

Media and analysts' conference Half Year Result 2011

Zurich, 28 July 2011
Joachim H. Straehle, CEO
Thomas A. Mueller, CFO

Sustainable Swiss Private Banking since 1841.

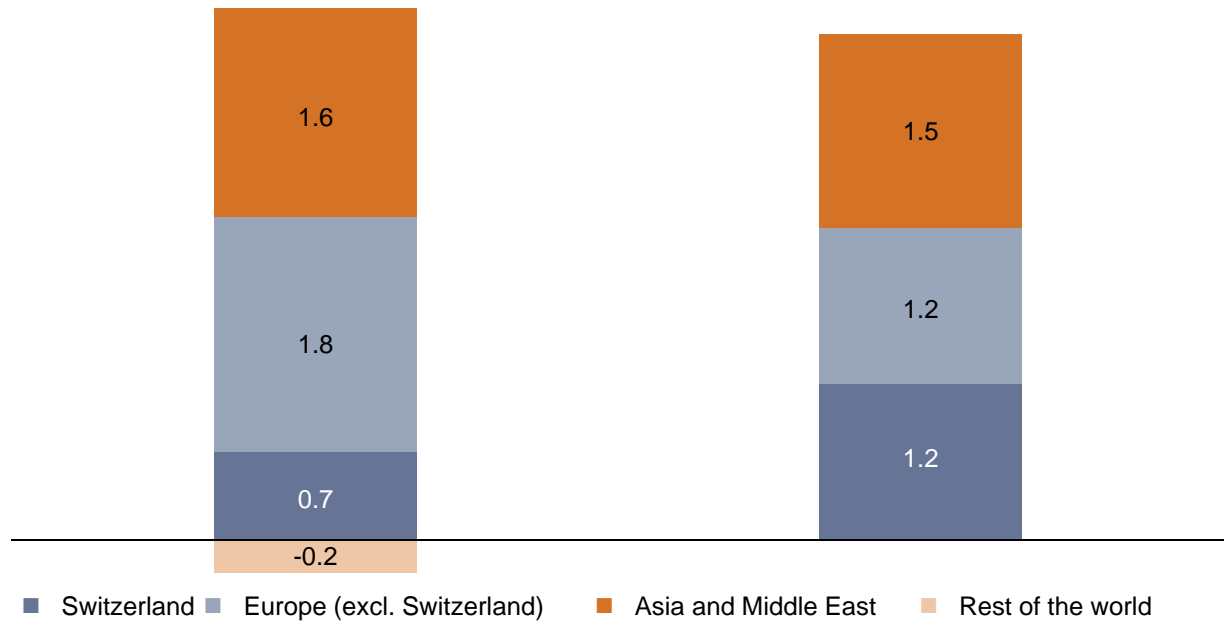
Agenda

- **Introduction**
- **Financial Results First Half Year 2011**
 - Sarasin Group
 - Segment Reporting
 - Risk and Capital Management
- **Strategic Developments and Outlook**

Net new money inflows in all regions – strong international growth in 1H 2011

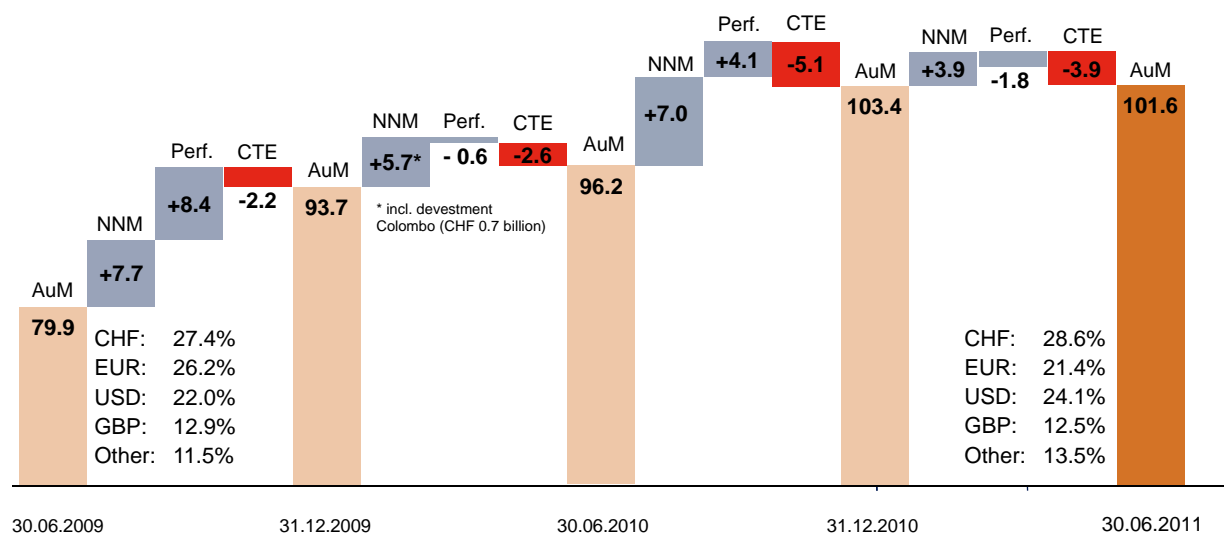
NNM by client domicile (billion CHF)

NNM by location (billion CHF)



Strong Swiss franc reduces assets under management

Assets under management (in billion CHF)



Assets under Management (AuM) / Net new money (NNM) / Market performance (Perf.) / Currency translation effects (CTE)



Half Year Result 2011 – Revenues increased despite the adverse climate

- Net new money at CHF 3.9 billion (+8% p.a.)
- Total assets under management CHF 101.6 billion
- Operating income at CHF 364.5 million (+10%)
- Investments in growth initiatives continue, with only moderate impact on costs: operating expenses rose to CHF 261.8 million (+8%)
- Group result up to CHF 67.8 million (+13%)

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Rise in the group result with stronger income in the core business

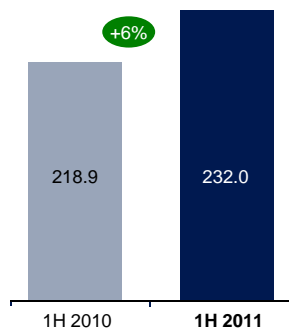
Group result climbs to CHF 67.8 million (+13%)

million CHF	1H 2011	1H 2010	+/- %
Net interest income	75.0	74.5	1
Results from commission and service fee activities	232.0	218.9	6
Results from trading operations	51.1	23.2	120
Other ordinary results	6.4	15.8	-60
Operating income	364.5	332.6	10
Personnel expenses	194.2	175.6	11
General administrative expenses	67.6	67.0	1
Operating expenses	261.8	242.6	8
Operating profit	102.7	89.9	14
Depreciation and amortisation	16.7	14.4	16
Value adjustments, provisions and losses	3.8	1.3	182
Profit before taxes	82.2	74.2	11
Taxes	14.5	14.1	2
Group result including minority interests	67.8	60.1	13

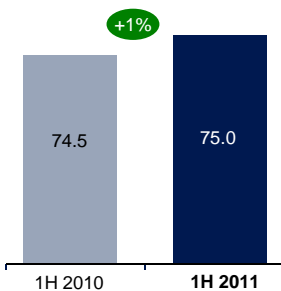
Higher operating income – income from commission up to CHF 232 million

million CHF

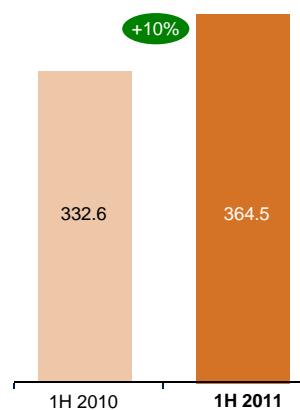
Income from commission
and service fee activities



Net interest income

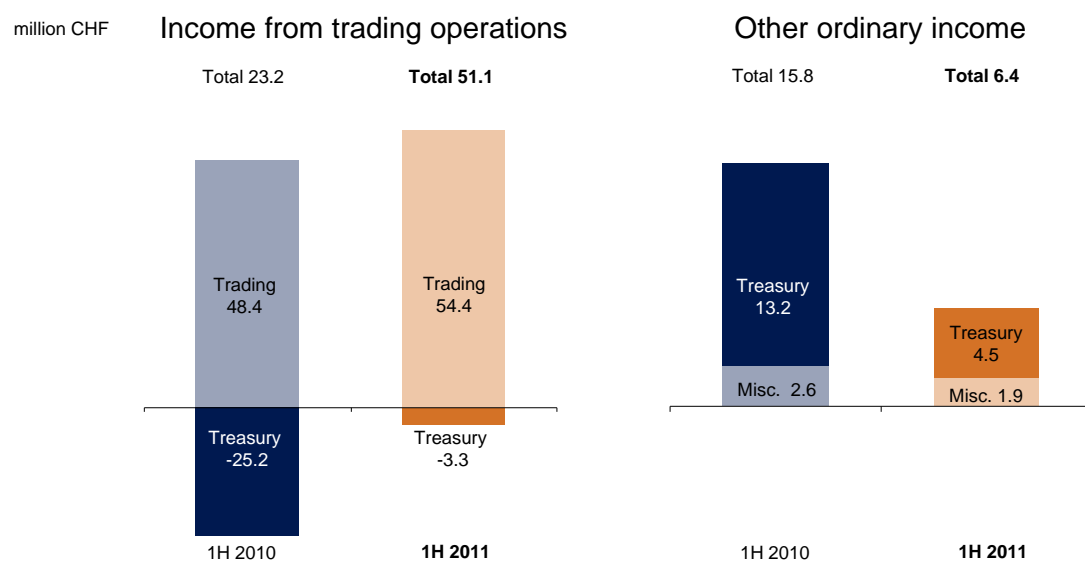


Operating income



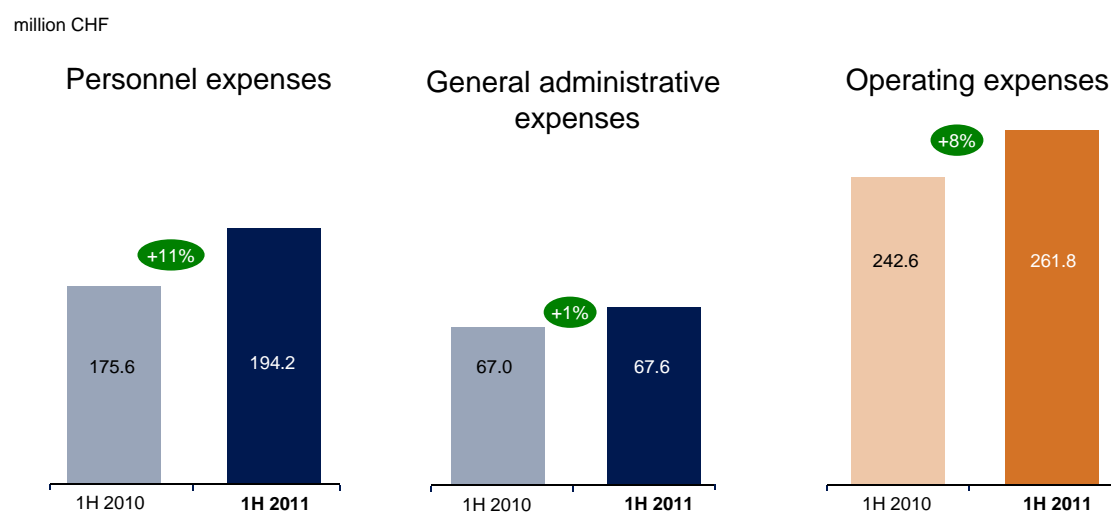
- Higher operating income thanks to bigger asset base.
- Growth constrained by exchange rate movements and market performance.
- Only modest rise in net interest income due to margin pressure.

Higher income from trading due to lower hedging costs in Treasury



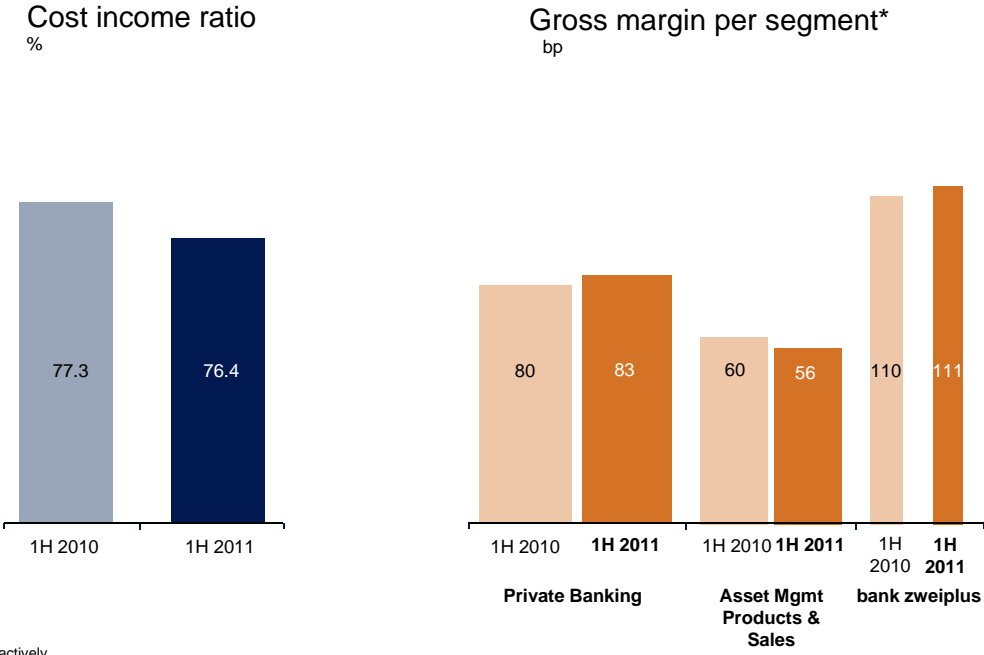
- Significantly higher income from trading operations due to lower hedging costs in Treasury.
- Income from trading operations up 12%.

Costs under control – operating expenses reflect bank's growth initiatives

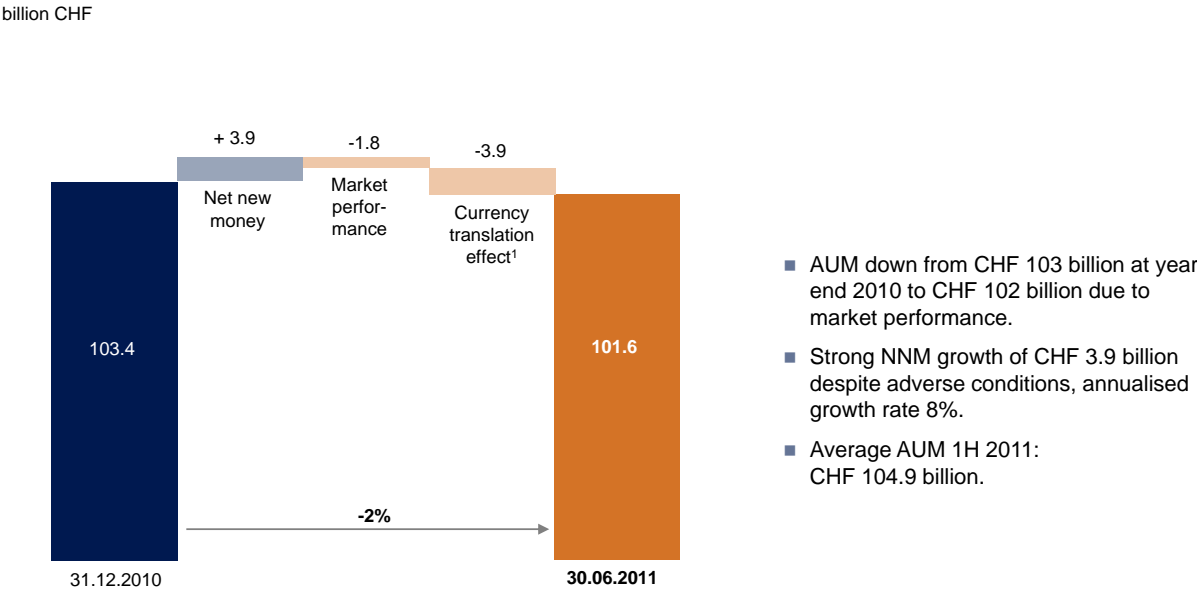


- Personnel expenses up 11% to CHF 194 million due to growth initiatives.
- General administrative expenses stable despite expansion in new locations.

Gross margin slightly higher in Private Banking – new business squeezes margins in Asset Management



Strong net new money growth of 8% keeps AUM over the CHF 100 billion mark

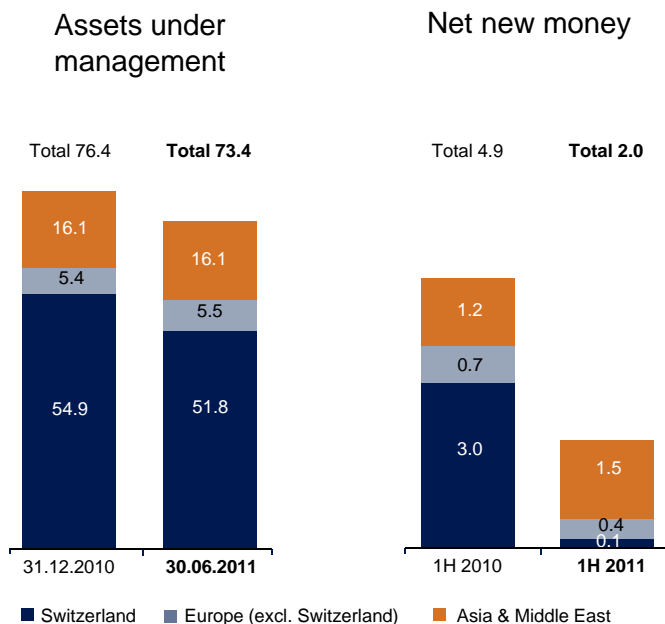


¹ these effects relate to the major currencies.



Private clients – net new money inflows down to CHF 2 billion

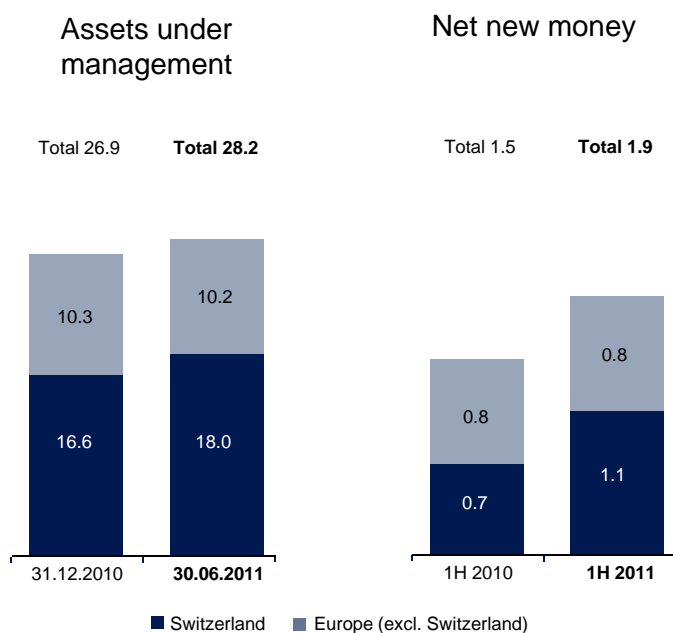
by location, billion CHF



- Locations in Asia & Middle East contribute the most NNM with CHF 1.5 billion.
- NNM growth of 27%.
- Locations in Europe posted AUM growth of 2%.

Institutional clients – AUM increase to CHF 28 billion

by location, billion CHF



- Strong product offering esp. in the area of sustainability.
- NNM growth in both markets stable and at a high level.

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Segment result Private Banking and Trading & Family Offices

Private Banking*

million CHF	1H 2011	1H 2010	+/- %
Operating income	197	180	9
Operating expenses ¹	146	143	3
Profit before taxes per segment	51	38	35
Cost income ratio (%)	73	78	
Net new money (million CHF)	2,084	3,529	
Gross margin (bp)	83	81	

- Very good segment result of CHF 51 million.
- Minimal rise in costs.
- Expansion of headcount, locations and infrastructure lays the foundation for additional growth in future.

Trading & Family Offices*

million CHF	1H 2011	1H 2010	+/- %
Operating income	43	37	15
Operating expenses ¹	26	21	28
Profit before taxes per segment	16	17	-1
Cost income ratio (%)	62	56	
Net new money (million CHF)	283	403	

- Treasury income increases.
- Good growth in business with external asset managers.

* adjusted retroactively

¹ incl. write-offs, value adjustments, provisions and losses.

Segment result

APS, bank zweiplus and Corporate Center

Asset Management, Products & Sales (APS)*

million CHF	1H 2011	1H 2010	+/- %
Operating income	93	86	9
Operating expenses ¹	59	51	16
Profit before taxes per segment	34	35	-3
Cost income ratio (%)	63	60	
Net new money (million CHF)	1,926	1,420	
Gross margin (bp)	56	60	

- Solid income growth (9%).
- Net new money growth better than last year's strong performance.

bank zweiplus*

million CHF	1H 2011	1H 2010	+/- %
Operating income	31	34	-9
Operating expenses ¹	28	26	8
Profit before taxes per segment	2	7	-70
Cost income ratio (%)	91	77	
Net new money (million CHF)	-245	-143	
Gross margin (bp)	111	110	

- Gross margin at 111 bp.
- Investments in new strategic direction.

Corporate Center*

million CHF	1H 2011	1H 2010	+/- %
Operating income	1	-4	-132
Operating expenses ¹	22	18	24
Profit before taxes per segment	-21	-22	7
Net new money (million CHF)	-113	1,196	

- Targeted expansion of central costs and slightly higher depreciation from projects.

* adjusted retroactively

¹ incl. write-offs, value adjustments, provisions and losses.

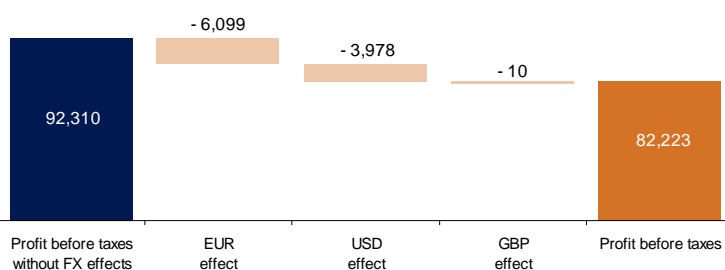


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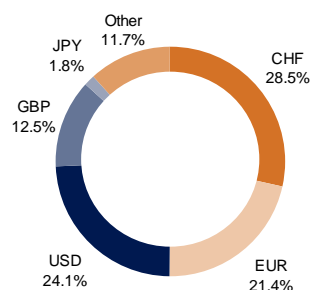
Impact of weak EUR & USD on profit before taxes comes to 11%

1,000 CHF

Currency translation effects



Client assets broken down by currency



- The strong Swiss franc had a negative impact of CHF -10.1 million on the profit before taxes (purely major currencies).
- The effect of changes in the USD and GBP exchange rate is relatively small, as the exposure on the income side is to some extent hedged by the costs incurred in these currencies (subsidiaries in the UK, Asia and ME).
- The impact of the major currencies on assets under management is in the region of CHF -3.9 billion.



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Strong balance sheet – solid refinancing and low risk profile

million CHF	Average Cash Flow Duration	Balance Sheet Value	million CHF	Average Cash Flow Duration	Balance Sheet Value
Assets			Liabilities		
Due from Banks	0.1	2,536	Due to Banks	0.1	2,576
<i>at sight</i>	<i>0.0</i>	<i>2,048</i>	<i>at sight</i>	<i>0.0</i>	<i>906</i>
<i>fixed term</i>	<i>1.0</i>	<i>270</i>	<i>fixed term</i>	<i>0.2</i>	<i>1,594</i>
<i>repo</i>	<i>0.0</i>	<i>218</i>	<i>repo</i>	<i>0.2</i>	<i>76</i>
Due from Customers	0.5	10,127	Due to Customers	0.1	12,576
<i>at sight</i>	<i>0.0</i>	<i>585</i>	<i>at sight</i>	<i>0.0</i>	<i>6,902</i>
<i>fixed term</i>	<i>0.2</i>	<i>7,175</i>	<i>fixed term</i>	<i>0.2</i>	<i>5,674</i>
<i>mortgages</i>	<i>1.3</i>	<i>2,367</i>			
Cash, Financial Investments & Money Market Papers	1.3	3,915	Own Bonds	4.5	347
<i>Cash</i>	<i>0.0</i>	<i>239</i>			
<i>Liquid bonds and money market papers</i>	<i>1.5</i>	<i>3,422</i>			
<i>Equities</i>	<i>0.1</i>	<i>140</i>			
<i>Others</i>	<i>1.0</i>	<i>113</i>			
Trading Inventory & Derivative Instruments	0.0	1,198	Trading Inventory, Derivative Instruments and Structured Products	1.4	1,255
Subtotal Assets with Duration	0.6	17,775	Subtotal Liabilities with Duration	0.3	16,753
Other Assets	n/a	464	Other Liabilities	n/a	225
			Equity	n/a	1,263
Total Assets		18,240	Total Liabilities		18,240

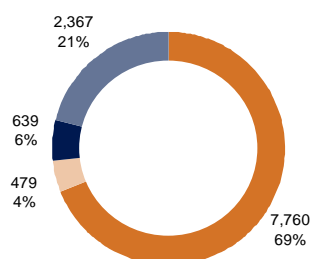
- The balance sheet shows very low liquidity and refinancing risks.
- Amounts due to customers exceed amounts due from customers by 24%.
- Duration gap closed – interest rate change risks on shareholders' equity hedged economically.

High-quality credit risks covered by excellent collateral

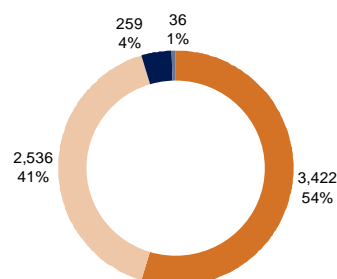
- Collateral loans
- Contingent liabilities
- Margin requirements
- Mortgages

- Bond holdings (banks, sovereigns and corporates)
- Due from banks (deposits at sight and interbank deposits)
- Other exposures vs. banks
- Net exposures from derivatives business

Amounts due from customers



Credit risk excl. amounts due from customers



- Selective growth in mortgage business with wealthy private clients.
- 69% of credit volume is made up of collateral loans.
- “Zero loss policy” with daily credit monitoring and strict liquidation processes.

- Credit risk excl. client credit reduced to CHF 6,253 million.
- Excellent quality of credit risks: over 54% of exposures with AAA or AA rating.
- Amounts due from banks stable at CHF 2,536 million.*

* of which CHF 540 million covered by top-quality sovereign bonds.

Capital adequacy still stable

	Basel II		Basel II	
	risk-weighted assets	required capital	risk-weighted assets	required capital
million CHF	30.06.2011	30.06.2011	31.12.2010	31.12.2010
Credit risk	4,096	328	3,898	312
Non-counterparty-related risk	510	41	544	43
Market risk	1,413	113	965	77
Operational risk	1,225	98	1,196	96
Total	7,244	580	6,603	528
BIS Tier 1 capital ¹	1,053		1,008	
BIS Tier 1 ratio (%) ¹	14.5		15.3	
Core capital	1,053		1,008	
Excess of required capital (%)	181.6		190.9	
Core capital (%) of total assets	5.8		5.8	

¹ BIS Tier 1 ratio according SA-CH.

- BIS Tier I ratio decreases slightly to 14.5% due to ongoing increase in the credit business and due to higher market risks.
- Excess capital reduces slightly to 182% above the legal requirement.

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Outlook

- Paradigm shift in Private Banking – alignment in process
- Strategy for avoiding non tax-compliant assets – implementation by end of year 2012 according to plan
- Future orientation of our business model and continuously improving quality as priority tasks
- Targets unchanged: continue to increase revenues – improve cost efficiency