



## Shareholders' Information

Basel, 29 July 2010

### 1H 2010 results of Bank Sarasin & Co. Ltd:

# Bank Sarasin sustains dynamic pace of growth

**Net new money growth strong at CHF 6.4 billion (+14% p. a.) – Total assets under management CHF 96.2 billion nearing CHF 100 billion target – Net profit up 11% to CHF 60.1 million – Operating income 6% higher at CHF 332.6 million – Targets remain unchanged, focus on ability to generate returns**

Dear Shareholder

After recovering from the earlier crisis, the global economy peaked in the first half of 2010. Financial markets came under pressure in the second quarter as the climate worsened due to the euro's predicament and escalating government debt, with many investors growing increasingly nervous. Stock markets reached their peak in mid-April and have undergone a sharp correction since then. Since the beginning of the year, the Swiss franc has made significant gains against the euro and has gained against the US dollar in the month of June. Despite this shifting market environment, Bank Sarasin was able consistently to maintain its growth course and produce a strong first-half result in 2010. The combination of our ability to generate new business, selective investments in growth initiatives and rigorous cost control is paying off, and provides us with a solid, long-term basis for continued success in the future.

We have established a sound reputation in the market for our sustainable solutions and the very highest quality standards, making us an attractive and trustworthy partner for clients. This is evidenced by the consistently high inflows of new money, which reached CHF 6.4 billion, corresponding to an annualised growth rate of 14%. We are very confident of being able to achieve or even exceed the 2010 full-year target we set ourselves of net new money growth of 10%, or CHF 9.4 billion. The correction that dominated the markets during May and June 2010 is reflected in the market

performance impact (CHF -0.6 billion). The strong Swiss franc resulted in negative currency translation effects of CHF -2.6 billion for client assets invested in other currencies. Despite these two negative factors, strong new money inflows helped to boost total assets under management to CHF 96.2 billion at the end of June 2010 from CHF 93.7 billion at 31 December 2009. If markets and exchange rates remain stable during the second half of 2010, we are confident that continued new money growth will push total assets under management above the CHF 100 billion mark by the end of this year.

Operating income was 6% higher at CHF 332.6 million, compared with the same period last year. This growth arose primarily from the positive contribution from our most important revenue source: income from commission and service fee activities, which rose by 28% to CHF 218.9 million, mainly due to the significant expansion of the asset base in the core business compared with last year. The fruits of Sarasin's growth strategy are therefore starting to show, not only in the size of assets under management, but also in the simultaneous improvement in the bank's ability to generate returns. Interest income also rose by 10% to CHF 74.5 million, as the mortgage lending and collateralised loans business continued to expand. Income from trading operations fell sharply by -63% to CHF 23.2 million as a result of hedging transactions against rising interest rates. Other income increased by 13% to CHF 15.8 million.



Operating expenses rose 5% to CHF 242.6 million. The growth in both personnel costs and general administrative expenses was fairly modest, despite the continuing expansion of the relationship manager team, the opening of new branches, and further development of existing locations both in Switzerland and international growth markets. Personnel expenses increased by 4% to CHF 175.6 million, with the headcount rising by 2% so far this year to 1,595. General administrative expenses rose 8% to CHF 67.0 million. Our Group result for 1H 2010 improved by 11% to reach CHF 60.1 million.

Given our ongoing growth strategy, and mindful of the various emerging trends in private banking, we plan to push ahead with the selective expansion of our business portfolio. As in the past, our core business is still investment advisory and asset management services for wealthy private clients and institutional investors. We consider a sophisticated array of asset management products and services as a core element of our offering.

Bank Sarasin intends to concentrate on both onshore and cross-border business whilst ensuring compliance with all regulatory conditions and requirements applicable in specific local markets. We are fortunate enough to have a strong starting position here: our locations in the home market of Switzerland and selected European countries, along with the growth markets of the Middle East, India and Asia, provide Sarasin with excellent geographic diversification. The proportion of undeclared assets that clients have on deposit with us is also negligible, so that we anticipate only marginal outflows of client assets and subsequently less pressure on the gross margin. No matter what happens on the regulatory front, we are striving to be rid of any undeclared client assets by the end of 2012.

With geographic centres of wealth creation shifting and regulations changing, the Group remains flexible in its operational approach. The profitability of existing locations could come under pressure or opening new offices in other

national markets could become worthwhile so we therefore continuously review our business portfolio in a bid to optimise actively our income, risk and costs. During the reporting period we wound up the joint venture with Alén Gestión Patrimonial in Spain and closed down our Spanish subsidiary Alén Agencia de Valores S.A. This decision was taken in response to the difficult situation in the Spanish market and the subsidiary's disappointing performance. In addition, we sold the Lugano subsidiary Sarasin Colombo Gestioni Patrimoniali SA back to the Colombo family.

We are cautiously optimistic about our business performance over the rest of the year. The global economy is expected to slow down towards the end of 2010, but we will continue to invest in selective growth initiatives – where they make strategic and financial sense – and consolidate our position within the framework of our expansion strategy. This includes activities already planned, such as the development of our network to include new locations in Bahrain and Abu Dhabi, as well as the strengthening of our team of relationship managers. During the first half of 2010 our Hong Kong office received a banking licence, making it Sarasin's first international branch. We plan to upgrade Singapore in the same way. Over the next 12 months, the roll-out of the Avaloq banking system, which has been successfully operational in Switzerland since 2003, at our two Asian locations will create a cost-effective platform for future growth. This will allow us to strengthen our foothold further in this important growth region. Our targets for the end of this year are unchanged: we are aiming for net new money growth of 10%. Our end-of-year target for total assets under management is therefore CHF 100 billion. In the second half of the year, however, our top priority will be to improve further our ability to generate returns and subsequently our gross margin. This will be an ongoing challenge for us as the industry continues to evolve.

Our growth strategy and our high expectations regarding quality and professionalism, combined with a very challenging market environment,



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place considerable demands on our staff in their daily work. Our special thanks and appreciation therefore go to Sarasin's employees who have once again done an excellent job in implementing our initiatives over the course of the reporting period. As always, the customer is at the centre of everything we do. We would like to express our deep gratitude to our shareholders and clients for the confidence they continue to show in the Sarasin Group and its staff. Together we are laying the strong foundations for our future prosperity and success.

Yours sincerely

Christoph Ammann  
Chairman of the Board  
of Directors

Joachim H. Straehle  
Chief Executive Officer

# Key data

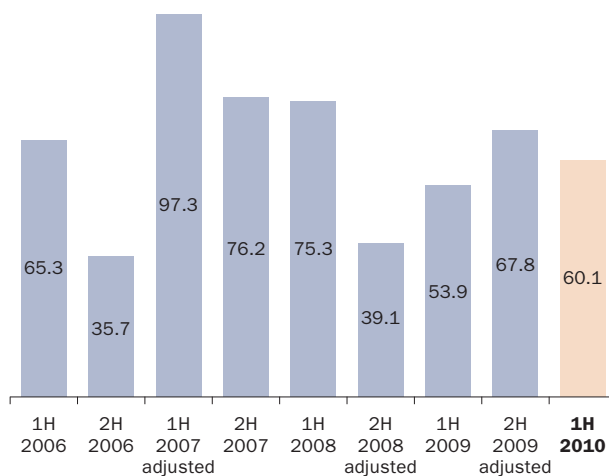
(on a consolidated basis)

## Group income statement

	1H 2010	1H 2009	2H 2009 adjusted <sup>1</sup>	2H 2009	Change to 1H 2009
1,000 CHF					%
Net interest income	<b>74,538</b>	67,844	62,832	62,832	9.9
Results from commission and service fee activities	<b>218,929</b>	170,486	228,025	228,025	28.4
Results from trading operations	<b>23,242</b>	62,805	40,699	40,699	-63.0
Other ordinary results	<b>15,847</b>	14,013	27,224	27,224	13.1
<b>Operating income</b>	<b>332,556</b>	<b>315,148</b>	<b>358,780</b>	<b>358,780</b>	<b>5.5</b>
Personnel expenses	<b>175,587</b>	168,487	190,354	190,354	4.2
General administrative expenses	<b>67,030</b>	61,791	66,210	66,210	8.5
<b>Operating expenses</b>	<b>242,617</b>	<b>230,278</b>	<b>256,564</b>	<b>256,564</b>	<b>5.4</b>
<b>Operating profit</b>	<b>89,939</b>	<b>84,870</b>	<b>102,216</b>	<b>102,216</b>	<b>6.0</b>
Depreciation and amortisation	<b>14,395</b>	13,975	19,045	19,045	3.0
Value adjustments, provisions and losses	<b>1,348</b>	4,419	3,068	73,251	-69.5
<b>Profit before taxes</b>	<b>74,196</b>	<b>66,476</b>	<b>80,103</b>	<b>9,920</b>	<b>11.6</b>
Taxes	<b>14,136</b>	12,593	12,275	12,275	12.3
<b>Group result including minority interests</b>	<b>60,060</b>	<b>53,883</b>	<b>67,828</b>	<b>-2,355</b>	<b>11.5</b>
Group result excluding minority interests	<b>51,240</b>	50,784	57,206	-12,977	0.9

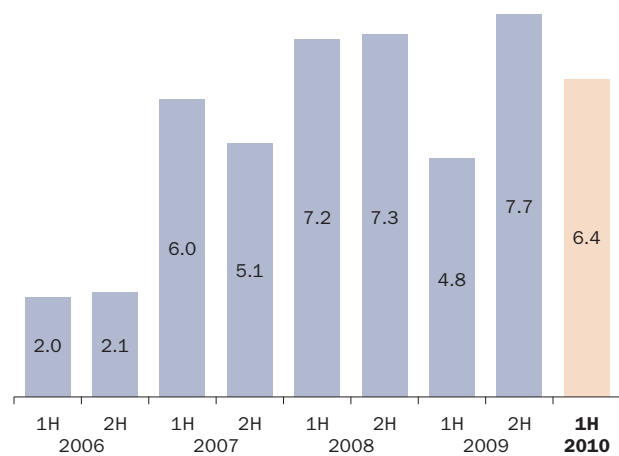
## Group result

(million CHF)



## Net new money growth over half-year periods

(billion CHF)



### Result by segments

1,000 CHF	1H 2010	1H 2009	2H 2009 adjusted	2H 2009
Private Banking	37,436	3,903	26,326	26,326
Trading & Family Offices	23,728	31,963	26,034	26,034
Asset Management, Products & Sales	30,886	15,320	34,587	34,587
bank zweiplus	7,404	4,103	6,019	6,019
Corporate Center	-25,258	11,187	-12,863	-83,046
<b>Total</b>	<b>74,196</b>	<b>66,476</b>	<b>80,103</b>	<b>9,920</b>

### Group balance sheet

1,000 CHF	30.06.2010	30.06.2009	31.12.2009
Total assets	17,330,809	13,603,939	15,300,818
Due from customers	9,154,315	5,928,486	7,320,077
Due to customers	11,381,067	9,351,514	10,236,512
Shareholders' equity including minority interests	1,281,654	1,279,076	1,291,738
Shareholders' equity excluding minority interests	1,230,363	1,228,544	1,240,789

### Assets under management<sup>2</sup>

million CHF	1H 2010	1H 2009	2H 2009
Total assets under management (period-end)	96,205	79,926	93,697
Acquisitions	0	0	0
Divestments	-683	-442	0
Net new money	6,405	4,792	7,682
Performance	-3,214	5,897	6,089
Increase / decrease in assets under management (%)	2.7	14.7	17.2

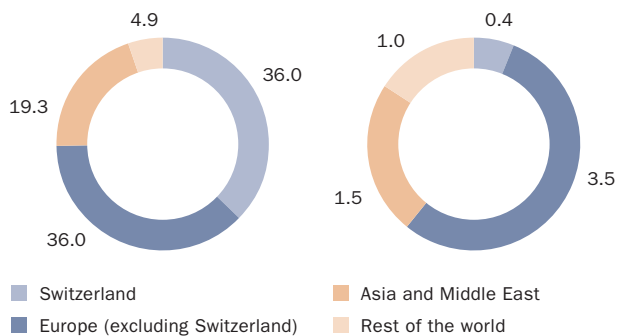
### Assets under management and net new money growth by client domicile<sup>3</sup>

(billion CHF)

AuM

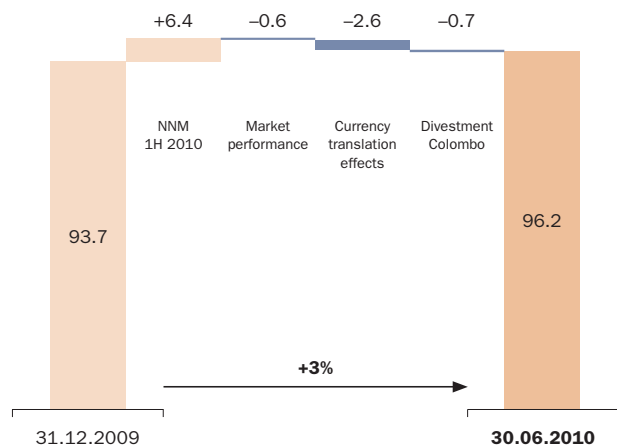
30.06.2010

Total 96.2



### Development of assets under management

(billion CHF)



## Ratios

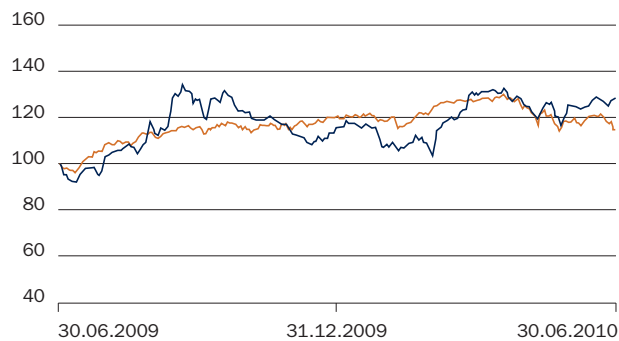
	1H 2010	1H 2009	2H 2009 adjusted	2H 2009
%				
Gross margin on assets under management <sup>4</sup>	<b>0.69</b>	0.86	0.82	0.82
Return on assets (ROA)				
– Operating income as a percentage of total assets <sup>5</sup>	<b>4.1</b>	4.8	5.0	5.0
– Group result as a percentage of total assets <sup>5</sup>	<b>0.7</b>	0.8	0.9	–0.0
Cost income ratio <sup>6</sup>	<b>77.3</b>	77.5	76.8	76.8
Return on equity (ROE) <sup>7</sup>	<b>9.3</b>	8.7	10.3	–0.4
%	<b>30.06.2010</b>	30.06.2009		31.12.2009
Equity ratio <sup>8</sup>	<b>7.4</b>	9.4		8.4
BIS Tier 1 ratio <sup>9</sup>	<b>16.3</b>	15.4		16.3

## Key data per employee<sup>10</sup>

	1H 2010	1H 2009	2H 2009 adjusted	2H 2009
CHF				
Operating income	<b>213,753</b>	204,939	232,266	232,266
Operating expenses	<b>155,944</b>	149,748	166,094	166,094
Operating profit	<b>57,809</b>	55,190	66,172	66,172
Group result including minority interests	<b>38,604</b>	35,040	43,910	–1,525

## Development of share price

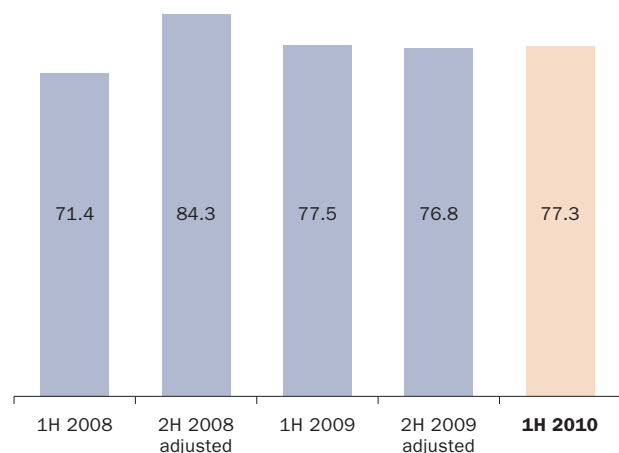
(index 30.06.2009 = 100)



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

## Cost income ratio<sup>6</sup>

(in percent)



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

CHF	1H 2010	1H 2009	2H 2009 adjusted	2H 2009
Operating profit	1.4	1.4	1.6	1.6
Group result	0.8	0.8	0.9	-0.2

**Stock market price<sup>11</sup>**

CHF	1H 2010	1H 2009	2H 2009
End of period date	43.20	33.80	39.10
High	44.60	36.75	45.20
Low	34.70	21.50	30.90
Market capitalisation (period-end, million CHF)	2,717	2,067	2,459
<b>Registered shareholders (period-end)</b>	<b>2,174</b>	<b>2,188</b>	<b>2,161</b>

**Headcount (full-time equivalents)**

	30.06.2010	30.06.2009	31.12.2009
Group	1,595.4	1,540.3	1,556.8
Of which Switzerland	1,066.6	1,049.0	1,043.0
Of which abroad	528.8	491.3	513.8

**Client relationship managers (full-time equivalents)**

Including assistance	30.06.2010	30.06.2009	31.12.2009
Group	430.1	416.7	426.0
Of which Switzerland	251.2	244.7	242.2
Of which abroad	178.9	172.0	183.8

<sup>1</sup> Bank Sarasin has adjusted the value of its 40% financial interest in NZB Holding and written down its value by CHF 70.2 million in 2009.

<sup>2</sup> 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.

<sup>3</sup> Trusts and foundations are now also allocated on the basis of the domicile of the beneficial owner. The prior-year figures reported here have been adjusted accordingly.

<sup>4</sup> The reporting of the gross margin on client assets is now based on the average assets held at the end of the month (as opposed to values at the end of the half-year).

<sup>5</sup> Total assets: average of two period end figures.

<sup>6</sup> Operating expenses including depreciation and amortisation / operating profit.

<sup>7</sup> Shareholders' equity before distribution of profit: average of two period end figures including minority interests.

<sup>8</sup> Shareholders' equity including minority interests as a percentage of total assets.

<sup>9</sup> The calculation is based on the Swiss Standardised Approach (SA-CH).

<sup>10</sup> Headcount: Average headcount (full-time equivalents).

<sup>11</sup> Closing price.