



SARASIN

Sustainable Swiss Private Banking since 1841.

Media release

Basel, 28 July 2011

Half year results 2011 of Bank Sarasin & Co. Ltd:

Bank Sarasin on track despite the adverse climate

Group result up 13% to CHF 67.8 million – Operating income 10% higher at CHF 364.5 million – Net new money growth still strong at CHF 3.9 billion (+8% p.a.) – Total assets under management CHF 101.6 billion – Gross margin slightly improved in Private Banking

Net new money growth on target – Assets under management above the CHF 100 billion mark

The Sarasin Group once again produced a strong acquisition performance, with net new money growth of CHF 3.9 billion. Despite the negative effects of market performance, these new money inflows allowed the bank to keep its assets under management above the CHF 100 billion mark during the entire reporting period. Total assets under management stood at CHF 101.6 billion on 30 June 2011 (31.12.2010: CHF 103.4 billion). The geopolitical unrest and the tragic events in Japan, along with the accentuation of the euro crisis and the fall of the US dollar combined with concerns about America's budget deficit, impacted heavily on international stock markets, currency exchange rates and investor sentiment. Client assets managed by the Sarasin Group were therefore negatively affected not only by market performance (CHF -1.8 billion) but also by currency translation effects (CHF -3.9 billion).

Revenues increased despite the adverse climate

Sarasin Group increased its operating income by 10% to CHF 364.5 million compared to the same period last year (1H 2010: CHF 332.6 million). The performance of the individual revenue streams varied: net interest income was slightly up on the previous year (+1%) at CHF 75.0 million. Income from commission and service fee activities benefited from the higher asset base and was 6% higher than in 1H 2010 at CHF 232.0 million. The strong impact of equity markets and exchange rate movements during the reporting period explains the 3% decrease in income from commission and service fee activities when compared with the second half of 2010. Income from trading operations, which came under pressure this time last year as a result of hedging transactions, doubled to CHF 51.1 million (1H 2010: CHF 23.2 million), reverting to its normal level. Other ordinary income was lower than the first half of 2010 at CHF 6.4 million, due to lower returns on the bank's own investments (1H 2010: CHF 15.8 million).

Christoph Ammann, Chairman of the Board of Directors of Bank Sarasin & Co. Ltd

"No matter what the macroeconomic conditions, our Group is intent on consistently following its highly focused business strategy. This concentrates on our core business of Private Banking, on selected international core markets and on bespoke investment solutions. The combination of our two strategic core values, Sustainability and Swiss Private Banking, differentiates our bank clearly from the competition."

Joachim H. Straehle, CEO of Bank Sarasin & Co. Ltd

"In an environment overshadowed by momentous events, we have nonetheless managed to produce a solid result: we are pleased with our consistently strong net new money growth, the higher level of income and the slight improvement in the gross margin of the core business. But we will strive to achieve an even greater improvement. Our focus is also on implementing farsighted initiatives for the future – particularly our strategy for avoiding non tax-compliant assets. By consistently applying this policy, we intend to achieve our goal of being rid of all non tax-compliant client assets by the end of 2012."

Investments in growth initiatives continue, with only moderate impact on costs

During the reporting period the Sarasin Group's operating expenses rose 8% to CHF 261.8 million (1H 2010: CHF 242.6 million). This rise was due to higher personnel expenses, which increased by 11% to CHF 194.2 million (1H 2010: CHF 175.6 million) in response to a 7% rise in the average headcount as well as regular salary adjustments and higher provisions for bonuses. A comparison to the second half of 2010 shows a much smaller increase (+1%).

Despite the expansion of existing locations and the opening of two new offices – one in Switzerland (Lucerne) and one in Germany (Cologne) – general administrative expenses were only 1% higher than the previous year, finishing at CHF 67.6 million (1H 2010: CHF 67.0 million). The defining elements of the bank's cost management are clear control and a focus on the essentials. General and administrative expenses were in fact 3% lower than in H2 2010. There was a rise of 16% in depreciation & amortisation due to investments in the Avaloq platform for Asia and additional IT investments in important bank projects.

Gross margin improved in Private Banking – repositioning of bank zweiplus initiated

Despite the challenging investment environment and significant exchange rate effects, the gross margin in the core business of Private Banking improved slightly. The gross margin at Group level was unchanged. The contribution to earnings made by bank zweiplus was much lower than in the same period last year. Apart from negative currency translation effects, there was also a steep decline in new business with distribution products in Germany. bank zweiplus is repositioning its business with direct clients as of 2012 under the "Cash" brand name, as part of a joint venture with Ringier. This should enable the direct client business to revert to a growth path.

Group result increases – capital base is still strong

The cost income ratio was slightly better than last year at 76.4% (1H 2010: 77.3%). The Sarasin Group's net profit rose to CHF 67.8 million, a 13% increase on the same period last year (1H 2010: CHF 60.1 million). This reflects a solid business performance in the first half of 2011. Shareholders' equity amounted to CHF 1.3 billion, unchanged from the level at the end of 2010. Due to the growth of the business and exchange rate movements, the bank's equity ratio at the end of June 2011 fell to 6.9% (31.12.2010: 7.3%). The BIS Tier 1 ratio, defined as core capital as a percentage of risk-weighted assets, eased slightly to 14.5% on 30 June 2011.

The Sarasin Group holds no Greek, Irish or Portuguese sovereign bonds on its books, and only minimal amounts of Italian and Spanish sovereign bonds. Furthermore, it has no loans outstanding to Greek, Portuguese or Spanish banks and only has a very small credit exposure to Italian and Irish banks.

Outlook for 2H 2011: Targets unchanged – focus on future-oriented initiatives

Despite the distinct and persistent uncertainty pervading the stock markets, the Sarasin Group remains cautiously optimistic for the second half of 2011. The targets set have not changed: the bank wants to continue to increase its revenues and improve cost efficiency. At the same time the Sarasin Group will concentrate on implementing various projects and initiatives to ensure its future direction. This includes first and foremost the implementation of the Sarasin Group's strategy of avoiding non tax-compliant assets: by the end of 2012, the bank wants to be free of all non tax-compliant client assets. In order to implement this policy across the entire group, the bank has set up appropriate processes designed to clarify the tax status of international clients who use Switzerland as a booking centre. This does not affect Swiss private clients, because of the duty of self-declaration for all Swiss taxpayers and Switzerland's system of withholding tax.

The Sarasin Group will continue to take full advantage of the broad geographical diversification of its business across international growth markets and pursue a selective marketing approach: apart

from Switzerland, the Sarasin Group also targets selected markets in Europe, the Middle East and Asia. As part of its focused growth strategy, a sixth Swiss location was opened in Lucerne in July 2011 and a fourth German office in Cologne. There are currently no plans to break into new markets in the medium-term. Instead, the bank intends to exploit its full potential in existing markets and thus ensure a cost-efficient approach. Depending on the market in question, the Sarasin Group delivers its investment solutions either on an onshore and/or cross-border basis. Cross-border business requirements, along with its strategy for avoiding non tax-compliant assets, allow the Sarasin Group to operate in markets where it is permitted to do so subject to local regulations and legal conditions.

The Half Year Report 2011 of Bank Sarasin & Co. Ltd can be downloaded as of today, 28 July 2011, 7.00 a.m. from www.sarasin.com.

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Sarasin – Sustainable Swiss Private Banking since 1841 – www.sarasin.com

The Sarasin Group has its roots as a leading Swiss private bank. As an international financial service provider committed to sustainability, the Group is now represented in more than 20 locations in Europe, the Middle East, and Asia. By end of June 2011 it managed total client assets of CHF 101.6 billion and employed more than 1,600 staff. Its majority shareholder is the AAA-rated Dutch Rabobank.

Bank Sarasin & Co. Ltd – Sustainable Swiss Private Banking since 1841 – www.sarasin.ch

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

Key data

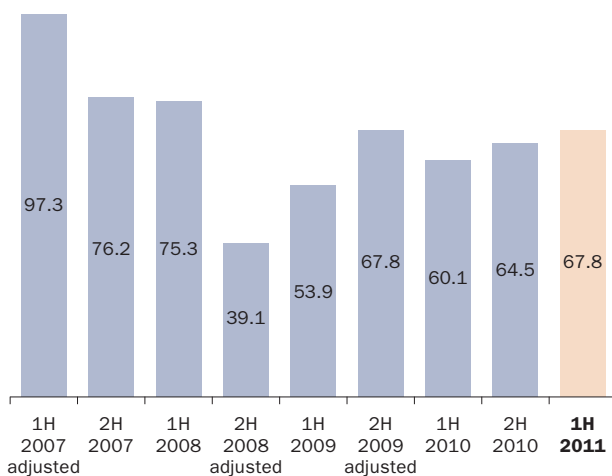
(on a consolidated basis)

Group income statement

	1H 2011	1H 2010	2H 2010	Change to 1H 2010
1,000 CHF				%
Net interest income	75,010	74,538	72,383	0.6
Results from commission and service fee activities	231,989	218,929	238,567	6.0
Results from trading operations	51,109	23,242	36,575	119.9
Other ordinary results	6,385	15,847	10,490	-59.7
Operating income	364,493	332,556	358,015	9.6
Personnel expenses	194,159	175,587	192,813	10.6
General administrative expenses	67,612	67,030	69,790	0.9
Operating expenses	261,771	242,617	262,603	7.9
Operating profit	102,722	89,939	95,412	14.2
Depreciation and amortisation	16,698	14,395	16,409	16.0
Value adjustments, provisions and losses	3,801	1,348	9,984	182.0
Profit before taxes	82,223	74,196	69,019	10.8
Taxes	14,458	14,136	4,543	2.3
Group result including minority interests	67,765	60,060	64,476	12.8
Group result excluding minority interests	61,295	51,240	56,554	19.6

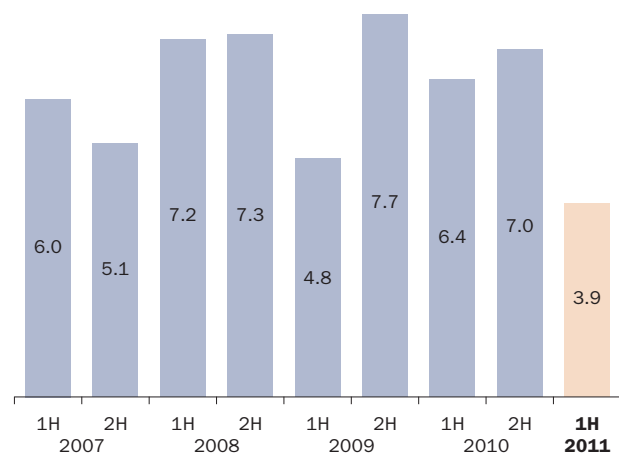
Group result

(million CHF)



Net new money growth over half-year periods

(billion CHF)



Result by segments

1,000 CHF	1H 2011	1H 2010	2H 2010
Private Banking	50,541	37,577	63,365
Trading & Family Offices	16,454	16,656	12,522
Asset Management, Products & Sales	33,535	34,568	26,940
bank zweiplus	2,239	7,404	-6,043
Corporate Center	-20,546	-22,009	-27,765
Total	82,223	74,196	69,019

Gross margin on assets under management¹

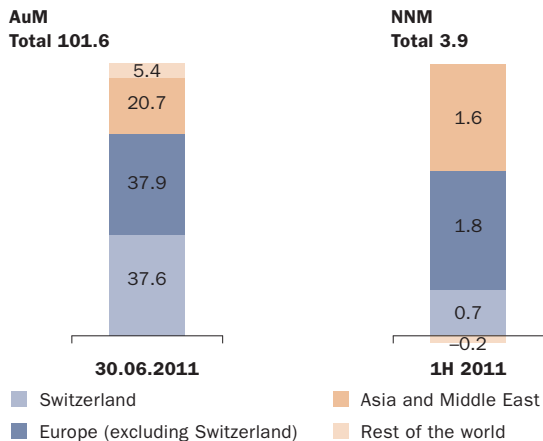
%	1H 2011	1H 2010	2H 2010
Private Banking, business unit Switzerland & Europe	0.88	0.84	0.90
Private Banking, business unit Middle East & Asia	0.73	0.74	0.92
Total segment Private Banking	0.83	0.81	0.90
Trading & Family Offices, business unit Institutional Advisory & Sales	0.56	0.53	0.62
Asset Management, Products & Sales, business unit Institutional Clients	0.42	0.42	0.48
bank zweiplus	1.11	1.10	0.97
Total Sarasin group	0.69	0.69	0.71

Assets under management²

million CHF	1H 2011	1H 2010	2H 2010
Total assets under management (period-end)	101,594	96,205	103,363
Net new money	3,935	6,405	7,014
Acquisitions	0	0	0
Divestments	0	-683	0
Performance	-5,704	-3,214	144
Increase/decrease in assets under management (%)	-1.7	2.7	7.4

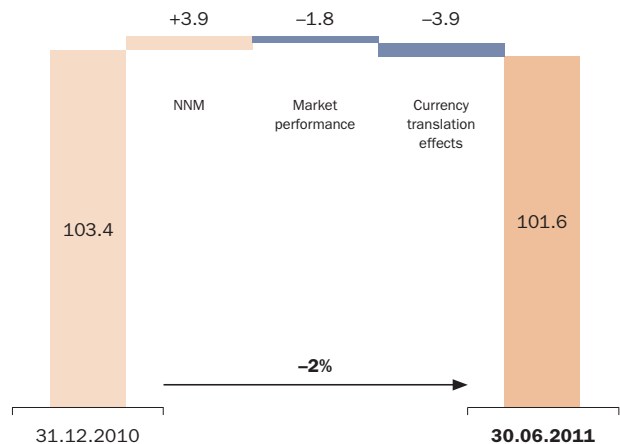
Assets under management (AuM) and net new money (NNM) by client domicile

(billion CHF)



Development of assets under management

(billion CHF)





Group balance sheet

1,000 CHF	30.06.2011	30.06.2010	31.12.2010
Total assets	18,239,991	17,330,809	17,505,471
Due from customers	10,126,645	9,154,315	9,457,417
Due to customers	12,575,590	11,381,067	11,850,096
Shareholders' equity including minority interests	1,262,554	1,281,654	1,271,894
Shareholders' equity excluding minority interests	1,219,891	1,230,363	1,229,423

Ratios

%	1H 2011	1H 2010	2H 2010
Return on assets (ROA)			
– Operating income as a percentage of total assets ³	4.1	4.1	4.1
– Group result as a percentage of total assets ³	0.8	0.7	0.7
Cost income ratio ⁴	76.4	77.3	77.9
Return on equity (ROE) ⁵	10.7	9.3	10.1

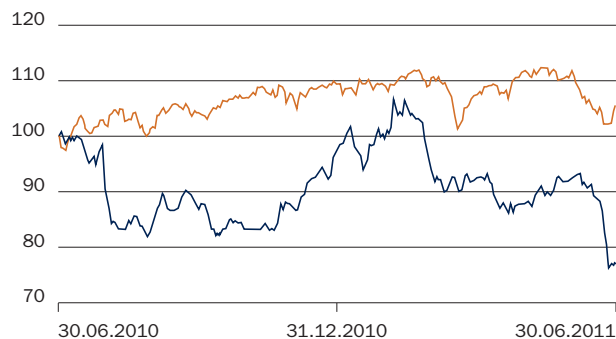
%	30.06.2011	30.06.2010	31.12.2010
Equity ratio ⁶	6.9	7.4	7.3
BIS Tier 1 ratio ⁷	14.5	16.3	15.3

Key data per employee⁸

CHF	1H 2011	1H 2010	2H 2010
Operating income	218,378	213,753	221,231
Operating expenses	156,834	155,944	162,272
Operating profit	61,544	57,809	58,959
Group result including minority interests	40,600	38,604	39,842

Development of share price

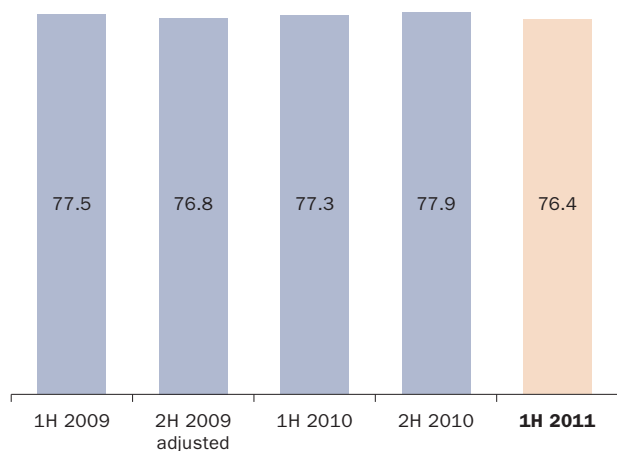
(index 30.06.2010 = 100)



— Bank Sarasin & Co. Ltd class B registered share
 — Swiss Performance Index (SPI)

Cost income ratio⁴

(in percent)



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

CHF	1H 2011	1H 2010	2H 2010
Operating profit	1.6	1.4	1.5
Group result	1.0	0.8	0.9

Stock market price⁹

CHF	1H 2011	1H 2010	2H 2010
End of period date	33.30	43.20	42.60
High	46.00	44.60	43.50
Low	33.00	34.70	35.45
Market capitalisation (period-end, million CHF)	2,095	2,717	2,680
Registered shareholders (period-end)	2,200	2,174	2,163

Headcount (full-time equivalents)

	30.06.2011	30.06.2010	31.12.2010
Group	1,682.9	1,595.4	1,642.4
Of which Switzerland	1,113.4	1,066.6	1,096.1
Of which abroad	569.5	528.8	546.3

Client relationship managers (full-time equivalents)

Including assistance	30.06.2011	30.06.2010	31.12.2010
Group	433.2	430.1	433.6
Of which Switzerland	244.9	251.2	250.4
Of which abroad	188.3	178.9	183.2

- ¹ The gross margin on assets under management is presented on the basis of average assets calculated from month-end amounts.
- ² 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.
- ³ Total assets: average of two period end figures.
- ⁴ Operating expenses including depreciation and amortisation in relation to operating income.
- ⁵ Shareholders' equity before distribution of profit: average of two period end figures including minority interests.
- ⁶ Shareholders' equity including minority interests as a percentage of total assets.
- ⁷ The calculation is based on the Swiss Standardised Approach (SA-CH).
- ⁸ Headcount: Average headcount (full-time equivalents).
- ⁹ Closing price.