

Media release

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Half Year Results 2012 of Bank Sarasin & Co. Ltd:

Structural pressure on earnings calls for a cautious approach

Positive net new money inflow of CHF 0.5 billion – assets under management rise to CHF 99.1 billion – lower asset base and cautious client investment activity reduce operating income by 9% to CHF 330.3 million – decline of 29% in group result to CHF 48.2 million – medium-term goals under review

Eurozone debt crisis escalation in the second quarter of 2012 did not entirely eclipse the first quarter's positive momentum in financial markets: equity markets finished the first half of the year in positive territory overall, with interest rates remaining at record lows. As a result, market performance made a positive contribution of CHF 1.9 billion to the Sarasin Group's asset base. A slight weakening of the Swiss franc, especially against the US dollar, added positive currency translation effects of CHF 0.3 billion. The Sarasin Group achieved positive net new money growth of CHF 0.5 billion. At the end of June 2012, client assets managed by the Sarasin Group amounted to CHF 99.1 billion.

Income down in response to reduced asset base and cautious client investment activity

The Sarasin Group's operating income was 9% lower than the prior-year figure, at CHF 330.3 million. On the one hand, the revenue trend reflects cautious client investment activity, due largely to growing uncertainty created by the escalation of the eurozone debt crisis. On the other hand, the average client assets on which Sarasin's business performance and revenues are based were significantly below the prior-year level. Income from commission and service fee activities declined by 13% to CHF 202.3 million. Net interest income was more robust, but still fell by 6% to CHF 70.3 million. Income from trading operations amounted to CHF 46.1 million (-10%). Ordinary trading activities on behalf of clients along with income from trading in structured products were lower. Other ordinary results rose to CHF 11.6 million from the sales proceeds of financial investments.

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

“The Sarasin Group's financial performance for the first half of 2012 reflects the macroeconomic environment. In addition, the implementation of our strategy focusing on tax-compliant assets was of particular importance for us in the reporting period. After completion of its implementation the Sarasin Group will be in an even stronger position for the future. With Safra as a new, well-capitalised majority shareholder, Bank Sarasin is assured financial and operational stability.”



Lower expenses despite expansion of workforce and locations

The Sarasin Group's operating expenses were 1% lower than in the first half of 2011, finishing at CHF 259.1 million. Personnel expenses were unchanged at CHF 194.3 million during the reporting period. The headcount increased by 16 since beginning of the year. General administrative expenses were 4% lower, at CHF 64.7 million. The expansion of new locations – along with the extension of various activities at existing locations – was more than offset by cost savings in other areas. Depreciation and write-offs decreased by 5% to CHF 15.9 million as a number of charges on various IT investments ended. The figure for value adjustments, provisions and losses was CHF 1.0 million.

Capital strength unchanged – decline in group result

Due to declining revenues, the cost income ratio increased to 83.3% (1H 2011: 76.4%). The group result was 29% lower, at CHF 48.2 million, but was still higher than the adjusted figure for the second half of 2011. At CHF 19.3 billion, the total assets carried on the balance sheet of the Sarasin Group were 10% higher than at the end of 2011. The Bank's liquidity was further improved. Cash and cash equivalents increased from CHF 192 million to CHF 1.4 billion. There was only a modest increase of CHF 29 million in loans to clients. The net profit for 2011 has been allocated to the profit brought forward, which resulted in a rise in shareholders' equity to CHF 1.4 billion. The equity ratio was virtually unchanged at 7.0% on 30 June 2012 (31.12.2011: 7.2%). The BIS Tier 1 ratio, defined as core capital as a percentage of risk-weighted assets, comes to 15.5% on 30 June 2012.

Consistent implementation of the strategy for avoiding non tax-compliant assets

Bank Sarasin is working hard to implement its strategy for avoiding non tax-compliant assets and intends to terminate dealings with any client for whom the Tax Due Diligence Process cannot be completed before the end of 2012 or who refuses to handle their assets in accordance with the tax rules applicable in their country of domicile. For existing international clients of Bank Sarasin in Switzerland, a comprehensive process is being introduced whereby the Bank analyses the tax situation of the assets deposited by the client. The Process was first developed and defined for Booking Center Switzerland in 2011 and has been in place ever since.

Various clearly defined groups of clients are suspended from the Tax Due Diligence Process: the Process does not affect private clients domiciled in Switzerland, because of the duty of self-declaration for all Swiss taxpayers, and a withholding tax. In addition, Bank Sarasin has decided – in light of various amendments initiated at political level – to exclude from the Process any client domiciled in a country with which Switzerland has negotiated a double taxation agreement that provides for a final withholding tax, or which has recently initiated tax negotiations in this area. If the agreements do not come into force, these clients will be subject to the Tax Due Diligence Process in accordance with Bank Sarasin's strategy for avoiding non tax-compliant assets.

Outlook for 2H 2012: cost-cutting measures introduced, medium-term goals under review

After the difficult business performance in the first quarter of 2012, the Management has already introduced an initial package of immediate cost-cutting measures. On the general administrative expenses front, budgets were cut. New CRMs will still be recruited in order to acquire new clients, while at the same time improving efficiency in all areas of the Group. Given this backdrop, the Board of Directors and the Management will be reviewing the existing medium-term goals. With investors still standing on the sidelines, the Sarasin Group expects new money growth to remain positive, but at a slightly slower pace than in previous years.

The Half Year Report 2012 of Bank Sarasin & Co. Ltd can be downloaded from www.sarasin.com from 7 a.m. onwards on 30 July 2012.



SARASIN

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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. At the end of June 2012 it managed total client assets of CHF 99.1 billion and employed around 1,700 staff.

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.

SARASIN GROUP AT A GLANCE

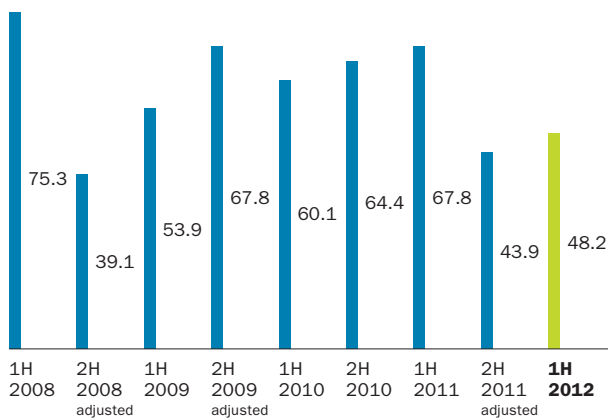
Consolidated key data

Group income statement

	1H 2012	1H 2011	2H 2011 adjusted ¹	2H 2011	Change 1H 2012 to 1H 2011 %
1,000 CHF					
Net interest income	70,269	75,010	73,872	73,872	-6.3
Results from commission and service fee activities	202,309	231,989	208,695	208,695	-12.8
Results from trading operations	46,130	51,109	42,694	42,694	-9.7
Other ordinary results	11,593	6,385	-3,549	-3,549	81.6
Operating income	330,301	364,493	321,712	321,712	-9.4
Personnel expenses	194,326	194,159	188,080	192,966	0.1
General administrative expenses	64,731	67,612	65,946	73,135	-4.3
Operating expenses	259,057	261,771	254,026	266,101	-1.0
Operating profit	71,244	102,722	67,686	55,611	-30.6
Depreciation and amortisation	15,941	16,698	16,790	28,244	-4.5
Value adjustments, provisions and losses	969	3,801	7,348	7,348	-74.5
Provisions for restructuring	0	0	0	629	
Profit before taxes	54,334	82,223	43,548	19,390	-33.9
Taxes	6,156	14,458	-394	-5,314	-57.4
Group result including minority interests	48,178	67,765	43,942	24,704	-28.9
Group result excluding minority interests	44,501	61,295	37,968	22,569	-27.4

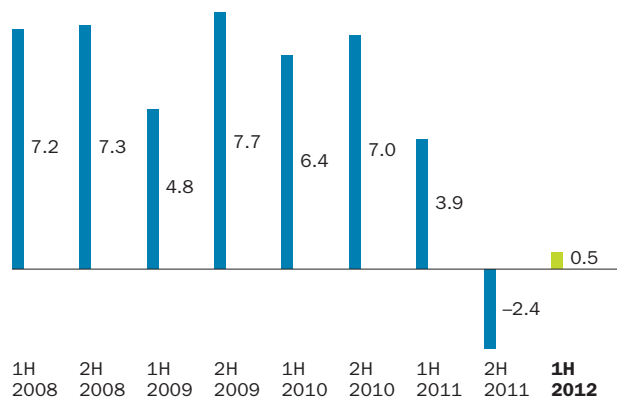
Group result

(million CHF)



Net new money growth over half-year periods

(billion CHF)



Result by segments

1,000 CHF	1H 2012	1H 2011	2H 2011 adjusted	2H 2011
Private Banking	28,173	48,320	36,198	33,683
Trading & Family Offices	15,393	16,420	3,969	3,969
Asset Management, Products & Sales	15,684	22,083	16,441	16,441
bank zweiplus	-1,816	2,239	-34	-34
Corporate Center	-3,100	-6,839	-13,026	-34,669
Total	54,334	82,223	43,548	19,390

Gross margin on assets under management²

%	1H 2012	1H 2011	2H 2011 adjusted	2H 2011
Private Banking, business unit Switzerland & Europe	0.88	0.87	0.91	0.91
Private Banking, business unit Middle East & Asia	0.67	0.73	0.78	0.78
Total segment Private Banking	0.80	0.82	0.87	0.87
Trading & Family Offices, business unit Institutional Advisory & Sales	0.56	0.56	0.48	0.48
Asset Management, Products & Sales, business unit Institutional Clients	0.43	0.44	0.43	0.43
bank zweiplus	1.16	1.11	1.07	1.07
Sarasin Group	0.67	0.69	0.67	0.67

Assets under management³

million CHF	1H 2012	1H 2011	2H 2011
Total assets under management (period-end)	99,054	101,594	96,403
Net new money	472	3,935	-2,484
Acquisitions	0	0	0
Divestments	0	0	0
Performance	2,179	-5,704	-2,707
Increase / decrease in assets under management (%)	2.7	-1.7	-5.1

Assets under management and net new money growth by client domicile

(billion CHF)

Assets under management

Total 99.1



30.06.2012

■ Switzerland
■ Europe (excluding Switzerland)

Net new money

Total 0.5

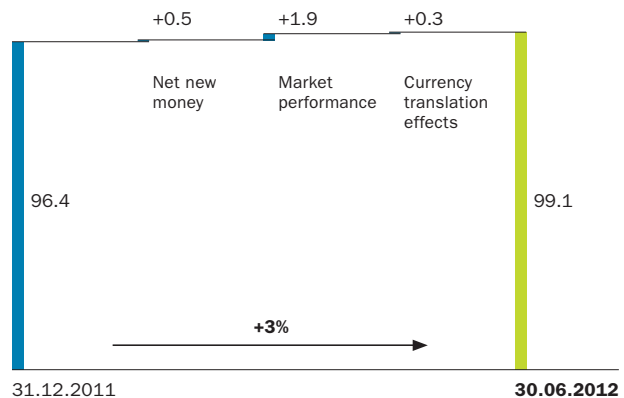


1H 2012

■ Asia and Middle East
■ Rest of the world

Development of assets under management

(billion CHF)



Group balance sheet

1,000 CHF	30.06.2012	30.06.2011	31.12.2011
Total assets	19,314,839	18,239,991	17,495,297
Due from customers	9,961,138	10,126,645	9,932,036
Due to customers	14,647,063	12,575,590	12,618,787
Shareholders' equity including minority interests	1,354,623	1,262,554	1,267,022
Shareholders' equity excluding minority interests	1,304,793	1,219,891	1,229,573

Ratios

%	1H 2012	1H 2011	2H 2011 adjusted	2H 2011
Return on assets (ROA)				
– Operating income as a percentage of total assets ⁴	3.6	4.1	3.6	3.6
– Group result as a percentage of total assets ⁴	0.5	0.8	0.5	0.3
Cost income ratio ⁵	83.3	76.4	84.2	91.5
Return on equity (ROE) ⁶	7.4	10.7	6.9	3.9

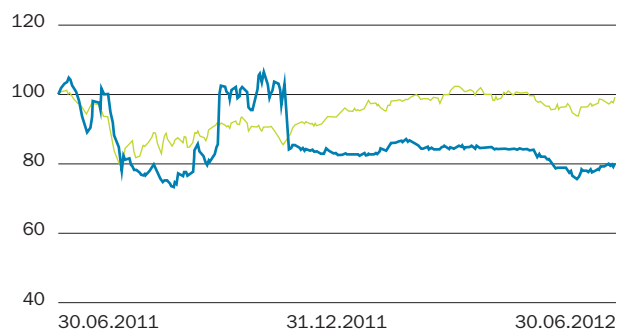
%	30.06.2012	30.06.2011	31.12.2011
Equity ratio ⁷	7.0	6.9	7.2
BIS Tier 1 ratio ⁸	15.5	14.5	15.6

Selected key data per employee⁹

CHF	1H 2012	1H 2011	2H 2011 adjusted	2H 2011
Operating income	191,769	218,378	188,393	188,393
Operating expenses	150,405	156,834	148,756	155,827
Operating profit	41,363	61,544	39,636	32,566
Group result including minority interests	27,972	40,600	25,732	14,467

Development of share price

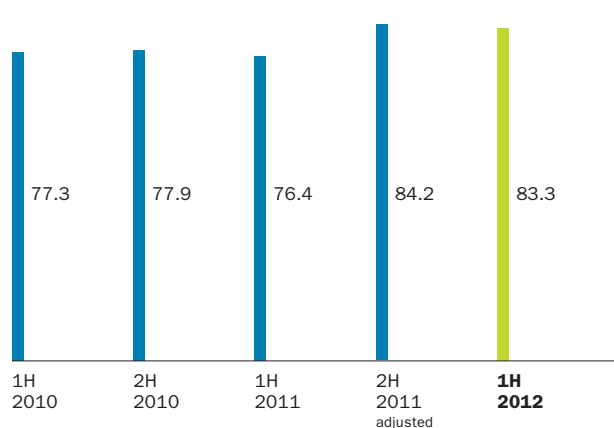
(index 30.06.2011 = 100)



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

Cost income ratio⁵

(percent)



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

CHF	1H 2012	1H 2011	2H 2011 adjusted	2H 2011
Operating profit	1.1	1.6	1.1	0.9
Group result	0.7	1.0	0.6	0.4

Stock market price¹⁰

CHF	1H 2012	1H 2011	2H 2011
End of period date	26.70	33.30	27.45
High	28.95	46.00	35.45
Low	25.15	33.00	24.40
Market capitalisation (period-end, million CHF)	1,679	2,095	1,727
Registered shareholders (period-end)	2,109	2,200	2,353

Headcount (full-time equivalents)

	30.06.2012	30.06.2011	31.12.2011
Group	1,731.0	1,682.9	1,715.2
Of which Switzerland	1,124.8	1,113.4	1,119.8
Of which abroad	606.2	569.5	595.4

Client relationship managers (full-time equivalents)

including assistance	30.06.2012	30.06.2011	31.12.2011
Group	447.9	433.2	445.6
Of which Switzerland	236.3	244.9	242.0
Of which abroad	211.6	188.3	203.6

¹ To facilitate comparison of the Sarasin Group's operating performance, adjustments were made on the cost side to allow for a number of one-off effects. Internal and external expenses incurred in connection with the intended sale of Rabobank's majority stake in Sarasin came to around CHF 10 million. A restructuring in Private Banking created one-off costs of CHF 2.5 million. In addition, a decision was taken, in accordance with the principle of prudence, to completely write off the remaining intangible assets (originally to be amortised over time) for the stake in bank zweiplus ltd. This corresponds to an extraordinary impairment charge of CHF 11.5 million. This will allow ordinary write-downs to be reduced by CHF 1.3 million per year in future. There was no change to the bank zweiplus ltd goodwill carried on the balance sheet.

² The gross margin on assets under management is presented on the basis of average assets calculated from month-end amounts.

³ 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.

⁴ Total assets: average of two period-end figures.

⁵ Operating expenses including depreciation and amortisation in relation to operating income.

⁶ Shareholders' equity before distribution of profit: average of two period-end figures including minority interests.

⁷ Shareholders' equity including minority interests as a percentage of total assets.

⁸ The calculation is based on the Swiss Standardised Approach (SA-CH).

⁹ Headcount: Average headcount (full-time equivalents).

¹⁰ Closing price.