## Banca del Gottardo: Agenda

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<th>1. Introduction</th>
<th>Rolf Aeberli</th>
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<td>2.</td>
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<td>Closing remarks</td>
<td>Thomas Müller</td>
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</table>
Solid competitive positioning of BdG

Client base
- Focused on attractive private banking client base in offshore segment (both HNWI and Affluent)
- Focused on existing locations in Swiss onshore market
- Good starting position in Italian onshore market

Products and services
- High quality wealth management services and products
- Open architecture with “best-in-class” product advice
- Advanced trading and treasury facilities
- Broad range of lending products

Positioning
- Among top 10 largest Swiss private banks
- Top player in Ticino market
More balanced revenue mix compared to peers
Selected peer group

AuM 2004 (CHF billion) and growth 2004 (percent)

<table>
<thead>
<tr>
<th>Bank</th>
<th>2004 AuM (CHF billion)</th>
<th>Growth 2004 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Julius Baer</td>
<td>135</td>
<td>17%</td>
</tr>
<tr>
<td>Sarasin</td>
<td>54</td>
<td>11%</td>
</tr>
<tr>
<td>Vontobel</td>
<td>49</td>
<td>4%</td>
</tr>
<tr>
<td>BSI*</td>
<td>45</td>
<td>1%</td>
</tr>
<tr>
<td>Clariden</td>
<td>38</td>
<td>16%</td>
</tr>
<tr>
<td>Banca del Gottardo</td>
<td>34</td>
<td>1%</td>
</tr>
</tbody>
</table>

Revenue mix 2004

<table>
<thead>
<tr>
<th>Bank</th>
<th>Commission Income</th>
<th>Net Interest Income</th>
<th>Trading Income</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clariden</td>
<td>13%</td>
<td></td>
<td>11%</td>
<td>79%</td>
</tr>
<tr>
<td>Julius Baer</td>
<td>13%</td>
<td></td>
<td>15%</td>
<td>75%</td>
</tr>
<tr>
<td>Sarasin</td>
<td>11%</td>
<td></td>
<td>28%</td>
<td>73%</td>
</tr>
<tr>
<td>Vontobel</td>
<td>4%</td>
<td></td>
<td>14%</td>
<td>61%</td>
</tr>
<tr>
<td>BSI</td>
<td>15%</td>
<td></td>
<td>32%</td>
<td>57%</td>
</tr>
<tr>
<td>Banca del Gottardo</td>
<td>12%</td>
<td></td>
<td></td>
<td>54%</td>
</tr>
</tbody>
</table>

* Assets under management or in custody
Source: Goldman Sachs; Company reporting
Key trends in Private Banking…

More demanding and sophisticated clients
- Clients are harder to serve, seek active involvement, are less loyal
- Focusing more on products and investment performance
- Client needs are market specific requiring tailored solutions
- Quality and comprehensive range of advice is key

More challenging differentiation of product and service offerings
- Commoditization of traditional product range
- Increasing sophistication of higher margin product and services
- Open architecture became the norm

More regulatory intervention and requirements
- Know your client (KYC) requirements
- Taxation of savings (withholding tax)
- Compliance in products and services
... lead to fundamental transformation of private banks

<table>
<thead>
<tr>
<th>More demanding and sophisticated clients</th>
<th>From ...</th>
<th>To ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standalone relationship manager (RM)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undifferentiated transactional sales approach</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best stock picking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More challenging differentiation of product and service offerings</td>
<td>Traditional investment service</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td>Tailored advice and service solutions based on comprehensive wealth management offerings</td>
</tr>
<tr>
<td>Traditional asset classes, managed in-house</td>
<td></td>
<td>Investments, financing, lending</td>
</tr>
<tr>
<td>De-centralized, fully tailored investment mgmt.</td>
<td></td>
<td>Traditional and alternative asset classes, in-house and third party</td>
</tr>
<tr>
<td>Limited risk management</td>
<td></td>
<td>More centralized, more consistent and innovation driven</td>
</tr>
<tr>
<td>More regulatory intervention and requirements</td>
<td></td>
<td>Risk and ALM management</td>
</tr>
</tbody>
</table>
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2. Cornerstones of the new BdG strategy Rolf Aeberli

3. Financial targets and strategic measures Thomas Müller

4. Initiatives taken Thomas Müller

5. Closing remarks Thomas Müller
**BdG new strategy:** from consolidation to efficiency and profitable growth

**2000–2005**

- Focus on client retention, in particular during period of sale and Italian tax amnesties
- Balance sheet optimization and cost reduction
- Upgrade of risk management and risk monitoring processes
- Development of growth initiatives*

**2006–2008**

- Focused strategy
- Compelling value proposition
- Efficiency improvement and growth
- Clear financial objectives
- New leadership

* Among others, BdG Italia onshore presence, Dreieck Industrie Leasing full control
My vision for what makes BdG successful going forward

Client-centric
- Right size to achieve superior client proximity
- Organizational flexibility to tailor client-specific needs
- Provide direct access to product and service specialists

Performance driven
- Top investment performance and high quality advisory services
- Leveraging open architecture for best in class providers
- Focus on added value proprietary products and services

One team
- One bank – one team for superior client service
- Distinctive talent management and attraction
- Performance driven and entrepreneurial culture
Focused strategy to achieve efficiency and profitable growth

From ...
- Private banking
- Commercial
- Retail

Broad products and services universe

To ...
- Private banking
- High Net Worth Individuals
- Affluents

Products and services tailored to specific client needs
Clear strategic focus in all key business areas

Private banking
High Net Worth Individuals
Affluents

Products and services tailored to specific client needs

Geography
- Switzerland off- and onshore
- Italy onshore

Segments
- HNWI as the core segment
- Affluent as new growth thrust
- UHNWI\ EAM as adjacent segments

Products and services
- Investment and wealth management products and services
- Lending as integrated part of private banking value proposition

Note:
HNWI = High Net Worth Individual,
UHNWI = Ultra High Net Worth Individual,
EAM = External Asset Manager
Value proposition based on existing strengths …

Client Services
- Strong client focus
- High service levels
- Network with own branches in key areas of CH and IT

Products / services
- Open architecture
- Broad product range
- Proprietary structured product capabilities*
- Full range of lending products**

Geography
- Strong focus on Swiss-based offshore private banking
- Onshore private banking capabilities in Italy

* Please see for further details www.gottardo-fs.com
** Incl. mortgages, lombard, other PB client-centric lending products
…and future improvements to achieve a compelling value proposition along all dimensions

**Client Services**
- Client segment specific PB services and solutions
- High-quality advice by experienced relationship managers supported by product specialist teams

**Products / services**
- Innovative investment proposals covering specific client needs*
- Top-performing investment product mix
- Lending products complementary to private banking products

**Areas to be further addressed**

**Geography**
- Stronger presence in Swiss onshore private banking
- Further strengthening unique proposition to Italian market and client**

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* E.g. dynamic advisory, extended asset classes
** In particular BdG Italia – Italian onshore business
Main value drivers of performance improvements

<table>
<thead>
<tr>
<th>Driver</th>
<th>Description</th>
</tr>
</thead>
</table>
| Growth  | - Net new money through share-of-wallet increase and new client acquisition  
|         | - Margin enhancement through cross-selling and value-added pricing |
| Efficiency | - Outsourcing of IT and back-office operations  
|          | - Leveraging third-party product and service providers  
|          | - Cost reduction through lean processes and structure |
| Leadership | - Comprehensive implementation program  
|           | - Strong commitment of BdG employees |
Ambitious goals for 2008

Growth

- 5–6% p.a. Revenue growth

Efficiency

- C/I-ratio ~60% Tight cost control

Leadership

- >80% Committed* Employee commitment

Net income

- CHF >130 m

Sustainable ROE

- >15%

* SL Group target

Swiss GAAP
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## Clear financial objectives for BdG Group

### Swiss GAAP

<table>
<thead>
<tr>
<th>Metric</th>
<th>2004</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets under control (AuC)</td>
<td>CHF 41.1 bn</td>
<td>CHF ~60 bn</td>
</tr>
<tr>
<td>Assets under management (AuM)</td>
<td>CHF 34.4 bn</td>
<td>CHF ~43 bn</td>
</tr>
<tr>
<td>Private banking net new money</td>
<td>CHF –200 mio</td>
<td>CHF ~ +1.0 bn p.a.</td>
</tr>
<tr>
<td>PB revenue margin (BdG parent)</td>
<td>97 bps</td>
<td>105 bps</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>CHF 70.6 mio</td>
<td>&gt; CHF 130 mio</td>
</tr>
<tr>
<td>ROE</td>
<td>7.4 %</td>
<td>&gt; 15 %</td>
</tr>
<tr>
<td>Cost/income ratio</td>
<td>69 %</td>
<td>~ 60 %</td>
</tr>
</tbody>
</table>
Self-funded investments targeted at growth and efficiency improvements

Total build-up costs
CHF ~120m over 3 year period

Efficiency
- Outsourcing of IT and back-office operations
- Focus on value-adding activities through partnering
- Additional cost optimization and adjustment of business model

Growth
- Structured, 360° advisory approach
- Wealth management expertise
- State-of-the-art investment planning tools and CRM platform
- Structured investment management process and products
- Proprietary product development and packaging know-how
Growth and efficiency leading to improved cost/income ratio

**Growth**
- PB net new money growth
- PB margin enhancement

**Efficiency**
- Complexity reduction
- Outsourcing of back-office

Drivers
- Cross-selling
- Share of wallet
- New clients
- Pricing

Cost/income-ratio (%)

2004: 69%
2008: ~60%

-9 (ppts)

5–6% p.a. AuM growth
1–2% p.a. lower cost

* Effect net of inflation
Strengthened Private Banking leadership to achieve high performance

- Strengthened performance orientation
- Seamless integration of front line / product & service factory
- Client Services divided into two divisions
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Reduced costs and streamlined balance sheet lead to increased profit

Key financials

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<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>1H 2005</th>
<th>CAGR 2001-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>485</td>
<td>448</td>
<td>467</td>
<td>450</td>
<td>237</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>-344</td>
<td>-335</td>
<td>-293</td>
<td>-310</td>
<td>-156</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>141</td>
<td>113</td>
<td>174</td>
<td>141</td>
<td>81</td>
<td>3.5%</td>
</tr>
<tr>
<td>Depreciation, adj. prov. and losses</td>
<td>-133</td>
<td>-284</td>
<td>-98</td>
<td>-63</td>
<td>-24</td>
<td>-22.5%</td>
</tr>
<tr>
<td>Net profit</td>
<td>36</td>
<td>-161</td>
<td>85</td>
<td>71</td>
<td>44</td>
<td>25.0%</td>
</tr>
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Key ratios

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<tr>
<td>Return on Equity</td>
<td>3.5%</td>
<td>-17.1%</td>
<td>9.8%</td>
<td>7.4%</td>
<td>8.9%</td>
<td></td>
</tr>
<tr>
<td>Cost/income ratio</td>
<td>71%</td>
<td>75%</td>
<td>63%</td>
<td>69%</td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>BIS ratio (tier 2)</td>
<td>11.5%</td>
<td>11.3%</td>
<td>13.7%</td>
<td>13.9%</td>
<td>12.4%*</td>
<td></td>
</tr>
<tr>
<td>Assets under Management (CHF bn)</td>
<td>37.0</td>
<td>32.3</td>
<td>34.2</td>
<td>34.4</td>
<td>37.1</td>
<td></td>
</tr>
</tbody>
</table>
Efficiency: Sizable cost savings due to outsourcing expected

Methodology

- Strategic
- Tactical
- In-house/proprietary
- Business model
- Business processes
- Application management
- IT infrastructure
- Individual services
- Shared services

Operating model

- BSI
- BossLab
- BdG

Joining forces

- B-Source*
  - IT & Operations
  - Application Service Provider
  - Business Service Provider

- BSI front and middle office
- BdG front and middle office

- Total investments of CHF 37 million
- Expected annual cost savings of CHF ~13 million from 2008 onwards

* Ownership structure: 63% by BSI, 37% by Banca del Gottardo
Source: Gartner and Banca del Gottardo
Geographic focus: Sale of Monaco subsidiary in line with new strategy of focus

**Strategic rationale**
- Implementation of new corporate strategy to simplify existing business model and its operational activities
- Focus on CH off- and onshore and IT onshore

**Transactions terms**
- Monaco bank sold to Banque Jacob Safra Switzerland
- Transfer of CHF 3.5 bn of assets under management, 111 headcounts

**Effects on financials**
- No impact on financial targets; NNM growth of CHF 1 billion p.a. and RoE of >15% as of 2008
- Use of proceeds for benefit of business and shareholder
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Clearly defined growth strategy with focus on operational improvements

- BdG best positioned in core geographical niches
- Strong and stable financial base
- Strategy with focus on the right client segments and products to meet key trends in private banking
- Clear financial goals with >15% ROE contribution by 2008
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