



Shareholders' Information

Profit jump in first half of 2006 Group net profit +50%, excellent inflow of CHF 2.0 billion of net new money

Basel, 22 August 2006

Dear Shareholder

Thanks to the very good business performance, our profit jumped by comparison with the corresponding period of 2005: our group result increased by 50% to CHF 65 million (1st half of 2005: CHF 44 million). Return on equity after tax improved to 13% while the level of our shareholders' equity remained unchanged. Operating income rose by 22% to CHF 276 million whereas operating expenses including depreciation, write-offs and valuation adjustments were up by only 9%. In other words, income increased more than twice as fast as costs (including depreciation and write-offs) compared with the same period last year. Our cost income ratio I (the ratio of operating expenses to operating income) consequently improved from 71% (1st half of 2005) to 64% (1st half of 2006).

We attracted a total of CHF 2 billion of net new money in the first half of 2006, an excellent achievement that lifted assets under management to CHF 65.4 billion. The inflow of net new money in the first half of 2006 was therefore twice as high as in the whole of 2005. The slightly negative performance contribution of minus CHF 0.1 billion reflects the sharp price corrections on international bond and equity markets as well as the depreciation of the US dollar.

The good quality of our operating results also bears comparison with the second half of 2005, which already showed a high level of income. The sizeable income from the sale of financial investments that had significantly influenced our result in the second half of 2005 was more than offset by operating income (interest income, results from commission and service fee activities and results from trading) in the period under review. That development demonstrates the positive impact of the structural improvements in the Sarasin Group's profitability and operating efficiency initiated in 2005 (SaraChange project).

We have pressed ahead with SaraChange in 2006 and want to ensure that the conclusions come to in Switzerland on how to improve efficiency and profitability, are also applied to our international locations. In Luxembourg, we have adapted our activities to the more competitive market environment by rationalising our subsidiary Bank Sarasin Europe SA. That process resulted in the loss of 22 jobs, bringing our headcount there to 93 full-time members of staff. The corresponding restructuring costs of CHF 6.5 million have been entirely charged to our half year result for 2006.

The next area on which SaraChange will focus will be the growth markets in Asia and the Middle East. With an eye to the dynamic growth potential in those regions, we are planning to strengthen our presence in Singapore, Hong Kong and Dubai over the next few months by recruiting more client relationship managers.

On 1 September 2006, there will be a change in the operational leadership of our Bank. Joachim H. Straehle will take over from Peter E. Merian as CEO of the Sarasin Group. Peter E. Merian has successfully led our Bank for the last 12 years, as is demonstrated by, among other things our impressive half year result 2006. The Board of Directors would like to take this opportunity to thank him once again for his achievements and looks forward to continuing to work with him on the Board of Directors.

A highly accomplished executive with broad experience in international private banking, Joachim H. Straehle will promote the further development of the Bank, both nationally and internationally. As well as the CEO, the Executive Management of the Bank will be made up of Matthias Hassels, Franz K. von Meyenburg, Andreas R. Sarasin, Eric G. Sarasin und Marco Weber with effect from 1 September 2006.

Following the strong first half of 2006, there are now unmistakable signals that the worldwide economic upturn has peaked and that we need to prepare ourselves for a period of weaker macroeconomic data starting in the second half of the year. So far the uptrend seems to have continued in Europe. However, we consider it unlikely that Europe will be able to detach itself completely from cyclical developments in other regions of the world. We therefore expect the year 2007 to see slower growth in our latitudes too. Switzerland will not be able to escape the downturn caused by the global industrial cycle but buoyant consumer growth should help cushion that downturn's impact. The prospect of weaker growth eases future inflationary pressure.

Our ambitious financial targets for 2006 remain in place despite the emerging economic slowdown. If the non-recurrent restructuring costs for Luxembourg are disregarded, the financial targets were almost achieved in the first half of 2006. Given the weaker economic environment that seems likely, we nonetheless expect our business performance to be less dynamic than in the first half of the year. On the costs side, we anticipate that the recruitment of new teams of client relationship managers and other staff will have an impact on personnel spending. Additional restructuring costs however, are not expected as things stand at the moment. In view of our new business successes in the first half of the year and current prospects, we feel justified in hoping that we can exceed our target of attracting CHF 3 billion of net new money in 2006.

Our thanks go to you, our dear shareholders, and to our clients for the trust placed in us. We also wish to thank our staff for their exceptional commitment and their contribution to a very successful first half year in 2006.

Responsibly yours



Georg F. Kraye
Chairman of the Board of Directors



Peter E. Merian
Chief Executive Officer

Key figures

	1H 2006	1H 2005	2H 2005
Group income statement (1'000 CHF)			
Operating income	276'023	226'619	276'698
Operating profit	99'212	66'045	101'680
Cash flow	85'680	64'180	86'105
Group result incl. minority interests	65'301	43'544	72'293
Ratios (%)			
Return on Equity (ROE)	13.2	9.4	14.9
Cost income ratio I	64.1	70.9	63.3
Cost income ratio II	67.2	75.5	67.4
Equity ratio	11.5	11.3	11.7
BIS Tier 1 ratio	19.8	21.4	23.9
Key Data per class B registered share (CHF)			
Operating profit	162.2	108.0	166.3
Cash flow	140.1	104.9	140.8
Stock market price on 30 June 2006	3'220	2'296	2'700
Market capitalisation (millions CHF)	1'969	1'404	1'651
Assets under management (millions CHF)			
Total assets under management	65'437	57'802	63'532
of which private customers	38'958	35'006	38'493
of which institutional customers	16'707	15'185	16'212
of which investment fund assets	9'772	7'611	8'827
Headcount (adjusted for part-time working)	1'121	1'132	1'134

Consolidated Balance Sheet

Assets	1'000 CHF	30.06.2006	30.06.2005	31.12.2005	Change to 31.12.2005	
					CHF	%
Cash	133'128	119'611	147'108	-13'980	-9.5	
Money market papers	111'052	113'886	110'462	590	0.5	
Due from banks	4'742'575	5'109'753	5'192'072	-449'497	-8.7	
Due from customers	2'016'078	1'621'859	1'710'045	306'033	17.9	
Trading portfolio assets	462'881	270'587	351'008	111'873	31.9	
Derivative financial instruments	123'449	132'341	70'480	52'969	75.2	
Financial investments	633'891	545'469	559'831	74'060	13.2	
Investments in associates	0	352	0	0	0.0	
Property and equipment	116'766	125'621	119'544	-2'778	-2.3	
Goodwill and other intangible assets	103'992	104'063	102'533	1'459	1.4	
Current tax assets	677	7'109	251	426	169.7	
Deferred tax assets	4'411	15'830	5'155	-744	-14.4	
Accrued income and prepaid expenses	94'969	75'671	73'699	21'270	28.9	
Other assets	45'979	59'207	49'050	-3'071	-6.3	
Total assets	8'589'848	8'301'359	8'491'238	98'610	1.2	
Liabilities and equity						
Liabilities and equity	1'000 CHF	30.06.2006	30.06.2005	31.12.2005	Change to 31.12.2005	
					CHF	%
Due to banks	703'554	781'809	630'561	72'993	11.6	
Due to customers	5'630'058	5'660'162	5'775'532	-145'474	-2.5	
Trading portfolios liabilities	119'996	17'000	79'881	40'115	50.2	
Derivative financial instruments	117'127	97'792	58'067	59'060	101.7	
Financial liabilities designated at fair value	821'075	588'132	731'142	89'933	12.3	
Current tax liabilities	16'863	12'538	10'204	6'659	65.3	
Deferred tax liabilities	13'706	15'933	15'335	-1'629	-10.6	
Accrued expenses and deferred income	101'644	91'197	108'041	-6'397	-5.9	
Other liabilities	61'347	80'896	75'037	-13'690	-18.2	
Provisions	17'370	16'026	11'054	6'316	57.1	
Total liabilities	7'602'740	7'361'485	7'494'854	107'886	1.4	
Share capital	61'155	61'155	61'155	0	0.0	
less treasury shares	-21'121	-13'763	-22'796	1'675	-7.3	
Capital reserve	596'682	589'220	593'002	3'680	0.6	
Retained earnings	293'568	236'444	236'319	57'249	24.2	
Reserves IAS 39 (net of tax)	-8'148	16'767	5'985	-14'133	-236.1	
Translation differences	-21'211	-17'140	-16'097	-5'114	31.8	
Net profit (excluding minority interest)	63'192	42'123	111'778	-48'586	-43.5	
Minority interest in shareholders' equity	22'991	25'068	27'038	-4'047	-15.0	
Total shareholders' equity (including minority interest)	987'108	939'874	996'384	-9'276	-0.9	
Total liabilities and shareholders' equity	8'589'848	8'301'359	8'491'238	98'610	1.2	

Consolidated Income Statement

1'000 CHF	1H 2006	1H 2005	2H 2005	Change to 1H 2005	
				CHF	%
Interest and discount income	113'061	85'694	97'837	27'367	31.9
Interest and dividend income from financial investments	8'009	7'653	7'164	356	4.7
Interest expenses	84'166	59'933	72'578	24'233	40.4
Net interest income	36'904	33'414	32'423	3'490	10.4
Commission income on lending activities	2'129	2'282	2'591	-153	-6.7
Commission income on securities and investment transactions	215'091	181'874	200'689	33'217	18.3
Commission income on other services	2'704	4'290	3'990	-1'586	-37.0
Commission expenses	30'169	28'110	22'989	2'059	7.3
Results from commission and service fee activities	189'755	160'336	184'281	29'419	18.3
Results from trading operations	47'254	28'937	34'187	18'317	63.3
Other ordinary results	2'110	3'932	25'807	-1'822	-46.3
Operating income	276'023	226'619	276'698	49'404	21.8
Personnel expenses	125'730	113'657	123'437	12'073	10.6
General administrative expenses	51'081	46'917	51'581	4'164	8.9
Operating expenses	176'811	160'574	175'018	16'237	10.1
Operating profit	99'212	66'045	101'680	33'167	50.2
Depreciation and write-offs on fixed assets	5'701	7'462	7'980	-1'761	-23.6
Amortisation of intangible assets	3'060	2'984	3'442	76	2.5
Value adjustments, provisions and losses	231	95	1'437	136	143.2
Restructuring provisions	6'492	0	0		n/a
Profit before taxes	83'728	55'504	88'821	28'224	50.9
Taxes	18'427	11'960	16'528	6'467	54.1
Net profit	65'301	43'544	72'293	21'757	50.0

Segment reporting by business units

1H 2006	Private & Institutional Clients Switzerland	Private & Institutional Clients International	Asset Management, Products & Sales	Corporate Center	Sarasin Group
1'000 CHF					
Operating income	118'793	71'522	63'388	22'320	276'023
Operating expenses	62'351	51'169	36'114	27'177	176'811
Operating profit	56'442	20'353	27'274	-4'857	99'212
Depreciation and amortisation	2'788	2'588	2'329	1'056	8'761
Value adjustments, provisions and losses	0	6'500	0	223	6'723
Net profit before taxes per segment	53'654	11'265	24'945	-6'136	83'728

30.06.2006	Private & Institutional Clients Switzerland	Private & Institutional Clients International	Asset Management, Products & Sales	Corporate Center	Sarasin Group
Segment assets (1'000 CHF)	848'042	3'194'092	427'862	4'114'765	8'584'761
Segment liabilities (1'000 CHF)	1'188'034	2'927'744	613'069	2'843'325	7'572'172
Investments (1'000 CHF)	2'999	1'295	0	3'390	7'684
Assets under management (millions CHF)	31'187	18'825	15'274	151	65'437
Number of employees (adjusted for part-time working)	164.5	366.7	201.4	388.2	1'120.8
Adjusted number of employees (incl. allocations)	401.1	375.6	218.2	125.9	1'120.8

1H 2005	Private & Institutional Clients Switzerland	Private & Institutional Clients International	Asset Management, Products & Sales	Corporate Center	Sarasin Group
1'000 CHF					
Operating income	98'838	60'598	51'416	15'767	226'619
Operating expenses	60'119	46'754	29'665	24'036	160'574
Operating profit	38'719	13'844	21'751	-8'269	66'045
Depreciation and amortisation	2'289	2'635	1'593	3'929	10'446
Value adjustments, provisions and losses	0	71	0	24	95
Net profit before taxes per segment	36'430	11'138	20'158	-12'222	55'504

30.06.2005	Private & Institutional Clients Switzerland	Private & Institutional Clients International	Asset Management, Products & Sales	Corporate Center	Sarasin Group
Segment assets (1'000 CHF)	631'318	3'476'706	372'590	3'797'807	8'278'421
Segment liabilities (1'000 CHF)	1'353'003	3'228'200	899'448	1'852'343	7'333'014
Investments (1'000 CHF)	684	1'940	0	3'784	6'409
Assets under management (millions CHF)	28'388	16'763	12'257	394	57'802
Number of employees (adjusted for part-time working)	173.1	366.8	198.0	394.2	1'132.1
Adjusted number of employees (incl. allocations)	398.1	377.8	231.7	124.5	1'132.1