SARASIN

Media Release

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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

Bank Sarasin's client relationship manager (CRM) teams managed to improve their already impressive new money inflow of CHF 7.2 billion in 1H 2008, acquiring another CHF 7.3 billion during the second half of the year. The 30% increase in net new money growth compared with last year is a clear sign of the enormous confidence that existing and new clients have in the Sarasin Group as a sustainable Swiss private bank.

Investments to accelerate growth bear fruit

The appointment of 122 new, top-class client relationship managers has been a vital step in accelerating the growth of the Sarasin Group in the 2008 financial year. The total number of CRMs therefore increased by 41% over the course of the year to 416 (2007: 294). The bank's investments in its future growth have already borne fruit in 2008: the average acquisition performance per CRM rose by another 3% to CHF 40.8 million (2007: CHF 39.5 million).

Market performance and exchange rate movements reduce total AuM by 16% to CHF 69.7 billion

The Sarasin Group managed client assets totalling CHF 69.7 billion as of 31 December 2008, a decline of 16% on the previous year (31.12.2007: CHF 83.0 billion). This reduction was partly due to poor market performance (CHF -19.0 billion), but also to currency translation effects (CHF -8.8 billion) caused by the strong Swiss franc.

Adjusted net profit down to CHF 114.4 million (2007: CHF 173.5 million)

The adjusted operating income finished at CHF 626.5 million, a modest decline of 5% despite the very challenging market conditions. The total operating expenses for the Sarasin Group rose 11% (after adjustment) to CHF 464.7 million (2007: CHF 417.1 million). The adjustment took into account the one-off effects of outsourcing Sarasin's business with direct clients in the retail and affluent segment as well as with independent financial advisers to Bank Zweiplus Ltd (CHF +50.7 million), and the one-off value adjustments on amounts due from banks (CHF -58.2 million after tax). The cost income ratio II subsequently rose from 65.9% to 77.9%. The return on equity is down from 16.0% (2007) to 9.3% (2008). The adjusted net profit amounts to CHF 114.4 Mio. Taking into account all the one-off effects, the net profit for the Sarasin Group after tax comes to CHF 106.8 million (2007: CHF 304.6 million).

Christoph Ammann, Chairman of the Board of Directors of Bank Sarasin & Co. Ltd

"Despite exceptionally difficult market conditions, our bank managed to produce a very respectable result for the past financial year. We expect the challenging market situation to continue in the 2009 financial year. The progress we have already made in the framework of our growth strategy means our business should reap the benefits as and when financial markets eventually recover."

Joachim H. Straehle, Chief Executive Office of Bank Sarasin & Co. Ltd:

"Despite the current financial crisis, we have remained firmly focused on our goals in 2008. By systematically expanding our locations in Switzerland, Europe, the Middle East and Asia, coupled with investments in reinforcing our CRM teams, we have accelerated our rate of growth as planned. The record figure for net new money growth of CHF 14.5 billion clearly demonstrates the quality of our CRM teams. Even in such a tough climate, our strong net new money growth helps to stabilise our business."

Record net new money growth

The impressive net new money (NNM) growth of CHF 14.5 billion for 2008 was a new record for Bank Sarasin, and was 30% up on last year's strong performance. In 1H 2008, CHF 2.0 billion of the new money inflows of CHF 7.2 billion came from the assets transferred by AIG Private Bank into Bank Zweiplus. The NNM growth of CHF 7.3 billion achieved in 2H 2008 is thus even more impressive, considering the dire state of the market. The NNM growth in both the private clients and institutional clients business endorses Sarasin's decision to intensify its strategic focus on its core business. The success of the bank's investment products among its clients and distribution partners is also very encouraging, and is reflected in net inflows of CHF 1.6 billion into all the investment funds in the Sarasin Group.

Earnings power affected by the adverse market conditions

The shift in client portfolios away from equities (-12%) and investment funds (-23%) towards bonds (+24%), cash & cash equivalents and fiduciary investments (+25%), and other investments (+27%) is a reflection of clients' continuing nervousness during the ongoing financial crisis. The bank's three main sources of revenue reflected this mood of caution: net interest income performed well, rising 23% to CHF 128.6 million. Income from commission and service fee activities declined 9% to CHF 399.0 million (2007: CHF 438.6 million). Income from trading operations also fell by 9% to CHF 87.8 million (2007: CHF 95.9 million). This year saw the first-time valuation of the participation in the newly founded Bank Zweiplus, which started business on 1 July 2008. The valuation of this holding in accordance with the applicable accounting principles (Business Combination as per IFRS 3 rules) resulted in a one-off exceptional earnings of CHF 50.7 million, representing the value-added created by this merger. After adjustments for these one-off proceeds, other income fell by more than half to CHF 11.2 million (2007: CHF 23.3 million).

Systematic and forward-looking expansion of the CRM teams

During 2008 Bank Sarasin appointed another 122 highly qualified client relationship managers as planned. Over the full year the number of CRMs in the private clients business increased by 46% to 371. In the institutional clients business, the teams were expanded by 12% to 45 CRMs. Around two thirds of the new CRMs did not start work with Bank Sarasin until the second half of 2008. It is therefore likely that the acquisition strength of the new CRMs will continue to boost the pace of growth in the Sarasin Group during 2009. The biggest rise in absolute terms has been recorded in our Swiss locations, with 69 new CRMs. 26 new CRMs were appointed in Asia and the Middle East. At Sarasin's European locations another 27 CRMs were added – more than doubling the figure at the start of the year.

Growth strategy has cost repercussions in FY 2008

In 2008 the headcount rose 31% from 1,170 to 1,537 employees, with 137 of them employed with Bank Zweiplus. Despite this rapid growth of the workforce, adjusted personnel costs only showed a moderate 5% rise to CHF 324.2 million. This is partly down to the lower bonuses paid over the course of the year on the back of a weaker business performance, and partly because the appointment of new staff was spread across the entire year. The increase in general administrative expenses was higher by comparison: the opening of new locations pushed up infrastructure costs significantly. The cost of expanding existing locations and stepping up our marketing efforts inflated general administrative expenses as well. At the same time the bank has successfully completed a series of forward-looking investment projects in the areas of brand development and information technology. As service provider to Bank Zweiplus, the result for the first half of 2008 was also burdened by one-off general administrative expenses in the areas of IT and logistics, which will be offset by future cost savings provided by lower unit costs in the back office. Overall, operating expenses increased 11% to CHF 464.7 million on an adjusted basis (2007: CHF 417.1 million). Our average adjusted operating cost per employee dropped by 6% to CHF 343,300 mainly as a result of lower payments for variable salary components. Depreciation on plant and equipment and amortisation increased by 22% to CHF 23.6 million during the reporting period. Following the collapse of the investment bank Lehman Brothers and the nationalisation of the Icelandic banks, one-off value adjustments were made to the amounts due from banks amounting to CHF 73.7 million (CHF 58.2 million after tax). After adjustments for these one-off effects, the total figure for value adjustments, provisions and losses only rose to CHF 7.0 million.

Capital base still very strong

The bank's shareholders' equity was stable and stood at CHF 1.1 billion on 31 December 2008 (2007: CHF 1.2 billion). The equity ratio was slightly lower in 2008, at 9.4% (2007: 10.8%). The BIS Tier 1 ratio, defined as core capital as a percentage of risk-weighted assets, fell from 17.0% in 2007 to 14.5% at year-end 2008. This is at the upper end of the defined target corridor of 12% to 14%. Bank Sarasin can also rely on the backing of its majority shareholder Rabobank, which has the highest possible credit standing, with an AAA-rating from the world's leading credit rating agencies Moody's and Standard & Poor's.

Proposals to the General Meeting

Instead of paying the usual 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 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 whose domicile is Switzerland.

Peter E. Merian will be stepping down from the Board of Directors when his mandate ends at the AGM on 22 April 2009, but will retain his close ties with the bank in future. "On behalf of the shareholders and the entire Board of Directors, I would like to thank Peter Merian for his tireless efforts on our behalf during his 21 years of service for Bank Sarasin – more than 11 years of them as CEO," comments Christoph Ammann, Chairman of the bank's Board of Directors. 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, so that Rabobank will in future take up three of the seven seats available on Sarasin's board.

Outlook for FY 2009: focus to be intensified further

Bank Sarasin has already laid a strong foundation for its future success by proceeding with the expansion of its CRM teams in 2008. Even in the current market environment, Sarasin therefore expects to be able to continue to achieve a growth rate of 10%, by maintaining its level of net new money inflows. Given the precarious state of financial markets, however, it is difficult to predict the short- to mid-term prospects for earnings growth. 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.

The difficult market situation makes further cost-cutting measures inevitable. The members of the Executive Committee have already set an example by voluntarily waiving their bonus payments for 2008. Cost management has to be tailored to continuously changing conditions, IT projects will be deferred and business cases constantly reviewed. However, should the market continue to deteriorate, further measures to reduce personnel costs may become necessary, such as temporary salary reductions or short-time working. In 2009 Bank Sarasin will focus on a few specific growth projects, including its entry to the Austrian, Polish and Indian markets. It will also be less aggressive in its recruitment of new CRMs, but will instead make use of natural staff turnover in order to improve the quality of its CRM teams without actually increasing the CRM headcount.

Pim W. Mol

Born in 1957; Dutch citizin, lives in Haarlem, Netherlands; has a degree in macro economics from the Free University in Amsterdam and has a bachelor in business administration from the Higher Business School in Amsterdam.

Pim W. Mol started his career at Pierson, Heldring and Pierson, later Fortis MeesPierson in 1987. After various research positions in Amsterdam and Paris he became managing director of MeesPierson Securities Asia in Hong Kong in 1991. He returned to the Netherlands in 1995 where he started to work for the private bank for which he became responsible in 1999. From 2002 to 2008 he was a member of the Global Management Board of Fortis Private banking being first responsible for all on shore countries and later for all products and services world wide. In July 2008 he joined Rabobank Nederland, being responsible for private banking. He is chairman of the board of Schretlen and Co, and a member of the boards of Orbay and Iris. Pim W. Mol is also member of several boards of foundations, public institutions and of the Federation of Financial Planners.

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Sarasin – 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 19 locations in Europe, the Middle East, and Asia. By end of December 2008 it managed total client assets of CHF 69,7 billion and employed around 1,500 staff. Its majority shareholder is the AAA-rated Dutch Rabobank.

Bank Sarasin & Co. Ltd – 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), Geneva, Lugano, and Zurich. Bank Sarasin & Co. Ltd is listed on the SIX Swiss Exchange.

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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

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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 signigicant 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 signigicant shareholders	**482,349**	208,098	274,251	131,8

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Consolidated income statement

1,000 CHF	**2008 adjusted**	2008	2007 adjusted	2007
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**
of which income from investments in associates		*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

1,000 CHF	2008 adjusted	2008	2007 adjusted	2007
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 adjusted		31.12.2007 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 relationsship manager (adjusted for part-time working)	**313,6**	313,6	219,6	219,6

Asset Management, Products & Sales

1,000 CHF	2008 adjusted	2008	2007 adjusted	2007
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 adjusted		31.12.2007 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 relationsship manager (adjusted for part-time working)	**79,7**	79,7	61,0	61,0

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Business segment reporting (continued)

Bank Zweiplus

1,000 CHF	2008 adjusted	2008	2007 adjusted	2007
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 adjusted		31.12.2007 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 relationsship manager (adjusted for part-time working)	**22,7**	22,7	0	0

Corporate Center

1,000 CHF	2008 adjusted	2008	2007 adjusted	2007
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 adjusted		31.12.2007 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 relationsship manager (adjusted for part-time working)	**0**	0	13,5	13,5