



Keefe, Bruyette & Woods European Financials  
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Practitioners of the craft of private banking

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**1.0**

**Performance 1H09**

2.0

Current situation

# A disappointing 1H performance

			vs. 1H 08		vs. 2H 08
CROs	674		7%		7%
AUM	CHF 80.4 bn		17%		7%
Private client net new assets	CHF 4.7 bn		65%		flat
Revenues	CHF 412.1 m		22%		2%
Net profit	CHF 20.0 m		89%		54%

- Profitable, albeit not at an acceptable level.
- Good liquidity and strong capital position.
- Clients and employees retained.
- Private client businesses still generating double-digit net new asset growth; total AUM at CHF 77 bn up from CHF 69.9 bn.
- All main asset management businesses operate profitably.  
Capabilities being more effectively deployed.
- After very slow start to year, May and June considerably improved.  
Clients starting to be less cautious.

## Cost reduction programme initiated

Programme initiated earlier in year to reflect current business levels.

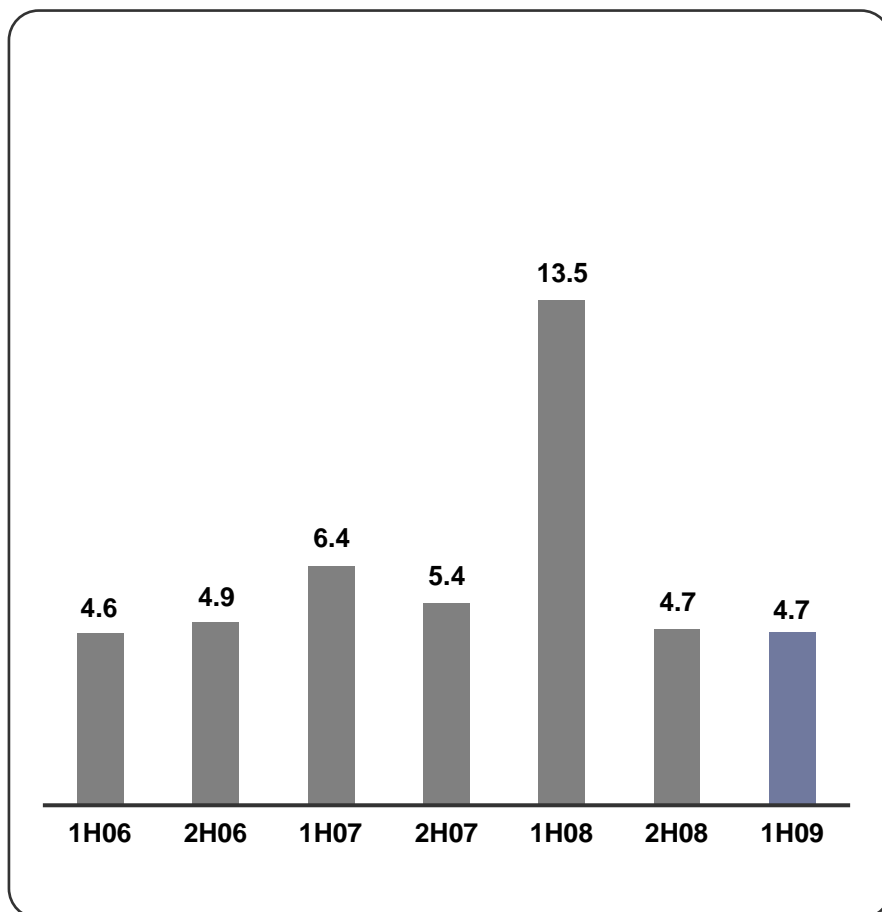
Financial benefits will start to be seen in 2H 2009.

Expected to save around CHF 40 m on an annualised basis, once cost measures become effective in 2H 2009

- Reduction of overall salary expenses.
- Reduction of other operating expenses.
- Underperforming CROs have been addressed.
- In the process of closing 7 representative offices
- Part of expected savings will be offset by selective CRO hiring

# Net new private client assets & HF assets

NNAs private client (in CHF bn)



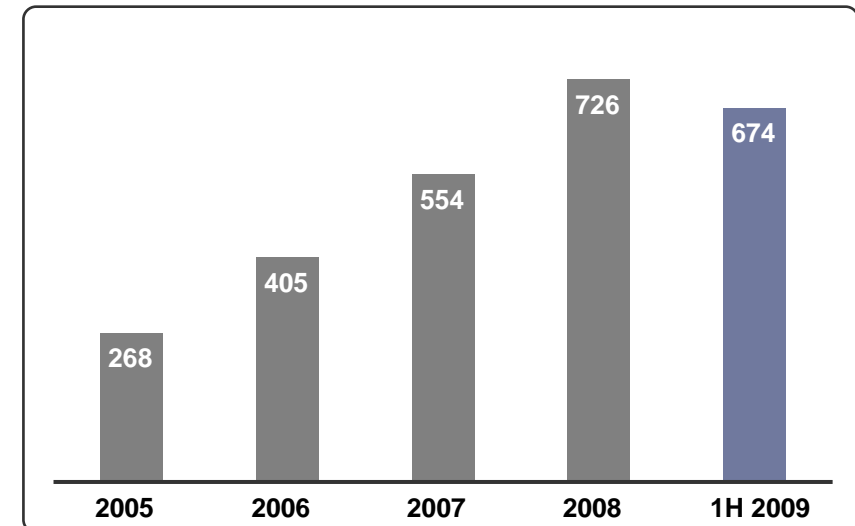
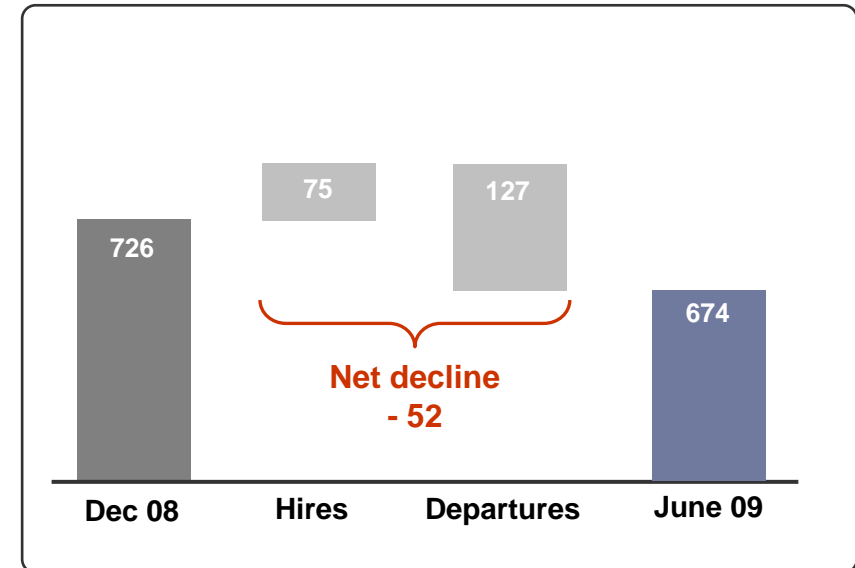
Note: excludes client loans

Evolution of Private Banking AUM vs HF assets

(in CHF bn)	MBAM & CMA	Private Banking	Total
Dec 2008	5.5	69.9	75.4
Market movements	0.2	0.2	0.4
FX impact	0.2	2.2	2.4
HF redemptions	(2.5)		(2.5)
Net new private client flows	0.4	4.3	4.7
<b>June 2009</b>	<b>3.8</b>	<b>76.6</b>	<b>80.4</b>

- CROs up from 629 a year ago to 674; down from end-2008 (726).
- 75 new recruits more than offset by departures of underperforming CROs.

- Continue to address position of underperforming CROs.
- Selective approach to hiring (where confident of running rate profitability by end of first year).
- Remain an attractive destination for high calibre CROs.





- Created distinct asset management business, under leadership of Jim Lee, former Deputy CEO.
- Rationale for new business grouping:
  - Realise cost and revenue synergies.
  - Strengthen solutions support for CROs.
  - Facilitate doing more with existing clients and development of new ones.
  - Harnessing and extending capabilities across full range of asset classes.
- Commenced pulling businesses together. Lead to enhanced business & operating platforms for: Advisory; Managed Accounts; Funds; Hedge Funds; Structured Products.

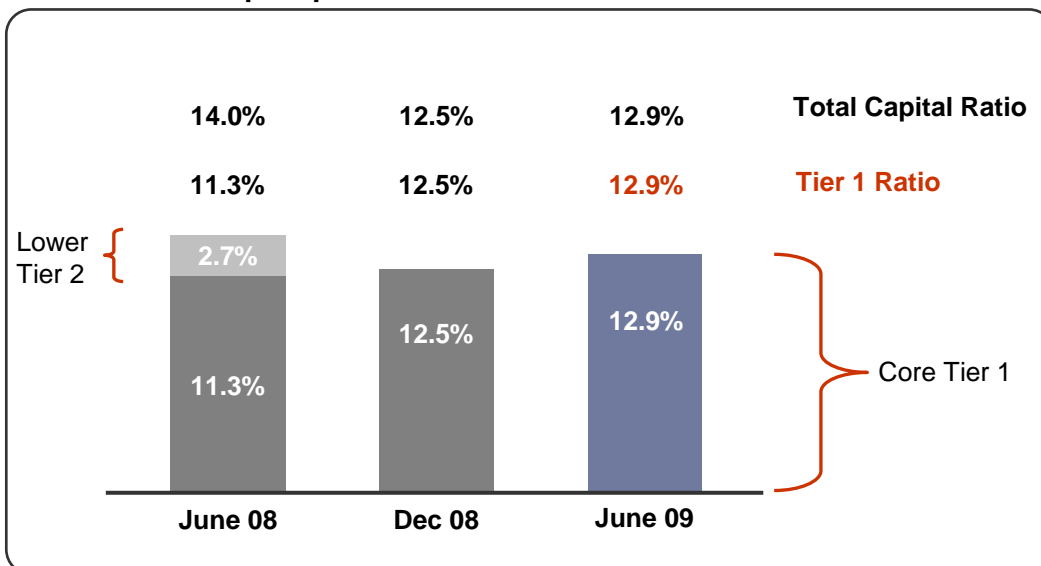
- Licensed broker-dealer in Switzerland, founded in 2007
- Over 130 employees with leading industry background
- „Not just another issuer“ but a solution provider offering
  - Unique transparency
  - Unrivalled service quality thanks to scalable IT platform
  - Creativity and innovation

- Profitable during 1H 2009.
- Matched expectations EFGI had when EFG FP was founded.
- Conservative risk management approach within tight risk limits proven during one of the most volatile periods on record.
- Continued investment in operating and IT platform.
- Received three awards from SVSP, including industry award for its transparent product reports.
- Expertise and people of EFG FP to serve EFG International as core competence centre.
- See [www.efgfp.com](http://www.efgfp.com)



Next generation of structured products will not be characterized by fancy payoff profiles or underlying, but by **transparency** and **liquidity** during the entire product lifecycle

## Evolution of capital position



## EFGI common core vs. non-common core equity

Key features	EFGI's common core equity	EFGI's non-common core equity
Regulatory Core Tier 1 Treatment	Yes	Yes
Loss Absorption	Yes	Yes (part of free reserves)
Maturity	Perpetual	Perpetual
Cumulative Dividends	No	No
Step-up Features	No	No
Dividend	Ordinary	Pre-defined fixed, only payable with AGM approval and no regulatory breach
Conversion right into common shares or other non-common equity	N/A	Yes

# Overview Financials – putting it into perspective

	2005	2006	2007	2008
<b>CROs</b>	268	405	554	726
<b>AUM</b>	CHF 44 bn	CHF 69 bn	CHF 94 bn	CHF 75 bn
<b>NNA</b>	CHF 8.6 bn*	CHF 11.0 bn	CHF 13.8 bn	CHF 13.2 bn
<b>Revenues</b>	CHF 338 m	CHF 634 m	CHF 914 m	CHF 946 m
<b>Net profit</b>	CHF 121 m	CHF 230 m	CHF 332 m	CHF 222 m
<b>BIS Tier 1 Capital</b>	CHF 1.7 bn	CHF 1.3 bn	CHF 1.5 bn	CHF 0.8 bn
<b>RWAs</b>	CHF 3.4 bn	CHF 5.1 bn	CHF 6.2 bn	CHF 6.0 bn
<b>BIS Tier 1 Capital Ratio</b>	50.1%	26.0%	23.7%	12.5%

\* Organic AUM growth in 2005

1.0

Performance 1H09

2.0

Current situation

## Outlook statement 1H09 Results

- Optimistic that the second half of the year will see improvements. Follows improved business performance during May and June:
  - Private banking: net new assets growth concentrated in past few months.
  - Asset management: outflows now bottoming out. Encouraging levels of interest in new business at MBAM and CMA.
  - Robust new business leads developed in May and June
- Outlook:
  - Expectation of having 650 to 700 CROs at year-end 2009.
  - Expectation that growth of AUM per CRO will revert to historic levels during the second half of 2009.
  - Target revenue margin on average AUM for 2H 2009 of 110 bps.



Practitioners of the craft of private banking

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**3.0**

**Appendix**



# Consolidated income statement (unaudited)

(in CHF million)	1H 2008	1H 2009	Change
Net interest income	127.3	153.8	20.8%
Net banking fee & commission income	306.3	204.3	-33.3%
Net other income	94.0	54.0	-42.6%
<b>Operating income</b>	<b>527.6</b>	<b>412.1</b>	<b>-21.9%</b>
Operating expenses	(334.3)	(375.9)	12.4%
Provisions for operating and credit losses	-	(4.1)	NM
<b>Profit before tax</b>	<b>193.3</b>	<b>32.1</b>	<b>-83.4%</b>
Income tax expense	(15.3)	(6.6)	-56.9%
Consolidated net profit	178.0	25.5	-85.7%
Minorities	0.7	(5.5)	NM
<b>Net profit for the period</b>	<b>178.7</b>	<b>20.0</b>	<b>-88.8%</b>
Expected dividend on Bons de Participation	(15.3)	(13.1)	-14.4%
<b>Net profit attributable to shareholders</b>	<b>163.4</b>	<b>6.9</b>	<b>-95.8%</b>

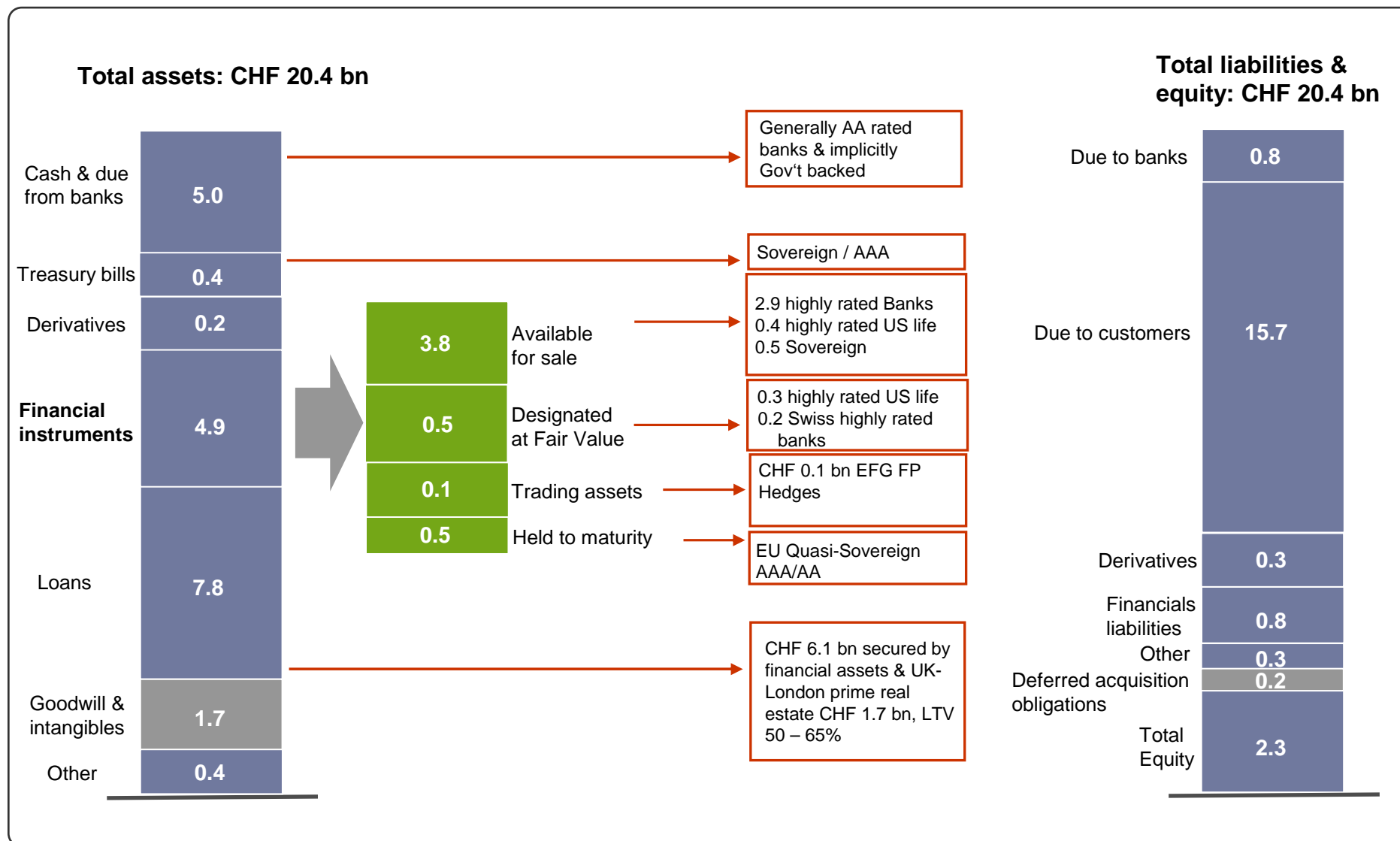
# Consolidated income statement (unaudited)

(in CHF million)	1H 2008	2H 2008	1H 2009	Change vs. 2H08
Net interest income	127.3	159.3	153.8	-3.5%
Net banking fee & commission income	306.3	265.4	204.3	-23.0%
Net other income	94.0	(6.0)	54.0	NM
<b>Operating income</b>	<b>527.6</b>	<b>418.7</b>	<b>412.1</b>	<b>-1.6%</b>
Operating expenses	(334.3)	(375.2)	(375.9)	0.2%
Provisions for operating and credit losses	-	(15.4)	(4.1)	-73.4%
<b>Profit before tax</b>	<b>193.3</b>	<b>28.1</b>	<b>32.1</b>	<b>14.2%</b>
Income tax expense	(15.3)	(10.2)	(6.6)	-35.3%
Consolidated net profit	178.0	17.9	25.5	42.5%
Minorities	0.7	25.3	(5.5)	NM
<b>Net profit for the period</b>	<b>178.7</b>	<b>43.2</b>	<b>20.0</b>	<b>-53.7%</b>
Expected dividend on Bons de Participation	(15.3)	(15.0)	(13.1)	-12.7%
<b>Net profit attributable to shareholders</b>	<b>163.4</b>	<b>28.2</b>	<b>6.9</b>	<b>-75.5%</b>

# Consolidated balance sheet (unaudited)

(in CHF million)	Dec 2008	June 2009	Change
Cash and balances with central banks	115	183	59%
Treasury bills and other eligible bills	74	375	407%
Due from other banks	3,731	4,786	28%
Derivative financial instruments	453	223	-51%
Financial instruments	5,119	4,982	-3%
Loans and advances to customers	7,424	7,843	6%
Goodwill and intangible assets	1,763	1,714	-3%
Property, plant and equipment	57	57	0%
Current income tax assets	-	7	NM
Deferred tax assets	26	27	4%
Other assets	132	194	47%
<b>Total assets</b>	<b>18,894</b>	<b>20,391</b>	<b>8%</b>
Due to other banks	401	830	107%
Due to customers	14,213	15,734	11%
Derivative financial instruments	460	280	-39%
Financial liabilities at fair value	263	130	-51%
Other financial liabilities	680	654	-4%
Current income tax liabilities	13	32	146%
Deferred income tax liabilities	66	62	-6%
Other liabilities	541	410	-24%
<b>Total liabilities</b>	<b>16,637</b>	<b>18,132</b>	<b>9%</b>
Share capital	77	73	-5%
Share premium	1,205	1,141	-5%
Other reserves and retained earnings	880	943	7%
Minority shareholders	95	102	7%
<b>Total shareholders' equity</b>	<b>2,257</b>	<b>2,259</b>	<b>NM</b>
<b>Total liabilities and shareholders' equity</b>	<b>18,894</b>	<b>20,391</b>	<b>8%</b>

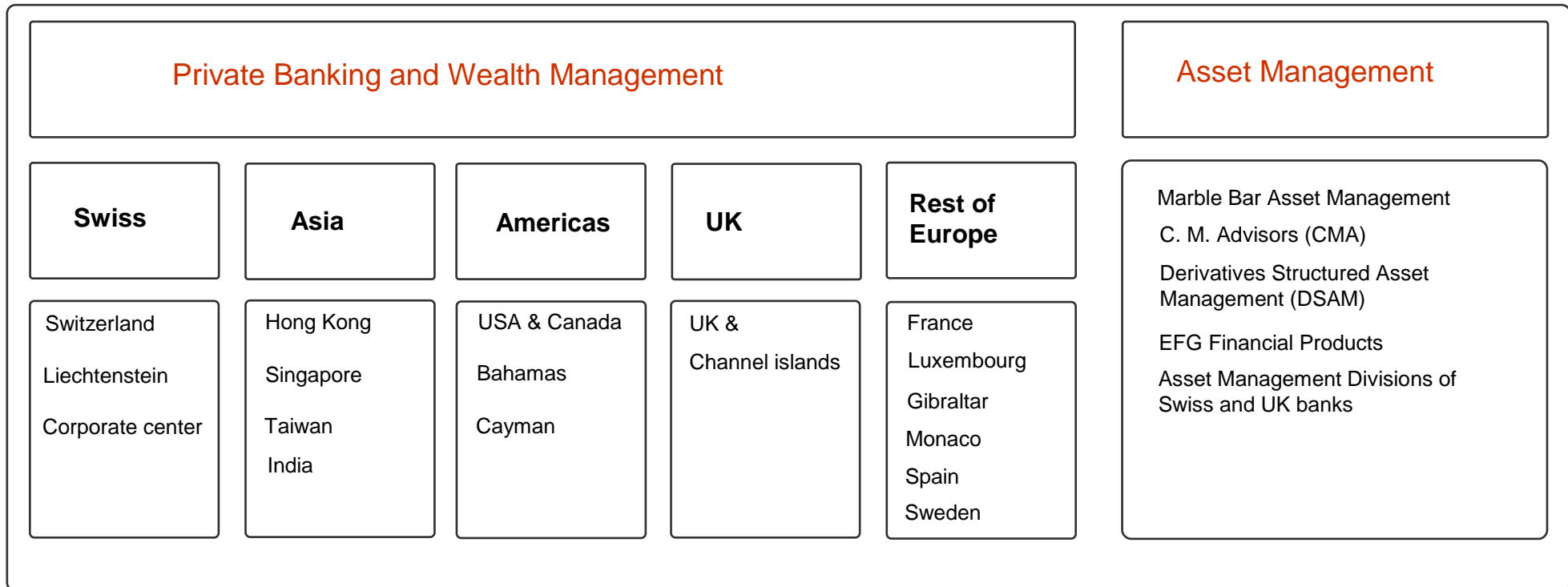
# Breakdown of balance sheet



# Breakdown of Assets under Management

<b>By category</b>	<b>31.12.08</b>	<b>30.06.09</b>	<b>30.06.09</b> (in CHF bn)
Cash & Deposits	28.9%	28.1%	22.5
Bonds	14.4%	17.4%	14.0
Equities	20.4%	22.5%	18.2
Structured products	6.7%	6.2%	5.0
Loans	10.3%	10.3%	8.3
Hedge Funds / Funds of HFs	16.8%	12.4%	9.9
Other	2.5%	3.1%	2.5
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>80.4</b>
<b>By currency</b>	<b>31.12.08</b>	<b>30.06.09</b>	<b>30.06.09</b> (in CHF bn)
USD	47%	45%	36.6
EUR	27%	22%	17.6
GBP	11%	13%	10.7
CHF	5%	7%	5.8
SEK	4%	5%	3.8
Other	6%	8%	5.9
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>80.4</b>

# New segmental breakdown



# Segmental breakdown (unaudited) – 1H 2009

Performance summary	Swiss	Asia	Americas	UK	Rest of Europe	Asset Management
<b>Segment revenues</b>	<b>134.8</b>	<b>42.2</b>	<b>30.8</b>	<b>73.6</b>	<b>49.1</b>	<b>81.6</b>
Segment expenses	(102.8)	(30.7)	(31.7)	(45.2)	(57.7)	(53.2)
Profit before tax	24.4	8.3	(3.3)	24.5	(14.0)	(7.8)
<b>Net profit</b>	<b>17.2</b>	<b>7.1</b>	<b>(2.7)</b>	<b>20.8</b>	<b>(10.8)</b>	<b>(11.6)</b>

*Note: Performance summary only, further segmental data can be found in 1H 2009 report*

# Segmental breakdown (unaudited) – 1H 2008

<b>Performance summary</b>	<b>Swiss</b>	<b>Asia</b>	<b>Americas</b>	<b>UK</b>	<b>Rest of Europe</b>	<b>Asset Management</b>
<b>Segment revenues</b>	<b>177.1</b>	<b>46.3</b>	<b>37.8</b>	<b>68.5</b>	<b>51.2</b>	<b>146.7</b>
Segment expenses	(94.3)	(29.6)	(26.6)	(50.4)	(47.5)	(55.0)
Profit before tax	77.8	16.2	8.8	15.6	1.0	73.9
<b>Net profit</b>	<b>63.5</b>	<b>14.3</b>	<b>7.4</b>	<b>13.8</b>	<b>4.8</b>	<b>74.9</b>

*Note: Performance summary only, further segmental data can be found in 1H 2009 report*



# Segmental breakdown (unaudited) – 2H 2008

Performance summary	Swiss	Asia	Americas	UK	Rest of Europe	Asset Management
<b>Segment revenues</b>	<b>99.1</b>	<b>49.4</b>	<b>34.9</b>	<b>75.5</b>	<b>55.6</b>	<b>104.2</b>
Segment expenses	(108.0)	(33.9)	(29.3)	(48.1)	(64.2)	(51.5)
Profit before tax	(23.0)	14.6	2.9	20.0	(14.8)	28.4
<b>Net profit</b>	<b>(7.5)</b>	<b>12.3</b>	<b>(2.5)</b>	<b>16.6</b>	<b>(5.5)</b>	<b>24.8</b>

*Note: Performance summary only, further segmental data can be found in 1H 2009 report*

## Investors

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