



# Annual General Meeting 2009

## Lonnie Howell, CEO

Zurich, 29 April 2009

Practitioners of the craft of private banking

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## Year on year

Revenues / revenues  
excluding non-recurring



**4% / 10%**

to CHF 946 million /  
CHF 1,005 million

Net profit / net profit  
excluding non-recurring



**33% / 15%**

to CHF 222 million /  
CHF 281 million

AUM



**21%**

to CHF 77.2 billion

Net new assets & increase  
in client loans



**Broadly flat overall, but  
record PB inflows**

to CHF 13.2 billion  
(PB inflows CHF 18.2 billion)

CROs



**31%**

to 726

Our growth projections were based on normal conditions. However, external factors have produced a highly testing environment.

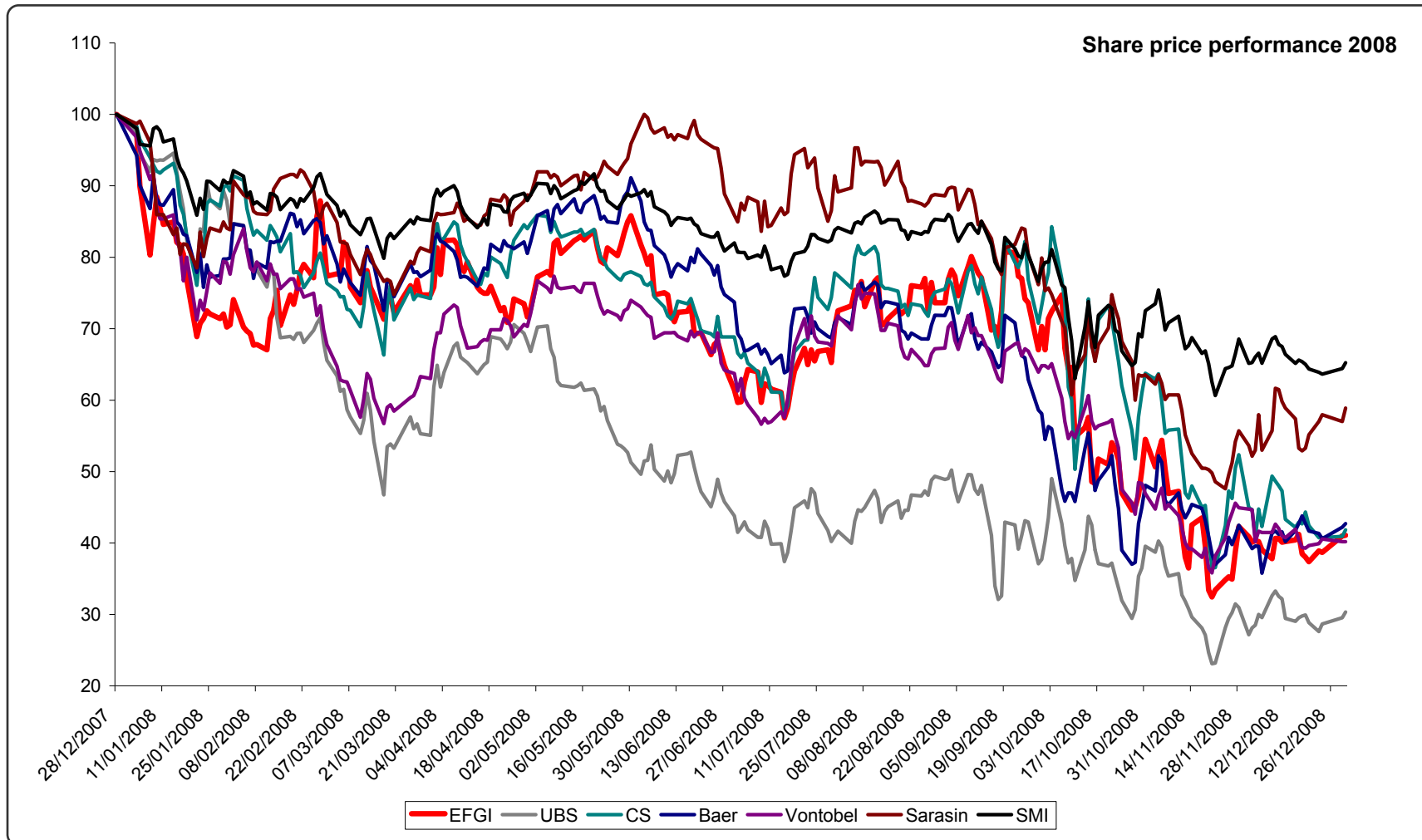
- Falling and volatile equity markets.
- Concerns over stability of financial system.
- Global economy in severe recession.
- Heightened pressure on offshore banking.
- Strength of the Swiss franc vs. major currencies.
- High levels of uncertainty.
- Clients (understandably) extremely cautious.

Q1 2009 still challenging; business started year with lower AUMs.

Improvement in sentiment in April. Economically, hopefully seeing arrest in downward spiral. Prospect of gradual pick-up late 2009 / 2010.

- EFG International remains profitable.
- We have good capital ratios, with strong liquidity.
- We were not involved in sub-prime / other toxic assets.
- Minimal exposure to organisations that ceased trading.
- Overall lending book of high quality; conservative LTVs; focused on HNWIs. Provisions across credit and operations remained modest.
- Revaluation of life policies resulted in an accounting write-down. But well diversified; highly rated; leading US insurers.

# Share price performance unacceptable



Share price evolution does not reflect the underlying accomplishments, strength or growth credentials of our business.

- We have a strong core private banking business.
  - Close to CHF 70 billion in private banking AUM (as of Dec 08).
  - Over 90% of total AUM – higher percentage than most peers.
  - Over 700 Client Relationship Officers.
  - A record of double digit net new asset growth.
  - Truly international.
  - Onshore and offshore.
  - Loyal clients.
- Strong in-house product capabilities in specialist areas. Integrate capabilities more effectively for the benefit of the whole business.
- However, we are about clients, not products.

- Maintaining a freeze on non-client facing employees.
- Salaries generally being held at existing levels (and in some cases reduced).
- Starting in 2008, changed CRO profit participation arrangements to include a proportion as restricted stock (25%), to reinforce the prevailing long-term mindset.
- But the fundamentals of our business model have not changed – nor will they. CROs still remunerated based on their profitability, providing incentive to do right by clients and to build a sustainable business, without distortionary sales targets.
- Executive team remuneration comprises salary and discretionary bonus (taken 100% in restricted stock / options). Starting 2008, CEO has waived profit-based formula in favour of salary plus discretionary bonus.

- All businesses are reviewing costs; have made (and are in the process of making) savings.
- Focus is presently on optimising the business, not on acquisitions. However, we continue to monitor market developments and acquisition opportunities that may arise.
- In terms of CROs, a record hiring year in 2008; coming into 2009, a record pipeline.
- However, conditions mean recruitment will be extremely prudent this year. Limited to individuals / teams, where we have strong conviction they can be profitable in short order. We are also looking closely at existing CROs who are loss-making.

- EFG derives benefit from its balanced geographical spread, and is now represented in more than 30 countries.
- All existing offices presently being reviewed. Likely a number will be downsized / closed. Possible that offices will be opened in select new locations, but only where strong prospect of significant new business.
- Review of all asset management capabilities to yield efficiency gains; also improved practical support to CROs.
- Ongoing review of IT and operational platforms, with view to producing efficiency gains / qualitative improvements.



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