EFG International

Basel II Pillar 3 Disclosures
31 December 2009

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1 INTRODUCTION

EFG International AG (the Group) is regulated by the Swiss Financial Market Supervisory Authority (FINMA) which requires it to comply with Pillar III disclosures that are part of the Basel II Capital Adequacy Framework. This report discloses the Group's application of Basel II framework as at 31 December 2009 and the changes since 31 December 2008 as required by FINMA.

In order to have the full view of the Group's regulatory environment and capital requirements, this report should be read along with the Group's Annual Report 2009 (*http://www.efginternational.com/InVision/doc/corporate/rapport_annuel/corp_ra_2009_EN.pdf*). For more information on the way the Group manages risk, please refer to the Risk Management (pages 44-51) section in the Annual Report 2009. Certain disclosures contained in this report can not be reconciled with disclosures in the Annual Report due to the way the Group manages risk internally being different to the way it reports it hereunder.

Consolidation Scope

There is no difference in the scope of consolidation for the calculation of capital adequacy and the 2009 Consolidated Financial Statements. In Note 30 of the Annual Report there is a list of the main subsidiaries of the Group as at 31 December 2009 (page 129).

The Group complies with IFRS accounting principles which are used in the financial reporting presented in the Annual Report. In certain cases, FINMA requires the Group to comply with Swiss GAAP accounting principles when reporting for Capital Adequacy purposes. The Group's BIS capital figures are based on IFRS accounting principles.

2 CAPITAL

The Group reports regulatory capital according to the Swiss Capital Ordinance, therefore complying with the additional FINMA requirements adding higher requirements by way of multipliers to the BIS numbers that have been laid out by the Basel Committee. FINMA multipliers are applied to credit risk, settlement risk, operational risk and counterparty-related risk.

Basel II gives room to banks to apply several approaches for managing risk exposures. Below is the table that summarises the Group's regulatory approach for each risk category managed:

Approaches used for risk types

Category	Approach
Credit Risk	The Group uses the International Standardised Approach (SA-BIS) to determine which risk weights to apply to credit risk. Additionally, the Group adopted the Comprehensive method to deal with the collateral portion of a credit transaction. In the SA-BIS approach, the Group can use ratings assigned by rating agencies to the risk weighted positions. The Group uses Moody's ratings for securities and Fitch ratings for bank placements.
Non-Counterparty Risk	For non-counterparty related assets the Group applies the SA-BIS approach.
Operational Risk	The Group applies the SA-BIS approach to calculate operational risk. The capital requirement under this method is based on the three year average amount.
Market Risk	The SA-BIS approach is used for market risk. This approach requires capital for the following positions: 1) interest rate instruments held in the trading book, 2) equity securities held in the trading book, 3) foreign exchange positions, and 4) gold & commodity positions. General market risk associated with interest rate risk instruments are calculated using the Maturity Method.

For information on the Group's capital components and management objective, refer to Capital Structure section (pages 57-58) and Financial Risk Assessment and Management Section - Capital Management (page 113) of the EFGI Annual Report.

BIS and FINMA Total Eligible Capital

(All amounts in millions of CHF)

	31.12.09	31.12.08
Core capital prior to deductions	**2,238.3**	2,257.4
Less: Proposed dividend on Ordinary Shares	**(13.4)**	(35.3)
Less: Accrual for expected future preference dividend	**(3.7)**	(4.7)
Less: Goodwill and intangibles assets	**(1,413.0)**	(1,462.9)
Less: Other deductions	**(12.7)**	(5.5)
BIS Tier 1 Capital	**795.5**	749.0
Upper Tier 2 Capital		
Lower Tier 2 Capital	**4.1**	
BIS Total Eligible Capital	**799.6**	749.0
Additional deduction FINMA[1]	**(20.2)**	
FINMA Tier 1 Capital	**775.3**	749.0
FINMA Total Eligible Capital	**779.4**	749.0

[1] This deduction reflects a difference between IFRS to Swiss GAAP accounting. Please note that the BIS Total Eligible Capital based on IFRS accounting would not deduct this amount. Refer to the Group's Financial Statements 2009 (page 26-27, 114) for the Group's BIS Total Eligible Capital based on IFRS accounting comparable with other banks.

Required Capital

(All amounts in millions of CHF)	**BIS Required Capital**	**FINMA Required Capital**	BIS Required Capital	FINMA Required Capital
	31.12.09	**31.12.09**	31.12.08	31.12.08
Credit Risk	302.0	298.8	288.8	288.8
Settlement Risk	0.1	0.1	1.3	1.3
Non Counterparty Risk	5.6	5.6	6.1	6.1
Market Risk	27.6	27.6	55.9	55.9
Operational Risk	131.2	131.2	125.4	125.4
Additional capital requirements pursuant FINMA - multipliers[1]		44.4		47.6
Total Required Capital	**466.5**	**507.7**	477.5	525.1

[1] An additional FINMA charge of 10% on Credit Risk Weighted Assets for exposures treated under the International Standardised Approach, a FINMA surcharge of 200% for Risk Weighted Assets of non-counterparty related assets, and additional FINMA requirements for Settlement Risk.

Risk Weighted Assets Equivalents

The table below reflects the Risk Weighted Assets equivalents, which is based on the Required Capital multiplied by 12.5.

(All amounts in millions of CHF)	**BIS Risk Weighted Assets[1]**	**FINMA Risk Weighted Assets[2]**	BIS Risk Weighted Assets	FINMA Risk Weighted Assets
	31.12.09	**31.12.09**	31.12.08	31.12.08
Credit Risk[3]	3,774.4	4,146.5	3,610.5	4,051.1
Settlement Risk	1.7	1.9	16.4	18.0
Non Counterparty Risk	70.4	211.2	75.9	227.7
Market Risk	344.7	344.7	698.5	698.5
Operational Risk	1,640.4	1,640.4	1,567.0	1,567.0
Total Risk Weighted Assets	**5,831.6**	**6,344.7**	5,968.3	6,562.3

[1]This is Risk Weighted Assets under BIS and does not include additional FINMA requirements.

[2] An additional FINMA charge of approximately 10% on Credit Risk Weighted Assets for exposures treated under the International Standardised Approach, a FINMA surcharge of 200% for Risk Weighted Assets of non-counterparty related assets, and additional FINMA requirements for Settlement Risk.

[3] Includes an asset not recognised for FINMA purposes due to difference between IFRS and Swiss GAAP, as asset was deducted from capital for FINMA purposes.

BIS and FINMA Capital Ratio's

	31.12.09	**31.12.08**
BIS Tier 1 Capital	795.5	749.0
BIS Total Eligible Capital	799.6	749.0
FINMA Tier 1 Capital	775.3	749.0
FINMA Total Eligible Capital	779.4	749.0
BIS Tier 1 Ratio	13.6%	12.5%
BIS Total Eligible Capital Ratio	13.7%	12.5%
FINMA Tier 1 Ratio	12.2%	11.4%
FINMA Total Eligible Capital Ratio	12.3%	11.4%

3 CREDIT RISK

For information on the Group’s credit risk and counterparty risk approach, ratings and risk practice in relation to collateral, refer to Risk Management Organization, Credit Risk, Credit Risk related to Clients, Credit Risk related to Financial Institutions under the Risk Management section (pages 45 to 47) and also under the Financial Risk Assessment and Management section (pages 95 to102) of the EFGI Annual Report. Certain disclosures contained in this section of the report can not be reconciled with disclosures in the Annual Report due to the way the Group manages risk internally being different to the way it reports it for regulatory purposes.

Regulatory gross credit risk exposures by counterparty type

For regulatory purposes, the Group categorises its gross regulatory credit risk exposure into counterparty types. The classification of counterparty type is based on the Group's internal classification.

The table below represents gross[1] regulatory credit exposure by type of counterparty:

(All amounts in millions of CHF)	Private Individuals	Corporates[2]	Banks & Multilateral Institutions[3]	Public Entities & Sovereign [4]	Other[5]	Regulatory gross credit exposure
Cash and balances with central banks			3.3	253.8	8.3	**265.4**
Money market papers		0.3		770.3		**770.6**
Due from banks			3,516.3			**3,516.3**
Loans and advances to customers:						
- Loans	2,960.0	3,369.5				**6,329.5**
- Mortgage	1,186.4	669.8				**1,856.2**
Trading portfolio assets		7.2	16.6		13.1	**36.9**
Financial investments		774.8	2,548.9	1,733.3	5.6	**5,062.6**
Derivatives (replacement values including add-on's)	47.1	125.3	278.9	1.7	0.5	**453.5**
Other assets (including accrued receivables)	23.1	36.9	70.7	19.6	178.6	**328.9**
As at 31 December 2009	**4,216.6**	**4,983.8**	**6,434.7**	**2,778.7**	**206.1**	**18,619.9**
Contingent liabilities	64.4	52.6	3.8			**120.8**
Commitments	39.7	31.9	3.8			**75.4**
Total other exposures at 31 December 2009	**104.1**	**84.5**	**7.6**			**196.2**
Total gross credit exposures at 31 December 2009	**4,320.7**	**5,068.3**	**6,442.3**	**2,778.7**	**206.1**	**18,816.1**
As at 31 December 2008	3,789.5	4,716.8	7,173.2	249.5	305.7	**16,234.7**
Total other exposures at 31 December 2008	108.1	136.9	78.8			323.8
Total gross credit exposures at 31 December 2008	**3,897.6**	**4,853.7**	**7,252.0**	**249.5**	**305.7**	**16,558.5**

[1] Gross regulatory credit risk exposure is after provisions and application of credit conversion factors on off balance sheet items.

[2] Includes non-bank financial institutions, trusts, and investment funds.

[3] Includes banks and multilateral development banks.

[4] Sovereign counterparties include central banks and governments, as well as other public entities.

[5] Other includes international organizations which are not banks or public entities.

Regulatory gross credit risk exposures by geography

The table below represents regulatory credit risk exposure according to the balance sheet and off balance sheet positions by geographical location of the counterparty:

(All amounts in millions of CHF)	**Switzerland**	**Other Europe**	**Americas**	**Asia**	**Others**	**Total**
Cash and balances with central banks	221.8	36.6	0.7	6.3		**265.4**
Money market papers	212.1		133.6	424.9		**770.6**
Due from banks	312.6	2,301.8	123.8	769.2	8.9	**3,516.3**
Loans and advances to customers:						
- Loans	284.8	2,228.3	2,071.3	1,494.7	250.4	**6,329.5**
- Mortgage	72.7	967.2	741.8	42.5	32.0	**1,856.2**
Trading portfolio assets	1.4	35.5	0.0	0.0		**36.9**
Financial investments	163.5	3,088.5	1,733.7	76.9		**5,062.6**
Derivatives (replacement values including add-on's)	110.7	237.7	60.2	36.7	8.2	**453.5**
Other assets (including. accrued receivables)	55.1	200.6	38.5	24.7	10.0	**328.9**
As at 31 December 2009	**1,434.7**	**9,096.2**	**4,903.6**	**2,875.9**	**309.5**	**18,619.9**
Contingent liabilities	13.3	36.4	51.5	13.8	5.8	**120.8**
Commitments	3.8	45.8	16.1	6.3	3.4	**75.4**
Total other exposures at 31 December 2009	**17.1**	**82.2**	**67.6**	**20.1**	**9.2**	**196.2**
Total gross credit exposures at 31 December 2009	**1,451.8**	**9,178.4**	**4,971.2**	**2,896.0**	**318.7**	**18,816.1**
As at 31 December 2008	2,365.7	8,006.9	3,163.2	2,411.2	287.7	16,234.7
Total other exposures at 31 December 2008	66.3	120.9	101.1	24.0	11.5	323.8
Total gross credit exposures at 31 December 2008	**2,432.0**	**8,127.8**	**3,264.3**	**2,435.2**	**299.2**	**16,558.5**

Risk Weighted Assets and total regulatory net credit exposure

The table below displays the breakdown of collateral used to cover the Regulatory gross credit risk exposures, total credit exposure after collateral, according to the Basel II requirements of FINMA which includes the effects of credit risk mitigation based on the Comprehensive Approach:

(All amounts in millions of CHF)	**Regulatory gross credit risk exposure**	**Less: Credit risk exposure mitigation with financial collateral**	**Total regulatory net credit exposure[1]**	**Average Risk Weight**	**BIS Risk weighted assets[2]**	**FINMA Risk weighted assets[3]**
Cash and balances with central banks	265.4		265.4	0.0%		
Money market papers	770.6		770.6	0.0%	0.1	**0.1**
Due from banks	3,516.3	64.8	3,451.5	22.6%	780.0	**858.1**
Loans and advances to customers:						
- Loans	6,329.5	5,493.1	836.4	86.3%	721.8	**794.1**
- Mortgage	1,856.2	143.6	1,712.6	44.3%	757.8	**833.6**
Trading portfolio assets	36.9		36.9	83.2%	30.7	**61.2**
Financial investments	5,062.6		5,062.6	21.0%	1,060.8	**1,235.1**
Derivatives (replacement values including add-on's)	453.5	98.2	355.3	43.3%	153.8	**169.2**
Other assets (including accrued receivables)	328.9	15.3	313.6	75.9%	237.9	**261.5**
Total on balance sheet	**18,619.9**	**5,815.0**	**12,804.9**	**29.2%**	**3,743.0**	**4,213.1**
Contingent liabilities	120.8	102.3	18.5	54.8%	10.1	**11.1**
Commitments	75.4	31.7	43.7	48.9%	21.4	**23.5**
Total off balance sheet	**196.2**	**134.0**	**62.2**	**50.7%**	**31.5**	**34.6**
Total at 31 December 2009	**18,816.1**	**5,949.0**	**12,867.1**	**29.3%**	**3,774.5**	**4,247.7**
Total on balance sheet at 31 December 2008	16,234.7	5,186.7	11,048.0	32.0%	3,538.8	3,963.4
Total off balance sheet at 31 December 2008	323.8	160.2	163.6	44.4%	72.7	89.4
Total at 31 December 2008	**16,558.5**	**5,346.9**	**11,211.6**	**32.2%**	**3,611.5**	**4,052.8**

[1] Total regulatory net credit exposure includes risk transfer from client guarantees and credit derivatives.

[2] This is BIS Risk Weighted Assets before applying any multipliers.

[3] This is FINMA Risk Weighted Assets after applying FINMA multipliers.

Credit Exposures after risk mitigation of collateral by risk weighting

The below table provides a breakdown of Regulatory net credit risk exposures by the applicable risk weight prescribed under Basel II whereby the risk weights are determined based on external ratings:

	RISK WEIGHTING						
(All figures in millions of CHF)	**0%**	**1%-35%**	**36%-75%**	**76-100%**	**150%**	**Total regulatory net credit exposure 31.12.2009**	Total regulatory net credit exposure 31.12.2008
Private Individuals		1,030.6	159.4	364.5	0.5	**1,555.0**	1,434.7
Public entities (including sovereign & central banks)	2,762.9	15.2	0.5	0.3		**2,778.9**	434.7
Corporates		702.7	552.6	645.4	11.8	**1,912.5**	1,966.3
Banks & multilateral institutions	228.2	5,199.3	987.2		0.3	**6,415.0**	7,072.1
Other	8.0			179.1	18.6	**205.7**	303.8
As at 31 December 2009	**2,999.1**	**6,947.8**	**1,699.7**	**1,189.3**	**31.2**	**12,867.1**	
Total at 31 December 2008	617.3	8,645.3	583.0	1,326.4	39.6		11,211.6

Client impaired loans

All impaired client loans are located outside of Switzerland.

For a detailed overview of impaired and past due loans, see to Note 4.1.4 Loans and advances (page 99) in the Annual Report 2009.

4 MARKET RISK

For more information on the Group's approach to manage market risk, see the Annual Report 2009 in the Market Risk, Market Risk Measurement and limits in trading, and Currency Risk (page 47 to 48) and under the Financial Risk Assessment and Management section: Market Risk, Market risk measurement techniques, Value at Risk, Interest rate risk (pages 102, 107 to 110) of the EFGI Annual Report. The Groups uses the Standard International Approach to measure the capital adequacy on its Market Risk capital adequacy calculation.

Below is the table displaying the breakdown in the Group's Market Risk capital adequacy requirement:

(All amounts in millions of CHF)	**31.12.09**	31.12.08
Interest rate instruments held in the trading book	**14.8**	30.9
Equities held in the trading book	**2.1**	1.0
Currencies and precious metals	**5.9**	20.0
Commodities	**1.6**	0.8
Options	**3.2**	3.2
Total BIS Required Capital	**27.6**	55.9

Financial instruments in the trading book are marked to market and calculated on this basis for market risk purposes.

Interest Rate instruments in the trading book

Two components compose interest rate risk in the trading book, which must be calculated separately. One component is based on specific risk of interest rate instruments. Specific risk includes risks that relate to factors other than changes in the general interest rate structure. These risks are calculated per issuer. These positions are based on the issuer rating and residual maturity of the instrument.

The second component is: general market risk. General market risk includes risks which relate to a change in the general interest rate structure and are therefore, calculated per currency. The Groups uses the maturity method where the total of a currency is broken down into maturity time bands per position and each specific maturity band carries its own risk weight that is applied to the total positions.

Equities held in the trading book

Capital adequacy requirement for share price risk takes into account all positions in equities, derivatives, and equity-like instruments. There is a distinction between the types of risk for share price risks between general market risk and share issuer.

Currency risk, Gold, Commodity Risk

The Group calculates a capital requirement for all foreign currencies and gold positions. The calculations are based on the net long or net short positions of the currencies and then a 10% haircut is applied. When reviewing the commodity risk, the Group reviews the risk of changes in spot prices and the "forward gap risk".

5 OPERATIONAL RISK

For more information on the Group's approach to manage operational risk, see the Annual Report 2009 in the Operational Risk (page 49).

6 INTEREST RATE RISK IN THE BANKING BOOK

The following table shows the impact of one hundred basis point movement would have on the interest rate sensitivity in the banking book.

end of	**31.12.2009**
(All figures in millions of CHF)	
CHF	**1.3**
USD	**(37.6)**
JPY	**0.1**
GBP	**(1.6)**
EUR	**(7.5)**
Total impact on the fair value of interest rate sensitive banking book positions	**(45.3)**

Disclaimer:

Descriptions of calculations methodologies in this document are meant to explain the Basel II capital calculation implemented by the Group according to FINMA requirement but do neither represent the full set of rules publishes by FINMA, nor provide a legally binding opinion of the Group.