EFG International reports full year 2010 results

Zurich, 9 March 2011 **- EFG International today reported core net profit* of CHF 172.0 million for 2010, down 10% on the same period in 2009. Net new assets from private clients were CHF 11.0 billion for 2010, representing 13% growth. Revenue-generating clients' Assets under Management were CHF 84.8 billion as at 31 December 2010, down from CHF 86.2 billion as at end-2009, mainly due to the strong Swiss franc. The number of Client Relationship Officers (CROs) stood at 675, up from 650 as at end-2009. EFG International remains well capitalised, with a BIS capital ratio of 14.0%. Business conditions have improved, and EFG International reasserts its medium-term strategic targets, including a minimum core net profit of CHF 200 million in 2011.**

Client activity was muted for much of 2010 (with economic uncertainty leading to a preference for cash), resulting in an inevitable impact on margins in a low interest rate environment. There was however an improvement during the latter part of 2010. Core net profit for 2010 was CHF 172.0 million, down 10% year-on-year, on core operating income of CHF 808.1 million, down 6% year-on-year (but down just 1% on a like-for-like basis, taking account of the deconsolidation of Marble Bar Asset Management). The core revenue margin of 94 basis points was well below that achieved in 2009 (107 basis points), reflecting a lower net interest margin and a lower contribution from specialist product businesses. However, the core revenue margin improved in the second half compared to the first (from 92 to 95 basis points). Core operating expenses were CHF 662.1 million, up 1% on the previous year, with cost savings offset by ongoing investment in high growth businesses, notably Asia, Americas and EFG Financial Products.

Revenue-generating clients' Assets under Management were CHF 84.8 billion at end-2010, down 1.6% from a year earlier, with strong net new assets (CHF 11.0 billion from private clients and CHF 9.7 billion overall, after institutional hedge fund redemptions) offset by the negative impact of a strong Swiss franc (CHF 10.1 billion). Overall results continued to be significantly affected by the strength of the Swiss franc (40% of expenses are denominated in Swiss francs, but only 5% of revenues), accounting for a CHF 38 million reduction in core operating income and a CHF 21 million reduction in core net profit in 2010, concentrated in the second half of the year.

As announced at the time of its first half 2010 results, at the end of June 2010 EFG International took an impairment charge of CHF 859.5 million in relation to specialist product businesses MBAM, CMA, and DSAM. This step explains the reported net loss attributable to owners of the Group of CHF 721.8 million, but had no impact on EFG International's regulatory capital or cash-flow. EFG International remains highly liquid (with a deposit-to-loan ratio of 2:1) and had a BIS capital ratio of 14.0% as at end-2010.

** EFG International announced in March 2010 that it would report core net profit. Core net profit excludes net impairment charges of CHF 838.4 million, the amortisation of acquisition-related items of CHF 28.8 million and amortisation of employee stock options of CHF 26.6 million. For a detailed reconciliation to IFRS, see page 7.*

Overview of key results	2010	Change vs. 2009
Core operating income	**CHF 808.1 m**	down 6%
Core operating expenses	**CHF (662.1) m**	up 1%
Core net profit	**CHF 172.0 m**	down 10%
Core cost-income ratio	**85.2%**	up from 79.0%
Net impairment charges	**CHF (838.4) m**	na
Net profit	**CHF (768.7) m**	na
Net profit attributable to owners of the Group	**CHF (721.8) m**	na
Revenue-generating AuM	**CHF 84.8 bn**	down 1.6%
Net new assets - private clients	**+ CHF 11.0 bn**	Up from CHF 8.7bn
Net new assets - total	**+ CHF 9.7 bn**	Up from CHF 6.3 bn
Core revenue margin (in basis points of AuM)	**94 bps**	down from 107 bps
BIS capital ratio	**14.0%**	up from 13.7%
CROs	**675**	up 25

Private client net new assets remained strong, with good performances from most private banking businesses

EFG International again delivered strong double-digit net new asset growth in its private banking business, equivalent to 13% of private clients' Assets under Management at the start of 2010. For the year, net new assets relating to private clients were CHF 11.0 billion (2009: CHF 8.7 billion) and new business was strong throughout the year (CHF 6.3 billion in H1; CHF 4.7 billion in H2). Most regional businesses delivered good performances, with the UK, Asia and Americas all generating strong double digit growth in revenues and net new assets in local currency terms.

Continued selective approach to CRO hiring

As at end-2010, the number of CROs stood at 675, up from 650 at end-2009, and CROs who have been with EFG International for more than a year are profitable. The focus remains firmly on attracting high quality CROs and teams. Teams represent a particular area of opportunity, and have in recent years yielded good results, particularly in Asia and the Americas. In light of this experience, and given a healthy pipeline, EFG International envisages net recruitment being higher in 2011 than in 2010.

Selective expansion of international presence

During 2010, EFG International entered a number of new markets, establishing businesses in Denmark, Uruguay and Key Biscayne, Florida. EFG International is satisfied with the progress of each during their first year of operation. In Switzerland, EFG Bank opened a branch in Lugano and recruited a team of CROs to drive growth. This reflects plans to grow the business in Switzerland more generally.

EFG International will continue to look for opportunities to expand in new locations, but contingent on finding teams of high quality CROs, and subject to rigorous business case discipline. However, the main focus will be on developing and growing its existing network.

Continued development at EFG Asset Management

EFG Asset Management has established itself as a global platform, offering a full range of managed accounts, funds, and advisory services, and with discretionary portfolio management revenues increasing by 20% during the year. In January 2011, the business appointed a Head of Asia, responsible for developing the asset management business in the region, starting with Hong Kong and Singapore. The specialist product businesses MBAM, CMA and DSAM (which specialises in structured products for the Swedish market) all stabilised, and were profitable, during the second half of 2010.

EFG Financial Products performing strongly and diversifying

During 2010, EFG Financial Products delivered a strong performance, with revenues up 31%. It opened an office in Frankfurt, which will serve as its hub for EU expansion, and is currently establishing a presence in Hong Kong and Singapore. Going forward, it will continue to diversify in terms of location (primarily in Europe); asset classes (e.g. more capabilities in FX and commodities); and business activities.

Changes to governance and business structure to ensure heightened focus on performance and future direction

EFG International is making changes to the structure of its business, creating five divisions: four regional private banking businesses (Europe; UK; Americas; Asia & Middle East), plus EFG Asset Management (including EFG Financial Products). This is designed to ensure a stronger focus on performance and strategic direction, without compromising the entrepreneurial spirit of the business. This heightened regional focus will also offer benefits in terms of more effectively aligning costs and revenues.

During the course of 2010, a number of changes were made to the EFG International Executive Committee. As announced at the time of the first half 2010 results, Jean-Christophe Pernollet was appointed as Chief Financial Officer as of 1 October 2010; and Henric Immink joined EFG International as Group General Counsel on 1 January 2011. In addition, Mark Bagnall, formerly EFG's Global Chief Technology Officer, became Chief Operating Officer with effect from 1st January 2011. He replaced Alain Diriberry, who became CEO of EFG Bank Switzerland while remaining on the EFG International Executive Committee.

Outlook - positive about medium-term prospects

2010 was another challenging year for EFG International on account of economic conditions and issues relating to a number of its specialist product businesses. With business conditions improving, EFG International has concluded a period of consolidation and has a strong platform to build on. EFG International is committed to developing organically, based on its proven entrepreneurial business model. The focus is on private banking (including asset management as an integral part); the fundamentals of the business are strong (international diversification; onshore as well as offshore; entrepreneurial bankers); and the business continues to generate double-digit growth in net new assets.

Based on prevailing economic and market conditions, EFG International reasserts the following strategic targets for the next two-three years:

- Double-digit annual net new private client asset growth.

- Revenue margin of 1%.

- Annual net CRO hiring of 25 – 50.

- To improve the cost-income ratio over time to below 70%, based on growth in revenues and careful management of costs.

- Minimum BIS Tier 1 capital ratio of 16%, to be attained no later than end-2012.

- Minimum core net profit of CHF 200 million for 2011. Thereafter, to rise in line with the anticipated development in revenues.

Lonnie Howell, Chief Executive Officer, EFG International:

- "2010 was a year of consolidation. The decision in June 2010 to take an impairment charge in relation to a number of specialist product businesses served to underline our focus as a private bank. We are adopting a regional structure to equip the business for the next stage of its development, and our capacity for growth remains intact, as evidenced by strong double-digit growth in net new assets for private clients. With business conditions improving, EFG International is well placed to build on its position as a leading international private bank, courtesy of being an attractive destination for clients and high quality CROs alike. We reassert our strategic targets for the next two to three years."

Ordinary dividend

The payment of a dividend of CHF 0.10 per share (free of withholding tax, subject to confirmation from the tax authorities) will be proposed to the Annual General Meeting scheduled for 27 April 2011.

Annual report

The 2010 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).

Disclaimer

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This press release contains specific forward-looking statements, e.g. statements which include terms like "believe", "assume", "expect" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, the financial situation, and/or the development or performance of the company and those explicitly or implicitly presumed in these statements. These factors include (1) general market, macro-economic, governmental and regulatory trends, (2) EFG International AG's ability to implement its cost savings program (3) movements in securities markets, exchange rates and interest rates, (4) competitive pressures, (5) our ability to continue to recruit CROs, (6) our ability to manage our economic growth and (7) other risks and uncertainties inherent in our business. EFG International AG is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

Non-IFRS measures

Core net results are financial measures that have not been prepared in accordance with IFRS and recipients of this report should not consider them as alternatives to the applicable IFRS measures. Core net results exclude the amortisation of acquisition-related items of CHF 28.8 million, the amortisation of employee stock options of CHF 26.6 million and net impairment adjustments of CHF 838.4 million attributable to ordinary shareholders.

Recipients of this press release should not consider core net profit as a measure of our financial performance under IFRS, or as an alternative to profit from operations, net profit or any other performance measures derived in accordance with IFRS.

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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.

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Practitioners of the craft of private banking

Presentation of full-year 2010 financial results

At 9.30 am CET on **Wednesday 9 March 2011**, management of EFG International will present and discuss the results at a meeting for analysts, investors and media representatives. EFG International's full-year 2010 results will be presented by:

- Lawrence D. Howell, Chief Executive Officer (CEO)
- Jean-Christophe Pernollet, Chief Financial Officer (CFO)
- Lukas Ruflin, Deputy Chief Executive Officer (Deputy CEO)

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 are as follows:
Switzerland + 41 91 610 56 00
UK + 44 203 059 58 62

Please call 10 minutes before the start of the presentation and ask for "EFG International full-year 2010 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, 9 March 2011 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 14035 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

Core net profits - 31 December 2010

(in CHF millions)	IFRS year ended 31 December 2010	Impairment adjustments	Core adjustments	Core profit year ended 31 December 2010
Net interest income	**250.5**			**250.5**
Net banking fee and commission income	**496.3**			**496.3**
Net other (loss) / income	**(421.3)**	482.6		**61.3**
Operating income	**325.5**	482.6	-	**808.1**
Operating expenses	**(717.5)**		55.4	**(662.1)**
Loss on disposal of subsidiary	**(23.5)**	23.5		**-**
Reversal of impairment on loans and advances to customers	**4.3**			**4.3**
Impairment on financial assets held-to-maturity	**(4.4)**			**(4.4)**
Impairment of intangible assets	**(378.8)**	378.8		**-**
(Loss) / Profit before tax	**(794.4)**	884.9	55.4	**145.9**
Income tax gain	**25.7**	2.0		**27.7**
Net (loss) / profit for the period	**(768.7)**	886.9	55.4	**173.6**
Net loss attributable to non-controlling interests	**(46.9)**	48.5		**1.6**
Net (loss) / profit attributable to owners of the Group	**(721.8)**	838.4	55.4	**172.0**

Core net profits - 31 December 2009

(in CHF millions)	IFRS year ended 31 December 2009	Impairment adjustments	Core adjustments	Core profit year ended 31 December 2009
Net interest income	263.3			263.3
Net banking fee and commission income	497.6			497.6
Net other income	98.2			98.2
Operating income	859.1	-	-	859.1
Operating expenses	(744.1)		90.7	(653.4)
Impairment charges on loans and advances to customers	(5.4)			(5.4)
Profit before tax	109.6	-	90.7	200.3
Income tax expense	(5.4)			(5.4)
Net profit for the period	104.2	-	90.7	194.9
Net profit attributable to non-controlling interests	3.1			3.1
Net profit attributable to owners of the Group	101.1	-	90.7	191.8

Financials (cont.)

Key figures as at 31 December 2010

(in CHF million unless otherwise stated)	**31 December 2010**	31 December 2009
Clients Assets under management (AUM)	**85,961**	87,680
AUM excluding shares of EFG International	**84,783**	86,234
Assets under administration	**6,834**	9,424
Number of Client Relationship Officers	**675**	650
Number of Employees	**2,462**	2,394

Consolidated Income Statement as at 31 December 2010

(in CHF millions)	**Year ended 31 December 2010**	Year ended 31 December 2009
Net interest income	**250.5**	263.3
Net banking fee and commission income	**496.3**	497.6
Net other (loss) / income	**(421.3)**	98.2
Operating (loss) / income	**325.5**	859.1
Operating expenses	**(717.5)**	(744.1)
Loss on disposal of subsidiary	**(23.5)**	-
Reversal of impairment / (impairment) on loans and advances to customers	**4.3**	(5.4)
Impairment on financial assets held-to-maturity	**(4.4)**	-
Impairment of intangible assets	**(378.8)**	-
(Loss) / profit before tax	**(794.4)**	109.6
Income tax	**25.7**	(5.4)
Net (loss) / profit for the period	**(768.7)**	104.2
Net loss / (profit) attributable to non-controlling interests	**46.9**	(3.1)
Net (loss) / profit attributable to owners of the Group	**(721.8)**	**101.1**

Financials (cont.)

Consolidated Balance Sheet as at 31 December 2010

(in CHF millions)	**31 December 2010**	31 December 2009
ASSETS		
Cash and balances with central banks	**711.8**	265.4
Treasury bills and other eligible bills	**2,037.8**	770.8
Due from other banks	**2,227.1**	3,519.6
Loans and advances to customers	**8,957.8**	8,217.5
Derivative financial instruments	**353.8**	285.9
Financial assets designated at fair value :	**-**	-
- Trading Assets	**624.7**	310.5
- Designated at inception	**370.8**	714.8
Investment securities :	**-**	-
- Available-for-sale	**3,690.3**	4,299.1
- Held-to-maturity	**1,024.5**	510.5
Intangible assets	**578.8**	1,491.3
Property, plant and equipment	**47.5**	56.0
Deferred income tax assets	**54.2**	32.4
Other assets	**214.1**	176.2
Total assets	**20,893.2**	20,650.0
LIABILITIES		
Due to other banks	**337.8**	447.1
Due to customers	**14,904.4**	15,727.9
Derivative financial instruments	**633.8**	454.0
Financial liabilities designated at fair value	**486.7**	414.1
Other financial liabilities	**2,863.0**	1,002.0
Current income tax liabilities	**10.8**	9.1
Deferred income tax liabilities	**58.1**	51.5
Other liabilities	**299.9**	306.0
Total liabilities	**19,594.5**	18,411.7
EQUITY		
Share capital	**73.1**	73.2
Share premium	**1,153.8**	1,157.4
Other reserves	**42.6**	160.1
Retained earnings	**6.4**	762.0
Non-controlling interests	**22.8**	85.6
Total shareholders' equity	**1,298.7**	2,238.3
Total equity and liabilities	**20,893.2**	20,650.0