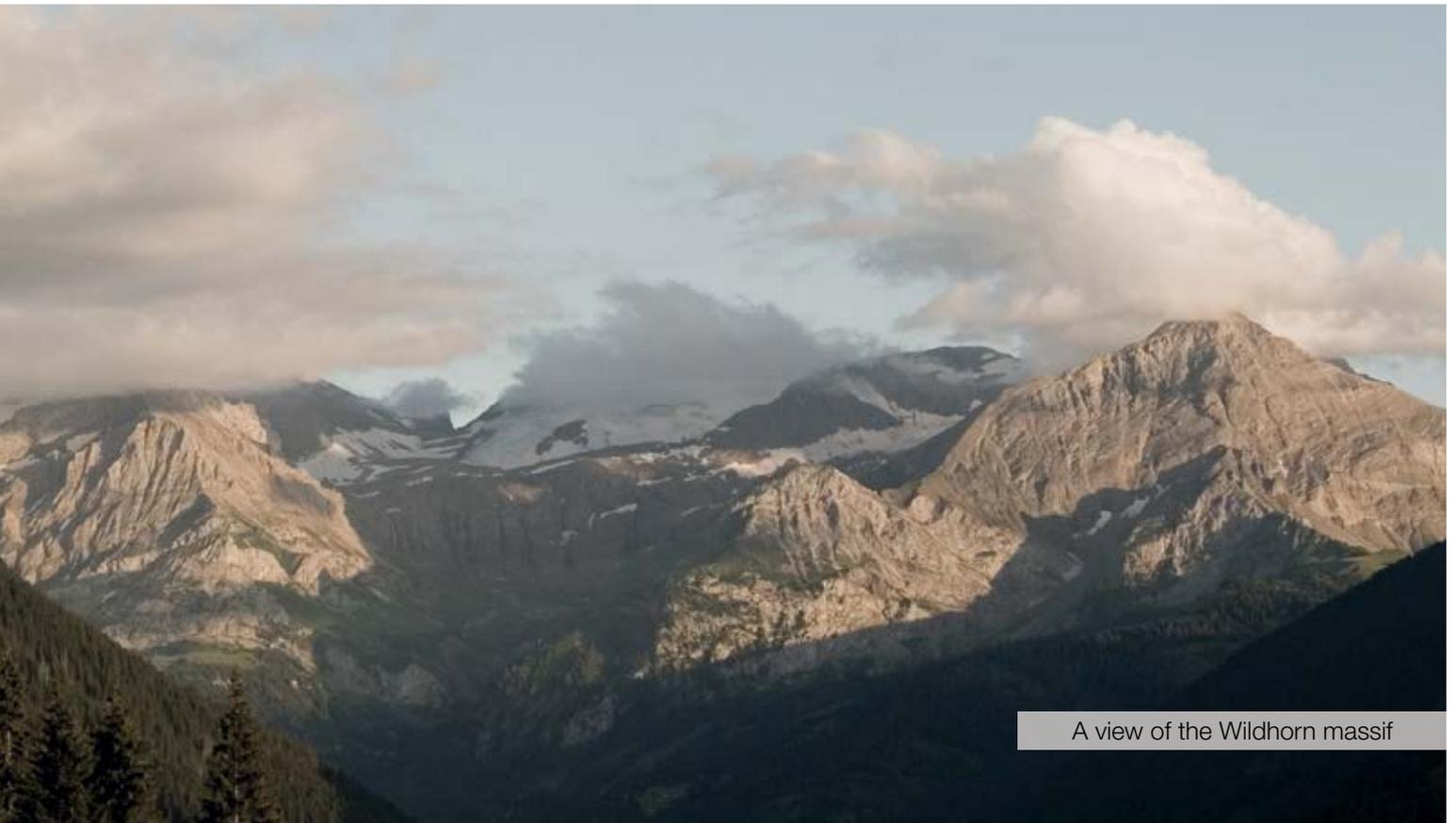
Beat Jaggi
Business unit manager/
Authorised representative
Logistics/Compliance

Adrian Friedli
Business unit manager/
Authorised representative
Retail Banking/Branches

Jürg von Allmen
CEO

Simon Graa
Vice Executive Officer
Private Banking/Provisions

Urs Zumbrunnen
Deputy CEO
Corporate Clients/Credit



A view of the Wildhorn massif

IN FOCUS

GSTAAD BRANCH



THE GSTAAD BRANCH TEAM

Marc Abegglen | Theres Baumgartner | Adrian Friedli | Ursula van den Elshout | Kimberly Reichenbach (apprentice)

The new look for the Gstaad branch was revealed in summer 2015, and thanks to the valuable support of our local tradespeople, we were able to complete the refurbishment in the shortest possible time. It was important for us to maintain the traditional antique timber style of the Bank while equipping it with state-of-the-art technology, which enables us to provide the best possible advisory services. The overall appearance was rounded off with a paper cut by local artist Beatrice Straubhaar. This artwork is displayed in a heart-shaped antique wooden frame, and can be admired by visitors to the attractive lobby in Gstaad. An additional workspace was also created alongside the meeting room with its magnificent panoramic picture of Saanenland. On 1 July 2015, Marc Abegglen started work as a client adviser on the team run by Adrian Friedli, who since the beginning of 2015 has also been in charge of the Bank's Retail Banking business, as well as being responsible for all its branches. Marc Abegglen grew up in Schönried and completed his apprenticeship at Saanen Bank. He gained working experience outside the area, but found himself drawn back to the region. We are always

delighted to have former apprentices return to work with us.

At the counter in Gstaad, our apprentices receive training in all aspects of customer service, putting what they have learned into practice and benefiting from the expertise of a well-established team.



THE PEOPLE BEHIND THE BANK

YOU CAN COUNT ON US



THE CORPORATE CLIENTS/CREDIT TEAM

Bernhard Baumann | Debora Walker | Erika Habegger | Simon Rösti | Ruedi Hauswirth | Urs Zumbrunnen



THE PRIVATE BANKING/PROVISIONS TEAM

Ueli Burri | Simon Graa | Andrey Chernov | Yves Staub | Daniel Perreten | Jean-François Linder



THE SAANEN COUNTER TEAM

Dora Moser | Ursula Baumer | Melanie Welten | Brigitte Brand | Martina Perreten

THE PEOPLE BEHIND THE BANK

YOU CAN COUNT ON US



THE SCHÖNRIED BRANCH TEAM

Sibylle Fahrner | Madeleine Zahler



THE GSTEIG AND LAUENEN BRANCHES

Kathrin Hauswirth | Elisabeth Brand



THE APPRENTICES

Noémie Schwizgebel | Salome von Siebenthal | Delia Reichenbach | Belinda König | Kimberly Reichenbach



THE BASIC FORMALITIES TEAM

Brigitte Brand | Christine Tschanz | Michael Grünenwald | Melanie Welten | Ingrid Reichenbach | Martina Perreten



THE DISPATCH TEAM

Linda Teuscher | Willi Zwahlen

THE PAYMENT TRANSACTIONS TEAM

Ariane Jungi | Rolf Schmid | Beat Zwahlen



THE MARKETING TEAM

Katrin Haldi | Corinna Müller

THE MANAGEMENT SUPPORT TEAM

Beat Jaggi | Rolf Michel | Heinz Bula | Claudia Pinard Anderman

OUR MANAGEMENT STAFF AT A GLANCE (excluding executive management)

Ursula Baumer	Head Counters/Branches	Authorised representative
Bernhard Baumann	Client Adviser Corporate Clients/Credit	Authorised representative
Adrian Friedli	Head Retail Banking/Branches	Authorised representative
Beat Jaggi	Head Logistics/Compliance	Authorised representative
Jean-François Linder	Client Adviser Private Banking	Authorised representative
Rolf Michel	Head Accounting	Authorised representative
Simon Rösti	Head Credit Management	Authorised representative
Rolf Schmid	Head Payment Transactions	Authorised representative
Yves Staub	Client Adviser Private Banking	Authorised representative (as of 01.01.2016)
Theres Baumgartner	Head Counter Gstaad	Officer
Corinna Müller	Head Marketing	Officer

IMPRINT

Concept and design

impulse communication GmbH, Joe Bürki, Gstaad

Printing

Müller Marketing & Druck AG, Gstaad

Photos

Mark Nolan, photographer, Schönried (employee photos)

Gstaad Saanenland Tourism (pages 10 and 11)

Shutterstock

© 2016 SB Saanen Bank AG | www.saanenbank.ch
