



# Media and Analysts' Conference Half-Year Results 2008

Joachim H. Straehle, CEO  
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19 August 2008

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## Agenda

- **Introduction by the CEO**
- Financial Results 1H 2008
  - Sarasin Group
  - Segment Reporting
  - Risk and Capital Management
- Strategic Developments & Outlook



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## 1H 2008 – Sarasin maintains growth path

- Impressive net new money inflow of CHF 7.2 billion
- Sales force expanded as planned, with 92 new people signed up
- Consistent implementation of strategic projects to strengthen future income base
- Cost efficiency improved despite investments
  - Lower personnel expenses
  - Modest rise in general administrative expenses



## Consistent implementation of strategic projects



### Tighter focus on being a private bank

- Brokerage business sold to NZB and sale of Luxembourg business in 2007
- Preparations for launch of Bank Zweiplus
- Project for repositioning launched



### Solutions provider

- Client Advisory Process: introduced in Switzerland
- Restructuring of Sarasin investment product offering; open-architecture approach to hedge funds and private equity
- Multiple awards as evidence of our quality and performance



### Geographic focus

- Expansion of Swiss locations
- Full bank licence in Germany (Frankfurt a.M. and Munich)
- Entry into Spanish market (La Coruña and Madrid)
- New locations in the Middle East: Qatar, Bahrain, Oman



## 1H 2008 – Sarasin maintains growth path

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## 1H 2008 – Difficult market environment

- Assets under management slipped slightly by 2% to CHF 81.4 billion
  - Losses down to performance and exchange rate movements
  - Acquisition success meant the overall decline was only moderate
- Income of CHF 307.5 million disappointing
  - Influence of lower sales- and transaction-based income
- Group net profit at CHF 75.3 million
- Cost income ratio I at 68.3%



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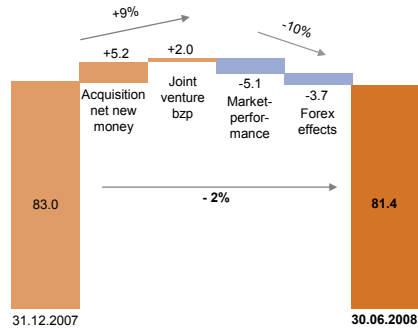
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## Still on a growth path

billion CHF



- Net new money (NNM) growth of CHF 7.2 billion.
- High rate of growth sustained in the first half of 2008.
- AuM drop 2% overall to CHF 81.4 billion.

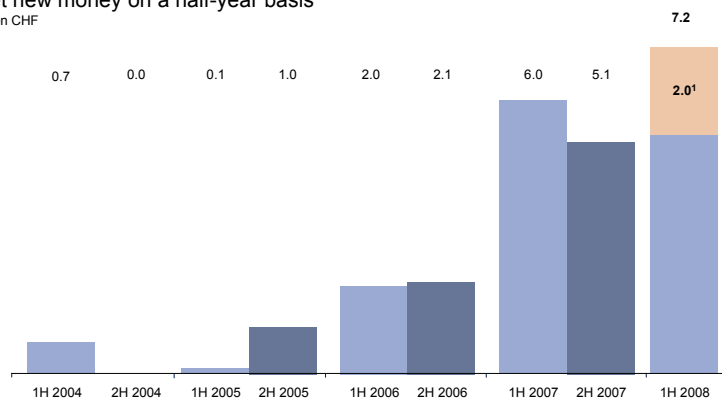


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## Strong NNM growth – Record inflows

Net new money on a half-year basis  
billion CHF



- Significantly higher NNM lays the foundation for further improvement in profitability

<sup>1</sup> CHF 2.0 billion NNM growth stems from client assets transferred by AIG Private Bank into Bank Zweiplus.

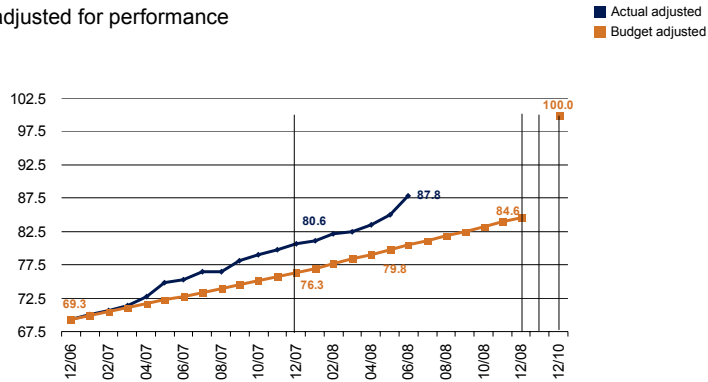


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## AuM target 2010 within reach – Performance adjusted growth exceeds budget

AuM growth adjusted for performance  
billion CHF

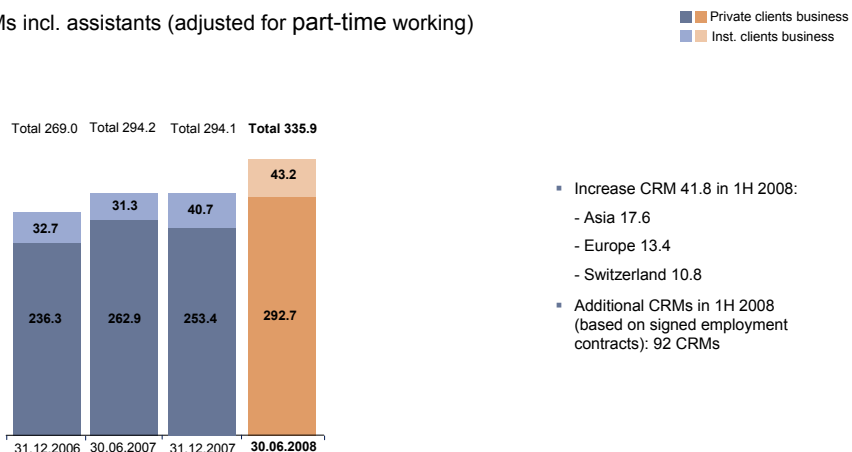


- Adjusted for market-performance effects, AuM growth is still on track to meet the 2010 target of CHF 100 billion
- Growth initiatives start to bear fruit; on track to achieve AuM target of CHF 100 billion.



## Sales force expansion well on track – Significant rise in the number of CRMs

CRMs incl. assistants (adjusted for part-time working)

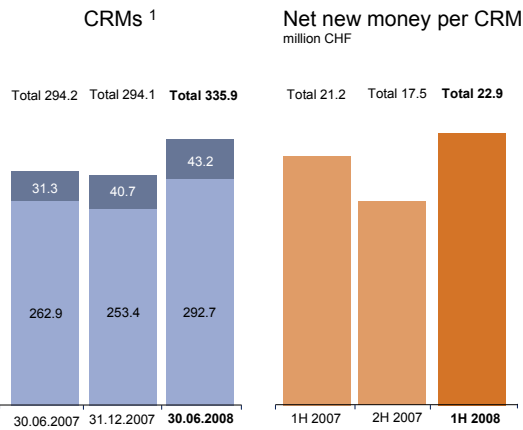


- Increase CRM 41.8 in 1H 2008:
  - Asia 17.6
  - Europe 13.4
  - Switzerland 10.8
- Additional CRMs in 1H 2008 (based on signed employment contracts): 92 CRMs



## Significant rise in number of CRMs and NNM per CRM

Adjusted for part-time working



- 92 CRMs (excl. assistants) signed up since 01.01.08.
- 41.8 CRMs (incl. assistants) already started work in 1H 2008.
- Average acquisition performance per CRM in private clients rose 9% to CHF 20m, figure for Inst. Clients unchanged at CHF 46 million
- Headcount 1,312 FTEs.

1 Incl. assistants

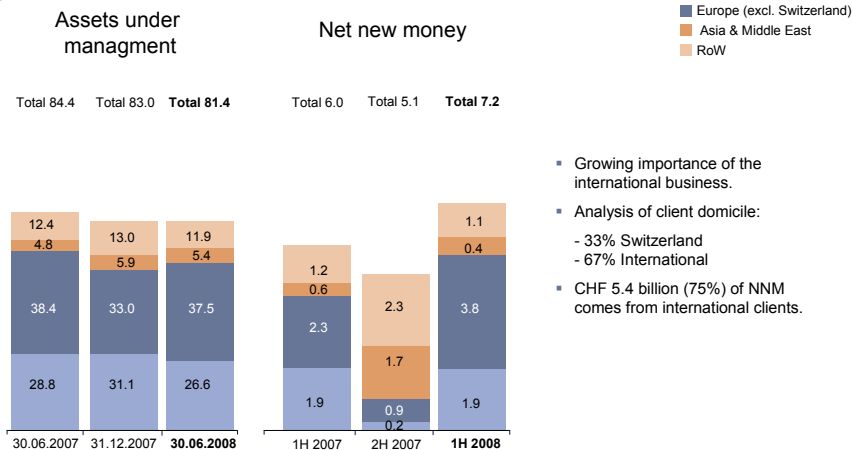


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## Dynamic growth continues in all important markets – Breakdown of AuM and NNM by client domicile

billion CHF



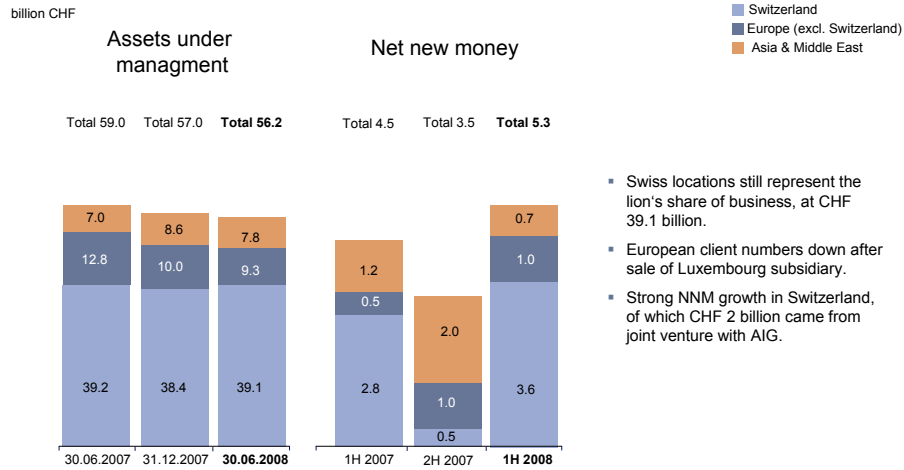
- Growing importance of the international business.
- Analysis of client domicile:
  - 33% Switzerland
  - 67% International
- CHF 5.4 billion (75%) of NNM comes from international clients.



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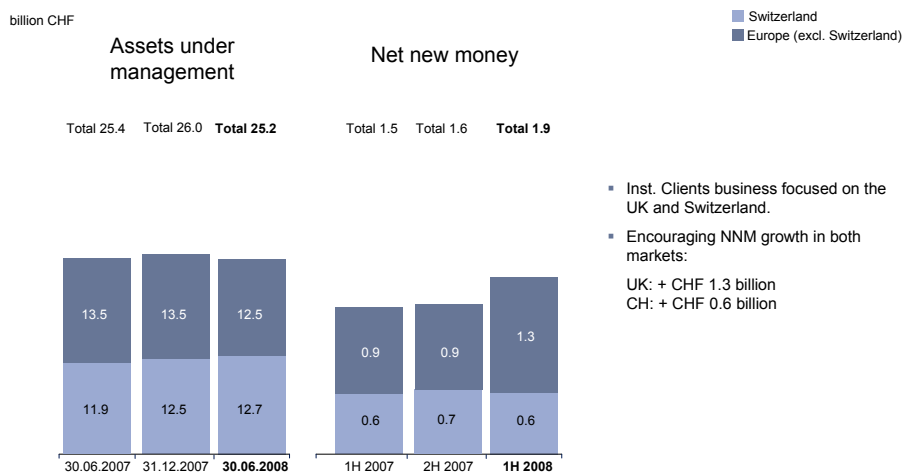
## NNM growth broadly supported in Private Banking— AuM Private Clients by location



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## Encouraging growth in Institutional Clients business – AuM for Institutional Clients by location



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## Market environment impedes the rate of growth in commission and service fee activities

million CHF	1H 2008	1H 2007 adjusted	2H 2007 adjusted	+/- % <sup>1</sup>
Net interest income	64.3	49.3	55.3	30.5
Results from commission and service fee activities	202.3	227.1	211.5	-10.9
Results from trading operations	41.6	57.0	38.9	-27.1
Other ordinary results	-0.8	14.5	8.7	-105.3
<b>Operating income</b>	<b>307.5</b>	<b>348.0</b>	<b>314.4</b>	<b>-11.6</b>

<sup>1</sup> Percentage change based on a comparison of 1H 2008 and 1H 2007 "adjusted"

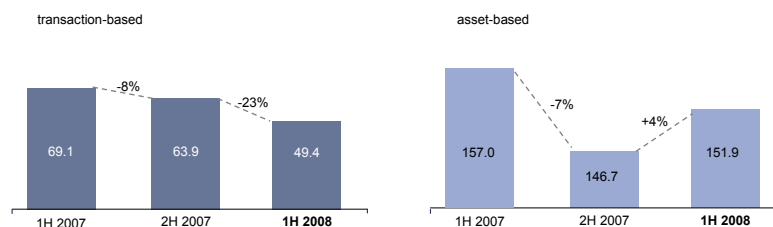
- Net interest income up an impressive 31% thanks to strong growth in credit business.
- Income from commissions down 11% to CHF 202 million due to lower transaction volumes associated with the challenging market environment.
- Income from trading operations down 27% to CHF 42 million caused by lower volumes in business with clients and losses on own positions.
- Other ordinary results have a negative impact, with CHF 7 million losses realised on AFS positions compared with CHF 7 million gains last year.



## Transaction-based fees significantly down due to market conditions

million CHF	1H 2008	1H 2007 adjusted	2H 2007 adjusted	+/- % <sup>1</sup>
Transaction and brokerage fees	48.2	67.7	62.3	-28.8
Investment fund transactions	83.3	95.3	82.8	-12.6
Advisory, Management fees, Securities deposit fees	86.7	87.6	84.2	-1.0
Underwriting	0.8	0.7	2.7	4.5
Other commission income	10.8	12.3	10.3	-12.1
Other commission expenses	27.5	36.5	30.9	-24.7
<b>Total results from commissions and service fee activities</b>	<b>202.3</b>	<b>227.1</b>	<b>211.5</b>	<b>-10.9</b>

<sup>1</sup> Percentage change based on a comparison of 1H 2008 and 1H 2007 "adjusted"



## Results from trading operations heavily affected by adverse market environment

### P&L

million CHF	1H 2008	1H 2007 adjusted	2H 2007 adjusted	+/- % <sup>1</sup>
Securities	21.6	32.8	15.0	-34.2
Foreign exchange and precious metal	20.0	24.3	23.9	-17.4
<b>Total results from trading operations</b>	<b>41.6</b>	<b>57.0</b>	<b>38.9</b>	<b>-27.1</b>

<sup>1</sup> Percentage change based on a comparison of 1H 2008 and 1H 2007 "adjusted"

### Trading – Risk Matrix 30.06.2008

million CHF	Equities risk	Interest rate risk	Foreign exchange risk <sup>2</sup>	Structured Products	Total
Exposure as at 30.06.08	5.45	29.07	10.25	3.03	47.8
VaR <sup>1</sup> as at 30.06.08	0.16	0.12	0.08	0.07	0.43
Avg. VaR <sup>1</sup> 2008	0.14	0.06	0.12	0.12	0.43
Min. VaR <sup>1</sup> 2008	0.04	0.00	0.02	0.05	0.22
Max. VaR <sup>1</sup> 2008	0.30	0.23	0.59	0.38	1.01

<sup>1</sup> 99%, 1 day holding period

<sup>2</sup> incl. precious metals



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## Other ordinary results dominated by losses made on financial investments

million CHF	1H 2008	1H 2007 adjusted	2H 2007 adjusted	+/- % <sup>1</sup>
Results from sale of financial investments designated at fair value	-0.2	-0.8	-0.4	71.6
Results from sale of financial investments available for sale	-6.7	7.3	7.2	-192.1
Gain from the sale of group companies	0	0	0.2	
Proportion of earnings of associated companies	2.8	3.5	3.4	-21.4
Real estate income	0.1	0.1	0.2	-15.7
Other ordinary income	5.1	4.5	-1.0	14.9
Other ordinary expenses	1.9	0.1	1.0	> 1,000
<b>Total other ordinary results</b>	<b>0.8</b>	<b>14.5</b>	<b>8.7</b>	<b>-105.3</b>

<sup>1</sup> Percentage change based on a comparison of 1H 2008 and 1H 2007 "adjusted"



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## Operating expenses under control despite expansion drive

million CHF	1H 2008	1H 2007 adjusted	2H 2007 adjusted	+/- % <sup>1</sup>
<b>Operating income</b>	<b>307.5</b>	<b>348.0</b>	<b>314.4</b>	<b>-11.6</b>
Personnel expenses	148.7	157.5	149.8	-5.6
General administrative expenses	61.3	53.7	56.1	14.1
<i>Operating expenses</i>	<b>210.0</b>	211.2	205.9	-0.6
<b>Operating profit</b>	<b>97.5</b>	<b>136.8</b>	<b>108.5</b>	<b>-28.7</b>

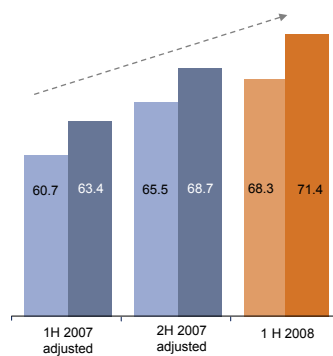
<sup>1</sup> Percentage change based on a comparison of 1H 2008 and 1H 2007 \*adjusted\*

- Lower bonus allocations result in lower personnel costs (-5.6%) despite increase in headcount.
- General administrative expenses rise more quickly (+14%) due to expansion drive.
- Operating profit down 29% to CHF 98 million.

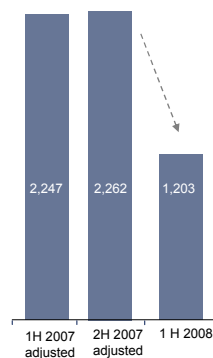


## Improvement in the relative cost position – Bank Zweiplus improves productivity per client

Cost Income Ratio I / II



Operating expenses / Client

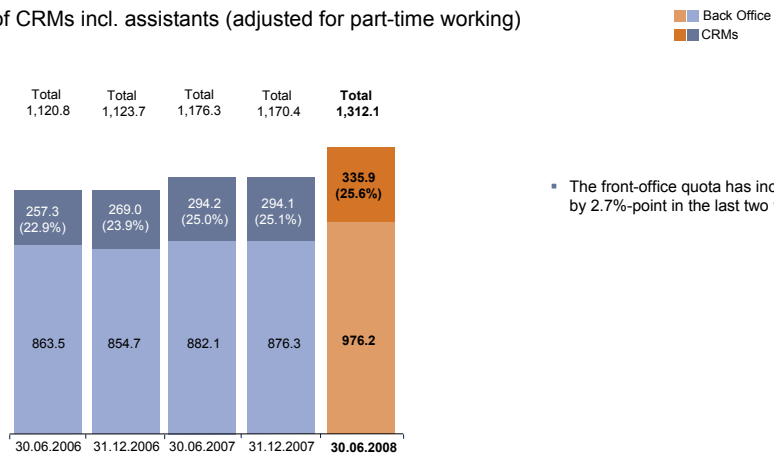


- Cost Income Ratio I (Operating expenses / Income)
- Cost Income Ratio II (Operating expenses incl. depreciation and amortisation / operating income)



## Further improvement in the front/back office ratio

No. of CRMs incl. assistants (adjusted for part-time working)

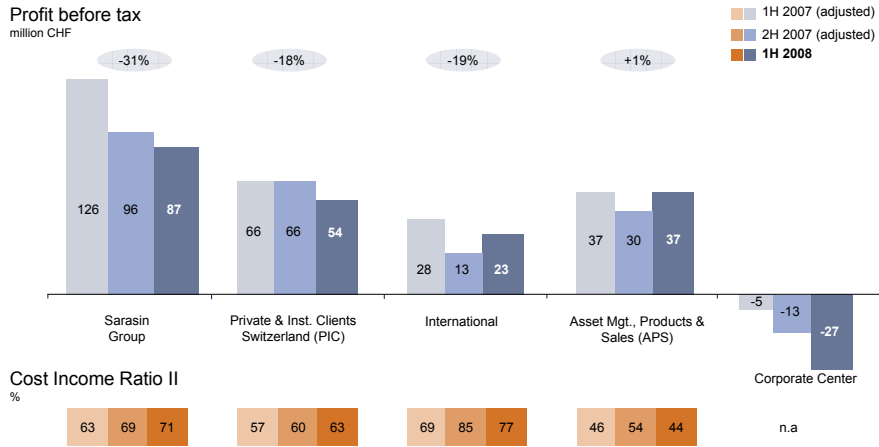


- The front-office quota has increased by 2.7%-point in the last two years

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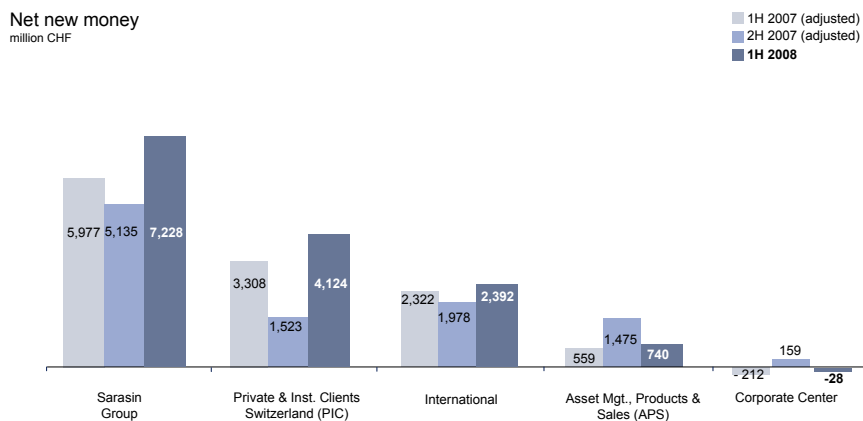
## Segment results reflect financial market turbulence and strong Swiss franc



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## Excellent acquisition performance in all segments



▪ All segments report sharp increases in NNM growth.



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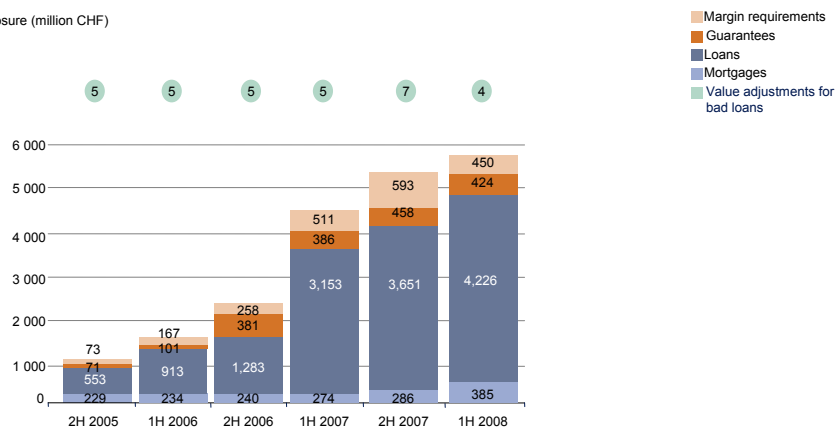
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## Development of client credit exposures – Low risk level despite volume boost

Exposure (million CHF)



- Consistently low value adjustments (CHF 5 million) since the start of 2005 despite the growth in client credits

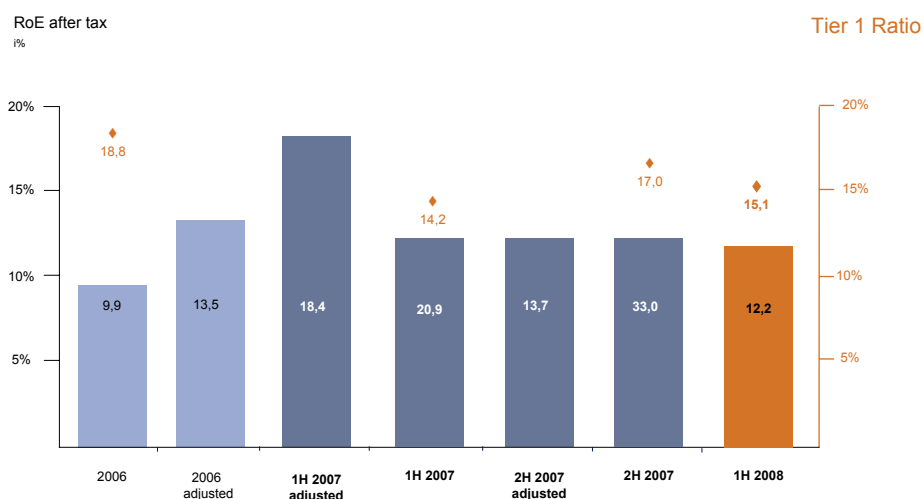
## Capital base still extremely solid

	30.06.2008	31.12.2007	30.06.2007
Risk-weighted assets (million CHF)	6,381	6,453	6,131
Core Capital (million CHF)	961	1,097	869
BIS Tier I ratio (%)	15.1	17.0	14.2
Shareholders' equity per share (CHF) (excl. minorities)	19.33	20.16	17.85

- Risk-weighted assets virtually unchanged at CHF 6,381 million.
- Shareholders' equity down by CHF 132 million (higher stake in NZB, currency translation effects)
- BIS Tier I ratio drops to 15.1%.
- Potential for further growth (target corridor for Tier 1 ratio: 12% - 14%).



## Return on equity (adjusted) decreases to 12.2%



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## Sarasin forges ahead with its strategic projects



### Tighter focus on being a private bank

- Bank Zweiplus started trading in July 2008, creating growth potential and increasing cost efficiency
- New positioning: "Sustainable Swiss Private Banking since 1841"



### Solutions provider

- Client Advisory Process: Introduction to all international locations by the end of 2008



### Geographic focus

- Consolidation of ongoing projects
- Planned:
  - Entry into East European market
  - Ireland as another potential European location



## Outlook – objectives

- Reviewed: targets 2008
  - Foundation in place for achieving NNM growth of 10% or CHF 8.3 billion
  - Integration under way of 100 new, highly qualified CRMs into Sarasin Team
  - Lower net profit expected
- Confirmed: targets 2010
  - AuM CHF 100 billion
  - Cost income ratio < 60%
  - Gross margin 90 basis points



Thank you  
for your attention