

A photograph of a snowy mountain landscape under a clear blue sky. The foreground is a wide, snow-covered slope with some tracks. In the background, a rocky mountain peak is partially covered in snow. The sky is a solid, bright blue.

BANCADEL
GOTTARDO

Investors' Day
Strategy Banca del Gottardo

Zurich, December 1, 2005

Banca del Gottardo: Agenda

1. Introduction

Rolf Aeberli

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

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

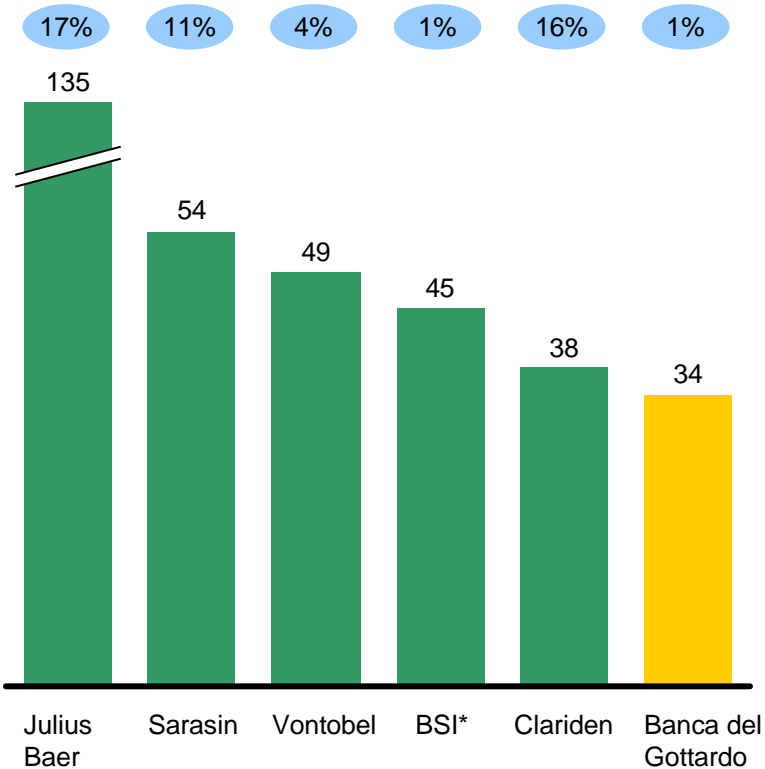
Positioning

- Among top 10 largest Swiss private banks
- Top player in Ticino market

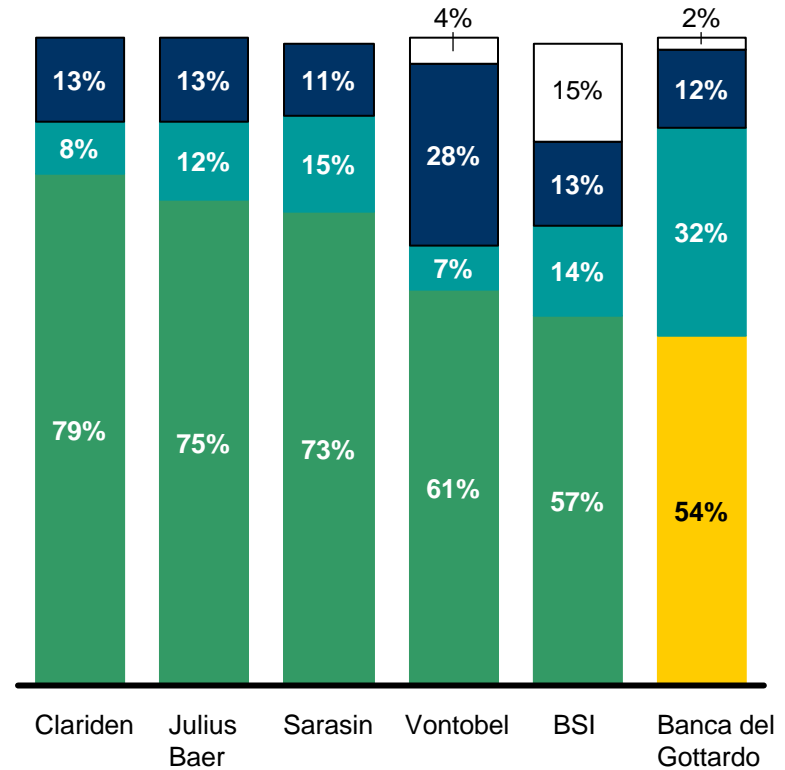
More balanced revenue mix compared to peers

Selected peer group

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



Revenue mix 2004



* 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

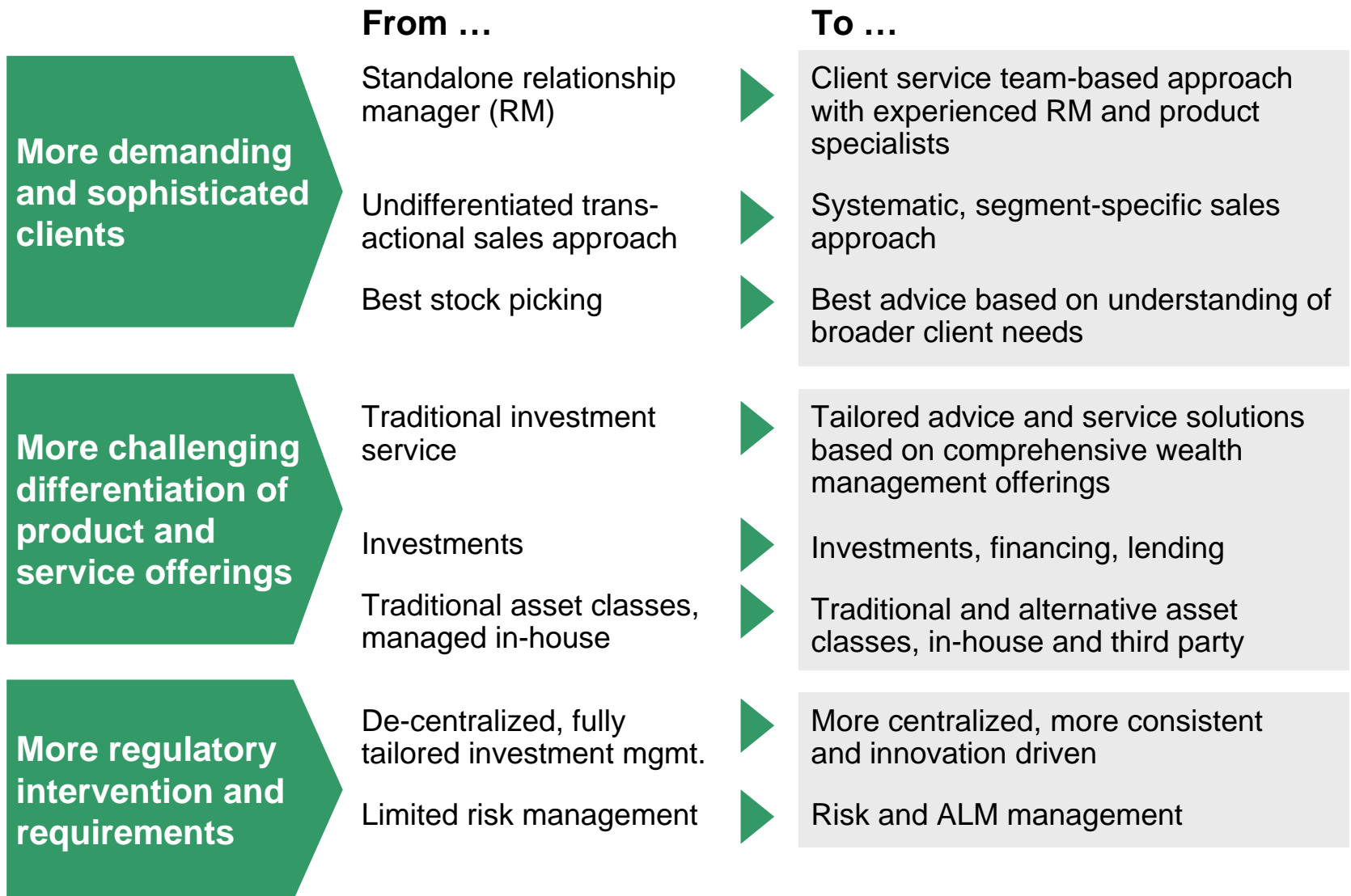
More challenging differentiation of product and service offerings

- 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



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BdG new strategy: from consolidation to efficiency and profitable growth

2000–2005

Consolidation

- 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

Efficiency and profitable growth

- 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

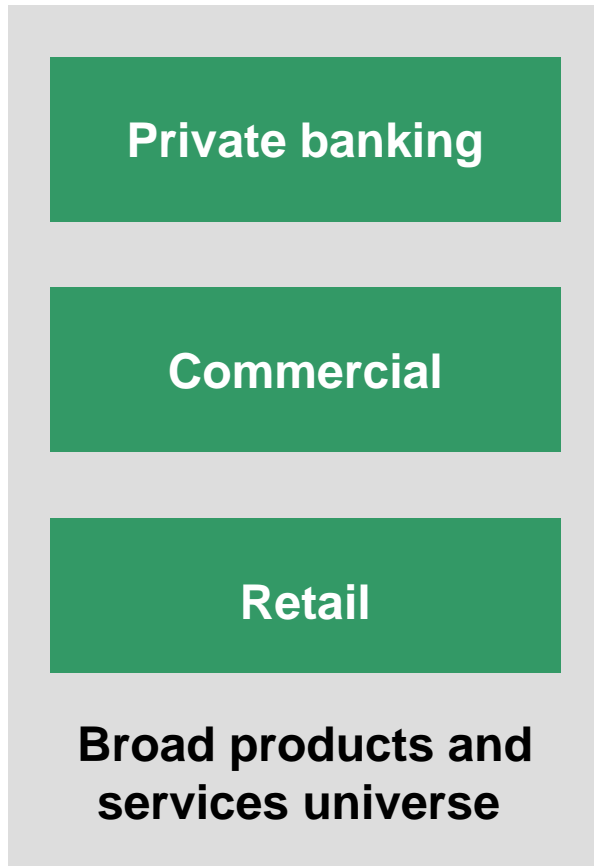
- Top investment performance and high quality advisory services
- Leveraging open architecture for best in class providers
- Focus on added value proprietary products and services

One team

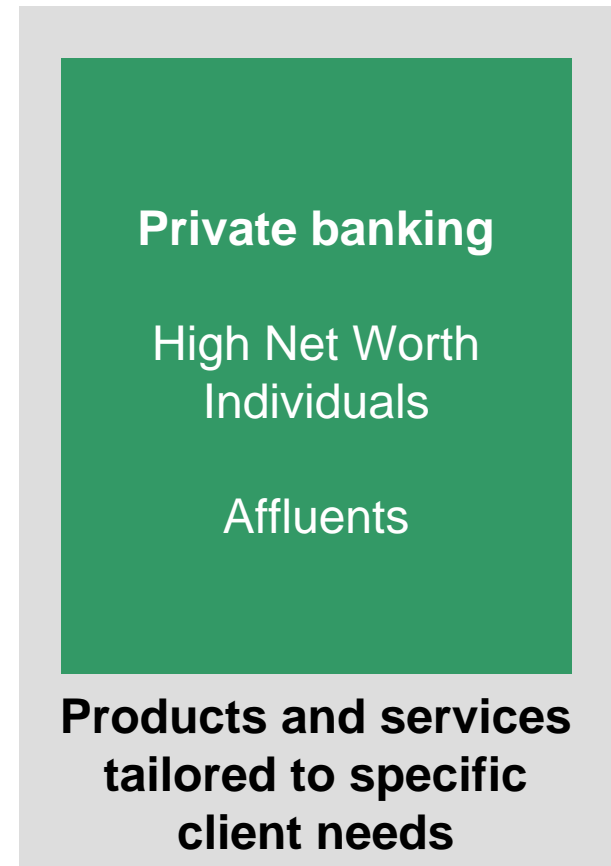
- One bank – one team for superior client service
- Distinctive talent management and attraction
- Performance driven and entrepreneurial culture

Focused strategy to achieve efficiency and profitable growth

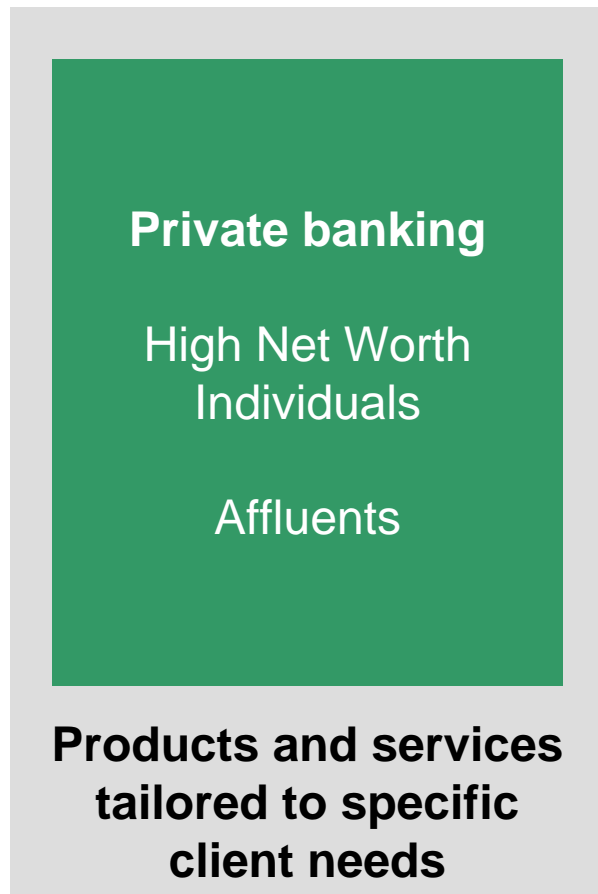
From ...



To ...



Clear strategic focus in all key business areas



Geography

- Switzerland off- and onshore
- Italy onshore

Segments

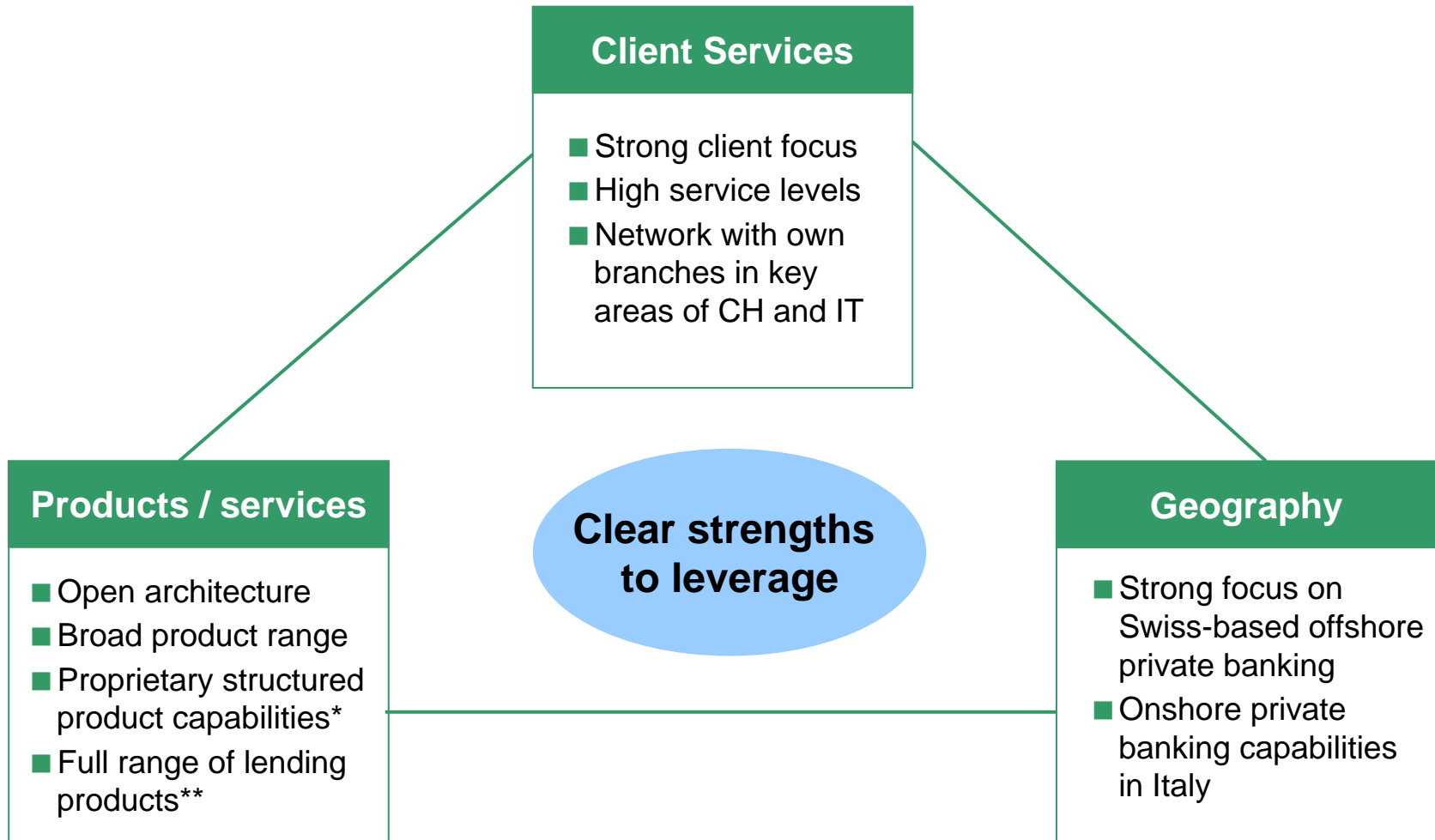
- HNWI as the core segment
- Affluent as new growth thrust
- UHNWI } as adjacent
- EAM } segments

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

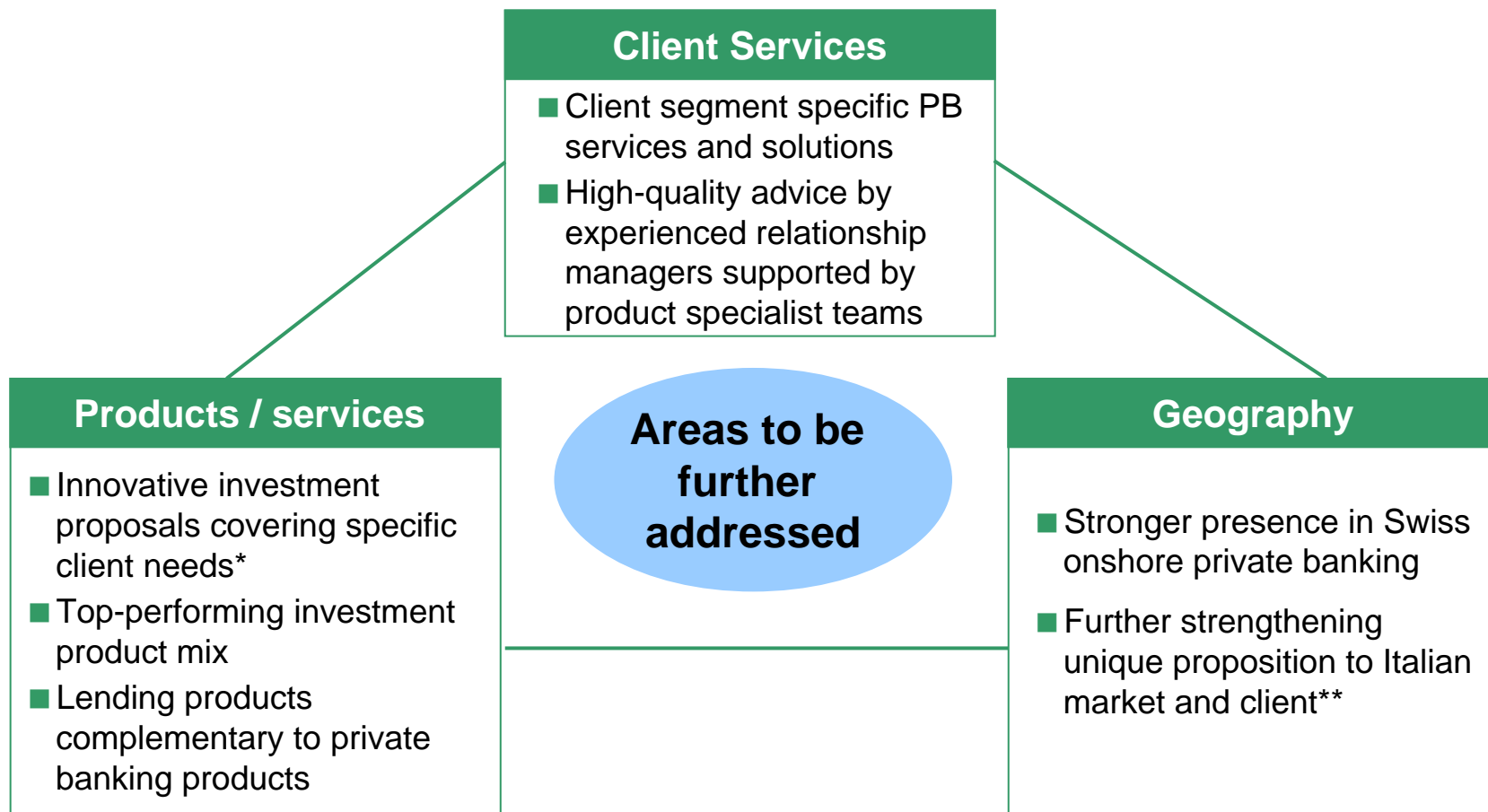
Value proposition based on existing strengths ...



* 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



* E.g. dynamic advisory, extended asset classes

** In particular BdG Italia – Italian onshore business

Main value drivers of performance improvements

Driver

Growth

- Net new money through share-of-wallet increase and new client acquisition
- Margin enhancement through cross-selling and value-added pricing

Efficiency

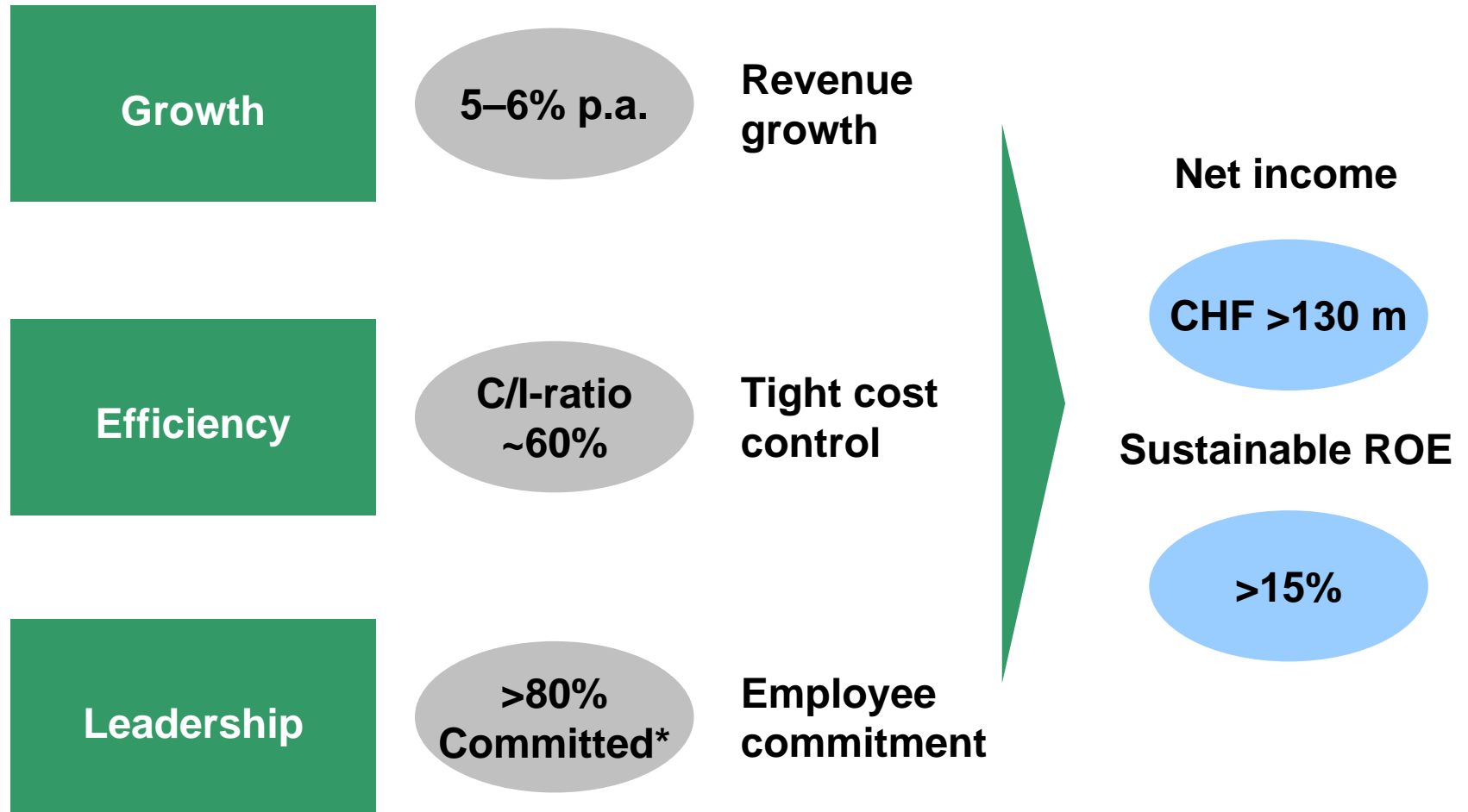
- Outsourcing of IT and back-office operations
- Leveraging third-party product and service providers
- Cost reduction through lean processes and structure

Leadership

- Comprehensive implementation program
- Strong commitment of BdG employees

Ambitious goals for 2008

Swiss GAAP



* SL Group target

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Clear financial objectives for BdG Group

Swiss GAAP

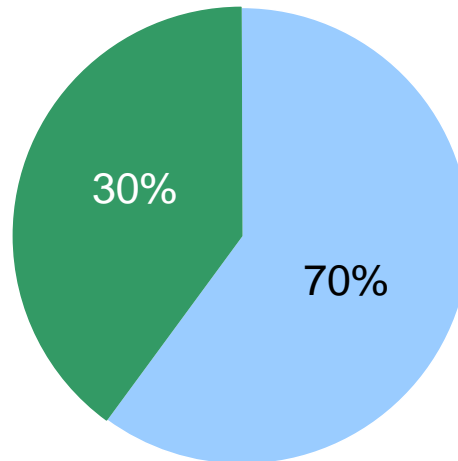
	2004		2008
Assets under control (AuC)	CHF 41.1 bn	▶	CHF ~60 bn
Assets under management (AuM)	CHF 34.4 bn	▶	CHF ~43 bn
Private banking net new money	CHF –200 mio	▶	CHF ~ +1.0 bn p.a.
PB revenue margin (BdG parent)	97 bps	▶	105 bps
Net profit after tax	CHF 70.6 mio	▶	> CHF 130 mio
ROE	7.4 %	▶	> 15 %
Cost/income ratio	69 %	▶	~ 60 %

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

5–6% p.a. AuM growth

Drivers

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

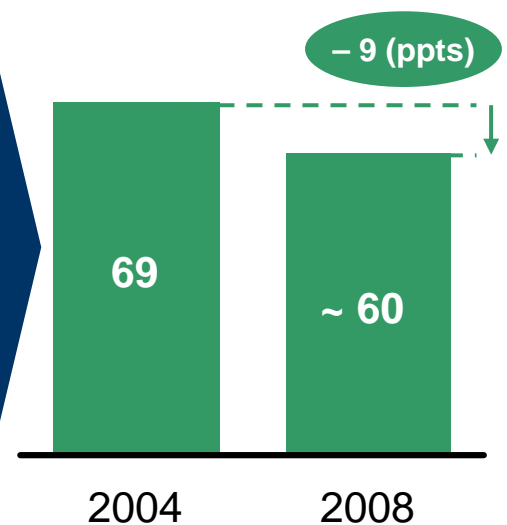
Efficiency

- Complexity reduction
- Outsourcing of back-office

1–2*% p.a. lower cost

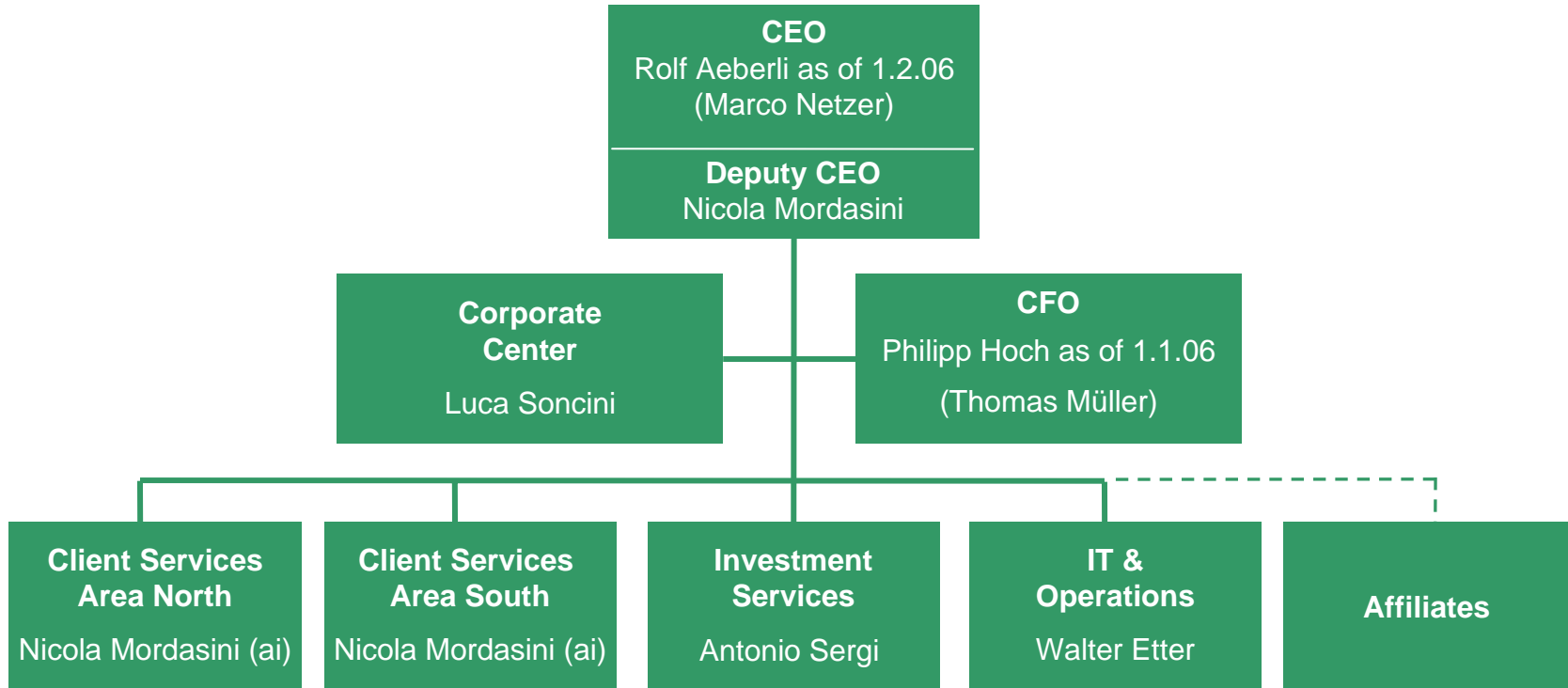
- Streamlining
- Centralize
- Process efficiency
- Outsourcing

Cost/income-ratio (%)



* 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

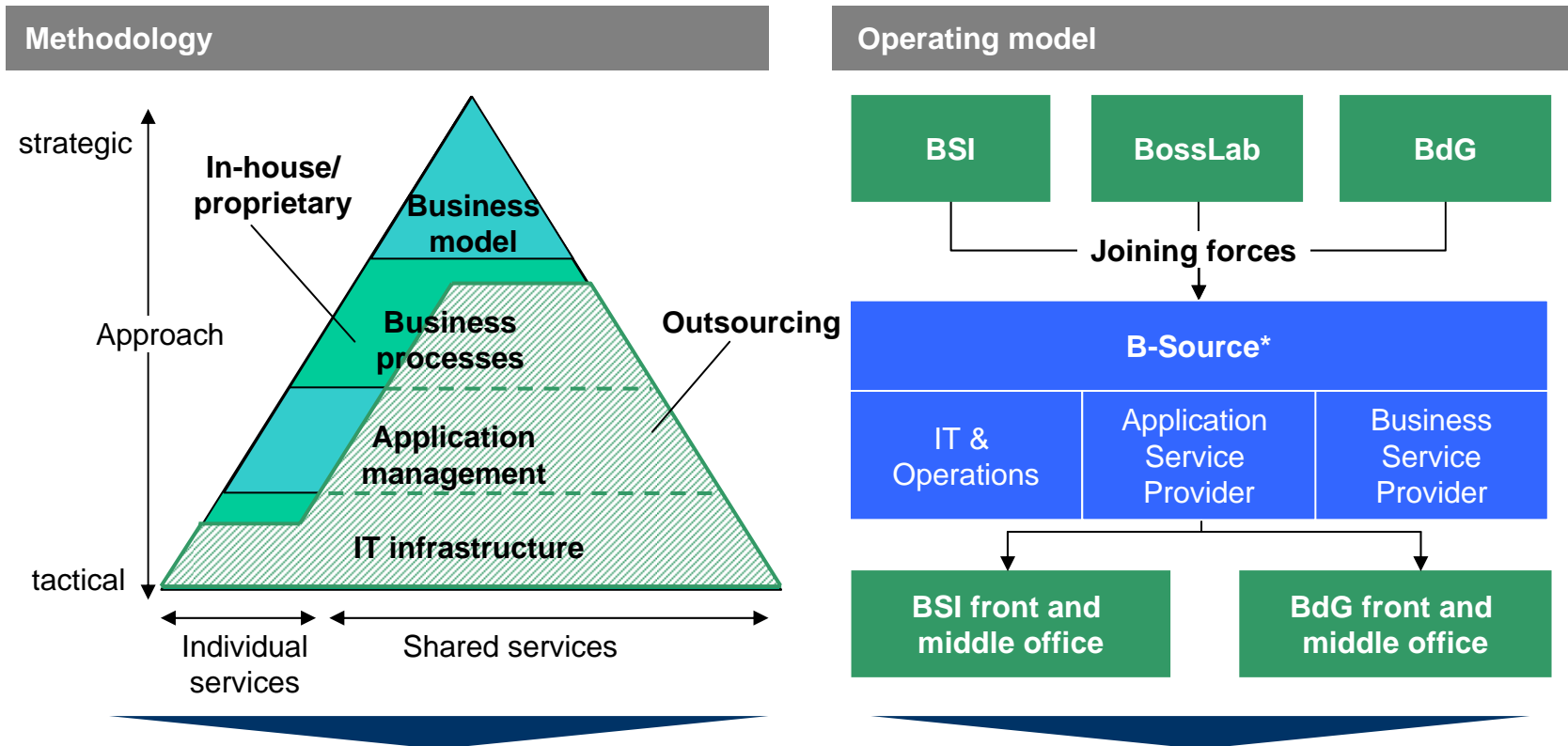
CHF million	2001	2002	2003	2004	1H 2005	CAGR 2001-05
Net revenues	485	448	467	450	237	-0.1%
Total operating expenses	-344	-335	-293	-310	-156	-2.4%
Gross profit	141	113	174	141	81	3.5%
Depreciation, adj. prov. and losses	-133	-284	-98	-63	-24	-22.5%
Net profit	36	-161	85	71	44	25.0%

Key ratios

Return on Equity	3.5%	-17.1%	9.8%	7.4%	8.9%
Cost/income ratio	71%	75%	63%	69%	66%
BIS ratio (tier 2)	11.5%	11.3%	13.7%	13.9%	12.4%*
Assets under Management (CHF bn)	37.0	32.3	34.2	34.4	37.1

* Bis ratio 1H 2005 does not consider accumulated profit

Efficiency: Sizable cost savings due to outsourcing expected



- Shared services in “commodity-like” areas
- Individual services kept proprietary in areas with strategic importance

- 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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