



Keefe, Bruyette & Woods European Financials  
Conference 2008

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Practitioners of the craft of private banking

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1.0

Overview

2.0

Performance

3.0

Outlook

- **15** banks/booking centres
- Present in **55** locations in over **30** countries
- **2,175** employees
- **629** Client Relationship Officers (CROs)
- **CHF 5.1 billion** current market capitalisation
- Focus on global private banking and asset management

# Our international footprint

An expanding global network – and local businesses run by locals



 Proximity to our clients – a key ingredient of any relationship

1.0

Overview

2.0

**Performance**

3.0

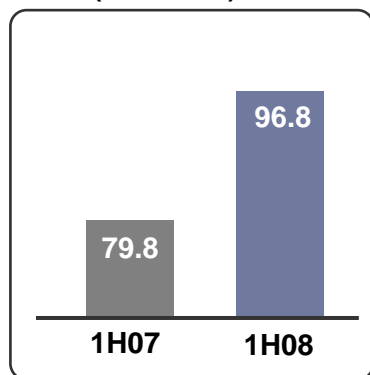
Outlook

## External factors resulted in a testing period year-to-date

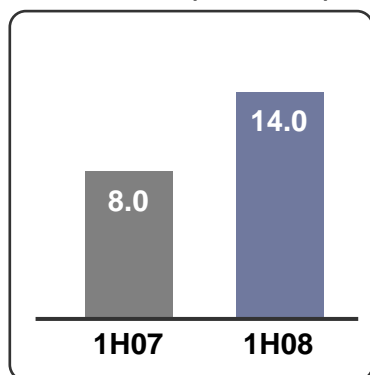
- Weak and volatile equity markets.
- Strength of the Swiss franc vs. USD / EUR / GBP / SEK.
- Continued high levels of uncertainty.
- Clients understandably cautious.
- But clients getting used to this environment
  - ➔ Willingness to take investment decisions is picking up

# Against this backdrop, a satisfactory performance

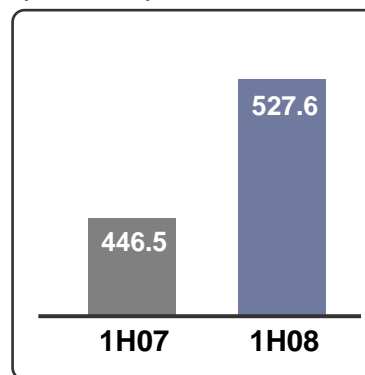
Revenue-generating  
AUM (in CHF bn)



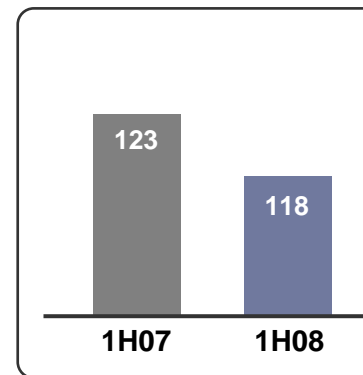
Net new assets &  
client loans (in CHF bn)



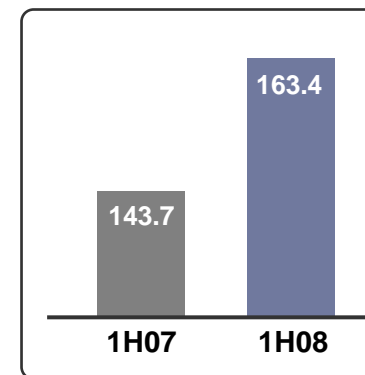
Operating income  
(in CHF m)



RoAUM  
(in bps)



Net profit attributable  
(in CHF m)

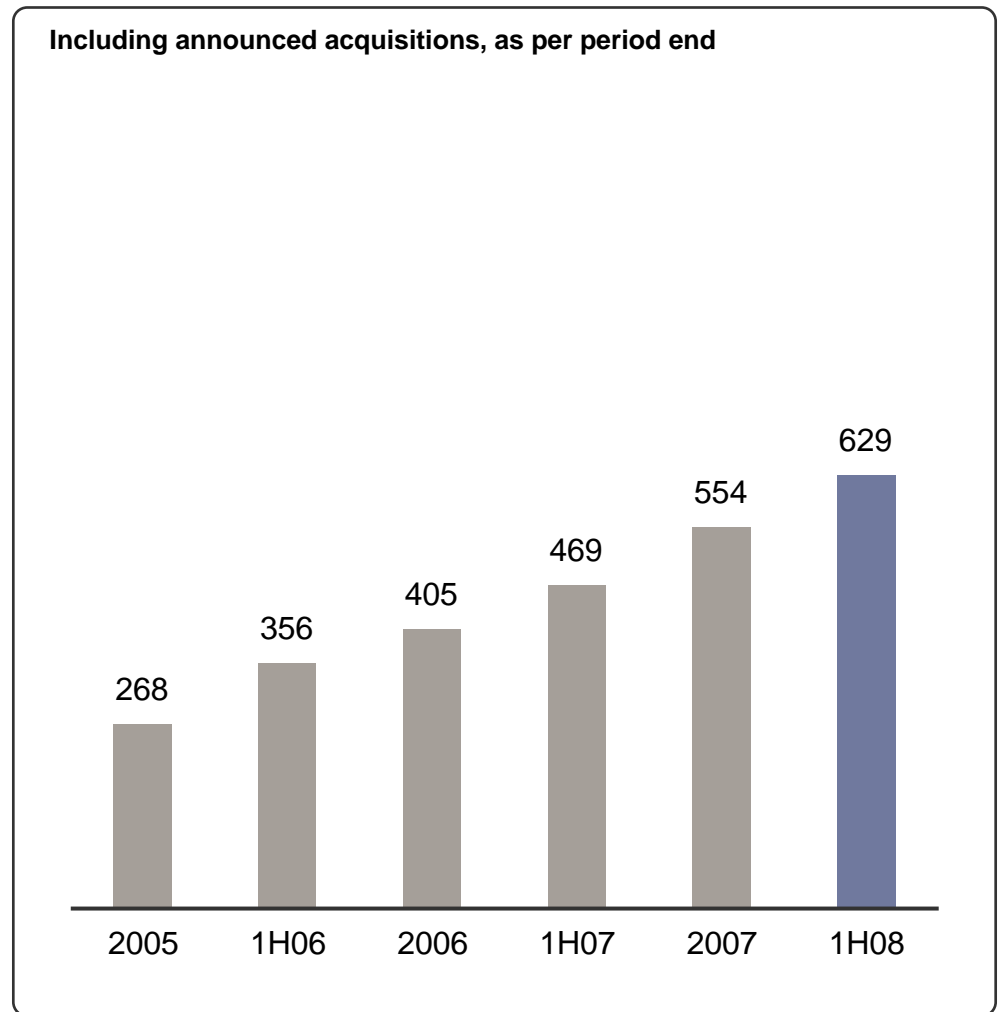
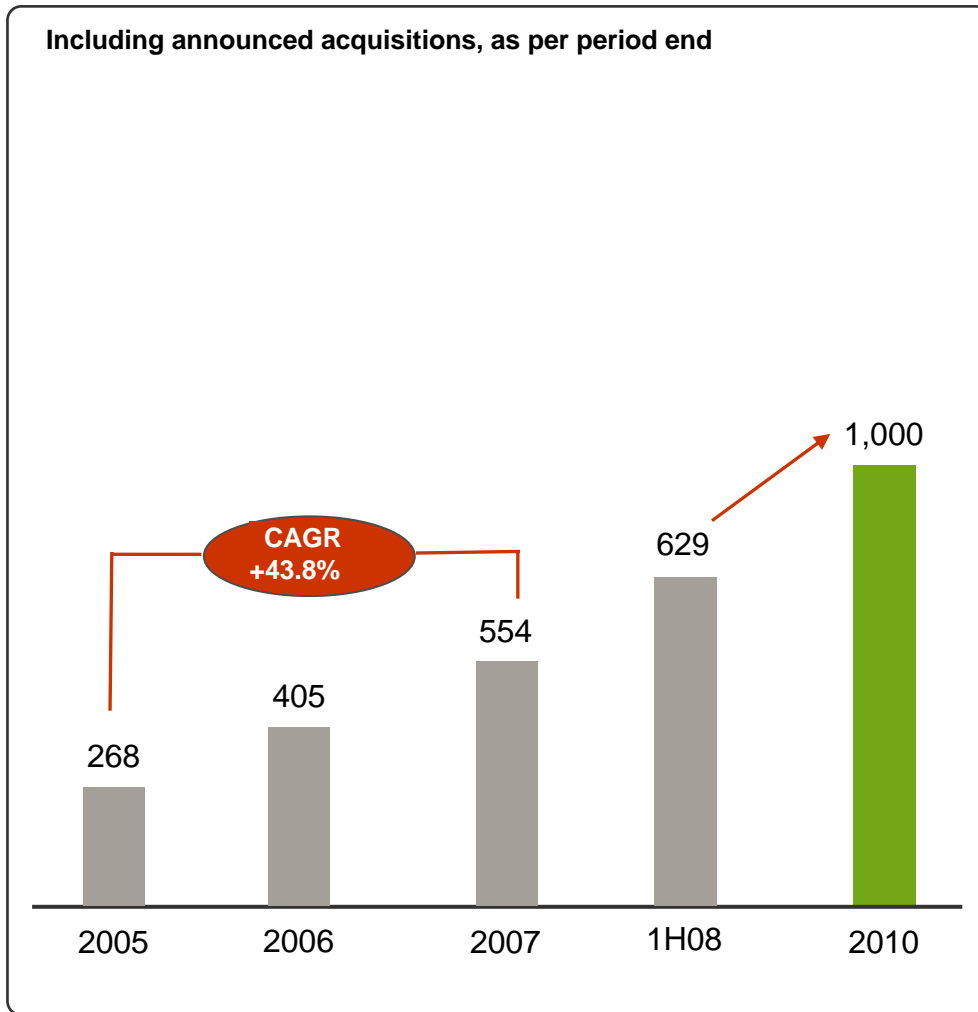


- ➔ 21% increase in Revenue-generating AUM.
- ➔ CHF 14.0 bn net new assets & increase in client loans.
- ➔ 18% increase in operating income.
- ➔ 118 bps RoAUM.
- ➔ 14% increase in net profit attributable to ordinary shareholders.



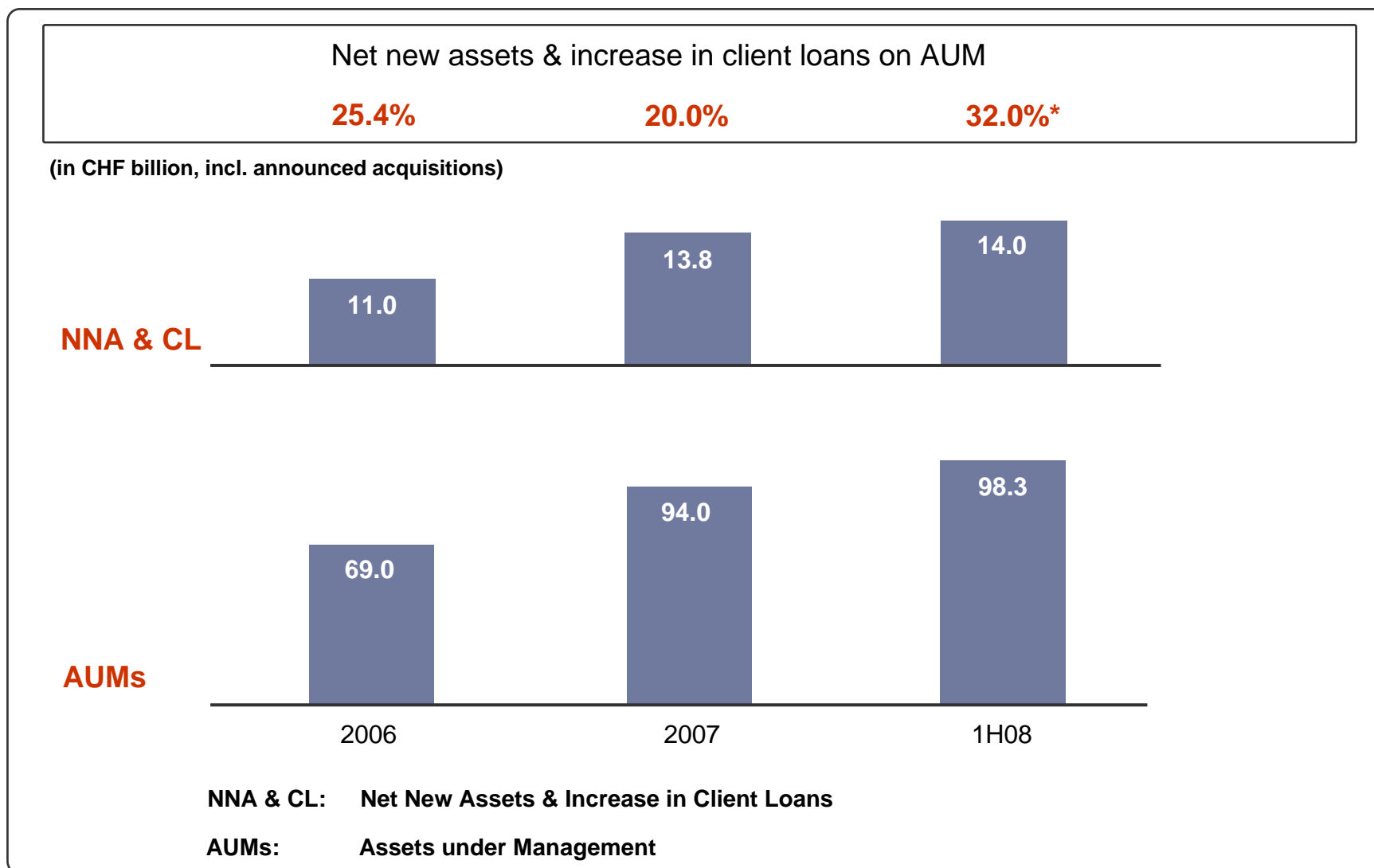
# Continued strong CRO growth

Record level of hiring during 1H08, targeting 1,000 CROs by 2010



# Record net new assets in 1H 2008

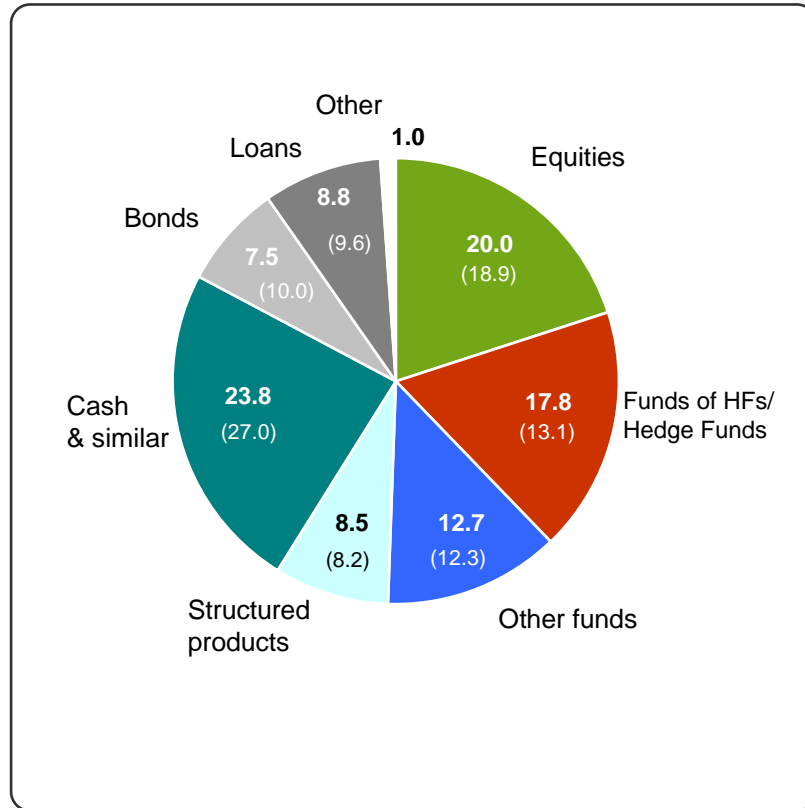
## Superior growth rates for net new assets & client loans



\* Annualized

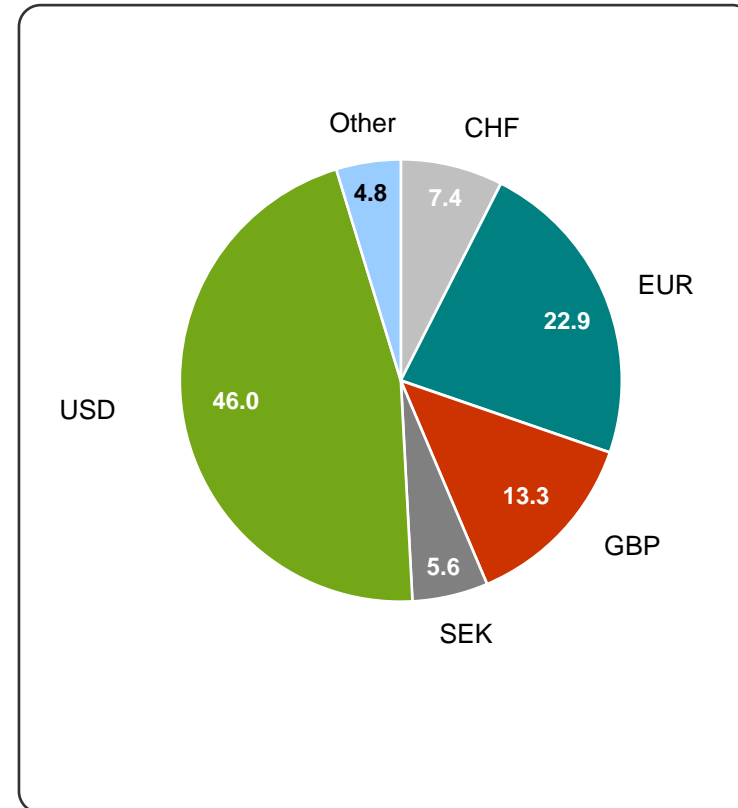
# Breakdown of Assets under Management

Assets under management – by category (in %)\*



\* As of end of June 2008 (based on CHF 96.8 bn revenue-generating AUM, data for end of Dec 2007 in brackets (based on CHF 82.9 bn).

Assets under management – by currency (in %)\*

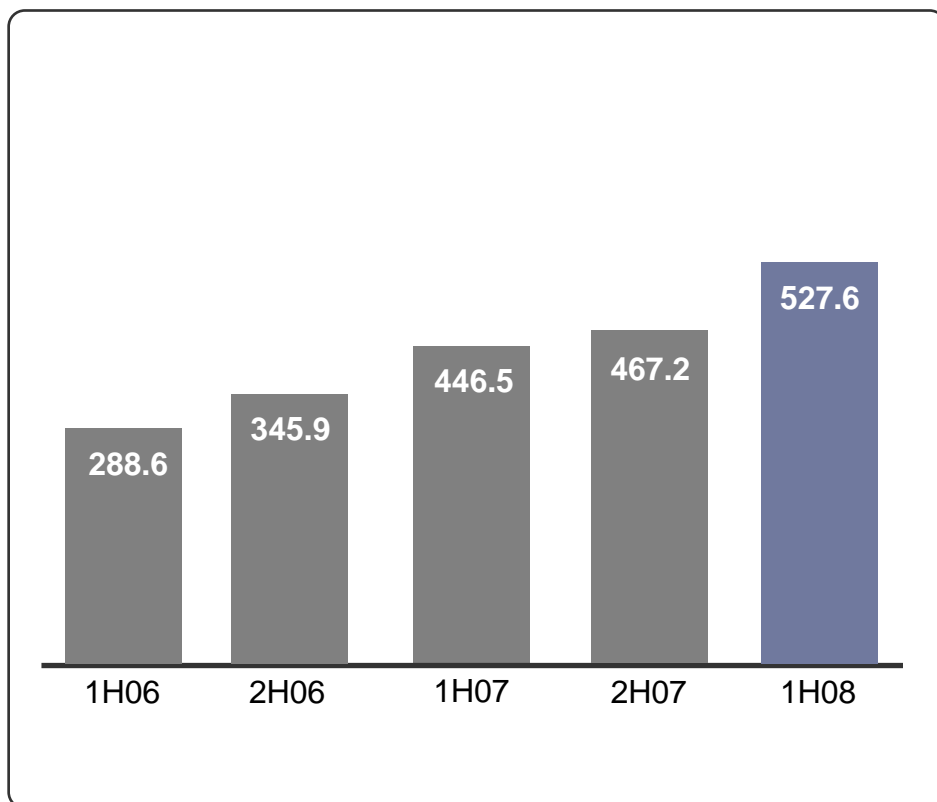


\* Based on weighted average revenue-generating AUM for 1H08

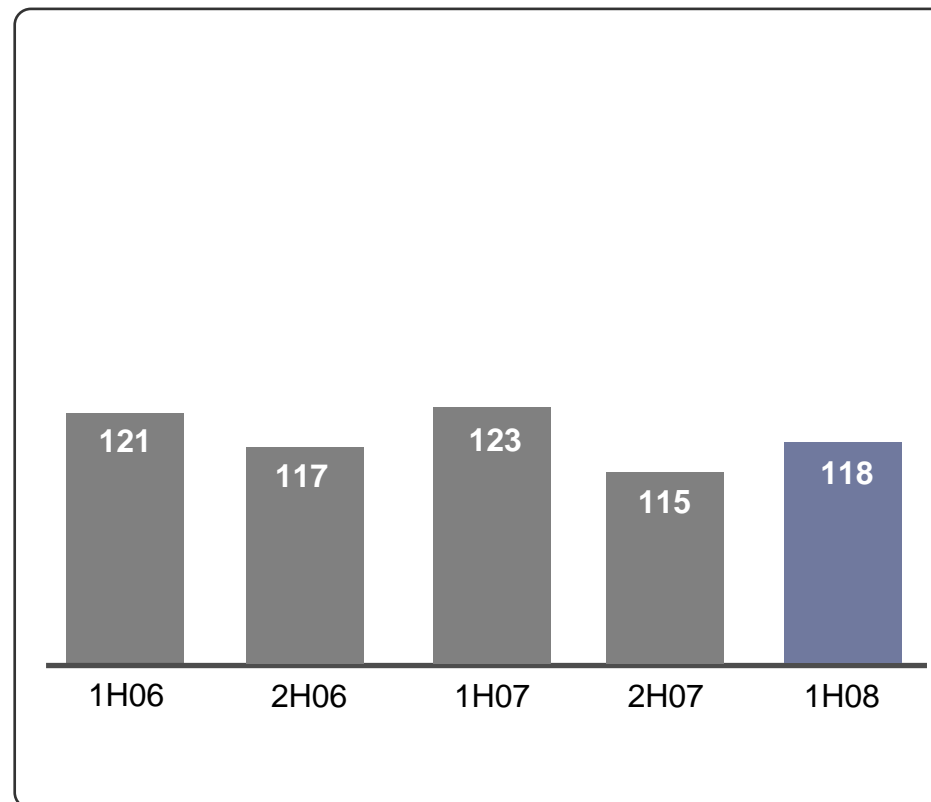
# Evolution of Operating income & RoAUM

RoAUM continued to be at upper end of target range

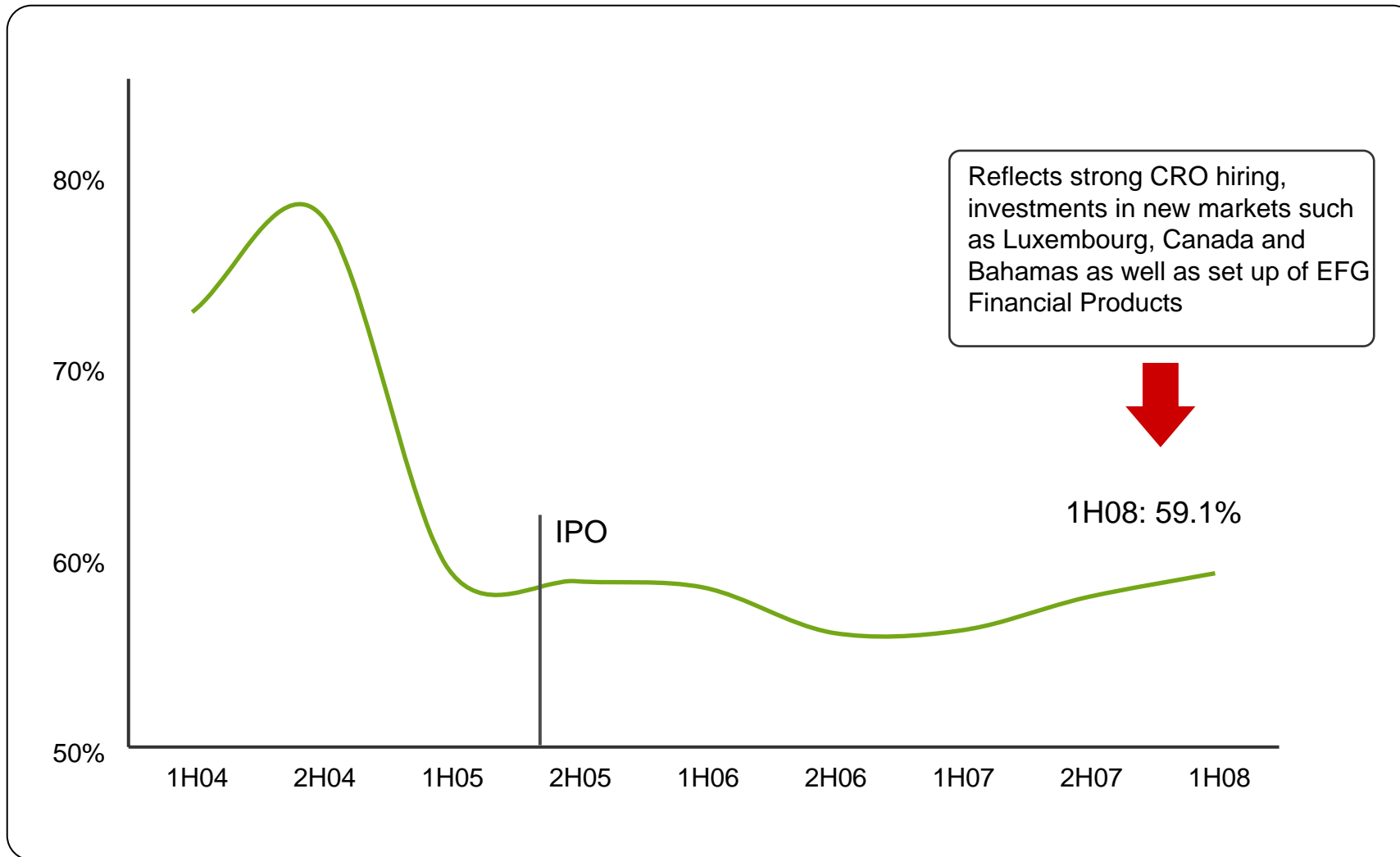
**Operating income**  
(in CHF million)



**Return on AUM**  
(in bps)



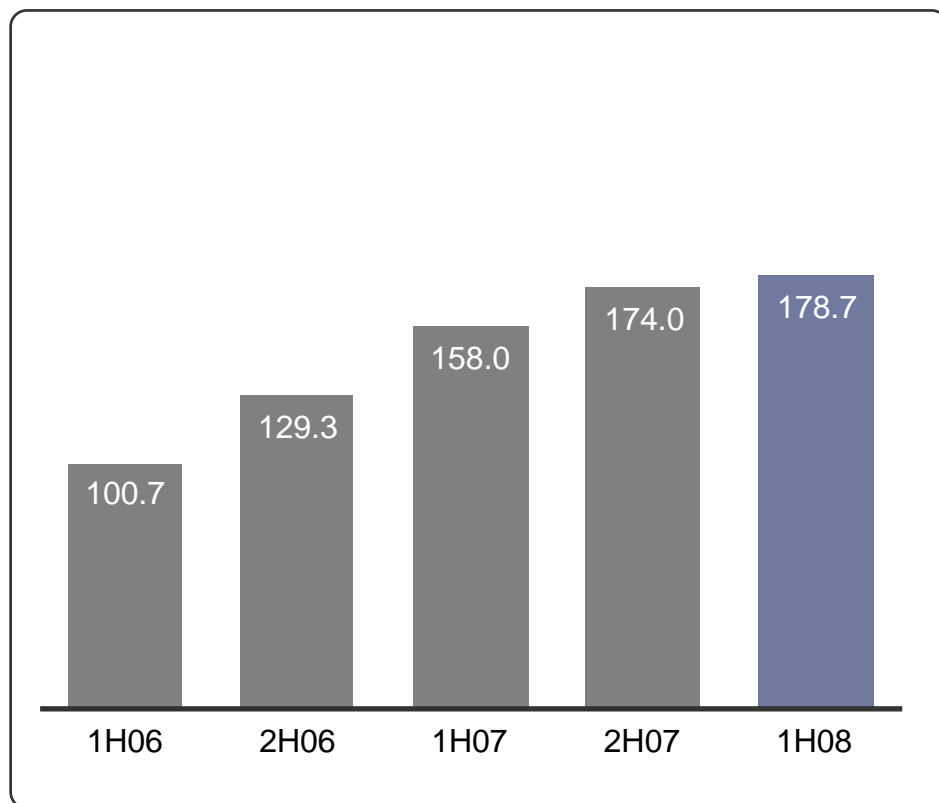
# Development of Cost-Income-Ratio



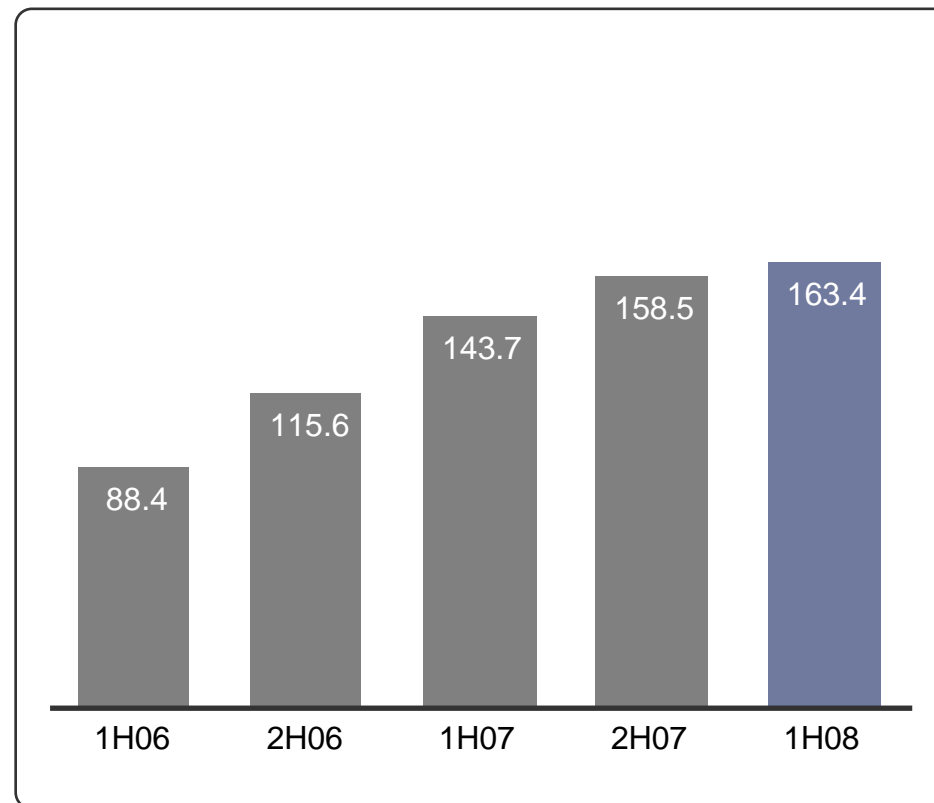
*CIR = Ratio of operating expenses before amortisation of acquisition related intangibles to operating income*

# Evolution of Net profit & Net profit attributable

**Net profit for the period**  
(in CHF million)

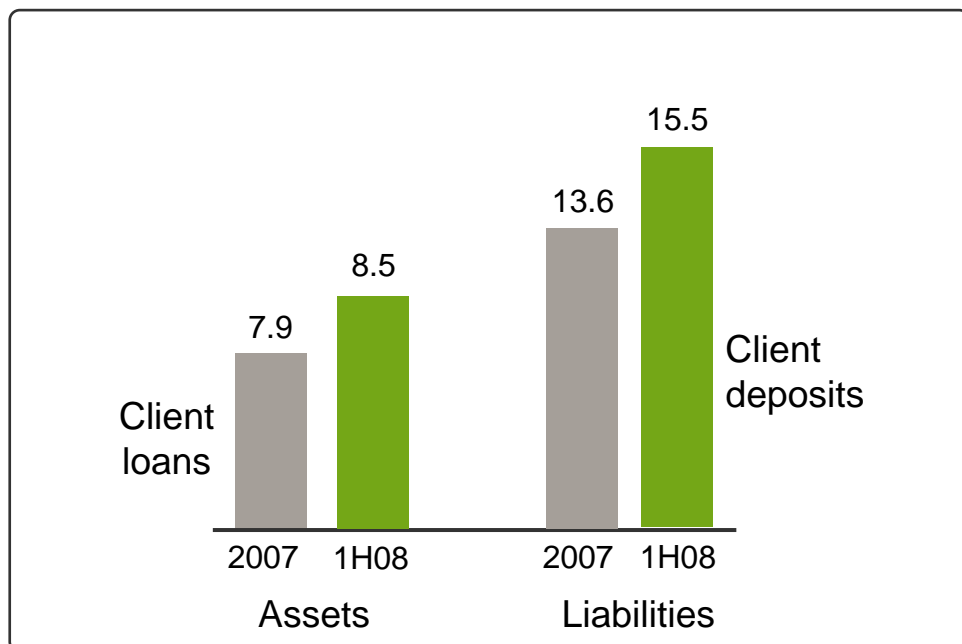


**Net profit attributable to ordinary shareholders**  
(in CHF million)

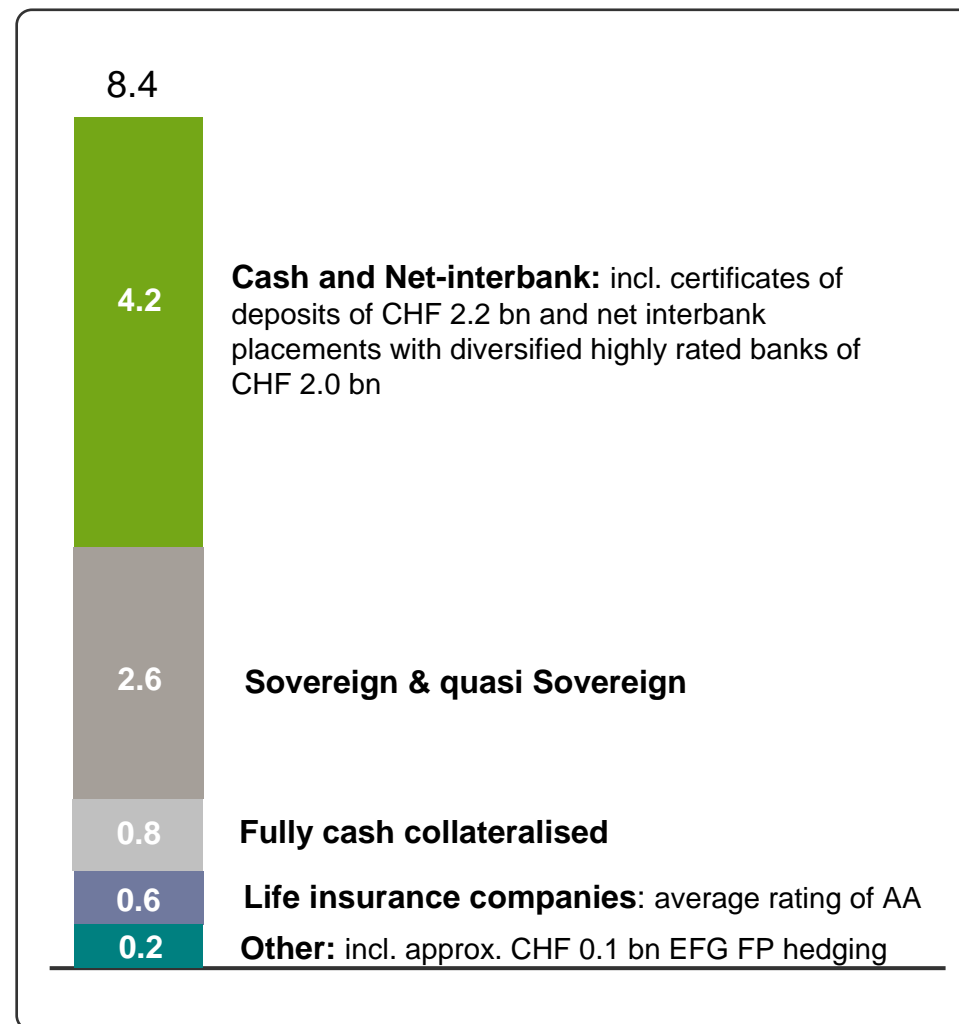


# Breakdown of selected assets

Client positions (in CHF billion)

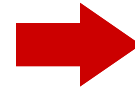


Non-client positions (in CHF billion)



Four acquisitions **completed so far in 2008:**

- On Finance.
- A&G Group.
- Marble Bar Asset Management.
- StratCap Securities India.



Total clients' AUM:  
CHF 10.6 billion.

New acquisition **announced 1H08 and completed 25 July:**

- Sycomore Gestion Privée in France.



Total clients' AUM:  
CHF 0.8 billion.



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Overview

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**Outlook**

## Current market situation

### CROs

- Market environment characterized by less intense competition
- More CROs are willing to change today

### Clients

- Client behaviour has proved remarkably resilient
- Clients move to non-equity correlated investments
- Clients want to profit from volatile markets BUT important to protect downside risk
- Many clients are entrepreneurs – owning a business with potential needs for liquidity and capital

### Products

- Structured product volumes declined
- Less lending, more risk aversion



## EFG International's position

### CROs

- Increased credibility of EFGI facilitates hiring
- Stability of EFGI's distinctive CRO model in good AND in bad market environments

### Clients

- Able to attract more UHNWIs, increased share of wallet
- In volatile markets EFGI CROs are more proactive and closer to clients – giving regular updates on portfolios and identifying solutions suitable for environment
- Taylor made solutions for entrepreneurs

### Products

- MBAM has delivered despite a challenging environment – ability to provide value-adding solutions in sophisticated product areas, particularly UHNWIs
- Non-equity correlated life insurance settlement product
- Support CROs in providing entrepreneurs with complex structuring solutions based on lending and liquidity

## Outlook

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- No shortage of viable opportunities.
- Capacity and potential dealflow to attain target for 2008 without diluting ordinary shareholders.
- Screening and/or negotiating deals with > CHF 20 billion private banking AUMs.
- Maintaining selective, disciplined approach in deploying capital.
- Focus on transactions that are economically compelling; reinforce existing private banking businesses; or provide entry / foundation to build on in new private banking markets.

## Capital status

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- Estimated BIS Tier 1 Capital capacity for incremental intangibles is CHF 300-400 million.
- Potential to increase the above capacity to CHF 800-900 million through raising additional CHF 300-400 million Non-Dilutive Tier 1 capital, and increasing Tier 2 capital, with a plan to maintain a Tier 1 ratio at 10%.
- However Non-Dilutive Tier 1 expensive today.

## Medium-term targets - 2010

Highly stretching targets for 2010:

- **1,000** CROs.
- Still generating on average **CHF 30-40m** in AUM per annum, with revenue margin of **110-120bps**.
- Ongoing appetite to make acquisitions.
- Objective: attributable net profit of **CHF 800 – 900m**.

Optimistic about business fundamentals, and ongoing acquisition appetite.

Targets assumed constant markets and exchange rates going forward.



Practitioners of the craft of private banking

[www.efginternational.com](http://www.efginternational.com)

4.0

## Appendix

# Consolidated income statement (unaudited)

(in CHF million)	1H07	1H08	Change
<b>Net interest income</b>	<b>109.0</b>	<b>127.3</b>	<b>16.8%</b>
<b>Net banking fee and commission income</b>	<b>302.0</b>	<b>306.3</b>	<b>1.4%</b>
<b>Net other income</b>	<b>35.5</b>	<b>94.0</b>	<b>164.8%</b>
<b>Operating income</b>	<b>446.6</b>	<b>527.6</b>	<b>18.1%</b>
Operating expenses	(263.4)	(334.3)	26.9%
Impairment losses on loans and advances	-	-	
<b>Profit before tax</b>	<b>183.1</b>	<b>193.3</b>	<b>5.6%</b>
Income tax expense	(25.1)	(15.3)	-39.0%
Consolidated net profit	158.0	178.0	12.7%
Minorities	0.0	0.7	
<b>Net profit for the period</b>	<b>158.0</b>	<b>178.7</b>	<b>13.1%</b>
Expected preference dividend on fiduciary shares	(14.3)	(15.3)	7.0%
<b>Net profit attributable to ordinary shareholders</b>	<b>143.7</b>	<b>163.4</b>	<b>13.7%</b>



# Consolidated income statement (unaudited)

(in CHF million)	1H07	2H07	1H08	Change vs. 2H07
<b>Net interest income</b>	<b>109.0</b>	<b>135.4</b>	<b>127.3</b>	<b>-6.0%</b>
<b>Net banking fee and commission income</b>	<b>302.0</b>	<b>287.8</b>	<b>306.3</b>	<b>6.4%</b>
<b>Net other income</b>	<b>35.5</b>	<b>44.1</b>	<b>94.0</b>	<b>113.6%</b>
<b>Operating income</b>	<b>446.6</b>	<b>467.3</b>	<b>527.6</b>	<b>12.9%</b>
Operating expenses	(263.4)	(278.6)	(334.3)	20.0%
Impairment losses on loans and advances	-	(1.0)	-	
<b>Profit before tax</b>	<b>183.1</b>	<b>187.7</b>	<b>193.3</b>	<b>3.0%</b>
Income tax expense	(25.1)	(15.5)	(15.3)	-1.3%
Consolidated net profit	158.0	172.2	178.0	3.4%
Minorities	0.0	1.8	0.7	-61.1%
<b>Net profit for the period</b>	<b>158.0</b>	<b>174.0</b>	<b>178.7</b>	<b>2.7%</b>
Preference dividend on fiduciary shares	(14.3)	(15.5)	(15.3)	-1.3%
<b>Net profit attributable to ordinary shareholders</b>	<b>143.7</b>	<b>158.5</b>	<b>163.4</b>	<b>3.1%</b>

# Balance sheet highlights

<b>(in CHF million)</b>	<b>Dec 31, 2007</b>	<b>Jun 30, 2008</b>	<b>Change</b>
Loans and advances to customers	7,920	8,510	7.4%
Due to customers	13,580	15,515	14.2%
Acquisition related intangible assets	1,179	2,068	75.0%
- of which deducted from BIS Tier 1	875	1,578	80.3%
Total shareholders' equity	2,439	2,404	-1.4%
Risk weighted assets	6,198	6,486	4.6%
BIS Tier 1 Capital	1,469	735	-50.0%
BIS Total Capital	1,630	906	-44.4%
BIS Tier 1 Ratio (in %)	23.7	11.3	
BIS Total Capital Ratio (in %)	26.3	14.0	

# Consolidated balance sheet (unaudited)

(in CHF million)	Dec 2007	June 2008	Change
Cash and balances with central banks	74	78	5%
Treasury bills and other eligible bills	795	1,868	135%
Due from other banks	3,501	2,651	-24%
Loans and advances to customers	7,920	8,510	7%
Derivative financial instruments	223	182	-18%
Financial assets designated at fair value	38	474	NM
Investment securities	4,104	4,101	0%
Intangible assets	1,191	2,084	75%
Property, plant and equipment	45	50	11%
Deferred income tax assets	11	18	64%
Other assets	135	251	86%
<b>Total assets</b>	<b>18,037</b>	<b>20,266</b>	<b>12%</b>
Due to other banks	807	813	1%
Due to customers	13,580	15,515	14%
Derivative financial instruments	236	206	-13%
Debt securities in issue	158	153	-3%
Other liabilities	742	1,050	42%
Current income tax liabilities	40	50	25%
Deferred income tax liabilities	36	77	114%
<b>Total liabilities</b>	<b>15,598</b>	<b>17,862</b>	<b>15%</b>
Share capital	78	78	0%
Share premium	1,263	1,218	-4%
Other reserves and retained earnings	1,095	1,091	0%
Minority interest	2	18	NM
<b>Total shareholders' equity</b>	<b>2,439</b>	<b>2,404</b>	<b>-1%</b>
<b>Total equity and liabilities</b>	<b>18,037</b>	<b>20,266</b>	<b>12%</b>

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