EFG International reports full year 2009 results

Zurich, 17 March 2010 – EFG International reported net profit of CHF 101.1 million in the year ended 31 December 2009 (down 54% versus 2008), on operating income of CHF 859.1 million (down 9%). After a weak first half, EFG International improved its performance significantly in the second half of the year, with a threefold increase in net profit. Clients' Assets under Management were CHF 87.7 billion as at 31 December 2009, up 14% from end-2008. Total clients' Assets under Management and Administration stood at CHF 97.1 billion at end-2009. Net new assets from private clients were CHF 8.7 billion (growth of 12.4%), and CHF 6.3 billion (8.4%) overall after institutional outflows. Business levels have progressively improved, and present trends are positive.

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.

Financial highlights:

	2009	% change vs. 2008	% change H2 vs. H1 2009
Operating income	**CHF 859.1 m**	down 9%	up 8%
Operating expenses	**CHF 678.4 m**	up 3%	up 4 %
Cost-income ratio	**79%**	up from 65.4%	down from 80.6%
Net profit attrib to Group shareholders	**CHF 101.1 m**	down 54%	up 305%
Net profit attrib to ordinary shareholders	**CHF 76.6 m**	down 60%	up 910%
Revenue-generating AuM	**CHF 86.2 bn**	up 14%	up 7%
Net new assets private clients	**+ CHF 8.7 bn**	12% NNA growth	11% NNA growth
..total after hedge fund-related outflows	**+ CHF 6.3 bn**		
Revenue margin (in % of AuM)	**1.07 %**	up from 1.06%	constant at 1.07%
BIS Tier 1 capital ratio	**13.7%**	up from 12.5%	up from 12.9%
CROs	**650**	down 10%	down 4%

Cost reduction programme and re-investment

Early in 2009, a cost reduction programme was initiated to reflect prevailing business levels. On a pro forma basis, EFG International realised cost savings of close to CHF 40 million in 2009, and savings are expected to exceed CHF 50 million for 2010. This was achieved through a combination of reducing the number of loss-making CROs; office closures; and general savings in compensation and other operating expenses. 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 new 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. A number of teams - as well as individuals - have been recruited, 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). EFG International is also in the process of closing operations (subject to regulatory approval) in Caracas; Panama; and Malmö, Sweden. However, the business also selectively extended its representation in key growth markets during 2009, opening offices in Abu Dhabi; Bangalore; Key Biscayne, Florida; and Ottawa. In the early stages of 2010, it opened in Shanghai, is in the process of opening in Denmark, and is applying to establish a presence in Uruguay. In France, the business obtained a banking license.

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

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 Asia, clients' Assets under Management rose by over 20%. In Miami, where there was significant hiring of new CROs, clients' Assets under Management rose by over a third. And in the Caribbean, there was strong growth in clients' Assets under Management in both The Bahamas and Cayman Islands, with income rising by a quarter.

Asset management

Effective 1 July, EFG International's specialist product businesses were grouped under unified leadership. This has helped 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, EFG Financial Products and Marble Bar Asset Management are retaining their own sales forces, while supplementing them with a combined asset management sales force 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.

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.

Outlook

Looking to the future, present trends are positive. While the external environment remains uncertain, business levels at EFG International have progressively improved. EFG International believes that 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 remains on organic growth, not acquisitions. Costs will continue to be carefully managed, but the business remains committed to hiring high quality CROs who are capable of being profitable in relatively short order. It will also continue to extend selectively its 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, EFG International remains confident that it can achieve its 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, a significant expansion of activity is planned, based on the belief that there is an attractive opportunity to recruit high quality CROs. In Sweden, the business is repositioning itself to provide a broader range of wealth management solutions to institutional and private clients.

- In relation to asset management, EFG International will continue to pull together the various strands of this business, with a view to providing better support to CROs, in the context of its fundamental commitment to open architecture, as well as establishing itself as 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 in areas such as forex and commodities.

Lonnie Howell, Chief Executive Officer, EFG International:

- “Last year was another challenging year, which inevitably affected performance, although the second half was a significant improvement on the first. EFG International once again managed risks well, and we acted to make the business more efficient. At the same time, we are encouraged by present trends, and have continued to invest in growth. Most positively, the private banking business again delivered double-digit net new money growth, evidencing that our underlying capacity for growth remains intact.”

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.

Annual report

The 2009 annual report of EFG International was published today at 7.00 am CET and is available for download at www.efginternational.com (Investors / Financial reporting).

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About EFG International

EFG International is a global private banking group offering private banking and asset management services, headquartered in Zurich. EFG International's group of private banking businesses operates in over 50 locations in 30 countries, with circa 2,400 employees. EFG International's registered shares (EFGN) are listed on the SIX Swiss Exchange. EFG International is a member of EFG Group.

EFG International, Bahnhofstrasse 12, 8001 Zürich, Switzerland

Practitioners of the craft of private banking

Presentation of full-year 2009 financial results

At 9.30 am CET on **Wednesday**, **17 March 2010,** management of EFG International will present and discuss the results at a meeting for analysts, investors and media representatives. EFG International's full-year 2009 results will be presented by:

- Lawrence D. Howell, Chief Executive Officer (CEO)
- Rudy van den Steen, Chief Financial Officer (CFO)

You will be able to join us for the presentation at **SIX Swiss Exchange ConventionPoint, Selnaustrasse 30, Zurich,** via **telephone conference** or by **webcast** via the Internet.

Telephone conference:

Dial-in numbers:	Switzerland:	+ 41 91 610 56 00
	UK:	+ 44 207 107 06 11

Please call 10 minutes before the start of the presentation and ask for "EFG International full-year 2009 Results".

Webcast

A results webcast will be available at www.efginternational.com from 9.30 am (CET).

Presentation slides and press release

The presentation slides and press release will be available from 7.00 am (CET) on Wednesday, March 17, 2010 at www.efginternational.com (Investor Relations / Investor Presentations).

Playback of telephone conference

A digital playback of the telephone conference will be available one hour after the conference call for 48 hours under the following numbers:

Switzerland:	+ 41 91 612 4330
UK:	+ 44 207 108 6233

Please enter conference ID 16153 followed by the # sign.

Playback of results webcast

A playback of the results webcast will be available around three hours after the event at www.efginternational.com.

Financials

Key Figures as at 31 December 2009

(in CHF billions unless otherwise stated)	Year ended 31 December 2009	Year ended 31 December 2008	Variance
Clients Assets under management (AUM)	87.7	77.2	14%
AUM excluding shares of EFG International	86.2	75.4	14%
Assets under administration	9.4	8.8	7%
Number of Client Relationship Officers	650	726	-10%

Consolidated Income Statement for the year ended 31 December 2009

(in CHF millions)	Year ended 31 December 2009	Year ended 31 December 2008	Variance
Net interest income	263.3	286.6	-8%
Net banking fee and commission income	497.6	571.7	-13%
Net other income	98.2	88.0	12%
Operating income	859.1	946.3	-9%
Operating expenses	(678.4)	(657.5)	3%
Profit before amortisation of acquisition related intangibles	180.7	288.8	-37%
Impairment charges	(5.4)	(15.4)	-65%
Amortisation of acquisition related intangibles	(65.7)	(52.0)	26%
Operating profit before tax	109.6	221.4	-50%
Income tax expense	(5.4)	(25.5)	-79%
Net profit for the period	104.2	195.9	-47%
Net (profit)/loss attributable to non-controlling interests	(3.1)	26.0	-112%
Net profit attributable to equity holders of the Group	101.1	221.9	-54%

Financials (cont.)

Consolidated Balance Sheet as at 31 December 2009

(in CHF millions)	31 December 2009	31 December 2008
ASSETS		
Cash and balances with central banks	265.4	115.2
Treasury bills and other eligible bills	770.8	73.7
Due from other banks	3,519.6	3,730.6
Loans and advances to customers	8,217.5	7,424.3
Derivative financial instruments	285.9	452.8
Financial assets designated at fair value :		
- Trading Assets	310.5	720.3
- Designated at inception	714.8	533.4
Investment securities :		
- Available-for-sale	4,299.1	3,351.4
- Held-to-maturity	510.5	514.1
Intangible assets	1,491.3	1,763.0
Property, plant and equipment	56.0	57.1
Deferred income tax assets	32.4	25.8
Other assets	176.2	132.6
Total assets	20,650.0	18,894.3
LIABILITIES		
Due to other banks	447.1	400.9
Due to customers	15,727.9	14,213.4
Derivative financial instruments	454.0	459.6
Financial liabilities designated at fair value	414.1	263.1
Other financial liabilities	1,002.0	679.6
Current income tax liabilities	9.1	12.9
Deferred income tax liabilities	51.5	66.0
Other liabilities	306.0	541.4
Total liabilities	18,411.7	16,636.9
EQUITY		
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
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