

2004

Annual Report

EFG  Bank



EFG Bank benefits from the substantial capital reserves and resources of EFG Group, Switzerland's fifth-largest banking group. The Group's 14,500 employees serve clients from offices in 19 countries.

EFG Group — Key Numbers

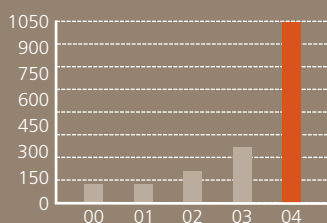
year 2004	(in CHF million)
Total Balance Sheet	55,000
Shareholders' Equity	4,300
Operating Income	2,500
Clients' Funds generating revenues	78,000

unaudited

Important: EFG Private Bank SA changed its name to EFG Bank effective February 21, 2005

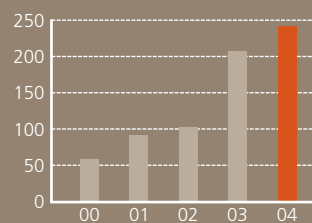
EFG Bank

Consolidated Financial Highlights



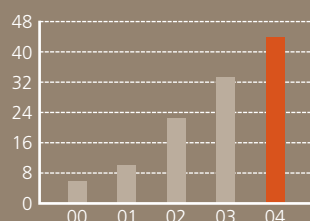
Total BIS Capital

in CHF million



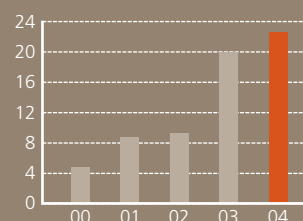
Operating Income

in CHF million



Net Profit

in CHF million



Client's Funds

generating revenues
in CHF billion

(in CHF million) Dec. 31, 2004

Income Statement

Net Profit	43
Operating Income	243
Operating Expenses	165

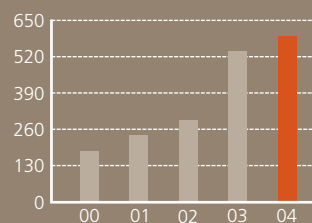
Balance Sheet

Total Assets	4,531
Shareholders' Equity	738
Customer Loans	1,770
Customer Deposits	3,231

Proforma Shareholders' Equity*	847
Total BIS Capital*	1,039
Total BIS Capital Ratio*	62.6%

Personnel

Total number of employees	596
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Staff

*proforma, including the CHF 108 million Shareholders' equity increase priced on December 16, 2004 and paid in on January 17, 2005.

With nine years of steady growth behind us, 2004 proved to be another pivotal year. Our commitment to providing clients with a superior banking experience was again rewarded with outstanding financial results and continued growth despite a sluggish global economy. Clearly, our innovative business model continues to strike a responsive chord in the marketplace. By enlisting our Client Relationship Officers (CROs) as investors and partners, rather than just employees, we offer clients a clear alternative. One in which the CRO is an entrepreneur, with the experience and autonomy to make intelligent decisions according to each client's individual goals.

With a 30% increase in our consolidated net profit to CHF 43 million, EFG Bank again achieved a significant growth in 2004, reflecting a 61% annual compound growth rate over the past five years. Operating Income reached CHF 243 million, up from CHF 206 billion, and Clients Funds generating revenues reached CHF 22 billion, up 10%.

And while our model continued to prosper, we took important strategic steps to provide for our long-term success. Chief among these was to strengthen our capital base through a highly successful participation certificates issue that added nearly CHF 600 million to our equity base. This, in conjunction with the respective ratings of "A2" and "A-" from Moody's and Fitch and the financial resources of EFG Group, reflects our deep and stable financial grounding. In support of these developments, we are in process to ensure the transition to International Financial Reporting Standards (IFRS) implemented as of 2005 — an important exercise that sets a solid foundation for our accounting and reporting activities in line with leading international standards as we prepare for future growth.

Since our inception, we have followed a strategy that balances steady organic growth with strategic acquisitions. To this end, in 2004 we have significantly raised our profile in Scandinavia with the opening of EFG Investment Bank in Stockholm, a full-service bank that now offers a complete range of investment banking services. In addition, we opened an office in New York, officially inaugurated our Singapore branch, and completed the acquisition of Banco Atlantico (Gibraltar) Ltd. This latter event has transformed Spain into one of our more important markets while giving us a strong base from which to serve all our Mediterranean clients. We also finalized the integration of the back-office of the former Banque Edouard Constant on schedule, maintaining the business base and revenues, while cutting our costs dramatically. The result of this activity is a well-balanced business with a significant presence in both established and emerging markets in the EU, Asia, South America and Switzerland.

Our expanded global identity has precipitated a shortening in our name to EFG Bank. And while we have dropped the word 'private' from our name to more accurately reflect the breadth of our activity, our business is still 100% private banking and asset management. Indeed, it is this singular focus that enables us to continue to provide superior service and greater value to the marketplace.

In sum, we are proud of our accomplishments in 2004 and look forward with optimism to 2005.



Jean Pierre Cuoni
Chairman



While everyone else waits for what's next,



we've been very much
on the move.

From the beginning, EFG Bank has flourished by focusing on providing the highest level of service to clients. 2004 was no different. While many in the financial community lost ground in a tumultuous global economy, our client-centered model once again posted impressive gains. At the same time, we made strategic moves that enhance our ability to adapt to changing conditions and deliver even greater value to clients. So, as markets settle and new economic trends emerge, we are ideally situated to capitalize on them. Our position is strong.

Our momentum is building. And our dedication to service and performance remains without peer.

We began with a different idea: a bank built around the all-important relationship between client and advisor. Nine years later, this basic concept has blossomed into a thriving global enterprise that has consistently performed well despite challenging economic conditions. This success is the result of a very simple formula: hire highly skilled and experienced financial advisors, then give them the freedom to do what they do best — serve their clients.

CLIENTS FIRST

This trust in our advisors is key. Unlike other banks, we are not organized around a centralized investment strategy, nor do we emphasize specific products and investments. Instead, our structure centers on empowering our financial advisors — we call them Client Relationship Officers (CROs) — to exercise their judgment in meeting their clients' objectives. To this end, we hire only the very best CROs. Typically, they come to us with a proven track record of more than 20 years, as well as an established and loyal client base. Instead of burdening them with layers of corporate bureaucracy, we provide them

with additional tools and resources to enhance their capabilities. For example, our CROs have access to a range of highly successful in-house financial instruments, including structured products, hedge funds and mutual funds, yet they are never under any obligation or inappropriate incentive to use them. We expect our CROs to use whatever product best meets clients' needs. Because, to put it simply, we do not presume to know a CRO's business better than they do. To achieve truly superior levels of client service, CROs must be free to continually seek out the best solutions for clients. Not only do we encourage this practice, we have centralized trading, asset management, compliance, audit, credit and risk management as well as administrative functions such as budgeting and planning in our home office so CROs can focus on serving clients. This is the essence of our “open architecture” philosophy — and our steady growth is a testament to its success.



We tripled our capital base and with it our ability to grow and innovate.

An A2 rating from Moody's and a CHF 600 million equity issue gives us the power to enter new markets, develop new opportunities and provide even greater value to our clients.

We added strong new talent, yet maintained our remarkable continuity.

Our turnover rate is among the
lowest in the private banking sector
—both for our CROs as well
as for our senior management.

It is no coincidence that over the
same period we have posted the
industry's highest rate of growth.



STRENGTH & STABILITY

Of course, a successful business model must stand upon a sound financial foundation if it is to prosper over the long term. With backing from EFG Group, one of Switzerland's largest banks, our financial footing is rock solid. To these resources we have recently added CHF 600 million in equity. Not only does this improve our flexibility moving forward, but it also signals the high degree of confidence the capital markets have placed in us. In addition, we obtained an "A2" rating from Moody's and an "A-" with positive outlook from Fitch. Such recognition reflects the bank's commitment to transparency, as well as our growing stature in global financial communities.

GLOBAL REACH

This capital base is instrumental as we pursue our strategy of organic growth balanced with appropriate acquisition opportunities. Already, more than three-quarters of our business derives from new wealth markets and our expansion in these areas continues to gain momentum. With

fully licensed branches in Hong Kong, Singapore and Guernsey, bank subsidiaries in Stockholm and Gibraltar, in addition to broker/dealer offices in New York and Miami, our clients have 24-hour access to any market in the world. In this sense, our scope is truly global. And yet, our service is entirely local. Our CROs, now numbering 160, live and work in local markets around the globe, sharing the same language, time zone and cultural affinity as their clients. At present, over 60 CROs serve in Switzerland, over 50 in Asia, 20 in the Americas and almost 20 in Scandinavia. They are familiar with local customs, regulations and market trends. And indeed, this local intelligence is channeled back through the network to provide CROs in other markets with access to a wider range of products, currencies, as well as investment input and awareness. The result is that our clients in Latin America quickly learn about new opportunities in Asian markets, and vice versa.

Of particular importance in 2004 was our heightened presence in Scandinavia where we upgraded the former EFG Fond-kommission office to a fully licensed bank

subsidiary, now operating as EFG Investment Bank. Based in Stockholm with branch offices in Göteborg, Malmö and Helsinki, this office continues to spearhead the development of many of our innovative structured products, and will now serve as the center of our banking activities in the Nordic region. Our business volume in Scandinavia grew again substantially in 2004, 20 CROs handling almost CHF 3 billion of Clients' Funds from private as well as institutional local clients.

Elsewhere, we continued to expand our Asian presence and now have 150 people in place, including over 50 CROs handling close to CHF 4 billion in Clients' Funds. With bank branches in Hong Kong and Singapore, clients can open accounts and book locally, as well as take advantage of product solutions that have been customized to the local market. We anticipate continued growth in this region as we carry on our practice of hiring the highest quality CROs.

Finally, our Latin American region, which we serve through offices in Miami, New York and Buenos Aires, continued its

business growth throughout 2004. After increasing our business base by over 50% the year before, the dollar based Clients' Funds, expressed in Swiss Francs, did, however, remain at the CHF 1.5 billion level, as a 20% dollar decline against the Swiss Franc had to be absorbed.

OUR FUTURE

This growth is an important part of our strategy for responding to the consolidation now occurring in private banking. As financial organizations seek to develop and acquire the resources needed to compete on a global level, we are staying true to an approach that combines organic growth with strategic acquisitions. Our merger with Banque Edouard Constant (BEC), legally consummated in mid 2003 and operationally completed in May 2004, is an example of our commitment to maintaining value throughout the consolidation process. Despite the merger's size and scope, we maintained the former BEC business base and revenues while reducing operational costs. In addition to increasing client assets under management and growing our corps of CROs, the merger also sparked new

We opened key new markets, bringing fresh opportunities to all our clients.

We expand by hiring top quality advisors in markets around the globe. The result is new banking and investment operations in Singapore, Scandinavia, Gibraltar and New York.



We've stayed true to our core concept. The results speak for themselves.



Six consecutive years of double digit profit and revenue growth far exceeds the industry average, and demonstrates that our model performs in all kinds of markets.

technological advances that have allowed us to introduce electronic securities execution in all major equities markets around the world.

Looking forward, the private banking marketplace continues to be in flux. With a strengthened capital base and a clear vision for our future, we are well-positioned to be a key player in the consolidation trend.

INNOVATIVE SOLUTIONS

This wave of consolidations coincides with ongoing uncertainty in world financial markets. In response, we continue to seek out innovative products for our clients, and where appropriate, create them in-house. For example, the recent popularity of structured products that were tied to rate-based assets has eroded somewhat as interest rates climb. There is increasing movement toward equity and commodity based products, and we have been a leader in responding to this new development.

Clients continued to respond well to our innovative product mix, with low volatility hedge funds and structured products carrying capital-protection features. At least, during 2004 we have produced over

100 different structured products, either in response to particular requests from clients or as a general offering. This creative approach to asset management has enabled our clients to build well-diversified portfolios with an interesting potential of return over time and, in many cases, with full capital protection.

MOVING FORWARD

In the face of ongoing challenges within global markets, we remain focused on what we know to be true. Our clients will continue to need and benefit from first-class financial advice. Excellent service will continue to be an all-important differentiator. And organizations that deliver exceptional value will continue to thrive. At EFG Bank, we strive to outperform on all these fronts, assuring our clients, and ourselves, a bright future.

A unique management structure.

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Tomas Björkman*
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Head of Global Investment Services*
Rudy van den Steen,
Global Chief Financial Officer*
Ivo Steiger,
Global Head of Credit*
Robert Waser,
Senior Private Banker*
Christian Zanella,
Senior Private Banker*

While our heritage is Swiss,
everything else about us is truly
global. Our CROs live where
our clients live — sharing the
same language, time zone
and cultural affinity.

* International Policy Committee Member

160 of the finest financial advisors.

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Well Jiing, FVP

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Vicky Hau, VP
Stone Hsu, VP
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MANAGEMENT EFG BANK

(GIBRALTAR) LTD.

Emilio Martinez Priego,
General Manager

MANAGEMENT SIF SWISS

INVESTMENT FUNDS SA

Jean-Marc Reboh, Chairman
Christian Rizzi, SVP

AUDITORS

PricewaterhouseCoopers SA, Geneva

(As of March 2005)

* International Policy Committee Member





Building momentum where it's needed most.

Throughout the developing world, a powerful new humanitarian development oriented movement is gathering strength. RIGHT TO PLAY, an international humanitarian organization, is working in more than 20 countries to bring the positive benefits of sport and play to hundreds of thousands of the world's most disadvantaged children. Through a global network of volunteers and the generous support of individuals and organizations worldwide, RIGHT TO PLAY is using innovative sport and play programs to empower children and communities to become healthier and safer.

As a founding member in Switzerland, EFG Bank actively supports RIGHT TO PLAY and its commitment to encouraging social and economic development where the need is greatest.



Auditors' Report

Report of the group auditors to the general meeting of EFG Bank (formerly EFG Private Bank SA)

We have audited the consolidated financial statements (income statement, balance sheet, statement of source and application of funds and notes set out on pages 20 to 38) of EFG Bank (formerly EFG Private Bank SA) as at December 31, 2004 and for the year then ended.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position, the result of operations and the cash flows in accordance with the Swiss accounting standards for banks and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

JC Pernollet C Kratzer

Geneva, March 24, 2005

Consolidated Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	2004	2003
Operating Income & Expenses			
Interest & discount income		69,070	49,834
Interest & dividend income on trading portfolios		690	1,209
Interest & dividend income from financial investments		18,407	15,645
Interest expenses		(40,467)	(29,114)
Net interest income		47,700	37,574
Commission income from lending activities		983	4,589
Commission income from securities and investment activities		163,806	122,586
Commission income from other services		14,040	14,437
Commission expenses		(29,887)	(19,732)
Net commission and service fee income		148,942	121,880
Net trading income	8 (a)	42,109	40,593
Income from the sale of financial investments		1,912	126
Income from participations		127	3,150
Sundry ordinary income		2,322	2,937
Sundry ordinary expenses		(133)	
Other ordinary income/(expenses), net		4,228	6,213
Operating income		242,979	206,260
Personnel expenses	8 (b)	(123,949)	(108,016)
Other operating expenses	8 (c)	(40,987)	(51,407)
Operating expenses		(164,936)	(159,423)
Gross operating profit		78,043	46,837
Depreciation of tangible fixed assets	14	(12,389)	(8,170)
Amortization of intangible assets and Goodwill	14	(14,780)	(11,220)
Valuation adjustments, provisions and losses		(2,985)	(1,576)
Depreciation, valuation adjustments, provisions and losses		(30,154)	(20,966)
Profit before extraordinary items and taxes		47,889	25,871
Extraordinary income	8 (d)	5,128	22,899
Extraordinary expenses	8 (d)	(2,195)	(7,035)
Profit before taxes		50,822	41,735
Taxes	8 (e)	(7,763)	(8,568)
Net profit		43,059	33,167

Consolidated Balance Sheet

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	DEC. 31, 2004	DEC. 31, 2003
Assets			
Cash and other liquid assets	22	8,999	44,967
Money market papers	22	285,122	12,615
Due from banks	22	1,770,062	891,000
Due from customers	10, 22	1,762,278	1,492,306
Mortgages	10, 22	7,536	8,040
Securities & precious metals trading portfolios	11, 22	6,602	7,739
Financial investments	12, 22	366,666	523,472
Non-consolidated participations	13	1,428	1,176
Tangible fixed assets	14	38,492	40,353
Intangible assets	14	122,100	83,280
Accrued income and prepaid expenses		48,180	46,428
Other assets	15	113,065	123,855
Total assets		4,530,530	3,275,231
Including subordinated assets			
Including total due from non-consolidated participations and significant shareholders		14,716	17,172
Liabilities			
Money market papers issued	22	316	139
Due to banks	22	343,170	336,441
Due to customers in savings and investment deposits	22	47	122
Due to customers, other	22	3,230,769	2,528,718
Accrued expenses & deferred income		56,564	43,189
Other liabilities	15	156,700	142,692
Valuation adjustments and provisions	20	4,707	16,040
Total liabilities		3,792,272	3,067,341
Shareholders' Equity			
Reserves for general banking risks	20, 21	400	400
Share capital	21	61,285	56,410
Capital reserve	21	554,034	67,090
Profit Reserve	21	79,480	50,823
Net profit	21	43,059	33,167
Total shareholders' equity	21	738,258	207,890
Total liabilities and shareholders' equity		4,530,530	3,275,231
Including subordinated liabilities	19	204,525	235,940
Including total due to non-consolidated participations and significant shareholders		11,564	26,238

Consolidated Statement of Source and Applications of Funds

(ALL FIGURES IN THOUSANDS OF CHF)	2004		2003	
	SOURCE OF FUNDS	APPLICATION OF FUNDS	SOURCE OF FUNDS	APPLICATION OF FUNDS
Net profit	43,059		33,167	
Depreciation and amortization	27,169		8,170	
Accrued income and prepaid expenses		1,752		28,300
Accrued expenses and deferred income	13,375		17,921	
Valuation adjustments and provisions		11,333	14,180	
Net proceed coming from participation transactions		4,529		6,195
Operating Activities	83,603	17,614	73,438	34,495
Share / participation / donation capital	4,875		1,410	
Capital reserve	486,945		26,090	
Equity transactions	491,820	-	27,500	-
Investments in non-consolidated participations		252		290
Other tangible fixed assets		10,509		32,444
Intangible assets		53,600		69,480
Investments in long-term assets	-	64,361	-	102,214
Securities and precious metals trading portfolios	1,137		2,570	
Financial investments	156,804			196,555
Other assets	10,790			74,569
Other liabilities	14,008		112,063	
Financial investments, securities trading portfolios, other assets and liabilities	182,739	-	114,633	271,124
From operations, equity transactions and investments	758,162	81,975	215,571	407,833
Money market papers		272,507	1,668	
Due from banks		879,062		281,656
Due from customers		269,972		616,257
Mortgages	504		2,622	
Assets	504	1,421,541	4,290	897,913
Money market papers issued	177		15	
Due to banks	6,729			3,182
Due to customers in savings and investment deposits		75	76	
Due to customers, other	702,051		1,123,240	
Liabilities	708,957	75	1,123,330	3,182
From other balance sheet items	709,461	1,421,616	1,127,620	901,095
Cash and other liquid assets	35,968			34,263
Change in liquid assets	35,968	-	-	34,263
Total	1,503,591	1,503,591	1,343,191	1,343,191

Consolidated Off-Balance Sheet Positions

Contingent Liabilities

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Guarantees issued in favour of third parties	149,980	119,500

Irrevocable Commitments

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Irrevocable commitments	16,047	77,994

CHF 13,464 (2003: CHF 72,178) represent irrevocable commitments of renewed bank term deposits processed after closing and with a maturity shorter than 1 month (Trading date principle)

Derivative Financial Instruments Open at Year-End

(ALL FIGURES IN THOUSANDS OF CHF)	POSITIVE REPLACEMENT VALUE	HELD FOR TRADING NEGATIVE REPLACEMENT VALUE	CONTRACT VOLUME	POSITIVE REPLACEMENT VALUE	HELD FOR HEDGING NEGATIVE REPLACEMENT VALUE	CONTRACT VOLUME
Interest rate instruments						
Swaps	392	431	89,174			
Option (OTC)	1,224	1,224	680,400			
Foreign Exchange						
Forward contracts	86,982	73,722	7,798,559		147	24,948
Options (OTC)	11,908	11,908	4,379,430			
Equity						
Option (OTC)	879	879	55,871			
Total at December 31, 2004	101,385	88,164	13,003,434	-	147	24,948
Total at December 31, 2003	91,714	83,059	8,428,148	19,089	3,879	1,384,983

Derivative replacement values refer to gross values in Other assets and Other liabilities

The above figures do not include data relating to the existing put option and capital contribution agreements between EFG Bank and its subsidiaries

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Netting valuation accounts, net balance	4,928	2,550

Fiduciary Transactions

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Fiduciary transactions with third party banks	2,985,144	2,715,377
Deposits with affiliated banks and banks of EFG Bank Group	597,617	451,961
Loans and other fiduciary transactions	27,301	24,003
Total	3,610,062	3,191,341

1. Comment on Business Activity

EFG Bank and its subsidiaries (hereinafter collectively referred to as “the EFG Bank group”) are active in the following segments of financial services:

- International Private Banking
- Investment Management and Advisory Services
- Securities Brokerage
- Custody Services
- Trust Services

The EFG Bank group’s principal places of business are in Buenos-Aires, Finland, Gibraltar, Guernsey, Hong Kong, Luxembourg, Miami, New York, Singapore, Sweden and Taiwan. In Switzerland the EFG Bank group’s offices are located in Zurich, Geneva, Sion, Martigny, Verbier and Crans-Montana.

Across the whole EFG Bank group, the number of employees at December 31, 2004 was 596 (2003: 551)

2. Principles of Consolidation

(a) General principles

The EFG Bank group’s consolidation and accounting principles comply with Swiss accounting standards for banks.

EFG Bank, Zurich (hereinafter referred to as “the Bank”), is the parent bank of the EFG Bank group. The majority of the capital of the Bank is owned by EFG Bank European Financial Group, Geneva, the ultimate parent company of the EFG Group. The latter is in its turn subject to full consolidation and global regulatory supervision by the Swiss Federal Banking Commission.

The consolidated financial information of the EFG Bank group consolidates its investments according to the following rules:

(b) Consolidation method

All the major companies in the EFG Bank group operating in the banking and financial services sectors and directly or indirectly controlled are consolidated as per the purchase method.

Minority or insignificant investments are not consolidated and are kept on the balance sheet at cost (purchase value) less any necessary depreciation resulting from prolonged impairment in the value of the investments.

Deposits and commitments on and off-balance sheet, as well as expenses and income, between the companies of the EFG Bank group are eliminated on consolidation.

(c) Consolidation period

The consolidation period corresponds to the calendar year. Banco Altantico (Gibraltar) Ltd, acquired in October 2004 was accounted for retroactively from 1 January 2004. Its name was changed to EFG Bank (Gibraltar) Ltd.

During 2004 BEC Universal Advisory Company SA, Luxembourg and BEC Thema Advisory Company SA, Luxembourg have been excluded from the consolidation due to their low materiality.

(d) Conversion of foreign currencies

The balance sheets of entities located outside Switzerland, denominated in foreign currencies, are translated at the year-end market exchange rates. The Profit and loss accounts of those entities are translated at the average rate during the year. For the branches, any difference between the year-end exchange rate and the average rate is recorded under the Trading account as foreign exchange difference.

The currency translation adjustment arising on consolidation is booked directly to the EFG Bank group shareholders’ equity in the reserves.

Main foreign exchange rates against CHF

	2004		2003	
	YEAR END	AVERAGE	YEAR END	AVERAGE
EUR	1.5452	1.5438	1.5594	1.5205
GBP	2.1803	2.2753	2.2163	2.1976
HKD	14.58	15.95	16.07	17.28
JPY	1.1001	1.1487	1.1662	1.1617
SEK	17.12	16.92	17.18	16.67
SGD	69.29	73.48	73.29	77.22
TWD	3.3548	3.7239	3.6634	3.9176
USD	1.1340	1.2420	1.2479	1.3459

3. Principal Participations

Principal fully consolidated participations

COMPANY NAME	ACTIVITY		SHARE CAPITAL (IN THOUSAND)		EQUITY INTEREST %	
			2004	2003	2004	2003
EFG Capital International Corp., Miami	Broker Dealer	USD	12,200	12,200	100	100
EFG Securities Investment Consulting Company Ltd, Taiwan*	Consulting Services	TWD	18,000	18,000	100	100
EFG Investment (Luxembourg) Sarl, Luxembourg	Financial Company	EUR	355,027		100	
EFG Investment Bank AB, Stockholm	Bank	SEK	100,000	100,000	100	100
EFG Bank (Gibraltar) Ltd, Gibraltar	Bank	GBP	3,000		100	
SIF Swiss Investment Funds SA, Geneva	Funds Administration	CHF	2,500	2,500	100	100

* formerly EFG Financial Consulting Co. Ltd

Non-consolidated participations

COMPANY NAME	ACTIVITY		(IN THOUSAND)		EQUITY INTEREST %	
			2004	2003	2004	2003
EFG Asset Management Hldg, Luxembourg	Asset Management	EUR	400	400	98	25
EFG Representative Office Ltd, Sao Paulo	Dormant	USD			100	100
EFG Trust Company (BVI) Limited, Tortola	Trust company	USD	500	500	100	100
BEC Universal Advisory Company SA, Luxembourg	Investment Advisory	EUR	76	76	100	100
BEC Thema Advisory Company SA, Luxembourg	Investment Advisory	USD	90	90	100	100

4. Disclosure of Accounting Policies and Valuation Principles

(a) General principles

The accounting and valuation principles conform to the rules defined by the Swiss Code of Obligations, the Swiss Federal Law on Banks and Savings Banks, the Swiss Banking Ordinance, as well as the Directives on accounting standards for banks established by the Swiss Federal Banking Commission.

All transactions undertaken by EFG Bank group companies in the year to the date of the balance sheet, have been included in the consolidated financial statements.

(b) Valuation principles

Liquid assets and money market papers

Such assets are recorded in the balance sheet at their nominal value.

Balances due from and to banks and from and to customers, and mortgages

These are stated at face value. General and specific provisions in respect of doubtful receivables are recorded under "Valuation adjustments and provisions" in the Balance sheet. Impaired loans are valued individually and fully covered by a specific provision recorded under "Valuation adjustments and provisions".

Securities and precious metals trading portfolios

Assets held in this category are valued at fair value. Securities that are not regularly traded are valued at the lower of cost or market value. Structured products are marked to model.

Financial investments

Securities are held on a medium or long-term basis until their maturity. Bonds held for the medium term are valued at the lower of cost and market value. Bonds held for the long term until their maturity are valued under the straight line accrual method. Equities are held at the lower of cost or market value.

Non-consolidated participations

They are valued at purchase price less amortization reflecting any prolonged impairment in value.

Fixed assets

Fixed assets comprise fixtures and fittings, computers, telecommunications equipment and are depreciated on a straight-line basis over their estimated economic useful life, which are:

Leasehold improvements	between 5 and 10 years
Computers and telecommunications equipment	between 3 and 4 years
Other fixed assets	between 5 and 10 years

Goodwill and Intangibles

Goodwill and Intangibles resulting from the acquisitions and mergers are capitalised in the balance sheet and amortised over six, seven or ten years on a straight-line basis.

The net carrying value of intangibles is, in addition, reappraised annually, with any reduction to the net carrying value taken immediately as an expense in the profit and loss account, if necessary.

Pension fund

The Pension schemes cover aging, survival and disability and are run in according with laws and regulations of the respective local countries. Employees and their survivors are protected against economic consequences of age, death and disability.

Generally funded by employees and employers, the schemes are legally independent from the EFG Bank group. The main such schemes are in Switzerland and Hong Kong. Participants to schemes of these two countries represents about 80% of employees of the EFG Bank group.

Employer contributions expenses, whether through state plans, private standalone arrangements or with private insurance companies, are recognised when employees have rendered service to the EFG Bank group in exchange for the benefits.

For application of Financial Reporting Standards Swiss GAAP n° 16, the EFG Bank group Pension schemes are contribution oriented.

Taxes

Taxes due on the net income of the companies of the EFG Bank group, but not yet paid, have been provided for in the financial statements and are recorded under "Accrued expenses & deferred income" in the Balance sheet.

Deferred taxes arising from temporary differences between accounting and tax treatments are accrued for and booked under "Valuation adjustments and provisions" in the Balance sheet. Deferred tax assets are not recognised if their recoverability is uncertain.

Valuation adjustments and provisions

For each risk identifiable at the date of the balance sheet, adjustments to values and provisions are made according to general principles of prudence. Amounts due from customers are also risk-evaluated according to the domicile of the risk.

Reserves for general banking risks

The reserves for general banking risks are, according to Art. 11a of the Swiss Banking Ordinance, considered as part of the shareholders' funds of the EFG Bank group.

Foreign currencies

Assets and liabilities denominated in foreign currencies on the balance sheets of EFG Bank group entities are translated into local currency at the year-end market exchange rates. Transactions in foreign currency are translated into local currency at the rates prevailing on the dates of the transactions.

Foreign currency positions are marked to market and the result taken to profit and loss.

Derivatives

The term "derivatives" incorporates interest rate, currency, equity (or indices) and other instruments in the form of forward contracts, options (traded or over-the-counter) and swaps.

All derivatives positions, except those used for hedging, are valued at fair value. Fair value results from market prices.

Hedging transactions are valued in an analogous manner to the underlying transactions.

Replacement values correspond to the market value of the contracts for derivative products undertaken for the EFG Bank group's own account and for clients.

Gross positive and gross negative replacement values are included in the Balance Sheet under Other Assets and Other Liabilities respectively.

Contingent liabilities and irrevocable commitments

These elements are recorded in the off-balance sheet at nominal value.

(c) Transaction recording and presentation in the balance sheet

All transactions of EFG Bank group companies are entered into their books on the day the transaction is undertaken. The balance sheet is prepared according to the following principles:

Securities transactions as well as payments are entered in the balance sheet on the day of transaction. Deposits and loans, as well as spot and forward foreign exchange transactions, are entered in the balance sheet on their respective value dates.

(d) Changes in prior year balance sheet

Valuation adjustments and provisions as at 31.12.2003 has been retreated to reflect the transfer from and into "Accrued expenses and deferred income" and "Other liabilities" related to past merger commitments originally booked under this caption.

5. Risk Management

The EFG Bank group's activities are predominantly carried out on its clients' behalf, with the clients carrying the risk. As such, the EFG Bank group takes limited credit risk, market risk and liquidity risk, with most credit risk being limited to Lombard loans and other secured loans, and market risk restricted to limited foreign exchange and interest rate gapping positions maintained by the EFG Bank group. The main areas of risk for the EFG Bank group are operational and reputational. The EFG Bank group's management has risk management procedures in place which are fully in accordance and in compliance with policies and procedures of its parent, EFG Bank European Financial Group (EFG Group). Ultimate responsibility for the risk management of the EFG Bank group lies with the EFG Bank group's board of directors, who set the EFG Bank group's policies and risk appetite in collaboration with EFG Group's Group Risk Committee (GRC). Implementation of the EFG Bank group's policies and compliance with procedures is the responsibility of sub-committees for market risk and credit risk, assisted by both internal and external audit functions.

Operational Risk

The risk of loss resulting from failures in business processes systems and people, or from external sources, is limited by means of organisational measures, automation, internal control and security systems, written procedures, legal documentation and loss mitigation techniques under the responsibility of management. Operational risk is monitored through a comprehensive internal reporting system under the responsibility of senior management, which aims to oversee and maintain the standards of all transactions. Operational losses have been small and monthly reports include details of all operational issues. The EFG Bank group has a strong preference for hiring senior managers and Client Relationship Officers (CROs) who have worked with members of the current management of the EFG Bank group in the past. In addition, the management information system produces daily reports with details of the transactions of all clients, which are closely monitored with a view to detecting any large or unusual transactions. The EFG Bank group's Geneva based IT system provides an immediate duplicate of all transactions at its disaster recovery site in Zurich head office, ensuring a backup system is continuously available off-site. The EFG Bank group's operations are also monitored by EFGB's internal audit department. The EFG Bank group has suffered little loss from fraud, and has insurance policies against fraud and negligence committed by employees.

Compliance and Law risk

The Legal & Compliance department controls the bank's observation of all regulations in force and due diligence of any financial intermediaries. Legislative developments and changes by government, parliament or other relevant authorities are regularly followed. The Legal & Compliance department also supervises proper updating of internal regulations to comply with new regulations and laws.

Reputational Risk

Reputational risk for the EFG Bank group may arise from any shortfalls in the quality of service delivered to clients, as well as the EFG Bank group's potential involvement with politically exposed clients and those connected with criminal activities.

The EFG Bank group endeavours to ensure service quality by employing highly skilled CROs and minimising operational error (see "Operational Risk" above). Reputational risks arising from client selection are a common concern for all Swiss private banks, and the Swiss Federal Banking Commission closely monitors the reputational risk of accepting suspicious funds. To comply with money laundering laws, the EFG Bank group operates strict due diligence procedures for new clients. In addition, the EFG Bank group closely monitors transactions on an ongoing basis and records any activities not matching clients' profiles.

Credit Risk

The EFG Bank group's Credit Committee ensures the implementation of the credit policies and procedures defined by the Board and approves major client credit risks. The approval of Lombard loans and of certain non-Lombard loans has been delegated to senior management within established size and diversification program parameters. The Credit Administration Department monitors credit exposures against approved limits and pledged collateral. To qualify as collateral for a Lombard loan, the securities portfolio must be well diversified and differing margins apply depending on the type of securities, their risk profile and liquidity. The EFG Bank group applies additional margins if the loan and the collateral are not in the same currency. Most of the collateral is valued daily (more frequently during periods of high market volatility). Management insists on a thorough understanding of the underlying collateral and the purpose of the loan, ordinarily investment in securities, funds or life insurance policies. The credit policy of the EFG Bank group and the nature of the loans ensure that the EFG Bank group's loan book is of high quality.

Market risk

The EFG Bank group applies a “value at risk” approach (VAR) to monitor and control market risks: this approach focuses on assessing the potential loss impact on open risk positions measured under normal market conditions. In addition, positions are also measured in the event of extreme market movements (stress testing) and also against nominal limits. The EFG Bank group limits are set and approved accordingly. As regards to interest rate risk, the EFG Bank group maintains limited gapping positions, all within the pre-established market risk limits and parameters. The EFG Bank group carries out foreign currency operations both for its clients and for its own account. 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. The use of derivatives and related monitoring of its risks are subject to the risk management policy used by EFG Group on a group-wide basis. An independent Risk Control Unit assesses, reviews and reports on a daily basis open risk positions against approved limits to Management with a comprehensive monthly Management Information Report being reviewed by the Swiss Risk Committee and by the Board of Directors.

Liquidity risk

The EFG Bank group’s capital and reserves position, its conservative gapping policy when funding customer loans combined with its substantial excess funding from client deposits ensure that the EFG Bank group runs little liquidity risk.

Outsourcing risk

Salary and Pension Fund administration have been outsourced to a specialized service company. Several IT Development projects to be completed within clearly defined timeframes have also been outsourced to local companies. For all such outsourced activities, detailed service contracts, including confidentiality, banking secrecy and business compliance agreements, were signed between the bank and respective companies and their employees.

6. 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 in two tranches of EUR 325,000,000 and EUR 75,000,000 on 10th November, 2004 and 17th January, 2005 respectively (see also Note 7), 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, acquired 400,000 Class B Bons de Participation issued by EFG Bank 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.

7. Subsequent events

On December 16, 2004, EFG Bank priced a EUR 75 million Tier I capital issue of EFG Fiduciary Certificates, 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, for the purposes of subscribing for Preferred Non-voting Class B Bons de Participations in EFG Bank and of Preferred Non-voting Class B Shares in EFG Finance (Guernsey) Limited. The issue closed as planned on January 17, 2005.

8. Information Relating to the Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)	2004	2003
a) Net trading income		
Foreign exchange and banknotes trading	33,527	23,458
Securities	8,582	17,135
Total	42,109	40,593
b) Personnel Expenses		
Salaries and bonuses	108,849	89,219
Social security expenses	6,273	5,258
Contributions to pension plans	6,549	5,755
Other personnel expenses	2,278	7,784
Total	123,949	108,016
Pension Fund is contribution oriented, therefore expenses related to Pension Fund commitments, in application of Swiss GAAP FER n° 16, are not calculated.		
c) Other Operating Expenses		
Premises and real estate expenses	8,075	8,763
Communication network expenses	6,834	8,802
Expenses for computer services	4,195	11,055
Fees for legal, audit and consulting services	9,614	6,340
Sundry operating expenses	12,269	16,447
Total	40,987	51,407
d) Extraordinary Income and Expenses		
Extraordinary income		
Release of extra and hidden reserves	1,995	11,697
Reimbursement IT Consulting contract termination costs		4,950
Liquidation dividend on financial investment provided for		3,371
Other	3,133	2,881
Extraordinary expenses		
IT Consulting contract termination costs		(4,950)
Other	(2,195)	(2,085)
Total	2,933	15,864
e) Taxes		
Deferred taxes - use	1,103	2,610
Deferred taxes - recognition		(380)
Current taxes provision	6,660	6,338
Total	7,763	8,568

9. Analysis of Swiss & Foreign Income & Expenses From Ordinary Banking Activities as per the operating location

Consolidated Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)			2004			2003
	SWITZERLAND	FOREIGN	TOTAL	SWITZERLAND	FOREIGN	TOTAL
Operating Income & Expenses						
Interest & discount income	29,379	39,691	69,070	28,910	20,924	49,834
Interest & dividend income on trading portfolios	(1)	691	690	124	1,085	1,209
Interest & dividend income from financial investments	1,347	17,060	18,407	849	14,796	15,645
Interest expenses	(1,820)	(38,647)	(40,467)	(4,479)	(24,635)	(29,114)
Net interest income	28,905	18,795	47,700	25,404	12,170	37,574
Commission income from lending activities	731	252	983	4,530	59	4,589
Commission income from securities and investment activities	110,518	53,288	163,806	99,061	23,525	122,586
Commission income from other services	2,176	11,864	14,040	7,066	7,371	14,437
Commission expenses	(8,692)	(21,195)	(29,887)	(17,964)	(1,768)	(19,732)
Net commission and service fee income	104,733	44,209	148,942	92,693	29,187	121,880
Net trading income	28,930	13,179	42,109	21,533	19,060	40,593
Income from the sale of financial investments	1,912		1,912	(9)	135	126
Income from participations	127		127	50	3,100	3,150
Sundry ordinary income	1,772	550	2,322	5,855	(2,918)	2,937
Sundry ordinary expenses	(133)		(133)			
Other ordinary income/(expenses), net	3,678	550	4,228	5,896	317	6,213
Operating income	166,246	76,733	242,979	145,526	60,734	206,260
Personnel expenses	(92,129)	(31,820)	(123,949)	(82,453)	(25,563)	(108,016)
Other operating expenses	(26,714)	(14,273)	(40,987)	(41,055)	(10,352)	(51,407)
Operating expenses	(118,843)	(46,093)	(164,936)	(123,508)	(35,915)	(159,423)
Gross operating profit	47,403	30,640	78,043	22,018	24,819	46,837
Depreciation of tangible fixed assets	(10,887)	(1,502)	(12,389)	(6,996)	(1,174)	(8,170)
Amortization of intangible assets and Goodwill	(13,900)	(880)	(14,780)	(11,220)		(11,220)
Valuation adjustments, provisions and losses	(2,706)	(279)	(2,985)	(1,537)	(39)	(1,576)
Depreciation, valuation adjustments, provisions and losses	(27,493)	(2,661)	(30,154)	(19,753)	(1,213)	(20,966)
Profit before extraordinary items and taxes	19,910	27,979	47,889	2,265	23,606	25,871
Extraordinary income	3,127	2,001	5,128	22,822	77	22,899
Extraordinary expenses	(2,195)		(2,195)	(6,953)	(82)	(7,035)
Profit before taxes	20,842	29,980	50,822	18,134	23,601	41,735
Taxes	(4,143)	(3,620)	(7,763)	(5,265)	(3,303)	(8,568)
Net profit	16,699	26,360	43,059	12,869	20,298	33,167

10. Collateral for Loans

(ALL FIGURES IN THOUSANDS OF CHF)	SECURED BY MORTGAGE	SECURED BY OTHER COLLATERAL	UNSECURED	TOTAL
Loans				
Due from customers		1,757,073	5,205	1,762,278
Mortgages				
Residential real estate	7,536			7,536
Office and business premises				
Sub-total mortgage loans	7,536			7,536
Total at December 31, 2004	7,536	1,757,073	5,205	1,769,814
Total at December 31, 2003	9,893	1,482,101	8,352	1,500,346
Off-balance sheet commitments				
Contingent liabilities		149,644	336	149,980
Irrevocable commitments		16,047		16,047
Total off-balance sheet credit commitments at December 31, 2004	-	165,691	336	166,027
Total at December 31, 2003	-	192,164	5,330	197,494
Of which impaired loans	GROSS AMOUNT	ESTIMATED VALUE OF PLEDGES	NET AMOUNT	INDIVIDUAL VALUATION ADJUSTMENT
Total at December 31, 2004	3,037	-	3,037	3,059
Total at December 31, 2003	5,542	-	5,542	5,494

"Due from customers" mainly consists of lombard loans in the form of advances and fixed term loans

Off-balance sheet credit in 2004 CHF 13,464 (2003 CHF 72,178) represent credit lines for renewed bank term deposits processed after closing and mostly with a maturity shorter than 1 month

11. Securities and Precious Metals Trading Portfolios

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Listed on stock exchange	1,952	4,583
Not listed on stock exchange	4,650	3,156
Total	6,602	7,739

12. Financial Investments

(ALL FIGURES IN THOUSANDS OF CHF)	BOOK VALUE		PURCHASE VALUE		FAIR VALUE	
	DEC. 31, 2004	DEC. 31, 2003	DEC. 31, 2004	DEC. 31, 2003	DEC. 31, 2004	DEC. 31, 2003
Debt instruments	365,070	522,400	365,138	535,711	365,370	531,019
– of which valued according to the accrual method	362,068	521,885	362,135	535,156	362,251	530,504
– of which valued at lower of cost or market	3,002	515	3,003	555	3,119	515
Equity instruments*	1,596	1,072	1,596	1,745	1,701	1,086
Total financial investments	366,666	523,472	366,734	537,456	367,071	532,105
– of which securities acceptable by Central Bank as collateral	350,507	33,609	350,663	33,819	350,806	34,105

The Bank does not own any investment in excess of 10% of share capital or voting rights. The Bank has no outstanding securities lending (borrowing) as at December 31, 2004 and as at December 31, 2003.

*CHF 6,612 for a financial investment and its full related provision existing as at 31.12.2003 have been completely offset during 2004. The 2003 figures have been retreated accordingly.

13. Non-Consolidated Participations

(ALL FIGURES IN THOUSANDS OF CHF)	COST	NET BOOK VALUE AT DEC. 31, 2003	ADDITIONS	DISPOSALS	TRANSFER TO FINANCIAL INVESTMENTS	AMORTIZATION	CURRENCY DIFFERENCES	NET BOOK VALUE AT DEC. 31, 2004
Non-consolidated participations	1,176	1,176	542	(135)	(155)			1,428
Total	1,176	1,176	542	(135)	(155)	-	-	1,428

14. Tangible Fixed Assets and Intangible Assets

(ALL FIGURES IN THOUSANDS OF CHF)	ACQUISITION COSTS	ACCUMULATED DEPRECIATION	NET BOOK VALUE AS AT DEC. 31, 2003	ALLOCATION CHANGES	ACQUISITIONS	DISPOSALS	DEPRECIATION	NET BOOK VALUE AS AT DEC. 31, 2004
Tangible fixed assets	63,303	(22,950)	40,353		9,687		(11,675)	38,365
Tangible fixed assets coming from merger as at Jan. 1, 2004	1,903	(1,080)	823		18		(714)	127
Total tangible fixed assets	65,206	(24,030)	41,176	-	9,705	-	(12,389)	38,492
Goodwill	23,600	(12,950)	10,650				(3,150)	7,500
intangible assets	80,700	(8,070)	72,630		53,600*		(11,630)	114,600
Total intangible assets	104,300	(21,020)	83,280	-	53,600	-	(14,780)	122,100
Fire insurance value of tangible fixed assets			21,542					28,188

* includes amounts relating to the acquisition of Banco Atlantico (Gibraltar) Ltd and the set up of a structured notes origination business

15. Other Assets and Other liabilities

(ALL FIGURES IN THOUSANDS OF CHF)	OTHER ASSETS	DEC. 31, 2004 OTHER LIABILITIES	OTHER ASSETS	DEC. 31, 2003 OTHER LIABILITIES
Replacement values of the derivatives financial instruments				
Contracts as principal				
- Trading portfolio	101,385	88,164	91,714	83,059
- Balance sheet items		147	19,089	3,879
Contracts as commission agent				
Total replacement values of the derivatives financial instruments	101,385	88,311	110,803	86,938
Netting account	4,928		2,550	
Indirect taxes	4,077	2,506	7,005	2,212
Expenses related to mergers and acquisitions		63,985		49,400
Other	2,675	1,898	3,497	4,142
Total	113,065	156,700	123,855	142,692

16. Commitments Arising from Operating Leases not Capitalised in the Balance Sheet

As at December 31, 2004, the Bank had for CHF 274 (2003: CHF 242) as commitments arising from operating leases not capitalised in the Balance Sheet.

17. Assets Pledged or Assigned and Assets Subject to Reservation on Ownership

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004		DEC. 31, 2003	
	BOOK VALUE OF PLEGDED ASSETS	RELATED LIABILITIES	BOOK VALUE OF PLEGDED ASSETS	RELATED LIABILITIES
Balance sheet positions				
Money market papers	12,054		10,863	
Due from banks	3,086	3,086	8,062	
Financial investments	125,715		49,989	
Total	140,855	3,086	68,914	-

Mainly represents assets subject to ownership reservation guarantying nostro commitments and revocable at own discretion.

18. Liabilities to Own Pension Plans

At year-end the Bank has a conditional payment guarantee for an unlimited period in favor of a former pension and welfare fund for an amount of CHF 1,332,786. The Bank acts as depositor for its own pension and welfare fund and, in its capacity has a debt of CHF 14,929,142 as at December 31, 2004.

19. Debenture Bonds in Circulation

(ALL FIGURES IN THOUSANDS OF CHF)	WEIGHTED AVERAGE INTEREST RATE	DUE DATES	AMOUNT AS AT DEC. 31, 2004
Issuer			
EFG Bank, Guernsey Branch - Guernsey			
- subordinated loan	3.14%	2013	154,525
EFG Bank, Hong Kong Branch - Hong Kong			
- perpetual subordinated loans	3.62%	perpetual	50,000
Total			204,525

	UNTIL 5 YEARS	MORE THAN 5 YEARS	TOTAL
Issuer			
EFG Bank, Guernsey Branch - Guernsey		154,525	154,525
EFG Bank, Hong Kong Branch - Hong Kong		50,000	50,000
Total		204,525	204,525

20. Valuation Adjustments Fluctuations, Reserves for Credit Risks and Provisions or Reserves for General Banking Risks and Statements of Changes Thereof During the Financial Year

(ALL FIGURES IN THOUSANDS OF CHF)	BALANCE AT DEC. 31, 2003	ADDITIONS COMING FROM MERGER AS AT JAN. 1, 2004	SPECIFIC USAGE	RECOVERIES, DOUBTFUL INTE- REST, CURRENCY DIFFERENCES	NEW PROVISIONS CHARGED TO INCOME STATEMENT	REVERSAL TO INCOME STATEMENT	BALANCE AT DEC. 31, 2004
Provisions for deferred taxes	2,038		(2,038)				
Valuation adjustments and provisions for credit and country risks	5,564	1,947	(2,544)	167	467	(2,482)	3,119
Other provisions	8,438		(7,138)		1,745	(1,457)	1,588
of which restructuring provision	5,344		(6,082)		1,638		900
Total valuation adjustments and provisions	16,040	1,947	(11,720)	167	2,212	(3,939)	4,707
Reserve for general banking risks	400	-	-	-	-	-	400

21. Statement of Changes in Shareholders' Equity

(ALL FIGURES IN THOUSANDS OF CHF)	VOTING SHARES	NON VOTING SHARES	CAPITAL RESERVE	PROFIT RESERVE	RESERVES FOR GENERAL BANKING RISKS	NET SHAREHOLDERS' PROFIT	TOTAL SHAREHOLDERS' EQUITY
Total shareholder's equity as at 1 Jan 2004	53,610	2,800	67,090	50,823	400	33,167	207,890
Transfer of reserves			2,910	30,257		(33,167)	
Foreign currency translation impact				(1,600)			(1,600)
Capital increase		4,875					4,875
Share premium *			484,034				484,034
Net profit						43,059	43,059
Total shareholder,s equity as at 31 Dec 2004	53,610	7,675	554,034	79,480	400	43,059	738,258

* In the context of an acquisition which took place in 2001, the Bank has in 2004 received back 2800 class-A non-voting shares from the seller for a consideration of CHF 1.00. These shares have been booked on Balance sheet for CHF 1.00. The proceeds of the sale of 680 class-A non-voting shares at an average price of CHF 13'792.- have been recorded on the balance sheet in the Capital reserve.

Own equity stock	VOTING SHARES	NON VOTING SHARES
Own equity held as at 1 Jan 2004		
Purchase		2,800
Sales		(680)
Own equity held as at 31 Dec 2004	-	2,120

SIGNIFICANT SHAREHOLDERS	NOMINAL	DEC. 31, 2004 PARTICIPATION IN %	NOMINAL	DEC. 31, 2003 PARTICIPATION IN %
EFG Bank European Financial Group, Geneva (owned by Latsis family's interests)	35,744	66.7%	35,739	66.7%
Mr Jean Pierre Cuoni	3,618	6.7%	4,176	7.8%
Mr Lawrence D. Howell	4,176	7.8%	4,176	7.8%
Others Directors, Management members and other shareholders	10,072	18.8%	9,519	17.7%
Total	53,610	100.0%	53,610	100.0%

22. Maturity Structure of Current Assets, Financial Investments and Third Party Liabilities

(ALL FIGURES IN THOUSANDS OF CHF)	AT SIGHT	REDEEMABLE BY NOTICE	DUE WITHIN 3 MONTHS	DUE WITHIN 3 TO 12 MONTHS	DUE WITHIN 1 TO 5 YEARS	DUE AFTER 5 YEARS	SUBORDINATED DEBT	TOTAL
Current assets and financial investments								
Cash and other liquid assets	8,999							8,999
Money market papers	1,272		51,878	231,972				285,122
Due from banks	81,325		1,688,737					1,770,062
Due from customers		246,412	1,148,590	349,855	17,421			1,762,278
Mortgages				7,536				7,536
Securities and precious metals trading portfolios	6,602							6,602
Financial investments	1,153		46,349	287,359	31,805			366,666
Total current assets and financial investments at December 31, 2004	99,351	246,412	2,935,554	876,722	49,226	-	-	4,207,265
December 31, 2003	373,853	445,370	1,426,914	294,094	446,519	-	-	2,986,750
Money market papers issued	316							316
Due to banks	79,363	53,269	56,000	13			154,525	343,170
Due to customers in savings or investments deposits		47						47
Due to customers, others	1,539,258	84,659	84,985	1,468,354	3,513		50,000	3,230,769
Total borrowed funds at December 31, 2004	1,618,937	137,975	140,985	1,468,367	3,513	-	204,525	3,574,302
December 31, 2003	1,438,239	118,021	1,005,587	67,633	-	-	235,940	2,865,420

23. Due from and Due to Associated Companies and Exposures to Members of the Bank's Governing Bodies

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Due from associated companies	49,428	35,942
Due to associated companies	53,908	153,275
Loans and exposures to Bank's governing bodies	19,212	15,822

The services given to the associated parties (securities transactions, money transfers, lending activities, deposits remuneration) have been invoiced at the same tariff as to that applied to third parties.

24. Analysis of Swiss & Foreign Assets, Liabilities and Shareholders' Funds

(ALL FIGURES IN THOUSANDS OF CHF)	SWITZERLAND	FOREIGN	DEC. 31, 2004 TOTAL	SWITZERLAND	FOREIGN	DEC. 31, 2003 TOTAL
Assets						
Cash and other liquid assets	8,258	741	8,999	44,195	772	44,967
Money market papers	6,519	278,603	285,122	5,403	7,212	12,615
Due from banks	233,406	1,536,656	1,770,062	121,790	769,210	891,000
Due from customers	156,874	1,605,404	1,762,278	179,630	1,312,676	1,492,306
Mortgages	6,591	945	7,536	7,101	939	8,040
Securities and precious metals trading portfolios	685	5,917	6,602	4,628	3,112	7,739
Financial investments	36,252	330,414	366,666	51,017	472,455	523,472
Non-consolidated participations		1,428	1,428	290	886	1,176
Tangible fixed assets	33,913	4,579	38,492	36,344	4,009	40,353
Intangible assets	78,000	44,100	122,100	82,347	933	83,280
Accrued income and prepaid expenses	27,347	20,833	48,180	22,994	23,434	46,428
Other assets	3,732	109,333	113,065	72,161	51,694	123,855
Total	591,577	3,938,953	4,530,530	627,899	2,647,332	3,275,231
Liabilities and shareholders' equity						
Money market papers issued	316		316	139		139
Due to banks	7,802	335,368	343,170	36,044	300,397	336,441
Due to customers in saving and investment deposits	1	46	47	97	25	122
Due to customers, other	539,436	2,691,333	3,230,769	542,581	1,986,137	2,528,718
Accrued expenses and deferred income	38,132	18,432	56,564	31,199	11,990	43,189
Other liabilities	30,959	125,741	156,700	114,689	28,003	142,692
Valuation adjustments and provisions	2,749	1,958	4,707	12,653	3,387	16,040
Reserves for general banking risks	400		400	400		400
Share capital	61,285		61,285	56,410		56,410
Capital reserve	554,034		554,034	67,090		67,090
Profit reserve	79,480		79,480	50,823		50,823
Net profit	17,916	25,143	43,059	26,622	6,545	33,167
Total	1,332,510	3,198,020	4,530,530	938,747	2,336,484	3,275,231

25. Assets by Country and Group of Countries

(ALL FIGURES IN THOUSANDS OF CHF)		DEC. 31, 2004 %		DEC. 31, 2003 %
Assets				
Switzerland	591,577	13.1	627,899	19.2
United Kingdom	514,423	11.4	198,776	6.1
Greece	89,891	2.0	40,518	1.2
Luxembourg	448,321	9.9	102,808	3.1
Europe (Other)	1,216,652	26.8	744,601	22.7
United States & Canada	188,796	4.2	232,793	7.1
Latin America & Caribbean	404,769	8.9	394,972	12.1
Africa & Middle East	60,581	1.3	57,529	1.8
Asia & Oceania	1,015,520	22.4	875,336	26.7
Total	4,530,530	100.0	3,275,231	100.0

This analysis is based on the client's place of residence and not necessarily on the domicile of the credit risk, except for mortgages which are classified according to the location of the property.

26. Balance Sheet by Currency

(ALL FIGURES IN THOUSANDS OF CHF)	CHF	USD	OTHER CURRENCIES	TOTAL
Assets				
Cash and other liquid assets	7,354	131	1,514	8,999
Money market papers	5,246	119,873	160,003	285,122
Due from banks	48,450	1,087,759	633,853	1,770,062
Due from customers	235,307	785,774	741,197	1,762,278
Mortgages	6,591		945	7,536
Securities & precious metals trading portfolio	685	2,264	3,653	6,602
Financial investments	36,252	11,134	319,280	366,666
Non-consolidated participations		842	586	1,428
Tangible fixed assets	35,401	227	2,864	38,492
Intangible assets	104,400		17,700	122,100
Accrued income and prepaid expenses	31,969	7,439	8,772	48,180
Other assets	96,513	3,097	13,455	113,065
Total assets at December 31, 2004	608,168	2,018,540	1,903,822	4,530,530
December 31, 2003	582,544	1,575,696	1,116,990	3,275,231
Forward and options forex positions receivable	538,404	3,451,206	3,913,046	7,902,656
Total long currency positions at December 31, 2004	1,146,572	5,469,746	5,816,868	12,433,186
December 31, 2003	1,393,938	4,747,066	4,738,080	10,879,085
Liabilities and shareholders' equity				
Money market papers issued	171	38	107	316
Due to banks	382	73,927	268,861	343,170
Due to customers in savings and investment deposits	5	41	1	47
Due to customers, other	264,429	1,723,104	1,243,236	3,230,769
Accrued expenses and deferred income	43,046	4,415	9,103	56,564
Other liabilities	151,467	690	4,543	156,700
Valuation adjustments and provisions	1,493		3,214	4,707
Reserves for general banking risks	400			400
Share capital	61,285			61,285
Capital reserve	64,361		489,673	554,034
Profit reserve	70,209	(722)	9,993	79,480
Net profit	24,785	1,386	16,888	43,059
Total liabilities and shareholders' equity at Dec. 31, 2004	682,033	1,802,879	2,045,618	4,530,530
December 31, 2003	748,737	1,434,775	1,091,720	3,275,231
Forward and options forex positions payable	557,922	3,661,375	3,670,139	7,889,436
Total short currency positions at December 31, 2004	1,239,955	5,464,254	5,715,757	12,419,966
December 31, 2003	1,403,989	4,768,322	4,699,993	10,872,305
Net currency positions at December 31, 2004	(93,383)	5,492	101,111	13,220
December 31, 2003	(10,051)	(21,256)	38,087	6,780

27. Assets under Management

(IN CHF MILLION)	DEC. 31, 2004	DEC. 31, 2003
Character of client assets		
Assets in own administrated funds	471	686
Assets with administrations' mandate	2,192	1,634
Other clients assets	15,206	14,064
Total client assets (incl. double counts)	17,869	16,384
Thereof double counts	449	535
Loans	1,770	1,500
Other client funds generating revenues	2,448	2,188
Total client funds generating revenues	22,087	20,072
Net increase / decrease of clients assets	1,382	n/a

Auditors' Report

Report of the statutory auditors to the general meeting of EFG Bank (formerly EFG Private Bank SA)

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes set out on pages 42 to 49) of EFG Bank (formerly EFG Private Bank SA) for the year ended December 31, 2004.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

JC Pernollet C Kratzer

Geneva, March 24, 2005

Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	2004	2003
Operating Income & Expenses			
Interest & discount income		63,096	50,149
Interest & dividend income on trading portfolios		(1)	1,209
Interest & dividend income from financial investments		17,351	15,346
Interest expenses		(38,689)	(29,958)
Net interest income		41,757	36,746
Commission income from lending activities		983	4,589
Commission income from securities and investment activities		149,968	101,770
Commission income from other services		12,173	11,348
Commission expenses		(41,015)	(17,053)
Net commission income and service fee income		122,109	100,654
Net trading income	11	39,923	38,019
Income from the sale of financial investments		1,912	126
Income from participations		127	13,150
Sundry ordinary income		2,321	2,794
Sundry ordinary expenses		(16)	
Other ordinary income/(expenses), net		4,344	16,070
Operating income		208,133	191,489
Personnel expenses		(107,494)	(93,023)
Other operating expenses		(34,812)	(45,533)
Operating expenses		(142,306)	(138,556)
Gross operating profit		65,827	52,933
Depreciation of capitalised assets		(29,642)	(27,821)
Valuation adjustments, provisions and losses		(2,986)	(1,514)
Depreciation, valuation adjustments, provisions and losses		(32,628)	(29,335)
Profit before extraordinary items and taxes		33,199	23,598
Extraordinary income	13	3,118	27,073
Extraordinary expenses	13	(17,264)	(6,962)
Profit before taxes		19,053	43,709
Taxes		(5,061)	(3,665)
Net profit		13,992	40,044

Proposed appropriation of retained earnings

(ALL FIGURES IN THOUSANDS OF CHF)	2004	2003
Retained earning brought forward	856	722
Net profit	13,992	40,044
Retained earning available for appropriation	14,848	40,766
Transfer to General legal reserve	950	2,910
Transfer to Free reserves	13,000	37,000
To be carried forward	898	856
Total	14,848	40,766

Balance Sheet

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	DEC. 31, 2004	DEC. 31, 2003
Assets			
Cash and other liquid assets		8,450	44,684
Money market papers		284,952	12,615
Due from banks		1,736,142	880,929
Due from customers		1,585,229	1,492,006
Mortgages		7,364	8,040
Securities & precious metals trading portfolios		6,602	4,284
Financial investments		86,410	490,483
Investments in subsidiaries		616,219	39,558
Tangible fixed assets and intangible assets		151,506	122,207
Accrued income and prepaid expenses		43,857	40,896
Other assets		107,696	118,259
Total assets		4,634,427	3,253,961
Including subordinated assets		1,825	1,825
Including total due from Group companies and significant shareholders		35,758	19,004
Liabilities			
Money market papers issued		316	139
Due to banks		356,447	328,711
Due to customers in savings and investment deposits		47	122
Due to customers, other		3,338,203	2,525,526
Accrued expenses & deferred income		54,283	37,258
Other liabilities		154,841	141,535
Valuation adjustments and provisions	7	4,707	13,004
Total liabilities		3,908,844	3,046,295
Shareholders' Equity			
Reserves for general banking risks	7, 8	400	400
Share capital	8, 9	61,285	56,410
General legal reserve	8	569,050	67,090
Free reserves	8	80,000	43,000
Retained earnings	8	856	722
Net profit	8	13,992	40,044
Total shareholders' equity	8	725,583	207,666
Total liabilities and shareholders' equity		4,634,427	3,253,961
Including subordinated liabilities		204,525	235,940
Including total due to Group companies and significant shareholders		117,531	26,238

Off-Balance Sheet Positions

Contingent Liabilities

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Guarantees issued in favour of third parties	140,296	119,500

Irrevocable Commitments

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Irrevocable commitments	16,047	77,994

CHF 13,464 (2003: CHF 72,178) represent irrevocable commitments of renewed bank term deposits processed after closing and with a maturity shorter than 1 month (Trading date principle)

Derivative Financial Instruments Open at Year-End

(ALL FIGURES IN THOUSANDS OF CHF)	POSITIVE REPLACEMENT VALUE	HELD FOR TRADING NEGATIVE REPLACEMENT VALUE	CONTRACT VOLUME	POSITIVE REPLACEMENT VALUE	HELD FOR HEDGING NEGATIVE REPLACEMENT VALUE	CONTRACT VOLUME
Interest rate instruments						
Swaps	169	208	81,454			
Options (OTC)	1,224	1,224	680,400			
Foreign Exchange						
Forward contracts	86,982	73,706	7,796,254		147	24,948
Options (OTC)	11,908	11,908	4,379,430			
Equity						
Options (OTC)	879	879	55,871			
Total December 31, 2004	101,162	87,925	12,993,409	-	147	24,948
Total December 31, 2003	91,714	83,059	8,428,148	19,089	3,879	1,384,983

Derivative replacement values refer to gross values in other assets and other liabilities

The above figures do not include data relating to the existing put option and capital contribution agreements between EFG Bank and its subsidiaries

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Netting valuation accounts, net balance	4,928	2,550

Fiduciary Transactions

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2004	DEC. 31, 2003
Fiduciary transactions with third party banks	2,805,319	2,715,377
Deposits with affiliated banks and banks of EFG Bank Group	597,617	451,961
Loans and other fiduciary transactions	27,301	24,003
Total	3,430,237	3,191,341

1. Business Activities and Number of Personnel

EFG Bank, (hereinafter referred to as “The Bank”), offers its clients the full range of Private Banking services including portfolio management for private clients, investment advisory services, lombard lending and trust services. In addition to its head office in Zurich, it operates through its Geneva, Guernsey, Hong Kong and Singapore branches. The Bank maintains also offices in Sion, Martigny, Verbier, Crans-Montana.

As at December 31, 2004, the Bank employed 463 staff (2003: 462).

2. Accounting Policies

The financial statements have been prepared in accordance with the provisions of the Swiss Code of Obligations, the banking legislation and the directives of the Swiss Federal Banking Commission. The most significant accounting policies may be summarised as follows:

Transaction Recording

All transactions are accounted for at the time of their contractual initiation. Securities transactions are recorded in the balance sheet on contract date. Spot and forward foreign transactions, as well as deposits and loans, are recorded as off balance sheet commitments until their value date.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are converted at rates of exchange prevailing at year-end. Foreign currency transactions are converted at the rates of exchange prevailing during the year. The possible differences between the year-end exchange rate and the average rate are booked under the Trading account as foreign exchange difference

Main foreign exchange rates against CHF

	2004		2003	
	YEAR END	AVERAGE	YEAR END	AVERAGE
EUR	1.5452	1.5438	1.5594	1.5205
GBP	2.1803	2.2753	2.2163	2.1976
HKD	14.58	15.95	16.07	17.28
JPY	1.1001	1.1487	1.1662	1.1617
SEK	17.12	16.92	17.18	16.67
SGD	69.29	73.48	73.29	77.22
TWD	3.3548	3.7239	3.6634	3.9176
USD	1.1340	1.2420	1.2479	1.3459

Liquid assets and money market papers

Such assets are recorded in the balance sheet at their nominal value.

Due from and to banks, due from and to customers and mortgages

These are stated at nominal value. Valuation adjustments where applicable, to recognise default risks established on an individual basis, as well any individual provision for impaired loans are booked under “Valuation adjustments and provisions” in the Balance sheet. Impaired loans are valued individually and fully covered by a specific provision recorded under “Valuation adjustments and provisions”.

Securities and precious metals trading portfolios

Assets held in this category are valued at fair value. Securities that are not regularly traded are valued at the lower of cost or market value. Structured products are marked to model.

Financial Investments

Securities are held on a medium or long-term basis until their maturity. Bonds held for the medium term are valued at the lower of cost and market value. Bonds held for the long term until their maturity are valued under the straight line accrual method. Equities are held at the lower of cost or market value.

Investment in subsidiaries

These are valued at cost less amortisation reflecting any prolonged impairment in value.

Fixed assets

Fixed assets comprise fixtures and fittings, computers, telecommunications equipment and are depreciated on a straight-line basis over their estimated economic useful life, which are:

Fixture and fittings	between 5 and 10 years
Computers and telecommunications equipment	between 3 and 4 years
Other fixed assets	between 5 and 10 years

Goodwill and Intangibles

Goodwill and Intangibles are amortised over six, seven or ten years on a straight-line basis. Other intangibles carried under this item is amortised over a five-year period.

Pension fund

The Pension schemes cover aging, survival and disability and are run in according with laws and

regulations of the respective local countries. Employees and their survivors are protected against economic consequences of age, death and disability.

Generally funded by employees and employers, the schemes are legally independent from the Bank. The main such schemes are in Switzerland and Hong Kong. Participants to schemes of these two countries represents about 95% of employees of the Bank.

Employer contributions expenses, whether through state plans, private standalone arrangements or with private insurance companies, are recognised when employees have rendered service to the Bank in exchange for the benefits.

For application of Financial Reporting Standards Swiss GAAP n° 16, the Bank Pension schemes are contribution oriented.

Taxes

Taxes due on the net income of the companies of the Bank, but not yet paid, have been provided for in the financial statements and are recorded under "Accrued expenses & deferred income" in the Balance sheet.

Valuation adjustments and provisions

For each risk identifiable at the date of the balance sheet, adjustments to values and provisions are made according to general principles of prudence. Amounts due from customers are also risk-evaluated according to the domicile of the risk.

Reserves for general banking risks

The reserves for general banking risks are, according to Art. 11a of the Swiss Banking Ordinance, considered as part of the shareholders' funds of the Bank.

Derivatives

Trading positions outstanding on the balance sheet date are valued at fair value. Hedging transactions are valued similarly to the underlying transactions. All positive and negative replacement values are carried at market price as gross amounts in the balance sheet (without any off setting) under Other assets and Other liabilities respectively.

Changes in prior year balance sheet

Valuation adjustments and provisions as at 31.12.2003 has been retreated to reflect the transfer from and into "Accrued expenses & deferred income" and "Other liabilities" related to past merger commitments originally booked under this caption.

3. Risk Management

The Bank's activities are predominantly carried out on its clients' behalf, with the clients carrying the risk. As such, the Bank takes limited credit risk, market risk and liquidity risk, with most credit risk being limited to Lombard loans and other secured loans, and market risk restricted to limited foreign exchange and interest rate gapping positions maintained by the Group. The main areas of risk for the Bank are operational and reputational. The Bank's management has implemented risk management procedures generally complying with the risk policies and procedures of its parent, EFG Bank European Financial Group (EFG Group). Ultimate responsibility for the risk management of the Bank lies with the Bank's board of directors, who set the Bank's policies and risk appetite in collaboration with EFG Group's Group Risk Committee (GRC). Implementation of the Bank's policies and compliance with procedures is the responsibility of sub-committees for market risk and credit risk, assisted by both internal and external audit functions.

Operational Risk

The risk of loss resulting from failures in business processes systems and people, or from external sources, is limited by means of organisational measures, automation, internal control and security systems, written procedures, legal documentation and loss mitigation techniques under the responsibility of management. Operational risk is monitored through a comprehensive internal reporting system under the responsibility of senior management, which aims to oversee and maintain the standards of all transactions. Operational losses have been small and monthly reports include details of all operational issues. The Bank has a strong preference for hiring senior managers and Client Relationship Officers (CROs) who have worked with members of the current management of the Bank in the past. In addition, the management information system produces daily reports with details of the transactions of all clients, which are closely monitored with a view to detecting any large or unusual transactions. The Bank's Geneva based IT system provides an immediate duplicate of all transactions at its disaster recovery site in Zurich head office, ensuring a backup system is continuously available off-site. The Bank's operations are also monitored by EFG Group's internal audit department. The Bank has suffered little loss from fraud, and has insurance policies against fraud and negligence committed by employees.

Compliance and Law risk

The Legal & Compliance department controls the bank's observation of all regulations in force and due

diligence of any financial intermediaries. Legislative developments and changes by government, parliament or other relevant authorities are regularly followed. The Legal & Compliance department also supervises proper updating of internal regulations to comply with new regulations and laws.

Reputational Risk

Reputational risk for the Bank may arise from any shortfalls in the quality of service delivered to clients, as well as the Bank's potential involvement with politically exposed clients and those connected with criminal activities.

The Bank endeavours to ensure service quality by employing highly skilled CROs and minimising operational error (see "Operational Risk" above). Reputational risks arising from client selection are a common concern for all Swiss private banks, and the Swiss Federal Banking Commission closely monitors the reputational risk of accepting suspicious funds. To comply with money laundering laws, the Bank operates strict due diligence procedures for new clients. In addition, the Bank closely monitors transactions on an ongoing basis and records any activities not matching clients' profiles.

Credit Risk

The Bank's Credit Committee ensures the implementation of the credit policies and procedures defined by the Board and approves major client credit risks. The approval of Lombard loans and of certain non-Lombard loans has been delegated to senior management within established size and diversification program parameters. The Credit Administration Department monitors credit exposures against approved limits and pledged collateral. To qualify as collateral for a Lombard loan, the securities portfolio must be well diversified and differing margins apply depending on the type of securities, their risk profile and liquidity. The Bank applies additional margins if the loan and the collateral are not in the same currency. Most of the collateral is valued daily (more frequently during periods of high market volatility). Management insists on a thorough understanding of the underlying collateral and the purpose of the loan, ordinarily investment in securities, funds or life insurance policies. The credit policy of the Bank and the nature of the loans ensure that the Bank's loan book is of high quality.

Market risk

The Bank applies a "value at risk" approach (VAR) to monitor and control market risks: this approach focuses on assessing the potential loss impact on open

risk positions measured under normal market conditions. In addition, positions are also measured in the event of extreme market movements (stress testing) and also against nominal limits. The Bank limits are set and approved accordingly. As regards to interest rate risk, the Bank maintains limited gapping positions, all within the pre-established market risk limits and parameters. The Bank carries out foreign currency operations both for its clients and for its own account. 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. The use of derivatives and related monitoring of its risks are subject to the risk management policy used by EFG Group on a group-wide basis. An independent Risk Control Unit assesses, reviews and reports on a daily basis open risk positions against approved limits to Management with a comprehensive monthly Management Information Report being reviewed by the Swiss Risk Committee and by the Board of Directors.

Liquidity risk

The Bank's capital and reserves position, its conservative gapping policy when funding customer loans combined with its substantial excess funding from client deposits ensure that the Bank runs little liquidity risk.

Outsourcing risk

Salary and Pension Fund administration have been outsourced to a specialized service company. Several IT Development projects to be completed within clearly defined timeframes have also been outsourced to local companies. For all such outsourced activities, detailed service contracts, including confidentiality, banking secrecy and business compliance agreements, were signed between the bank and respective companies and their employees.

4. Subsequent events

On December 16, 2004, EFG Bank priced a EUR 75 million Tier I capital issue of EFG Fiduciary Certificates, 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, for the purposes of subscribing for Preferred Non-voting Class B Bons de Participations in EFG Bank and of Preferred Non-voting Class B Shares in EFG Finance (Guernsey) Limited. The issue closed as planned on January 17, 2005.

5. Fire Insurance Value of Fixed Assets

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2004	DEC 31, 2003
Fire insurance value of tangible fixed assets	25,211	19,861

6. Assets Pledged or Assigned and Assets Subject to Reservation on Ownership

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2004		DEC 31, 2003	
	BOOK VALUE OF PLEDGED ASSETS	ACTUAL LIABILITIES	BOOK VALUE OF PLEDGED ASSETS	ACTUAL LIABILITIES
Balance sheet positions				
Money market papers	12,054		10,863	
Due from banks	3,086	3,086	8,062	
Financial investments	33,000		49,989	
Total	48,140	3,086	68,914	-

Mainly represents assets subject to ownership reservation guarantying nostro commitments and revocable at own discretion.

7. Valuation Adjustments & Provisions/Reserve for General Banking Risks

(ALL FIGURES IN THOUSANDS OF CHF)	BALANCE AT DEC. 31, 2003	SPECIFIC USAGE	CHANGE OR RECLASSIFICATION OF PROVISIONS	RECOVERIES, DOUBTFULL INTEREST, CURRENCY DIFFERENCES	NEW PROVISIONS CHARGED TO INCOME STATEMENT	REVERSAL TO INCOME STATEMENT	BALANCE AT DEC. 31, 2004
Valuation adjustments & provisions for credit risks and country risks	5,564	(2,544)		119		(20)	3,119
Other provisions	7,440	(7,138)			1,745	(459)	1,588
of which restructuring provision	5,344	(6,082)			1,638		900
Total valuation adjustments & provisions as per balance sheet (liabilities)	13,004	(9,682)	-	119	1,745	(479)	4,707
Reserve for general banking risks	400	-	-	-	-	-	400

8. Statements of Changes in Shareholders' Equity

(ALL FIGURES IN THOUSANDS OF CHF)	SHARE CAPITAL	GENERAL LEGAL RESERVE	RESERVES FOR GENERAL BANKING RISKS	FREE RESERVES	RETAINED EARNINGS	NET PROFIT	TOTAL PER BALANCE SHEET
Balance at beginning of the year	56,410	67,090	400	43,000	722	40,044	207,666
Allocation to/from reserves		2,910		37,000	134	(40,044)	
Capital increase	4,875						4,875
Share premium*		499,050					499,050
Net profit for the year						13,992	13,992
Balance at end of the year	61,285	569,050	400	80,000	856	13,992	725,583

* In the context of an acquisition which took place in 2001, the Bank has in 2004 received back 2800 class-A non-voting shares from the seller for a consideration of CHF 1.00. These shares have been booked on Balance sheet for CHF 1.00. The proceeds of the sale of 680 class-A non-voting shares at an average price of CHF 13'792.- have been recorded on the balance sheet in the General legal reserve..

9. Capital Structure and Significant Shareholders

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2004			DEC 31, 2003		
	TOTAL NOMINAL VALUE	NUMBER OF UNITS	DIVIDEND BEARING CAPITAL	TOTAL NOMINAL VALUE	NUMBER OF UNITS	DIVIDEND BEARING CAPITAL
Capital structure						
Share capital	61,285	381.41	61,285	56,410	56.41	56,410
Total share capital	61,285	381.41	61,285	56,410	56.41	56,410
Voting shares						
Voting shares	53,610	53.61	53,610	53,610	53.61	53,610
Non-voting shares	7,675	327.80	7,675	2,800	2.80	2,800
SIGNIFICANT SHAREHOLDERS						
			NOMINAL	DEC 31, 2004 PARTICIPATION IN %	NOMINAL	DEC 31, 2003 PARTICIPATION IN %
EFG Bank European Financial Group, Geneva (owned by Latsis Family interests)			35,744	66.7	35,739	66.7
Mr Jean Pierre Cuoni			3,618	6.7	4,176	7.8
Mr Lawrence D. Howell			4,176	7.8	4,176	7.8
Other Directors, Management members and other shareholders			10,072	18.8	9,519	17.7
Total			53,610	100.0	53,610	100.0

10. Due from and Due to Associated Companies and Loans and Exposures to Members of the Bank's Governing Bodies

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2004	DEC 31, 2003
Due from associated companies	49,428	35,942
Due to associated companies	53,908	153,275
Loans and exposures to Bank's governing bodies	19,212	15,822

The services given to the associated parties (securities transactions, money transfers, lending activities, deposits remuneration) have been invoiced at the same tariff as to that applied to third parties.

11. Income from Trading Activities, Net

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2004	DEC 31, 2003
Foreign exchange and banknote trading	33,452	23,550
Securities	6,471	14,469
Total	39,923	38,019

12. Liabilities to Own Pension Plans

At year end the Bank has a conditional payment guarantee for an unlimited period in favor of a former pension and welfare fund for an amount of CHF 1,332,786. The Bank acts as depositor for its own pension and welfare fund and, in its capacity has a debt of CHF 14,929,142 as at December 31, 2004.

13. Extraordinary Income and Expenses

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2004	DEC 31, 2003
Extraordinary income		
Release of extra and hidden reserves		15,918
Reimbursement IT Consulting contract termination costs		4,950
Liquidation dividend on financial investment provided for		3,371
Other	3,118	2,834
Extraordinary expenses		
IT Consulting contract termination costs		(4,950)
Stamp tax on Preferred share issue	(4,794)	
Other Capital Raising Costs	(10,222)	
Other	(2,248)	(2,012)
Total	(14,146)	20,111

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