

# Analyst's Conference Annual Results 2006 & Outlook `07

Joachim H. Straehle, CEO  
Matthias Hassels, CFO

13.03.2007



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## Agenda

- Introduction by the CEO
- Financial result 2006
  - Sarasin Group KPIs
  - IFRS financial statements 2006
  - Segment Reporting
- Outlook



## Headlines for business performance 2006

- Record operating result: after adjustment for extraordinary expenses, net profit rose 22% to CHF141 million.
- Assets under management up 15% to CHF 73.3 billion.
- Excellent net new money inflow of CHF 4.2 billion comfortably beat our own expectations (CHF 2-3 billion).
- Investment of CHF 48.1 million in our growth strategy



## Key data for business performance 2006

	2006 adjusted	2006	2005
Net profit (million CHF)	140.8	101.0	115.8
Assets under management (billion CHF)	73.3	73.3	63.5
Net-new money (million CHF)	4,165	4,165	1,118
Cost income ratio I (%) (operating expenses/operating income)	64.2	71.4	66.7
Headcount (adjusted for part-time working) <i>of which in Switzerland</i> <i>abroad</i>	1,124 750 374	1,124 750 374	1,134 756 378
BIS Tier 1 ratio (%)	19.7	18.8	23.9
Dividend per class B registered share (CHF)	90	90	90



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- Introduction by the CEO

- **Financial result 2006**

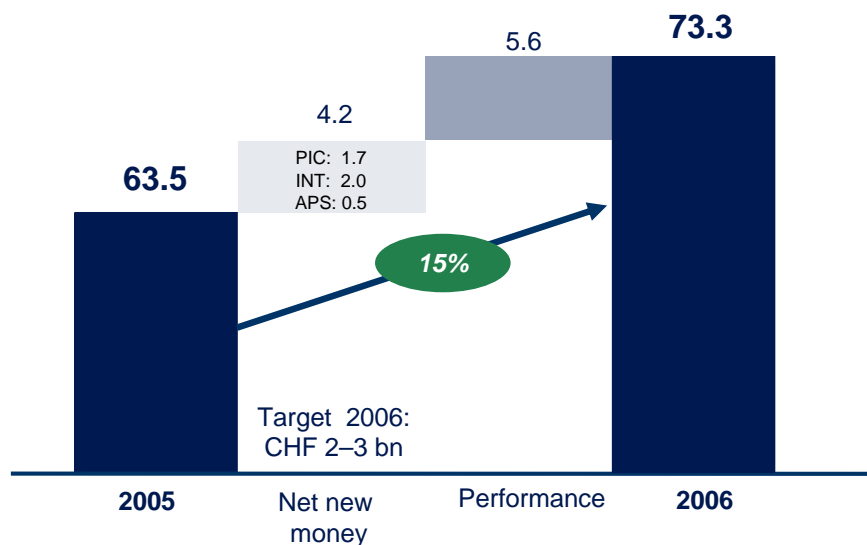
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## Assets under management up 15%

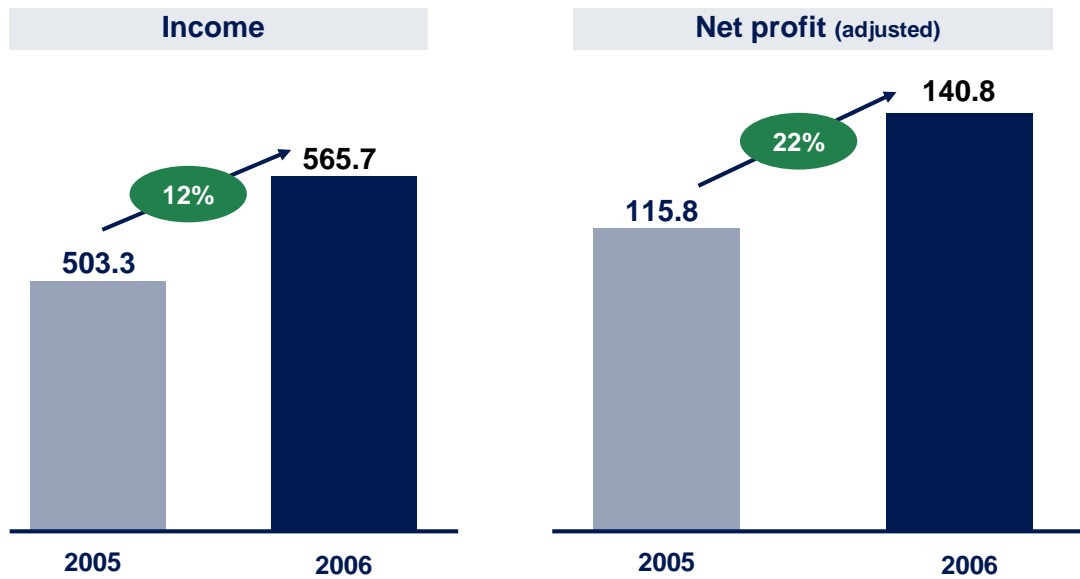
Net-new money significantly higher than our own forecasts

billion CHF



## Adjusted net profit up 22%

million CHF



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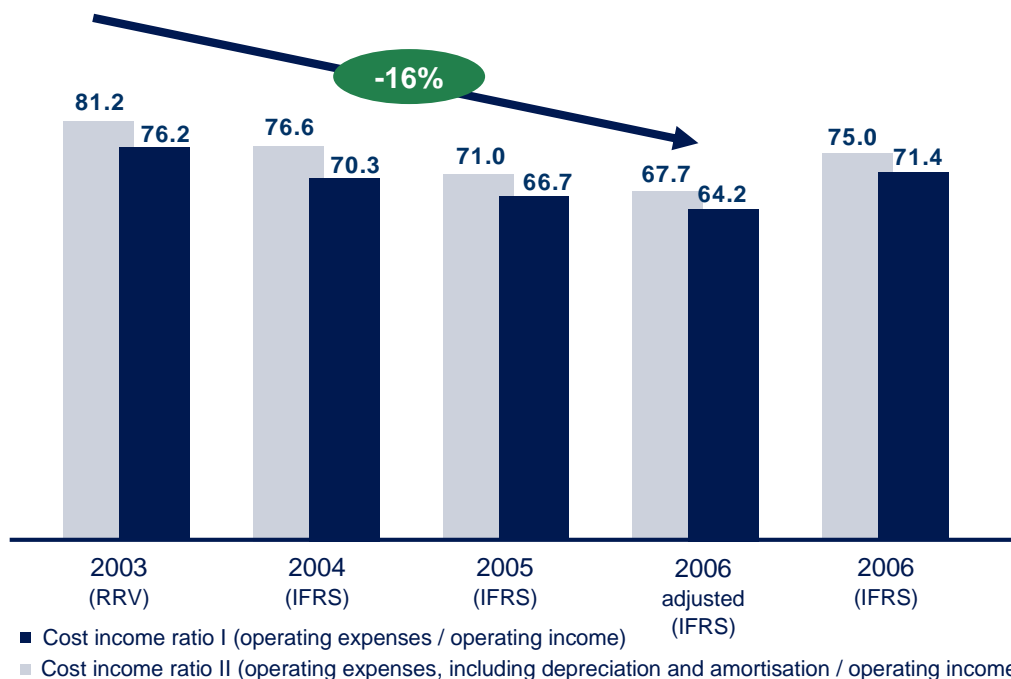
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## Strong operating result also has a positive impact on efficiency

Cost income ratio I / II in %



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## Capital base still very strong

	2006 adjusted	2006	2005
Risk-weighted assets (million CHF)	4,914	4,914	3,677
Core capital (million CHF)	969	924	879
BIS Tier I ratio (%)	19.7	18.8	23.9
Shareholders' equity per share (CHF) (after dividend)	1,735	1,670	1,585



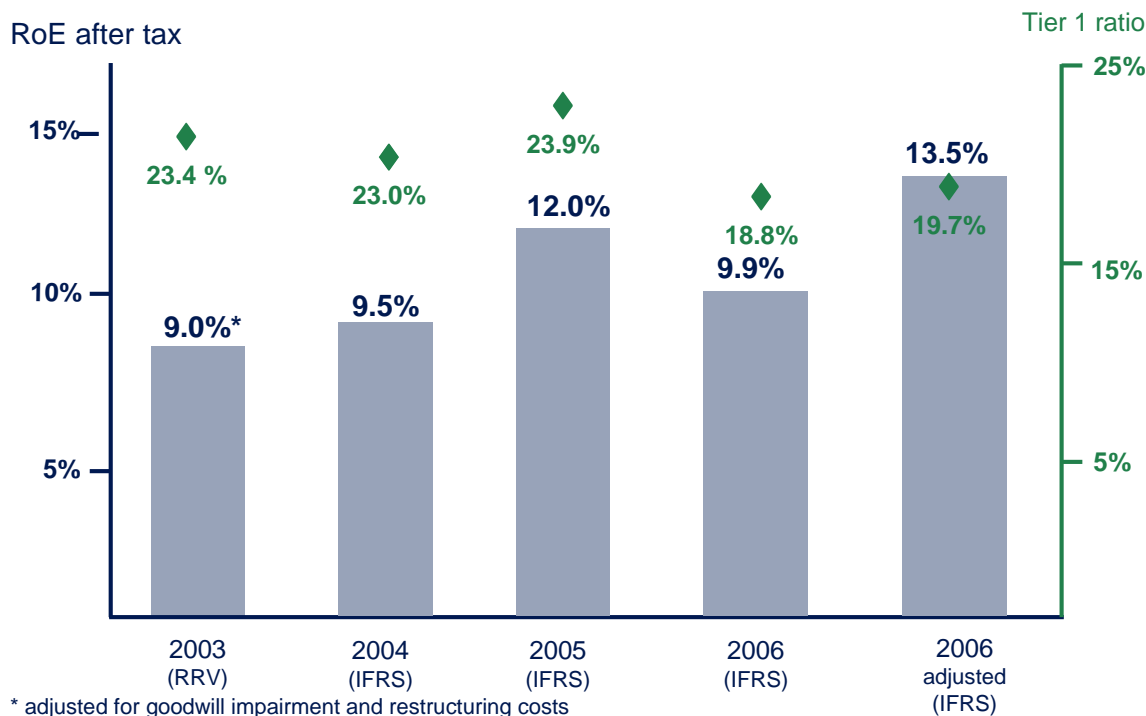
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## Return on equity (adjusted) improves to 13.5% with good capital adequacy



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## P&L 2006 at a glance

	million CHF	2006 adjusted	2006	2005	+/- %*
Operating income		565.7	565.7	503.3	12
Operating expenses		363.0	404.1	335.6	8
<b>Operating profit</b>		<b>202.7</b>	<b>161.6</b>	<b>167.7</b>	<b>21</b>
Depreciation and write-offs on property and equipment		13.2	13.2	15.4	-15
Amortisation of intangible assets		6.7	6.7	6.4	5
Value adjustments, provisions and losses		2.3	2.3	1.5	50
Provisions for restructuring		0	7.0	0	n/a
<b>Profit before taxes</b>		<b>180.5</b>	<b>132.4</b>	<b>144.3</b>	<b>25</b>
Taxes		39.7	31.4	28.5	39
<b>Net profit</b>		<b>140.8</b>	<b>101.0</b>	<b>115.8</b>	<b>22</b>

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



# Operating income

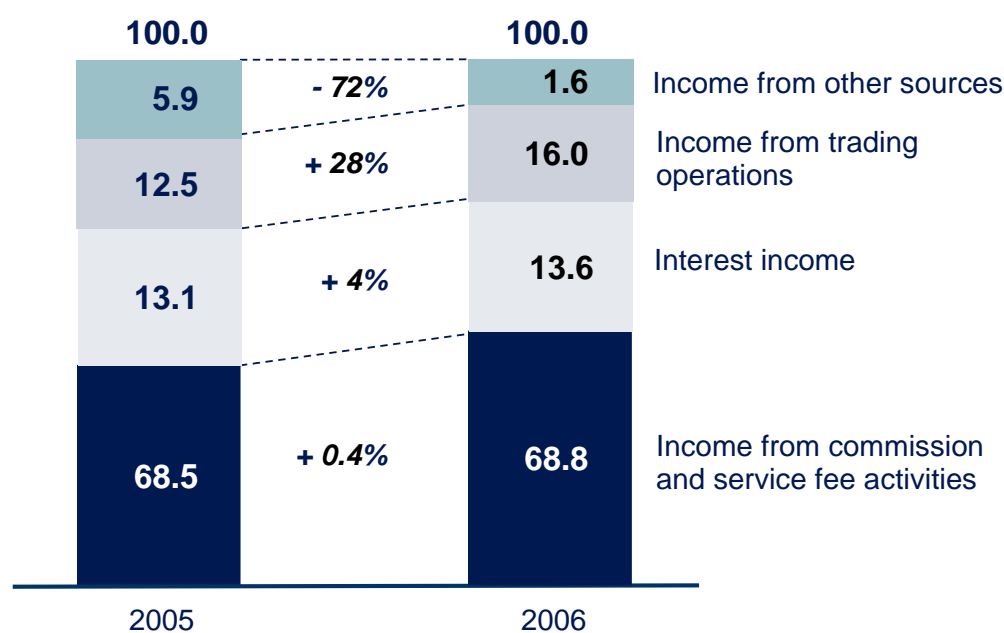
Trading benefits from expansion of structured products

million CHF	2006 adjusted	2006	2005	+/- %*
Interest income	76.9	76.9	65.8	17
Income from commission and service fee activities	389.0	389.0	344.6	13
Income from trading operations	90.5	90.5	63.1	43
Income from other sources	9.3	9.3	29.7	-69
<b>Total operating income</b>	<b>565.7</b>	<b>565.7</b>	<b>503.3</b>	<b>12</b>

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005

## Income from trading operations as a percentage of operating income experience rises proportionately

Break down of operating income, %



## Net income from commission and service fee activities

million CHF	2006 adjusted	2006	2005	+/- %*
Transaction and brokerage fees	100.6	100.6	90.9	11
Investment fund transactions	157.5	157.5	119.6	32
Advisory and management fees, securities deposit fees	165.4	165.4	157.0	5
Underwriting	2.5	2.5	3.6	-30
Other commissions	22.3	22.3	24.6	-9
<i>Less commission expenses</i>	<i>59.3</i>	<i>59.3</i>	<i>51.1</i>	<i>16</i>
<b>Net income from commission and service fee activities</b>	<b>389.0</b>	<b>389.0</b>	<b>344.6</b>	<b>13</b>

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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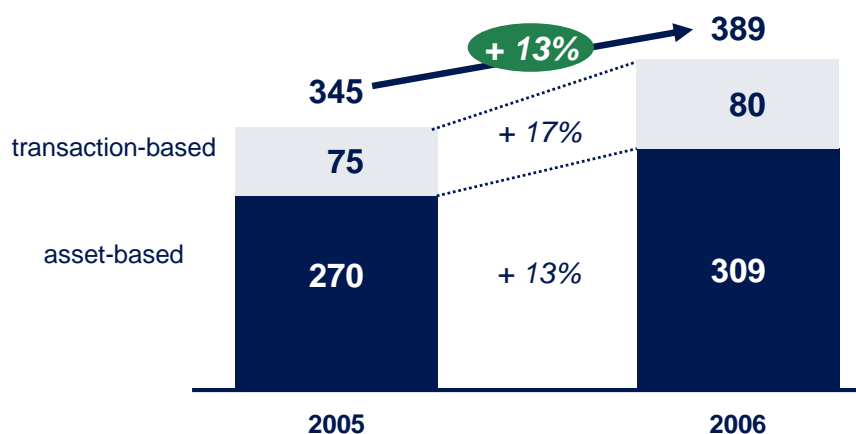
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## Transaction-based and asset-based income rose by similar amounts

million CHF



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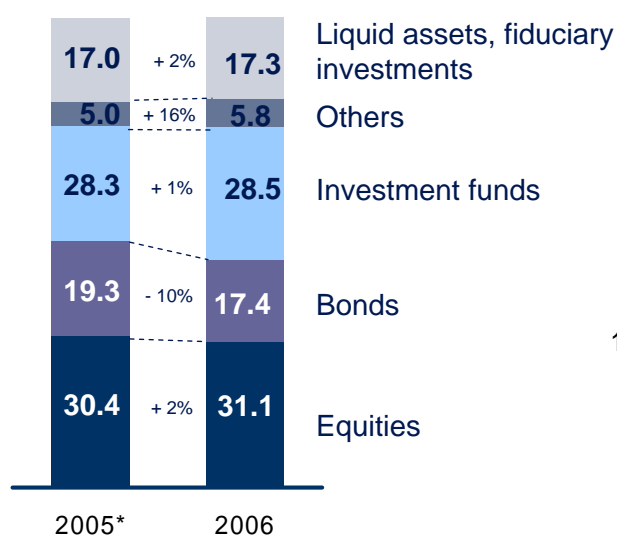
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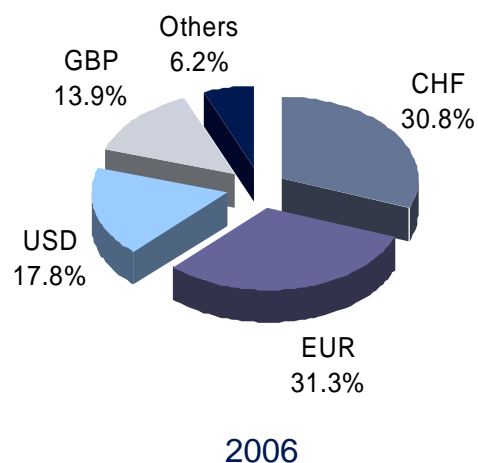
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## Breakdown of assets under management . . .

. . . by asset class



. . . by currency



\* Adjusted figures compared to 2005 annual report due to reallocation in asset classes.



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## Net income from trading operations

million CHF	2006 adjusted	2006	2005	+/- %*
Securities trading	52.9	52.9	37.1	43
Trading in foreign exchange, precious metals and bank notes	37.6	37.6	26.0	44
<b>Net income from trading operations</b>	<b>90.5</b>	<b>90.5</b>	<b>63.1</b>	<b>43</b>

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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## Defensive risk profile in trading activities

### Trading - Risk Matrix 2006

million CHF	Bonds	Stocks	FX	Commodities	Overall
Exposure as at 31.12	23.05	16.93	11.94	0.87	<b>52.79</b>
VaR as at 31.12	0.07	2.49	0.07	0.05	<b>2.68</b>
Avg.-VaR 2006	0.05	3.01	0.11	0.02	<b>3.19</b>

\*) 99%, 1 day holding period

- Cautious risk profile in own-account trading throughout the year.



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## Ordinary income from other sources

million CHF	2006 adjusted	2006	2005	+/- %*
Sale of financial investments	2.0	2.0	16.7	88
Income from participations	0.0	0.0	1.5	-100
Income from real estate	0.3	0.3	1.6	-77
Ordinary income from other sources	7.1	7.1	10.0	-29
<i>Other ordinary expenses</i>	-0.1	-0.1	-0.1	128
<b>Total ordinary income from other sources</b>	<b>9.3</b>	<b>9.3</b>	<b>29.7</b>	<b>-69</b>

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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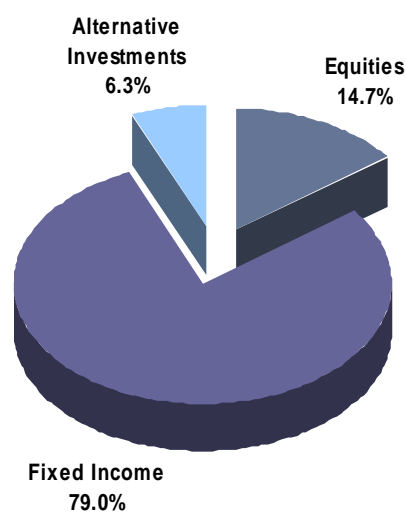
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## Ordinary income from other sources is dominated by the impact of financial investments

ALCO asset allocation by asset class, as at 31.12.2006

(million CHF):

<b>Equities</b>	<b>121</b>
<b>Fixed Income</b>	<b>650</b>
<b>Alternative Investments</b>	<b>51</b>
<b>Cash</b>	<b>0</b>
<b>Total</b>	<b>822</b>



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## Low risk exposure in ALCO positions in relation to overall volume

ALCO – Risk Matrix 2006

million CHF	Bonds	Equities	Alt. Inv.	Cash	Diversification	Total
Exposure per 31.12.	650	121	51	0	0	<b>822</b>
VaR per 31.12.	1.9	1.1	0.4	0	-0.3	<b>3.1</b>
Avg.-VaR	2.1	1.4	0.5	0	-0.9	<b>3.1</b>

\*) 99%, 1 day holding period



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## On the costs front, adjusted personnel expenses rose almost 10% due to higher bonus payments

million CHF	2006 adjusted	2006	2005	+/- %*
<b>Operating income</b>	<b>565.7</b>	<b>565.7</b>	<b>503.3</b>	<b>12</b>
Personnel expenses	259.5	297.6	237.1	10
General administrative expenses	103.5	106.5	98.5	5
<b>Operating profit</b>	<b>202.7</b>	<b>161.6</b>	<b>167.7</b>	<b>21</b>

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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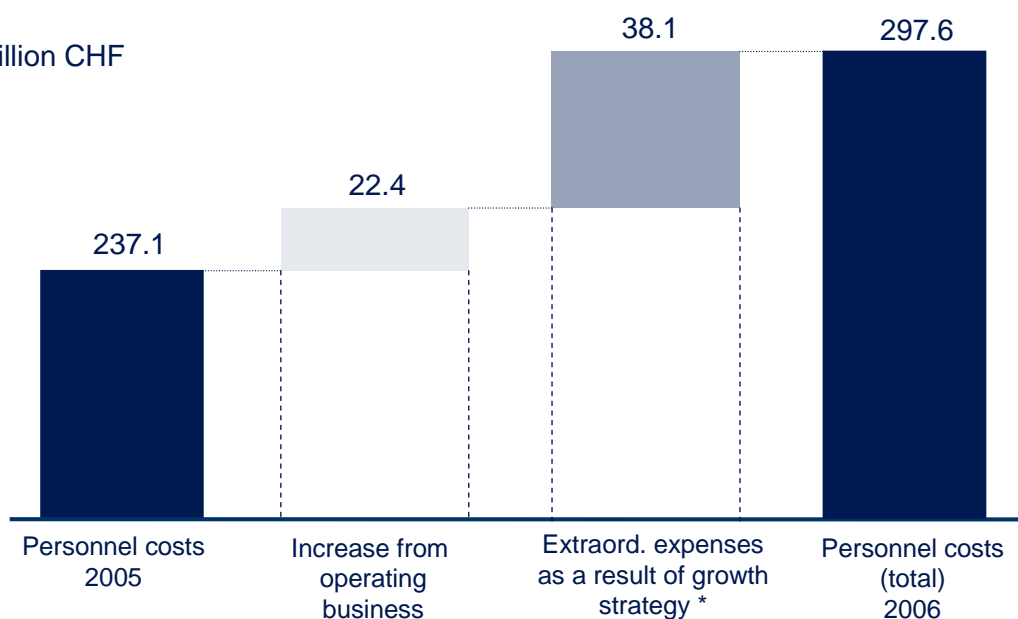
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## Extraordinary expenses mainly involve personnel costs

### Breakdown of increase in personnel expenses

million CHF



\* Extraordinary expenses includes the recruitment of key personnel in management, CRM teams, severance payments, etc.



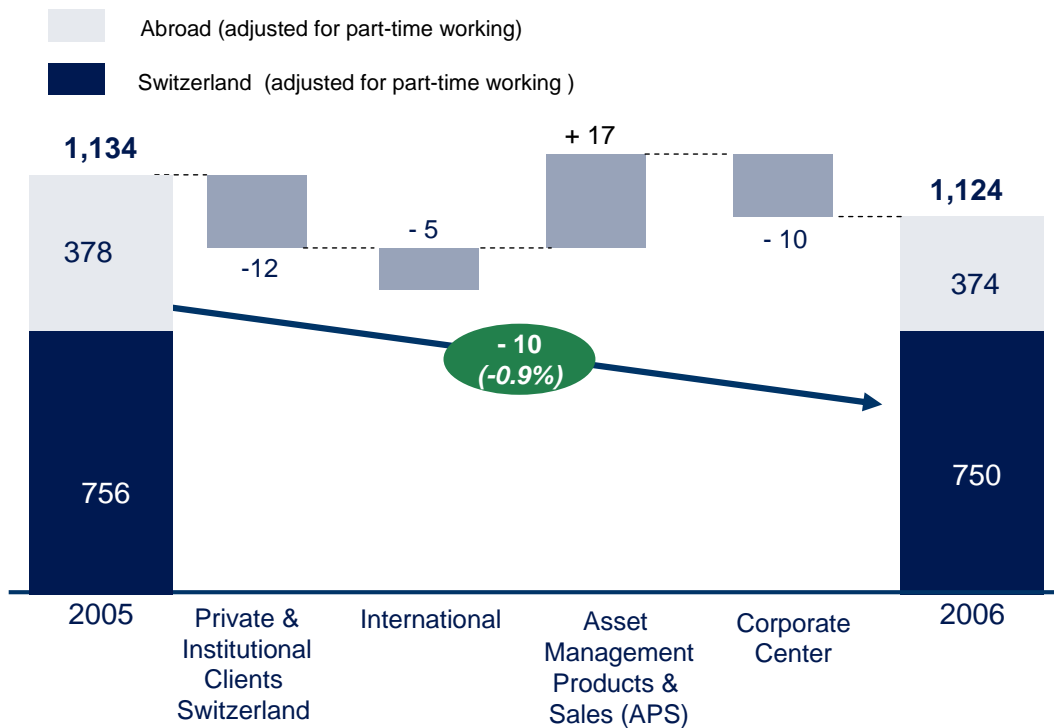
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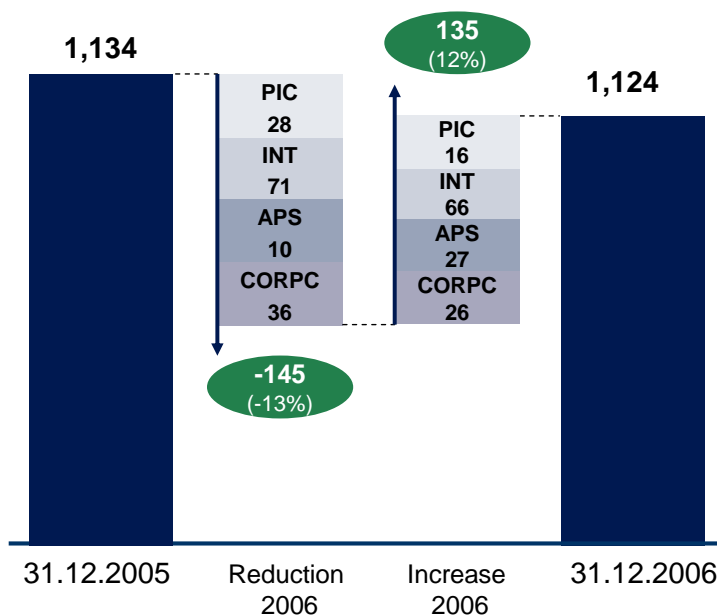
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## Headcount is actually down slightly



## Headcount virtually the same, but significant changes due to new arrivals and departures

Personnel trends – arrivals and departures (FTE)



- Total of 280 arrivals and departures in 2006 (gross fluctuation rate 25%).
- Biggest expansion was in the International division.
- Personnel reduction spread evenly over all divisions.
- The change in the personnel structure highlights the impact of the SaraChange project and the initiatives of the new management team.

## Adjusted profit before tax up 25% to CHF 181m

million CHF	2006 adjusted	2006	2005	+/- %*
<b>Operating profit</b>	<b>202.7</b>	<b>161.6</b>	<b>167.7</b>	<b>21</b>
Depreciation and write-offs on property and equipment	13.2	13.2	15.4	-15
Amortisation of intangible assets	6.7	6.7	6.4	5
Value adjustments, provisions and losses	2.3	2.3	1.5	50
Restructuring provisions	0	7.0	0	n/a
<b>Net profit before tax</b>	<b>180.5</b>	<b>132.4</b>	<b>144.3</b>	<b>25</b>

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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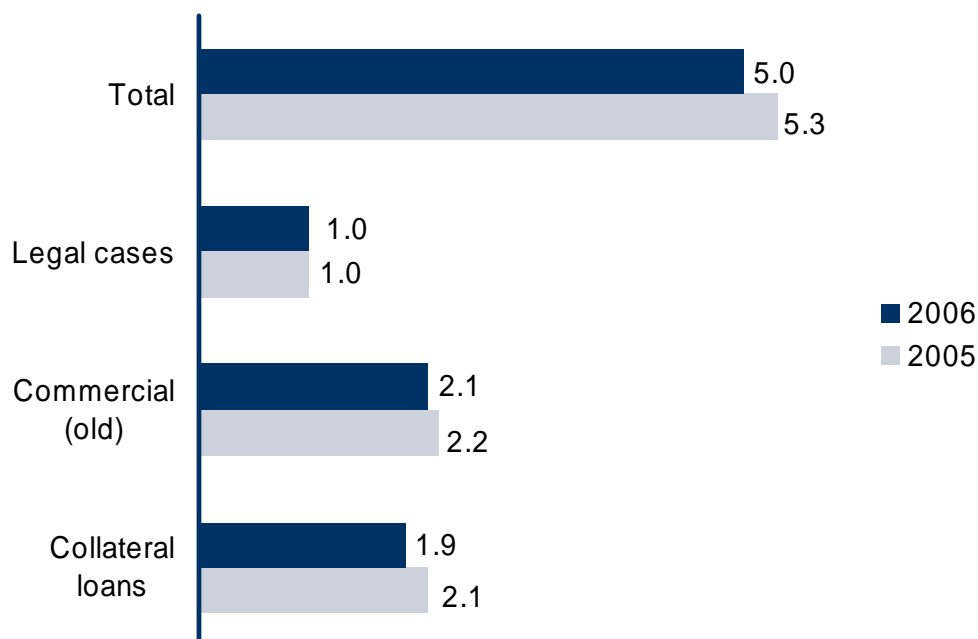
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## Still low provisioning requirement for credit risks

million CHF



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## Low credit risk rising from amount due from clients

Total exposure: CHF 2,423 million		
<b>Currency:</b>		
<i>Amount due</i>	<i>million CHF</i>	<i>in %</i>
CHF	938	39%
USD	724	30%
EUR	323	13%
JPY	251	10%
GBP	78	3%
Others	109	4%
<b>Total</b>	<b>2,423</b>	<b>100%</b>
<b>Collateral:</b>		
<i>Amount due</i>	<i>million CHF</i>	<i>in %</i>
Marketable	2,101	87%
Non-marketable	14	0%
Real estate lien	270	11%
Unsecured	52	2%
<b>Total</b>	<b>2,423</b>	<b>100%</b>



## Credit exposure to other banks shows defensive risk profile

million CHF	Exposure (1)	Limit (2)	% (1) / (2)
AAA	13	261	5%
AA+	1,738	3,284	53%
AA	1,708	2,621	65%
AA-	2,939	4,400	67%
A+	1,473	1,727	85%
A	1,220	1,599	76%
A-	0	103	0%
BBB+	0	36	0%
Internal	155	354	44%
No Rating	87	391	22%
<b>Total</b>	<b>9,333</b>	<b>14,773</b>	<b>63%</b>



## Country rating confirms relatively low risk exposure

million CHF

Rating	31.12.05	31.03.06	30.06.06	30.09.06	31.12.06
AAA	3,596 100%	3,416 100%	3,924 100%	4,355 100%	4,355 100%
AA	0 0%	3 0%	3 0%	0 0%	1 0%
A	7 0%	13 0%	10 0%	14 0%	23 0%
BAA	0 0%	0 0%	0 0%	2 0%	1 0%
BA	8 0%	6 0%	7 0%	11 0%	13 0%
B	0 0%	0 %	16 0%	0 0%	0 %
<b>Total</b>	<b>3,612</b>	<b>3,439</b>	<b>3,962</b>	<b>4,384</b>	<b>4,394</b>

- Over 99% of exposure is in countries with A-ratings (A – AAA)



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## Net profit 2006

Adjusted net profit after tax up 22%

million CHF	2006 adjusted	2006	2005	+/- %*
<b>Profit before tax</b>	<b>180.5</b>	<b>132.4</b>	<b>144.3</b>	<b>25</b>
Tax	39.7	31.4	28.5	39
<b>Net profit</b>	<b>140.8</b>	<b>101.0</b>	<b>115.8</b>	<b>22</b>

### Net profit attributable to:

Shareholders of Bank Sarasin & Co. Ltd	<b>135.7</b>	<b>96.0</b>	<b>111.8</b>
Minority interests	<b>5.1</b>	<b>5.1</b>	<b>4.1</b>

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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## Tax expenses

	million CHF	2006 adjusted	2006	2005
Income taxes		39.7	31.4	28.5
Reversal of Sarabet tax provisions no longer required				2.5
Tax provision set aside for higher value of Luxembourg subsidiary purely for tax purposes			-1.1	
Miscellaneous taxes from all group companies			-1.0	0.8
<b>Theoretical tax expenses</b>		<b>39.7</b>	<b>29.3</b>	<b>31.8</b>
Profit before tax		180.5	132.4	144.3
Theoretical tax rate		22.0	22.1	22.0



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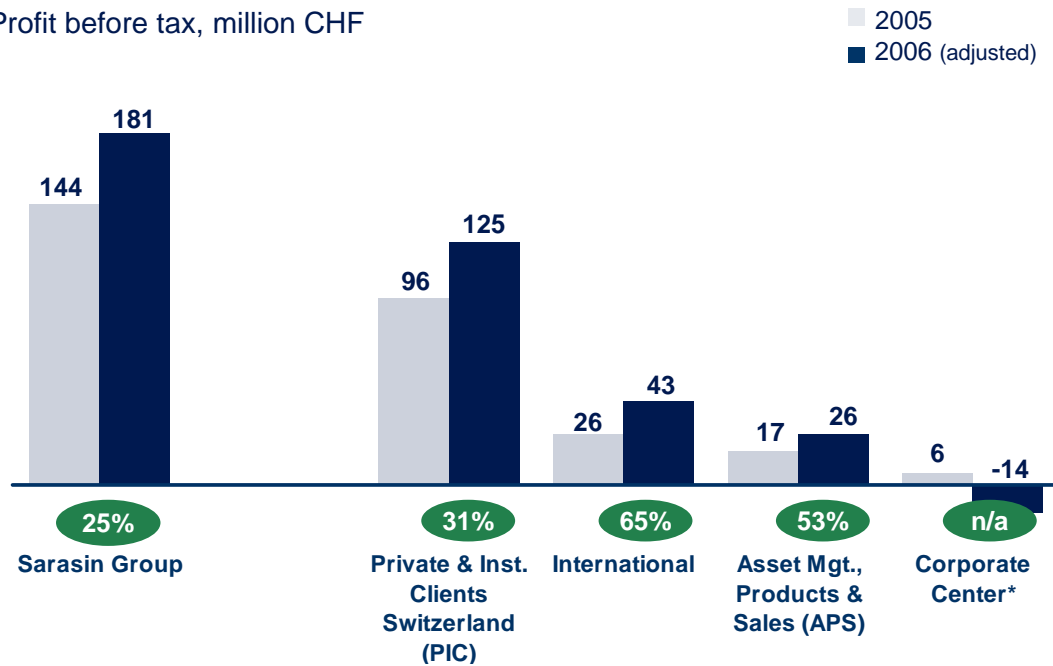
- Outlook



## Segment result reflects strong earnings growth

### Sharp increase in all operating units

Profit before tax, million CHF



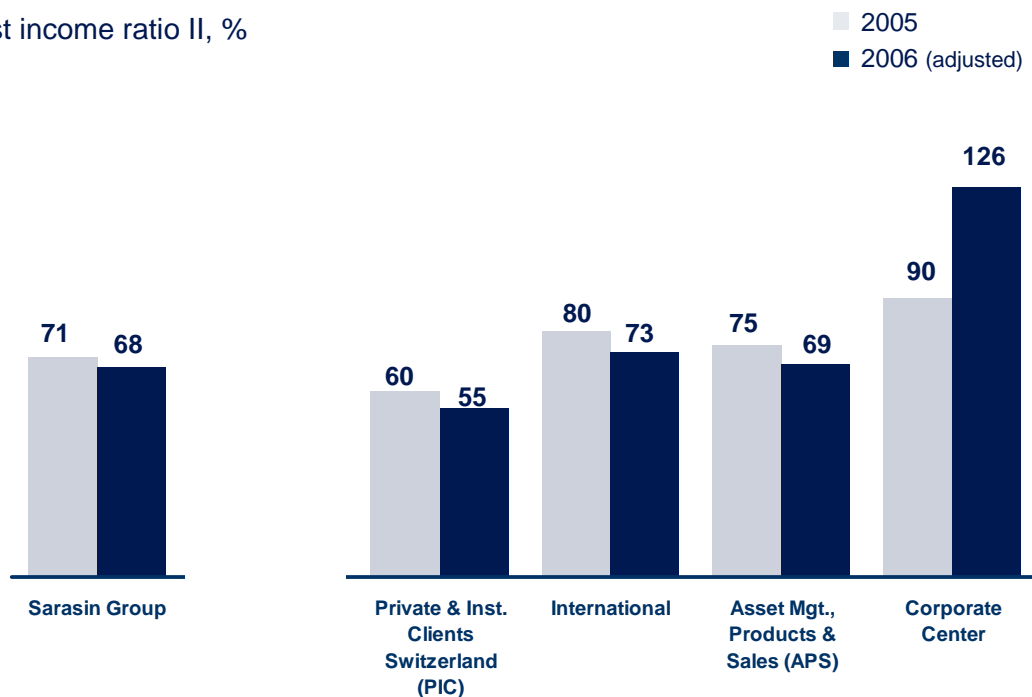
\* in 2005 CORPC benefited from one-off gain realised on financial investments (CHF 16 m) and reversal of provisions (CHF 5 m).



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## Cost income ratio

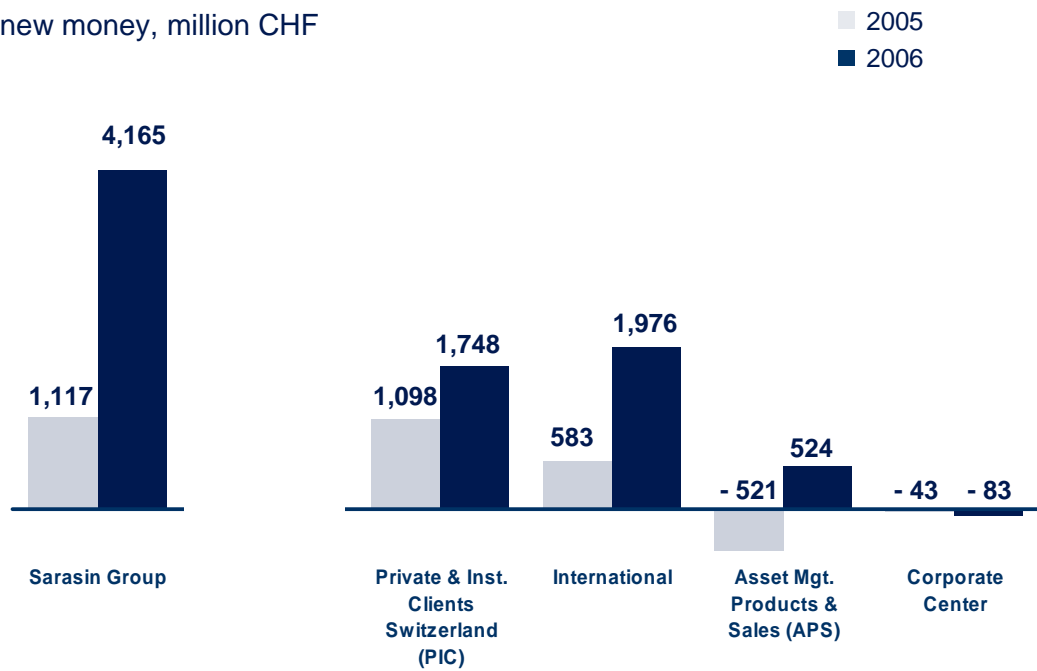
Cost income ratio II, %



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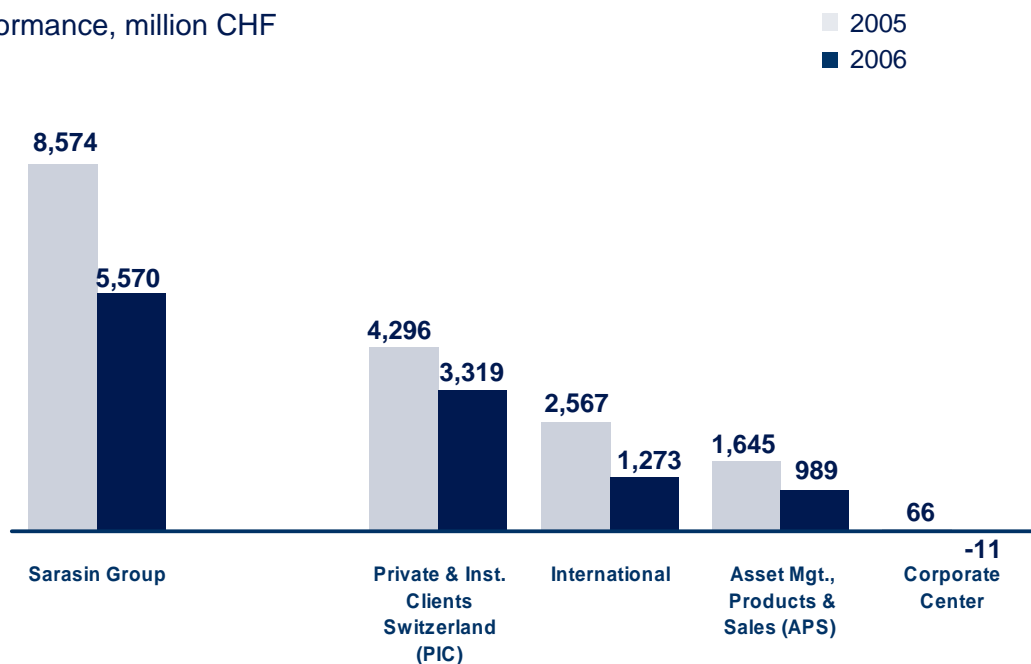
# Good acquisition performance in client business

Net new money, million CHF



# Performance

Performance, million CHF



## Segment result: Private & Institutional Clients (PIC) Switzerland

million CHF	2006 adjusted	2006	2005	+/- %*
Operating income	277	277	239	16
Operating expenses	147	147	137	7
Operating profit	130	130	101	28
Depreciation & write-offs	4	4	6	-23
Value adjustments, provisions and losses	1	1	0	n/a
<b>Segment result</b>	<b>125</b>	<b>125</b>	<b>96</b>	<b>31</b>
Cost income ratio II (%)	55	55	60	-8
Adjusted headcount	476.8	476.8	458.5	4
Assets under management	39,552	39,552	35,551	11
Net new money	1,748	1,748	1,098	59
Performance	3,319	3,319	4,296	-23
Gross margin (bp)	74	74	73	1

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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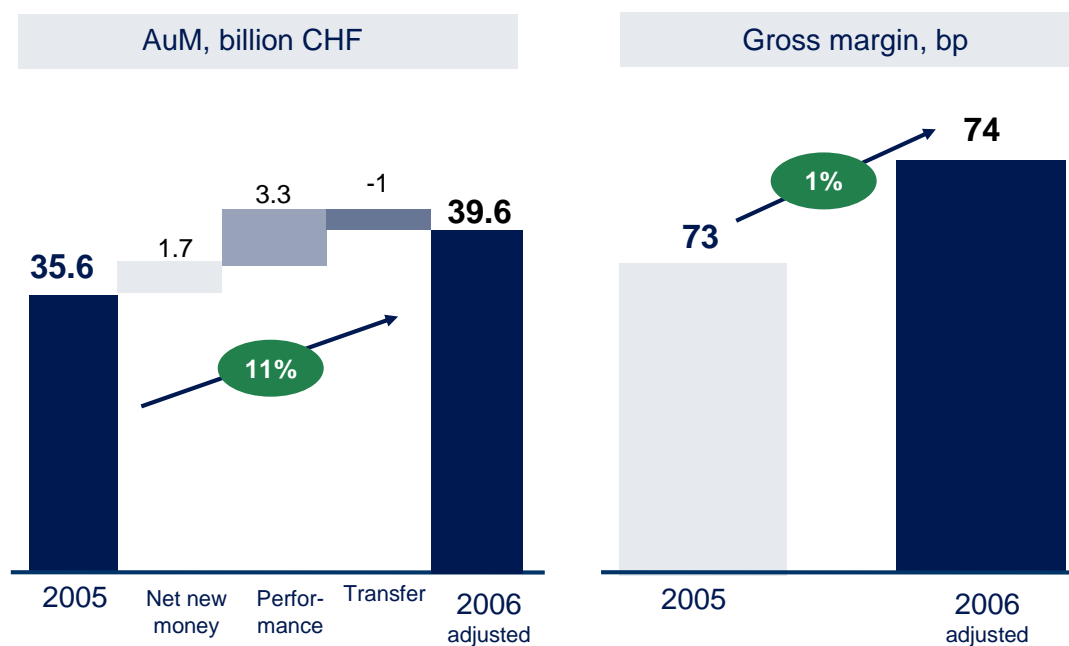
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## Modest increase in AuM and marked improvement in gross margin

Private & Institutional Clients (PIC) Switzerland



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## Business units in the segment PIC Switzerland

		million CHF	2006 adjusted	2006	2005	+/- %*
<b>Private Clients Switzerland</b>	Operating income		237	237	204	16
	Operating expenses (incl. write-offs)		128	128	118	9
	<b>Segment result</b>		<b>109</b>	<b>109</b>	<b>86</b>	<b>27</b>
	Cost income ratio II (%)		54	54	58	-7
	Gross margin (bp)		88	88	86	2
<b>Institutional Clients Switzerland</b>	Operating income		40	40	35	14
	Operating expenses (incl. write-offs)		24	24	25	-4
	<b>Segment result</b>		<b>16</b>	<b>16</b>	<b>10</b>	<b>65</b>
	Cost income ratio II (%)		60	60	72	-17
	Gross margin (bp)		38	38	38	0

<sup>1</sup> incl. Value adjustments, provisions and losses

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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## Segment result: International

	million CHF	2006 adjusted	2006	2005	+/- %*
Operating income		155	155	132	18
Operating expenses		107	107	100	7
Operating profit		48	48	32	49
Depreciation & write-offs		5	5	5	-2
Value adjustments, provisions and losses		0	7	1	0
<b>Segment result</b>		<b>43</b>	<b>36</b>	<b>26</b>	<b>65</b>
Cost income ratio II (%)		73	73	80	-9
Adjusted headcount		373.0	373.0	384.9	-3
Assets under management		21,685	21,685	18,048	20
Net new money		1,976	1,976	583	239
Performance		1,273	1,273	2,567	-50
Gross margin (bp)		78	78	80	-3

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



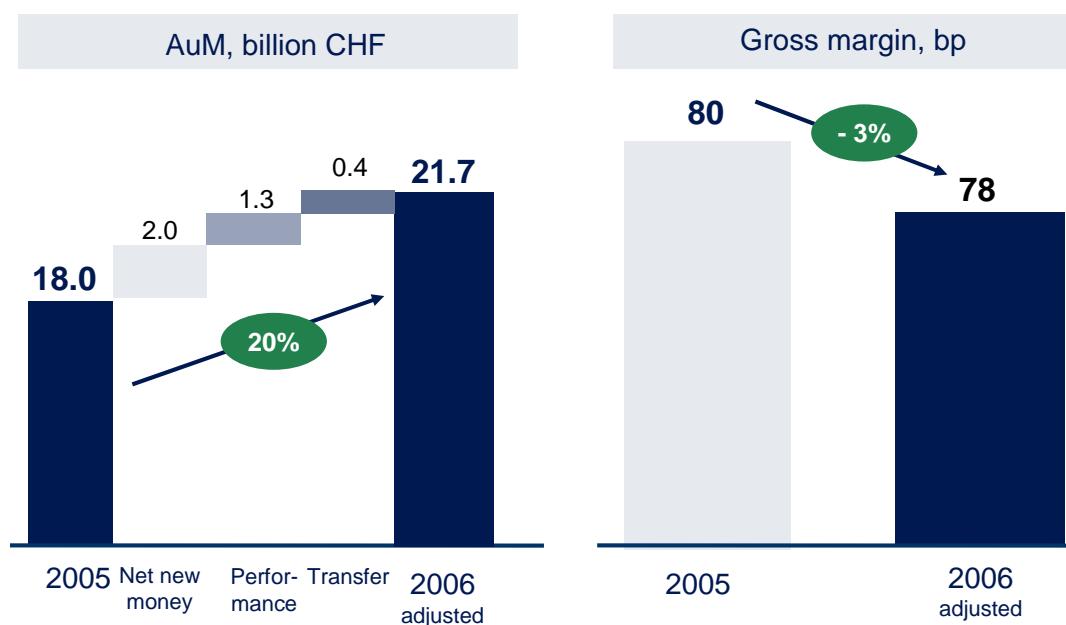
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# Strong asset growth leads to slight fall in margins

## Segment International



## Business units in the segment International

		million CHF	2006 adjusted	2006	2005	+/- %*
<b>Private Clients International</b>	Operating income		102	102	89	14
	Operating expenses (incl. write-offs)		81	88	75	17
	<b>Segment result</b>		<b>21</b>	<b>14</b>	<b>14</b>	<b>54</b>
	Cost income ratio II (%)		79	79	84	-6
	Gross margin (bp)		86	86	87	-1
<b>Institutional Clients International</b>	Operating income		53	53	43	24
	Operating expenses (incl. write-offs)		31	31	31	3
	<b>Segment result</b>		<b>22</b>	<b>22</b>	<b>12</b>	<b>78</b>
	Cost income ratio II (%)		59	59	72	-18
	Gross margin (bp)		67	67	69	-3

<sup>1</sup> incl. Value adjustments, provisions and losses

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005

## Segment result: Asset Management, Products & Sales (APS)

million CHF	2006 adjusted	2006	2005	+/- %*
Operating income	87	87	69	26
Operating expenses	57	57	49	18
Operating profit	30	30	20	46
Depreciation & write-offs	3	3	3	-17
Value adjustments, provisions and losses	1	1	0	n/a
<b>Segment result</b>	<b>26</b>	<b>26</b>	<b>17</b>	<b>53</b>
Cost income ratio II (%)	69	69	75	-8
Adjusted headcount	169.3	169.3	167.6	1
Assets under management	11,888	11,888	9,656	23
Net new money	524	524	-521	201
Performance	989	989	1,645	-40
Gross margin (bp)	81	81	76	7

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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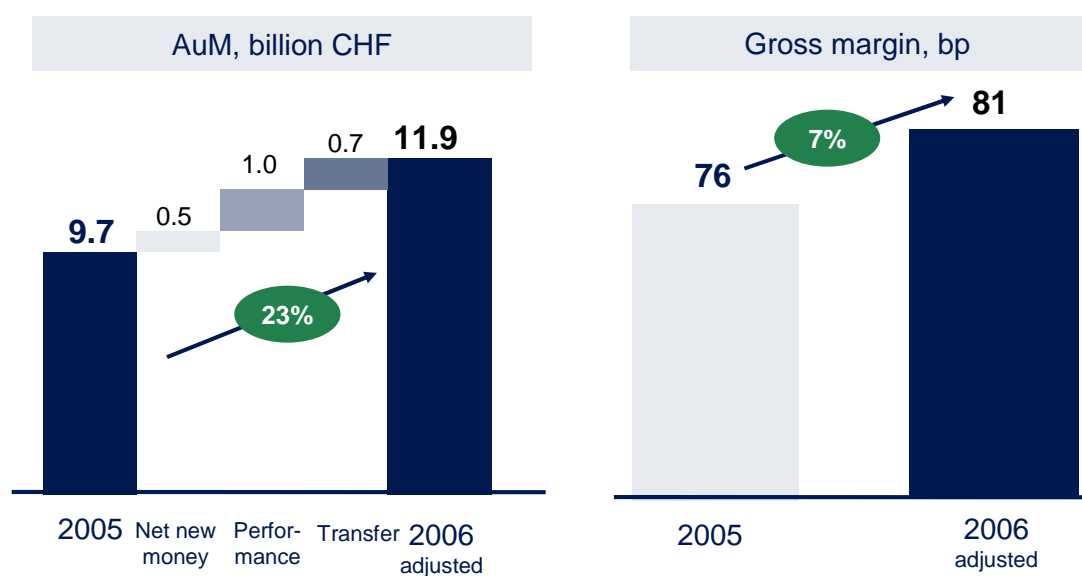
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## Increase in AuM and gross margin

Asset Management, Products & Sales (APS)



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## Segment result: Corporate Center

	million CHF	2006 adjusted	2006	2005	+/- %*
Operating income		47	47	64	-26
Operating expenses		51	93	50	3
Operating profit		-4	-46	14	-131
Depreciation & write-offs		8	8	8	-1
Value adjustments, provisions and losses		1	1	1	163
<b>Segment result</b>		<b>-14</b>	<b>-55</b>	<b>6</b>	<b>-340</b>
Cost income ratio II (%)		126	213	90	40
Adjusted headcount		104.6	104.6	123.2	-15

\* Percentage change calculated on comparison of 2006 adjusted figures and 2005



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## Agenda

- Introduction by the CEO
- Financial result 2006
  - Sarasin Group KPIs
  - IFRS financial statements 2006
  - Segment Reporting
- **Outlook**



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## Strategy for growth: Success factors

### Markets/Clients:

- Positioning as high quality Swiss Private Bank
- Focus on off-shore clients
- Maintaining and growing Swiss Business

### Management:

- Built up of new high quality management
- Sarasin culture
- Teamwork across cultures and markets



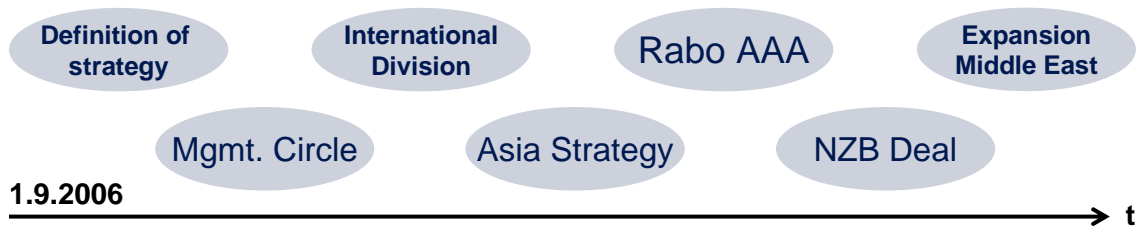
## Strategy for growth: Ambitions 2010

	2006	2010	% p.a.
AUM	CHF 73.3 bn	CHF 100.0 bn	+ 9.5
Gross margin	83 bps	> 90 bps	
Cost income ratio I*	64.2%	< 60%	

\* adjusted



## Strategy for growth: Steps accomplished since September 2006



### Asia

- Aggressive growth plan for Asia in place
- Hiring of additional, high caliber teams started successfully

### Mgmt Team

- New Head of International joined bank Dec. 1st 2006
- New management team appointed for Asia
- New strong three-man team for private banking operations in Switzerland

### Products

- International strengthening of Product unit and expansion of wholesale business
- New Head of APS Division to join Sarasin in Q2 2007

### Luxembourg

- Aggressive restructuring plan announced in July and implemented till October 2006

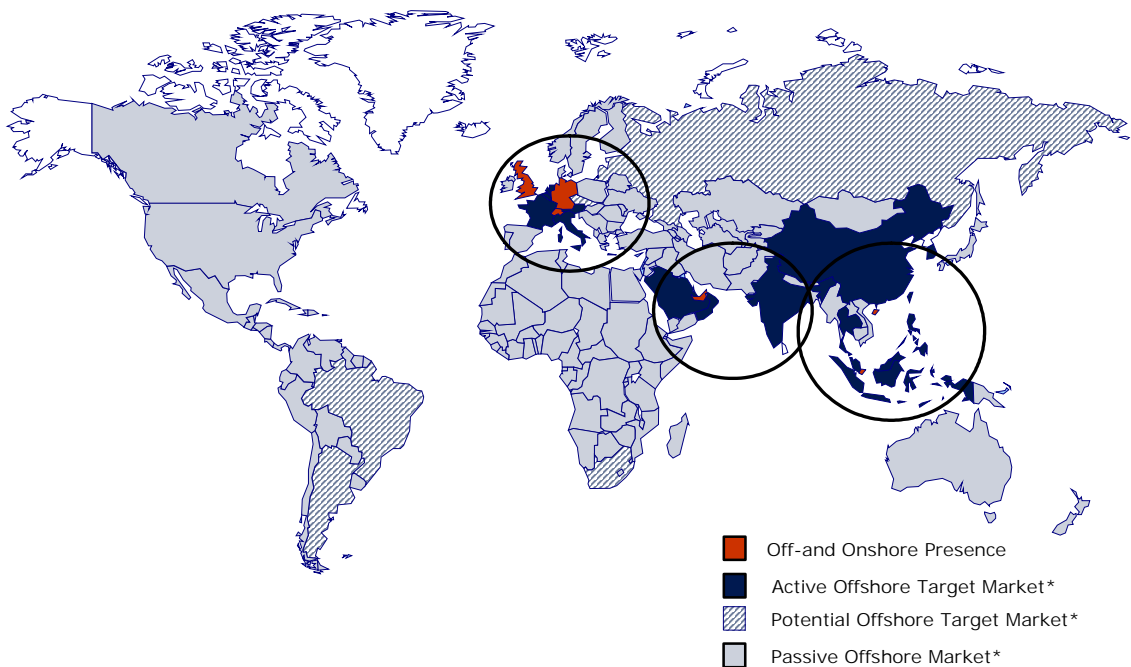


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## Strategy for growth: Active offshoring in high growth markets



\* Definition: Active depends on market size & growth, legal issues and existing client base



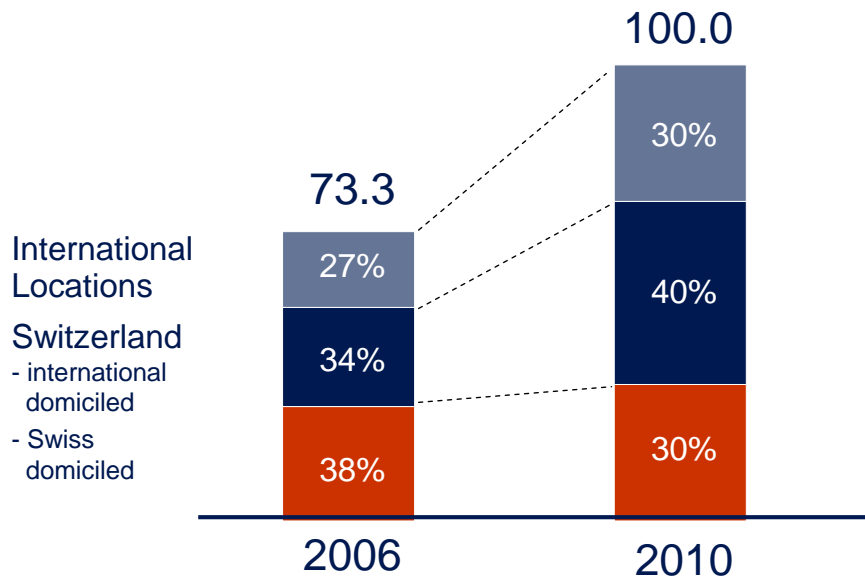
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## Strategy for growth: International expansion in Switzerland and abroad

Assets under Management, CHF billion



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## Strategy for growth: Approach will be adapted to local market conditions

### Approach

### Possible measures and examples

<b>Organic growth</b>	<ul style="list-style-type: none"> <li>• Increased "share of wallet"</li> <li>• Referral-based acquisition</li> <li>• Datamining of existing client base</li> </ul>
<b>Acquisition of teams/ companies</b>	<ul style="list-style-type: none"> <li>• Sign-up of new teams based on business plans</li> <li>• Acquisition of niche Wealth managers</li> </ul>
<b>Cooperation with Rabo</b>	<ul style="list-style-type: none"> <li>• Cross-Selling of Products</li> <li>• Referrals of customers</li> </ul>
<b>Distribution through intermediaries</b>	<ul style="list-style-type: none"> <li>• Cooperation with lawyers, tax consultants, etc.</li> </ul>
<b>Joint ventures</b>	<ul style="list-style-type: none"> <li>• Joint venture with local providers</li> </ul>
<b>Wholesale distribution</b>	<ul style="list-style-type: none"> <li>• Sale of BSC specialities like Thematic or Sustainability Funds, Structured Products etc.</li> </ul>



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## Financial goals for 2007

Increase in net new money of 6%

Cost income ratio II down to 65%

Net profit growth of 15%



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