



Shareholders' Information

Basel, 26 February 2009

Bank Sarasin annual results 2008: Record net new money growth of CHF 14.5 billion – adjusted net profit of CHF 114.4 million

Net new money inflows climb to a new record of CHF 14.5 billion • Investments to accelerate growth bear fruit • Market performance and exchange rate movements reduce total AuM by 16% to CHF 69.7 billion • Adjusted net profit down to CHF 114.4 million (2007: CHF 173.5 million)

Dear Shareholder

2008 will go down in banking history as a truly disastrous year: a hurricane tore through our industry and destroyed time-honoured values and long-established institutions. It has therefore been quite an achievement to have withstood this turbulent year and its many different challenges relatively well, thanks to our consistently strong operating performance and dynamic pace of growth.

However, as a member of the global banking community Sarasin has inevitably been affected by the financial crisis as well. Given the huge shockwaves of this crisis, we were unable to fully eliminate the counterparty risk present in the interbank market, which we seek to control through active limits management and a broad diversification of counterparties. Events came to a head in the fourth quarter of 2008. The investment bank Lehman Brothers was forced to file for bankruptcy, Merrill Lynch ran into serious difficulties and was taken over by Bank of America, the insurer AIG had to be bailed out by the US Federal Bank, UBS had to resort to a capital injection from the Swiss government, and the collapse of Iceland's three major banks resulted in the nationalisation of the country's entire banking system. We have made allowances for this development in financial markets by making value adjustments in the amount due from banks to the amount of CHF 58 million after taxes.

These indirect, one-off effects of the financial crisis on our bank should not detract from the solid performance we managed to deliver amidst adverse market conditions, with the help of our very dedicated staff. One particularly encouraging measure of our success is the record level of net new money of CHF 14.5 billion (2007: CHF 11.1 billion). We are delighted with the high level of trust that clients place in us. This is not only the result of the excellent reputation Sarasin has built for itself in the international marketplace, but also of the bank's far-sighted strategy geared towards our low-risk business model. We are continuing to build on this strong performance by expanding our sales force: 122 new, highly experienced client relationship managers (CRMs) have joined our team in 2008, bringing the total to 416. Our tremendous success in acquiring new money and our forward-looking investment in the bank's continuing growth provide a solid foundation for Sarasin's future prosperity.

Over the course of the past year we initiated a number of important developments and measures in connection with our intensified focus on our core business as a private bank. Following the sale of our Luxembourg subsidiary in the second half of 2007, the main event in 2008 was the launch of Bank Zweiplus. After only 32 weeks of preparation, the bank successfully opened for business on 1 July 2008. Bank Zweiplus Ltd positions itself as a leading Swiss-based product and settlement platform for independent



financial advisers and life insurance companies, as well as direct clients in the retail and affluent segment in Europe. Just a few weeks after its launch, Bank Zweiplus entered its first partnership with Swiss Life as a cost-efficient settlement platform. Since 1 October 2008 the assets of around 30,000 Swiss Life clients are now managed by Bank Zweiplus. This first successful milestone confirms that Bank Zweiplus is on the right track with its business model. As an independent product and settlement platform, this model also paves the way for other potential partnerships because of its cost advantages. This is particularly attractive in view of the turmoil created by the current financial crisis. On 31 December 2008 Bank Zweiplus looked after some 300,000 clients with assets of CHF 5.8 billion. Bank Zweiplus offers Bank Sarasin, as majority shareholder, greater cost efficiency and extra stability, as well as attractive growth prospects. In 2008 the outsourcing of Sarasin's business with direct clients in the retail and affluent segment and with independent financial advisors (IFA) to the newly formed Bank Zweiplus resulted in one-off proceeds of CHF 50.7 million, which represents the value-added created by this merger.

Given the turbulent state of stock exchanges and foreign currency markets, assets under management at the end of 2008 shrank to CHF 69.7 billion (31.12.2007: CHF 83.0 billion), despite the bank's strong new money growth. The financial crisis prevented us from increasing our operating revenues as originally planned, but they only saw a relatively modest decline of 5% on the previous year. The adjusted operating income for FY 2008 came to CHF 626.5 million (2007: CHF 662.4 million). On the costs side, the consistent implementation of our growth strategy incurred higher personnel expenses and general administrative expenses. These were attributable to the expansion of our workforce, but were partly offset by lower bonus payments. The adjusted figure for operating expenses in 2008 was CHF 464.7 million (+11%). The adjusted net profit therefore comes to CHF 114.4 million. After adjustments to allow for all

one-off effects, the group result for 2008 amounts to CHF 106.8 million (2007: CHF 304.6 million).

Instead of paying a dividend from the profit shown on the balance sheet, the Board of Directors will submit a proposal to the Annual General Meeting of Shareholders on 22 April 2009 to issue exchange-traded cash or title options ("COTO"), combined with a reduction in nominal value. Shareholders can choose to either subscribe to the new registered shares, sell their COTO option on the stock exchange or accept a fixed cash settlement of CHF 0.65 per class B registered share. In their current form, COTOs are not subject to Swiss withholding tax and as a rule are exempt from income tax for individuals domiciled in Switzerland.

After 21 years of service for Bank Sarasin – more than 11 years of them as Chief Executive Officer – Peter E. Merian will step down from the Board of Directors when his mandate ends at the AGM on 22 April 2009. But Peter E. Merian will retain his close ties with the bank in future. On behalf of the shareholders and the entire Board of Directors, we would like to thank him for his tireless efforts on behalf of the bank. The Board of Directors is proposing Pim Mol, Head of Private Banking at Rabobank Nederland, for election to the Board of Directors at the forthcoming AGM. In future Rabobank will take up three of the seven seats available on Bank Sarasin's board.

Given that 2008 was such a difficult year, what does the future hold for Bank Sarasin? Our strategy is oriented towards sustainability and investments in the future. We will continue to consistently pursue our growth strategy in the current year and focus on specific opportunities. Among other things, we are considering specific new locations such as Warsaw in Poland and Vienna in Austria, which apart from gaining entry into two promising new markets will also lay a solid foundation for a more energetic marketing drive in the emerging markets of Central- and Eastern Europe.



Given the precarious state of financial markets at present, however, the future growth of our revenue stream is extremely hard to predict. The crucial factor is whether – and exactly how – this crisis progresses, and how quickly investors' confidence can be restored. One thing we can plan and control is costs. We continue to apply very consistent cost management. At the same time performance is still a priority, and we are continuously reviewing our existing business portfolio. Business cases which are not developing successfully or as well as planned are closely monitored and wound up if necessary. However, if the market continues to deteriorate, necessitating additional cost savings, such as measures to reduce personnel expenses, the bank may have to resort to temporary salary reductions or short-time working as a fairer and more sustainable management solution. Such an approach offers more flexibility than job cuts, and has a more immediate impact on the cost side. We are therefore supporting a more socially responsible model that offers our staff greater job security. The members of the Executive Committee have already set an example by voluntarily waiving their bonus payments for the 2008 financial year.

We expect 2009 to be another difficult year. We should be able to continue along our growth path, assuming net new money growth of 10%. Given the volatile state of the markets, however, our income targets are on the conservative side: based on our current business volume, and assuming financial markets manage to stabilise, we expect our operating result for 2009 to be on a par with FY 2008. At the same time we are certain that financial markets will recover in the medium to long term and that confidence will be restored in the financial system. Our growth strategy offers a solid foundation for Bank Sarasin's sustainable business model to deliver continuous success in the long run. With this in mind, we continued to invest in the expansion of our CRM teams in 2008 despite the looming financial crisis, because we want to make sure we are well positioned to take advantage of the turnaround when it comes.

We would like to take this opportunity to extend our thanks to all our clients and shareholders. The confidence you place in the bank in these difficult times is extremely important to us. Our top priority is to live up to this trust. In this respect it is crucial that we are able to count on the full support of our majority shareholder, Rabobank. Equally our deepest thanks go to our dedicated employees working in every location. The superb performance they have managed to achieve in such a challenging environment is proof of their professionalism and unwavering commitment to quality and performance.

Yours sincerely

Christoph Ammann
Chairman of the
Board of Directors

Joachim H. Straehle
Chief Executive Officer

Key data

	2008 adjusted	2008	2007 adjusted	2007
Group income statement (1,000 CHF)				
Operating income	626,482	677,144	662,385	837,505
Operating profit	161,733	212,395	245,273	409,893
Group result including minority interests	114,418	106,831	173,544	304,597
Ratios (%)				
Return on equity (ROE)	9,3	8,7	16,0	26,5
Cost income ratio I	74,2	68,6	63,0	51,1
Cost income ratio II	77,9	72,1	65,9	53,4
Equity ratio	9,4		10,8	
BIS Tier 1 ratio	14,5		17,0	
Results by segments (1,000 CHF)				
Private Banking	56,199	56,199	102,521	102,521
Asset Management, Products & Sales	72,364	72,364	106,515	106,515
Bank Zweiplus	6,974	6,974	0	0
Corporate Center	-4,328	-27,399	13,456	178,076
Total results by segments	131,209	108,138	222,492	387,112
Assets under management (million CHF)				
Total assets under management		69,679		83,002
Net new money		14,476		11,112
Stock market price (CHF)				
	31.12.2008		31.12.2007	
End of period date	31,50		53,50	
Market capitalisation (million CHF)	1,926		3,272	
Number of employees (adjusted for part-time working)				
Total	1,537,0		1,170,4	
Of which client relationship managers	416,0		294,1	

Consolidated balance sheet

Assets

1,000 CHF	31.12.2008	31.12.2007	Change to 31.12.2007	
			CHF	%
Cash and cash equivalents	435,236	71,822	363,414	506,0
Money market papers	358,542	52,964	305,578	577,0
Due from banks	4,082,097	5,682,350	-1,600,253	-28,2
Due from customers	5,203,474	3,850,586	1,352,888	35,1
Trading portfolio assets	352,209	654,417	-302,208	-46,2
Derivative financial instruments	423,784	337,913	85,871	25,4
Financial investments	1,269,819	582,728	687,091	117,9
Investments in associated companies	107,241	51,255	55,986	109,2
Property and equipment	129,447	111,291	18,156	16,3
Goodwill and other intangible assets	152,810	101,068	51,742	51,2
Current tax assets	46	32	14	43,8
Deferred tax assets	15,879	1,742	14,137	811,7
Accrued income and prepaid expenses	152,464	160,092	-7,628	-4,8
Other assets	23,838	7,755	16,083	207,4
Total assets	12,706,886	11,666,015	1,040,871	8,9
Total subordinated assets	16,039	6,426	9,613	149,6
Total due from significant shareholders	147,727	41,635	106,092	254,8

Liabilities and equity

1,000 CHF	31.12.2008	31.12.2007	Change to 31.12.2007	
			CHF	%
Due to banks	1,335,982	1,067,365	268,617	25,2
Due to customers	8,483,257	6,681,706	1,801,551	27,0
Trading portfolios liabilities	92,022	121,636	-29,614	-24,3
Derivative financial instruments	397,568	275,359	122,209	44,4
Financial liabilities designated at fair value	927,144	1,925,715	-998,571	-51,9
Current tax liabilities	9,058	65,082	-56,024	-86,1
Deferred tax liabilities	9,553	8,724	829	9,5
Accrued expenses and deferred income	199,450	211,572	-12,122	-5,7
Other liabilities	54,196	39,119	15,077	38,5
Provisions	5,453	9,315	-3,862	-41,5
Total liabilities	11,513,683	10,405,593	1,108,090	10,6
Share capital	61,155	61,155	0	0,0
less treasury shares	-43,435	-48,019	-4584	-9,5
Capital reserve	602,340	608,871	-6,531	-1,1
Retained earnings	573,327	358,789	214,538	59,8
Reserves IAS 39 (net of tax)	-36,601	-11,412	-25,189	-220,7
Currency translation differences	-104,662	-35,184	-69,478	-197,5
Net profit (excluding minority interest)	94,716	293,630	-198,914	-67,7
Shareholders' equity of shareholders of Bank Sarasin & Co. Ltd	1,146,840	1,227,830	-80,990	-6,6
Minority interest in shareholders' equity (including share in profits)	46,363	32,592	13,771	42,3
Total shareholders' equity (including minority interest)	1,193,203	1,260,422	-67,219	-5,3
Total liabilities and shareholders' equity	12,706,886	11,666,015	1,040,871	8,9
Total subordinated liabilities	0	0	0	0,0
Total due to significant shareholders	482,349	208,098	274,251	131,8

Consolidated income statement

	2008	2008	2007	2007
1,000 CHF	adjusted		adjusted	
Interest and discount income	379,530	379,530	385,517	385,517
Interest and dividend income from financial investments	25,856	25,856	16,566	16,566
Interest expenses	276,829	276,829	297,486	297,486
Net interest income	128,557	128,557	104,597	104,597
Commission income on lending activities	5,549	5,549	4,414	4,414
Commission income on securities and investment transactions	439,673	439,673	495,367	495,367
Commission income on other services	6,708	6,708	6,221	6,221
Commission expenses	52,914	52,914	67,380	67,380
Results from commission and service fee activities	399,016	399,016	438,622	438,622
Results from trading operations	87,757	87,757	95,905	95,905
Other ordinary results	11,152	61,814	23,261	198,381
<i>of which income from investments in associates</i>		4,618		6,955
Operating income	626,482	677,144	662,385	837,505
Personnel expenses	324,173	324,173	307,278	315,278
General administrative expenses	140,576	140,576	109,834	112,334
Operating expenses	464,749	464,749	417,112	427,612
Operating profit	161,733	212,395	245,273	409,893
Depreciation and write-offs on property and equipment	14,422	14,422	11,822	11,822
Amortisation of intangible assets	9,152	9,152	7,467	7,467
Value adjustments, provisions and losses	6,950	80,683	3,492	3,492
Profit before taxes	131,209	108,138	222,492	387,112
Taxes	16,791	1,307	48,948	82,515
Net profit	114,418	106,831	173,544	304,597

Business segment reporting

Private Banking

	2008	2008	2007	2007
1,000 CHF	adjusted		adjusted	
Operating income	322,253	322,253	326,000	326,000
Operating expenses	255,402	255,402	216,620	216,620
Operating profit	66,851	66,851	109,380	109,380
Depreciation and amortisation	5,966	5,966	5,179	5,179
Value adjustments, provisions and losses	4,686	4,686	1,680	1,680
Net profit before taxes per segment	56,199	56,199	102,521	102,521
	31.12.2008		31.12.2007	
	adjusted		adjusted	
Assets under management (million CHF)	32,840	32,840	38,058	38,058
Number of employees (adjusted for part-time working)	589,2	589,2	424,7	424,7
Adjusted number of employees (incl. allocations)	807,4	807,4	626,8	626,8
Whereof client relationship manager (adjusted for part-time working)	313,6	313,6	219,6	219,6

Asset Management, Products & Sales

	2008	2008	2007	2007
1,000 CHF	adjusted		adjusted	
Operating income	221,173	221,173	248,474	248,474
Operating expenses	141,384	141,384	135,677	135,677
Operating profit	79,789	79,789	112,797	112,797
Depreciation and amortisation	7,425	7,425	6,833	6,833
Value adjustments, provisions and losses	0	0	-551	-551
Net profit before taxes per segment	72,364	72,364	106,515	106,515
	31.12.2008		31.12.2007	
	adjusted		adjusted	
Assets under management (million CHF)	31,004	31,004	39,572	39,572
Number of employees (adjusted for part-time working)	393,7	393,7	323,8	323,8
Adjusted number of employees (incl. allocations)	475,3	475,3	353,9	353,9
Whereof client relationship manager (adjusted for part-time working)	79,7	79,7	61,0	61,0

Business segment reporting (continued)

Bank Zweiplus

	2008	2008	2007	2007
1,000 CHF	adjusted		adjusted	
Operating income	44,181	44,181	0	0
Operating expenses	35,324	35,324	0	0
Operating profit	8,857	8,857	0	0
Depreciation and amortisation	629	629	0	0
Value adjustments, provisions and losses	1,254	1,254	0	0
Net profit before taxes per segment	6,974	6,974	0	0
	31.12.2008		31.12.2007	
	adjusted		adjusted	
Assets under management (million CHF)	5,809	5,809	0	0
Number of employees (adjusted for part-time working)	136,6	136,6	0	0
Adjusted number of employees (incl. allocations)	143,6	143,6	0	0
Whereof client relationship manager (adjusted for part-time working)	22,7	22,7	0	0

Corporate Center

	2008	2008	2007	2007
1,000 CHF	adjusted		adjusted	
Operating income	38,875	89,537	87,911	263,031
Operating expenses	32,639	32,639	64,815	75,315
Operating profit	6,236	56,898	23,096	187,716
Depreciation and amortisation	9,554	9,554	7,277	7,277
Value adjustments, provisions and losses	1,010	74,743	2,363	2,363
Net profit before taxes per segment	-4,328	27,399	13,456	178,076
	31.12.2008		31.12.2007	
	adjusted		adjusted	
Assets under management (million CHF)	26	26	5,372	5,372
Number of employees (adjusted for part-time working)	417,5	417,5	421,9	421,9
Adjusted number of employees (incl. allocations)	110,7	110,7	189,7	189,7
Whereof client relationship manager (adjusted for part-time working)	0	0	13,5	13,5