EFG International

ANNUAL REPORT 2009

EFG International is an international private banking and asset management group based in Zurich. It was founded on the back of a passionate conviction: clients of our industry expect and deserve more.

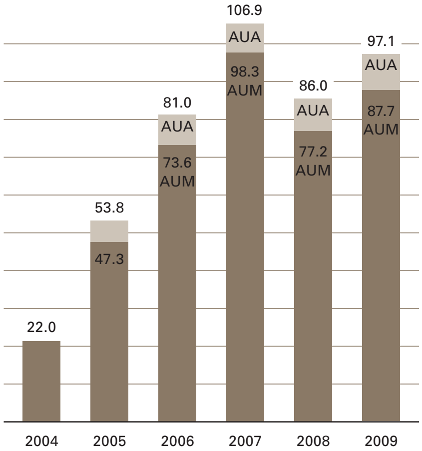
The essence of private banking is relationships; at EFG International, our role is to provide the conditions for these to flourish. Courtesy of an entrepreneurial business model, our business attracts professionals of the highest calibre, who enjoy the controlled freedom to operate in their clients' best interests.

EFG International's global family of private banking businesses operates in over 50 locations in 30 countries. The business benefits from the resources and substantial capital reserves of EFG Bank European Financial Group, based in Geneva, which is EFG International's largest shareholder with 49.34%.

EFG INTERNATIONAL PERFORMANCE EVOLUTION

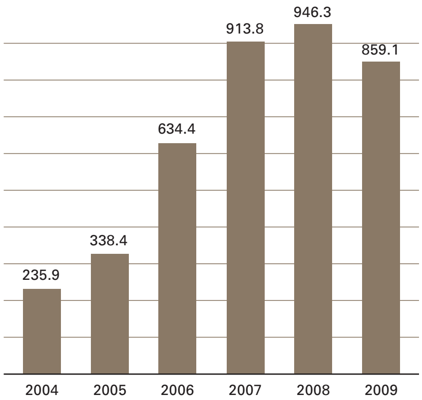
AUM and AUA*

in CHF billions



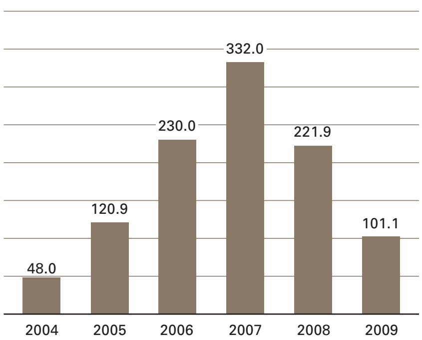
Operating Income

in CHF millions



Net profit attributable to Group shareholders

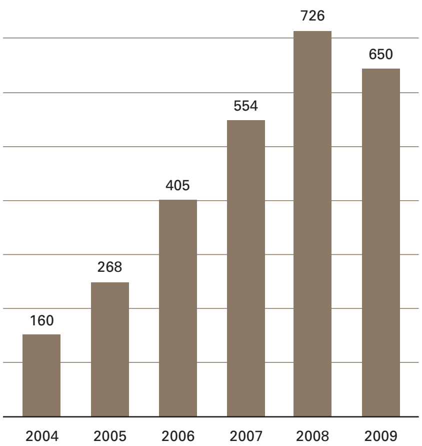
in CHF millions



EFG INTERNATIONAL FINANCIAL HIGHLIGHTS

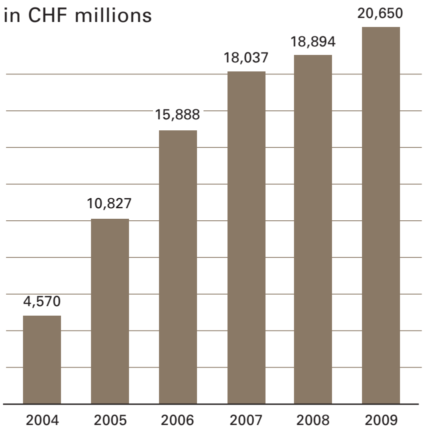
in CHF millions		December 31, 2009
Income		
Operating Income		859.1
Profit before Tax		109.6
Net profit attributable to Group shareholders		101.1
Net profit attributable to ordinary shareholders		76.6
Cost/Income Ratio		79.0%
Balance Sheet		
Total Assets		20,650
Shareholders' Equity		2,238
Market Capitalisation		
Share Price (in CHF)		14.30
Market Capitalisation (ordinary shares)		2,097
BIS Capital		
Total BIS Capital		800
Total BIS Capital Ratio		13.7%
Ratings	**long term**	**outlook**
Moody's	A2	Stable
Fitch	A	Stable
Personnel		
Total number of CROs		650
Total number of employees		2,394
Listing		
Listing at the SIX Swiss Exchange, Switzerland; ISIN: CH0022268228		
Ticker Symbols		
Reuters		EFGN.S
Bloomberg		EFGN SW

Client Relationship Officers (CROs)*



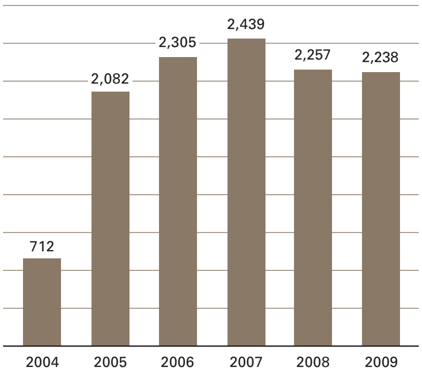
Total Balance Sheet

in CHF millions



Shareholders' Equity

in CHF millions



* including announced acquisitions

International practitioners
of the craft of private banking

CONTENTS

CHAIRMAN'S LETTER

Jean Pierre Cuoni

Dear shareholders, dear clients,

Continued turbulence in the global economy made 2009 another challenging year, particularly during the first quarter. However, the world economy seemed to turn a corner, and business conditions and client confidence gradually recovered (albeit clients understandably remained cautious) as the year progressed. Throughout, we remained positive, and continued to provide advice and guidance to our clients on managing their affairs through the downturn.

The uncertain climate inevitably had an impact on performance, although the second half was significantly better than the first. Lower activity levels affected revenues, while expenses continued to reflect strategic investments made in growing the business. Revenues fell 9% year-on-year to CHF 859 million (up 8% in H2 compared to H1 2009) and net profit stood at CHF 101 million, down 54% compared to the previous year (up 305% in H2 compared to H1 2009). Clients' Assets under Management rose to CHF 87.7 billion, up 14% year-on-year.

In response to conditions, as well as shifts in regulation, we adjusted our business to commercial realities, while always remaining mindful of the need not to dilute our competitive strengths. We addressed under-performing Client Relationship Officers (CROs), as a result of which the total number of CROs fell from 726 to 650. We also closed seven offices, and generally sought to keep tight control over operating expenses. On a pro forma basis, a cost reduction programme realised savings of close to CHF 40 million in 2009, and we expect savings to exceed CHF 50 million for 2010.

At the same time, we continued to make selective investments where we judged there was significant growth potential. This encompassed recruiting high quality people (with a heightened emphasis on teams), as well as opening new offices (Abu Dhabi, Bangalore, Key Biscayne, Ottawa and, recently, Shanghai).

The fundamentals of our business remain strong. Net new assets were robust (CHF 6.3 billion, or 8.4%), particularly in relation to private clients (CHF 8.7 billion, or 12.4%). We remained an attractive destination for high quality CROs, successfully hiring a number of individuals and teams during the year. We once more displayed effective risk management, continuing to avoid major credit and operational pitfalls. And EFG International remains well capitalised (with a BIS Tier 1 capital ratio of 13.7%), well served by a stable funding structure and with a high quality, liquid balance sheet.

Our focus near-term will be on maximising organic growth potential. As I have said before, private banking is at the heart of EFG International, and we see many opportunities to expand the scale and capabilities of our private banking businesses around the world. Indeed, it is pleasing that so many of our new offices and teams made meaningful contributions to performance during 2009.

We are also intent on building up our asset management business, which was grouped under unified leadership during the year and offers significant upside potential, both in terms of providing enhanced support to CROs and targeting the institutional segment. EFG Financial Products continued to grow dynamically, with an impressive list of achievements including growing clients by over a third and clients' Assets under Management to over CHF 1 billion. It is now in the process of extending its geographical reach in Europe and Asia.

We operate in a sector with various pressure points, one of which is Swiss banking secrecy. The Swiss government has signed a number of double taxation agreements with European countries, based on OECD guidelines. As a consequence, changes to legislation have been proposed that will abolish the distinction in Switzerland between tax evasion and tax fraud. Such a development was foreseeable and, in my opinion, desirable.

The above said, while our roots are in Switzerland, EFG International is a modern, progressive wealth manager with a global network. We have always operated onshore as well as offshore, providing proximity to clients (a key ingredient of any relationship). We also draw strength from the principles and values that have underpinned our development from a start-up to a business managing CHF 87.7 billion in the space of just 15 years. These principles are constant; they have served us well, and will do so in the future. In a nutshell, our business is based on a passionate desire to provide clients with the level of service they expect and deserve. To us, the essence of private banking has always been relationships, and creating the conditions for them to flourish. Our CROs are given the controlled freedom to select the best from the market; compelled only to solve, not to sell.

What of the future? Current trends are positive, and I expect to see further improvements in line with progress of the global economy. We remain resolutely committed to growing our business, by continuing to hire high quality CROs and selectively extending our representation. All of our private banking businesses are set to continue to expand, and I am confident that Asset Management has the capabilities to establish itself as a dynamic business.

I remain absolutely convinced that EFG International has the right attributes and approach to remain a distinctive and highly competitive global private bank. Indeed, the ability to attract and retain clients is a key success factor in any industry, and it has always been a striking characteristic of our business. I would like to extend my gratitude to our loyal clients, as well as to all employees whose expertise and dedication have made our business what it is today.

Jean Pierre Cuoni,
Chairman of the Board

Resolute experts.

Single-minded focus, experience, passion: fuelling a business that does better by clients.

LETTER FROM THE CEO

Lawrence D. Howell

Against a challenging market backdrop in the year ended 31 December 2009, financial highlights for EFG International were as follows:

– Net profit was CHF 101 million, down 54% year-on-year, on revenues of CHF 859 million, down 9%.

– Clients' Assets under Management were CHF 87.7 billion as at 31 December 2009, up from CHF 77.2 billion as at end-2008.

– Private client inflows for the year were CHF 8.7 billion. Total net new assets and the increase in clients' loans were CHF 6.3 billion (of which loans: CHF 0.6 billion). This compares with CHF 13.2 billion (loans: decrease of CHF 0.5 billion) for 2008.

– The number of Client Relationship Officers (CROs) decreased to 650 from 726 a year earlier, as the business addressed under-performing CROs.

REVIEW OF BUSINESS

Gradual improvement in business environment, and fundamentals remain sound

While 2009 started very slowly, particularly in the first four months, business conditions improved as the year progressed. Clients gradually became less cautious, albeit activity levels remained below pre-financial crisis levels, with an inevitable impact on performance. However, performance improved significantly in the second half of the year compared to the first half, with operating income and net profit up 8% and 305% respectively. The underlying capacity for growth of the private banking business remains intact, as evidenced by another year of double digit net new money growth.

Cost reduction programme and re-investment

Early in 2009, we initiated a cost reduction programme to reflect prevailing business levels. On a pro forma basis, EFG International realised cost savings of close to CHF 40 million for 2009, and savings are expected to exceed CHF 50 million for 2010. However, these savings have been, and will continue to be, partially offset by investments in growth, in keeping with the underlying strength of the business and improving economic outlook. Notable initiatives include the hiring of new CROs, extending representation and the expansion of existing businesses.

The number of CROs was reduced by 76 to a net year-end figure of 650, with the reduction in loss-making CROs partially offset by the recruitment of 94 CROs. Recruitment has been highly selective, with an emphasis on quality over quantity, and performance thresholds have been raised, with CROs required to be profitable on a running rate basis by the end of their first year. We recruited a number of teams - as well as individuals - and strong business flows were seen from these during the year.

Offices have been closed in Bahrain; Buenos Aires; Mexico City; Victoria, Canada; and the Valais, Switzerland (Crans-Montana, Martigny and Verbier). We are also in the process of closing operations (subject to regulatory approval) in Caracas; Panama; and Malmö, Sweden. However, we also selectively extended our representation in key growth markets during 2009. During the year, we opened offices in Abu Dhabi, Bangalore, Key Biscayne and Ottawa.

In China, we have opened a representative office in Shanghai, which is serving as a platform to identify opportunities in this dynamic market. We are in the process of entering the Danish market, where we have recruited a high quality team from a leading competitor to run the Copenhagen-based business. We are also applying to establish a presence in Uruguay.

During another challenging year for the world economy, EFG International once again made minimal provisions in relation to credit and operations.

Other organic growth initiatives

Various other organic growth initiatives were pursued during the year, as we broadened and deepened our offering to clients, repositioned various businesses, and relocated to new premises to meet the needs of growth:

– In Sweden, the business is repositioning itself to provide a broader range of wealth management solutions to institutional and private clients. To more accurately reflect its full range of capabilities, it changed its name to EFG Bank AB in February. The business also strengthened its leadership team.

– EFG International's business in Liechtenstein, Bank von Ernst (Liechtenstein) changed its name to EFG Bank von Ernst. The new name more clearly identifies EFG Bank von Ernst as part of EFG International's global family of wealth management businesses.

– In Hong Kong, the business strengthened its leadership team; completed a move to new premises; and launched its new Chinese name as part of a concerted marketing strategy in the region.

– In Singapore, the business completed a move to new premises in a landmark property with naming rights, EFG Bank Building.

– In early 2010, our French business changed its name to EFG Banque Privée, having been awarded a banking license. In addition to its core offering of portfolio management and funds, Paris-based EFG Banque Privée is now able to offer its clients a full range of banking, credit, cash management and payments services.

While calibrating our marketing investment to difficult market conditions, we continued to pursue a highly differentiated and cost-effective global marketing strategy, drawing on a diverse portfolio of international advertising and sponsorships.

Private banking - regional performance

A number of EFG International's regional private banking businesses delivered strong performances in 2009:

- The UK business generated a record profit in local currency terms.
- In Luxembourg, clients' Assets under Management rose by over 50%.
- France saw double digit growth in clients' Assets under Management.
- In Spain, A&G Asesores grew private banking clients' Assets under Management by over 20%, and income by over 15%.
- In Miami, where there was significant hiring of new CROs, clients' Assets under Management rose by over a third.
- In the Caribbean, there was strong growth in clients' Assets under Management in both The Bahamas and Cayman Islands. Income rose by a quarter.
- In Asia, clients' Assets under Management rose by over 20%.

Asset management

Effective 1 July, EFG International's specialist product businesses were grouped under unified leadership. This has helped us to ensure a focused approach to running asset management, with the aims of realising efficiency gains; enhancing support given to CROs across portfolio management and investment solutions; enhancing specific asset class expertise; and developing as a distinct business. In relation to the latter, while EFG Financial Products and Marble Bar Asset Management are retaining their own sales forces, a combined asset management sales force is being put in place to develop incremental business primarily with institutional investors.

EFG Financial Products continued to grow dynamically, with an impressive list of achievements in 2009, only its second full year of operation. Clients rose by over a third, and clients' Assets under Management surpassed CHF 1 billion. The business won a Swiss Derivatives award for transparency. It is extending its geographical reach, with a new entity to be based in Frankfurt to target the German market as well as public distribution in the EEA area. It will also be targeting Asia through a presence in Hong Kong and Singapore.

At Marble Bar Asset Management, clients' Assets under Management remained under pressure, and investment performance, while modestly positive, reflected a cautious approach to investing, consistent with its long-term, low volatility performance. Its investment approach is well suited to being a core element in the portfolios of private banking clients. C.M. Advisors was repositioned to be the global centre of excellence for funds of hedge funds capabilities, and has been integrated into the wider group. In this capacity, it has taken on a number of internal clients, including PRS and Quesada.

Strengthening governance

To strengthen governance, we put in place a two tier Executive Committee structure, effective the second half of the year. This comprises a smaller Executive Committee, to meet monthly, to ensure a heightened focus on direction and performance, and a Global Executive Committee, which meets quarterly to discuss the performance of individual businesses, opportunities to exploit synergies, and wider-ranging discussions on future strategy.

In June 2009, Lukas Ruflin was appointed Deputy CEO of EFG International, returning from EFG Financial Products which he co-founded in 2007. In his new role, he is focusing on further development and execution of our strategy, working closely with me and other colleagues in the Executive Committee. Jim Lee relinquished his position as Deputy CEO to become Head of EFG International's Asset Management business, overseeing EFG Financial Products, Marble Bar Asset Management, Capital Management Advisors, and the other asset management and funds businesses within EFG International.

Life settlement policies

In 2007, EFG International invested in a portfolio of life settlement policies, based on the view that they were a low risk, non-correlated investment class. However, its decision to move them to the trading book, as of mid-year 2008, proved inopportune in light of deteriorating market conditions, which eliminated anticipated client orders and exposed the business to negative valuation effects. Despite a negative 2008, in the period from acquisition to February 2010, portfolio total performance has been positive, both for P&L and overall equity. EFG International's view remains that the portfolio represents a high quality investment (with a yield in excess of 10%), producing a healthy annual income. As a result, EFG International has decided that nostro policies will be held until maturity.

LOOKING AHEAD

A business positive about future prospects

Looking to the future, present trends are positive. While the external environment remains uncertain, business levels at EFG International have progressively improved. We believe there will be further improvements in line with progress of the global economy.

Strategic priorities going forward are as follows:

- In the near term, the focus is on organic growth, not acquisitions. We will continue to manage costs carefully, but we are also committed to hiring high quality CROs who are capable of being profitable in relatively short order. We will also continue to extend selectively our representation, subject to finding the right people.

- As business conditions return to a more normal state, and given the strength of private banking net new money, we remain confident that we can achieve our historic average growth in clients' Assets under Management per CRO of CHF 30 million. While there are various pressure points affecting private banking, EFG International benefits from its geographical diversification, and long-standing commitment to onshore as well as international businesses.

- All private banking businesses are set to continue to expand. In Switzerland, for example, we are planning a significant expansion of activity, based on the belief that there is an attractive opportunity to recruit high quality CROs.

- In relation to asset management, we will continue to pull together the various strands of this business, with a view to providing better support to CROs, in the context of our fundamental commitment to open architecture, establishing in the process a dynamic stand-alone business. EFG Financial Products will continue to expand its geographical footprint; to build up its sales force; and to extend its asset class capabilities.

Lawrence D. Howell,
Chief Executive Officer

A modern, progressive private bank.

A Swiss pedigree and a global presence. Located where our clients need us.

INTERNATIONAL PRESENCE

A global footprint

EFG International benefits from its geographical diversification, and long-standing commitment to onshore as well as international businesses. Regional operations are run by practitioners with long experience of their local markets. In this way, relationships with clients are rooted at ground level, while augmented by the full global resources of EFG International.

Booking centres
Other offices

Birmingham region includes:
Banbury, Bridgnorth
Worcester,
Wolverhampton.

Switzerland:
Geneva, Zurich,
Sion, Lugano.

* Subject to regulatory approval

Organic growth and acquisitions

1995 The founding of EFG Bank

	Organic growth	Acquisitions
1996	Miami	
1997		Geneva Private Banking Business of Parent Bank; Royal Bank of Scotland Zurich
1999	Guernsey	
2000	Singapore; Hong Kong; Buenos Aires[6]	
2001		IBP Fondkommission (Sweden)
2002	Taipei	
2003		BanSabadell Finance (Geneva); Banque Edouard Constant (Geneva)
2004	New York; Luxembourg; EFG Investment Bank Sweden	Banco Atlántico Gibraltar Ltd; Structured Notes Business (Scandinavia, Europe)[1]
2005	Dubai; Lima	DLFA Dresdner LatAm Financial Advisors; Chiltern Wealth Management (London); Bank von Ernst (Liechtenstein) AG[2]; Banco Sabadell Bahamas[1]; EFG Eurofinancière d'Investissements SAM (Monaco)[5]; EFG Private Bank Limited (London)
2006	Bahamas Bank; Luxembourg Bank; Bahrain[6]; Bangkok; Bogotá; Caracas[6]; Cayman; Jakarta; Manila; Mexico City[6]; Panama[6]; Quito	Capital Management Advisors (Bermuda); Harris Allday (UK); Banque Monégasque de Gestion (Monaco)[5]; PRS Group (Cayman/Miami); Quesada Kapitalförvaltning (Sweden)

Organic growth
Acquisitions

1 Agreements to set up business accounted for as acquisitions of intangible assets.
2 Subsequently changed name to EFG Bank von Ernst AG.
3 Subsequently changed name to EFG Wealth Management (India) Private Ltd.
4 Subsequently changed name to EFG Gestion Privée – EFG Banque Privée
5 Subsequently changed name to EFG Bank (Monaco).
6 Offices closed in 2009.

2007

- Toronto
- Jersey Bank
- Madrid
- Barcelona
- EFG Financial Products
- Ashby London Financial Services Ltd (UK)
- Bull Wealth Management (Canada)
- Marble Bar Asset Management (UK/Cayman)
- Stratcap Securities India (Mumbai)[3]
- A&G Group (Spain)
- On Finance SA (Lugano)

2008

- Los Angeles
- Montreal
- St. Catharines
- Vancouver
- Sycomore Gestion Privée (Paris)[4]

2009

- Bangalore
- Abu Dhabi
- Ottawa
- Shanghai
- Lyford Cay

Today

- Miami
- Guernsey
- Singapore
- Hong Kong
- Taipei
- New York
- Luxembourg
- Sweden Bank
- Dubai
- Lima
- Bahamas Bank
- Luxembourg Bank
- Bangkok
- Bogotá
- Cayman
- Jakarta
- Manila
- Quito
- Toronto
- Jersey Bank
- Madrid
- EFG Financial Products
- Los Angeles
- Montreal
- St. Catharines
- Vancouver
- Bangalore
- Abu Dhabi

- Ottawa
- Shanghai
- Lyford Cay

- Geneva Private Banking Business of Parent Bank
- Royal Bank of Scotland Zurich
- IBP Fondkommission (Sweden)
- BanSabadell Finance (Geneva)
- Banque Edouard Constant (Geneva)
- Banco Atlántico Gibraltar Ltd
- Structured Notes Business (Scandinavia, Europe)[1]
- DLFA Dresdner LatAm Financial Advisors
- Chiltern Wealth Management (London)
- Bank von Ernst (Liechtenstein) AG[2]
- Banco Sabadell Bahamas[1]
- EFG Eurofinancière d'Investissements SAM (Monaco)[5]
- EFG Private Bank Limited (London)
- Capital Management Advisors (Bermuda)
- Harris Allday (UK)
- Banque Monégasque de Gestion (Monaco)[5]
- PRS Group (Cayman/Miami)
- Quesada Kapitalförvaltning (Sweden)
- Ashby London Financial Services Ltd (UK)
- Bull Wealth Management (Canada)

- Marble Bar Asset Management (UK/Cayman)
- Stratcap Securities India (Mumbai)[3]
- A&G Group (Spain)
- On Finance SA (Lugano)
- Sycomore Gestion Privée (Paris)[4]

FINANCIAL REVIEW

Rudy van den Steen
Chief Financial Officer

In the financial year 2009, operating income decreased by 9% to CHF 859.1 million on the back of a 10% decline in average revenue-generating Assets under Management. This resulted in a 54% decrease in net profit attributable to Group shareholders to CHF 101.1 million and a 60% decline in net profit attributable to ordinary shareholders to CHF 76.6 million.

FACTORS AFFECTING RESULTS OF OPERATIONS

The number of Client Relationship Officers ("CROs") reduced by 10% to 650 at the end of 2009. This reflected the departure of 170 primarily non-profitable CROs and the recruitment of 94 new CROs.

Revenue-generating Assets under Management ("AUMs") increased to CHF 86.2 billion from CHF 75.4 billion at the end of 2008, reflecting net positive market and exchange rate movements of CHF 4.5 billion and net new money of CHF 6.3 billion. Net new money growth reflected an increase in Private Banking AUMs of CHF 8.7 billion, offset by outflows of CHF 2.4 billion in Asset Management AUMs. Average revenue-generating AUMs were down by 10% to CHF 80.5 billion at the year end, this being the primary driver of the similar percentage decline in operating income.

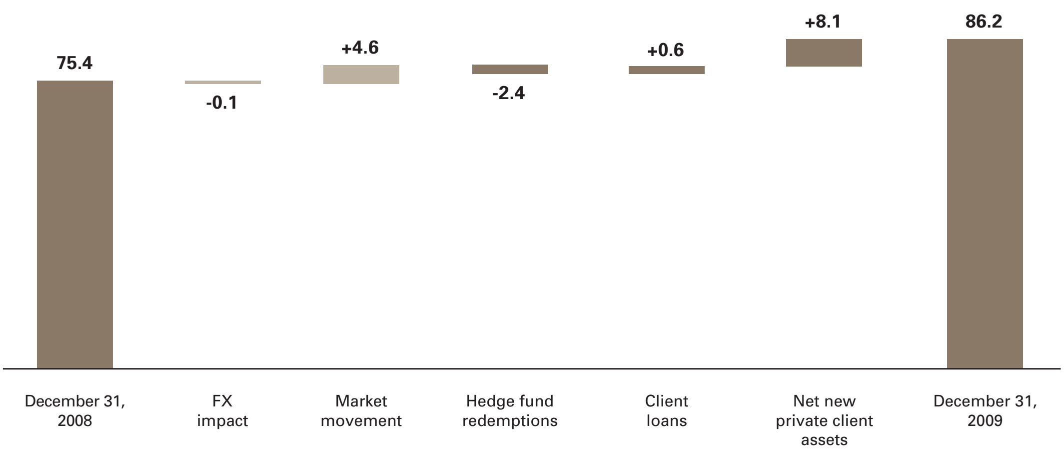
EFG International continues to hold a portfolio of US life settlement policies. In 2009 these policies had a net positive equity impact of CHF 32 million, with CHF 48 million of profits being recognized and CHF 16 million of negative revaluation reserves being taken through equity on updated valuation assumptions and model inputs.

CONSOLIDATED ASSETS UNDER MANAGEMENT

Revenue-generating AUMs increased by 14% to CHF 86.2 billion during 2009, from CHF 75.4 billion as at 31 December 2008. Net new assets from private clients grew by 12.4% (CHF 8.7 billion). However, net new assets were also negatively impacted by CHF 2.4 billion of redemptions in the hedge fund arena. Growth in Private Banking AUMs was positively affected by the continued AUM generation of existing CROs and more normal market movements than experienced in 2008, offset by minimal impacts from departing CROs and the Italian tax amnesty. The CHF 4.6 billion increase in AUMs from market performance was primarily due to the increase in global equity markets. Average clients' holdings in equity-related AUMs was 27% and this asset class appreciated by a weighted average of approximately 28%, driving market performance. Relatively stable foreign currency rates resulted in a net decline in AUMs of CHF 0.1 billion. This reflected a 3% decline in USD rates (relative to CHF) being mostly offset by appreciation in GBP rates.

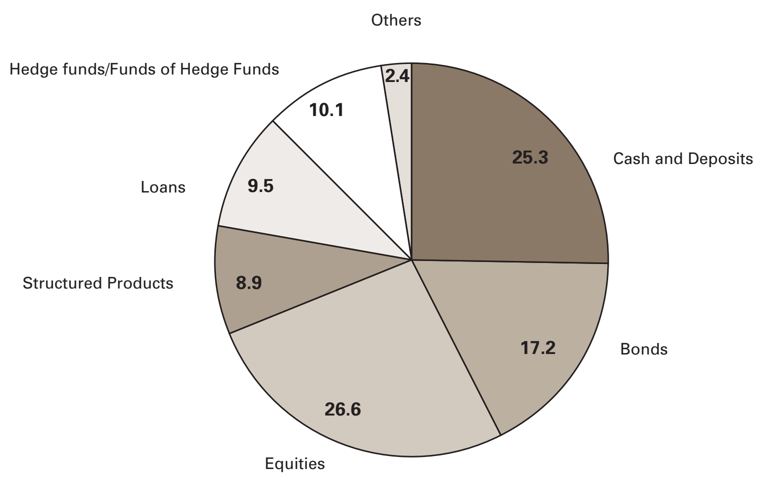
Revenue-generating AUM development

In CHF billions



AUM by category

in %



CONSOLIDATED FINANCIALS

Operating income

Operating income decreased by 9% to CHF 859.1 million compared to CHF 946.3 million in the previous year, in line with the 10% decrease of average revenue-generating AUMs.

Net commission income decreased by 13%, on the basis of a relatively constant level of commission activity compared to 2008 (albeit below the "normalised" pre-financial crisis levels earned pre-2008) on lower average revenue-generating AUMs. This reflected the impact of the decline in AUMs in late 2008 as a result of exchange rate and market effects (with an ongoing impact on revenue streams) and lower performance fees earned from hedge fund businesses in the Asset Management segment.

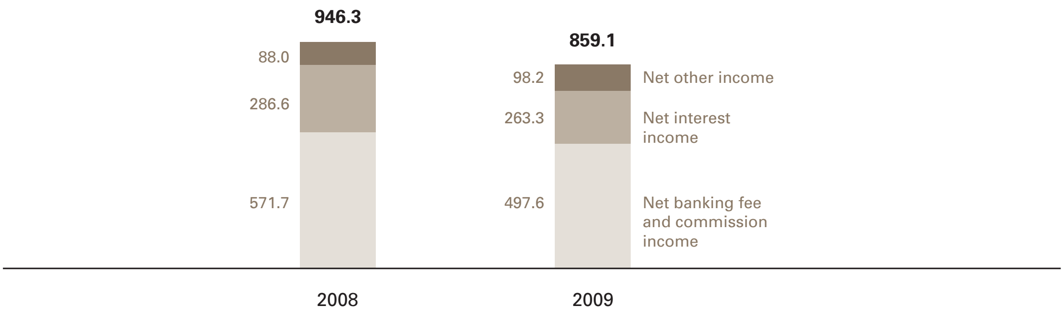
Net interest income was down by 8% to CHF 263.3 million as the low interest rate environment continued to limit interest spreads.

Net other income of CHF 98.2 million was reported (2008: CHF 88 million); however, the 2009 “like for like” decline was more substantial. In 2008, this caption included a net CHF 59 million mark to market loss on the life settlement portfolio. The margin earned on foreign exchange was down over 50% year on year as client transactional activity remained low in light of market uncertainties, and gains on bonds and investment securities were CHF 20 million in 2009 compared to CHF 59 million in 2008.

Based on time-weighted average revenue-generating AUMs of CHF 80.5 billion, the unadjusted yield on average AUMs remained relatively constant at 107 basis points (2008: 106 basis points). This variance is not fully comparable, and a comparison with the 2008 return adjusted for the net CHF 59 million 2008 life settlement portfolio impact would yield a comparison of between 112 basis points on an adjusted basis for 2008 versus 107 basis points for 2009. This decline reflects the full year impact of reduced client activity levels in 2009, as in 2008, activity up to the third quarter was at more normal levels.

Operating income

in CHF millions



Operating expenses

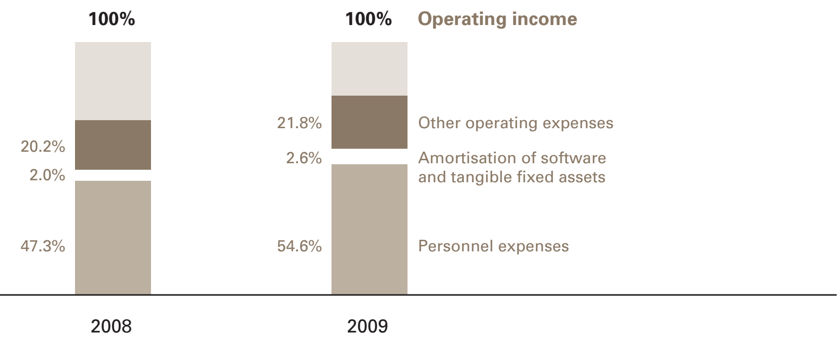
Operating expenses, excluding amortisation of acquisition-related intangibles, rose by CHF 20.9 million or 3% to CHF 678.4 million. The cost-income ratio, which is the ratio of operating expenses (including amortisation expense of software and tangible fixed assets) to operating income, increased from 65% (on an adjusted basis as reported in 2008) to 79%. The cost-income ratio was impacted primarily by the decline in operating income, which has not been offset by as much flexibility on the cost side. Cost cutting initiatives (primarily comprising removal of the costs related to non-profitable CROs and offices) have reduced the base costs, although the full year impact of this will only be visible in 2010.

Personnel expenses increased by CHF 21.6 million, up 5% to CHF 469 million. The increase reflects the net impact of four factors. First, an increase from business expansion at EFG Financial Products, where headcount grew from 94 to 135 in 2009. Second, a decrease from the cost savings starting to flow through from the lower level of CROs (down from 726 to 650). Third, overall headcount decreased by 3%, from 2,455 to 2,394 employees, although owing to the timing of recruitment in 2008, the average number of employees in 2009 was actually higher at 2,362 compared to 2,199 in 2008, driving up personnel costs year-on-year. Finally, due to lower income from private clients and hedge funds, the variable element of employees' compensation has been reduced.

Other operating expenses decreased by CHF 3.8 million to CHF 187.2 million, reflecting the ongoing focus on disciplined cost management across all businesses.

Amortisation of acquisition-related intangibles increased to CHF 65.7 million (2008: CHF 52 million) as the result of accelerated amortisation related to the intangible assets acquired with the C.M. Advisors acquisition of CHF 17 million taken in the first half of the year. No other intangible items were impaired.

Operating expenses (including fixed assets depreciation and software amortisation) as a percentage of operating income



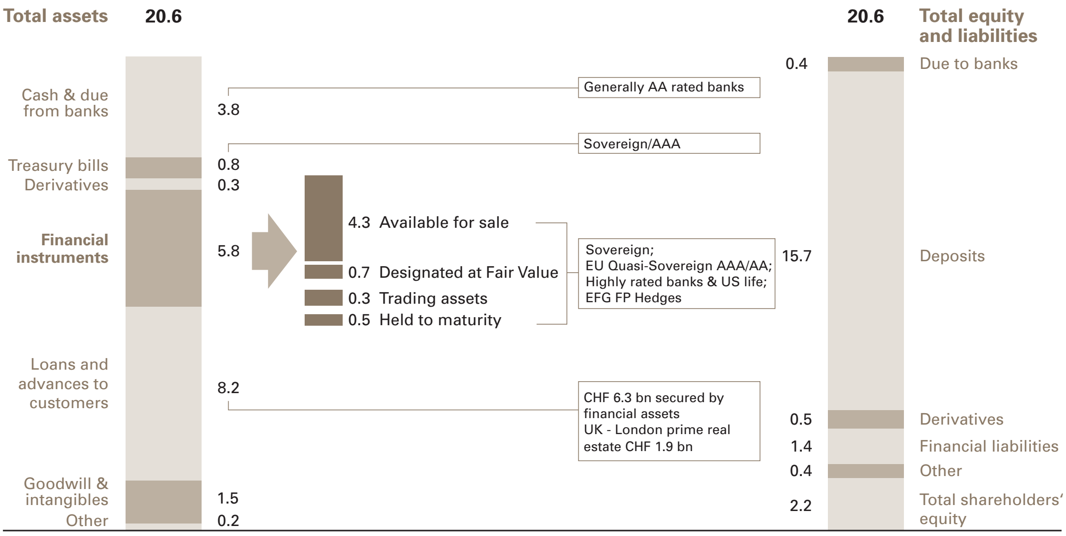
BALANCE SHEET

In the year under review, the consolidated balance sheet total increased by 9% to CHF 20.7 billion. Loans to customers increased by 11% to CHF 8.2 billion. These comprise CHF 6.3 billion secured lending, almost entirely fully backed by collateral of diversified liquid/marketable securities; and mortgages totalling CHF 1.9 billion. More than 90% of the mortgage portfolio comprises loans made to private banking clients in the United Kingdom, the significant majority of which are secured against prime properties at original loan-to-value ratios of 50% to 65%. These clients typically have a wider private banking relationship with the bank, based either on the custody of a substantial part of their liquid assets or on the provision of other revenue-generating services, in addition to the mortgage itself. In general, mortgages have a five year contractual maturity risk.

Due to Customers/Customer Deposits increased by 11% to CHF 15.7 billion, in line with the overall growth in AUMs.

Breakdown of balance sheet

in CHF billions



The majority of tangible assets are callable or disposable within 3 months, with the exception of life settlement policies of CHF 0.7 billion (reported 50% in Available for Sale and Designated at Fair Value respectively) and CHF 1.9 billion Mortgages with an average 2.5 years maturity.

The Customer Deposit to Loan Ratio remains at 191%, one of the leading ratios in the banking sector.

CAPITAL

Shareholders' equity totalled CHF 2.24 billion, with changes year on year primarily as a result of the following:

- CHF 33.3 million paid ordinary dividend;
- CHF 25.4 million paid on Bons de Participation dividend;
- CHF 59.4 million net ordinary shares repurchases;
- CHF 41.5 million negative net revaluation of available-for-sale securities (of which CHF 16 million is life settlement related);
- CHF 9.5 million decrease in non-controlling interests;

offset by:

- CHF 104.2 million Net profit attributable to Group and non-controlling shareholders;
- CHF 8.2 million in gains from currency translation adjustments on consolidation of foreign currency denominated subsidiaries.

The BIS Tier 1 Capital Ratio was 13.7% (after CHF 13 million anticipated ordinary dividend, to be approved by the 2010 Annual General Meeting) at 31 December 2009. Risk Weighted Assets decreased to CHF 5.8 billion as of 31 December 2009. This comprised the following (CHF billion):

	2008	**2009**
Credit Risk	3.6	**3.8**
Operational Risk	1.6	**1.6**
Market Risk, Settlement Non-Counterparty Related	0.7	**0.4**
Total BIS Risk Weighted Assets	5.9	**5.8**

Core Capital and Tangible Equity amounted to CHF 795.5 million (after ordinary dividend, to be approved by the 2010 Annual General Meeting) at 31 December 2009. This represented 4.1% of total assets net of intangibles.

At year end the Group held 12.28 million treasury shares. On a pro forma basis, assuming all these shares were sold at a share price of CHF 14.30 (year-end closing price), shareholders' equity would increase by CHF 175 million and the BIS Tier 1 Capital Ratio would increase to 16.7%.

ORDINARY DIVIDEND

The payment of a dividend of CHF 0.10 per share, representing a dividend payout of approximately CHF 13.4 million, will be proposed to the Annual General Meeting scheduled for 28 April 2010.

RATINGS

EFG International and EFG Bank are rated by the Fitch and Moody's rating agencies.

The current ratings are:

EFG International
Fitch: Long-Term issuer default rating of A and Short-Term issuer default rating of F1.
Moody's: Long-Term issuer rating of A2.
Outlook Stable for both rating agencies.

EFG Bank
Fitch: Long-Term issuer default rating of A and Short-Term issuer default rating of F1.
Moody's: Long-Term Bank Deposit rating of A2 and the Short-Term Bank Deposit rating of P-1.
Outlook Stable for both rating agencies.

EFG INTERNATIONAL
BOARD AND MANAGEMENT

BOARD EFG INTERNATIONAL AG

Jean Pierre Cuoni Chairman
Emmanuel L. Bussetil Member
Richard Caduff Member
Spiro J. Latsis Member
Hugh N. Matthews Member
Hans Niederer Member
Pericles Petalas Member

EXECUTIVE COMMITTEE EFG INTERNATIONAL AG

Lawrence D. Howell Chief Executive Officer
Lukas Ruflin Deputy Chief Executive Officer
Rudy van den Steen Chief Financial Officer
Alain Diriberry Global Chief Operating Officer
James T. H. Lee CEO Asset Management
Frederick Link Chief Risk Officer & Chief Legal Officer a.i.

GLOBAL EXECUTIVE COMMITTEE (GEC)

Executive Committee EFG International members +
Sixto Campano Chief Executive Officer / Treasurer, USA - Latin America
Ludovic Chéchin-Laurans Managing Director, Luxembourg - France
Robert Chiu Executive Chairman, Asia
Albert Chiu Chief Executive, Asia
Víctor M. Echevarría Chairman, USA - Latin America
Jonas Fischerström Director, Scandinavia
Jacobo Gadala-Maria Jr. Vice President of the Board, Spain
Keith Gapp Head of Strategic Marketing & Communications
Michael Hartweg Global Head of Financial Markets
Steve Mackey Director, Canada - Caribbean
Martin Nilsson Managing Director, Scandinavia
John Williamson Chief Executive Officer, UK

Photo: EFG International Global Executive Committee.
Fred Link not present.

OTHER MANAGEMENT EFG INTERNATIONAL AG

Silvio G. Ammann Deputy Chief Risk Officer
Mark Bagnall Global Chief Technology Officer
Jens Brueckner Head of Investor Relations
Renée Hassiotis-Schuler Deputy Group General Counsel
Andrew McQuillan Strategic Marketing & Communications
William Ramsay Chief Economist
Michael Rodel Head of Controlling & Financial Reporting
Ivo Steiger Head of Investment Finance/Credit
Philip Weights Chief Internal Auditor
Patrick Zbinden Chief Operating Officer/ Chief Financial Officer Asset Management

EUROPE

MANAGEMENT EFG BANK, SWITZERLAND

Lukas Ruflin Chief Executive Officer
Paul Imison Head of Private Banking Zurich
Don Ventura Head of Private Banking Geneva
Robert Waser Private Banking, Regional Business Head
Yves Mauron Head of Correspondent Banking
Martin Mueller Head of Human Resources
Silvio Maglio Head of Operations
Kurt Haueter Global Head of Treasury
Florent Albaret Head of Market Risk Control & Reporting

EFG BANK AG, ZURICH

Esther Heer SVP
Tom Kass SVP
Thomas Muther SVP
Mats Pehrsson SVP
John Read SVP
Adrian Rothen SVP
Sergio Toniutti SVP
Marcel Chevrolet FVP
Pablo Custer FVP
Thierry Eindiguer FVP
Isabel Faragalli FVP
Makiko Hohl-Sakai FVP
Roland Mächler FVP
Kalle Mannerkorpi FVP
Hansruedi Preid FVP
Thomas Rilko FVP
Iva Stehli-Haltuch FVP
Rainer Baer VP
Antonio Bernasconi VP
Sergio Buttazzi VP
Lai Wei Chew VP
Claudia Cuber VP
Anna Fabbri VP
Lukas Galuba VP
Christian Graf VP
Anna Hoppler VP
Raymond Hug VP
Hanspeter Humbel VP
Henrik Kwarnmark VP
Juerg Luescher VP
Monika Neumeister VP
Stefano Nicolaus VP
Urs Oberhaensli VP
Mikael Rosenius VP
Dieter Stäubli VP
Claudio Villatora VP
Beat Weiss VP
Daniel Zollinger VP

EFG BANK SA, GENEVA

Magin Alfonso SVP
Alberto Bevacqua SVP
Nathalie Boga SVP
Anders Floren SVP
Roland Furer SVP
Gilles Guerin SVP
Paul Horat SVP
Jean-Francois Lechaud SVP
Robert Mehm SVP
Jacques Pochat SVP
Björn von Below SVP
Mikael Wallenberg SVP
Sara Beltrametti Hedqvist FVP
Daniel Berwert FVP
Nathalie Bollag Hayderi FVP
Ricarda Choina FVP
Alain Christen FVP
Andreas Christen FVP
John B. Churches FVP
Marc Clément FVP
Luis Del Pozo FVP
Hervé Gay FVP
Marie-José Herbinière FVP
Patrick Juillard FVP
Markos Kamchis FVP
Georges Koniaris FVP
Christina Lex FVP
John Makris FVP
Gustave-Alain Miesegaes FVP
Martin Olsen FVP
Patrick Passini FVP
Robert Quiquerez FVP
Henri Rios FVP
Christian Schmitz FVP
Pascal Sibut FVP
Hervé Siegrist FVP
Vladimir Stemberger FVP
Konstantinos Veloudakis FVP
John Wolf FVP
Urs Zuercher FVP
Karen Amatte VP
Kouroch Aynehchi VP
Olivier Baldin VP
Jean-Luc Barras VP
Marc Baumann VP
Jacques Benaroya VP
Mauro Boaretto VP
Jérôme Calzolari VP

Didier Camporini VP
Christian Chiru VP
Eliana Cleopas-Strappazzon VP
Francis Coche VP
Christian Collomb VP
Anders Davidsen VP
Maurice De Vecchi VP
Roland Decorzent VP
Xavier Dejean VP
Alain Devanthery VP
Pietro Di Gregorio VP
Daniel Dubois VP
Pierre Dussuet VP
Jaime Ensenat VP
Alexandre Favre VP
Serge Feruglio VP
Alexandre Feyjoo VP
Giancarlo Foglietta VP
Antonio Francisco VP
Carlos Garcia VP
Laurent Garcia VP
Christophe Gayère VP
Cédric Gehin VP
Rafael Gemes VP
Eva Georgsdottir Benagiano VP
Agrippino Giglio VP
Laurent Greub VP
Patrick Guignard VP
Marie Iacconi VP
Karim Jabri VP
Christophe Jacot VP
Luca Jorio VP
Sophie Jouin VP
Onno Jurgens VP
Christophe Klein VP
Véronique Laffut VP
Ghislain Laville VP
François Leresche VP
Thierry Leylde VP
Yves Lindt VP
Bernardo Lucena VP
Olivier Macé VP
Marcel Macherel VP
Charles Maeusli VP
Denis Marx VP
Andreas Meister VP
Philippe Mercier VP
Ronald Nachawati VP
Patrick Nese VP
Katiuscia Nuvolone VP
Cosimo Palumbo VP
Joëlle Perillat-Monnet VP
Sylvie Pintonato Marques Narciso VP
Marc Podesta VP
Eric Portmann VP
Salvatore Rametta VP
Alain Rey VP
Jean-Pierre Riepe VP
Oliver Schilly VP
Jaroslava Schreyer VP
Anke Taljard VP
Claude A. Van Osselt VP
Daniel Vollenweider VP
Edward Von Knorring VP

EFG BANK SA, SION

Robert Waser Regional Business Head

ON FINANCE SA, LUGANO

Rudy van den Steen Chairman
Franco Maranesi Deputy Chairman
Stefano Pezzoli CEO

EFG TRUST COMPANY LIMITED, JERSEY

Sean Coughlan Managing Director
Gerard Gardner D
Julie Collins D
Ian Henderson D
David Campbell D
Kevin Mercury D

EFG TRUST COMPANY (SINGAPORE) LIMITED

Hugh Ellerton Managing Director
Sandy Chen D
Sean Coughlan D
Gerard Gardner D
Kees Stoute D

EFG FUND ADMINISTRATION LIMITED, JERSEY

Ian Henderson Managing Director
Gerard Gardner D
Julie Collins D
Nigel Greenwood D
Neil Ginnis D

SIF SWISS INVESTMENT FUNDS SA, GENEVA

Jean-Marc Reboh Chief Executive Officer
Christian Rizzi SVP
Sylvain Pianetti VP

EFG INVESTMENT (LUXEMBOURG) SA

Ian Cookson Chairman
Hélène Dupuy SVP, Member of the Board, MD
René Faltz Member of the Board
Jean de Nassau Member of the Board
Lukas Ruflin Member of the Board
Luu Vu SVP
Samuel Muller VP

EFG BANQUE PRIVÉE, PARIS

Alain Diriberry Chairman
Ludovic Chéchin-Laurans Managing Director
Ian Cookson Member of the Board
Gérard Griseti Member of the Board
François-Régis Montazel Member of the Board
Rudy van den Steen Member of the Board
Fabrice Moullé-Berteaux CEO
Antoine Lacourt CEO
Hubert Guillemin SVP
Fawzi Diab Maalouf SVP
Cécile Bonnasse VP
Diane Malinas VP

EFG ASSET MANAGEMENT FRANCE

François-Régis Montazel Chairman
David Kalfon Managing Director

EFG BANK (GIBRALTAR) LTD

Emilio Martinez General Manager & Member of the Board
Miguel Rubiales Operations Manager

EFG BANK VON ERNST AG, VADUZ

Rudy van den Steen Chairman
Lawrence D. Howell Deputy Chairman
Martin Müller Member of the Board
Ernst Weder Chief Executive Officer
Daniel Taverna Director
Karl Drawitsch FVP
Daniel Augsburger VP
Wolfgang Benedikt VP
Andreas Bruggmann VP
Benedikt Livers VP

EFG BANK (LUXEMBOURG) SA

Ian Cookson Chairman
Hélène Dupuy Member of the Board
René Faltz Member of the Board
Gérard Griseti Member of the Board
Jean de Nassau Member of the Board
Robert Waser Member of the Board
Miguel Umbert Member of the Board
Ludovic Chéchin-Laurans Managing Director
François-Régis Montazel Managing Director
Huguette Espen Directrice Déléguée, SVP
Pierre Aviron-Violet SVP
Marie-Claude Catalogna SVP
Laurent Cherpitel SVP
Yvonne Klopp-Meyers SVP
Ulf Mennenkamp SVP
Daniel Rea SVP
Cyrus Wardjawand SVP
Johann Zent SVP
Didier Galy FVP
Peter Van Veen FVP
Bettina Aussems VP
Guido Berresheim VP
Joëlle Blum VP
Uwe Breit VP
Laurent Breulet VP
Yvan Catoire VP
Jean-Noël Dauphin VP
Maarten De Groot VP
Fabrice De Villemandy VP
Christophe Dewinter VP
Henrique Dominguez VP
Marc Dufour VP
Pierre Eustache VP
Ilona Friedrich-Mueller VP
Jean-Jacques Greff VP
John Paul Keane VP
Josée Kraus VP
Laurent Lancelin VP
Bernard Martin VP
Steven Maertens VP
Anthony Miles VP
Martina Oudenhoven VP
Alexander Paulus VP
Jérôme Taal VP
Clément Thevenet VP
Edwin Van Belle VP
Christiane Watgen VP

EFG BANK (MONACO), MONACO

Jean-Claude Gourrut Chairman of Board of Directors
Georges S Catsiapis Managing Director
Carlo Maturi General Manager
Alberto Artioli D
Giancarlo Bufalini D
Stefano Ciglia D
Annick Fillon D
Paolo Lamberti D
Spyridon Paxinos D
Philippe Ragaz D
Olivier Rais D
Eric Reichenbach D
Gérard Samama D
Paraskevas Savvidis D
Nicola Stefanucci D
Isabelle Gouin SVP
Karine Richelle SVP

A&G HOLDING

Alberto Rodriguez Fraile Diaz President of the Board
Jacobo Gadala-Maria Jr. Vice-President of the Board
Alain Diriberry Member of the Board
Miguel Umbert Member of the Board
Paul Imison Member of the Board
Miguel Irisarri Member of the Board
Sergio Navarro Member of the Board
Gonzalo Rodriguez-Fraile Huete Member of the Board
Rudy van den Steen Member of the Board

EFG BANK (LUXEMBOURG) SA, SUCURSAL EN ESPAÑA

Luis Regalado Chief Executive Officer
Miguel Ortega Chief Operating Officer
Carlos Romera VP

EFG BANK AB, SCANDINAVIA

Martin Nilsson Managing Director
Lars Bjerrek Deputy Managing Director
Martin Sandén Chief Operating Officer
Lars Thorén Chief Financial Officer
Per Wiss Chief Credit Officer
Rutger Selin SVP
Magnus Wretholm SVP
Per Axman Director
Jonas Fischerström Director

FINLAND

Johan Ström SVP

EFG LIFE AB

Niklas Englund Managing Director
Magnus Gustafsson SVP

QUESADA KAPITALFÖRVALTNING AB

Lars Melander Managing Director
Sune Nilsson SVP

EFG PRIVATE BANK LIMITED, LONDON

Lord Evans of Temple Guiting Non-executive Chairman
Rudy van den Steen Member of the Board
John Williamson Chief Executive Officer
Anthony Cooke-Yarborough Head of Private Banking
Mozamil Afzal ED
Philip Amphlett ED
Grahame Holdgate ED
Iliana Kehagias ED
Brian Lenney ED
Simon Abirached SD
Camil Ghantous SD
Stuart Hart SD
Nermine Harvey-Phillips SD
Andrew Imlay SD
Elizabeth Kaye SD
Alexander Langen SD
Michael Page SD
Demetris Pishiaras SD
Ron Teo SD
Rasik Ahuja D
Philip Baxter D
Steve Beckley D
Jonathan Benson D
Mike Betesh D
Edmond Breuer-Weil D
Massimo Camponovo D
Tim Chanter D
Nick Cook D
Brian Dimitroff D
Ian Dowling D
Michael Eagle D
Angela Guadagnino D
Tom Ingham-Clark D
Rehan Jaffery D
Ian Kelly D
Nitin Khanna D
Hans Knowles D
Dermot Lewis D
Rosalind Mash D
Andreas Matopoulos D
Robert Mitchell D
Tracey Norris D
Rosemary O'Doherty D
Jeremy Piggott D
Garfield Ramsay D
Simon Rowe D
Amer Sayed D
Jessie Scott D
Niraj Shah D
Pedro Silva D
Theo Sparrow D
Jonathan Stocker D
Catherine Stroud D
Edwin Tuck-Sherman D
Pari Vandra D
Joao Vinagre D
Marios Voskopoullos D
Hilary Wakefield D
Nigel Ward D
Darren White D
Imelda Woodthorpe Browne D
Ayman Zouheiri D

EFG ASHBY LONDON FINANCIAL SERVICES LIMITED, WOLVERHAMPTON

Peter London Chairman
Philip Oaten Managing Director
Shaun Guest ED
Ian Hawkins ED
Andrea Wilson ED
Michael Bates D
Michael Gibson D
Julian Lowe D
Simon Lycett D
Nicholas Ronan D

EFG WEALTH MANAGEMENT LIMITED, LONDON

Massimo Scalabrini Managing Director
Madeleine Gore SD
Andreas Wueger SD
Ellahe Kashanchi D

EFG HARRIS ALLDAY, BIRMINGHAM, BANBURY, BRIDGNORTH & OMBERSLEY

Ronald Treverton-Jones Managing Director
Mark Burnett SD
Dominic Curran SD
Richard Dashwood SD
Adam Martyn-Smith SD
Christopher Morley SD
Anthony Phipps SD
Simon Raggett SD
Michael Smith SD
Rodney Watkins SD
James Whitehead SD
Linsey Ball D
Terry Brewster D
Bruce Burnett D
Timothy Daniel D
James Holroyd D
Andrew Jones D
Christopher Kirkpatrick D
Rodney Lambert D
Harry Marsh D
Janet Martyn-Smith D
Edward Medina D
Charles Phipps D
Neal Stevens D
Stephen Talboys D
Sue White D
Steve Wragg D

EFG PLATTS FLELLO LIMITED, BIRMINGHAM & LONDON

Peter London Chairman
Michael Knott Managing Director
John Male ED
Jonathan Benson D
Robert Davies D
David James D

EFG OFFSHORE LIMITED, JERSEY

Geoffrey Grime Chairman
Gerard Gardner Managing Director
Christian Busel ED
Julie Collins ED
Sean Coughlan ED
Ian Henderson ED
Russell Thomson ED
Jane Bull D
David Campbell D
John Coutanche D
Carmel Fiddes D
Neil Ginnis D
Nigel Greenwood D
Kevin Mercury D

EFG PRIVATE BANK (CHANNEL ISLANDS) LIMITED, GUERNSEY

John Hallam Chairman
Stephen Watts Managing Director
Peter Daniels ED
Christopher Rowe ED

EFG PRIVATE BANK (CHANNEL ISLANDS) LIMITED, JERSEY BRANCH

Christian Busel Branch Manager
John Coutanche D
John Leonard D

MIDDLE EAST

Bassam Salem Chief Executive Officer

EFG BANK LTD, DUBAI

Adil Khan FVP
Rachel Stojan FVP
James Corona VP
Poojan Desai VP
Hassan Jishi VP
Khalid Mekki VP
Anuj Puri VP
Obaid Rehman VP
Shaurya Tandan VP

EFG BANK LTD, ABU DHABI

Neil Ashford FVP

ASIA

Robert Chiu Executive Chairman
Albert Chiu Chief Executive
Nigel Sze Deputy Chief Executive

EFG BANK AG, HONG KONG

Robert Chiu Executive Chairman
Albert Chiu Chief Executive
Nigel Sze Deputy Chief Executive
Albert Lee Regional management
Patrick Yu Regional COO
Alice Tong-Bruce SVP
Caroline Chan SVP
Daniel Chan SVP
Annie Chang SVP
Nancy Choi SVP
Margaret Chow SVP
Susan Cua SVP
Ben Fong SVP
Joannes Ho SVP
T.C. Hon SVP
Irena Hsiao SVP
Carol Hsu SVP
Tary Huang SVP
Matthew Kok SVP
Masatoshi Kuboyama SVP

Man Yee Kwan SVP
Tony Lai SVP
Connie Lam SVP
Raymond Lam SVP
Lodewijk Lamaison SVP
Grace Law SVP
Tanny Lee SVP
Benson Leung SVP
Connie Liem SVP
Davis Lim SVP
Mathew Lim SVP
Clement Lin SVP
William Liu SVP
Louis Lui SVP
Lawrence Ng SVP
Susanna Ng SVP
Harmen Overdijk SVP
Michael Palin SVP
Ki Un Park SVP
Philippe Pfaender SVP
Lewis Sin SVP
Eliza Siu SVP
Michael Tang SVP
Bryan Wang SVP
Jolene Wu SVP
Michelle Yam SVP
Kathy Young SVP
Jeanette Chan FVP
Tony Chan FVP
Giselle Chen FVP
Jonathan Chen FVP
Matthew Cheng FVP
Jason Chin FVP
Ben Chung FVP
Josephine Chung FVP
Christopher Fung FVP
Tim Gu FVP
Alan Kao FVP
Allan Kwan FVP
Calvin Lau FVP
Chester Lee FVP
Amy Leung FVP
Gary Liu FVP
Charles Ng FVP
David Ng FVP
Yvonne Siu FVP
Rita Yeung FVP
Wilson Au VP
Andres Bartroli VP
Christine Chan VP
Kathy Chan VP
Sandy Chen VP
Ellen Choi VP
Don Chow VP
Anders Chua VP
Jackson Huang VP
Alex Hung VP
Cecilia Law VP
Beryl Lee VP
Kathy Leung VP
Tak Ling Li VP
Grace Lin VP
Sherry Lin VP
Sambit Mangaraj VP
Florentin Servan VP
Esther Tu VP
Michelle Wah VP
Collin Wan VP
Ben Wang VP
Chris Young VP
Raymond Yung VP

EFG BANK LTD, SINGAPORE

Kees Stoute MD, Branch Manager
George So Chief Executive Officer
Susan Abraham SVP
Enrico Balmelli SVP
Adrian Chow SVP
Peter Georges De Braux SVP
Vera Foong SVP
Poo Swee Gan SVP
Gerald Goh SVP
Suppiah Narendran Karthigasu SVP
Choon Hwa Koh SVP
Catherine Lim SVP
Constance Lim SVP
Gaurav Malhotra SVP
Noriko Matsumoto SVP
Richard Joseph Piliero SVP
Christopher Gunawan Poo SVP
Thippa Praneeprachachon SVP
Treeratana Pumhiran SVP
Kurt Max Schenk SVP
Jeffrey Soh SVP
Eddy Somboon SVP
Galen Tan SVP
George Tan SVP
Hin Huat Tan SVP
Wah Yuan Tan SVP
Waroon Warawanisha SVP
Franz Willi SVP
Linus Wu SVP
Andrew Yeo SVP
Coskun Yucekok SVP
Siew Chin Chong FVP
Gary Fong FVP
Seng Chew Mak FVP
Weng Yue Yim FVP
Nikk Low FVP
Beng Guan Ong FVP
Gina Ong FVP
Kay Siong Tan FVP
Richard Tean FVP
Wee Lian Wong FVP
Chayakarn Amaritchayakarn VP
Vikramsinh Bhonsle VP
Junito Budihardjo VP
Alessandro Caldana VP
Archan Chamapun VP
Jayanta Chatterjee VP
Ed Cheong VP
Wen Hsiu Chiu VP
Winson Goh VP

Indra Halim VP
Charles Kok VP
Chris Lim VP
Philippe Magerle VP
Paul Neo VP
Eunice Yvette Ng VP
Gary Ng VP
Daniel Seah VP
Simeon See VP
Kenneth Tan VP
Kwankamol Thongyai VP
Alwin Walah VP
Gordon Wee VP
Veronica Wei VP
Surjadi Widjaja VP

EFG INTERNATIONAL ADVISORY KOREA LTD.

Albert Chiu Chief Representative

EFG SECURITIES INVESTMENT CONSULTING COMPANY LTD, TAIWAN

Raymond Fuk Hoi Wong SVP & Managing Director
Joseph Tjan-Ping Chao SVP & Deputy Managing Director
Albert Chen SVP
Irene Chen SVP
Stone Hsu SVP
Well Jiing SVP
Sting Kuo SVP
Emily Wang SVP
Vicki Hau FVP
Terri Tsai FVP
Ping Cheng VP
Vivienne Sun VP
Nora Chia VP
Ann Lin VP

EFG INVESTMENT ADVISORY (THAILAND) CO LTD

Robert Chiu D
Albert Chiu D
Nigel Sze D
Patrick Yu D
Kees Stoute D
Nasu Chunsom Director and Managing Director
Chavalit Roonchareon VP

EFG BANK, REPRESENTATIVE OFFICE JAKARTA

Muljadi Margono SVP

EFG BANK AG, REPRESENTATIVE OFFICE PHILIPPINES

Victor Dela Dingco Chief Representative

EFG BANK AG, REPRESENTATIVE OFFICE SHANGHAI

Clement Lin Chief Representative

EFG WEALTH MANAGEMENT (INDIA) PRIVATE LTD.

Atul Sud Chairman
Shankar Dey General Management - Chief Executive Officer
Robert Chiu Director
Ian Cookson Director
Bassam Salem Director
Nigel Sze Director
Pradeep Nair FVP
Manoj Shenoy FVP
Sudhindranath Pai Kasturi FVP
Dilip Balakrishnan FVP
Shruti Bansal VP
Minoo Engineer VP
Deepak Mishra VP
Nitya Narayan VP
S Ramapathi Rao VP
Asheish Surti VP

AMERICAS

EFG CAPITAL INTERNATIONAL CORP., MIAMI

Víctor M. Echevarría Chairman
Sixto Campano Chief Executive Officer
Gerardo Alvarez SVP
Guillermo Argumedo SVP
Justo R. Azpiazu SVP
J. Alexander Caldwell SVP
Adrianna L. Campuzano SVP
Juan José Casais SVP
Ricardo J. Daugherty SVP
Fernando De La Lama SVP
Bernardo De Orey SVP
Susan Disdier SVP
Carlos Estima SVP
Roberto E. Gadala-Maria SVP
George Gandarias SVP
Ariel Jiménez SVP
Enrique Jocelyn-Holt SVP
Nova Madueno SVP
Juan C. Massens SVP, Chief Operating Officer
Charles May SVP
Jackie Menendez SVP
Fernando Monteiro De Barros SVP
Kenneth I. Moorhead SVP
Andres Padilla SVP
Carlos Pita SVP
Manolo Riveira SVP
Maria Romero SVP
Noemi Schaefer SVP, Chief Compliance Officer
Beatriz Soler-Balsinde SVP
Steven H. Vogel SVP
Scott Weyman SVP
Sheila Wilensky SVP
Christi Arceu VP

Michelle Bancharan VP
Fernando Baqueiro VP
Hugo Baquero VP
Cesar Barba VP
Betty Clemente-Douglas VP
Ruy De Barros Maciel VP
Michael Donnell VP
Bernard Javelly VP
Calambakkam Loganathan VP
Felipe Miranda VP
Carlos Moni VP
Antonio Moura VP
Miguel Ortiz VP
Paulo Parras VP
Luis Pires-Fernandes VP
Hugo Fernandez VP
Fernando Pou VP
Richard Ricot VP
Kenia Ross VP
Elisa Rossi VP
Raquel Salem VP
Graciela Santos VP
Claudio Sapetnitzky VP
Ronny Spiewak VP
Publio Velasco VP
Ricardo Ventura VP
Cecilia Warren VP
Mariano Zukian VP

EFG CAPITAL INTERNATIONAL CORP., KEY BISCAYNE

Mario E. Fernández SVP
Jeanette Barker SVP
Alexandra Rumie SVP
Henry De Valle VP

EFG CAPITAL INTERNATIONAL CORP., NEW YORK

Paulo Ungar SVP
Miguel Yanuzzi SVP
Esther Mizrahi-Souroujon VP

EFG CAPITAL ASSET MANAGEMENT, LLC., MIAMI

Víctor M. Echevarría Chairman
Jacobo A. Gadala-Maria Chief Executive Officer
Sixto Campano President
Hans Abate Chief Investment Officer
Juan C. Massens SVP, Chief Financial Officer
Noemi Schaefer SVP, Chief Compliance Officer
Steven H. Vogel SVP
Scott Weyman SVP
Jean Paul Florian VP
Jolanta Reyhani VP

EFG CAPITAL ASSET MANAGEMENT, LLC., LOS ANGELES

Kyle Dunphy SVP
Clinton Hodges SVP

EFG CAPITAL HOLDINGS CORP., MIAMI

Víctor M. Echevarría Chairman
Sixto Campano Chief Executive Officer
Juan C. Massens SVP, Chief Financial Officer
Steven H. Vogel SVP
Scott Weyman SVP

EFG CAPITAL SERVICES, LLC., MIAMI & NEW YORK

Víctor M. Echevarría Chairman
Sixto Campano Chief Executive Officer
Juan C. Massens SVP, Chief Financial Officer
Steven H. Vogel SVP
Scott Weyman SVP
Miguel Triay VP
Andrew Steinvurzel VP

EFG CAPITAL INSURANCE SOLUTIONS CORP., MIAMI & LOS ANGELES

Víctor M. Echevarría Chairman
Sixto Campano Chief Executive Officer
Juan C. Massens SVP, Chief Financial Officer
Kyle Dunphy SVP
Clinton Hodges SVP
Steven H. Vogel SVP

EFG CAPITAL LIFE SETTLEMENTS INC., LOS ANGELES

Víctor M. Echevarría Chairman
Sixto Campano Chief Executive Officer
Juan C. Massens SVP, Chief Financial Officer
Kyle Dunphy SVP
Clinton Hodges SVP
Steven H. Vogel SVP

PRS INTERNATIONAL CONSULTING INC

Gonzalo Rodriguez-Fraile Chairman
Jacobo Gadala-Maria Jr. President & CEO
John Sullivan Director
Ian Cookson Director
Blanca Arias-Smith Managing MD
Benjamin Hein SVP
Eugene Sulzberger SVP
Violeta Gomez VP

EFG ASESORES FINANCIEROS (PERU) SRL., LIMA

Ana Maria de Bracamonte SVP

CAPITAL ASESORES SRL., BUENOS AIRES
Osvaldo Costigliolo SVP, General Manager
Pablo Berenbaum VP
Norberto de Elizalde VP
Fernando Salgado VP
Nora Szterenbaum VP

EFG BANK - REPRESENTATIVE OFFICE BOGOTÀ
Felipe Valbuena Chief Representative Colombia
Juan Carlos Gomez Representative

EFG BANK, REPRESENTATIVE OFFICE QUITO
Verónica Ponce Chief Representative Ecuador

MAR DORADO S.A., MONTEVIDEO
Mara Mattozo SVP, Managing Director
Rodolfo Barrios VP
Alicia Osacar VP
Gabriel Ustinelli VP

EFG INVESTMENT (CANADA) LTD
Steve Mackey Director
James Bull Director
Ian Cookson Director

EFG WEALTH MANAGEMENT (CANADA) LIMITED
Glen Brown CEO, Director
Marcus Spain COO, Director
James Bull Director
Robert Arnould SVP
Melanie Clarance SVP
Jean Pierre Chevrier SVP
Paul Doyle SVP
Ron Fawcett SVP
Alicia Francella SVP
Rossano Francella SVP
Keith Jones SVP
Michael Matheson SVP
Graham Mayes SVP
Dan Hunter VP

BULL CAPITAL MANAGEMENT INC.
James Bull CEO, Director
Steve Mackey Director
Glen Brown Director
Marcus Spain SVP, COO
Jessica Thomas VP, Operations

BULL WEALTH MANAGEMENT GROUP INC.
James Bull CEO, Director
Marcus Spain COO, Director
Glen Brown Director
Paul Gillis SVP

EFG BANK & TRUST (BAHAMAS) LIMITED, NASSAU
Ian Cookson Director
Christopher E. Lightbourn Director
Steve Mackey Director
Brent Haines COO
Edward Cooper SVP
Neil Emery SVP
Theresa Haven-Adderley SVP, Corporate Secretary
James Hoar SVP
Andrew Raenden SVP
Robert Scott Morrison SVP
Christopher Southgate SVP
Rolf Schuermann SVP
Jaime Stewart SVP
Vivienne Watts SVP
Jorge Borlandelli VP
Rosalyn Brown D'Alewyn VP
Jaspreet Dhaliwal VP
Miles Evans VP
Lorna Kemp VP
Karen Pinder VP
Luciana Silvera-Perdomo VP
Gia Singh VP
Margaret Tatem-Gilbert VP
Uyen La Wiget VP

EFG BANK, CAYMAN BRANCH
Steve Mackey Regional Business Head, SVP
Glenn Mitchell Branch Manager, SVP
Simon Cawdery SVP
Guilherme Passos SVP
Simon Nock SVP
Balmattie Maclean VP
Ana Carolina Toffoli de Souza VP
Stefan Sattkowski VP

ASSET MANAGEMENT

EFG FINANCIAL PRODUCTS AG, ZURICH
Jan Schoch Member of Executive Committee, CEO
Michael Hartweg Member of Executive Committee, COO
Sandro Dorigo Member of Executive Committee, Head Product and Distribution Services
Ulrich Sauter Member of Executive Committee, Head of Legal and Compliance
Yann Besnard MD

Daniel Cangemi MD
Dmitry Davydov MD
Bertram Dunskus MD
Michael Hoelzle MD
Yvo Hollenstein MD
Nilesh Jethwa MD
Nguyen Pham-Quang MD
Valerio Roncone MD (Member of Extended Executive Committee)
Alexander Rüegg MD (Member of Extended Executive Committee)
Christian Sperschneider MD
Albert Stürm MD
Christian Altorfer ED
Tiffany Bachmann ED
Lawrence Bärtschi ED
Marco Cina ED
Rory Eley ED
Sandra Frank Dudler ED
Andreas Gehrke ED
Jürgen Hakala ED
Martin Hochstrasser ED
David Jornod ED
Sam Lessani ED
Olivier Macé ED
York-Peter Meyer ED
Stavros Pavlidis ED
Reto Quadroni ED
Markus Rhyner ED
Lorenz Roder ED
Rainer Scharf ED
Manfred Schwientek ED
Jochen Peter Volk ED
Oliver Zehnich ED
René Ziegler ED
Franz Zimmermann ED

EFG FINANCIAL PRODUCTS (GUERNSEY) LTD, GUERNSEY

Benjamin Reid MD
Cleopatra Martins D

EFG FINANCIAL PRODUCTS (MONACO) SAM, MONACO

Alejandro Pou Cuturi MD
Christophe Spanier MD
Filippo Colombo ED
Bruno Frateschi ED

CAPITAL MANAGEMENT ADVISORS SA, GENEVA

Patrick Zbinden President
Ian Cookson Member of the Board
Mozamil Afzal Member of the Board

C.M. ADVISORS LTD, BERMUDA

James T. H. Lee President
Jozef Hendriks Member of the Board
Keri Wong Secretary

CAPITAL MANAGEMENT ADVISORS NORTH AMERICA, INC, NEW YORK

Matias Ringel President
Patrick Zbinden Member of the Board
Andrew Steinvurzel Member of the Board

MARBLE BAR ASSET MANAGEMENT LLP

Hilton Nathanson Partner and CIO
Gilad Hayeem Partner and Chairman
Stephen Sales CEO
Tim Kuschill COO

SVP	Senior Vice President
FVP	First Vice President
VP	Vice President
MD	Managing Director
ED	Executive Director
SD	Senior Director
D	Director

As of March 2010

A question of chemistry.

People rely on people; individuals and their families rely on the guidance of our CROs.

PRINCIPLES

EFG International draws strength from the principles and values that have underpinned its development since the founding of the business in 1995.

In summary, these principles are as follows:

- Our business is based on a passionate desire to provide clients with the level of service they expect and deserve.

- Founded by practitioners for practitioners, our business has a leadership team with extensive expertise and experience of wealth management.

- The essence of private banking is relationships, and creating the conditions for them to flourish. We provide a nurturing environment, allowing our people to excel at crafting solutions for their clients.

- Our clients enjoy the best of both worlds: a close and long-lasting relationship with an experienced professional, with the support and resources of a global private banking group.

- We appeal to high quality, entrepreneurial private bankers. By setting them free of bureaucracy. Free of sales targets. Free to serve clients as best they can.

- We believe in the strength of diversity, and recruit individuals with a broad range of skills and attributes, and from leading organisations around the world.

- Our objective is to fulfill client wants and needs; products and services are the means. CROs are free to select the best from the market; compelled only to solve, not to sell.

- A non-hierarchical, meritocratic organisation, we pride ourselves on minimising internal politics and bureaucratic procedures. Employees are treated as professionals; their talents are nurtured and they are encouraged to flourish in areas where they excel.

- We adhere to the highest ethical standards, observe strict compliance with relevant laws, rules and regulations, and promote a culture of strong risk discipline across the business. Provisions in relation to credit, operations and fraud have been – and remain – relatively modest.

- A modern, progressive wealth manager, our roots are in Switzerland; our network international, both onshore and offshore. This ensures proximity to our clients – a key ingredient of any relationship.

- Employees are encouraged to be shareholders, committed to the long-term success of our business. We also benefit from the support of a long-term shareholder in the form of a family-owned financial group.

- As a corporation – and as a group of individuals – we believe in giving something back. We have a social responsibility to help create the conditions for everyone to lead better lives, and take steps towards this goal through a variety of initiatives.

“THROUGH RIGHT TO PLAY ACTIVITIES WE ARE ABLE TO BRING TOGETHER DIFFERENT GROUPS IN THE COMMUNITY TO PLAY TOGETHER. THE ACTIVITIES WE PLAY TEACH PEACE KEEPING AND COMMUNICATION SKILLS AND BRING TOGETHER CHILDREN, ADULTS AND DIFFERENT NEIGHBOURS THAT WOULDN’T OTHERWISE INTERACT.”

Play volunteer, Tanzania.

RIGHT TO PLAY

EFG International is a Global Partner of Right To Play, an international humanitarian organisation that seeks to improve the lives of children in some of the most disadvantaged areas of the world. It does this by using sport and play programmes to encourage development, health and peace among children and their communities. Right To Play focuses its work on four key areas: Basic Education and Child Development; Health Promotion and Disease Prevention; Conflict Resolution and Peace Education; and Community Development and Participation.

As a global partner, EFG International is proud to be able to contribute to the success of all of Right To Play's programmes. Embodying the best values of sport, these are run in 23 countries worldwide, facilitated by more than 15,000 specially-trained local Coaches, Teachers and Leaders. By the end of 2009, Right To Play was reaching more than 700,000 children in weekly regular sport and play activities, and more than one million children attended regular programming, sport festivals, summer camps and other events throughout the year. Right To Play has also had high success rates in meeting its targets for female participation and leadership. Almost 50 per cent of the children benefiting from Right To Play programmes are girls. The organization provides young girls with excellent role models, as over half of its Leaders, Teachers and Coaches are women.

In addition to its role as Global Partner, EFG International also provides direct support to certain projects. It has contributed to the financing for a project providing much needed assistance to tsunami-affected children in Sri Lanka. Employees have also given generously to a project at Imvepi Refugee Camp in Uganda, offering their own time as well as a significant financial contribution. This project has now successfully run its course, but there are plans for direct employee support of a new project serving five Refugee Camps in North Western Thailand. These are home to some 150,000 refugees who have fled ethnic and political persecution in Burma, and living conditions are extremely challenging. With around half of the refugee population comprising children and young people, Right To Play is getting involved to provide regular access to sport and play activities, aligned with specific learning opportunities.

Right To Play has a vision to create a healthier and safer world for children through the power of sport and play. Through a range of international programmes, it takes steps daily to convert this vision into practical improvements in the lives of vulnerable young people. Its example continues to motivate us all.

For more information on Right To Play,
visit www.righttoplay.com

RISK MANAGEMENT

The management of EFG International believes that the proper assessment and control of risks are critical for the firm's continued success. In compliance with regulatory requirements in Switzerland and other applicable jurisdictions, EFG Group has established a comprehensive risk supervision framework for the entire EFG Group, including EFG International. As part of this risk supervision framework, EFG International is responsible for creating and maintaining its own policies and procedures to ensure that various categories of risk, such as credit, country, market, liquidity, operational, and reputational, can be identified throughout EFG International and controlled by management in an effective and consistent manner.

EFG International's business activities are predominantly carried out on behalf of its clients, by whom most of the risk is therefore borne. Consequently, the company takes limited credit, market and liquidity risks, with most credit risk being limited to margin loans and other secured exposures to clients as well as exposures to banks and financial institutions. EFG International is exposed to limited market risk (price and liquidity), which is mainly restricted to foreign exchange and interest rate gapping positions maintained within defined parameters. EFG International is also exposed to operational and reputational risks. Ultimate responsibility for the supervision of risk management lies with EFG International's Board of Directors, which has delegated certain functions to its Risk Committee, which sets policies and risk appetite in collaboration with the EFG Group Risk Committee (the "GRC").

Implementation of policies and compliance with procedures is the responsibility of the EFG International Executive Committee, the EFG International Management Risk Committee and the EFG International Executive Credit Committee, assisted by both internal and external auditors.

RISK MANAGEMENT ORGANISATION

The EFG International Board of Directors determines the overall risk appetite for EFG International.

The Board has delegated responsibilities for Risk Management as follows:

The EFG International Risk Committee has responsibility for determining direction of risk profile and the organisation of risk supervision for EFG International.

The EFG International Executive Credit Committee has responsibility for the management of client credit risk.

The EFG International Executive Committee has responsibility for the implementation of, and compliance with, risk related policies, procedures and internal regulations.

The EFG International Executive Committee has assigned responsibility for the implementation of its market risk policies to the EFG International Management Risk Committee. This Committee monitors market, country and liquidity risks, including compliance with policies and procedures, as well as exposures relative to limits. In addition, the EFG International Management Risk Committee has credit approval authorities delegated from the EFG International Risk Committee for counterparty and country credit risk up to pre-defined limit guidelines and parameters.

In addition, the Product Approval Committees and/or procedures within various EFG International subsidiaries review applications for the offer and sale of new investment products to clients and ensure compliance with internal and external rules and regulations.

CREDIT RISK

Credit risk refers to the possibility that a financial loss will occur as a result of a borrower's or counterparty's deteriorating creditworthiness and/or inability to meet its financial obligations. Because EFG International's primary credit exposures relate to loans collateralized by security portfolios and by mortgages, or to financial institutions, credit risk exposure is comparatively low.

CREDIT RISKS RELATED TO CLIENTS

A basic feature of the credit approval process is a separation between the firm's business origination and credit risk management activities. Credit requests are initiated by CROs and must be supported by Regional Business Heads.

The approval of loans and other exposures has been delegated, depending on certain defined risk and size parameters, to the credit departments of EFG International's business units, to local credit committees, to specific bank executives and management functions within the Organization and, to the Executive Credit Committee of EFG International. The approval competencies for large exposures and exposures with increased risk profiles are centrally reviewed and approved or recommended in Switzerland, in compliance with local regulatory and legal requirements of the individual international business units. Regional Business Heads and CROs have credit approval competencies only within established limits and client collateral diversification parameters.

To qualify as collateral for a margin loan, a client's securities portfolio must be well diversified with differing margins applied depending on the type of risk profile and liquidity of the security. Additional margins are applied if the loan and the collateral are not in the same currency or diversification criteria are not fully met. Mortgages booked at EFG Private Bank Ltd, London are related predominantly to properties in prime London locations.

Management insists on thoroughly understanding the background and purpose of each loan, which is typically investment in securities, funds or investment related insurance policies, as well as the risks of the underlying collateral of each loan.

The credit departments of EFG International's business units monitor credit exposures against approved limits and pledged collateral. Most of the collateral is valued daily (but may be valued more frequently during periods of high market volatility). However, structured notes, hedge funds and some other mutual funds are valued monthly, whereas insurance policies are normally valued annually, mortgages less frequently.

EFG International's internal rating system assigns each credit exposure to one of ten rating categories. The rating process assesses the borrower's repayment ability and the value, quality, liquidity and diversification of the collateral securing the credit exposure. The credit policy and the nature of the loans ensure that EFG International's loan book is of high quality. Consequently, an overwhelming majority of EFG International's credit exposures are rated within the top three categories.

CREDIT RISKS RELATED TO FINANCIAL INSTITUTIONS

Management of exposure to financial institutions is based on a system of counterparty limits coordinated at the EFG Group level, subject to country limits. Limits for exposure to counter-parties are granted based upon internal analysis. Up to a certain absolute size or ceiling, depending on each counterparty's Fitch ratings and on its total equity, the limits are set by the EFG International Management Risk Committee. Beyond that ceiling, prior opinion from the EFG Group is required before final submission to EFG International's Management Risk Committee for approval.

COUNTRY RISK

Country risk is defined as "the transfer and conversion risk that arises from cross-border transactions". Country risk also encompasses sovereign risk, the default risk of sovereigns or state entities acting as borrowers, guarantors or issuers.

EFG International measures country risk based on the company's internal country ratings, predominantly derived from information provided by external rating agencies such as Fitch, and enhanced by in-house analysis, which is broken into two components: (1) quantitative economic risk and (2) qualitative examination of political and socio-economic trends. In addition to the default probability and the loss given default, calculation of country risk incorporates the structure of the particular transaction.

Management of country risk is based on a centralised process at the EFG Group level. The EFG Group Risk Unit makes the final determination of country ratings, and the Group Credit Risk Committee at the EFG Group level coordinates all country limits.

EFG International's Management Risk Committee monitors country risk exposures within these limits.

EFG International's exposure to emerging market countries is minimal.

MARKET RISK

Market risk refers to fluctuations in interest rates, exchange rates, share prices and commodity prices. Market risk derives from trading in treasury and investment market products for which prices are fixed daily, as well as from more traditional banking business, such as loans.

EFG International engages in trading of securities, derivatives, foreign exchange, money market paper, and commodities on behalf of its clients. This business is conducted out of dealing rooms in Geneva, Hong Kong, London, Miami, Monaco, Zurich and Stockholm. In the case of foreign exchange, EFG Bank maintains small proprietary positions in linear foreign exchange instruments. Both securities and foreign exchange exposures are strictly limited by nominal overnight and Value at Risk (VaR) limits. Foreign exchange is also subject to intraday limits, as well as to daily and monthly stop loss monitoring. Adherence to all limits is monitored independently by the Global Risk Management Division, responsible for managing, overseeing and coordinating the development and implementation of adequate risk measurement and risk management policies in the area of market risk and for monitoring of market, counterparty and country risks through the whole EFG International organisation.

Due to the nature of EFG International's business and the absence of any meaningful proprietary trading activities, the market risk resulting from trading positions is limited. The largest market risk exposures relate to currency risk in connection with the capital of our subsidiary banks that is denominated in local currencies.

The Global Risk Management Division is under the direct supervision of the EFG International Chief Risk Officer.

MARKET RISK MEASUREMENT AND LIMITS IN TRADING

Market risk exposure is measured in several ways: nominal and VaR exposure, gap reports and sensitivity to stress tests. VaR is not used for regulatory reporting of risks. It is published internally, within the EFG Group, as an indication only. VaR is calculated using statistically expected changes in market parameters for a given holding period at a specified level of probability. EFG Group's self developed internal model, which has been implemented on an EFG Group wide bases, takes into account relevant market risk takers and units.

In general, the internal model is based on a variance/co-variance approach and uses a 99% one-tailed confidence level. The VaR model is adjusted on an ongoing basis in response to developments in the financial markets and to changes in our risk management needs. Where appropriate, if specific models are required, these are developed, tested and approved by the EFG International Quantitative Models Department within the Global Risk Management Division.

Risk parameters based on the VaR methodology are calculated by the EFG International Global Risk Management Division, which produces monthly market risk reports, showing the relationship between risks calculated on the VaR basis and their related returns.

These VaR calculations are complemented by various stress tests to identify the potential impact of extreme market scenarios on the value of portfolios. These stress tests simulate both exceptional movements in prices or rates and drastic deteriorations in market correlations. They, along with nominal and sensitivity limits and stop losses, are the primary tools used for internal market risk management. Stress test results are calculated monthly by the EFG Bank Market Risk Management Unit and reported to management.

Daily risk reports are made which review compliance with nominal and sensitivity limits and stop loss limits. Detailed disclosures on market risk measures and exposures can be found in the Consolidated Financial Report, Note 4, Financial Risk Assessment and Management, page 95.

CURRENCY RISK

Apart from the exposure to foreign currencies which relates to banking and trading activities in EFG International's subsidiary banks, and which is managed by the local treasury departments, the company is also exposed to foreign currency fluctuations at the EFG International level because most of the subsidiary banks use local currencies as their reporting currencies. From time to time the Group may enter into currency hedging arrangements to reduce the effects of exchange rate fluctuations on its income. However, the Group does not have currency hedging arrangements in place to minimise the effects of exchange rate fluctuations on the reporting of its subsidiary banks (currency translation risk).

ASSET/LIABILITY MANAGEMENT

EFG International utilises a matched fund transfer pricing system that distinguishes between the margins earned by the customer business and the profits arising out of certain interest rate positions. The system is based on current market rates and is the basis for calculating the profitability of profit centres and products.

Despite strong asset growth, the bank's capital and deposit base has continued to provide a substantial excess of funding. Structural mismatches are reflected in the interest rate position of EFG International and the result of the maturity transformation is shown in net interest income.

LIQUIDITY RISK

EFG International manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits, and to satisfy the company's own cash flow needs within all of its business entities.

Funding operations aim to avoid concentrations in funding facilities. The pricing of assets and credit business is based on the current liquidity situation. EFG International also has a liquidity management process in place that includes liquidity contingency plans, encompassing repo borrowing and liquidation of marketable securities. The bank's liquidity situation is also reported to the EFG Group Risk Unit on a monthly basis, according to specific Group Risk Guidelines, and to the bank's management on a daily basis. Stress tests are undertaken monthly as part of the reporting requirements established within the EFG International Risk Guidelines.

Our customer deposit base, our capital and reserves position and our conservative gapping policy when funding customer loans ensure that EFG International runs only limited liquidity risks.

OPERATIONAL RISK

Operational risk describes the risk of losses resulting from inadequate or failed internal processes, people and systems, or external events. At EFG International, it is a company wide concern which permeates every level of the organisation, including those areas not viewed as "operating units".

EFG International revised its organisational, methodological and management model for operational risk in 2006. This model complies fully with the Standardised Approach proposed under Basel II accords.

Operational risk management is an ongoing responsibility of senior management and the Executive Committee of EFG International. Results are monitored within the risk management function. There is a set of comprehensive policies and procedures for controlling, measuring and mitigating the operational risk of EFG International and its subsidiaries. Compliance with these policies is assessed through regular internal auditing.

Quarterly reports are prepared to reveal newly identified or potential risks. These help to ensure that EFG International remains alert to emerging risks, as well as enhancing understanding and management of operational risk at all levels in the organisation. In addition, a bottom-up operational risk "self-assessment" is produced by all business units, providing a specific operational risk profile for the business lines and highlighting areas with high risk potential. The above process is the responsibility of operational risk managers in the various EFG International entities. It involves the collection, analysis, evaluation and quality assurance of risk data; the planning and execution of appropriate measures; and continual monitoring of unusual or exceptional events. The operational risk managers report to the Senior Executive of EFG International (in his capacity as Global Operational Risk Manager), who presents the information to the Executive Committee. As a consequence of this dynamic approach, operational losses have been relatively small.

There are further layers of protection. Detailed reports on the activity of all CROs are produced by a global IT system on a daily basis, and are closely monitored in order to detect any large or unusual transactions. All securities purchases are executed through central trading desks, and large transactions are reviewed by traders as to size and quality of securities. EFG International is protected from interruption to its main business services through regularly-tested business continuity plans and a disaster recovery plan. In the event of a crisis scenario, the company will be able to recover essential technology infrastructure and data. In addition, due diligence reports relating to the evaluation of acquisition candidates include detailed operational risk assessments, both in relation to the acquisition company and subsequent its integration. The company's IT system provides an immediate duplicate of all transactions, ensuring a backup system is continuously available off-site. Operations are also audited by EFG Group's internal auditors and external auditors, and results presented to EFG International's audit committee.

COMPLIANCE AND LEGAL RISK

The Compliance Department is responsible for ensuring EFG International's observance of applicable regulations. Changes in the regulatory environment are monitored and directives and procedures are adapted as required. Global compliance is centrally managed from Geneva with local compliance officers situated in virtually all of EFG International's booking centre subsidiaries around the world. The Legal Department oversees client and other litigation and supervises outside counsel on a variety of legal matters.

REPUTATION RISK

Reputation risk for EFG International may arise from service delivered to clients that is substandard, as well as EFG International's involvement with politically exposed persons, persons with a public profile or those associated with high risk activities. EFG International ensures service quality by employing highly skilled CROs and minimising operational error (see "Operational Risk", earlier). Reputation risk arising from client selection is a common concern for all private banks, and the Swiss Financial Market Supervisory Authority (FINMA), along with regulators throughout the world have put in place rules and regulations to monitor the reputation risk inherent in the industry.

To comply with anti-money laundering laws, EFG International operates strict due diligence procedures for the acceptance of new clients. In addition, EFG International closely monitors transactions on an ongoing basis and investigates any transaction activity that is unusual and is deemed suspicious.

PARENT COMPANIES

PARENT COMPANIES

EFG International's largest shareholder is EFG Bank European Financial Group SA, based in Geneva, with 49.34%. This is in turn part of EFG Group, based in Luxembourg. EFG Group provides a large range of financial services, with a presence in 38 countries and over 26,000 employees worldwide.

Details for EFG Group can be found at
www.efggroup.com

EFG Bank European Financial Group SA
24 quai du seujet
1211 Geneva 2
Switzerland

European Financial Group EFG (Luxembourg) SA
5, rue Jean-Monnet
L-2180 Luxembourg

CORPORATE GOVERNANCE

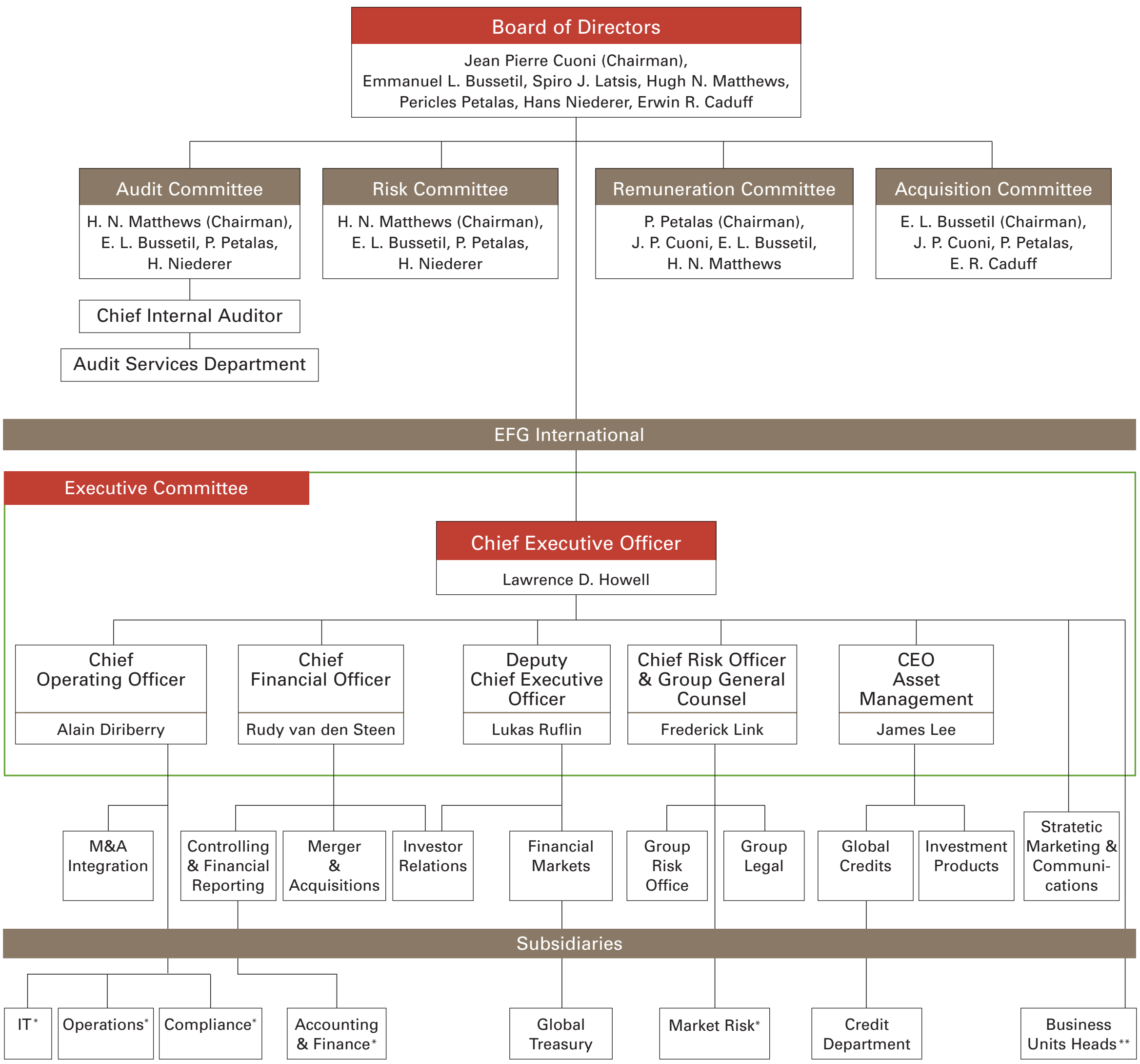
As a publicly listed Swiss company, EFG International AG (EFG International) is subject to the Directive on Information relating to Corporate Governance and its Annexes and Commentary, issued by the SIX Swiss Exchange. The information provided in this section adheres to the structure of the SIX Swiss Exchange Directive.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 Operational structure of EFG International

EFG International is a global private banking and asset management group operating in over 50 locations in 30 countries. The EFG International Group comprises two primary businesses. Private Banking and Asset Management. The Private Banking business is managed on a regional basis with the primary regions being Switzerland, Asia, Americas, United Kingdom and Rest of Europe. The Asset Management business is managed on a Global basis and thus is reported as a single segment. Further information can be found in note 44, "Segmental Reporting" to our consolidated financial statements.

The structure of the central management of the Group is outlined below.



* Located at EFG Bank but reporting to EFG International
** Located in operating subsidiaries but reporting to EFG International

1.2 Group entities

The consolidated entities are listed on page 129. There are no listed companies belonging to the EFG International Group other than EFG International.

1.3 Significant shareholders

The shareholding structure of EFG International as of December 31, 2009 is shown in the table below.

As of December 31, 2009	Number of registered shares	Percentage of voting rights
EFG Bank European Financial Group SA*	72,366,556	49.34%
Lawrence D. Howell	8,052,000	5.49%
Cuoni Family Interests	6,830,500	4.66%
Norges Bank	4,567,253	3.11%
Other Shareholders	54,853,691	37.40%
Total	**146,670,000**	**100.00%**

* EFG Bank European Financial Group SA is controlled by the Latsis Family through several intermediate parent companies. More details can be found in the disclosed notice of 10 August 2009 on SIX Swiss Exchange (http://www.six-swiss-exchange.com – News – significant shareholders – EFG International).

At year-end 2009, EFG International Group held a stake of EFG International registered shares corresponding to 8.38% of the total share capital of EFG International.

1.4 Lock-up agreements

In the context of the Initial Public Offering ("IPO") on October 7, 2005, EFG Bank European Financial Group SA, Jean Pierre Cuoni (Chairman) and Lawrence D. Howell (CEO) and 192 other directors, executive officers and employees of EFG International and its subsidiaries have entered into individual lock-up agreements with the underwriters in respect of shares owned prior to the IPO. Messrs. Jean Pierre Cuoni (Chairman) and Lawrence D. Howell (CEO) and 192 other executive officers and employees of EFG International and its subsidiaries are subject to a five year phased lock-up starting October 10, 2005. They were each able to sell up to 20,000 of their original shares from April 5, 2006. After one year, they were each able to sell up to 20% of their original shares (including the above-mentioned 20,000 shares). After two years, they were each able to sell up to 40% of their original shares. After three years, they were each able to sell up to 60% of their original shares. After four years, they were able to sell up to 80% of their original shares and after five years, they will each be able to sell up to 100% of their original shares.

1.5 Cross-shareholdings

EFG International has not entered into any cross-shareholdings that exceed 5% of the capital shareholdings or voting rights on either sides.

2. CAPITAL STRUCTURE

2.1 Capital

Share capital

The outstanding share capital amounts to CHF 73,335,000, consisting of 146,670,000 registered shares with a face value of CHF 0.50 each; the shares are fully paid-up. The conditional share capital amounts to CHF 2,282,500.

The registered shares are traded on the main segment of the SIX Swiss Exchange (security no. 002226822; ISIN CH0022268228, symbol EFGN). The Company's market capitalisation was CHF 2,097,381,000 on 31 December 2009.

Participation capital

The outstanding participation capital of the Company amounts to CHF 6,000,000, consisting of 400,000 non-voting preference Class B Bons de Participation with a nominal value of CHF 15.00 each. These Bons de Participation have been issued to Banque de Luxembourg as fiduciary in connection with the issue by Banque de Luxembourg of the EUR 400 million EFG fiduciary certificates on 14 November 2004 and 17 January 2005. The preference rights attached to the Class B Bons de Participation consist of preferential dividend and liquidation rights, as mainly set out in article 13 of the Articles of Association. The preferential dividend rights are expressed to remain at all times at the full discretion of the general meeting.

The authorised Class C preference Bons de Participation amounts to CHF 15,000,000, consisting of 1,000,000 registered Class C preference Bons de Participation with a nominal value of CHF 15.00 each.

The authorised Class D preference Bons de Participation amounts to CHF 12,000,000, consisting of 400,000 registered Class D preference Bons de Participation with a nominal value of CHF 30.00 each.

The Class C and D preference Bons de Participation expire on 29 April 2010 and will not be submitted for renewal to the 2010 Annual General Meeting.

2.2 Authorised and conditional capital in particular

Authorised capital

The Board of Directors is authorised, at any time until 29 April 2010, to increase the share capital by no more than CHF 9,165,000 by issuing no more than 18,330,000 fully paid up registered shares with a face value of CHF 0.50 each. Increase by firm underwriting, partial increases as well as increases by way of conversion of own free reserves are permissible. The issue price, the starting date of the dividend entitlement and the type of contribution will be determined by the Board of Directors.

In addition, the Board of Directors is authorised to withdraw the preferred subscription rights of the shareholders and the participants and to allocate them to third parties for the financing of the acquisition of all or part of an enterprise or of an investment in another company, or for new investments purposes for EFG International at market conditions at the moment of the issuance, as well as, in particular, for direct or indirect fund raising purposes on the international capital markets. If and when issued, Class C and Class D preference Bons de Participation will rank prior to the shares, both in terms of dividend and liquidation dividend rights.

Conditional capital

The share capital may be increased by no more than CHF 2,282,500 by issuing no more than 4,565,000 fully paid up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to officers and employees at all levels of EFG International and its group companies. The preferential subscription rights of the shareholders and the participants are excluded in favour of the holders of the option rights. The conditions for the allocation and the exercise of the option rights are set by the Board of Directors. The shares may be issued at a price below the market price.

2.3 Changes in capital structure

There have been no changes in the capital structure of EFG International since the initial public offering.

2.4 Shares and participation certificates

Shares

Number of shares as of 31 December 2009:

Registered shares of CHF 0.50 par value	146,670,000

All registered shares are fully paid-up and entitled to dividends. Each share carries one vote.
There are no preferential rights or similar rights attached to the shares.

Participation certificates

Number of participation certificate as of 31 December 2009:

Preference Class B Bons de Participation of CHF 15.00 par value	400,000

All preference Class B Bons de Participation are entitled to preferential dividend and liquidation rights (see section 2.1 above). They do not confer voting rights.

2.5 Profit sharing certificates

There are no profit sharing certificates outstanding.

2.6 Limitations on transferability and nominee registrations

EFG International’s shares are freely transferable, without any limitation, provided that the buyers expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995.

Buyers not expressly declaring themselves to be holding shares for their own account in their application for entry in the register of shares (“nominees”) shall be entered in the register of shares with voting rights without further inquiry up to a maximum of 2% of the outstanding share capital available at the time. Above this limit registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question makes known the names, addresses and shareholdings of the persons for whose account he is holding 0.5% or more of the outstanding share capital available at the time and provided that the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995 is complied with. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to evade the entry restriction are considered as one shareholder or nominee. The Board of Directors is authorised to issue regulations to implement the above provisions.

2.7 Convertible bonds and warrants/options

EFG International, acting through its subsidiary EFG Financial Products and EFG Financial Products (Guernsey) Ltd., has issued warrants and structured notes which reference EFG International shares. These instruments are generally classified as cash-settled derivatives and are held for trading. To hedge the economic exposure, EFG Financial Products AG holds a limited number of shares in EFG International.

In addition, EFG International has issued options and restricted stock units in relation to its employee Stock Option Plan and has sold a total of 55,000 options to employees with a strike price of CHF 49.25 per share, 457,996 options with a strike price of CHF 24.00 per share and 17,091 restricted stock units with a zero exercise price. Further details can be found under section 5.1.

3. BOARD OF DIRECTORS

3.1 Members of the Board of Directors

The Board of Directors currently comprises seven members all of whom are non-executive directors (a member resigned during the term of office). The Board of Directors of EFG Bank is composed of the same members as the Board of Directors of EFG International.

No member of the Board has held a management position in EFG International or any of its group companies over the last three years. No director has any significant business connection with EFG International or any of its subsidiaries. The law firm Niederer Kraft & Frey AG of which Dr. Hans Niederer is a partner has provided legal services to EFG International in connection with a number of matters.

Jean Pierre Cuoni is a Swiss citizen, born in 1937. He was appointed Chairman of the Board of Directors of EFG International effective as of 8 September 2005. Mr. Cuoni has been Chairman of the Board of Directors of EFG Bank since 1997 and has been a member of the Board of Directors and the Advisory Board of EFG Bank European Financial Group SA since 1995.

Prior to these positions, Mr. Cuoni was Chief Executive of Coutts and Co International (1990-94) and Chief Executive of Handelsbank NatWest, the Swiss subsidiary of NatWest (1988-90). Beforehand, Mr. Cuoni spent 28 years with Citibank in New York, Paris, Geneva, Lausanne and Zurich, and was the Regional Head of Private Banking for Europe and Middle East/Africa and Senior Officer (Country Corporate Officer) for Citicorp and Citibank in Switzerland. Mr. Cuoni was Senior Vice President of Citibank N.A. from 1981 to 1988 and Chairman of Citibank (Switzerland) S.A. from 1982 to 1988.

Mr. Cuoni received his Federal Commercial Banking Diploma in 1957 and attended the Executive Development Programme at IMD in Lausanne in 1974. Mr. Cuoni was part of the Swiss Bankers Association as a member of the Board (1982-93) and as a member of the Executive Committee of the Board (1985-93). He was Chairman of the Association of Foreign Banks in Switzerland (1986-93) and member of the Board of the Association of Swiss Exchanges (1988-92), as well as member of the Board of the Zurich

Chamber of Commerce (1988-96). From 1998 until 2004 he was Vice President of the British Swiss Chamber of Commerce. Since 1985, Mr. Cuoni has been member of the Investment Advisory Board of the International Labour Organisation (ILO) in Geneva. He is presently also a member of the Board of Right to Play International in Toronto as well as of Right to Play Switzerland in Zurich.

Emmanuel Leonard Bussetil is a British citizen, born in 1951. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005 and has been a member of the Board of Directors of EFG Bank since 2001. He is the Group Finance Executive of EFG Bank European Financial Group SA and is a member of the Board of EFG Group's parent companies as well as of EFG Eurobank Ergasias, a company listed on the Athens Stock Exchange. He also is a member of the Board of Lamda Developments Limited, a property company listed on the Athens Stock Exchange and of other principal commercial holding and operating companies controlled by Latsis family interests. He joined the Latsis group of companies in 1982 as Chief Internal Auditor. Prior to that he was an Audit Manager at PricewaterhouseCoopers, in the UK, where he was employed from 1976 to 1982.

Mr. Bussetil is a Fellow of the Institute of Chartered Accountants of England and Wales. His professional training was undertaken as an Articled Clerk at Dolby Summerskill, Liverpool (1972-73) and at Morland and Partners, Liverpool (1974-76).

Spiro J. Latsis is a Greek citizen, born in 1946. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005. He has been a member of the Board of Directors of EFG Bank since 1997. Mr. Latsis has been a member of the Board of Directors of EFG Bank European Financial Group SA since 1981 and has served as its Chairman since 1997. In addition, he is a director in other EFG Group companies, including Private Financial Investments Holding Ltd., Jersey (since 1991), Private Financial Holdings Limited, England (since 1989), EFG Consolidated Holdings SA, Luxembourg (since 1989), EFG Eurobank Ergasias, Athens (since 1990) and in particular the EFG Group's parent companies. Mr. Latsis is also President of SETE S.A., Geneva and Chairman of Paneuropean Oil and Industrial Holdings S.A., Luxembourg.

Mr. Latsis obtained his bachelor degree in Economics in 1968, a masters degree in Logic and Scientific Method in 1970 and a doctorate in Philosophy in 1974, all from the London School of Economics. He is an Honorary Fellow and a member of the Court of Governors of the London School of Economics. He is also a member of the Board of Trustees of the Institute for Advanced Study at Princeton.

Hugh Napier Matthews is a Swiss and British citizen, born in 1943. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005. He has been a member of the Board of Directors of EFG Bank since 2003 and is Chairman of EFG International's audit committee, risk committee and a member of the remuneration committee. Mr. Matthews has also been a member of the Board of Directors of EFG Bank European Financial Group SA since 2001 and is a member of EFG Group's parent companies. He is Chairman of its risk committee. Before that, Mr. Matthews worked for Coutts Bank (Switzerland) (1996-2000), ultimately in the position of Chief Executive Officer, and for Coutts Group, London (1994-96), since 1995 as Group Chief Operational Officer. Prior to 1995, Mr. Matthews was with Peat Marwick Mitchell and Co. working in London (1960-69), Brussels, Los Angeles and New York (1969-71) and Zurich (1971-94).

Mr. Matthews was educated at The Leys School in Cambridge, before joining Peat Marwick Mitchell in 1960, qualifying as a Chartered Accountant in 1966.

Pericles Petalas is a Swiss citizen, born in 1943. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005. He has been a member of the Board of Directors of EFG Bank since 1997. Mr. Petalas has been Chief Executive Officer of EFG Bank European Financial Group SA since 1997. He is also a non-executive director of various EFG Group companies and in particular the EFG Group's parent companies. Prior to his position at EFG Group, Mr. Petalas was Senior Vice President and General Secretary of Banque de Dépôts, Geneva. Previously, he worked for Union Bank of Switzerland in Zurich (1978-80) and Petrola International, Athens (1977-78).

Mr. Petalas passed a Diploma (1968) and a doctorate (1971) in Theoretical Physics, both at the Swiss Federal Institute of Technology in Zurich. He also received a post-graduate degree in Industrial and Management Engineering from the same institute in 1977.

Hans Niederer is a Swiss citizen, born in 1941. He was appointed a member of the Board of Directors of EFG International effective as of 5 October 2005. Mr. Niederer is a partner at Niederer Kraft & Frey AG, attorneys-at-law and a member of the Board of Directors of various companies. He is Vice Chairman of the Board of Investec Bank (Switzerland) AG, LB(Swiss) Privatbank AG and Hinduja Bank (Suisse) SA as well as a member of the Boards of Algerian Foreign Commerce Bank Ltd, SLB Commercial Bank and LB(Swiss) Investment AG.

Mr. Niederer holds a doctorate in law from the University of Zurich (1968) and a masters degree in law (LL. M.) from the University of California, Berkeley (1970). He was admitted to the bar in Switzerland in 1971.

Erwin Richard Caduff is a Swiss citizen, born in 1950 and educated in Switzerland. He was appointed a member of the Board of Directors of EFG International effective as of 29 April 2009.

Mr. Caduff is the owner of E.R.C. Consultants & Partners Pte Ltd. in Singapore, an employment agency specializing in executive search for wealth management. Previously he worked in Singapore for Deutsche Bank AG (1998-2007) as managing director and Head of Private Wealth Management, Banque Paribas, Singapore as Head of Private Banking for South East Asia (1997-1998) and Head of the Zurich Branch of Paribas (Suisse) SA (1993-1997). Between 1990 and 1993 he was Chief Representative for Coutts & Co in Singapore and between 1987 and 1990 he was at Citibank, Singapore Private Banking after working for Citibank Zurich (1986-1987). Between 1976 and 1986 he worked for Swiss Volksbank in Zurich and in Singapore.

Apostolos Tamvakakis is a Greek citizen and born in 1957. He was appointed a member of the Board of Directors of EFG International effective as of 29 April 2009. For the past five years he was Chairman and CEO of LAMDA Development S.A. Previously Mr. Tamvakakis has served as Deputy Governor and Board Member of National Mortgage Bank (1996-1998) and as Vice Chairman of the Board of National Bank of Greece (1998-2004). Between 1990 and 1996 he worked for ABN AMRO Bank as Deputy General Manager for Greece and prior to that for Investment Bank (Athens) and Mobil Oil Hellas S.A. Mr. Tamvakakis is member the Board of Directors of Foundation for Economic and Industrial Research and the American-Hellenic Chamber of Commerce.

Previously, he had served as Vice Chairman of Greek Securities S.A., President of the Steering Committee of the Interalpha Group of Banks, President of Ethnocards, National Securities and ETEVA, President of the Southeastern European Board of the Europay Mastercard group, and as a member of many Boards of Directors and committees.

Mr. Tamvakakis was awarded his Bachelor of Arts in Economics from Athens University (1978) and holds a Master of Arts in Econometrics and Mathematical Economics from Canada.

Mr. Tamvakakis resigned from the Board of Directors of EFG International in December 2009 due to his appointment as CEO of National Bank of Greece.

3.2 Other activities and vested interests of the Members of the Board of Directors

Please refer to the information provided in each director's biography in section 3.1.

3.3 Elections and terms of office

According to the articles of association, the Board of Directors consists of three or more members, who are elected by the general meeting for a one-year term and who may be re-elected. There is no limit to the numbers of terms a director may serve. The term of office ends on the day of the ordinary general meeting.

The tenure of all the current members of the Board of Directors will expire at the 2010 general meeting, at which time all directors will be subject to re-election by the shareholders.

3.4 Internal organisational structure

The internal organisational structure is laid down in the internal regulations of the Company. The Board of Directors meets as often as business requires, but at least four times a year, normally once every quarter. Members of the Executive Committee, managerial staff and external advisors may be called upon to attend a Board meeting. In order to make a binding decision, a simple majority of the Board of Directors must be present. The Board of Directors takes decisions on the basis of an absolute majority of present members. In the event of a tie, the Chairman does not have a casting vote.

The Board of Directors met six times in 2009. Meetings typically last half a day.

The Board of Directors has established an audit committee, a risk committee, a remuneration committee and an acquisitions committee according to the terms of the internal regulations:

Audit committee

The audit committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to:

(i) the review of the management and internal control processes,
(ii) the financial and business reporting processes,
(iii) the risk domination and related internal control systems,
(iv) the monitoring and compliance with laws and regulations and the own code of conduct,
(v) the terminal and external audit processes, and
(vi) the monitoring of operational risk.

The role of the audit committee is primarily supervisory and its decision making authority is limited to those areas which are ancillary to its supervisory role. The audit committee comprises at least three Board members (at present, Mr. Matthews has been appointed as Chairman and Messrs. Bussetil, Petalas and Niederer have been appointed as members of the audit committee).

The audit committee meets quarterly as well as when necessary to review the accounts before approval by the Board. Meetings typically last three to four hours and are attended by members of the executive management responsible for areas supervised by the audit committee. During 2009, the audit committee met five times.

Minutes of the audit committee are reviewed by the full Board of Directors at its meetings. In addition, an oral report from the Chairman of the audit committee is given to the Board of Directors at each of its meetings.

Risk committee

The risk committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to the monitoring of credit, market and bank and country risk. The risk committee may also recommend to the Board of Directors changes in its risk limits and policies. However, the role of the risk committee is primarily supervisory and its decision making authority is limited to those areas which are ancillary to its supervisory role.

The risk committee comprises at least three Board members (at present, Mr. Matthews has been appointed as Chairman and Messrs. Bussetil (until his resignation Mr. Tamvakakis), Petalas and Niederer have been appointed as members of the risk committee).

The risk committee meets quarterly. Meetings typically last three to four hours and are attended by members of the executive management responsible for risk management. During 2009, the risk committee met four times.

Minutes of the risk committee are reviewed by the full Board of Directors at its meetings. In addition, an oral report from the Chairman of the risk committee is given to the Board of Directors at each of its meetings.

Remuneration committee

The remuneration committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors fulfilling its oversight responsibilities by:

(i) reviewing the general remuneration policy,
(ii) reviewing the remuneration of members of the Board of Directors and of key executives,
(iii) reviewing the annual remuneration review process, and
(iv) carrying out other tasks conferred on it by the Board of Directors.

The remuneration committee comprises of at least three Board members (at present Mr. Petalas has been appointed as Chairman and Messrs. Cuoni, Bussetil and Matthews have been appointed as members of the remuneration committee).

The remuneration committee meets annually in the first quarter to review salary and bonus decisions as well as when necessary. Meetings typically last two to three hours and are attended by the Chief Executive Officer. During 2009, the remuneration committee met four times.

The Minutes of the remuneration committee are reviewed by the full Board of Directors at its meetings. In addition, an oral report from the Chairman of the remuneration committee is given to the Board of Directors at each of its meetings.

Acquisitions committee

The acquisitions committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in evaluating and approving acquisitions made by the group. The acquisitions committee has the power to approve any acquisition for which the purchase price is less than or equal to CHF 150 million. Acquisitions with a value of more than CHF 150 million must be approved by the full Board of Directors.

The acquisitions committee comprises at least three Board members (at present, Mr. Bussetil has been appointed as Chairman and Messrs. Petalas, Cuoni and Caduff have been appointed as members of the acquisitions committee). The acquisitions committee meets on an ad hoc basis throughout the year in order to review specific transactions or to receive an update from the Chief Executive Officer and Chief Financial Officer/Head of M&A regarding the status of negotiations with various acquisition targets. Meetings vary in length from one to three hours.

The Minutes of the acquisitions committee are reviewed by the full Board of Directors at its meetings. In addition, an oral report from the Chairman of the acquisitions committee is given to the Board of Directors at each of its meetings.

During 2009, the acquisitions committee met once.

3.5 Definition of areas of responsibility

The Board of Directors of EFG International is ultimately responsible for supervision of the management of EFG International. The Board of Directors sets the strategic direction of the EFG International and supervises its management.

Details of the powers and responsibilities of the Board of Directors can be found in the Organisational Regulations of the Board of Directors, which is available at www.efginternational.com/auditors-regulations

The Board of Directors has delegated the operational management and that of its subsidiaries to the Chief Executive Officer ("CEO") and the Executive Committee. Members of the Executive Committee are appointed by the Board of Directors upon recommendation of the CEO. The executive officers, under the responsibility of the CEO and the control of the Board of Directors, manage the operations of the company pursuant to the internal regulations and report thereon to the Board of Directors on a regular basis.

The EFG International Group is organised as a single structure, reporting to the Chief Executive Officer. Various support, service or control Units report either directly to the Chief Executive Officer, or to member of the Executive Committee.

The titles and brief job descriptions for members of senior management are set forth as follows:

Chief Executive Officer

The Chief Executive Officer (CEO) of EFG International is responsible to the Board of Directors for the overall management and performance of the EFG International Group. He manages the implementation and development of strategic and operational plans as approved by the Board of Directors. He represents the EFG International Group towards third parties and regulators and is co-responsible (together with the Board of Directors and the other senior executives) towards the Swiss Federal Banking Commission (as of 1 January 2009, the Swiss Financial Market Supervisory Authority (FINMA)) for the prudent management and regulation-compliant operation of the organisation.

Deputy Chief Executive Officer

The Deputy Chief Executive Officer assists the Chief Executive Officer in all of his tasks. He has prime oversight responsibilities for selected operating businesses. He is also responsible for intra-group capital allocation and funding, the Corporate Office and – together with the CFO – for capital raising. In addition he assumes the responsibility as CEO of EFG Bank (since January 2010).

Chief Financial Officer

The Chief Financial Officer (CFO) has ultimate responsibility for the financial management of the EFG International Group. A major part of his time is spent on the evaluation of mergers/ acquisitions and the consequent presenting of opportunities to the Board delegated Acquisitions Committee. Other ultimate responsibilities include financial reporting, financial regulatory reporting and capital management.

Chief Operating Officer

The Chief Operating Officer is responsible for the management, co-ordination, supervision, planning and control of the Operations and Technology activities of the Group. He is also responsible for supervising and coordinating the Compliance function, the relationship with internal and external auditors and the regulators across the EFG International Group. In addition, he is responsible for the evaluation and management of operational risks and is ultimately responsible for the product approval process. He is an alternate chairman of the Executive Credit Committee and chairs the Group Product Committee.

Chief Risk Officer and Group General Counsel

The Chief Risk Officer and General Counsel is responsible for two key functions:

– As Chief Risk Officer, he monitors and assesses risk throughout the whole EFG International organization, encompassing market, counterparty, country, liquidity and other risks. In this function, he also reports to the EFG International Risk Committee, and provides an indpendent oversight on credit and operational risks, albeit these risks are addressed primarily by the Head of Credit Control and the Chief Operating Officer.

– As Group General Counsel, he provides legal advice to the EFG International Group. In addition, he is responsible for corporate governance throughout the EFG International Group.

CEO Asset Management

The primary responsibility of the Chief Executive Officer Asset Management is to leverage financial product know-how and resources across the company. He is directly responsible for EFG Financial Products, Marble Bar Asset Management LLP, Capital Management Advisors, and the other asset management and funds businesses within EFG International's group of companies. In addition, the Head of Investment Finance/Credit reports to the CEO with supervision delegated to Jim Lee.

3.6 Information and control instruments vis-à-vis the Executive Committee

The Board of Directors supervises the management of EFG International through various meetings with management, including meetings of the Board and its committees.

Members of the Executive Committee attend each of the Board meetings during the year and are available to answer questions from the Board. The Chief Executive Officer provides a written report to the Board on a quarterly basis summarising developments in the business and is available to answer questions from the Board. In addition, the Chief Financial Officer reports on the financial results to the Board on a quarterly basis.

Members of management responsible for the finance and accounting function, including the Chief Financial Officer attend audit committee meetings and are available to answer questions from the committee relating to the accounts. In addition, the Head of Legal and Compliance attends audit committee meetings and is available to answer questions relating to compliance issues.

The members of management responsible for credit, market and bank and country risk management attend the risk management committee meetings.

In addition, independent audits are performed by the Group's audit services department, which reports to the audit committee. Organisationally independent of management, it provides the Board of Directors and the audit committee with an independent, objective assurance on the adequacy and effectiveness of the internal control system. The internal audit services department maintains a regular dialogue with the external auditors to share risk issues arising from their respective audits and to coordinate their activities. The obligations and rights of the internal audit services department are set forth in the internal regulations and in an internal audit charter. The internal audit services department has an unlimited right to information and access to documents with respect to all elements of the Group and its subsidiaries.

See also the information on risk management on page 45.

4. EXECUTIVE COMMITTEE

4.1 Members of the Executive Committee

Lawrence D. Howell is a U.S. citizen, born in 1953. He is Chief Executive Officer of EFG International. Previously, he was the Chief Executive Officer of EFG Bank (since 1997) and a member of the management (since 1997). From 1995 to 1997 he was CEO of the Zurich office of Banque de Depôts, the predecessor entity to EFG Bank European Financial Group SA. Prior to joining the EFG, Mr. Howell was with Coutts and Co. International Private Banking from 1989 to 1995. Prior to 1993, he was Head of Americas and Asia in Zurich and New York and until 1995 he was Head of Americas based in New York and responsible for clients domiciled in the Americas as well as for the bank's offices in the US, the Bahamas, Bermuda, Cayman, and Latin America.

From 1986 to 1989, Mr. Howell spent three years at Citibank Switzerland as Vice President in charge of Swiss Ultra-High Net Worth Clients and from 1985 to 1986 he was with McKinsey and Co. in New York as a consultant for financial services companies, including private banks. Mr. Howell started his career at Citibank in 1978 as internal legal counsel for the International Private Banking Division and from 1981 to 1984 he was chief of staff for Jean Pierre Cuoni, the Head of Private Banking for Europe, Middle East and Africa.

Mr. Howell holds a B. A. and J. D. from the University of Virginia.

Lukas Ruflin was appointed as Deputy CEO of EFG International as of June 2009 and as CEO of EFG Bank effective as of January 2010. He was one of the founding partners of EFG Financial Products in 2007, where he ran its issuing entity in Guernsey. He joined EFG Bank in 2004 and held different management positions within EFG Bank and EFG International in Zurich and in London. Lukas Ruflin started his career at Lehman Brothers (2000-2004), JP Morgan (1999-2000) and PricewaterhouseCoopers and joined EFG in 2004.

He is a Swiss citizen, was born in 1975 and holds a Master in Economics from University of St. Gallen as well as a CEMS Master in International Management.

Rudy van den Steen is a Belgian citizen, born in 1964. He is the Chief Financial Officer and Head of M&A of EFG International. He joined EFG Bank as Chief Financial Officer in June 2000. In addition of his CFO responsibilities, Mr. van den Steen heads the M&A initiatives. Prior to joining EFG Bank, Mr. van den Steen worked for Price Waterhouse where he was ultimately the head of the Financial Institutions Group's M&A Advisory group for Switzerland.

Mr. van den Steen holds a master's degree in Applied Economics and General Management with a major in quantitative/mathematical economics from Louvain University (Leuven) in Belgium.

Alain Diriberry was appointed Chief Operating Officer of EFG International in July 2008. He joined EFG Bank in August 2003 as Deputy CEO with COO responsibilities, and then became Head of Private Banking, Geneva in January 2005. He has no other activities or vested interests other than his functions at EFG International. Prior to joining EFG, he worked at Coutts Switzerland (1994 - 2003) as COO, responsible for operations, IT and central functions, and subsequently as Head of Private Banking for Switzerland starting in 2000. Between 1989 and 1994, he worked as Head of IT at NatWest Bank in Paris and then became Head of Central Support and Deputy General Manager. He began his career as an IT engineer and then joined Price Waterhouse as an IT consultant and project manager in various business areas, including finance and banking.

He is a French Citizen born in 1953, and holds a PhD in Information Technology from the University of Toulouse.

Frederick Link was appointed as Group General Counsel and Corporate Secretary of EFG International in March 2006 and Chief Risk Officer in July 2008. He is responsible for risk assessment, management and controlling throughout the EFG International Group, as well as providing legal advice throughout the group. Prior to joining EFG International, Mr. Link was with Allen & Overy LLP in London, where he represented financial institutions and corporate clients in relation to equity and debt capital markets offerings, mergers & acquisitions and in the regulatory and legal aspects of financial derivatives and other complex financial products. Mr. Link is a US citizen, was born in 1975.

He is a member of the New York bar and holds a Ph.D. in Economics from the Massachusetts Institute of Technology, a J.D. from Harvard Law School and an A.B. in Economics from the University of Michigan.

James T. H. Lee is a British citizen, born in 1948. Since June 2009 he was appointed CEO Asset Management. He previously was the Deputy Chief Executive Officer of EFG International and EFG Bank (since 2003). He joined EFG Bank in 2001 as an advisor and was appointed Head of Merchant Banking and Chairman of the credit committee in January 2002 and a member of the management. Prior to 2001, Mr. Lee worked for UBS on strategic and tactical acquisitions in the field of private banking (1999-2000), and was the Global Head of International Private Banking for Bank of America (1997-1998). Between 1973-1997 he held various positions at Citigroup in Corporate, Investment and Private Banking, including being responsible for the Private Bank's Ultra-High Net Worth business in Asia and for the Global Investment Advisory business of the Private Bank. In 2000, Mr. Lee acted as advisor to several start-up businesses active in the fields of e-commerce and healthcare and co-founded an e-commerce company in the UK to build portals for specific industries in which he no longer holds any interest.

Mr. Lee obtained a Bachelors of Science (Honours) degree in Electrical Engineering in 1970 and a Masters degree in Management Science and Operational Research, both from Imperial College, University of London.

4.2 Other activities and vested interests

There are no other activities and vested interests of any members of the Executive Committee.

4.3 Management contracts

EFG International and its subsidiaries have not entered into management contracts with third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 Content and method of determining the compensation and the share-ownership programmes

General

Compensation of the Board of Directors, the CEO and other member of the Executive Committee, as well as other senior executives, is set by the Board of Directors' remuneration committee (see section 3.4 above). The committee convenes once a year to set compensation levels for members of the Board of Directors and members of the

Executive Committee within parameters established by the full Board of Directors. In addition, special meetings may be convened to approve the remuneration of any new members of the Executive Committee and as required.

The remuneration committee determines the compensation of members of the Executive Committee by considering market compensation levels for similar positions as well as the individual performance and contribution to the business of each employee. The remuneration committee does not benchmark compensation against particular competitors.

The EFG International group has adopted a stock option plan for employees and executive officers of EFG International and its subsidiaries on 20 September 2005 (the "Stock Option Plan") in order to strengthen the Company's ability to furnish incentives for members of the management and other key employees and to increase long-term shareholder value by improving operations and profitability. The Stock Option Plan will cover any options granted during the financial years 2005 to 2010 and last up to the point in time that all options and restricted stock units granted under the Stock Option Plan have either been exercised or have expired.

The CEO identifies and recommends each year all persons who are eligible to participate in the Stock Option Plan to the remuneration committee, which then considers the recommendation and, at its absolute discretion, determines the size of the options to be granted to each eligible person.

Details of the options granted under the Stock Option Plan can be found in Note 49 to Consolidated Financial Statements of the EFG International group included in this annual report.

Members of the Board of Directors

The compensation of members of the Board of Directors who receive compensation is determined by the remuneration committee and does not include any cash bonus or other variable component.

Executive Committee and other Members of the Executive Management

The compensation of the members of the Executive Committee and other members of senior management is determined by the remuneration committee. The following elements of compensation are applied at the level of senior management:

- Base salary cash,
- Cash bonuses defined annually,
- Other cash compensations (expenses allowances, etc.),
- EFG International Stock Option Plan,
- Pension fund.

Bonuses for members of senior management other than the CEO are determined entirely within the discretion of the remuneration committee upon the recommendation of the CEO (except in relation to his own bonus) and are intended to reflect market levels of compensation as well as individual performance and the performance of EFG International through the year.

6. SHAREHOLDERS' RIGHTS OF PARTICIPATION

6.1 Voting-rights restriction and representation

Persons who acquired registered shares will, upon application, be entered in the register of shares without limitation as shareholders with voting power, provided they expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995 (for details please refer to section 2.6 above). There are no voting right restrictions, no statutory group clauses and hence no rules on making exceptions.

In line with the legal provisions, any shareholder with a voting right may have his/her share represented at any general meeting by another person authorised in writing or by corporate bodies, independent proxies or proxies for deposed shares. Such representatives need not be shareholders.

6.2 Statutory quorums

No statutory quorums other than those defined by Swiss Corporate Law and the Swiss Federal Merger Act apply.

6.3 Convocation of the Annual General Meeting

The statutory rules on the convocation of the general meeting of shareholders correspond with legal provisions. Accordingly, the general meeting of shareholders is summoned at least 20 days before the date of the meeting by notice published in the Swiss Official Gazette of Commerce and by letter sent to the addresses of the shareholders entered in the register of shares.

6.4 Agenda

The Board of Directors announces the agenda. Shareholders representing shares with a nominal value of at least CHF 1 million may request that an item of business be placed on the agenda until 40 days at the latest before the date of the meeting. Such request must be in writing and must state the relevant motions.

6.5 Registrations in the share register

There is no statutory rule on the deadline for registering shareholders in connection with the attendance of the general meeting. However, for organisational reasons, no shareholders will be entered into the share register during the period beginning 15 days prior to a general meeting and ending immediately after the close of the general meeting.

7. CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 Duty to make an offer

EFG International has not taken any defence measures against take-over attempts. Therefore, there are no statutory rules on "opting up" and "opting out". The articles of association contain no provision which would rule out the obligation of an acquirer of shares exceeding the threshold of 33 1/3% of the voting rights to proceed with a public purchase offer (opting-out provision pursuant to Art. 22 para. 2 Stock Exchange Act) or which would increase such threshold to 49% of the voting rights (opting up provision pursuant to Art. 32 para. 1 Stock Exchange Act). “Opting up” is a rule based on which the triggering threshold would be lifted to a higher percentage, while “opting out” is a rule waving the legal duty to submit an offer.

7.2 Clauses on changes of control

Stock options and restricted stock units granted to officers and employees would become exercisable upon a mandatory or a voluntary tender offer that becomes unconditional according to the Swiss Federal Act on Stock Exchanges. The individual lock-up undertakings as described in section 1.4 above would no longer be effective if EFG Bank European Financial Group SA ceases to have a controlling interest in EFG International.

8. AUDITORS

8.1 Duration of mandate and term of office of Head Auditor

PricewaterhouseCoopers SA, Geneva, were appointed as statutory auditors and group auditors of EFG International on 8 September 2005, when EFG International was incorporated. The shareholders must confirm the appointment of the auditors on an annual basis at the general meeting.

Mr. Alex Astolfi took up office as head auditor on 29 April 2008.

8.2 Auditing fees

PricewaterhouseCoopers SA received a fee of CHF 4,908,278 for auditing the 2009 financial statements of EFG International and its subsidiaries.

8.3 Additional fees

Fees for non-recurring audit of CHF 473,343 and fees for tax advice, consultancy and other services of CHF 66,665 were paid.

8.4 Supervisory and control instruments vis-à-vis the auditors

The audit committee, on behalf of the Board of Directors, monitors the qualification, independence and performance of the Group Auditors and their lead partners.
The audit committee confers with the Group Auditors about the effectiveness of the internal control systems in view of the risk profile of the Group.

The audit committee reviews the annual written statement submitted by the external auditors as to their independence. Mandates to the Group Auditors for additional audit, audit-related and permitted non-audit work are subject to pre-approval by the audit committee.

The external auditors provide timely reports to the audit committee on critical accounting policies and practices used, on alternative treatments of financial information discussed with management, and other material written communication between external auditors and management.

The audit committee regularly meets with the lead partners of the external auditors, and at least four times per year. It also regularly meets with the Head of Group Internal Audit.

At least once per year, the Chairman's Office discusses with the lead partners of PricewaterhouseCoopers the audit work performed, the main findings and critical issues that arose during the audit.

The audit committee and the Chairman's Office report back to the Board of Directors about their contacts and discussions with the external auditors.

The external auditors have direct access to the audit committee at all times.

9. INFORMATION POLICY

EFG International informs its shareholders and the public each year by means of the annual and half-year reports, as well as press releases, presentations and brochures as needed. The documents are available to the public, in both electronic form at
www.efginternational.com/financial-reporting
and
www.efginternational.com/press-releases
as well as in print form.

Important Dates
An updated list can be found on our investor relations homepage at
www.efginternational.com/investors

A private bank unlike any other.

Technical expertise.
Crafted into advice. Delivered one relationship at a time.

EFG INTERNATIONAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year ended 31 December 2009 CHF millions	Year ended 31 December 2008 CHF millions
Interest and discount income		413.6	861.8
Interest expense		(150.3)	(575.2)
Net interest income	5	**263.3**	286.6
Banking fee and commission income		594.8	671.5
Banking fee and commission expense		(97.2)	(99.8)
Net banking fee and commission income	6	**497.6**	571.7
Dividend income	7	3.5	3.2
Net trading income	8	55.8	88.3
Net gain/(loss) from financial instruments designated at fair value	9	3.2	(127.2)
Gains less losses from investment securities	10	25.2	107.6
Other operating income		10.5	16.1
Net other income		**98.2**	88.0
Operating income		**859.1**	946.3
Impairment charges	11	(5.4)	(15.4)
Operating expenses	12	(744.1)	(709.5)
Operating profit before tax		109.6	221.4
Income tax expense	14	(5.4)	(25.5)
Net profit for the period		104.2	195.9
Net profit for the period attributable to:			
Net profit attributable to equity holders of the Group		101.1	221.9
Net profit attributable to non-controlling interests		3.1	-
Net loss attributable to non-controlling interests		-	(26.0)
		104.2	195.9
		CHF	CHF
Earnings per ordinary share			
Basic	46.1	0.57	1.33
Diluted	46.2	0.55	1.32

The notes on pages 82 to 159 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year ended 31 December 2009 CHF millions	Year ended 31 December 2008 CHF millions
Net profit for the period		**104.2**	195.9
Other comprehensive income			
Fair value (losses)/gains on available-for-sale investment securities, before tax	28	(19.5)	66.5
Transfer to net profit of realised available-for-sale investment securities reserve, before tax	28	(25.2)	(107.6)
Tax effect on changes in fair value of available-for-sale investment securities	28	3.2	(4.3)
Currency translation differences, before tax		2.5	(297.6)
Tax effect on currency translation differences		5.7	
Other comprehensive income for the period, net of tax		(33.3)	(343.0)
Total comprehensive income for the period		**70.9**	(147.1)
Total comprehensive income for the period attributable to:			
Equity holders of the Group		69.5	(119.5)
Non-controlling interests		1.4	(27.6)
		70.9	(147.1)

The notes on pages 82 to 159 form an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2009

CONSOLIDATED FINANCIAL STATEMENTS

	Note	31 December 2009 CHF millions	31 December 2008 CHF millions
Assets			
Cash and balances with central banks	17	**265.4**	115.2
Treasury bills and other eligible bills	19	**770.8**	73.7
Due from other banks	20	**3,519.6**	3,730.6
Loans and advances to customers	21	**8,217.5**	7,424.3
Derivative financial instruments	24	**285.9**	452.8
Financial assets designated at fair value:			
Trading Assets	25	**310.5**	720.3
Designated at inception	26	**714.8**	533.4
Investment securities:			
Available-for-sale	27	**4,299.1**	3,351.4
Held-to-maturity	29	**510.5**	514.1
Intangible assets	31	**1,491.3**	1,763.0
Property, plant and equipment	32	**56.0**	57.1
Deferred income tax assets	15	**32.4**	25.8
Other assets	33	**176.2**	132.6
Total assets		**20,650.0**	18,894.3
Of which assets to significant shareholders		***9.8***	*10.4*
Liabilities			
Due to other banks	34	**447.1**	400.9
Due to customers	35	**15,727.9**	14,213.4
Derivative financial instruments	24	**454.0**	459.6
Financial liabilities designated at fair value	36	**414.1**	263.1
Other financial liabilities	37	**1,002.0**	679.6
Current income tax liabilities		**9.1**	12.9
Deferred income tax liabilities	15	**51.5**	66.0
Other liabilities	38	**306.0**	541.4
Total liabilities		**18,411.7**	16,636.9
Equity			
Share capital	40.1	**73.2**	77.3
Share premium	40.2	**1,157.4**	1,205.3
Other reserves	41	**160.1**	160.1
Retained earnings		**762.0**	719.6
		2,152.7	2,162.3
Non-controlling interests		**85.6**	95.1
Total shareholders' equity		**2,238.3**	2,257.4
Total equity and liabilities		**20,650.0**	18,894.3
Of which subordinated liabilities		-	-
Of which liabilities to significant shareholders		***38.5***	*5.3*

The notes on pages 82 to 159 form an integral part of these consolidated financial statements

		Attributable to equity holders of the group						
	Note	Share capital CHF millions	Share premium CHF millions	Other reserves CHF millions	Retained earnings CHF millions	Total CHF millions	Non-controlling Interests CHF millions	Total Equity CHF millions
Balance at 1 January 2008		78.4	1,263.1	517.1	578.3	2,436.9	2.2	2,439.1
Net Profit for the period					221.9	221.9	(26.0)	195.9
Currency translation differences, net of tax				(296.0)		(296.0)	(1.6)	(297.6)
Fair value losses on available-for-sale investment securities, net of tax				(45.4)		(45.4)		(45.4)
Total comprehensive income for the period recognised in equity		-	-	(341.4)	221.9	(119.5)	(27.6)	(147.1)
Dividend paid on ordinary shares	47				(50.2)	(50.2)		(50.2)
Dividend paid on Bons de Participation	47				(30.4)	(30.4)		(30.4)
Ordinary shares repurchased		(1.1)	(63.7)			(64.8)		(64.8)
Shares issued to non-controlling interests						-	131.4	131.4
Distributions to non-controlling interests						-	(10.9)	(10.9)
Minority put option	41			(36.0)		(36.0)		(36.0)
Employee stock option plan	49			20.4		20.4		20.4
Stock-options sold	40.2		5.9			5.9		5.9
Balance at 31 December 2008		77.3	1,205.3	160.1	719.6	2,162.3	95.1	2,257.4

The notes on pages 82 to 159 form an integral part of these consolidated financial statements

		Attributable to equity holders of the group						
	Note	Share capital CHF millions	Share premium CHF millions	Other reserves CHF millions	Retained earnings CHF millions	Total CHF millions	Non-controlling Interests CHF millions	Total Equity CHF millions
Balance at 1 January 2009		**77.3**	**1,205.3**	**160.1**	**719.6**	**2,162.3**	**95.1**	**2,257.4**
Net Profit for the period					101.1	101.1	3.1	104.2
Currency translation differences, net of tax				9.9		9.9	(1.7)	8.2
Fair value losses on available-for-sale investment securities, net of tax				(41.5)		(41.5)		(41.5)
Total comprehensive income for the period recognised in equity		**-**	**-**	**(31.6)**	**101.1**	**69.5**	**1.4**	**70.9**
Dividend paid on ordinary shares	47				(33.3)	(33.3)		(33.3)
Dividend paid on Bons de Participation	47				(25.4)	(25.4)		(25.4)
Net distribution to non-controlling interests						-	(0.8)	(0.8)
Ordinary shares sold	40.1-40.2	0.5	14.7			15.2		15.2
Ordinary shares repurchased	40.1-40.2	(4.7)	(69.9)			(74.6)		(74.6)
Bons de Participation sold		0.1	2.7			2.8		2.8
Transfer to Other reserves on disposal of Bons de Participation			4.6	(4.6)		-		-
Minority put option	41			12.6		12.6		12.6
Employee stock option plan	49			25.0		25.0		25.0
Non-controlling interests in earnount adjustments						-	(6.0)	(6.0)
Non-controlling interests loss on disposal of interests						-	(3.7)	(3.7)
Other non-controlling adjustments						-	(0.4)	(0.4)
Other reserves adjustments				(1.4)		(1.4)		(1.4)
Balance at 31 December 2009		**73.2**	**1,157.4**	**160.1**	**762.0**	**2,152.7**	**85.6**	**2,238.3**

The notes on pages 82 to 159 form an integral part of these consolidated financial statements

	Note	Year ended 31 December 2009 CHF millions	Year ended 31 December 2008 CHF millions
Cash flows from operating activities			
Interest received		**430.0**	821.1
Interest paid		**(159.7)**	(553.4)
Banking fee and commission received		**598.7**	677.1
Banking fee and commission paid		**(91.8)**	(97.0)
Dividend received	7	**3.5**	3.2
Net trading income		**50.4**	72.4
Other operating (payments)/receipts		**3.5**	(24.7)
Staff costs paid		**(439.8)**	(404.5)
Other operating expenses paid		**(192.8)**	(201.0)
Income tax paid		**(21.1)**	(49.6)
Cash flows from operating activities before changes in operating assets and liabilities		**180.9**	243.6
Changes in operating assets and liabilities			
Net decrease in treasury bills		**(145.5)**	
Net (increase)/decrease in due from other banks		**(397.0)**	(51.0)
Net (increase)/decrease in derivative financial instruments		**156.1**	(3.6)
Net increase in loans and advances to customers		**(620.1)**	(718.9)
Net decrease/(increase) in other assets		**(43.8)**	12.9
Net (decrease)/increase in due to other banks		**(37.4)**	(156.9)
Net increase in due to customers		**1,367.0**	2,637.3
Net decrease in other liabilities		**36.7**	(40.9)
Net cash flows from operating activities		**496.9**	1,922.5
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired			(848.1)
Disposal of minority share in subsidiaries and businesses			3.4
Purchase of securities		**(11,075.3)**	(10,950.0)
Proceeds from sale of securities		**10,397.1**	9,287.3
Purchase of property, plant and equipment	32	**(14.4)**	(29.2)
Purchase of intangible assets		**(80.8)**	(10.7)
Proceeds from sale of property, plant and equipment		**0.4**	0.1
Net cash flows used in investing activities		**(773.0)**	(2,547.2)
Cash flows from financing activities			
Dividends paid on Bons de Participation		**(25.4)**	(30.4)
Dividends paid on ordinary shares	47	**(33.3)**	(50.2)
Distributions to non-controlling interests		**(0.8)**	(10.9)
Ordinary shares repurchased	40	**(74.6)**	(64.8)
Ordinary shares sold	40	**15.2**	
Shares issued to non-controlling interests			99.1
Issuance of structured products		**6,100.5**	1,178.9
Redemption of structured products		**(5,609.6)**	(509.8)
Repayments from other borrowed funds			(150.7)
Net cash flows from/(used) in financing activities		**372.0**	461.2
Effect of exchange rate changes on cash and cash equivalents		**0.1**	(362.7)
Net change in cash and cash equivalents		**96.0**	(526.2)
Cash and cash equivalents at beginning of period	18	**3,844.2**	4,370.4
Net change in cash and cash equivalents		**96.0**	(526.2)
Cash and cash equivalents	18	**3,940.2**	3,844.2

The notes on pages 82 to 159 form an integral part of these consolidated financial statements

1. GENERAL INFORMATION

EFG International AG and its subsidiaries (hereinafter collectively referred to as "The Group") are a leading global private banking group, offering private banking and asset management services. The Group's principal places of business are in Argentina, Bahamas, Bermuda, Canada, Cayman, Channel Islands, Dubai, France, Gibraltar, Hong Kong, India, Liechtenstein, Luxembourg, Monaco, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, the United Kingdom and the United States of America. Across the whole Group, the number of employees at 31 December 2009 was 2,394 (31 December 2008: 2,455).

EFG International AG is a limited liability company and is incorporated and domiciled in Switzerland, and listed on the SIX Swiss Exchange, for details of significant shareholders refer to note 12 of the Parent Company Financial Statements.

These consolidated financial statements were approved for issue by the Board of Directors on 16 March 2010.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements are for the year ended 31 December 2009. These financial statements have been prepared in accordance with those IFRS (International Financial Reporting Standards) standards and IFRIC (International Financial Reporting Interpretations Committee) interpretations issued and effective or issued and early adopted as at the time of preparing these statements (March 2010). These consolidated financial statements are subject to the approval of the shareholders.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Further information about critical estimates is presented in notes 3 and 31.

The Group's presentation currency is the Swiss franc (CHF) being the functional currency of the parent Company and of its major operating subsidiary EFG Bank.

In the current year, the Group considered all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, effective for accounting periods beginning on 1 January 2009. These are as follows:

New and amended standards adopted by the Group:

– IAS 1 (revised) Presentation of Financial Statements
  Effective as of 1 January 2009, the revised International Accounting Standard (IAS) 1 affects the presentation of both owner changes in equity and comprehensive income. The Group continues to present owner changes in equity in the "Statement of changes in equity", but detailed information relating to non-owner changes in equity, such as foreign exchange translation, cash flow hedges and financial investments available-for-sale, is now presented in the "Statement of comprehensive income".

When implementing these amendments, the Group also adjusted the format of its "Statement of changes in equity" and added the "Statement of comprehensive income".

– IAS 1 (revised) Presentation of Financial Statements, and IAS 32 (revised) Financial Instruments: Presentation
The IASB issued a further amendment to IAS 1 and an amendment to IAS 32 regarding puttable financial instruments and obligations arising on liquidation. The IAS 32 amendment clarifies under which circumstances puttable financial instruments and obligations arising on liquidation have to be treated as equity instruments.
The amendment is limited in scope and is restricted to the accounting for such instruments under IAS 1, IAS 32, IAS 39 and IFRS 7. The amendment to IAS 1 requires additional information about puttable financial instruments and obligations arising on liquidations which have to be treated as equity instruments. The Group adopted the amendments on 1 January 2009. The adoption of the amendments did not have any impact on the Group's financial statements.
– IFRS 7 (revised) Financial Instruments: Disclosures
This standard was revised in March 2009 when the International Accounting Standards Board (IASB) published the amendment "Improving Disclosures about Financial Instruments". Effective as of 1 January 2009, the amendment requires enhanced disclosures about fair value measurements and liquidity risk. The enhanced fair value measurement disclosure requirements include: a fair value hierarchy (i. e., categorization of all financial instruments into levels 1, 2 and 3 based on the relevant definitions); significant transfers between level 1 and level 2; reconciliation of level 3 instruments at the beginning of the period to the ending balance (level 3 movement table); level 3 profit or loss for positions still held at balance sheet date; and sensitivity information for the total position of level 3 instruments and the basis for the calculation of such information. The amended liquidity risk disclosure requirements largely confirm the previous rules for providing maturity information for non-derivative financial liabilities, but amend the rules for providing maturity information. The adaption of the amendment results in additional disclosures but does not have an impact on the financial position or the comprehensive income of the group.
– IFRS 2 (amendment) Share-based payment
The amendment is effective from the 1st January 2009 and deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and company has adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group or company's financial statements.
– IFRS 8 Operating Segments
Effective from 1 January 2009 onwards and replaces IAS 14 Segment Reporting. Under the requirements of the new standard, the Group's external segmental reporting is now based on the internal reporting to the Executive Committee (or the "chief operating decision maker"), which makes decisions on the allocation of resources and assesses the performance of the reportable segments.
In accordance with the new structure announced in June 2009 (Asset Management), and following the guidance of IFRS 8, the Group is disclosing seven reportable segments in 2009.
– Reassessment of embedded derivatives
Issued in March 2009, the supplement Embedded Derivatives: Amendments to IFRIC 9 and IAS 39 clarifies that on reclassification of a financial asset out of the "Held for trading" category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements.
The application of this guidance had no impact on the Group's financial statements.
– IFRIC 16 Hedges of a Net Investment in a Foreign Operation
Issued on 1 October 2008 and became effective on 1 January 2009. IFRIC 16 provides guidance in determining which foreign exchange risks arising from net investments in foreign operations of the Group's subsidiaries, associates, joint ventures or branches qualify for hedge accounting in accordance with IAS 39 Financial Instruments: Recognition and Measurement.
IFRIC 16 clarifies that net investment hedging can only be applied when the net assets of the foreign operation are recognized in the entity's consolidated financial statements.
The application of this guidance had no impact on the Group's financial statements.

– IAS 39 Hedging using internal contracts
  This amendment was issued to clarify that an entity should no longer use hedge accounting for transactions between segments in their separate financial statements. This amendment was originally made as part of the 2007/08 improvements project, but the IASB has taken the opportunity to make further textual amendments in this regard in paragraph 80 of IAS 39.
  This amendment is effective for periods beginning on or after 1 January 2009 and has no impact on the Group's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

– IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
– IFRS 5 (amendment), 'Disclosures required in respect of non-current assets (or disposal groups) classified as held-for-sale or discontinued operations' specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held-for-sale or discontinued operations. The scope of IFRS 5 has been defined more precisely to clarify that IFRS 5 specifies all disclosure required with respect to non-current assets (or disposal groups) classified as held-for-sale or discontinued operations. Disclosure requirements of other standards are no longer mandatory, unless those standards require specific disclosures for those assets (or groups) presented as held-for-sale or discontinued operations. Effective for periods beginning on or after 1 January 2010, the amendment is not expected to have a material impact on the Group financial statements.
– IFRS 9 'Financial Instruments'
  The International Accounting Standards Board (IASB) published in November 2009 IFRS 9 Financial Instruments. The standard forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement with a new standard, to be known as IFRS 9 Financial Instruments. The effective date of the new classification and measurement guidance is 1 January 2013.
– IAS 1 (amendment), 'Presentation of financial statements'. The amendment was published in April 2009 and provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group financial statements.
– IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.
– IAS 36 (amendment), 'Unit of accounting for goodwill impairment test'. This amendment is to clarify that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8, 'Operating segments'. Effective for periods beginning on or after 1 January 2010, the amendment is not expected to have any impact on the Group's financial statements.
– IAS 38 (amendments), 'Additional consequential amendments arising from IFRS 3 (revised)' and 'Measuring the fair value of an intangible asset acquired in a business combination'. The amendments were made to paragraphs 36 and 37 of IAS 38, 'Intangible assets', to clarify the requirements under IFRS 3 (revised) regarding accounting for intangible

assets acquired in a business combination and also to paragraphs 40 and 41 of IAS 38 to clarify the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. Effective for periods beginning on or after 1 January 2010, these amendments are not expected to have a material impact on the Group's financial statements.

– IAS 38 (amendment), 'Intangible Assets'. The Group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's financial statements.
– IAS 39 (amendments), 'Scope exemption for business combination contracts'
  Amendments to the scope of IAS 39 to clarify that:
  (a) it only applies to binding (forward) contracts between an acquirer and a vendor in a business combination to buy an acquiree at a future date; (b) the term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and (c) the exemption should not be applied to option contracts (whether or not currently exercisable) that on exercise will result in control of an entity, nor by analogy to investments in associates and similar transactions.
  To be prospectively applied to all unexpired contracts with an effective period beginning on or after 1 January 2010.
– IAS 39 (amendments), 'Cash flow hedge accounting'
  Amendment to clarify when to recognize gains or losses on hedging instruments as a reclassification adjustment in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.
– IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).
  The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution if reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the Group's or company's financial statements.

(b) Consolidation

(i) Subsidiaries

Subsidiary undertakings are all entities over which the Group, directly or indirectly, has power to exercise control over the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interests. The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A listing of the Company's main subsidiaries is set out in note 30.

(ii) Non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the income statement. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Put options over minority shareholders

A wholly owned subsidiary of EFG International wrote a put option on shares in a subsidiary that are held by minority shareholders. As the risks and rewards of the shares subject to the put option have not been transferred to the Group, the Group has adopted the double credit approach for balance sheet recognition. It has continued to recognise the non-controlling interest and separately recognised the put option as a liability by reclassification from Group equity. This financial liability is measured at management's best estimate of the redemption amount. Subsequent changes in the value of this liability are recorded in the income statement.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

(c) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in CHF which is the company's functional and presentation currency. Assets and liabilities of foreign subsidiaries are translated using the closing exchange rate and income statement items at the average exchange rate for the period reported. All resulting exchange differences are recognised as a separate component of equity (currency translation adjustment) reflected in other reserves.

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries are taken to shareholders' equity until disposal of the net investments and then released to the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Year-end exchange rates and average exchange rates for translation of foreign denominated subsidiaries for the main currencies are as follows:

	2009 Closing rate	2009 Average rate	2008 Closing rate	2008 Average rate
USD	1.030	1.085	1.061	1.083
GBP	1.664	1.696	1.540	1.997
EUR	1.484	1.510	1.492	1.587
SEK	0.145	0.142	0.136	0.165

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

(d) Derivative financial instruments and hedging

Derivative financial instruments are initially recognised in the balance sheet at fair value on the date on which the derivative contract is enacted, and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging), or based on a valuation technique whose variables include only data from observable markets.

Certain derivatives embedded in other financial instruments, such as the option in a structured product, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement, unless the Group chooses to designate the hybrid contracts at fair value through profit and loss.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument; and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

1) hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments (fair value hedge)
2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge),
3) hedges of a net investment in a foreign operation (net investment hedge)

Hedge accounting is used for derivatives designated in this way, provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings, until the disposal of the equity security.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast transaction that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in note 24.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Income statement

(i) Interest income and expenses

Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accrual basis, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fees and commissions

Fees and commissions are generally recognised on an accrual basis. Fees and commissions relating to foreign exchange transactions, bank charges, brokerage activities and portfolio management are recognised, as applicable, on either a time-apportioned basis, at the transaction date or on completion of the underlying transaction.

Fees and commission arising from negotiating a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are periodically reviewed for impairment, with any impairment charge being recognised immediately in the income statement.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:

– Leasehold improvements: 5-20 years
– Computer hardware: 3-5 years
– Furniture, equipment and motor vehicles: 3-10 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the income statement.

(h) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported under 'Intangible assets', while goodwill on acquisition of associates is included in 'Investments in associates'. The carrying amount of goodwill is reviewed annually. Where evidence of impairment exists, the carrying amount of goodwill is re-assessed and written down to recoverable amount (where recoverable amount is defined as the higher of the asset's fair value less costs to sell and value in use).

Goodwill is allocated to cash generating units for the purpose of impairment testing (note 31.2). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets - Client Relationships

They are stated at estimated costs less accumulated amortisation calculated on a 4 to 25 year basis.

(iii) Other intangible assets - Trademarks

They are stated at estimated costs less accumulated amortisation calculated on a 10 to 14 year basis.

(iv) Other intangible assets - Non-compete agreement

They are stated at estimated costs less accumulated amortisation calculated on a 3 to 10 year basis (depending on contractual agreements).

(v) Other intangible assets - Computer software

Computer software are stated at cost less accumulated amortisation and impairment losses. They are periodically reviewed for impairment, with any impairment charge being recognised in the income statement. Amortisation is calculated using the straight-line method over a 3-5 year basis. The acquisition cost of software capitalised is on the basis of the cost to acquire and bring into use the specific software.

(i) Financial Assets and liabilities

All financial assets are recorded on the day the transaction is undertaken, with the exception of deposits and loans, which are entered in the balance sheet on their respective value dates.

The Group classifies its financial assets in the following categories: fair-value-through-profit-or-loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Designated at fair value

This category has two sub-categories: financial assets held-for-trading, and those designated at fair-value-through-profit-or-loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedging instruments.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: a) those that the Group upon initial recognition designates as at fair value through-profit-or-loss, or b) those that the Group upon initial recognition designates as available-for-sale. They arise when the Group provides money, goods or services directly to a debtor.

(iii) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(iv) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

Purchases and sales of financial assets at fair-value-through-profit-or-loss, held-to-maturity and available-for-sale are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value, plus transaction costs for all financial assets not carried at fair value through-profit-or-loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair-value-through-profit-or-loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair-value-through-profit-or-loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method, is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair value of quoted investments in active markets are based on current bid prices. If there is no active market for financial assets, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Life insurance policies are included as financial assets designated at fair value investments and available-for-sale.
The Group uses a discounted cash flow valuation technique using non-market observable inputs, which incorporates actuarially based assumptions on life expectancy.

(v) Financial liabilities at fair value

A financial liability is classified in this category if acquired principally for the purpose of buying in the short term, or if so designated by management as a hedge for an asset, or as a hedge for the derivative component of a structured product.

(j) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments;
c) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties; or
f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
   – adverse changes in the payment status of borrowers in the Group; or
   – national or local economic conditions that correlate with defaults on the assets in the Group.

(i) Available-for-sale assets

In case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

(ii) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(k) Debt securities in issue

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in gains less losses from other securities.

(l) Leases

The leases entered into by the Group are operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(m) Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax. The principal temporary differences arise from goodwill depreciation, property, plant and equipment depreciation, pension and other retirement benefits obligations, and revaluation of certain financial assets and liabilities, including derivative instruments.

Deferred tax assets are only recognised to the extent that it is probable that they will crystallise in the future. Deferred tax relating to changes in fair values of available-for-sale investments, which is taken directly to equity, is charged or credited directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax assets and liabilities are presented on a gross basis.

(n) Employee benefits

(i) Pension obligations

The Group operates various pension schemes which are either defined contribution or defined benefit plans, depending on prevailing practice in each country.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. This applies to most of the locations where the Group operates except for Switzerland and Channel Islands.

In Switzerland, the Group maintains several pension plans which are classified as defined contribution or defined benefit plans according to Swiss pension law. The company's legal obligation, in respect of these plans, is merely to pay contributions at defined rates (defined contribution). However, these plans incorporate certain guarantees of minimum interest accumulation and conversion of capital to pension. As a result, these plans have been reported as defined benefit pension plans.

Pension cost and liability has been measured using the projected unit credit actuarial cost method and assumptions established as defined in IAS19. The calculations have been carried out by independent actuaries at the applicable reporting dates.

The pension expenses recognised in the income statement for these plans considered as defined benefits for IAS 19 purposes is the actuarially determined expense less the amount of employee contributions.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains and losses are recognised over the expected average remaining working lives of the employees participating in the plans.

(ii) Short-term employee benefits

The Group recognises short-term compensated absences as a liability.

(iii) Share based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period for options granted under the plan.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and revenue growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The expense recognised during each period is the pro-rata amount of the fair value of options expected to become exercisable plus the impact of the revision of original estimates, if any, which is recognised in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to the share capital (nominal value) and share premium when the options are exercised.

(o) Related party transactions

Related parties include associates, fellow subsidiaries, directors, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and on an arm’s length basis.

(p) Provisions

Provisions are recognised when: a) the Group has a present legal or constructive obligation as a result of past events; b) it is probable that an outflow of economic benefits will be required to settle the obligation; and c) reliable estimates of the amount of the obligation can be made.

(q) Share Capital

Ordinary shares and non-voting Bons de Participation issued are classified as equity.

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares or Bons de Participation are shown in equity as a deduction from the proceeds.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company’s shareholders.

(iii) Treasury shares

Where the Group purchases its own equity share capital, the consideration paid is deducted from total shareholders’ equity, and classified as treasury shares until they are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in shareholders’ equity.

(r) Fiduciary activities

Where the Group acts in a fiduciary capacity, such as nominee, trustee or agent, assets and income arising on fiduciary activities, together with related undertakings to return such assets to customers, are excluded from the financial statements.

(s) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, short term deposits and other short-term highly liquid investments with original maturities of three months or less.

(t) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, the Group's management makes various judgements, estimates and assumptions that affect the reported amounts of assets and liabilities recognised in the financial statements within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered an impairment in accordance with the accounting policy stated in Note 2 (h). The recoverable amounts of cash-generating units are determined based on the maximum of value in use and fair value less costs to sell which is determined on the basis of the best information available on the amount that could be obtained from the disposal of the assets in an arm's length transaction, after deduction of the costs to sell. The value in use is determined by using a discounted cash-flow calculation based on the operating cash-flows of the asset and its future sale after the utilization period (not exceeding 5 years). An impairment is recorded when the carrying amount exceeds the recoverable amount. Further information is presented in note 31.

(b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined by using valuation techniques (note 4.2.1). Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Financial assets designated at fair value - Life insurance policies

The Group follows the guidance of IAS 39 on the valuation of unquoted "designated at fair value" life insurance policies (note 4.2.1) using models. The Group uses a discounted cash flow valuation technique using non-market observable inputs, which incorporates actuarially based assumptions on life expectancy. See note 4.2.4 for sensitivity analysis to changes in life expectancies on the valuation of the life insurance policies. By way of illustration, a 100 basis point increase in the market yield (IRR) would result in a loss of CHF 16.7 million through the Income Statement, and a 3 month increase in actual life expectancies would result in a loss of CHF 16.3 million.

(d) Available-for-sale - Life insurance policies

The Group follows the guidance of IAS 39 on the valuation of unquoted available-for-sale life insurance policies. The Group uses a discounted cash flow valuation technique using non-market observable inputs, which incorporates actuarially based assumptions on life expectancy. See note 4.2.4 for sensitivity analysis to changes in life expectancies on the valuation of the life insurance policies. By way of illustration, a 100 basis point increase in the market yield (IRR) would result in a loss of CHF 17.2 million through equity, and a 3 month increase in actual life expectancies would result in a loss of CHF 16.7 million.

(e) Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value of the equity investments below their cost. In determining what is significant or prolonged, the Group's management exercises judgment. The Group evaluates among other factors, the normal volatility in valuation. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(f) Held-to-maturity investments

The Group follows the IAS 39 guidance on classifying non-derivative financial assets, with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. The Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity, it will be required to reclassify the entire category as available-for-sale. The investments would therefore be measured at fair value, not amortised cost.

(g) Income taxes

The Group is subject to income taxes in various jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

4. FINANCIAL RISK ASSESSMENT AND MANAGEMENT

The Group's activities are predominantly carried out on its clients' behalf, with the clients carrying the risk. As such, the Group takes limited credit risk, market risk and liquidity risk, with most credit risk being limited to interbank placements with rated financial institutions, mortgages, Lombard loans and other secured loans, and market risk largely restricted to limited foreign exchange and interest rate gapping positions maintained by the Group.

Ultimate responsibility for the supervision of risk management lies with EFG International's Board of Directors, which has delegated certain functions to its Risk Committee, which sets policies and risk appetite in collaboration with the EFG Group Risk Committee. Implementation of the Group's policies and compliance with procedures is the responsibility of sub-committees for market risk and credit risk.

In compliance with the art. 663b of Swiss Code of Obligation, the Board delegated to the Audit Committee the responsibility to analyze the main risks the Group may be exposed to. These main risks are the credit risks, market risks and operational risks as detailed below. Its monitoring of the credit risk is based on the ratings diversification and evolution; the one for the market risk is based on the average positions of last year and on the calculation of VAR (including back-testing and stress scenario analysis); the one for the operational risk on its inventory of the identified risks with an indication of their probability of occurrence and the potential financial impacts estimated. Besides, the Group has taken into account in its analysis the risk mitigation measures and the internal control framework (including the internal procedures). The Board has also focused its attention to the guarantee of a constant monitoring and evaluation of the risk, as well as the measurement of the potential impact of these risks on the financial statements. Based on this analysis, the Board has approved the Risk Policy.

4.1 Credit risk

Credit risk refers to the possibility that a financial loss will occur as a result of a borrower's or counterparty's deteriorating creditworthiness and/or inability to meet its financial obligations. The Group's credit risk exposure is comparatively low because it's primary credit exposures relate to loans collateralised by security portfolios and by mortgages, or to rated financial institutions.

4.1.1 Credit risk management

(a) Loans and advances

A basic feature of the credit approval process is a separation between the firm's business origination and credit risk management activities. Credit requests are initiated by Client Relationship Officers and must be supported by Regional Business Heads and are thereafter finalised and processed by the credit departments.

The Executive Credit Committee of the Group has overall responsibility for the client credit business, including the implementation of credit policies and procedures defined by the Board of the Group. Certain duties, including monitoring of day-to-day operations, have been delegated to the Operating Credit Committee of EFG Bank. The approval of loans, ceilings and other exposures has been delegated, based on certain defined risk and size criteria, to senior members of the credit departments, certain credit committees of international units, the Operating Credit Committee of EFG Bank, and to the Executive Credit Committee of the Group.

The approval of large and higher risk profile exposures, is centralised in Switzerland, in compliance with local regulatory and legal requirements of the individual, international business units.

Management insists on thoroughly understanding the background and purpose of each loan (which is typically for investment in securities, funds or investment related insurance policies) as well as the risks of the underlying collateral of each loan.

The Group's internal rating system assigns each client credit exposure to one of ten rating categories. The rating assesses the borrower's repayment ability and the value, quality, liquidity and diversification of the collateral securing the credit exposure. The credit policy and the nature of the loans ensure that the Group's loan book is of high quality. Consequently, an overwhelming majority of the Group's credit exposures are rated within the top 3 categories.

Group's internal ratings scale and comparison to external ratings:

Group's ratings	Rating	Description of grade	Moody's rating
1	Top	Secured by "cash collateral or equivalent" - good diversification	Aaa
2	High	Secured by "cash collateral or equivalent" - imperfect diversification	Aa
3	Very good	Secured by "other collateral"	A
4	Good	Partly secured by "cash collateral or equivalent"	Baa
5	Acceptable	Unsecured by prime borrower	Ba
6	Weak	Borrower situation/collateral value is deteriorating	B
7	Poor	Conditions of initial credit are no longer being met	Caa
8	Unacceptable	Interest is no longer being paid - collateral is being held	Ca
9	Potential loss	Bank holds illiquid - uncollectible or no collateral	C
10	Loss	No collateral or uncollectible colletral	C

The ratings of a major rating agency (shown in the table above), are mapped to the Group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings to benchmark its internal credit risk assessment.

(b) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents, are used by Group Risk unit for managing of the credit risk exposures.

4.1.2 Risk limit control and mitigation policies

To qualify as collateral for a margin loan, a client's securities portfolio must be well diversified with differing margins applied depending on the type of risk profile and liquidity of the security. Additional margins are applied if the loan and the collateral are not in the same currency or diversification criteria are not fully met. Over 90% of mortgages are booked in the UK subsidiary, EFG Private Bank Ltd and these mortgages are related predominantly to properties in prime London locations.

Credit departments monitor credit exposures against approved limits and pledged collateral. If necessary, they initiate rectification steps. Most collateral is valued daily (but may be valued more frequently during periods of high market volatility). However, structured notes, hedge funds and some other mutual funds are valued monthly, whereas insurance policies are valued at least annually. Mortgage valuations are reviewed annually using statistical (indexation) methods, and larger mortgages are subject to periodic independent valuation.

Management of exposure to financial institutions is based on a system of counterparty limits co-ordinated at the Group level, subject to country limits. Limits for exposure to counterparties are granted based upon internal analysis. The limits are set by the Group's Market, Bank and Country Risk Committee up to a certain absolute size or ceiling; depending on each counterparty's Fitch ratings and on its total equity. Beyond that ceiling, an opinion must be requested from the Group's Risk Unit, prior to submission to the Group's Risk Committee, for approval.

Other specific control and mitigation measures are outlined below.

(a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation.

The principal collateral types for loans and advances are:

– Mortgages over residential and commercial properties;
– Charges over financial instruments such as debt securities and equities.

(b) Derivatives

The Group maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., assets with positive fair values).

(c) Credit related commitments

Credit related commitments include the following:

i) Guarantees and standby letters of credit - these carry the same credit risk as loans.
ii) Commitments to extend credit - these represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. The Group is potentially exposed to loss in an amount equal to the total unused commitments. However, commitments to extend credit are contingent upon customers maintaining specific credit standards.

4.1.3 Exposure to credit risk

The following table compares a worst case scenario of credit risk exposure to the Group at 31 December 2009 and 2008, before and after collateral held or other credit enhancements. Equity-related financial instruments are not included in the below analysis as not considered as subject to credit risk.

	Maximum exposure *before* collateral held or other credit enhancements		Exposure *after* collateral held or other credit enhancements	
31 December	**2009 CHF millions**	2008 CHF millions	**2009 CHF millions**	2008 CHF millions
Balances with central banks	**265.4**	107.2	**265.4**	107.2
Treasury bills and other eligible bills	**770.8**	73.7	**770.8**	73.7
Due from other banks	**3,519.6**	3,730.6	**3,519.6**	3,730.6
Loans and advances to customers				
Overdrafts, Lombard loans and term loans	**6,357.2**	6,068.8	**97.3**	123.0
Mortgages	**1,860.3**	1,355.5		
Derivative financial instruments	**285.9**	452.8	**227.2**	312.4
Financial assets designated at fair value:				
Trading Assets - Debt securities	**54.9**	640.6	**54.9**	640.6
Designated at inception - Debt securities	**702.4**	524.0	**339.2**	311.8
Investment securities - Debt securities	**4,776.9**	3,828.9	**4,776.9**	3,828.9
Other assets	**176.2**	132.6	**176.2**	132.6
On-balance sheet assets	**18,769.6**	16,914.7	**10,227.5**	9,260.8
Financial guarantees	**288.3**	311.2	**4.0**	7.3
Loan commitments, and other credit related guarantees	**232.7**	235.4	**2.0**	34.8
Off-balance sheet assets	**521.0**	546.6	**6.0**	42.1
Total	**19,290.6**	17,461.3	**10,233.5**	9,302.9

See note 23 Collateral for loans and advances to customers which shows that collateral comprised 98.6% (2008: 98.4%) of the total. Mortgages are 100% secured.

Exposure after collateral held or other credit enhancements by ratings

31 December 2009 based on Moody's ratings:

	Aaa - Aa	A	Baa - Ba	B - C	Unrated	Total
Balances with central banks	265.4					265.4
Treasury bills and other eligible bills	770.8					770.8
Due from other banks	2,207.4	1,157.7	117.0		37.5	3,519.6
Loans and advances to customers:						
Overdrafts, Lombard loans and term loans	44.3	10.0	37.0	6.0		97.3
Mortgages						-
Derivative financial instruments	7.0	143.5	52.0		24.7	227.2
Financial assets designated at fair value:						
Trading Assets - Debt securities	7.3	33.3	14.3			54.9
Designated at inception - Debt securities	86.6	215.8	30.0		6.8	339.2
Investment securities - Debt securities	3,898.4	828.1	24.0		26.4	4,776.9
Other assets					176.2	176.2
Total on-balance sheet assets 2009	**7,287.2**	**2,388.4**	**274.3**	**6.0**	**271.6**	**10,227.5**
Financial guarantees					4.0	4.0
Loan commitments, and other credit related guarantees					2.0	2.0
Total off-balance sheet assets 2009	**-**	**-**	**-**	**-**	**6.0**	**6.0**

Concentration of risks of financial assets with credit risk exposure

The Group manages the risk of concentration by monitoring and reviewing on a regular basis its large exposures.

4.1.4 Loans and advances

Loans and advances are summarised as follows:

		31 December 2009 Loans and advances to customers CHF millions	31 December 2009 Due from other banks CHF millions	31 December 2008 Loans and advances to customers CHF millions	31 December 2008 Due from other banks CHF millions
Neither past due nor impaired	a)	8,171.7	3,519.6	7,302.8	3,730.6
Past due but not impaired	b)	45.8		121.5	
Impaired		17.0		14.7	
Gross		8,234.5	3,519.6	7,439.0	3,730.6
Less: allowance for impairment		(17.0)		(14.7)	
Net		**8,217.5**	**3,519.6**	7,424.3	3,730.6

The total impairment provision for loans and advances of CHF 17.0 million (2008: CHF 14.7 million) comprises specific provisions against individual loans. Note 22 relates to the impairment allowance for loans and advances to customers.

a) Loans and advances neither past due or impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired, can be assessed by reference to the internal rating system adopted by the Group.

	Loans and advances to customers		
	Individuals		
Grades	Overdrafts, Lombard and Term loans CHF millions	Mortgages CHF millions	Total CHF millions
31 December 2009			
Grade 1–2	**5,115.6**	**86.4**	**5,202.0**
Grade 3	**922.6**	**1,447.4**	**2,370.0**
Grade 4–5	**279.7**	**275.3**	**555.0**
Grade 6–7	**38.6**	**6.1**	**44.7**
Grade 8			
Grade 9–10			
	6,356.5	**1,815.2**	**8,171.7**
31 December 2008			
Grade 1–2	4,686.4	45.0	4,731.4
Grade 3	1,282.2	1,123.8	2,406.0
Grade 4–5	44.8	88.3	133.1
Grade 6–7	28.1	4.2	32.3
Grade 8			
Grade 9–10			
	6,041.5	1,261.3	7,302.8

b) Loans and advances past due, but not impaired

Loans and advances less than 180 days past due, are not considered impaired unless other information is available to indicate the contrary. The gross amount of loans and advances to customers by class, that were past due but not impaired, were as follows:

	Individuals		
	Overdrafts, Lombard and Term loans CHF millions	Mortgages CHF millions	Total CHF millions
31 December 2009			
Greater than 180 days, past due	**0.4**	**33.5**	**33.9**
Less than 180 days, past due	**0.3**	**11.6**	**11.9**
Total	**0.7**	**45.1**	**45.8**
Fair value of collateral		**79.2**	**79.2**
31 December 2008			
Greater than 180 days, past due	19.0	68.4	87.4
Less than 180 days, past due	8.3	25.8	34.1
Total	27.3	94.2	121.5
Fair value of collateral	43.4	175.4	218.8

4.1.5 Impairment and provisioning policies

The internal and external rating systems described in Note 4.1.1 focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment (see Note 2 (j)). Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

All the impairment provisions come from the bottom grade. The table below shows the percentage of the Group's on balance sheet items relating to loans and advances to customers, and the associated impairment provision for each of the Group's internal grade descriptions:

Grade descriptions	2009 Loans and advances %	2009 Impairment provision %	2008 Loans and advances %	2008 Impairment provision %
Grade 1–2	63.2		63.6	
Grade 3	28.8		32.3	
Grade 4–5	6.7		1.8	
Grade 6–7	1.1		2.1	
Grade 8	0.0		0.0	
Grade 9–10	0.2	100.0	0.2	100.0
	100.0	**100.0**	100.0	100.0

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on criteria set out by the Group including delinquency in contractual payments of principal or interest, breach of loan covenants or conditions, initiation of bankruptcy proceedings, deterioration in the value of collateral; and downgrading below investment grade level.

4.1.6 Debt securities, treasury bills and other eligible bills

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at 31 December 2009, based on internal ratings:

Moody's rating	Treasury bills and other eligible bills CHF millions	Trading Assets CHF millions	Designated at fair value CHF millions	Investment securities Available-for-sale CHF millions	Investment securities Held to maturity CHF millions	Total CHF millions
Grade 1–2	770.8	7.3	149.9	3,391.7	506.7	4,826.4
Grade 3		33.3	515.7	828.1		1,377.1
Grade 4		14.3	30.0	24.0		68.3
Unrated			6.8	22.6	3.8	33.2
Total	**770.8**	**54.9**	**702.4**	**4,266.4**	**510.5**	**6,305.0**

4.2 Market Risk

Market risk refers to fluctuations in interest rates, exchange rates, share prices and commodity prices. Market risk derives from trading in treasury and investment market products which are priced daily; as well as from more traditional banking business, such as loans.

The Group engages in trading of securities, derivatives, foreign exchange, money market paper, and commodities on behalf of its clients. This business is conducted out of dealing rooms in Cayman, Geneva, Guernsey, Hong Kong, London, Miami, Monaco, Stockholm and Zurich. The Group does not engage in proprietary trading in securities, but does from time to time provide liquidity to clients holding selected securities.

The Group separates exposures to market risk into either trading or non-trading portfolios. Both securities and foreign exchange exposures are strictly limited by nominal overnight and Value at Risk (VaR) limits. Foreign exchange is also subject to intraday limits, as well as to daily and monthly stop loss monitoring. Adherence to all limits is monitored independently by the internal risk management department.

Due to the nature of the Group's business and the absence of any meaningful proprietary trading activities, the market risk resulting from trading positions is limited compared to overall market risk. The largest market risk exposures relate to currency risk in connection with the capital of our subsidiaries that are denominated in local currencies and the valuation of life insurance policies.

4.2.1 Assets and liabilities measured at fair value

(a) Fair value hierarchy

IFRS 7 amended requires classification of financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as price) or indirectly (ie derived from prices)
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	31 December 2009				
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions	Total CHF millions
Derivative financial instruments (assets):					
Currency derivatives	0.1	196.6		196.7	
Interest rate derivatives	2.9	6.6		9.5	
Other derivatives	21.6	11.4	46.7	79.7	
Total derivatives assets					**285.9**
Trading assets:					
Equity	255.6			255.6	
Debt	54.9			54.9	
Total trading assets					**310.5**
Designated at inception:					
Equity	2.0	10.4		12.4	
Debt	64.8			64.8	
Life Insurance Portfolio			637.6	637.6	
Total financial assets designated at inception					**714.8**
Investment securities: Available-for-sale					
Equity	4.9		27.8	32.7	
Debt	2,620.1	1,295.9		3,916.0	
Life Insurance Portfolio			350.4	350.4	
Total investment securities available-for-sale					**4,299.1**
Total assets measured at fair value	**3,026.9**	**1,520.9**	**1,062.5**	**5,610.3**	**5,610.3**
Derivative financial instruments (liabilities):					
Currency derivatives		154.2		154.2	
Interest rate derivatives	0.3	11.9		12.2	
Other derivatives	271.2	16.4		287.6	
Total derivatives liabilities					**454.0**
Financial liabilities designated at fair value:					
Equity	78.4			78.4	
Debt			335.7	335.7	
Total financial liabilities designated at fair value					**414.1**
Total liabilities measured at fair value	**349.9**	**182.5**	**335.7**	**868.1**	**868.1**
Assets less liabilities measured at fair value	**2,677.0**	**1,338.4**	**726.8**	**4,742.2**	**4,742.2**

(b) Movements of level 3 instruments

	Assets in Level 3				
	Derivative financial instruments CHF millions	Trading assets CHF millions	Designated at inception CHF millions	Available-for-sale CHF millions	Total Assets in level 3 CHF millions
At 1 January 2009	49.5		522.7	337.2	909.4
Total gains or losses					
in consolidated income statement	(3.8)		15.1	25.0	36.3
in statement of other comprehensive income				(15.0)	(15.0)
Purchases	3.5		129.5	49.1	182.1
Disposals	(1.2)		(9.4)	(9.4)	(20.0)
Transfers out of Level 3*			(4.1)		(4.1)
Exchange differences	(1.3)		(16.2)	(8.7)	(26.2)
At 31 December 2009	**46.7**	**-**	**637.6**	**378.2**	**1,062.5**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(3.8)	-	15.1	25.0	36.3

	Liabilities in Level 3		
	Derivative financial instruments CHF millions	Financial liabilities designed at fair value CHF millions	Total Liabilitites in level 3 CHF millions
At 1 January 2009		246.6	246.6
Total gains or losses			
in consolidated income statement			-
in statement of other comprehensive income			-
Purchases		101.5	101.5
Disposals			-
Minority put option (see note 41)		(12.6)	(12.6)
Transfers out of Level 3*			-
Exchange differences		0.2	0.2
At 31 December 2009	**-**	**335.7**	**335.7**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	-	-	-

* *Transfers out of level 3 include an investment in an unquoted equity holding where the Group acquired "significant influence" and thus is no longer an investment security. See note 33.*

The total gains or losses for the period included in profit or loss for assets held at the end of the reporting period is composed of CHF 50.0 million recorded in Net interest income and CHF (13.7) million recorded in Net gain/(loss) from financial instruments designated at fair value.

No significant transfer between level 1 and level 2 instruments occured during the year.

(c) Fair value methodology used for level 3 instruments - valuation technique

If the market for a financial instrument is not active, the Group establishes fair value by using one of the following valuation techniques:

i) recent arm's length market transactions between knowledgeable, willing parties (if available)
ii) reference to the current fair value of another instrument (that is substantially the same)
iii) discounted cash flow analysis, and
iv) option pricing models

Valuation technique		31 December 2009 CHF millions	31 December 2008 CHF millions
Recent arm's length transactions	**Products**		
Financial assets designated at fair value	Unquoted private equity holding	-	1.8
Discounted cash flow analysis			
Derivatives	Credit default swap	2.2	
Available-for-sale - Equity securities	Equities in stock exchanges and clearing houses	27.8	28.1
Financial liabilities designated at fair value	Liabilities to purchase minority interests	(22.0)	(34.4)
Discounted cash flow analysis, and life expectancies (non-market observable inputs)			
Derivatives	Synthetic life settlement policies	44.5	49.0
Financial assets designated at fair value	Physical life settlement policies	337.7	308.7
Financial assets designated at fair value	Physical life settlement policies*	299.9	212.2
Available-for-sale	Physical life settlement policies	350.4	309.6
Financial liabilities designated at fair value	Synthetic life settlement policies*	(313.7)	(212.2)
Total		**726.8**	662.8

* *Assets valued at CHF 299.9 million (2008: CHF 212.2 million) and similarly valued liabilities are linked and thus a change in value in one would be reflected in the other.*

4.2.2 Assets and liabilities not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's balance sheet at their fair value. Changes in credit risk related to the Group are not reflected in the table below.

	Note	Carrying value CHF millions	Fair value CHF millions	Difference CHF millions
31 December 2009				
Financial Assets				
Due from other banks	(i)	3,519.6	3,519.7	0.1
Loans and advances to customers	(ii)	8,217.5	8,240.2	22.7
Investment securities - Held-to-maturity	(iii)	510.5	478.9	(31.6)
		12,247.6	**12,238.8**	**(8.8)**
Financial Liabilities				
Due to other banks	(iv)	447.1	447.2	(0.1)
Due to customers	(iv)	15,727.9	15,729.5	(1.6)
Other financial liabilities	(v)	1,002.0	1,021.9	(19.9)
		17,177.0	**17,198.6**	**(21.6)**
Net financial instruments		**(4,929.4)**	**(4,959.8)**	**(30.4)**
31 December 2008				
Financial Assets				
Due from other banks		3,730.6	3,730.7	0.1
Loans and advances to customers		7,424.3	7,457.0	32.7
Investment securities - Held-to-maturity		514.1	480.5	(33.6)
		11,669.0	11,668.2	(0.8)
Financial liabilities				
Due to other banks		400.9	401.0	(0.1)
Due to customers		14,213.4	14,225.0	(11.6)
Other financial liabilities		679.6	693.9	(14.3)
		15,293.9	15,319.9	(26.0)
Net financial instruments		(3,624.9)	(3,651.7)	(26.8)

(i) Due from other banks

Due from other banks includes inter-bank placements and items in the course of collection. The fair value of floating rate placements, overnight deposits and term deposits with a maturity of less than 90 days is assumed to be their carrying amount.

(ii) Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received up to the next interest reset date. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Investment securities - Held-to-maturity

Fair value for held-to-maturity assets is calculated using expected cash flows discounted at current market rates, based on estimates using quoted market prices for securities with similar credit, maturity and yield characteristics.

(iv) Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

(v) Other financial liabilities

The value of structured products sold to clients is reflected on an accrual basis for the debt host (and on a fair value for the embedded derivative). The fair value of the debt host is based on the discounted amount of estimated future cash flows expected to be paid up to the date of maturity of the instrument. Expected cash flows are discounted at current market rates to determine fair value.

4.2.3 Deferred day - 1 profit or loss

	31 December 2009 CHF millions	31 December 2008 CHF millions
At 1 January	**3.3**	0.5
Deferred profit on new transactions	5.9	3.3
Recognized profit in the income statement	(3.4)	(0.5)
At 31 December	**5.8**	3.3

4.2.4 Market risk measurement techniques

Market risk exposure is measured in several ways: nominal and VaR exposure, gap reports, sensitivity to risk factors and stress tests. VaR is not used for regulatory reporting of risks. It is used internally only, for control and management purposes. As part of the management of market risk, the Group may from time to time, undertake various hedging strategies (note 24). The Group enters into interest rate swaps to hedge the interest rate risk associated with the fixed rate bond assets.

The major measurement techniques used to measure and control market risk, are outlined below.

(a) Value at Risk

The Value at Risk (VaR) computation is a risk analysis tool designed to statistically estimate the maximum potential periodic loss from adverse movements in interest rates, foreign currencies and equity prices, under normal market conditions. VaR is calculated using statistically expected changes in market parameters for a given holding period at a specified level of probability. The Group uses two different VaR models. The first is a delta based parametric approach (based on a variance/co-variance approach and uses a 99% one-sided confidence level and assumes a 10-day holding period with a 250-day observation period for interest rate and equity VaR and 130-day observation period for foreign exchange VaR) and the second is a full valuation historical VaR approach. The results of these two approaches are added together without taking the benefits of any correlation effects.

The VaR computation does not purport to represent actual losses in fair value on earnings to be incurred by the Group, nor does it consider the effect of favourable changes in market rates. The Group cannot predict actual future movements in such market rates, and it does not claim that these VaR results are indicative of future movements in such market rates; or to be representative of any actual impact that future changes in market rates may have on the Group's future results of operations or financial position.

Daily risk reports review compliance with nominal and stop loss limits. The following table presents VaR (as described above) for market risk, by risk type:

VaR by risk type	At 31 December	12 months to 31 December		
		Average	High	Low
	CHF millions	CHF millions	CHF millions	CHF millions
2009				
Interest rate risk	2.0	4.1	7.2	2.0
Currency risk	0.7	1.8	3.0	0.4
Equity price risk	2.8	2.9	4.8	2.0
VaR	**5.5**	**8.8**	**15.0**	**4.4**
2008				
Interest rate risk	7.2	2.1	7.3	0.3
Currency risk	0.7	0.5	0.9	0.2
Equity price risk	2.0	3.2	4.8	1.9
VaR	9.9	5.8	13.0	2.4

The Group considers interdependencies between the risk variables to be insignificant.

(b) Alternative sensitivity analysis

Alternative sensitivity analysis is performed on the following financial instruments, which are not covered by VaR:

i) Trading assets and designated at fair value through profit or loss, which includes Life insurance policies, Structured products and unquoted equities
ii) Available for sale - Life insurance policies
iii) Financial liabilities - Life insurance policies and liabilities to purchase minority interests.

The sensitivity analysis calculates the impact from changes in interest rates, foreign currencies and equity prices. The computation does not purport to represent actual gains and losses to be incurred by the Group. The Group cannot predict actual future movements in such market rates, and it does not claim that these results are indicative of future movements in such market rates; or to be representative of any actual impact that future changes in market rates may have on the Group's future results of operations or financial position.

The following risks exist for positions at 31 December 2009 for which VaR is not calculated above.

Risk Category	Product	Impact from CHF millions	Market value CHF millions	P&L CHF millions	Equity CHF millions
i) Price risk					
Financial assets designated at fair value	Quoted equities	10% price decrease	4.7	(0.5)	
Available for sale	Unquoted equities	10% price decrease	27.8		(2.8)
Financial assets designated at fair value	Life insurance companies	10% price decrease	299.9*	(30.0)	
Financial liabilities at fair value	Synthetic life insurance exposure	10% price decrease	(313.7)*	31.4	
Financial liabilities at fair value	Liabilities to purchase minority interests	20% increase in revenue	(22.0)	-	
ii) Interest rate risk					
Financial assets designated at fair value	Life insurance policies	100 bps increase in IRR**	337.7	(16.7)	
Available for sale	Life insurance policies	100 bps increase in IRR**	350.4		(17.2)
iii) Life expectancy (actual changes based on actuarial evidence)					
Financial assets designated at fair value	Life insurance policies	3 month increase	337.7	(16.3)	
Available for sale	Life insurance policies	3 month increase	350.4		(16.7)

* *Assets and liabilities fair values are linked and thus a loss on the asset will be offset by a gain on the liability.*

** *Including changes in the market perception of changes in life expectancies that may arise (i.e. excluding actual changes in life expectancy based on actuarial evidence).*

(c) Stress tests

VaR calculations are complemented by various stress tests, which identify the potential impact of extreme market scenarios on portfolios values. These stress tests simulate both exceptional movements in prices or rates; and drastic deteriorations in market correlations. In addition to nominal limits and stop losses, they are the primary tools used by internal market risk management. Stress test results are calculated monthly by the Market Risk Management Unit and reported to management. Stress tests provide an indication of the potential size of losses that could arise in extreme conditions.

The stress tests include:

i) risk factor stress testing, where stress movements are applied to each risk category, and

ii) ad hoc stress testing, which includes applying possible stress events to specific positions or regions

Results of the stress tests are reviewed by senior management in each business unit, and by the Risk Committee of the Board. Stress testing is tailored to the business and typically uses scenario analysis.

4.2.5 Interest rate risk

The Board sets limits for the interest repricing gap or mismatch; which is monitored by the Market Risk Management Unit. The table below summarises the Group's exposure to interest rate risk. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 3 months CHF millions	3 - 12 months CHF millions	1 - 5 years CHF millions	Over 5 years CHF millions	Non-interest bearing CHF millions	Total CHF millions
31 December 2009						
Assets						
Cash and balances with central banks	251.3				14.1	265.4
Treasury bills	624.2	146.6				770.8
Due from other banks	3,379.4	111.3			28.9	3,519.6
Loans and advances to customers	6,665.6	1,218.1	124.2	196.1	13.5	8,217.5
Derivative financial instruments	147.3				138.6	285.9
Financial assets designated at fair value:						
Trading Assets			55.4	12.4	242.7	310.5
Designated at inception			64.8	637.6	12.4	714.8
Investment securities:						
Available-for-sale	2,236.8	1,078.7	565.4	385.5	32.7	4,299.1
Held-to-maturity		506.7	3.8			510.5
Other assets					176.2	176.2
Total financial assets	**13,304.6**	**3,061.4**	**813.6**	**1,231.6**	**659.1**	**19,070.3**
Liabilities						
Due to other banks	329.4	80.9	2.4		34.4	447.1
Due to customers	14,792.9	832.0	43.0		60.0	15,727.9
Derivative financial instruments	99.0				355.0	454.0
Financial liabilities designated at fair value				313.7	100.4	414.1
Other financial liabilities	334.3	165.3	413.3	89.1		1,002.0
Other liabilities					306.0	306.0
Total financial liabilities	**15,555.6**	**1,078.2**	**458.7**	**402.8**	**855.8**	**18,351.1**
On-balance-sheet interest repricing gap	(2,251.0)	1,983.2	354.9	828.8	(196.7)	719.2
Off-balance-sheet interest repricing gap	124.4	(4.8)	(47.2)	5.5	-	77.9
31 December 2008						
Total financial assets	12,837.3	2,700.1	128.5	891.7	490.8	17,048.4
Total financial liabilities	12,668.7	1,089.9	245.3	537.9	2,016.2	16,558.0
On-balance-sheet interest repricing gap	168.6	1,610.2	(116.8)	353.8	(1,525.4)	490.4
Off-balance-sheet interest repricing gap	(26.2)	22.3	3.9	(57.8)		(57.8)

4.2.6 Foreign exchange risk

The Group carries out foreign currency operations both for its clients, and for its own account. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments, in foreign operations. The overall net nominal positions per currency are monitored against intraday and overnight limits. In addition, daily and monthly stop loss limits are in place. Entities in the Group use derivative contracts, such as forward or option contracts primarily to offset customer transactions. From time to time, the Group may hedge its foreign exchange exposure arising from highly probable future cash flows in non CHF currencies, using forward contracts.

Apart from the exposure to foreign currencies which relates to banking and trading activities in subsidiary companies, the Group is also exposed to foreign currency fluctuations because most of the subsidiaries use local currencies as their reporting currencies. From time to time the Group may enter into currency hedging arrangements to reduce the effects of exchange rate fluctuations on its income. However, at 31 December 2009, the Group did not have currency hedging arrangements in place to minimise the effects of exchange rate fluctuations on the reporting of its subsidiaries (currency translation risk).

The Group takes on limited exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure. See note 4.2.4 which reflects the Currency risk VaR.

4.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn.

The Group manages its liquidity risk in such a way as to ensure that sufficient liquidity is available to meet its commitments to customers, both in demand for loans and repayments of deposits, and to satisfy its own cash flow needs.

4.3.1 Liquidity risk management process

The Group attempts to avoid concentrations of its funding facilities. It observes its current liquidity situation and determines the pricing of its assets and credit business. The Group also has a liquidity management process in place that includes liquidity contingency plans. These contingency measures include liquidation of marketable securities and drawdowns on lines of credit with the Swiss National Bank.

The Group complies with all regulatory requirements, including overnight liquidity limits (in the various countries in which it operates banks). It reports its liquidity situation to management on a daily basis. Stress tests are undertaken monthly, or as necessary. Both the Group's capital and reserves position and its conservative gapping policy, when funding customer loans ensure that the Group runs only a small liquidity risk.

The Group's liquidity risk management process is carried out by Financial Markets and monitored by the Market Risk Management Unit. It includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements, and
- Managing the concentration and profile of debt maturities

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities, and the expected collection date of the financial assets (Notes 4.3.3-4.3.4).

Financial Markets also monitors unmatched medium-term assets and the usage of overdraft facilities.

4.3.2 Funding approach

Sources of liquidity are regularly reviewed by Financial Markets to maintain a wide diversification by currency, geography, provider, product and term.

4.3.3 Financial liabilities cash flows

The table below analyses the Group's financial liabilities by remaining contractual maturities, at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month CHF millions	1 - 3 months CHF millions	3 - 12 months CHF millions	1 - 5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2009						
Liabilities						
Due to other banks	322.0	23.6	3.5	59.5	38.5	447.1
Due to customers	13,856.4	1,196.2	620.8	54.5		15,727.9
Derivative financial instruments	4,957.0	3,505.9	947.3	505.6		9,915.8
Financial liabilities designated at fair value	30.3	48.1		22.0	313.7	414.1
Other financial liabilities	268.3	58.3	162.4	404.5	108.5	1,002.0
Other liabilities	237.0	27.3	4.1	18.8	18.8	306.0
Total financial liabilities	**19,671.0**	**4,859.4**	**1,738.1**	**1,064.9**	**479.5**	**27,812.9**
Total off balance-sheet	**31.0**	**52.5**	**259.6**	**232.0**	**102.6**	**677.7**
31 December 2008						
Due to other banks	299.5	13.3	48.0		40.1	400.9
Due to customers	10,894.8	2,359.4	935.0	24.2		14,213.4
Derivative financial instruments	9,852.4					9,852.4
Financial liabilities designated at fair value	16.5			34.4	212.2	263.1
Other financial liabilities	17.4	310.5	124.7	214.1	12.9	679.6
Other liabilities	168.9	27.8	80.2	181.5	83.0	541.4
Total financial liabilities	21,249.5	2,711.0	1,187.9	454.2	348.2	25,950.8
Total off balance-sheet	85.4	43.7	254.0	244.1	134.2	761.4

4.3.4 Summary of Liquidity

EFG Bank's central treasury manages the liquidity and financing risks on an integrated basis. The liquidity positions of EFG International entities are monitored and managed daily and exceed the regulatory minimum, as required by the EFG International's market risk framework and policy. Overall, EFG International, through its business entities enjoys a favourable funding base with stable and diversified customer deposits, which provide the vast majority of the EFG International Group's total funding. Together with its capital resources, the surplus of stable customer deposits over loans to the Group's customers is placed with the given treasury units where the Group's funding and liquidity are managed to ensure this complies with the different local regulatory requirements. In addition, all entities operate within EFG International's Group liquidity policies and guidelines.

4.4 Capital Management

The Group's objectives when managing regulatory capital is to comply with the capital requirements set by regulators of the jurisdictions in which the Group entities operate; to safeguard the Group's ability to continue as a going concern.

Capital adequacy and the use of regulatory capital is continually monitored and reported by the Group's management, using the framework developed by the Bank for International Settlements ("BIS"). The regulatory capital requirement of the Group is ultimately determined by the rules implemented by the Swiss banking regulator, the Swiss Financial Market Supervisory Authority.

The Group's eligible capital comprises two tiers:

- Tier 1 capital: share capital (net of any book values of the treasury shares), non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of acquisition related intangible assets net of acquisition related liabilities is deducted in arriving at Tier 1 capital; and
- Tier 2 capital: collective impairment allowances and unrealised gains arising on the fair valuation of security instruments held as available-for-sale.

Risk-weighted assets are determined according to specified requirements which reflect the varying levels of risk attached to assets and off-balance sheet exposures, and includes amounts in respect of credit risk, market risk, non-counterparty related risk, settlement risk and operational risk.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December 2009 and 2008. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	31 December 2009 CHF millions	31 December 2008 CHF millions
Tier 1 capital		
Share capital	73.2	77.3
Share premium	1,157.4	1,205.3
Other reserves	160.1	160.1
Retained earnings	762.0	719.6
Minority shareholders	85.6	95.1
IFRS: Total shareholders' equity	**2,238.3**	2,257.4
Less: Proposed dividend on Ordinary Shares (note 47)	(13.4)	(35.3)
Less: Accrual for estimated expected future dividend on Bons de Participation	(3.7)	(4.7)
Less: Available-for-sale investment securities revaluation reserve	(9.2)	
Less: Loans to employees	(3.5)	(5.5)
Less: Goodwill (net of acquisition related liabilities) and intangibles (excluding software)	(1,413.0)	(1,462.9)
Total qualifying Tier 1 capital	**795.5**	749.0
Tier 2 capital		
Available-for-sale investment securities revaluation reserve (45% weighted)	4.1	
Total regulatory capital	**799.6**	749.0
Risk-weighted assets		
Basel II: (BIS)		
Credit risk including Settlement risk	3,776.1	3,627.9
Non-counterparty related risk	70.4	75.9
Market risk*	344.7	698.5
Operational risk*	1,640.4	1,567.0
Total risk-weighted assets	**5,831.6**	5,969.3

	31 December 2009 %	31 December 2008 %
BIS Ratio (after deducting proposed dividend on Ordinary Shares)	**13.7**	12.5

* *Risk weighted figure calculated by taking 12.5 times the capital adequacy requirement.*

5. NET INTEREST INCOME

	31 December 2009 CHF millions	31 December 2008 CHF millions
Interest and discount income		
Banks and customers	**256.9**	608.7
Treasury bills and other eligible bills	**3.7**	37.3
Trading securities	**1.1**	0.3
Financial assets designated at fair value	**27.5**	18.0
Available-for-sale securities	**109.6**	177.9
Held-to-maturity	**14.8**	19.6
Total interest and discount income	**413.6**	861.8
Interest expense		
Banks and customers	**(150.3)**	(566.1)
Debt securities in issue		(9.1)
Total interest expense	**(150.3)**	(575.2)
Net interest income	**263.3**	286.6

Interest income accrued on impaired financial assets is CHF Nil (2008: CHF Nil).

6. NET BANKING FEE AND COMMISSION INCOME

Banking fee and commission income		
Lending activities commission	**0.4**	0.2
Securities and investment activities commission	**512.5**	576.1
Other services commission	**81.9**	95.2
Total fee and commission income	**594.8**	671.5
Commission expenses	**(97.2)**	(99.8)
Net banking fee and commission income	**497.6**	571.7

7. DIVIDEND INCOME

Trading assets	**2.1**	2.3
Available-for-sale securities	**1.4**	0.9
Total	**3.5**	3.2

8. NET TRADING INCOME

Foreign exchange	**38.7**	86.8
Interest rate instruments		(1.4)
Equity securities	**17.1**	2.9
Total	**55.8**	88.3

9. NET GAIN/(LOSS) FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

	31 December 2009 CHF millions	31 December 2008 CHF millions
Interest rate instruments	1.2	(9.1)
Equity securities	4.5	(13.0)
Life insurance securities	(2.5)	(105.1)
Total	**3.2**	(127.2)

10. GAINS LESS LOSSES FROM INVESTMENT SECURITIES

Gain on disposal of Available-for-sale securities - Transfer from Equity		
Equity securities		25.1
Debt securities	19.8	33.6
Life insurance securities	5.4	48.9
Total	**25.2**	107.6

11. IMPAIRMENT CHARGES

Impairments on amounts due from customers*	7.5	13.3
Reversal of impairments on amounts due from customers	(2.1)	
Impairments of other assets		2.1
Total	**5.4**	15.4

* *In 2008 a significant portion of the impairment on amounts due from customers includes provision made for unauthorised overdrafts that arose as a result of declines in clients collateral values where margin calls procedures and stop loss selling levels were breached.*

12. OPERATING EXPENSES

Staff costs (note 13)	(469.0)	(447.4)
Professional services	(30.7)	(29.0)
Advertising and marketing	(8.8)	(11.2)
Administrative expenses	(76.3)	(83.5)
Operating lease rentals	(39.7)	(34.2)
Depreciation of property, plant and equipment (note 32)	(15.6)	(13.9)
Amortisation of intangible assets		
Computer software and licences (note 31)	(6.6)	(5.2)
Other intangible assets (note 31)	(65.7)	(52.0)
Other	(31.7)	(33.1)
Operating expenses	**(744.1)**	(709.5)

13. STAFF COSTS

	31 December 2009 CHF millions	31 December 2008 CHF millions
Wages, salaries and staff bonuses	(375.7)	(356.8)
Social security costs	(30.1)	(28.6)
Pension costs		
Defined benefits (note 39)	(7.8)	(13.0)
Defined contribution	(9.7)	(7.4)
Employee Stock Option plan (note 49)	(25.0)	(20.4)
Other	(20.7)	(21.2)
Staff costs	**(469.0)**	(447.4)

As at 31 December 2009 the number of employees of the Group was 2,394 and the average for the year was 2,362 (31 December 2008: 2,455 and average for the year: 2,199).

14. INCOME TAX EXPENSE

Current tax	(15.9)	(35.8)
Deferred tax benefit/(charge) (note 15)	10.5	10.3
Total income tax expense	**(5.4)**	(25.5)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the parent, as follows:

Operating profit before tax	109.6	221.4
Tax at the weighted average applicable rate of 11% (2008: 11%)	(12.1)	(24.3)
Tax effect of:		
Income not subject to taxes	7.5	(8.9)
Different tax rates in different countries	(0.8)	7.7
Total income tax expense	**(5.4)**	(25.5)

The weighted average tax rate of 11% is based on the operating entities local tax rates relative to the taxable income in these jurisdictions.

15. DEFERRED INCOME TAXES

Deferred income taxes are calculated under the liability method on all temporary differences; using the expected effective local applicable rate.

	31 December 2009 CHF millions	31 December 2008 CHF millions
Deferred income tax assets and liabilities comprise the following:		
Deferred income tax assets	32.4	25.8
Deferred income tax liabilities	(51.5)	(66.0)
Net deferred income tax liabilities	**(19.1)**	(40.2)

The movement on the net deferred income tax account is as follows:

At 1 January	(40.2)	(24.8)
Income statement charge for period	10.5	10.3
Available-for-sale adjustment through equity	3.7	(3.7)
Arising from acquisitions		(22.5)
Changes in estimates related to prior years	7.9	
Exchange differences	(1.0)	0.5
At 31 December	**(19.1)**	(40.2)

Deferred income tax assets and liabilities are attributable to the following items:

Tax losses carried forward	30.7	24.9
Temporary differences - income under IFRS not recognised in taxable income	1.7	0.9
Deferred income tax assets	**32.4**	25.8
Arising from acquisition of intangibles	(50.3)	(35.7)
Temporary differences - expenses under IFRS not recognised in taxable income	(1.2)	(30.3)
Deferred income tax liabilities	**(51.5)**	(66.0)
Net deferred income tax liabilities	**(19.1)**	(40.2)

The deferred income tax charge/(benefit) in the income statement comprises the following temporary differences:

Utilisation of tax losses carried forward	0.7	1.0
Creation of deferred tax assets	(12.8)	(17.3)
Change in tax rate		(1.9)
Other temporary differences	1.6	7.9
Deferred income tax (benefit)/charge	**(10.5)**	(10.3)

The Group has subsidiaries with tax losses of CHF 184.0 million (2008: CHF 113.0 million) to carry forward against future taxable income, that will expire after 2015. The Group does not intend to repatriate profits from subsidiaries in the near future, and thus does not record deferred tax in respect to undistributed profits.

16. ANALYSIS OF SWISS AND FOREIGN INCOME AND EXPENSES FROM ORDINARY BANKING ACTIVITIES, AS PER THE OPERATING LOCATION

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2009			
Interest and discount income	149.6	264.0	413.6
Interest expense	(75.0)	(75.3)	(150.3)
Net interest income	**74.6**	**188.7**	**263.3**
Banking fee and commission income	217.7	377.1	594.8
Banking fee and commission expense	(45.8)	(51.4)	(97.2)
Net banking fee and commission income	**171.9**	**325.7**	**497.6**
Dividend income	12.2	(8.7)	3.5
Net trading income	42.5	13.3	55.8
Net gain/(loss) from financial assets designated at fair value	(0.5)	3.7	3.2
Gains less losses from investment securities	3.0	22.2	25.2
Other operating income/(loss)	42.0	(31.5)	10.5
Net other income	**99.2**	**(1.0)**	**98.2**
Operating income	**345.7**	**513.4**	**859.1**
Impairment charges	(7.1)	1.7	(5.4)
Operating expenses	(303.0)	(441.1)	(744.1)
Operating profit before tax	**35.6**	**74.0**	**109.6**
Income tax expense	(8.6)	3.2	(5.4)
Net profit for the year	**27.0**	**77.2**	**104.2**
Net result attributable to non-controlling interests	(4.1)	1.0	(3.1)
Net profit attributable to equity holders of the Group	**22.9**	**78.2**	**101.1**

16. ANALYSIS OF SWISS AND FOREIGN INCOME AND EXPENSES FROM ORDINARY BANKING ACTIVITIES, AS PER THE OPERATING LOCATION, (CONTINUED)

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2008			
Interest and discount income	192.2	669.6	861.8
Interest expense	(58.2)	(517.0)	(575.2)
Net interest income	134.0	152.6	286.6
Banking fee and commission income	187.2	484.3	671.5
Banking fee and commission expense	(40.7)	(59.1)	(99.8)
Net banking fee and commission income	146.5	425.2	571.7
Dividend income	3.2		3.2
Net trading income	19.5	68.8	88.3
Net gain/(loss) from financial assets designated at fair value		(127.2)	(127.2)
Gains less losses from investment securities	36.0	71.6	107.6
Other operating income/(loss)	25.4	(9.3)	16.1
Net other income	84.1	3.9	88.0
Operating income	364.6	581.7	946.3
Impairment charges	(5.8)	(9.6)	(15.4)
Operating expenses	(260.8)	(448.7)	(709.5)
Operating profit before tax	98.0	123.4	221.4
Income tax expense	(25.1)	(0.4)	(25.5)
Net profit for the year	72.9	123.0	195.9
Net result attributable to non-controlling interests	3.3	22.7	26.0
Net profit attributable to equity holders of the Group	76.2	145.7	221.9

17. CASH AND BALANCES WITH CENTRAL BANKS

	31 December 2009 CHF millions	31 December 2008 CHF millions
Cash in hand	**8.6**	8.0
Balances with central banks	**256.8**	107.2
Cash and balances with central banks	**265.4**	115.2

18. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	31 December 2009 CHF millions	31 December 2008 CHF millions
Cash and balances with central banks	265.4	115.2
Treasury bills and other eligible bills	625.3	73.7
Due from other banks - At sight	680.4	632.8
Due from other banks - At term	2,369.1	3,022.5
Cash and cash equivalents with less than 90 days maturity	**3,940.2**	3,844.2

19. TREASURY BILLS AND OTHER ELIGIBLE BILLS

Treasury bills	193.9	36.5
Other eligible bills	576.9	37.2
Treasury bills and other eligible bills	**770.8**	73.7
Pledged treasury bills with central banks and clearing system companies.	*133.3*	*15.9*

Treasury bills and other eligible bills are debt securities purchased with a maximum term of 90 days.

20. DUE FROM OTHER BANKS

At sight	680.4	632.8
At term - with maturity in less than 90 days	2,369.1	3,022.5
At term - with maturity in more than 90 days	470.1	75.3
Due from other banks	**3,519.6**	3,730.6
Pledged due from other banks	*272.6*	*238.0*

21. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2009 CHF millions	31 December 2008 CHF millions
Due from customers	**6,374.2**	6,080.5
Mortgages	**1,860.3**	1,358.5
Gross loans and advances	8,234.5	7,439.0
Less: Provision for impairment losses (note 22)	(17.0)	(14.7)
Net loans and advances	**8,217.5**	7,424.3

Geographic sector risk concentrations within the Group's customer loan portfolio were as follows:

	31 December 2009		31 December 2008	
	CHF millions	%	CHF millions	%
Latin America and Caribbean	**2,690.1**	**32.7**	2,340.5	31.5
Europe (other)	**2,095.4**	**25.5**	1,821.0	24.6
Asia and Oceania	**1,555.3**	**19.0**	1,620.0	21.8
United Kingdom	**1,047.0**	**12.7**	784.6	10.6
Switzerland	**253.4**	**3.1**	284.6	3.8
Africa and Middle East	**272.9**	**3.3**	250.8	3.4
Luxembourg	**167.3**	**2.0**	202.1	2.7
United States and Canada	**136.1**	**1.7**	120.7	1.6
Total	**8,217.5**	**100**	7,424.3	100

This analysis is based on the client's place of residence and not necessarily on the domicile of the credit risk.

22. PROVISION FOR IMPAIRMENT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

	31 December 2009 CHF millions	31 December 2008 CHF millions
At 1 January	**14.7**	3.3
Exchange differences	**(0.9)**	(1.9)
Impairment charge for credit losses (Note 11)	**5.4**	13.3
Utilisation of provision	**(2.2)**	
At 31 December	**17.0**	14.7

23. COLLATERAL FOR LOANS

	31 December 2009 CHF millions	31 December 2008 CHF millions
Loans and advances to customers		
Mortgages	1,860.3	1,355.5
Secured by other collateral	6,259.9	5,945.8
Unsecured*	97.3	123.0
Total loans and advances	**8,217.5**	7,424.3
Off balance sheet commitments		
Contingent liabilities secured by other collateral	515.0	504.5
Contingent liabilities unsecured	6.0	42.1
Total	**521.0**	546.6

* *The unsecured loans include CHF 61.0 million (2008: 57.0 million) of loans made with no collateral and CHF 36.3 million (2008: CHF 66.0 million) of loans where the collateral value is below the value of the loan. The uncollateralised portion of these loans is classified as "unsecured", however within approved unsecured lending limits for the customer.*

See note 4.1 for further details on collateral.

24. DERIVATIVE FINANCIAL INSTRUMENTS

24.1 Derivatives

The Group's credit risk represents the potential cost to replace the forward or swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities and/or marks to market with bilateral collateralisation agreements over and above an agreed threshold.

Credit risk on index, interest rate and bond futures is negligible because futures contracts are collateralised by cash or marketable securities, and changes in their value are settled daily.

The notional amounts of financial instruments provide a basis for comparison, but do not indicate the amount of future cash flows, or the current fair value of the underlying instruments. Accordingly, they do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, credit spreads or foreign exchange rates, relative to their terms. The fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

24.1 Derivatives, (continued)

The fair values of derivative instruments held, are set out in the following table:

	31 December 2009			31 December 2008		
	Contract/ notional amount CHF millions	Fair value Assets CHF millions	Fair value Liabilities CHF millions	Contract/ notional amount CHF millions	Fair value Assets CHF millions	Fair value Liabilities CHF millions
Derivatives held for trading						
Currency derivatives						
Currency forwards	9,556.7	158.7	116.4	10,044.2	249.8	341.6
OTC currency options	2,695.4	37.9	37.8	1,050.9	33.8	33.5
Futures	6.2	0.1				
		196.7	**154.2**		283.6	375.1
Interest rate derivatives						
Interest rate swaps	435.3	2.5	8.6	54.2	1.2	2.0
OTC interest rate options	90.0	2.3	1.8	55.4	0.3	0.3
Interest rate futures	294.1	2.9	0.3	57.8		3.5
		7.7	**10.7**		1.5	5.8
Other derivatives						
Equity options and index futures	1,495.3	31.1	287.6	1,396.2	117.9	77.1
Credit default swaps		2.2				
Total return swaps	139.0	44.5		323.6	49.0	
Commodity options and futures	26.6	1.9				
		79.7	**287.6**		166.9	77.1
Total derivative assets/liabilities held for trading		**284.1**	**452.5**		452.0	458.0
Derivatives held for hedging						
Derivatives designated as fair value hedges						
Interest rate swaps	37.6	1.8	1.5	25.7	0.8	1.6
Total derivative assets/liabilities held for hedging		**1.8**	**1.5**		0.8	1.6
Total derivative assets/liabilities		**285.9**	**454.0**		452.8	459.6

24.2 Hedging activities

The hedging practices and accounting treatment are disclosed in Note 2 (d).

Fair value hedges

The Group hedges its interest rate risk resulting from a potential decrease in the fair value of fixed rate bond assets or loans, by using interest rate swaps. The net fair value of these swaps at 31 December 2009 was positive CHF 0.3 million (2008: negative CHF 0.8 million).

25. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE - TRADING ASSETS

		31 December 2009 CHF millions	31 December 2008 CHF millions
Issued by public issuers:	Government	3.2	640.6
Issued by public issuers:	Banks	15.8	
Issued by non public issuers:	Other	291.5	79.7
Total		**310.5**	720.3

Equity securities - at fair value:	Listed	255.6	79.7
Debt securities - at fair value:	Listed	54.9	640.6
Total		**310.5**	720.3

The movement in the account is as follows:

At 1 January	720.3	-
Additions	3,839.5	718.8
Disposals	(4,268.5)	
Gains from changes in fair value	19.2	1.5
At 31 December	**310.5**	720.3

26. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE - DESIGNATED AT INCEPTION

		31 December 2009 CHF millions	31 December 2008 CHF millions
Issued by public issuers:	Government	63.3	
Issued by non public issuers:	Banks		1.1
Issued by non public issuers:	Private equity investment		1.8
Issued by non public issuers:	Others	13.9	9.6
Issued by other issuers:	US life insurance companies*	299.9	212.2
Issued by other issuers:	US life insurance companies	337.7	308.7
Total		**714.8**	533.4

Equity securities - at fair value:	Quoted	12.4	7.6
Equity securities - at fair value:	Unquoted - Recent arm's length transactions		1.8
Debt securities - at fair value:	Listed	63.3	1.8
Debt securities - at fair value:	Unlisted	1.5	1.3
Life insurance policies securities - at fair value:	Unquoted - Discounted cash flow analysis*	299.9	212.2
Life insurance policies securities - at fair value:	Unquoted - Discounted cash flow analysis	337.7	308.7
Total		**714.8**	533.4

The movement in the account is as follows:

At 1 January	533.4	37.6
Additions	531.5	722.3
Disposals (sale and redemption)	(366.8)	(108.4)
Gains/(losses) from changes in fair value	16.7	(118.1)
At 31 December	**714.8**	533.4

* See note 36.

27. INVESTMENT SECURITIES - AVAILABLE-FOR-SALE

		31 December 2009 CHF millions	31 December 2008 CHF millions
Issued by public bodies:	Government	1,640.4	22.9
Issued by public bodies:	Other public sector	88.2	203.9
Issued by other issuers:	Banks	2,179.9	2,750.2
Issued by other issuers:	US life insurance companies	350.4	309.6
Issued by other issuers:	Other	40.2	64.8
		4,299.1	3,351.4
Debt securities - at fair value:	Listed	2,628.3	213.3
Debt securities - at fair value:	Quoted	93.6	211.0
Debt securities - at fair value:	Unquoted - Discounted cash flow analysis	1,194.1	2,580.9
Equity securities - at fair value:	Listed	0.3	0.3
Equity securities - at fair value:	Quoted	4.6	3.2
Equity securities - at fair value:	Unquoted - Other valuation Models	27.8	33.1
Life insurance policies securities - at fair value:	Unquoted - Discounted cash flow analysis	350.4	309.6
Gross securities available-for-sale		**4,299.1**	3,351.4
Allowance for impairment		-	-
Total		**4,299.1**	3,351.4
Pledged securities with central banks and clearing system companies		*573.8*	*38.1*

The movement in the account is as follows:

	31 December 2009 CHF millions	31 December 2008 CHF millions
At 1 January	3,351.4	3,537.7
Exchange differences	7.4	(778.5)
Additions	6,704.3	9,715.8
Disposals (sale and redemption)	(5,761.6)	(9,194.4)
Gains from changes in fair value	(19.5)	66.5
Accrued interest	17.1	4.3
At 31 December	**4,299.1**	3,351.4

28. INVESTMENT SECURITIES - AVAILABLE-FOR-SALE EQUITY RESERVE

Equity reserve - revaluation of the investment securities available-for-sale:
Gains and losses arising from the changes in the fair value of available-for-sale investment securities, are recognised in a revaluation reserve for available-for-sale financial assets in equity. (Note 41)

The movement of the reserve, is as follows:

	31 December 2009 CHF millions	31 December 2008 CHF millions
At 1 January	(38.2)	7.2
Fair value (losses)/gains on available-for-sale investment securities, before tax	(19.5)	66.5
Transfer to net profit of realised available-for-sale investment securities reserve, before tax	(25.2)	(107.6)
Tax effect on changes in fair value of available-for-sale investment securities	3.2	(4.3)
At 31 December	**(79.7)**	(38.2)

29. INVESTMENT SECURITIES - HELD-TO-MATURITY

		31 December 2009 CHF millions	31 December 2008 CHF millions
Issued by public bodies:	Government	134.1	135.3
Issued by public bodies:	Other public sector	372.6	375.1
Issued by other issuers:	Financial services	3.8	3.7
Total		**510.5**	514.1

The Group has not reclassified any investment securities during the year (2008: Nil).

The movement in the account, is as follows:

	31 December 2009 CHF millions	31 December 2008 CHF millions
At 1 January	514.1	566.1
Exchange differences	(2.4)	(57.0)
Additions		4.8
Redemptions	(0.2)	
Accrued interest	(1.0)	0.2
At 31 December	**510.5**	514.1
Pledged securities with central banks and clearing system companies.	*44.5*	*119.3*

30. SHARES IN SUBSIDIARY UNDERTAKINGS

The following is a listing of the Group's main subsidiaries at 31 December 2009:

Name	Line of business	Country of incorporation		Share Capital (000s)
Main Subsidiaries				
EFG Bank AG, Zurich	Bank	Switzerland	CHF	162,410
EFG Bank (Monaco) (formerly Eurofinancière d'Investissements SAM, Monaco)	Bank	Monaco	EUR	26,944
EFG Bank (Gibraltar) Ltd, Gibraltar	Bank	Gibraltar	GBP	3,000
EFG Bank & Trust (Bahamas) Ltd, Nassau	Bank	Bahamas	USD	27,000
EFG Bank von Ernst AG, Vaduz	Bank	Liechtenstein	CHF	25,000
EFG Bank (Luxembourg) SA, Luxembourg	Bank	Luxembourg	EUR	28,000
EFG Private Bank Ltd, London	Bank	England & Wales	GBP	1,596
EFG Private Bank (Channel Islands) Ltd, Guernsey	Bank	Guernsey	GBP	5,000
EFG Bank AB (formerly EFG Investment Bank AB), Stockholm	Bank	Sweden	SEK	100,000
PRS Investment Services (Cayman) Ltd, Georgetown	Private Banking & Fund Administration	Cayman Islands	USD	-
PRS International Consulting Inc, Miami	Investment Advisory & Fund Administration	USA	USD	-
Bull Wealth Management Group Inc, Toronto	Investment Advisory	Canada	CAD	276
EFG Wealth Management (Canada) Limited, Toronto	Investment Advisory	Canada	CAD	500
EFG Wealth Management (India) Private Limited, Mumbai	Investment Advisory	India	INR	75,556
EFG Banque Privée SA (formerly EFG Gestion Privée SA), Paris	Investment Advisory	France	EUR	10,000
Asesores y Gestores Financieros S.A., Madrid	Investment Advisory	Spain	EUR	92
On Finance SA, Lugano	Investment Advisory	Switzerland	CHF	1,000
EFG Offshore Ltd, Jersey	Trust Services	Jersey	GBP	9
EFG Platts Flello Ltd, Birmingham	Financial Planning	England & Wales	GBP	2
Ashby London Financial Services Ltd, Wolverhampton	Financial Planning	England & Wales	GBP	200
SIF Swiss Investment Funds SA, Geneva	Funds Administration	Switzerland	CHF	2,500
C.M. Advisors Ltd, Hamilton	Fund of Hedge Funds, Investment Advisor, Investment Manager	Bermuda	USD	12
Marble Bar Asset Management LLP, London	Hedge Fund Management	England & Wales	USD	389,000
Marble Bar Asset Management (Cayman) Ltd, Georgetown	Hedge Fund Management	Cayman Islands	USD	50
Quesada Kapitalförvaltning AB, Stockholm	Asset Management	Sweden	SEK	2,000
EFG Capital International Corp, Miami	Broker-dealer	USA	USD	12,200
EFG Finance (Bermuda) Ltd, Hamilton	Finance Company	Bermuda	USD	12
EFG Finance (Guernsey) Ltd, Guernsey	Finance Company	Guernsey	EUR	26
EFG Finance (Jersey) Ltd, Jersey	Finance Company	Jersey	CHF	3
EFG Financial Products Holding AG, Zurich	Holding	Switzerland	CHF	10,000
EFG Investment (Luxembourg) SA, Luxembourg	Holding	Luxembourg	EUR	573,603
LFS Invest VII AB, Stockholm	Investment Company	Sweden	SEK	100

All the subsidiaries above are 100% held, with the exception of Marble Bar Asset Management (90.01%), EFG Financial Products Holding AG (56.6%), EFG Wealth Management (India) Private Ltd (75%), Asesores y Gestores Financieros S.A. (72%) and LFS Invest VII AB (10.7% and control).

31. INTANGIBLE ASSETS

	Computer software and licences CHF millions	Other Intangible Assets CHF millions	Goodwill CHF millions	Intangible Assets CHF millions
At 1 January 2008				
Cost	40.1	227.7	1,006.3	1,274.1
Accumulated amortisation	(28.2)	(33.5)	(21.0)	(82.7)
Net book value	11.9	194.2	985.3	1,191.4
Year ended December 2008				
Opening net book amount	11.9	194.2	985.3	1,191.4
Acquisitions and revaluation of earnout obligations	10.7	378.7	376.6	766.0
Acquisition of subsidiary, net of amortisation	0.4			0.4
Amortisation charge for the year				
- Computer software and licences	(5.2)			(5.2)
Amortisation charge for the year				
- Other intangible assets		(52.0)		(52.0)
Exchange differences	(0.4)	(45.5)	(91.7)	(137.6)
Closing net book value	17.4	475.4	1,270.2	1,763.0
At 31 December 2008				
Cost	32.4	553.8	1,291.2	1,877.4
Accumulated amortisation	(15.0)	(78.4)	(21.0)	(114.4)
Net book value	17.4	475.4	1,270.2	1,763.0
Year ended December 2009				
Opening net book amount	17.4	475.4	1,270.2	1,763.0
Acquisitions and revaluation of earnout obligations	3.3		(194.5)	(191.2)
Amortisation charge for the year				
- Computer software and licences	(6.6)			(6.6)
Amortisation charge for the year				
- Other intangible assets		(65.7)		(65.7)
Exchange differences		(3.4)	(4.8)	(8.2)
Closing net book value	**14.1**	**406.3**	**1,070.9**	**1,491.3**
At 31 December 2009				
Cost	33.7	546.7	1,091.9	1,672.3
Accumulated amortisation and impairment	(19.6)	(140.4)	(21.0)	(181.0)
Net book value	**14.1**	**406.3**	**1,070.9**	**1,491.3**

The Group has acquired several legal entities and/or businesses since its inception. These business combinations have generally been made in order to achieve one or several of the following objectives: acquiring "client relationships", acquiring specific know-how or products, or getting a permanent establishment in a given location. The accounting for these business combinations was dependent on the accounting standard in force at the time of the acquisition, as described below.

31.1 Decrease in acquisition related intangibles during 2009

		Other Intangible Assets CHF millions	Goodwill CHF millions	Total CHF millions
Revaluation of earnout obligations				
Marble Bar Asset Management	i		(137.3)	(137.3)
C.M. Advisors Limited	ii		(46.7)	(46.7)
Others			(10.5)	(10.5)
		-	**(194.5)**	**(194.5)**

i) Marble Bar Asset Management

At 31 December 2008 the carrying value of goodwill and net intangibles was CHF 660.9 million. In March 2010, the earnout agreement with the sellers/principals based on the financial performance for the years 2008, 2009 and 2010 was replaced with a 20% profit participation by the managers/principals. Accordingly, the deferred acquisition liability of CHF 137.3 million at the end of 2008 (approximately 21% of the carrying value of the year-end 2008 balance), was offset against the goodwill value carried on the asset side for MBAM at 31 December 2009. In exchange, the Group's profit entitlement has decreased from 100% to 80% of the businesses pre tax profit generation, thereby ensuring an improved structural alignment between the interests of the managers/principals and the Group. The goodwill was decreased by CHF 137.3 million as explained above and after current year amortisation of intangibles of CHF 27.0 million and exchange rate movements, the carrying value is CHF 483.4 million.

ii) C.M. Advisors Limited

At 31 December 2008 the carrying value of goodwill and net intangibles was CHF 270.9 million. During 2009 the earnout agreement was terminated and final payments were made under the agreement, resulting in the estimated contingent purchase payments reflected at end of 2008 of CHF 46.7 million being reversed. As a result, the goodwill was decreased by CHF 46.7 million (2008: CHF 20.4 million decrease) and after current year amortisation of intangibles of CHF 19.6 million (2008: CHF 9.2 million), and foreign currency effects reducing the value by CHF 4.5 million, the carrying value is CHF 200.0 million.

The increase in amortisation of intangibles between 2008 and 2009 represents accelerated amortisation of client relationships where the expected future useful lives of the assets has been reassessed.

31.2 Impairment tests

The Group's goodwill and intangible assets (together "Intangibles") acquired in business combinations are reviewed annually for impairment at 31 December by comparing the recoverable amount of each cash generating unit ("CGU") to which Intangibles have been allocated a carrying value. Given the ongoing volatility in the financial markets, changed industry dynamics made it necessary for the Group to monitor even more closely whether there was indication that goodwill allocated to its CGU's were impaired.

On the basis of the impairment testing methodology described below, the Group concluded that the year-end 2009 balances of Intangibles allocated to all its segments remain recoverable.

Carrying values have been compared to recoverable amounts, which are calculated on fair value less costs to sell for all acquisitions except for the Asset Management CGU's (C.M. Advisors Limited and Marble Bar Asset Management) which are assessed using a value in use approach. The Group has adopted value in use tests for the C.M. Advisors Limited and Marble Bar Asset Management CGU's in 2009 (in 2008 the Group used fair value less costs to sell basis), based upon management's latest five year forecasts. The risk discount rates used are based on observable market long-term government bond yields (10 years) for the relevant currencies plus a risk premium of 7%.

For each of the Private Banking CGU's, fair values have been calculated using two methodologies. Firstly, on the basis of the recoverable Net Asset Value and Intangibles based on comparable market transactions (3% to 5% of Assets under Management). Secondly, calculations have been performed using a PE approach (range between 8.5 and 14) based on similar transactions for comparable listed companies. The revenue basis for the PE approach was based on expected future revenues.

The carrying amounts of goodwill and intangible assets allocated to each cash generating units are as follows:

			31 December 2009	
	Recoverable amount based on	Intangible Assets CHF millions	Goodwill CHF millions	Total CHF millions
Asset Management cash generating units				
Marble Bar Asset Management	Value in use	224.4	259.0	483.4
C.M. Advisors Limited	Value in use	11.1	188.9	200.0
Private Banking cash generating units				
Derivative Structured Asset Management	Fair value less costs to sell	10.9	233.4	244.3
Asesores y Gestores Financieros SA	Fair value less costs to sell	42.7	53.6	96.3
PRS Group	Fair value less costs to sell	37.7	52.7	90.4
Banque Edouard Constant	Fair value less costs to sell		76.3	76.3
Harris Allday	Fair value less costs to sell	27.3	38.1	65.4
Bank von Ernst (Liechtenstein) AG	Fair value less costs to sell	9.4	32.2	41.6
Banque Monégasque de Gestion	Fair value less costs to sell	8.1	28.7	36.8
Other Cash Generating Units	Fair value less costs to sell	34.7	108.0	142.7
Total carrying values		**406.3**	**1,070.9**	**1,477.2**

Asset Management CGU's

Goodwill and Intangible assets of the Asset Management cash generating units at 31 December 2009 amounted to CHF 683.4 million (CHF 931.8 million at 31 December 2008). The assessment of goodwill and intangibles of this segment, which was most affected by the financial market crises, was a key focus. In its review of the year-end 2009 Intangibles, the Group considered the performance outlook of its asset management businesses and the underlying business operations of MBAM and CMA, to resolve whether the recoverable amount for these cash generating units covers its carrying amount. Based on the estimated cash flows the operations will generate from their businesses, discounted back to their present value using a discount rate that reflects the risk profile of the hedge fund activities, the Group concluded that goodwill allocated to the segment remained recoverable at 31 December 2009.

The conclusion was reached on the basis of the forecast results of those activities which management expects to generate positive cash flows in future years. The forecasts are based on an expectation that the financial services environment and interest rate environment will gradually improve over the next three years and reach an average growth level thereafter. The fair value obtained from the model exceeded the book value of the MBAM and CMA businesses. However, if the external conditions in the industry further deteriorate and/or if the anticipated investment returns for investors turn out to be worse than anticipated in the Group's performance forecasts, the goodwill and intangibles carried in this segment may need to be impaired in future periods.

Earnings are estimated based on current and future business initiatives and forecast results derived there from.

– Marble Bar Asset Management ("MBAM")

In the case of MBAM, the following performance indicators and results were forecasted (USD millions unless stated) based on planned business initiatives:

	2009	2010	2011	2012
Unleveraged assets under management at end of period	1,627	1,625	2,380	3,386
Average leveraged assets under management	2,165	2,025	2,880	3,922
Gross Investment Return (% p.a.)	4.0%	12.5%	15.0%	15.0%
Operating income	47.5	78.8	119.2	158.4
Profit before tax	9.1	16.5	34.4	55.2

Initiatives and actions underpinning this growth, are as follows:

1. The earnout agreement with the sellers/principals, whereby up to USD 300 million was potentially payable at the beginning of 2011 based on the financial performance for the years 2008, 2009 and 2010, has been replaced with a 20% profit participation by the managers/principals. Accordingly the deferred acquisition liability of CHF 137.3 million (approximately 21% of the carrying value of the year-end 2008 balance) reflected at the end of 2008, was offset against the goodwill value carried on the asset side at 31 December 2009. In exchange, the Group's profit entitlement has decreased from 100% to 80% of the businesses pre tax profit generation, thereby ensuring an improved structural alignment between the interests of the managers/principals and the Group.

2. Dedicated fund raising initiative with the Group's CRO network, with market related fee sharing in place, of both management and performance fees.

3. New asset raising initiatives through UCITs, new offices in Singapore and New York.

4. Significant hiring of several high-profile traders.

The valuation of goodwill and intangibles is sensitive to future earnings from the cash generating units. If the profits forecasted for 2010-2012 attributable to MBAM declined 50% compared to the above forecasts, the total goodwill and intangibles would decrease by approximately USD 114 million to be charged to the Income Statement as an impairment charge.

A large portion of the MBAM revenues are from incentive fees on the investment returns generated in the funds managed by MBAM. Thus, the forecasted profits are substantially dependent on the targeted investment returns being effectively achieved. Accordingly the business is heavily dependent on the Chief Investment Officer and the key traders and their ability to continue to generate risk-adjusted returns in line with the historic 10%-15% annualised compound gross investment return.

– C.M. Advisors Limited ("CMA")

In the case of CMA, the following performance indicators and results were forecasted (USD millions unless stated) based on planned business initiatives:

	2009	2010	2011	2012
Average assets under management	1,112	2,078	4,324	8,380
Return on average assets under management (basis points)	94	73	69	72
Operating income	10.4	15.1	29.7	60.0
Profit before tax	5.3	10.1	22.2	48.9

Initiatives and actions underpinning this growth, are as follows:

1. The earnout agreement with the sellers/principals was terminated in 2009. Accordingly the final earn out payments were made and deferred acquisition liabilities of CHF 46.7 million have been reversed. No deferred acquisition obligations remain at 31 December 2009 (2008 approximately 21% of the carrying value of the year-end 2008 balance was outstanding), as part was paid and part was offset against the goodwill value carried on the asset side for CMA.

2. Utilisation of the Fund of Hedge Funds platform to deliver value through providing a wider range of products across multiple distribution channels, and expansion of its research and product universe to include long-only fund of funds as well as broader asset allocation products, including on-shore products.

3. New asset raising initiatives through broadening the product range provided, acting as advisor to the Group's funds and providing bespoke solutions (for example restructuring illiquid asset pools).

4. CMA will become the Group's centre of excellence on third party hedge funds, providing due diligence services and operational support to the Group's private banking booking centres.

5. Benefit from the Group's strategic initiative to re-align its Hedge Fund pricing policy and to substantially reduce the number of third party Hedge Funds in custody, by acting as advisor throughout the process to the Group's private banking businesses.

The valuation of goodwill and intangibles is sensitive to future earnings from the relevant cash generating units. A significant portion of the CMA revenues are from fees on assets under management generated by the funds managed by CMA. Thus, the forecasted profits are substantially dependent on the targeted growth in assets under management being effectively achieved, and then maintenance of CMA's track record in hedge fund analysis and due diligence performed by its research team.

If the revenue generating assets under management do not grow to circa USD 4 billion over the next 3 years the profits are unlikely to support the value in use and if they only grow to USD 2 billion, impairment of approximately USD 104 million is likely to arise. If the profits forecasted for 2010-2012 attributable to CMA declined 50% compared to the above forecasts, the Intangibles recoverable value would decrease by approximately USD 60 million to be charged to the Income Statement as an impairment charge.

Private Banking CGU's

Intangibles of the Private Banking CGU's at 31 December 2009 amounted to CHF 793.8 million (CHF 813.8 million at 31 December 2008). The assessment of goodwill and intangibles of this segment the Group considered the performance outlook of its private banking businesses and the underlying business operations to resolve whether the recoverable amount for these cash generating units covers its carrying amount. Based on the fair value less costs to sell using percentages of Assets under Management and PE's based on expected future revenues, the Group concluded that goodwill allocated to the segment remained recoverable at 31 December 2009.

The conclusion was reached on the basis of the forecast results of those activities which management expects to generate positive cash flows in future years. The forecasts are based on an expectation that the financial services environment and interest rate environment will gradually improve over the next three years and reach an average growth level thereafter. The fair value obtained from the model exceeded the book value of the Private Banking businesses. However, if the external conditions in the industry further deteriorate and/or if the anticipated growth in Assets under Management and resulting growth in operating income do not occur, the goodwill and intangibles carried in this segment may need to be impaired in future periods.

Earnings are estimated based on current and future business initiatives and forecast results derived there from.

– Derivative Structured Asset Management

In the case of Derivatives Structured Asset Management ("DSAM"), which comprises the product structuring business, Swedish private banking business and Quesada Kapitalförvaltning AB business, the following performance indicators and results were forecasted (CHF millions unless stated) based on planned business initiatives:

	2009	2010	2011	2012
Assets under management	4,789	7,649	10,985	15,389
Return on average assets under management (basis points)	71	66	54	46
Operating income	33.1	40.8	50.0	60.6
Profit before tax	(6.0)	17.0	21.3	26.7

Initiatives and actions underpinning this growth, are as follows:

1. In 2009 a significant cost cutting programme was initiated reducing headcount by approximately 40%.

2. Renewed focus on private banking and traditional asset management businesses in order to diversify away from reliance on structured products and capitalise on the banking infrastructure.

3. Maintain the structured products distribution capability, as the market for structured products anticipated to recover over next two years as interest rates start increasing.

4. Growth in Assets under Management through ongoing recruitment of CRO's, and resulting acquisition of new clients assets.

The valuation of Intangibles is sensitive to future earnings from the relevant cash generating units. A large portion of the DSAM's revenues are derived from the levels of assets under management, and from product structuring and distribution to clients. Thus, the forecasted profits are substantially dependent on the ability of DSAM CRO's to be hired and retained, and for these CROs to bring in new client relationships. If the profits forecasted for 2010-2012 attributable to the DSAM declined 50% compared to the above forecasts, the total goodwill and intangibles would decrease by approximately CHF 136 million to be charged to the Income Statement as an impairment charge.

– Asesores y Gestores Financieros SA ("AyG")

In the case of the AyG business, the following performance indicators and results were forecasted (EUR millions unless stated) based on planned business initiatives:

	2009	2010	2011	2012
Operating income	14.0	21.8	34.5	45.4
Profit before tax and non controlling interests	(2.2)	3.2	11.9	18.2

Initiatives and actions underpinning this growth, are as follows:

1. Continued focus on private banking and traditional asset management businesses.

2. Growth in operating income driven by Assets under Management through ongoing recruitment of CRO's, and resulting acquisition of new clients assets.

The valuation of goodwill and intangibles is sensitive to future earnings from the relevant cash generating units. A large portion of the AyG's revenues are from CRO's bringing in new assets under management on which revenues will be generated. Thus, the forecasted profits are substantially dependent on the ability of AyG's CRO's to grow the assets under management. If the profits forecasted for 2010-2012 attributable to AyG declined 50% compared to the above forecasts, the total goodwill and intangibles would decrease by approximately EUR 35 million to be charged to the Income Statement as an impairment charge.

Similar risks are faced by the Group's other private banking businesses and if the assets under management at any of these businesses was to permanently decline, then an impairment of these assets would be likely.

The table below shows the sensitivity to permanent declines in assets under management.

	Current assets under management CHF billions	Impairment impact of 50% decline in forecast profit before tax CHF millions
PRS Group	2.0	40.3
Banque Edouard Constant	3.7	0
Harris Allday	3.7	31.8
Bank von Ernst (Liechtenstein) AG	1.3	19.1
Banque Monégasque de Gestion	0.8	4.1

With respect to certain acquisitions, the total consideration price is based on earn-out multiples implying that such consideration price can increase or decrease in the future depending on the future revenues generated by the business acquired. For the major acquisitions at 31 December 2009 the below table summarises the estimated acquisition price that has already been fixed, and the portion of the total acquisition price that will vary based on the estimated future payments (which are derived from contractual factors based on future earnings, and the future years earnings that these relate to).

Acquisitions with significant earnouts

	Residual period of earn-out	Fixed component %	Variable component %
PRS Group	2010 to 2011	84	16
Quesada	2010 to 2014	69	31
MBAM	Terminated	100	-
DSAM	2010 to 2011	100	-
CMA	Terminated	100	-

32. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings CHF millions	Leasehold improvements CHF millions	Furniture, equipment motor vehicles CHF millions	Computer hardware CHF millions	Total CHF millions
At 1 January 2008					
Cost	5.7	33.2	23.2	41.9	104.0
Accumulated depreciation	(0.5)	(15.4)	(15.9)	(27.4)	(59.2)
Net book value	5.2	17.8	7.3	14.5	44.8
Year ended December 2008					
Opening net book amount	5.2	17.8	7.3	14.5	44.8
Additions		13.2	6.6	9.4	29.2
Acquisition of subsidiary		1.8	0.5	0.4	2.7
Depreciation charge for the year		(4.5)	(2.8)	(6.6)	(13.9)
Disposal and write-offs	(0.2)		0.4	(0.4)	(0.2)
Exchange differences	(1.6)	(1.8)	(1.3)	(0.8)	(5.5)
Closing net book value	3.4	26.5	10.7	16.5	57.1
At 31 December 2008					
Cost	3.8	38.9	19.2	34.4	96.3
Accumulated depreciation	(0.4)	(12.4)	(8.5)	(17.9)	(39.2)
Net book value	3.4	26.5	10.7	16.5	57.1
Year ended December 2009					
Opening net book amount	**3.4**	**26.5**	**10.7**	**16.5**	**57.1**
Additions	**0.3**	**6.3**	**3.7**	**4.1**	**14.4**
Depreciation charge for the year	**(0.1)**	**(5.0)**	**(3.1)**	**(7.4)**	**(15.6)**
Disposal and write-offs		**(0.1)**	**(0.3)**		**(0.4)**
Exchange differences	**0.3**		**0.1**	**0.1**	**0.5**
Closing net book value	**3.9**	**27.7**	**11.1**	**13.3**	**56.0**
At 31 December 2009					
Cost	**4.4**	**43.5**	**21.8**	**35.2**	**104.9**
Accumulated depreciation	**(0.5)**	**(15.8)**	**(10.7)**	**(21.9)**	**(48.9)**
Net book value	**3.9**	**27.7**	**11.1**	**13.3**	**56.0**

33. OTHER ASSETS

	At 31 December 2009 CHF millions	At 31 December 2008 CHF millions
Prepaid expenses and accrued income	**63.0**	69.2
Settlement balances	**31.9**	15.4
Current income tax assets	**1.6**	
Other assets*	**79.7**	48.0
Other assets	**176.2**	132.6

* *Includes an investment of CHF 4.1 million in a private equity holding where the Group has in excess of 20% shareholding and Board representation.*

34. DUE TO OTHER BANKS

	At 31 December 2009 CHF millions	At 31 December 2008 CHF millions
Due to other banks at sight	285.5	299.5
Due to other banks at term	161.6	101.4
Due to other banks	**447.1**	400.9

35. DUE TO CUSTOMERS

Non interest bearing	6,713.2	2,896.0
Interest bearing	9,014.7	11,317.4
Due to customers	**15,727.9**	14,213.4

36. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

Synthetic life insurance		313.7	212.2
Equities		78.4	16.5
Liabilities to purchase minority interests		22.0	34.4
		414.1	263.1
Debt securities - at fair value:	Unquoted -		
	Discounted cash flow analysis	313.7	212.2
Equity securities - at fair value:	Unquoted -		
	Recent arm's length transactions	48.1	
Equity securities - at fair value:	Listed	30.3	16.5
Equity securities - at fair value:	Discounted cash flow analysis	22.0	34.4
Total		**414.1**	263.1

Synthetic life insurances

The synthetic life insurance liability relates to a structured transaction which is economically hedged by a portfolio of life insurance policies classified as life insurance policies securities at fair value recorded at CHF 299.9 million (see note 26).

Liability to purchase minority interests

The minority shareholders of Asesores y Gestores Financieros SA have the right to sell their shares to a wholly owned subsidiary of EFG International AG. This right applies from 1 January 2010 and that right expires on the occurrence of potential future events. According to IAS 32, these put options give rise to a financial liability that corresponds to the discounted repurchase amount. The liability was initially recognised in 2008 by reclassification from Group equity. In 2009 the agreement was restructured and an adjustment of CHF 12.6 million has been reflected as a change in equity as a result of the amended terms of the contract. As of 31 December 2009, the financial liability was valued at CHF 22.0 million (2008: CHF 34.4 million).

37. OTHER FINANCIAL LIABILITIES

	At 31 December 2009 CHF millions	At 31 December 2008 CHF millions
Structured products issued	1,002.0	679.6
	1,002.0	679.6

38. OTHER LIABILITIES

Contingent acquisition obligations	41.1	313.1
Deferred income and accrued expenses	149.1	147.2
Settlement balances	35.7	42.3
Short term compensated absences	7.8	8.0
Other liabilities	72.3	30.8
Total other liabilities	**306.0**	541.4

Legal proceedings

The Group is involved in various legal proceedings in the course of normal business operations. The Group establishes provisions for current and threatened pending legal proceedings if management is of the opinion that the Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reasonably estimated.

The Group is engaged in litigation proceedings in Switzerland linked to fraudulently approved contracts where a claim for approximately CHF 33 million has been filed. The Group is defending the case vigorously and it is not practicable to estimate the Group's possible loss in relation to these matters.

The Group does not expect the ultimate resolution of any of the proceedings to which the Group is party to have a significantly adverse effect on its financial position.

39. RETIREMENT BENEFIT OBLIGATIONS

The Group operates two plans which under IFRS are classified as defined benefit plans. These plans are in Switzerland ("the Switzerland plan") and Channel Islands ("the Channel Islands plan"). The Switzerland plan is not technically a defined benefit plan, however due to a minimum guaranteed return in Swiss pension legislation, this fund is classified under IFRS as a defined benefit plan though the Group has no obligation relative to this fund other than to provide the minimum guaranteed return.

The Group operates a defined benefit plan in the Channel Islands ("the Channel Islands plan") which is not aggregated with the plan in Switzerland ("the Switzerland plan"), due to its relative size. The Channel Islands plan has funded obligations of CHF 4.5 million, the fair value of plan assets is CHF 4 million and the unfunded liability increased by CHF 0.4 million in the current year.

The Group applies the corridor approach, whereby actuarial gains and losses are recognised over the remaining working lives of the employees as income or expense, if the net cumulative actuarial gains and losses exceed the greater of 10% of the defined benefit obligation and 10% of the fair value of any pension plan assets.

The Switzerland plan - defined benefit

The movement in the present value of the funded obligation, is as follows:

	At 31 December 2009 CHF millions	At 31 December 2008 CHF millions
At 1 January	**189.0**	163.0
Service cost	8.8	7.8
Employee's contributions	6.5	6.2
Benefit payments	(17.1)	1.8
Interest cost	5.1	5.2
Supplemental Cost under IAS 19		6.7
Pension transfers	(4.3)	(4.2)
Actuarial (gain)/loss for the year	(5.6)	2.5
At 31 December	**182.4**	189.0

The movement in the fair value of the plan assets, is as follows:

At 1 January	**167.3**	165.4
Employee's contributions	6.5	6.2
Employer's contributions	12.2	13.0
Benefit payments	(17.1)	1.8
Expected return on plan assets	6.8	6.7
Actuarial loss for the year	(8.3)	(21.6)
Pension transfers	(4.3)	(4.2)
At 31 December	**163.1**	167.3

39. RETIREMENT BENEFIT OBLIGATIONS, (CONTINUED)

Amounts recognised in the Balance sheet, include:

	At 31 December 2009 CHF millions	At 31 December 2008 CHF millions
At 31 December		
Present value of funded obligation	182.4	189.0
Fair value of plan assets	(163.1)	(167.3)
Deficit/(surplus)	19.3	21.7
Unrecognised actuarial loss	(23.7)	(26.5)
Pension (prepaid)/accrual	(4.4)	(4.8)
Unrecognised asset at year end		4.8
Net (asset)/liability recognised in balance sheet	**(4.4)**	-
Experience adjustments on plan liabilities	(3.6)	(4.6)
Experience adjustments on plan assets	(8.3)	(21.6)

None of the plan assets have been pledged as collateral (2008: Nil).

The movement in amounts recognised in the balance sheet, is as follows:

	At 31 December 2009 CHF millions	At 31 December 2008 CHF millions
At 1 January	-	-
Net periodic pension cost	7.8	6.3
Supplemental Cost under IAS 19		6.7
Employer's contributions	(12.2)	(13.0)
Pension prepaid	**(4.4)**	-
At 31 December	**(4.4)**	-

The movement in unrecognised actuarial loss, is as follows:

At 1 January	26.5	2.4
Actuarial (gain)/loss for the year arising on defined benefit obligation	(5.6)	2.5
Actuarial loss arising on the plan assets	8.3	21.6
Effect from asset ceiling	(4.8)	
Loss recognised in year	(0.7)	
At 31 December	**23.7**	26.5

The movement recognised in the Income statement, is as follows:

Service cost	8.8	7.8
Interest cost	5.1	5.2
Expected return on plan assets	(6.8)	(6.7)
Amortization of the corridor's variance	0.7	
Net periodic pension cost	**7.8**	6.3
Supplemental Cost under IAS 19		6.7
Total periodic pension cost (note 13)	**7.8**	13.0

The asset allocation, is as follows:

	At 31 December 2009 %	At 31 December 2008 %
Debt instruments	**74.4**	53.7
Equity instruments	**4.1**	16.1
Cash	**21.2**	24.4
Real estate	**0.0**	4.3
Other	**0.3**	1.5
	100.0	100.0

The actual return on plan assets was CHF (1.5) million in 2009.

	31 December 2009 CHF millions	31 December 2008 CHF millions	31 December 2007 CHF millions	31 December 2006 CHF millions	31 December 2005 CHF millions
Present value of Defined benefit obligation	**182.4**	189.0	163.0	149.9	126.1
Fair value of plan assets	**163.1**	167.3	165.4	144.3	119.7
Funded status: under (over) funding	**(19.3)**	(21.7)	2.4	(5.6)	(6.4)
Experience adjustments on plan assets	**(8.3)**	(21.6)	2.1	(1.4)	(5.7)
Experience adjustments on plan liabilities	**(3.6)**	(4.6)	2.6	5.0	1.9

The principal annual actuarial assumptions used, were as follows:

	At 31 December 2009 %	At 31 December 2008 %
Discount rate (p.a)	**3.00**	2.75
Expected return on plan assets (p.a.)	**4.00**	4.00
Future salary increases (p.a.)	**1.00**	1.00
Future pension increases (p.a.)	**0.00**	0.00
Turnover (average) (p.a.)	**9.20**	9.90
	Age	Age
Retirement age (Male/Female)	**65/64**	65/64

The assumptions regarding expected mortality rates are set based on advice, published statistics and experience. The average life expectancy at 31 December 2009 (based on the average age of 68.5) for current male pensioners is 15.4 years and for current female pensioners (based on the average age of 66.8) is 19.5 years (based on the LPP 2005 tables).

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and real estate investments reflect long-term real rates of return experienced in the respective markets.

The expected contributions to the post-employment benefit plan for the year ending 31 December 2010 are CHF 14.1 million.

40. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

The following is an analysis of the movement of share capital and share premium. The par value of EFG International's registered shares issued is CHF 0.50 (ordinary shares) and the par value of the Group's Bons de Participation "B" (Preference shares) is CHF 15. All of the EFG International shares and Bons de Participation "B" are fully paid.

40.1 Share Capital

	Ordinary shares with voting right CHF millions	Bons de Participation without voting right* CHF millions	Treasury Shares Ordinary Shares CHF millions	Treasury Shares Bons de Participation B* CHF millions	Net CHF millions
At 1 January 2008	73.3	6.0	(0.8)	(0.1)	78.4
Ordinary shares repurchased			(1.1)		(1.1)
At 31 December 2008	73.3	6.0	(1.9)	(0.1)	77.3
Ordinary shares sold			0.5		0.5
Ordinary shares repurchased			(4.7)		(4.7)
Bons de Participation sold				0.1	0.1
At 31 December 2009	**73.3**	**6.0**	**(6.1)**	**-**	**73.2**

40.2 Share Premium

	Ordinary shares with voting right CHF millions	Bons de Participation without voting right* CHF millions	Treasury Shares Ordinary Shares CHF millions	Treasury Shares Bons de Participation B* CHF millions	Net CHF million
At 1 January 2008	1,324.7	2.0	(56.3)	(7.3)	1,263.1
Options sold**	5.9				5.9
Ordinary shares repurchased			(63.7)		(63.7)
At 31 December 2008	1,330.6	2.0	(120.0)	(7.3)	1,205.3
Bons de Participation sold				2.7	2.7
Loss on disposal of Bons de Participation transferred to Other reserves				4.6	4.6
Ordinary shares sold			14.7		14.7
Ordinary shares repurchased			(69.9)		(69.9)
At 31 December 2009	**1,330.6**	**2.0**	**(175.2)**	**-**	**1,157.4**

* *Each Bons de Participation B represents the part of the Fiduciary Certificate issued by EFG International AG and are also linked to an interest in the Class B share issued by EFG Finance (Guernsey) Ltd.*

** *In 2008 the Group sold 457,997 options with a strike price of CHF 24.00 per share, and received CHF 12.25 in option premium for each option sold, and 14,982 options with a strike price of zero and received CHF 29.23 in option premium for each zero strike option sold. These options can be exercised 5 to 7 years after issue.*

40.3 Number of shares

The following is an analysis of the movement in the number of shares issued by the Group:

	Ordinary shares with voting right	Bons de Participation without voting right	Treasury Shares Ordinary Shares	Treasury Shares Bons de Participation B	Net
Nominal	CHF 0.50	CHF 15.--	CHF 0.50	CHF 15.--	
At 1 January 2008	146,670,000	400,000	(1,642,791)	(4,965)	
Ordinary shares repurchased			(2,232,036)		
At 31 December 2008	146,670,000	400,000	(3,874,827)	(4,965)	
Ordinary shares sold			1,072,167		
Ordinary shares repurchased			(9,480,434)		
Bons de Participation sold				4,965	
At 31 December 2009	**146,670,000**	**400,000**	**(12,283,094)**	**-**	
Net share capital (CHF milions)	**73.3**	**6.0**	**(6.1)**	**-**	**73.2**

All transactions on EFG International AG shares were traded at market prices on the Swiss Exchange. The total number of shares acquired during 2009 is 9,480,434 and the total number of shares sold during 2009 is 1,072,167. The average purchase price of the treasury shares repurchased in the period was CHF 7.92 per share (ranging from a low of CHF 6.53 to a high of CHF 18.90). The average price per share sold was CHF 14.17.

Contingent capital

The share capital may be increased by a maximum of CHF 2,282,500 by issuing up to 4,565,000 fully paid up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to officers and employees at all levels of the company and its group companies. The preferential subscription rights of the shareholders and participants are excluded in favour of the holders of the option rights.

Authorised capital

The Board of directors is authorised, at any time until 29 April 2010, to increase the share capital by a maximum of CHF 9,165,000 by issuing up to 18,330,000 fully paid up registered shares with a face value of CHF 0.50 each. Increase by firm underwriting, partial increases as well as increases by way of conversion of own free funds are permissible.

The Board of directors is authorised until 29 April 2010 to increase the participation capital up to a maximum aggregate amount of CHF 15,000,000, through the issuance of a maximum of 1,000,000 Class C registered participation certificates, which shall be fully paid in, with a face value of CHF 15 per certificate. Partial increases are permissible.

The Board of directors is authorised until 29 April 2010 to increase the participation capital up to a maximum aggregate amount of CHF 12,000,000, through the issuance of a maximum of 400,000 Class D registered participation certificates, which shall be fully paid in, with a face value of CHF 30 per certificate. Partial increases are permissible.

41. OTHER RESERVES

	IAS 39 equity CHF millions	Employee share option plan CHF millions	Other CHF millions	Total CHF millions
Balance at 1 January 2008	7.2	10.6	499.3	517.1
Minority put option*			(36.0)	(36.0)
Employee stock option plan		20.4		20.4
Fair value (losses)/gains on available-for-sale investment securities, before tax	66.5			66.5
Transfer to net profit of realised available-for-sale investment securities reserve, before tax	(107.6)			(107.6)
Tax effect on changes in fair value of available-for-sale investment securities	(4.3)			(4.3)
Currency translation adjustments			(296.0)	(296.0)
At 31 December 2008	(38.2)	31.0	167.3	160.1
At 1 January 2009	**(38.2)**	**31.0**	**167.3**	**160.1**
Minority put option**			12.6	12.6
Other Reserves adjustments			(1.4)	(1.4)
Employee stock option plan		25.0		25.0
Fair value (losses)/gains on available-for-sale investment securities, before tax	(19.5)			(19.5)
Transfer to net profit of realised available-for-sale investment securities reserve, before tax	(25.2)			(25.2)
Tax effect on changes in fair value of available-for-sale investment securities	3.2			3.2
Transfer to Other reserves on disposal of Bons de Participation			(4.6)	(4.6)
Currency translation adjustments			9.9	9.9
At 31 December 2009	**(79.7)**	**56.0**	**183.8**	**160.1**

* *Minority put option represents the put options of the minority shareholders of Asesores y Gestores Financieros SA which give rise to a financial liability that corresponds to the estimated discounted repurchase amount, which is deducted from shareholders' equity when the put options are created.*

** *In 2009 the minority put option agreement was restructured and an adjustment of CHF 12.6 million has been reflected as a change in equity as a result of the amended terms of the contract. As of 31 December 2009, the financial liability was valued at CHF 22.0 million (2008: CHF 34.4 million).*

42. OFF-BALANCE SHEET ITEMS - CONTINGENT LIABILITIES AND COMMITMENTS

	31 December 2009 CHF millions	31 December 2008 CHF millions
Guarantees issued in favour of third parties	288.3	311.2
Irrevocable commitments	232.7	235.4
Operating lease commitments	156.7	214.8
Total	**677.7**	761.4

The following table summarises the Group's off-balance sheet items by maturity:

	Not later than 1 year CHF millions	1-5 year CHF millions	Over 5 year CHF millions	Total CHF millions
31 December 2009				
Guarantees issued in favour of third parties	181.4	50.2	56.7	288.3
Irrevocable commitments	131.3	93.6	7.8	232.7
Operating lease commitments	30.4	88.2	38.1	156.7
Total	**343.1**	**232.0**	**102.6**	**677.7**
31 December 2008				
Guarantees issued in favour of third parties	206.7	45.8	58.7	311.2
Irrevocable commitments	145.8	88.0	1.6	235.4
Operating lease commitments	30.6	110.3	73.9	214.8
Total	383.1	244.1	134.2	761.4

The financial guarantees maturities are based on the earliest contractual maturity date. The irrevocable commitments maturities are based on the dates on which loan commitments made to customers will cease to exist. Where a Group company is the lessee, the future minimum operating lease payments under non-cancellable operating leases is disclosed in the table above.

43. FIDUCIARY TRANSACTIONS

	31 December 2009 CHF millions	31 December 2008 CHF millions
Fiduciary transactions with third party banks	2,875.3	4,391.2
Deposits with affiliated banks of the Group	936.5	1,032.5
Loans and other fiduciary transactions	8.7	10.6
Total	**3,820.5**	5,434.3

44. SEGMENTAL REPORTING

Pursuant to the adoption of IFRS 8, the Group's segmental reporting is based on how internal management reviews the performance of the Group's operations. The primary split is between Private Banking and Wealth Management, and Asset Management.

The Private Banking and Wealth Management business is managed on a regional basis and is thus split into Switzerland, Asia, America's, United Kingdom and Rest of Europe. The Asian region includes Hong Kong, Singapore, Taiwan and India. The America's region includes United States of America, Canada, Bahamas, Cayman and the PRS business. The Rest of

	Private Banking and Wealth management			
	Switzerland CHF millions	Asia CHF millions	Americas CHF millions	United Kingdom CHF millions
At 31 December 2009				
Segment revenue from external customers	283.8	85.8	74.7	131.0
Tangible assets and software depreciation	(8.8)	(1.8)	(1.9)	(1.6)
Cost to acquire intangible assets	(2.4)	(0.5)	(3.4)	(4.8)
Segment expenses	(156.0)	(66.9)	(65.0)	(88.1)
Impairment charges	(4.5)	(2.1)		1.3
Segment profit before tax	112.1	14.5	4.4	37.8
Income tax expense	(7.6)	(3.0)	1.5	(7.6)
Net profit for the period	104.5	11.5	5.9	30.2
Net loss/(profit) attributable to non-controlling interests	(1.1)	0.3		
Net profit attributable to Group shareholders	**103.4**	**11.8**	**5.9**	**30.2**
Segment assets	15,252.0	5,742.1	714.5	5,046.8
Segment liabilities	14,478.1	5,718.5	660.5	4,742.2
Assets under management	22,393	11,379	15,133	12,504
Employees	542	404	278	487
At 31 December 2008				
Segment revenue from external customers	259.7	95.7	66.8	144.1
Tangible assets and software depreciation	(7.7)	(1.1)	(1.5)	(1.8)
Cost to acquire intangible assets	(2.5)	(0.2)	(3.6)	(2.6)
Segment expenses	(165.0)	(63.8)	(56.4)	(99.4)
Impairment charges	(6.1)	(2.1)	(2.0)	(5.1)
Segment profit before tax	78.4	28.5	3.3	35.2
Income tax expense	(24.3)	(4.4)	(1.8)	(5.2)
Net profit for the period	54.1	24.1	1.5	30.0
Net loss/(profit) attributable to non-controlling interests	28.2	0.1		
Net profit attributable to Group shareholders	82.3	24.2	1.5	30.0
Segment assets	11,417.4	4,908.4	773.0	4,753.2
Segment liabilities	10,739.6	4,873.8	716.4	4,491.9
Assets under management	20,893	9,458	10,344	10,677
Employees	580	405	282	495

Europe includes private banking operations in France, Gibraltar, Luxembourg, Monaco, Spain, Sweden and Derivatives Structured Asset Management.

The Asset Management segment includes Marble Bar Asset Management, C. M. Advisors, EFG Financial Products and the asset management divisions of the United Kingdom and Swiss banks. These are reported as a single segment as they are considered to have similar economic characteristics and provide similar products and services (though provide these products and services to different markets and customer groups).

The basis for expense allocation between segments follows the arm's length principle.

		Asset Management	Corporate Overheads	Eliminations*	Total
Rest of Europe CHF millions	Total CHF millions	CHF millions	CHF millions	CHF millions	CHF millions
121.9	697.2	167.0	11.9	(17.0)	859.1
(3.2)	(17.3)	(4.4)	(0.5)		(22.2)
(7.8)	(18.9)	(46.8)			(65.7)
(124.8)	(500.8)	(112.0)	(43.4)		(656.2)
(0.1)	(5.4)				(5.4)
(14.0)	154.8	3.8	(32.0)	(17.0)	109.6
4.6	(12.1)	8.6	(1.9)		(5.4)
(9.4)	142.7	12.4	(33.9)	(17.0)	104.2
0.9	0.1	(3.2)			(3.1)
(8.5)	**142.8**	**9.2**	**(33.9)**	**(17.0)**	**101.1**
3,005.9	29,761.3	2,522.9	1,308.1	(12,942.3)	20,650.0
2,670.4	28,269.7	2,148.1	936.2	(12,942.3)	18,411.7
16,349	77,758	9,947	1,445	(1,470)	87,680
377	2,088	281	25		2,394
126.6	692.9	249.4	22.9	(18.9)	946.3
(2.7)	(14.8)	(3.8)	(0.5)		(19.1)
(6.3)	(15.2)	(36.5)			(51.7)
(116.3)	(500.9)	(105.1)	(32.7)		(638.7)
(0.1)	(15.4)				(15.4)
1.2	146.6	104.0	(10.3)	(18.9)	221.4
12.6	(23.1)	0.4	(2.8)		(25.5)
13.8	123.5	104.4	(13.1)	(18.9)	195.9
0.6	28.9	(2.9)			26.0
14.4	152.4	101.5	(13.1)	(18.9)	221.9
2,952.5	24,804.5	1,975.2	1,365.3	(9,250.7)	18,894.3
2,632.3	23,454.0	1,565.0	868.6	(9,250.7)	16,636.9
14,842	66,214	10,548	1,799	(1,376)	77,185
409	2,171	259	25		2,455

* *External revenues from clients have been recognised in both the Asset Management and Private Banking segments related to asset management mandates for private banking clients. This double count is eliminated to reconcile to the total operating income.*

45. ANALYSIS OF SWISS AND FOREIGN ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
At 31 December 2009			
Assets			
Cash and balances with central banks	217.9	47.5	265.4
Treasury bills and other eligible bills	212.1	558.7	770.8
Due from other banks	3,921.9	(402.3)	3,519.6
Loans and advances to customers	2,677.8	5,539.7	8,217.5
Derivative financial instruments	163.9	122.0	285.9
Financial assets designated at fair-value			
Trading Assets	310.5		310.5
Designated at inception	61.2	653.6	714.8
Investment securities			
Available-for-sale	131.3	4,167.8	4,299.1
Held-to-maturity	59.6	450.9	510.5
Intangible assets	154.7	1,336.6	1,491.3
Property, plant and equipment	20.3	35.7	56.0
Deferred income tax assets	7.7	24.7	32.4
Other assets	52.6	123.6	176.2
Total assets	**7,991.5**	**12,658.5**	**20,650.0**
Liabilities			
Due to other banks	3,157.8	(2,710.7)	447.1
Due to customers	4,597.6	11,130.3	15,727.9
Derivative financial instruments	411.7	42.3	454.0
Financial liabilities designated at fair value	78.3	335.8	414.1
Other financial liabilities	1,002.0		1,002.0
Current income tax liabilities	0.8	8.3	9.1
Deferred income tax liabilities	23.1	28.4	51.5
Other liabilities	127.4	178.6	306.0
Total liabilities	**9,398.7**	**9,013.0**	**18,411.7**
Equity			
Share capital	73.2		73.2
Share premium	1,157.4		1,157.4
Other reserves	200.0	(39.9)	160.1
Retained earnings	282.0	480.0	762.0
Total shareholders' equity	**1,712.6**	**440.1**	**2,152.7**
Non-controlling interests	7.4	78.2	85.6
Total shareholders' equity	**1,720.0**	**518.3**	**2,238.3**
Total equity and liabilities	**11,118.7**	**9,531.3**	**20,650.0**

45. ANALYSIS OF SWISS AND FOREIGN ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY, (CONTINUED)

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
At 31 December 2008			
Assets			
Cash and balances with central banks	70.6	44.6	115.2
Treasury bills and other eligible bills	53.0	20.7	73.7
Due from other banks	741.4	2,989.2	3,730.6
Loans and advances to customers	2,420.9	5,003.4	7,424.3
Derivative financial instruments	221.4	231.4	452.8
Financial assets designated at fair-value			
Trading Assets	79.7	640.6	720.3
Designated at inception		533.4	533.4
Investment securities			
Available-for-sale	1,041.6	2,309.8	3,351.4
Held-to-maturity	59.6	454.5	514.1
Intangible assets	82.4	1,680.6	1,763.0
Property, plant and equipment	23.4	33.7	57.1
Deferred income tax assets	6.7	19.1	25.8
Other assets	20.9	111.7	132.6
Total assets	4,821.6	14,072.7	18,894.3
Liabilities			
Due to other banks	110.6	290.3	400.9
Due to customers	1,894.3	12,319.1	14,213.4
Derivative financial instruments	199.9	259.7	459.6
Financial liabilities designated at fair value	16.5	246.6	263.1
Debt securities in issue	679.6		679.6
Current income tax liabilities	22.8	(9.9)	12.9
Deferred income tax liabilities	4.1	61.9	66.0
Other liabilities	71.7	469.7	541.4
Total liabilities	2,999.5	13,637.4	16,636.9
Equity			
Share capital	77.3		77.3
Share premium	1,205.3		1,205.3
Other reserves	200.0	(39.9)	160.1
Retained earnings	310.1	409.5	719.6
Total shareholders' equity	1,792.7	369.6	2,162.3
Non-controlling interests	1.8	93.3	95.1
Total shareholders' equity	1,794.5	462.9	2,257.4
Total equity and liabilities	4,794.0	14,100.3	18,894.3

46. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

46.1 Basic

	31 December 2009 CHF millions	31 December 2008 CHF millions
Net profit for the period	101.1	221.9
Estimated, pro-forma accrued dividend on Bons de Participation	(24.5)	(30.3)
Net profit for the period attributable to ordinary shareholders	**76.6**	191.6
Weighted average number of ordinary shares - *'000s of shares*	135,411	143,661
Basic earnings per ordinary share - CHF	0.57	1.33

Basic earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares owned by the Group amounting to 11,259,212 (2008: 3,008,631). For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by an estimated, pro-forma accrued dividend on the Bons de Participation. The latter has been computed by using a dividend rate from 1st January 2009 until 30 April 2009 of 4.716%, 3.697% from 1 May 2009 until 30 October 2009 and a rate of 3.795% thereafter.

46.2 Diluted

	31 December 2009 CHF millions	31 December 2008 CHF millions
Net profit for the period	101.1	221.9
Estimated, pro-forma accrued dividend on Bons de Participation	(24.5)	(30.3)
Net profit for the period attributable to ordinary shareholders	**76.6**	191.6
Diluted-weighted average number of ordinary shares - *'000s of shares*	139,431	144,664
Diluted earnings per ordinary share - CHF	0.55	1.32

Pursuant to its employee stock option plan, EFG International issued in 2009 options to purchase 4,555,853 (2008: 2,197,275) shares of EFG International which increased the diluted-weighted average number of ordinary shares of EFG International by 4,020,325 (2008: 1,002,747) shares to 139,431,113 (2008: 144,664,116) shares. Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilutive impact of potential unissued shares. For information regarding the EFG International stock option plan, see note 49.

47. DIVIDEND PER SHARE

Final dividends per share are not accounted for until they have been ratified at the Annual General Meeting on 28 April 2010. A dividend in respect of 2009 of CHF 0.10 (2008: CHF 0.25) per share amounting to approximately CHF 13.4 million, net of dividends not payable on treasury shares (2008: CHF 33.3 million) is to be proposed. The financial statements for the year ended 31 December 2009 do not reflect this resolution, which will be accounted for in shareholders' equity as an appropriation of retained profits, in the year ending 31 December 2010.

	31 December 2009 CHF millions	31 December 2008 CHF millions
Dividends on ordinary shares		
CHF 0.25 per share related to 2008 paid in 2009	33.3	
CHF 0.35 per share related to 2007 paid in 2008		50.2
	33.3	50.2
Dividends on Bons de Participation		
For the period 1 November 2007 to 30 April 2008 at 4.816%		15.1
For the period 1 May 2008 to 30 October 2008 at 4.876%		15.3
For the period 1 November 2008 to 30 April 2009 at 4.716%	14.2	
For the period 1 May 2009 to 30 October 2009 at 3.697%	11.2	
	25.4	30.4

48. RELATED PARTY TRANSACTIONS

48.1 Related party transactions

	EFG Group CHF millions	Key management personnel CHF millions
31 December 2009		
Assets		
Due from other banks	81.4	
Derivatives	0.5	
Loans and advances to customers		16.9
Investment securities	4.1	
Other assets	2.9	
Liabilities		
Due to other banks	39.9	
Due to customers	0.2	138.7
Year ended 31 December 2009		
Interest income	8.8	0.5
Interest expense		(0.5)
Commission income	1.3	0.4
Commission expense	(0.9)	
Net other income	2.0	
Other operating expenses	(1.9)	

48.1 Related party transactions, (continued)

	EFG Group CHF millions	Key management personnel CHF millions
31 December 2008		
Assets		
Due from other banks	297.8	
Derivatives	0.4	
Loans and advances to customers	0.1	15.5
Investment securities	4.0	
Liabilities		
Due to other banks	21.6	
Derivatives	3.5	
Due to customers	1.6	22.2
Other liabilities	0.8	
Year ended 31 December 2008		
Interest income	38.7	1.4
Interest expense	(2.0)	(0.2)
Commission income	1.2	
Commission expense	(1.1)	
Net other income	2.2	
Other operating expenses	(0.7)	

A number of banking transactions are entered into with related parties in the normal course of business. These include loan, deposits, derivative transaction and provision of services. The amounts Due from other banks reflects cash deposits by the Group with EFG Eurobank Ergasias of CHF 74.4 million, which like other third party amounts classified as Due from other Banks are unsecured and placed on an arm's length basis. Due to other banks reflects mainly callable deposits made by EFG European Financial Group SA with Group companies on which interest rates of 0.1% are being paid.

Key management personnel includes directors and key management of the company and its parent, and closely linked parties.

No provisions have been recognised in respect of loans given to related parties (2008: Nil).

48.2 Key management compensation (including directors)

The compensation of the members of the Executive Committee relating to the year 2009 comprised of cash compensation of CHF 7,323,296 (2008: CHF 6,434,541), pension contributions of CHF 282,110 (2008: CHF 366,340) and stock options valued at approximately CHF 4,250,000 (2008: CHF 8,233,333). Other compensation of CHF 2,855,764 (2008: CHF 1,566,340) includes provision for payments under a long term incentive plan of CHF 1,800,000 which would be payable in the future (2008: CHF 1,200,000) and an amount of CHF 814,286 representing a pro rata indemnity recognised over 3.5 years (2008: Nil).

The compensation of the members of the Board of Directors relating to the year 2009 comprised of cash compensation of CHF 926,667 (2008: CHF 860,000) and compensation for other services of CHF 133,333.

For additional details required under Swiss Law (SCO 663) see note 19 of the parent company financial statements on page 169.

49. STOCK OPTION PLAN

EFG International launched it's Employee Stock Option Plan in 2006. These options have a vesting period of between three and four years and may be exercised at any time during a period beginning five years from the grant date and ending seven years from the grant date. No options were exercised during the year.

The expense recorded in the income statement spreads the cost of the grant equally over the vesting period. Assumptions are made concerning the forfeiture rate which is adjusted during the vesting period so that at the end of the vesting period there is only a charge for vested amounts. Total expense related to the Employee Stock Option Plan in the income statement for the period ended 31 December 2009 was CHF 25.0 million (2008: CHF 20.4 million).

The table below summarises the outstanding options at 31 December 2009 which, when exercised, will each result in the issuance of one ordinary share:

Year granted	Type	Exercise price CHF	At beginning of year	Granted	Lapsed	Outstanding
2006	In-the-money	25.33	754,746			754,746
2007	In-the-money	32.83	964,255		10,000	954,255
2007	At-the-money	49.25	1,229,953			1,229,953
2008	In-the-money	24.00	523,351		16,667	506,684
2008	At-the-money	35.95	774,994		12,717	762,277
2008	Zero strike	0	790,545		16,144	774,401
2009	In-the-money	5.00		1,199,069		1,199,069
2009	Zero strike with 3 year lock-up	0		2,208,355	37,715	2,170,640
2009	Zero strike with 5 year lock-up	0		1,139,548	19,015	1,120,533
			5,037,844	**4,546,972**	**112,258**	**9,472,558**

49.1 2009 option plan

EFG International granted 4,546,972 options in 2009 of which 3,746,972 options were granted related to past services and 800,000 options were granted related to future services. There are three classes of options having an exercise price of CHF 5.00 (“In-the-money Options”), CHF 0 with 3 year lock-up (“Zero strike options with 3 year lock-up”) and CHF 0 with 5 year lock-up (“Zero strike options with 5 year lock-up”) respectively. The in-the-money options have a vesting period of between three and four years, the zero strike options with 3 year lock-ups and the zero strike options with 5 year lock-ups have a vesting period of three years. The deemed value of each In-the-money Options was estimated to be CHF 1.54, each Zero Strike Option with 3 year lock-up at CHF 6.83 and each Zero Strike Option with 5 year lock-up at CHF 5.30. The values were determined using a modified version of the Black Scholes Merton formula which takes into account expected dividend yield as well as other funding costs during the period between the end of the vesting period and the earliest exercise date.

The significant inputs into the model were spot share price (CHF 8.07), expected volatility (40%), dividend yield (3%), other funding costs (5%) the expected life of the options (72 months) and the risk free rate (1.4%). Expected volatility was calculated using estimates of the expected volatility over the expected life of the options after taking account of third party quotes, historic volatility and volatility of other private banks listed in Switzerland.

The expected life of the options has been assumed to be the mid-point of the exercise period. The risk free rate is the yield on Swiss treasury notes with an outstanding maturity of 72 months as of the grant date. Dividend yield has been calculated according to management’s estimates of the long term dividend payments. Other funding costs represent adjustments made by market participants when pricing options that cannot be hedged or exercised and, pursuant to IFRS 2, may be applied only after the vesting period.

49.2 2010 option plan

EFG International will grant options in March 2010 at prices to be determined based on the relevant option valuation inputs on the date of issue.

50. INFORMATION RELATING TO THE EFG FIDUCIARY CERTIFICATES IN CIRCULATION

In connection with the EUR 400,000,000 EFG Fiduciary Certificates, which were issued by Banque de Luxembourg on a fiduciary basis, in its own name but at the sole risk and for the exclusive benefit of the holders of the EFG Fiduciary Certificates, Banque de Luxembourg acquired 400,000 Class B Bons de Participation issued by EFG International and 400,000 Class B Shares issued by EFG Finance (Guernsey) Limited. The proceeds of issue of the Class B Shares issued by EFG Finance (Guernsey) Limited were invested by EFG Finance (Guernsey) Limited in income generating assets. The sole eligibility criterion for investing the proceeds of issue of the Class B Shares is that the investments have an investment grade credit rating of at least BBB- from Standard & Poor's, or an equivalent credit rating from Moody's or Fitch.

51. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	31 December 2009 CHF millions	31 December 2008 CHF millions
Character of client assets		
Third party funds	**20,049**	15,069
Equities	**13,209**	10,487
Deposits	**16,382**	15,487
Bonds	**10,624**	8,990
Structured notes	**8,983**	5,026
Loans	**8,183**	7,766
EFG funds	**4,306**	6,661
Fiduciary deposits	**3,820**	5,434
EFG International locked-up shares	**1,446**	1,799
Other	**678**	466
Total Assets under Management	**87,680**	77,185
Total Assets under Administration	**9,424**	8,800
Total	**97,104**	85,985

Assets under Administration are trust assets administered by the Group.

	31 December 2009 CHF millions	31 December 2008 CHF millions
Assets under Management		
Character of assets under management:		
Assets in own administrated collective investment schemes	1,689	2,479
Assets with discretionary management agreements	21,044	22,714
Other assets under management	56,764	44,226
Total Assets under Management (including double counts)	79,497	69,419
Thereof double counts	*1,511*	*969*
Loans	8,183	7,766
Total Assets under Administration	9,424	8,800
Total	**97,104**	85,985
Net new asset inflows (including double counts)	6,305	13,195

Double counts primarily include the self-managed collective investment schemes and structured products issued by Group companies which are also included in customer portfolios and already included in assets under management.

The net new asset inflows includes individual cash payments, security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients, commissions, interest and fees charged for banking services are not included as they do not reflect success in acquiring assets under management. Furthermore, changes due to currency and market movements as well as asset inflows and out-flows due to the acquisition or divestiture of businesses are not part of net new assets.

52. POST BALANCE SHEET EVENTS

On 8 March 2010 an agreement was signed with sellers/principals of Marble Bar Asset Management business whereby the earnout agreement has been terminated and replaced with a 20% profit participation by the managers/principals. As a result, the Group's profit entitlement has decreased from 100% to 80% of the businesses pre tax profit generation (before non-controlling interests), thereby ensuring an improved structural alignment between the interests of the managers/principals and the Group.

53. BOARD OF DIRECTORS

The Board of Directors of EFG International AG comprises:

Jean Pierre Cuoni*, Chairman
Emmanuel L. Bussetil
Erwin Richard Caduff*, Appointed on the 29th April 2009
Spiro J. Latsis
Hugh Napier Matthews*
Hans Niederer*
Périclès Petalas
Apostolos Tamvakakis, Appointed and resigned during 2009

* independent directors.

54. SWISS BANKING LAW REQUIREMENTS

The Group is subject to consolidated supervision by Swiss Financial Markets Supervisory Authority. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS). Set out below are the deviations which would result if the provisions of the Banking Ordinance and the Guidelines of Swiss Financial Markets Supervisory Authority governing financial statement reporting, pursuant to Article 23 through Article 27 of Banking Federal Ordinance, were applied in the preparation of the consolidated financial statements of the Group.

(a) Financial investments

Under IFRS, available-for-sale financial investments are carried at fair value. Changes in the fair value of available-for-sale financial investments are recorded as increases or decreases to shareholders' equity (see consolidated statement of comprehensive income) until an investment is sold, collected or otherwise disposed of, or until an investment is determined to be impaired. At the time an available-for-sale investment is determined to be impaired, the cumulative unrealised gain or loss previously recognised in shareholders' equity is included in net profit or loss for the period. On disposal of an available-for-sale investment, the difference between the net disposal proceeds and carrying amount, including any previously recognised unrealised gain or loss arising from a change in fair value reported in shareholders' equity, is included in the statement of income for the period.

Under Swiss law, financial investments are carried at the lower of cost or market value. Reductions, as well as gains or losses on disposals, are included in gains and losses from other securities.

(b) Fair value option

Under IFRS, the Group has two sub-categories of financial assets, those held for trading, and those designated as fair-value-through-profit-and-loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Under Swiss law, the fair value option is not available. Hybrid instruments are bifurcated: the embedded derivative is marked to market through net trading income and the host contract is accounted for on an accrued cost basis. No own credit adjustments are booked for hybrid instruments. Generally, loans are accounted for at amortized cost less impairment, loan commitments stay off-balance sheet and fund investments are accounted for as financial investments.

(c) Derivative financial instruments

Under the specific rules of IAS 39, the majority of the Group's derivative financial instruments are classified as trading and reflected on the balance sheet at fair values. Changes in fair values are reflected in net trading income and replacement values are reported on a gross basis, unless certain restrictive requirements are met.

Under Swiss law, the majority of the Group's derivative instruments qualify for hedge accounting and are recorded on balance sheet at their fair values (gross positive and negative replacement values). Changes in fair values are accounted for in accordance with the accounting treatment of the item being hedged. Replacement values are reported on a net basis, provided the netting agreements are legally enforceable.

(d) Goodwill and Intangible Assets

Under both IFRS and under Swiss law, goodwill and intangible assets resulting from acquisitions and mergers are capitalised in the balance sheet.

Under IFRS, goodwill is not amortised but is tested for impairment at least annually and is carried at cost less accumulated impairment losses. Intangible assets are amortised on a systematic basis over their useful lives. In addition, intangible assets are tested for impairment when there is any indication that the asset may be impaired. Intangible assets are carried at cost less amortisation and accumulated impairment losses.

Under Swiss law, goodwill and intangible assets are amortised over the estimated economic life on a straight-line basis. The net carrying value of intangible assets is, in addition, reappraised annually, with any reduction to the net carrying value taken immediately as an expense in the income statement.

(e) Extraordinary income and expense

Under IFRS, items of income and expense can only be classified as extraordinary if they are clearly distinct from the ordinary activities and their occurrence is expected to be rare.

Under Swiss law, income and expense items related to other accounting periods, as long as they are attributable to corrections or mistakes from previous periods, and/or not directly related with the core business activities of the enterprise (e.g. realised gains on sale of investments in associated undertakings or property, plant and equipment) are recorded as extraordinary income or expense.

(f) Discontinued operations

Under IFRS, assets and liabilities of an entity held-for-sale are separated from the ordinary balance sheet positions and reported in separate discontinued operations items. In addition, such assets and liabilities are remeasured at the lower of their carrying value or fair value less cost to sell.

Under Swiss law, these positions remain in the ordinary balance sheet positions until disposal and are not remeasured.

Report of the statutory auditor
to the general meeting of
EFG International AG
Zurich

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of EFG International AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes (set out from pages 76 to 159), for the year ended 31 December 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Alex Astolfi Audit Expert Auditor in charge	Christophe Kratzer Audit expert

Geneva, 16 March 2010

PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

EFG International, Zurich

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

EFG INTERNATIONAL, ZURICH

	Note	Year ended 31 December 2009 CHF millions	Year ended 31 December 2008 CHF millions
Income			
Interest income from subsidiaries		14.0	23.3
Income from subsidiaries	13	38.5	44.7
Gain on disposal of shares in subsidiary			4.6
Foreign exchange gain		9.0	
Total income		**61.5**	72.6
Expenses			
Staff expenses		(23.2)	(15.3)
Operating expenses	14	(17.2)	(11.6)
Depreciation		(10.6)	(10.6)
(Impairment)/reversal of impairment of investment in subsidiaries		(0.5)	2.4
Foreign exchange loss			(56.1)
Tax expense		(2.3)	(0.7)
Total expenses		**(53.8)**	(91.9)
Net profit/(loss)		**7.7**	(19.3)

BALANCE SHEET AS AT 31 DECEMBER 2009

EFG INTERNATIONAL, ZURICH

	Note	Year ended 31 December 2009 CHF millions	Year ended 31 December 2008 CHF millions
Assets			
Due from subsidiaries		7.1	56.3
Other assets		0.6	6.8
Current assets		**7.7**	63.1
Investments in subsidiaries		1,635.1	1,593.5
Subordinated loans to subsidiaries		276.9	267.7
Tangible fixed assets		0.1	0.1
Intangible assets		1.1	1.5
Formation costs		7.9	18.0
Non current assets		**1,921.1**	1,880.8
Total assets		**1,928.8**	1,943.9
Liabilities			
Due to subsidiaries		9.4	0.6
Accrued expenses and deferred income		14.0	12.2
Other liabilities		5.9	6.0
Current liabilities		**29.3**	18.8
Total liabilities		**29.3**	18.8
Equity			
Share capital	11	79.3	79.3
General legal reserve	15	1,357.3	1,357.3
Other reserves		251.6	361.3
Reserve for own shares		200.2	140.8
Retained earnings	16	3.4	5.7
Net profit/(loss) for the period		7.7	(19.3)
Total shareholders' equity		**1,899.5**	1,925.1
Total shareholders' equity and liabilities		**1,928.8**	1,943.9

EFG International AG Parent Company financial statements are prepared in accordance with Swiss Code of Obligations.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1. CONTINGENT LIABILITIES

EFG International AG has entered into several guarantee agreements with subsidiaries which could lead to potential obligations of CHF 1,684 million (2008: CHF 1,294 million).

2. BALANCE SHEET ASSETS WITH RETENTION OF TITLE TO SECURE OWN OBLIGATIONS

There are no such assets.

3. OFF-BALANCE SHEET OBLIGATIONS RELATING TO LEASING CONTRACTS

There are no such obligations.

4. FIRE INSURANCE VALUE OF TANGIBLE FIXED ASSETS

Tangible fixed assets amount to CHF 0.1 million and are covered by the fire insurance of a subsidiary for the Zurich premises for a total amount of CHF 1.2 million.

5. LIABILITIES RELATING TO PENSION PLANS AND OTHER RETIREMENT BENEFIT OBLIGATIONS

There are no such liabilities.

6. BONDS ISSUED

There are no such liabilities.

7. PRINCIPAL PARTICIPATIONS

The company’s principal participations are shown in the note 30, page 129, to the consolidated financial statements.

8. RELEASE OF UNDISCLOSED RESERVES

There are no undisclosed reserves.

9. REVALUATION OF LONG-TERM ASSETS TO HIGHER THAN COST

There was no such revaluation.

10. OWN SHARES HELD BY THE COMPANY AND BY GROUP COMPANIES

At 31 December 2009, 0 Bons de Participations “B” (2008: 4,965) and 12,283,094 registered shares (2008: 3,874,827) were held by subsidiaries. See note 40.3 of consolidated financial statements on page 145.

11. SHARE CAPITAL

	31 December 2009 CHF millions	31 December 2008 CHF millions
146,670,000 registered shares at the nominal value of CHF 0.50	73.3	73.3
400,000 Bons de Participation "B" at the nominal value of CHF 15.–	6.0	6.0
Total share capital	**79.3**	79.3
Conditional share capital	2.3	2.3
Authorised share capital	115.5	115.5

Conditional share capital

The share capital may be increased by a maximum of CHF 2,282,500 by issuing up to 4,565,000 fully paid up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to officers and employees at all levels of the company and its group companies. The preferential subscription rights of the shareholders and participants are excluded in favor of the holders of the option rights.

Authorised share capital

The Board of directors is authorised, at any time until 29 April 2010, to increase the share capital by a maximum of CHF 9,165,000 by issuing up to 18,330,000 fully paid up registered shares with a face value of CHF 0.50 each. Increase by firm underwriting, partial increases as well as increases by way of conversion of own free funds are permissible.

The Board of directors is authorised until 29 April 2010 to increase the participation capital up to a maximum aggregate amount of CHF 15,000,000, through the issuance of a maximum of 1,000,000 Class C registered participation certificates, which shall be fully paid in, with a face value of CHF 15 per certificate. Partial increases are permissible.

The Board of directors is authorised until 29 April 2010 to increase the participation capital up to a maximum aggregate amount of CHF 12,000,000, through the issuance of a maximum of 400,000 Class D registered participation certificates, which shall be fully paid in, with a face value of CHF 30 per certificate. Partial increases are permissible.

12. SIGNIFICANT SHAREHOLDERS

The significant shareholders and groups of shareholders, whose participation exceed 5% of all voting rights are:

		31 December 2009		31 December 2008
	Shares	Participation of %	Shares	Participation of %
EFG Bank European Financial Group	72,366,556	49.34	72,263,209	49.27
Lawrence D. Howell	8,052,000	5.49	8,052,000	5.49
FMR LLC (Fidelity Management & Research)*	-	-	7,351,190	5.01

* *Notified that holding reduced below 5% threshold of voting rights in 2009.*

13. INCOME FROM SUBSIDIARIES

Income from subsidiaries consists of the following:

	31 December 2009 CHF millions	31 December 2008 CHF millions
Dividends	**9.0**	0.2
Management service fees	**10.3**	29.2
Royalties	**13.2**	14.6
Other services	**6.0**	0.7
Total	**38.5**	44.7

There are no further items requiring disclosure under Art. 663b of the Swiss Code of Obligations.

14. OPERATING EXPENSES

	31 December 2009 CHF millions	31 December 2008 CHF millions
Operating expenses consist of the following:		
Costs incurred by subsidiaries	(3.5)	(1.3)
Other fees paid to subsidiaries	(6.6)	(2.8)
Other operating expenses	(7.1)	(7.5)
Total	**(17.2)**	(11.6)

15. GENERAL LEGAL RESERVE

No amount was allocated to the General Legal Reserve in 2009 and 2008.

16. RETAINED EARNINGS

	31 December 2009 CHF millions	31 December 2008 CHF millions
At 1 January	5.7	-
Net result of prior period	(19.3)	56
Transfer from Other reserves	50.3	
Dividend paid	(33.3)	(50.3)
At 31 December	**3.4**	5.7

17. PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

The Board of Directors proposes (on the provision that the Annual General Meeting approves), that the retained earnings of CHF 13.4 million (comprising the net profit for 2009 of CHF 7.7 million plus the profit brought forward from the previous year of CHF 3.4 million plus the transfer from the other reserves of CHF 2.3 million) be allocated as follows:

– Distribution of a dividend of CHF 0.10 per share (excluding anticipated dividend not payable on shares held by subsidiaries which at 31 December was 12,283,094) - total amount of CHF 13.4 million
– Balance carried forward CHF 0

18. RISK MANAGEMENT

See note 4 of consolidated financial statement on page 95.

19. COMPENSATION OF BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

(i) Compensation year ended 2009

	Base compensation	*Variable compensation*		*Other compensation*		*2009*
	Cash CHF	Cash bonus (1) CHF	Share options (2) CHF	(3) CHF	Social charges CHF	Total CHF
Board of Directors						
Jean Pierre Cuoni, Chairman	660,000				33,330	693,330
Emmanuel L. Bussetil (4)						-
Erwin Richard Caduff (5)	66,667			133,333	12,100	212,100
Spiro J. Latsis (4)						-
Hugh Napier Matthews	100,000				5,050	105,050
Hans Niederer	100,000				5,050	105,050
Périclès Petalas (4)						-
Apostolos Tamvakakis (6)						-
Total Board of Directors	**926,667**	**-**	**-**	**133,333**	**55,530**	**1,115,530**
Executive Committee						
Total Executive Committee	**7,323,296**		**4,250,000**	**2,855,764**	**791,381**	**15,220,441**
of which highest paid:						
Lawrence D. Howell, CEO	3,977,207			51,400	316,179	4,344,786

Notes:

1) The amount represents the recorded expense for the 2009 cash bonuses.
2) The amount represents the value of options granted in 2009 (related to future services) and 2010 (related to past services) to Members of the Executive Committee. For details of the EFG International stock option plan, refer to note 49 of the Consolidated financial statements. The options have a vesting period of between 3 years and 4 years and can be exercised after 3 to 5 years. The value of the share options cannot be compared to the cost that will be used for IFRS purposes in note 49 over the respective vesting periods.
3) Other compensation of the Executive Committee of CHF 2,855,764 includes provision for payments under a long term incentive plan of CHF 1,800,000 which would be payable in the future and an amount of CHF 814,286 representing a pro rata indemnity recognised over 3.5 years.
4) No compensation paid to Director.
5) Appointed on the 29th April 2009.
6) Joined and resigned in 2009.

No compensation has been granted to closely linked parties of members of the Board of Directors.

Members of the Board of Directors and the Executive Committee benefit from the same preferential conditions for transactions executed in-house that are available to all employees of the Group.

(ii) Compensation year ended 2008

	Base compensation	*Variable compensation*		*Other compensation*		*2008*
	Cash CHF	Cash bonus CHF	Share options CHF	CHF	Social charges CHF	Total CHF
Board of Directors						
Jean Pierre Cuoni, Chairman	660,000				46,200	706,200
Emmanuel L. Bussetil						-
Spiro J. Latsis						-
Hugh Napier Matthews	100,000				7,000	107,000
Hans Niederer	100,000				7,000	107,000
Périclès Petalas						-
Total Board of Directors	**860,000**	**-**	**-**	**-**	**60,200**	**920,200**
Executive Committee						
Total Executive Committee	**5,940,194**	**494,347**	**8,233,333**	**1,566,340**	**450,417**	**16,684,631**
of which highest paid:						
Lawrence D. Howell, CEO	1,865,602		5,000,000	66,614	130,592	7,062,808

(iii) Loans and credits

At 31 December 2009 the following loans and credits were granted by subsidiaries to members of the Board of Directors and the Executive Committee and are outstanding at the end of the year.

	2009 CHF	2008 CHF
Cuoni family interests*	7,794,225	7,891,707
Other members of the Board of Directors	-	-
Total Board of Directors	**7,794,225**	7,891,707
Lawrence D. Howell, CEO (highest paid member of Executive Committee)**	516,941	1,672,439
Other members of the Executive Committee	6,347,778	5,285,775
Total Executive Committee	**6,864,719**	6,958,214

** Fully collateralised loans granted to closely linked parties.*

*** Fully cash collateralised loans.*

Interest rates ranging from 0.66% p.a. to 4.26% p.a. are charged on outstanding CHF loans. The loans oustanding at 31 December 2009, mature between 1 and 3 months.

(iv) Shareholdings

At 31 December 2009 the following shareholdings were held by the Board of Directors and the Executive Committee and closely linked parties.

	Shares 2009	Shares 2008	Vested Share Options	Granted Share Options
Board of Directors				
Jean Pierre Cuoni, Chairman	6,836,000	6,836,000		623,087
Emmanuel L. Bussetil				
Erwin Richard Caduff				
Spiro J. Latsis	72,366,556	72,263,209		
Hugh Napier Matthews	7,500	3,500		
Hans Niederer	50,000	50,000		
Pericles Petalas				
Apostolos Tamvakakis				
Executive Committee				
Total Executive Committee	**9,352,374**	9,322,962	610,219	
of which:				
Lawrence D. Howell, CEO	8,052,000	8,052,000	198,289	
Lukas Ruflin	129,412		132,132	
James T. H. Lee	458,962	558,962	132,132	
Rudy van den Steen	600,000	600,000	132,132	
Alain Diriberry	112,000	112,000	9,614	
Frederick Link			5,920	

The 2008 comparatives for the shareholding of the Executive Committee only reflect members of the Committee at 31 December 2009, and any Committee members joining or departing in the year are excluded.

The members of the Executive Committee have been granted 3,675,266 share options which are currently subject to vesting criteria. These would vest in the period 2010 to 2012.

Report of the statutory auditors
to the general meeting of
EFG International AG
Zurich

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of EFG International AG, which comprise the income statement, balance sheet and notes (set out from pages 164 to 171), for the year ended 31 December 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Alex Astolfi	Christophe Kratzer
Audit Expert	Audit expert
Auditor in charge	

Geneva, 16 March 2010

CONTACTS AND ADDRESSES

CONTACTS AND ADDRESSES

EUROPE

SWITZERLAND

ZURICH

EFG International AG
Bahnhofstrasse 12
8001 Zurich
Tel +41 44 226 18 50
www.efginternational.com

EFG Bank AG
Bahnhofstrasse 16 / P.O. Box 2255
8022 Zurich
Tel +41 44 226 17 17
www.efgbank.com

EFG Financial Products AG
Brandschenkestrasse 90 / P.O. Box 1686
8027 Zurich
Tel +41 58 800 10 00
www.efgfp.com

GENEVA

EFG Bank SA
24 Quai du Seujet / P.O. Box 2391
1211 Geneva 2
Tel +41 22 918 71 71

Capital Management Advisors SA
24 Quai du Seujet / P.O. Box 2391
1207 Geneva
Tel +41 22 918 70 50

SIF Swiss Investment Funds SA
26 Quai du Seujet / P.O. Box
1211 Geneva 2
Tel +41 22 918 73 88

SION

EFG Bank SA
Rue de Lausanne 15 / P.O. Box 2026
1950 Sion 2
Tel +41 27 327 77 77

LUGANO

On Finance SA
Via Peri 9D
6900 Lugano
Tel +41 91 910 20 60
www.onfinance.ch

CHANNEL ISLANDS

GUERNSEY

EFG Private Bank (Channel Islands) Limited
P.O. Box 603, EFG House
St. Julian's Ave., St Peter Port
Guernsey GY1 4NN - Channel Islands
Tel +44 1481 730 859

EFG Financial Products (Guernsey) Ltd
EFG House
St. Julian's Avenue, St. Peter Port
Guernsey GY1 4PR
Channel Islands
Tel +44 1481 709 022

JERSEY

EFG Offshore Limited
P.O. Box 641 / 1 Seaton Place
St. Helier, Jersey JE4 8YJ
Channel Islands
Tel +44 1534 605 600

EFG Fund Administration Limited
P.O. Box 641 / 1 Seaton Place
St. Helier, Jersey JE4 8YJ
Channel Islands
Tel +44 1534 605 600

EFG Private Bank (Channel Islands) Limited
Jersey Branch
P.O. Box 641 / 1 Seaton Place
St. Helier, Jersey JE4 8YJ
Channel Islands
Tel +44 1534 605 700

EFG Trust Company Limited
P.O. Box 641 / 1 Seaton Place
St. Helier, Jersey JE4 8YJ
Channel Islands
Tel +44 1534 605 600

FRANCE

PARIS

EFG Gestion Privée
5, Boulevard de la Tour Maubourg
F-75007 Paris
Tel +33 1 44 11 13 00

FINLAND

HELSINKI

EFG Bank AB
Helsinki Branch
Pohjoisesplanadi 25 B
FI-00100 Helsinki
Tel +358 9 668 93 20

GIBRALTAR

EFG Bank (Gibraltar) Limited
1, Corral Road / P.O. Box 561
PMB 6314 Gibraltar
Tel +350 200 40 117

LIECHTENSTEIN

VADUZ

EFG Bank von Ernst AG
Egertastrasse 10
FL-9490 Vaduz
Tel +423 265 53 53
www.efgbankvonernst.com

LUXEMBOURG

EFG Investment (Luxembourg) SA
Villa Marconi, 14, Allée Marconi
Boîte postale 892
L-2018 Luxembourg
Tel +352 26 454 1

EFG Bank (Luxembourg) SA
Villa Marconi, 14, Allée Marconi
Boîte postale 385
L-2013 Luxembourg
Tel +352 26 454 1

MONACO

EFG Bank (Monaco)
Villa Les Aigles
15 avenue d'Ostende
MC 98001 Monaco
Tel +377 93 15 11 11

EFG Financial Products (Monaco) SAM
Villa Les Aigles
15 avenue d'Ostende
MC 98000 Monaco
Tel +377 93 15 11 66

SPAIN

MADRID

EFG Bank (Luxembourg) SA
Sucursal en España
Joaquin Costa 26
28002 Madrid
Tel +34 91 308 93 70

A&G Group
Asesores y Gestores Financieros
Joaquin Costa 26
28002 Madrid
Tel +34 91 308 21 21
www.ayg.es

SWEDEN

STOCKHOLM

EFG Bank AB
Jakobsbergsgatan 16
Box 55963
SE-102 16 Stockholm
Tel +46 8 555 09 400
www.efgbank.se

EFG Life AB
Jakobsbergsgatan 16
Box 55963
SE-102 16 Stockholm
Tel +46 8 555 09 400

Quesada Kapitalförvaltning AB
Kungsgatan 24, Floor 6
SE-111 35 Stockholm
Tel +46 8 456 31 30
www.quesada.se

GÖTEBORG

EFG Bank AB
Götgatan 11, Floor 6
Box 11095
SE-404 22 Göteborg
Tel +46 31 771 86 50

KRISTIANSTAD

EFG Bank AB
Villandsgatan 14
SE-291 31 Kristianstad
Tel +46 44 121 790

UNITED KINGDOM

LONDON

EFG Private Bank Limited
Leconfield House,
Curzon Street
London W1J 5JB
Tel +44 207 491 9111
www.efgl.com

LCB Capital Management (UK) Limited
Leconfield House,
Curzon Street
London W1J 5JB
Tel +44 207 412 3843

Marble Bar Asset Management LLP
11-12 St. James Square
London SW1Y 4LB
Tel +44 20 3023 8100

BIRMINGHAM

EFG Ashby London Financial Services Limited
Newater House
11 Newhall Street
Birmingham B3 3NY
Tel +44 121 200 22 55

EFG Harris Allday
33 Great Charles Street
Birmingham B3 3JN
Tel +44 121 233 1222
www.efgha.com

EFG Platts Fliello Limited
Newater House
11 Newhall Street
Birmingham B3 3NY
Tel +44 121 200 22 55

BANBURY

EFG Harris Allday
4/5 North Bar
Banbury, Oxfordshire, OX16 0TB
Tel +44 1295 262 103

BRIDGNORTH

EFG Harris Allday
25a St. Leonard's Close
Bridgnorth, Shropshire WV16 4EJ
Tel +44 1746 761 444

WORCESTER

EFG Harris Allday
Church Mews
Ombersley, Worcestershire WR9 0EW
Tel +44 1905 619 499

WOLVERHAMPTON

EFG Ashby London Financial Services Limited
Waterloo Court
31 Waterloo Road
Wolverhampton WV1 4DJ
Tel +44 1902 710 402

MIDDLE EAST

UNITED ARAB EMIRATES

DUBAI

EFG Bank Ltd
Dubai International Financial Centre
Gate Precinct Building 5
P.O. Box 506502
Dubai
Tel +971 4 362 1144

ABU DHABI

EFG Bank Ltd - Representative Office (Abu Dhabi)
18th Floor RBS Building
Salam Street
P.O. Box 38950
Abu Dhabi
Tel +971 2 654 7800

ASIA

CHINA

HONG KONG

EFG Bank AG
Hong Kong Branch
18th Floor,
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel +852 2298 3000

EFG Trust Company (Singapore) Ltd
Hong Kong Representative Office
18th Floor,
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel +852 6305 2138

Hong Kong Office Marble Bar Asset Management (HK) Ltd
1706, 17/F One Exchange Square
8 Connaught Place
Central, Hong Kong
Tel +852 3512 4702

EFG Bank AG
Unit 10, 65th Floor
Shangai World Financial Center
100 Century Avenue, Pudong New Area
Shangai 200120
Tel +86 21 61680518

INDIA

MUMBAI

EFG Wealth Management (India) Private Ltd
Marshall Building, 1st Floor
Shoorji Vallabhdas Marg Ballard Estate
Mumbai 400 038
Tel +91 22 6634 9946

BANGALORE

EFG Wealth Management (India) Pvt Ltd
201, Chancellors Chambers
1/33, Ulsoor Road,
Bangalore-560052
Tel +91 80 4310 1000

INDONESIA

JAKARTA

EFG Bank - Representative Office
Wisma 46 Kota BNI
31st Floor, Suite 31.06
Jalan Jend. Sudirman Kav 1
Jakarta 10220
Tel +6221 579 00123

PHILIPPINES

MANILA

EFG Bank AG - Representative Office Philippines
19th Floor Tower 2, The Enterprise Center
Ayala Avenue corner Paseo de Roxas Avenue
Makati City 1226
Tel +632 752 3838

SINGAPORE

EFG Bank Ltd
Singapore Branch
EFG Bank Building
25 North Bridge Road
#07-00
Singapore 179104
Tel +65 95 4888

EFG Trust Company (Singapore) Ltd
EFG Bank Building
25 North Bridge Road
#07-00
Singapore 179104
Tel +65 95 4997

TAIWAN

TAIPEI

EFG Securities Investment Consulting Co. Limited
Suite A-1, 14th Floor, Hung Tai Center
No. 168 Tun Hwa North Road
Taipei
Tel +886 2 8175 0666

THAILAND

BANGKOK

EFG Investment Advisory (Thailand) Co Ltd
Unit 8B, 8th Floor, President Tower
973 Ploenchit Road,
Lumpini, Pathumwan,
Bangkok 10330
Tel +662 686 0800

AMERICAS

USA

MIAMI

EFG Capital International Corp.
701 Brickell Avenue, Ninth Floor
Miami, FL 33131
Tel +1 305 482 8000

EFG Capital International Corp.
720 Crandon Boulevard, Suite 109
Key Biscayne, FL 33149
Tel +1 305 482 8000

EFG Capital Asset Management LLC
701 Brickell Avenue, Ninth Floor
Miami, FL 33131
Tel +1 305 482 8000

PRS International Investment Advisory Services Ltd
801 Brickell Avenue, 16th Floor
Miami, FL 33131
Tel +1 305 381 8340

NEW YORK

EFG Capital International Corp.
805 Third Avenue, 20th Floor
New York, NY 10017
Tel +1 212 753 5700

Capital Management Advisors North America Inc
747 Third Avenue,
(btw 46th/47th Streets), 19th Floor,
New York, NY 10017
Tel +1 212 609 2557

LOS ANGELES

EFG Capital Asset Management LLC
10940 Wilshire Blvd., 24th Floor
Los Angeles, CA 90024
Tel +1 310 208 1590

CANADA

TORONTO

EFG Wealth Management (Canada) Limited
4100 Yonge Street, Suite 612
Toronto, Ontario M2P 2B5
Tel +1 416 250 9400

NIAGARA REGION

EFG Wealth Management (Canada) Limited
80 King St., Suite #615
St. Catharines, Ontario L2R 7G1
Tel +1 905 704 8400

OTTAWA

EFG Wealth Management (Canada) Limited
350 Sparks Street, Suite 909
Ottawa, Ontario K1R 7S8
Tel +1 613 565 4334

MONTREAL

EFG Wealth Management (Canada) Limited
2001 Avenue McGill College, Suite 1300
Montreal, Quebec H3A 1G1
Tel +1 514 315 9133

VANCOUVER

EFG Wealth Management (Canada) Limited
999 Canada Place, Suite 555
Vancouver, BC V6C 3E1
Tel +1 778 370 1650

BAHAMAS

NASSAU

EFG Bank & Trust (Bahamas) Limited
Centre of Commerce, 2nd Floor
1, Bay Street
P.O. Box SS-6289
Nassau
Tel +1 242 502 5400

EFG Bank & Trust (Bahamas) Limited
Lyford Cay Office
P.O. Box SS-6289
Nassau
Tel +1 242 502 5400

BERMUDA

HAMILTON

C.M. Advisors Limited
Thistle House, 4 Burnaby Str.
Hamilton - HM11 Bermuda
Tel +1 441 295 59 29

CAYMAN ISLANDS

EFG Bank
Cayman Branch
3rd Floor, Strathvale House
90 North Church Street
P.O. Box 10360
Grand Cayman KY1-1003
Tel +1 345 943 3350

EFG Wealth Management (Cayman) Ltd
3rd Floor, Strathvale House
90 North Church Street
P.O. Box 10360
Grand Cayman KY1-1003
Tel +1 345 943 3350

COLOMBIA

BOGOTÁ

EFG Bank - Representative Office
Carrera 7 No. 71-21 Torre B Oficina 506
Bogotá D.C.
Tel +571 317 4332

ECUADOR

QUITO

EFG Bank - Representative Office
Av. Amazonas No. 3429 y Nuñez de Vela,
Edifico El Dorado, Oficina 701, Floor 7
Quito
Tel +59322-241195

PERU

LIMA

EFG Asesores Financieros (Perú) SRL
Amador Merino Reyna 295, Of. 501
San Isidro
Lima 27
Tel +511 212 5060

FORWARD LOOKING STATEMENTS

This Annual Report contains statements that are, or may be deemed to be, forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industries in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Prospective investors should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity, and the development of the industries in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Annual Report. These factors include among others (i) the performance of investments;
(ii) our ability to retain and recruit high quality CROs;
(iii) governmental factors, including the costs of compliance with regulations and the impact of regulatory changes;
(iv) our ability to implement our acquisition strategy;
(v) the impact of fluctuations in global capital markets;
(vi) the impact of currency exchange rate and interest rate fluctuations; and (vii) other risks, uncertainties and factors inherent in our business.

EFG International AG is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

CONTACTS

ADDRESS
EFG International AG
Bahnhofstrasse 12
8001 ZURICH
Tel +41 44 226 18 50
Fax +41 44 226 18 55
www.efginternational.com

INVESTOR RELATIONS
Tel +41 44 212 73 77
investorrelations@efginternational.com

MEDIA RELATIONS
Tel +41 44 212 73 87
mediarelations@efginternational.com

DESIGN phg Pascale Henriod, Nyon
PHOTOS Studio PEP, Geneva and Right To Play
PRINT Printlink AG, Zurich

This Annual Report is also printed in German and French