



Annual Report

2003

EFG Private Bank benefits from the substantial capital reserves and resources of EFG Bank Group, Switzerland's sixth-largest banking group. The Group's 13,000 employees serve clients from offices in 18 countries.

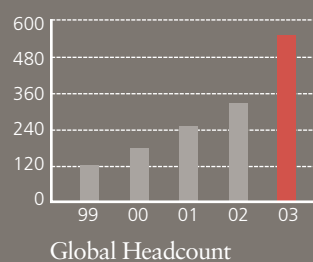
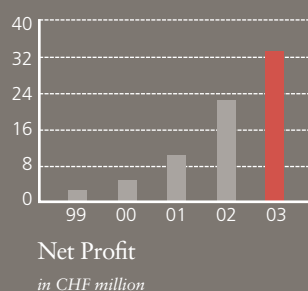
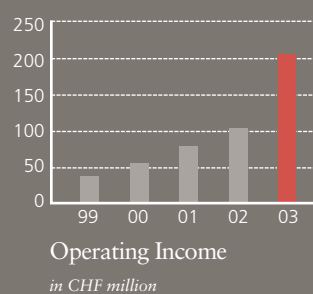
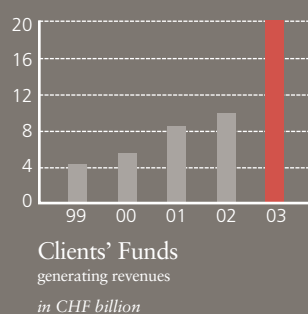
EFG Bank Group — Key Numbers

year 2003	(in CHF million)
Total Balance Sheet	51,000
Shareholders' Equity	3,733
Gross Operating Profit	382
Clients' Funds generating revenues	67,500

unaudited

EFG Private Bank

Consolidated Financial Highlights



(Rounded in CHF million)

Income Statement

Net Profit	33
Operating Income	207
Operating Expenses	159

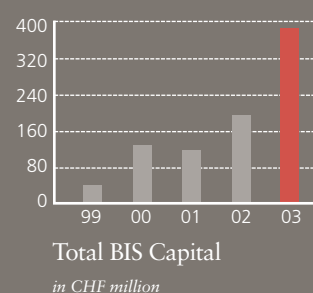
Balance Sheet

Total Assets	3,286
Shareholders' Equity	208
Customer Loans	1,500
Customer Deposits	2,529
Total BIS Capital	386
Total BIS Capital Ratio (%)	28.3%

Personnel

Total number of employees at year-end	551
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Dec. 31, 2003



to our Shareholders



It has been eight years now since EFG Private Bank gathered some of the industry's finest private bankers and provided them with the resources to optimize management of client assets. We built our business on the firm foundation of EFG Bank Group's financial resources. We put our faith in a few simple words: integrity, creativity, and professionalism.

In the intervening years the effectiveness of our business model has been validated repeatedly. 2003 is no exception. For the fourth time in as many years, EFG recognized a significant rise in profits reflecting a 69% annual compound growth rate. Through a strategic combination of merger, acquisition, and organic growth, we expanded our geographic and financial reach. Our merger with Banque Edouard Constant played a primary role in our expanding presence and added CHF 6.5 billion in Clients' Funds and 30 new client relationship officers to the fold. To ensure that our growth was appropriately supported and controlled, we brought in a new Global Chief Operating Officer, Alain Diriberry, to help unify global best practices and improve operational efficiencies. This year the leading bank credit rating agency, Fitch, awarded us with an A-minus long-term rating. And throughout the year, we continued to do what we do best — ensuring client fidelity through innovative and customized financial advice.

Our 2003 financial results tell a significant part of our story. In 2003, our pretax profit grew 118% to CHF 42 million. Consolidated net profit reached CHF 33 million, a 43% increase from the prior year. Clients' Funds generating revenues increased more than 120% to CHF 20 billion through acquisitions and organic growth. And 40 new professional bankers — we call them client relationship officers or CROs — became part of the EFG family.

Positive results were seen in all our regions. In Switzerland, merger and integration activities were key drivers of results. With Asia remaining our single largest area of growth, we opened a branch office in Singapore. In Scandinavia, we benefited from rebounding market trends and have received regulatory approval to open a bank subsidiary in Sweden with a branch in Finland in 2004. Meanwhile, our Miami subsidiary, which serves Latin America, saw the most dramatic stretch of growth as it added CROs and experienced success with alternative investment products.

Despite several tumultuous years in global financial markets, EFG has gained a reputation for consistent performance by effectively employing low-volatility hedge funds and structured products that carry capital guarantees or other risk mitigation measures. At the same time, we strengthened our strong presence at the top of the healthcare asset management industry by remaining the top-rated global healthcare fund for the third year running since the inception of our healthcare efforts. This positive step further fortified our asset management foundations while opening the door to exciting new investment horizons for our clients.

It is with great pride, therefore, that I introduce this year's annual report. With pride in the people who make EFG what it is and pride in the partnerships we have built with our clients.

A handwritten signature in black ink, appearing to read 'Jean Pierre Cuoni'. The signature is stylized and fluid, with a large loop at the end.

Jean Pierre Cuoni
Chairman

a blueprint for

Change

In 1997, EFG Bank Group, a global institution with a respected track record, established a novel entity called EFG Private Bank. Its purpose: To offer private investors a unique approach to preserving and advancing wealth. Its method: To attract the most talented client advisors in the world and provide them with the tools they'd need to invest on clients' behalf. What began as a blueprint for change has evolved into one of the most innovative private banking houses in the industry.

Report of the Directors

An Expanded Presence

While a difficult economic environment beset the world's financial markets throughout part of 2003, EFG had another successful year — expanding its presence around the world, broadening its investment portfolio, and leveraging some key business opportunities.

Chief among the steps we took to deepen both our scope and reach was our merger with Banque Edouard Constant, which enabled us to acquire a strong international and long-established client base, with more

than CHF 6.5 billion in Clients' Funds and CHF 70 million in revenues, not to mention 30 new client relationship officers — CROs — and a membership in the Swiss Stock Exchange.

2003 also saw the acquisition of BanSabadell Finance SA, the Swiss financial services company of Spain's Banco de Sabadell SA. Integrated within just three months, the BanSabadell acquisition extends our capabilities in asset management for Mediterranean clients. It is, moreover, helping to build name recognition in Spain and Latin America, where Banco de Sabadell, Spain's 4th largest bank is well known.



Opening

new doors

In 2003, EFG Private Bank pursued a strategy of dynamic growth, expanding its geographic, human, and financial capacity through the merger with Banque Edouard Constant as well as the acquisition of BanSabadell, a Swiss financial services company. With branches already established in Hong Kong, Singapore, and Guernsey, and with plans under way for a new banking subsidiary in Sweden with a branch in Finland, EFG Private Bank has become a genuine global banking presence.

In order to strengthen our capital base, EFG Private Bank SA Guernsey branch raised €100 million of subordinated debt through a public note offering in December 2003. Listed at the Luxembourg Stock Exchange, this was EFG's initial public bond transaction in the international capital markets.

Private Banking Remains the Focus

The acquisition activity did not distract from the service provided to our clients throughout 2003. At EFG, private banking and asset management remain our exclusive focus, and our 130 CROs bring an average of 20 years of banking

experience to the job, as well as a commitment to developing personalized investment strategies that reflect each client's financial expectations, risk tolerance, return goals, and investment horizon.

Our CROs understand that wealth is not an end in itself and that their clients have diverse and often changing needs with regard to their funds. Accordingly, their roles are structured in a way which ensures that the vast majority of their time is spent in close proximity to their clients, providing a stable framework for informed decision making. In all of this our CROs also never lose sight of the fundamental importance of



client by

Client

one step at a time

As an independent advisor to institutions and private clients, EFG Private Bank offers unbiased market information, a range of structured investment products, and a deep sensitivity to the risk and reward profiles of each client. Its open architecture business model enables CROs to go outside the family of EFG products to build individualized investment strategies. It is client by client at EFG Private Bank, and one step at a time.

integrity, and of the need to adhere to the highest levels of ethical standards and personal commitment.

In September, EFG's discussions with Fitch bore fruit as we were assigned an A-minus long-term rating, with stable outlook, which reflects a high credit quality with low risk. Our F-2 short-term rating likewise indicates comparable credit quality.

An Open Architecture Business Model

EFG Private Bank champions an open architecture business model that places its clients' interests first. This means that our CROs are free to

choose the investment options that best suit their clients, whether those options come from inside or outside the bank.

Our Global Investment Services team develops products in areas where we have unique and differentiated skills. In-house mutual funds include a healthcare fund, which consistently ranks at the top of its industry, and collective funds — such as hedge funds composed of several funds — where we outsource investment decisions to provide superior returns.

With the volatile markets of the past few years, clients have favored structured products that



f o r g i n g

Connections

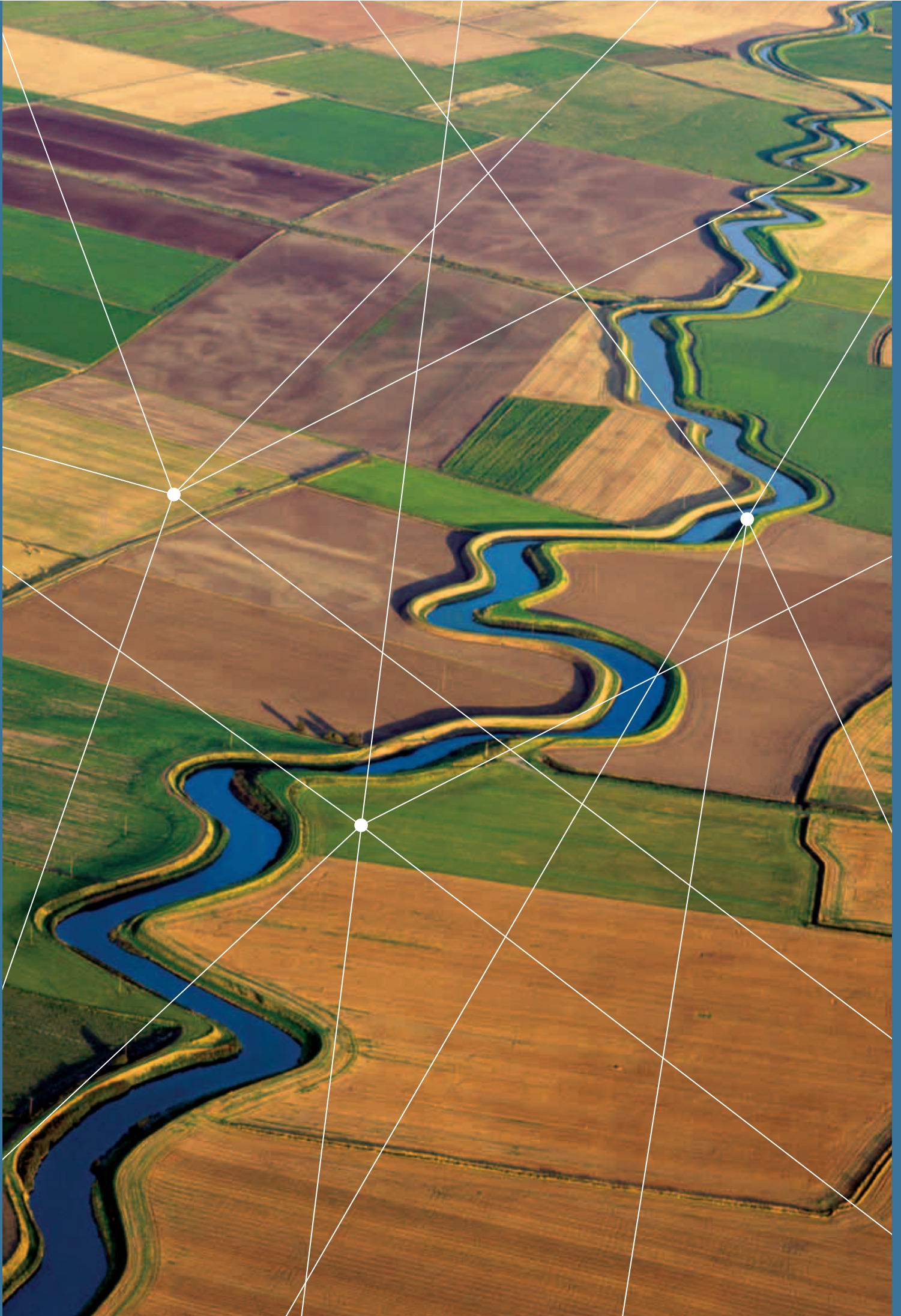
Working and living right where their clients work and live, EFG's CROs bring an average of 20 years of banking experience to the job, unequaled continuity, and a shared passion for making good upon a promise. The entrepreneurial business model of EFG Private Bank frees the CROs from unnecessary bureaucracy. It ensures that they spend the great majority of their time focused on the concerns and financial aspirations of their clients.

use derivatives and index-linked instruments to provide upside opportunity and downside protection. In early 2003, as interest in equity markets returned, we successfully launched new structured products linked to blue-chip stocks and multiple stock indices, with varying forms of capital guarantees or risk mitigation measures.

During the past year, we acquired mutual funds with the Banque Edouard Constant merger. Such mutual funds, as well as our own funds, formerly managed by EFG Asset Management in London, are being managed from our Geneva based Global Investment Services business, a development that,

along with a refocusing of our portfolio, should produce optimum results for our clients.

Our credit team continues its innovative approach to financing clients' investments. We consider Lombard loans (with pledged securities as collateral), foreign-exchange margin trading, life insurance loans, and hedge fund lending to be standard products. Customized solutions can be created for non-standard requests, helping business owners to liquefy, without liquidating, their assets. The combination of low credit risk and high asset quality has led to a credit portfolio with no loan losses to date.



a solid

Foundation

EFG Private Bank stands on the foundation of the substantial capital reserves and resources of one of Switzerland's largest banking groups, EFG Bank Group. The Group's 13,000 employees serve clients from offices in 18 countries, with shareholders' equity of over CHF 3,7 billion

Around-the-Clock Banking

EFG is equipped to serve clients and execute orders in any major market, in any currency, virtually 24 hours a day, with off-shore and, in most locations, on-shore banking activities.

In Switzerland, where the former Banque Edouard Constant staff has been relocated to our expanded office in Geneva, we are serving our clients with greater efficiency. With more than 60 CROs, a strong back-office infrastructure, and CHF 13 billion in Clients' Funds, we continue to build on our established business to better serve the European market and support our global operations.

Asia continues to represent our most significant growth potential, achieving CHF 4 billion in Clients' Funds, with 40 CROs in its first three years alone. To accommodate this growth, offices in Hong Kong, Singapore, and Taiwan were all relocated to larger premises in 2003. Singapore also opened a branch banking office in November and, like the Hong Kong branch, can now offer a full range of locally booked banking products to its clients.

In Scandinavia, EFG Fondkommission saw positive market trends in 2003, as business picked up substantially, with more than CHF 2 billion in



Withstanding

the tests of time

For the fourth year running, in a turbulent world economy, EFG Private Bank significantly increased its profits. Some 130 CROs managed CHF 20 billion, adding 3 billion organically and 8 billion through acquisition. At the same time, the company earned an A-minus from Fitch Ratings.

Clients' Funds being handled by 15 CROs. In the spring 2004, EFG Fondkommission has moved to a larger, more centrally located office in Stockholm and shortly thereafter began operating as our new Swedish banking subsidiary, EFG Investment Bank.

Finally, our Latin America region — which we serve through offices in Miami and Buenos Aires — had a banner year. Clients' Funds were up 50% to CHF 1.5 billion and there is now a total of 20 CROs. Clients have responded well to our product mix, with low-volatility hedge funds and

structured products carrying capital-protection features being favored in adverse economic and political environments.

Looking back on 2003, we are perhaps most pleased with how well our business model enabled us to respond to new pressures while simultaneously leveraging emerging opportunities. Even as we expanded our capacity, our reach, and our portfolio, we held true to the commitment that has, from the very first, defined us: Paying close attention to the individual requirements of each client.



board of directors

and management

Board of Directors

Jean Pierre Cuoni, Chairman*
Rayaz Uddin Ahmed
Tomas Björkman*
Emmanuel L. Bussetil
Jean-Louis Delachaux
Spiro J. Latsis
Hugh Napier Matthews
Périclès Petalas
Gabriel Prêtre

General Management

Lawrence D. Howell, CEO*
Silvio G. Ammann, Head of
Treasury*
Markus Caduff, Head of Private
Banking Zurich*
Pierre de Freitas, Head of Credit
Alain Diriberry, Global Chief
Operating Officer*
Karen Egger, Head of Legal &
Compliance
N. Paul Imison, Senior Private
Banker*
James T.H. Lee, Deputy CEO, Global
Head of Investment Banking*
Jacques Pochat, Global Head of IT*
William Ramsay, Chief Investment
Officer
Jean-Marc Reboh, Swiss Chief
Financial Officer*
Patrick Romanens, Swiss Chief
Operating Officer*
Bassam Salem, Head of Global
Investment Services*
Rudy van den Steen, Global Chief
Financial Officer*
Robert Waser, Head of Private
Banking Geneva & Valais*
Christian Zanella, Head of Private
Banking Geneva*

Management Zurich, Head Office

Esther Heer, SVP
Tom Kass, SVP
Mats Pehrsson, SVP
John Read, SVP

Roland Mächler, FVP
Thomas Muther, FVP
Eduard Preiswerk, FVP
Lukas Rufin, FVP
Sergio Toniutti, FVP
Heinz Wendt, FVP
Sergio Buttazzi, VP
Claudia Cuber, VP
Thierry Eindiguer, VP
Jürg Lüscher, VP
Urs Oberhänsli, VP
Marco Ranieri, VP
Mikael Rosenius, VP
Adrian Rothen, VP
Hanspeter Humbel, VP

Management Geneva, Branch

Roland Furer, SVP
Gilles Guérin, SVP
Arthur Kamber, SVP
Jean-François Léchaud, SVP
Bruce Littman, SVP
Rober Mehm, SVP
Christian Meier, SVP
James Scullin, SVP
Mikael Wallenberg, SVP
Daniel Berwert, FVP
Claude Bilat, FVP
Pascal Dubey, FVP
Steve Dubied, FVP
Theodoros Efthys, FVP
Raymond Fauquex, FVP
Pierre-Olivier Gremaud, FVP
Salim Hamdan, FVP
Patrick Juillard, FVP
George Koniaris, FVP
Silvio Maglio, FVP
John Makris, FVP
Gustave-Alain Miesegeas, FVP
Joseph Petitat, FVP
Björn von Below, FVP
John Wolf, FVP
Amin Abdulla, VP
Magin Alfonso, VP
Jacques Benaroya, VP

Patricia Bertolino, VP
Nathalie Bollag Hayderi, VP
Didier Bosson, VP
Jean-Philippe Callaud, VP
Christian Chiru, VP
Alain Christen, VP
Marc Clément, VP
Christian Collomb, VP
Roland Decorzent, VP
Xavier Delaloye, VP
Daniel Dubois, VP
Clotilde Floret, VP
Giancarlo Foglietta, VP
Gérald Follonier, VP
Paolo Fontanella, VP
Valérie Gétaz, VP
Edouard Gigon, VP
Nathalie Gillabert, VP
Philippe Giorgis, VP
Denis Grimm, VP
Patrick Guignard, VP
Paul Horat, VP
Onno Jurgens, VP
Michel Le Roy, VP
Gabriel Mengozzi, VP
Philippe Mercier, VP
Martin Olsen, VP
Patrick Pavan, VP
Laurent Perrin, VP
Robert Quiquerez, VP
Pedro Redondo, VP
Luigi Rizzi, VP
Pierre-Alain Schneider, VP
Jérôme Schonbachler, VP
Alexander Schott, VP
Jaroslava Schreyer, VP
Pascal Sibut, VP
Hervé Siegrist, VP
Vladimir Stemberger, VP
Miguel Umbert, VP
Hans Peter Zbinden, VP

Management Sion, Branch

Jean-Daniel Balet, SVP
Jean-Charles Bonvin, VP

* International Policy Committee Member

Management Crans-Montana, Agency

Raymond Bonvin, VP

Management Martigny, Agency

Jean-Michel Voide, FVP

René Theux, VP

Management Verbier, Agency

Marc-André Pagliotti, VP

Management Miami, Subsidiary

Victor M. Echevarria, Chairman & CEO*

Marcelo Alvarez, Vice-Chairman

Sixto Campano, President & COO*

Justo R. Azpiazu, SVP

J. Alexander Caldwell, SVP

Adrianna L. Campuzano, SVP

Ricardo J. Daugherty, SVP

Susan Disdier, SVP

Juan C. Massens, SVP

Kenneth I. Moorhead, SVP

Saúl Padilla, SVP

I. Manolo Riveira, SVP

Sheila Wilensky, SVP

Miguel A. Zulueta, SVP

Silvana I. Carmelino, VP

Ana Maria de Bracamonte, VP

Fernando de la Lama, VP

Esmeralda Hidalgo, VP

Jacky Menéndez, VP

L. Dart Montgomery, VP

Carmen Osborne, VP

Elisa Rossi, VP

Grace F. Santos, VP

Ana Stella Schwartz, VP

Ricardo J. Ventura, VP

Management Buenos Aires, Representative Office,

Oswaldo S. Costigliolo, SVP & Representative Manager

Gustavo Fernandez, SVP

Rodolfo Herrera, VP

Management Hong Kong, Branch

Robert Chiu, Chief Executive*

Albert Chiu, Deputy Chief Executive*

Alice Chan, SVP

Maxwell Chen, SVP

Ivan Ho, SVP

Joannes Ho, SVP

T.C. Hon, SVP

Irena Hsiao, SVP

Matthew Kok, SVP

C. C. Kwong, SVP

Tony Lai, SVP

Connie Lam, SVP

Cora Lau, SVP

Ken Lau, SVP

Grace Law, SVP

Benson Leung, SVP

Connie Liem, SVP

Susanna Ng, SVP

Michael G. Palin, SVP

Feng Yi, SVP

Patrick Yu, SVP

Ching Yap Chin, FVP

Nancy Choi, FVP

Dennis Chan, VP

Matthew Cheng, VP

Ben Fong, VP

Gary Fong, VP

Raymond Lam, VP

Amy Leung, VP

Pansy Li, VP

Charles Ng, VP

Lawrence Ng, VP

Richard Wong, VP

Catherine Yau, VP

Simon Yeung, VP

Management Singapore, Branch

Robert Chiu, EVP*

George G.F. So, Chief Executive

Mawen Chang, SVP

Lai Sim Choo, SVP

Gerald Seng Kuan, Goh, SVP

Kah Yeok Koh, SVP

Han Khim Lee, SVP

Hin Huat Tan, SVP

Galen Kok Kheng Tan, SVP

Franz Willi, SVP

Andrew Ek Guan Yeo, SVP

Wah Yuan Tan, FVP

Marie Ho, VP

Ching Ching Lam, VP

Muljadi Margono, VP

Yok Hua Tek, VP

York Yen Toh, VP

Alwin F. Walah, VP

Weng Yue Yim, VP

Management Taiwan, Subsidiary

Raymond Fuk Hoi Wong, MD

Joseph Tjan-Ping Chao, SVP

Emily Wang, VP

Albert Chen, VP

Well Jiing, VP

Lena Lin, VP

Ann Lin, VP

Management Scandinavia

Tomas Björkman, Chairman*

Martin Nilsson, MD*

Lars Thorén, CFO

Per Wiss, COO

Glenn H. Anderson, VP

Ulf Gejrot, VP

Jan Grönqvist, VP

Jan Jönsson, VP

Gustav Kronlund, VP

Patrik Soko, VP

Management Guernsey

Michael De Jersey

SIF Swiss Investment Funds SA

Jean-Marc Reboh, Chairman

Christian Rizzi, SVP

Auditors

PricewaterhouseCoopers SA, Geneva

As of March 2004

financial results

of EFG Private Bank SA Consolidated

Consolidated Income Statement

Net profit for the year increased from CHF 23.3 to 33.2 million reflecting the following main effects:

- Operating income doubled from CHF 103.7 to 206.3 million on the back of 30% organic growth and 70% growth from merger and acquisitions.
- In line with the growth in Operating income, Operating expenses also doubled from CHF 78.6 to 159.4 million, of which around 20% can be considered to be non-recurrent over time.
- Accordingly Gross operating profit went up by 87% to CHF 46.8 million, leading to a 119% increase of Profit before taxes to CHF 41.7 million, whereby increased amortisation expense due to merger and acquisitions was fully offset by extraordinary income related to this activity.
- The increase to CHF 33.2 million reflects a more than 100% increase in “operating” Net profit. Following the recognition of a CHF 7 million deferred tax income, 2002 “operating” Net profit was around CHF 16 million.

Consolidated Balance Sheet

Total Assets increased from CHF 1,948 million to CHF 3,282 million mainly due to:

- Total loans to customers increased by 69% to CHF 1,500 million.
- Customer deposits increased with CHF 1,123 million to CHF 2,529 million of which around CHF 700 million due to merger and acquisitions.

Total Shareholders' equity went up from CHF 145 to 208 million. This increase reflects the retaining of the full CHF 33.2 million Net profit in addition to a CHF 27.5 million capital increase (share capital and reserve).

auditors'

report

Report of the group auditors to the general meeting of EFG Private Bank SA Zurich

We have audited the consolidated financial statements (income statement, balance sheet, statement of source and application of funds and notes set out on pages 18 to 35) of EFG Private Bank SA as at December 31, 2003 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 A Travis

Geneva, March 15, 2004

Consolidated Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	2003	2002
Operating Income & Expenses			
Interest & discount income		49,834	41,534
Interest & dividend income on trading portfolios		1,209	(2)
Interest & dividend income from financial investments		15,645	10,906
Interest expenses		(29,114)	(29,437)
Net interest income		37,574	23,001
Commission income from lending activities		4,589	1,909
Commission income from securities and investment activities		122,586	58,938
Commission income from other services		14,437	8,631
Commission expenses		(19,732)	(9,349)
Net commission and service fee income		121,880	60,129
Net trading income	6 (a)	40,593	12,150
Income from the sale of financial investments		126	7,684
Income from participations		3,150	
Sundry ordinary income		2,937	768
Sundry ordinary expenses			(40)
Other ordinary income/(expenses), net		6,213	8,412
Operating income		206,260	103,692
Personnel expenses	6 (b)	(108,016)	(56,583)
Other operating expenses	6 (c)	(51,407)	(22,019)
Operating expenses		(159,423)	(78,602)
Gross operating profit	6 (e)	46,837	25,090
Depreciation of tangible fixed assets		(8,170)	(2,541)
Amortization of intangible assets and Goodwill		(11,220)	(3,150)
Valuation adjustments, provisions and losses		(1,576)	(488)
Depreciation, valuation adjustments, provisions and losses		(20,966)	(6,179)
Profit before extraordinary items and taxes		25,871	18,911
Extraordinary income	6 (d)	22,899	505
Extraordinary expenses	6 (d)	(7,035)	(340)
Profit before taxes		41,735	19,076
Taxes	6 (f)	(8,568)	4,249
Net profit		33,167	23,325

Consolidated Balance Sheet

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	DEC. 31, 2003	DEC. 31, 2002
Assets			
Cash and other liquid assets	18	44,967	10,704
Money market papers	18	12,615	14,283
Due from banks	18	891,000	609,344
Due from customers	7, 18	1,492,306	876,049
Mortgages	7, 18	8,040	10,662
Securities & precious metals trading portfolios	8, 18	7,739	10,309
Financial investments	9, 18	530,082	326,917
Non-consolidated participations	10	1,176	886
Tangible fixed assets	11	40,353	7,909
Intangible assets	11	83,280	13,800
Accrued income and prepaid expenses		46,428	18,127
Other assets	12	123,855	49,286
Total assets		3,281,843	1,948,276
Including subordinated assets			202
Including receivables due from non-consolidated participations and significant shareholders		17,172	13,914
Liabilities			
Money market papers issued	18	139	124
Due to banks	18	336,441	339,623
Due to customers in savings and investment deposits	18	122	46
Due to customers, other	18	2,528,718	1,405,478
Accrued expenses & deferred income		47,986	25,268
Other liabilities	12	93,292	30,629
Valuation adjustments and provisions	16	67,255	1,860
Total liabilities		3,073,953	1,803,091
Shareholders' Equity			
Reserve for general banking risks	16, 17	400	400
Share capital	17	56,410	55,000
Capital reserve	17	67,090	41,000
Profit Reserve	17	50,823	25,460
Net profit		33,167	23,325
Total shareholders' equity	17	207,890	145,185
Total liabilities and shareholders' equity		3,281,843	1,948,276
Including subordinated liabilities	15	235,940	75,000
Including liabilities to non-consolidated participations and significant shareholders		26,238	11,442

Consolidated Statement of Source and Applications of Funds

(ALL FIGURES IN THOUSANDS OF CHF)	SOURCE OF FUNDS	2003 APPLICATION OF FUNDS	SOURCE OF FUNDS	2002 APPLICATION OF FUNDS
Net profit	33,167		23,325	
Depreciation and amortization	8,170		2,541	
Accrued income and prepaid expenses		28,301	527	
Accrued expenses and deferred income	22,718		8,513	
Valuation adjustments and provisions	65,395			3,142
Payment of expenses incurred by subsidiaries		6,135		4,759
Operating Activities	129,450	34,435	34,906	7,901
Share / participation / donation capital	1,410			
Capital reserve	26,090			
Equity transactions	27,500	-	-	-
Investments in non-consolidated participations		290	381	
Other tangible fixed assets		32,444		1,746
Intangible assets		69,480	3,150	
Investments in long-term assets	-	102,214	3,531	1,746
Financial investments		203,165		122,642
Other assets		74,569		17,458
Other liabilities	62,600		11,137	
Financial investments, provisions, other assets and liabilities	62,600	277,734	11,137	140,100
From operations, equity transactions and investments	219,550	414,383	49,574	149,747
Money market papers	1,668		123,927	
Due from banks		281,656	120,336	
Due from customers		616,257		268,033
Mortgages	2,622		322	
Assets	4,290	897,913	244,585	268,033
Money market papers issued	15		44	
Due to banks		3,182		76,098
Due to customers in savings and investment deposits	76			101
Due to customers, other	1,123,240		189,408	
Liabilities	1,123,330	3,182	189,452	76,199
From other balance sheet items	1,127,620	901,095	434,037	344,232
Securities and precious metals trading portfolios	2,570			10,308
Cash and other liquid assets		34,263	20,676	
Change in liquid assets	2,570	34,263	20,676	10,308
Total	1,349,740	1,349,740	504,287	504,287

Consolidated Off-Balance Sheet Positions

Contingent Liabilities

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2003	DEC. 31, 2002
Guarantees issued in favour of third parties	119,500	37,101

Irrevocable Commitments

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2003	DEC. 31, 2002
Irrevocable commitments	77,994	9,501

CHF 72,178 (2002: CHF 8,458) 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	NEGATIVE REPLACEMENT VALUE	DEC. 31, 2003 CONTRACT VOLUME	POSITIVE REPLACEMENT VALUE	NEGATIVE REPLACEMENT VALUE	DEC. 31, 2002 CONTRACT VOLUME
Interest rate instruments						
Forward contracts	1	1	55,220			697,900
Swaps	603	873	175,488		223	4,187
Option (OTC)	18,486	3,006	1,154,275	7,202	3,376	697,900
Foreign Exchange						
Forward contracts	78,492	72,993	3,252,516	26,043	25,769	1,752,756
Swaps	5,138	2,735	4,262,623			
Options (OTC)	6,487	5,734	888,503	1,138	171	409,955
Equity						
Option (OTC)	1,597	1,597	24,505			
Total	110,803	86,938	9,813,131	34,383	29,539	2,864,798

(ALL FIGURES IN THOUSANDS OF CHF)	NET BALANCE	POSITIVE REPLACEMENT VALUE	DEC. 31, 2003 NEGATIVE REPLACEMENT VALUE	NET BALANCE	POSITIVE REPLACEMENT VALUE	DEC. 31, 2002 NEGATIVE REPLACEMENT VALUE
Trading derivative replacement values		91,714	83,059		27,181	26,163
Other derivative replacement values		19,089	3,879		7,202	3,376
Netting valuation accounts	(2,550)			(5,428)		

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

Fiduciary Transactions

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2003	DEC. 31, 2002
Fiduciary transactions with third party banks	2,715,377	573,753
Deposits with affiliated banks and banks of EFG Bank Group	451,961	332,392
Loans and other fiduciary transactions	24,003	15,929
Total	3,191,341	922,074

1. Comment on Business Activity

EFG Private Bank Group companies (hereinafter referred to as “The Group”) are active in a number of different business segments. These can be broken down into the following general activities:

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

The Group’s principal places of business are in Buenos-Aires, Finland, Guernsey, Hong Kong, Miami, Monaco, Singapore, Sweden and Taiwan. In Switzerland the Group’s offices are located in Zurich, Geneva, Lausanne, Sion, Martigny, Verbier and Crans-Montana.

Across the whole Group, the number of employees at December 31, 2003 was 551 (2002: 295).

2. Principles of Consolidation

(a) General principles

The Group’s consolidation and accounting principles comply with Swiss accounting standards for banks.

EFG Private Bank SA, Zurich (hereinafter referred to as “The Bank”), is the head of the Group. The majority of the total shareholders’ equity of The Bank is owned by EFG Bank European Financial Group, Geneva (EFGB), the sole holding company of EFG Bank 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 Group consolidates its investments according to the following rules:

(b) Consolidation method

All the major companies in the 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 Group are eliminated on consolidation.

(c) Consolidation period

The consolidation period corresponds to the calendar year. Bansabadell Finance SA, Geneva, acquired in February 2003 and Banque Edouard Constant SA, Geneva, merged with the Bank in June 2003, were both accounted for retroactively from 1 January 2003.

(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 Trading income as foreign exchange difference.

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

Main foreign exchange rates against CHF

	2003		2002	
	YEAR END	AVERAGE	YEAR END	AVERAGE
EUR	1.5594	1.5205	1.4548	1.4649
GBP	2.2163	2.1976	2.2381	2.3286
HKD	16.07	17.28	17.89	19.96
JPY	1.1662	1.1617	1.1706	1.2412
SEK	17.18	16.67	15.89	16.00
SGD	73.29	77.22	80.40	86.89
TWD	3.6634	3.9176	4.0154	4.5128
USD	1.2479	1.3459	1.3958	1.5564

3. Principal Participations

Principal fully consolidated participation

COMPANY NAME	ACTIVITY		SHARE CAPITAL		EQUITY INTEREST %	
			2003	2002	2003	2002
EFG Capital International Corp., Miami	Broker Dealer	USD	12,200	14,700	100	100
EFG Financial Advisory Pte, Singapore	In liquidation	SGD	1,150	2,700	100	100
EFG Fondkommission AB, Stockholm	Broker Dealer	SEK	100,000	100,000	100	100
EFG Financial Consulting Co. Ltd, Taiwan	Consulting Services	TWD	18,000	8,000	100	100
SIF Swiss Investment Funds SA, Genève **	Funds Administration	CHF	2,500*		100*	
BEC Universal Advisory Company SA, Luxembourg	Investment Advisory	EUR	76*		100*	
BEC Thema Advisory Company SA, Luxembourg	Investment Advisory	USD	90*		100*	

Principal non-consolidated participations, valued at the cost

COMPANY NAME	ACTIVITY		SHARE CAPITAL		EQUITY INTEREST %	
			2003	2002	2003	2002
EFG Trust Company (BVI) Limited, Tortola	Trust company	USD	500	500	100	100
EFG Asset Management Hldg, Luxembourg	Asset Management	EUR	400	400	25	25
EFG Representative Office Ltd, Sao Paulo	Dormant	USD	-	-	100	100

* Consequent to the merger with Banque Edouard Constant SA.

** Formerly SFF Investment Funds SA, Genève

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 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 short-term instruments

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 provision."

Securities 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.

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 resulting from the EFG Fondkommission acquisition is capitalised in the balance sheet and amortised over six years on a straight-line basis.

The Intangibles resulting from the Bansabadell Finance SA acquisition and Banque Edouard Constant merger are also capitalised in the balance sheet and are amortised over 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 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 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 Group in exchange for the benefits.

For application of Financial Reporting Standards Swiss GAAP n° 16, the Group Pension schemes are contribution oriented. This notion is similar to that of “Defined contribution” as known in other accounting norms such as International Financial Reporting Standards (IFRS).

Taxes

Taxes due on the net income of the companies of the 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 Group.

Foreign currencies

Assets and liabilities denominated in foreign currencies on the balance sheets of 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. Currency swaps, which are used for hedging foreign currency loans, are valued under the accrual method.

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), futures 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. Balances resulting from the Macro-Hedges used for interest rate risk coverage are booked as interest income or expenses.

Replacement values correspond to the market value of the contracts for derivative products undertaken for the 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.

(c) Transaction recording and presentation in the balance sheet

All transactions of 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 Accounting Policies and Valuation principles

As from January 1st, 2003 onwards, the provisions for unpaid taxes are recorded under “Accrued income and prepaid expenses”.

5. Risk Management

The Group’s activities are predominantly carried out on its clients’ behalf, with the clients carrying the risk. As such, the Group takes limited credit risk, market risk and liquidity risk, with most credit risk being limited to 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 Group are operational and reputational. The Group's management has implemented risk management procedures complying with the risk policies and procedures of its parent, EFG Bank European Financial Group (EFGB). Ultimate responsibility for the risk management of the Group lies with the Group's board of directors, who set the Group's policies and risk appetite in collaboration with EFGB's Group Risk Committee (GRC). Implementation of the 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 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 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 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 Group's operations are also monitored by EFGB's internal audit department. The 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 Group may arise from any shortfalls in the quality of service delivered to clients, as well as the Group's potential involvement with politically exposed clients and those connected with criminal activities.

The 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 Group operates strict due diligence procedures for new clients. In addition, the Group closely monitors transactions on an ongoing basis and records any activities not matching clients' profiles.

Credit Risk

The 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 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 Group and the nature of the loans ensure that the Group's loan book is of high quality.

Market risk

The 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 against nominal limits. The Group limits are set and approved accordingly. As regards interest rate risk, the Group maintains limited gapping positions, all within the pre-established market risk limits and

parameters. The Group carries out foreign currency operations both for its clients and on its own account. The overall net nominal positions per currency are subject to intraday and overnight limits. The use of derivatives and monitoring of the related risks are subject to the risk management policy used by EFG Bank Group on a group-wide basis.

Liquidity risk

The 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 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 Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)	2003	2002
a) Net trading income		
Foreign exchange and banknotes trading	23,458	9,478
Securities	17,135	2,672
Total	40,593	12,150
b) Personnel Expenses		
Salaries and bonuses	89,219	48,294
Social security expenses	5,258	3,702
Contributions to pension plans	5,755	2,167
Other personnel expenses	7,784	2,420
Total	108,016	56,583
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	8,763	3,938
Communication network expenses	8,802	3,560
Expenses for computer services	11,055	1,621
Fees for legal, audit and consulting services	6,340	3,750
Sundry operating expenses	16,447	9,150
Total	51,407	22,019
d) Extraordinary Income and Expenses		
Extraordinary income		
Release of extra and hidden reserves	11,697	
Reimbursement IT Consulting contract termination costs	4,950	
Liquidation dividend on financial investment provided for	3,371	
Other	2,881	505
Extraordinary expenses		
IT Consulting contract termination costs	(4,950)	
Other	(2,085)	(340)
Total	15,864	165
e) Analysis of Swiss and Foreign Income & Expenses from Ordinary Banking Activities		
Operating income		
Switzerland	145,526	63,522
Foreign	60,734	40,170
Operating expenses		
Switzerland	(123,508)	(44,228)
Foreign	(35,915)	(34,374)
Gross operating profit	46,837	25,090
f) Taxes		
Deferred taxes - use	2,610	
Deferred taxes - recognition	(380)	(7,597)
Current taxes provision	6,338	3,348
Total	8,568	(4,249)

7. Collateral for Loans

(ALL FIGURES IN THOUSANDS OF CHF)	SECURED BY MORTGAGE	SECURED BY OTHER COLLATERAL	UNSECURED	TOTAL
Loans				
Due from customers	1,853	1,482,101	8,352	1,492,306
Mortgages				
Residential real estate	7,101			7,101
Office and business premises	939			939
Sub-total mortgage loans	8,040			8,040
Total at December 31, 2003	9,893	1,482,101	8,352	1,500,346
Total at December 31, 2002	11,008	873,919	1,784	886,711
Off-balance sheet commitments				
Contingent liabilities		114,170	5,330	119,500
Irrevocable commitments		77,994		77,994
Total off-balance sheet credit commitments at December 31, 2003	-	192,164	5,330	197,494
Total at December 31, 2002	-	41,708	4,894	46,602
Which impaired loans	GROSS AMOUNT	ESTIMATED VALUE OF PLEDGES	NET AMOUNT	INDIVIDUAL VALUATION ADJUSTMENT
Total at December 31, 2003	5,542	-	5,542	5,494
Total at December 31, 2002	-	-	-	-

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

Off-balance sheet credit in 2003 CHF 72,178 (2002 CHF 8,458) represent credit lines for renewed bank term deposits processed after closing and mostly with a maturity shorter than 1 month

8. Securities and Precious Metals Trading Portfolios

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2003	DEC. 31, 2002
Listed on stock exchange	4,583	4,032
Not listed on stock exchange	3,156	6,277
Total	7,739	10,309

9. Financial Investments

(ALL FIGURES IN THOUSANDS OF CHF)	BOOK VALUE		PURCHASE VALUE		FAIR VALUE	
	DEC. 31, 2003	DEC. 31, 2002	DEC. 31, 2003	DEC. 31, 2002	DEC. 31, 2003	DEC. 31, 2002
Debt instruments	522,400	326,917	528,617	299,125	524,407	332,000
– of which valued according to the accrual method	521,885	320,505	528,062	292,324	523,892	325,588
– of which valued at lower of cost or market	515	6,412	555	6,801	515	6,412
Equity instruments*	7,682		8,839		7,698	
Total financial investments	530,082	326,917	537,456	299,125	532,105	332,000
– of which securities acceptable by Central Bank as collateral	33,609	1,240				

The Bank does not own any investments in excess of 10% of share capital or voting rights. The Bank has no outstanding securities lending (borrowing) as at December 31, 2003 and as at December 31, 2002.

*which CHF 6,612 for a financial investment completely provided for.

10. Non-Consolidated Participations

(ALL FIGURES IN THOUSANDS OF CHF)	COST	NET BOOK VALUE AT DEC. 31, 2002	ADDITIONS COMING FROM MERGES AS AT JAN. 1, 2003	ADDITIONS	DISPOSALS	AMORTIZATION	CURRENCY DIFFERENCES	NET BOOK VALUE AT DEC. 31, 2003
Non-consolidated participations	886	886	290					1,176
Total	886	886	290	-	-	-	-	1,176

11. Tangible Fixed Assets and Intangible Assets

(ALL FIGURES IN THOUSANDS OF CHF)	ACQUISITION COSTS	ACCUMULATED DEPRECIATION	NET BOOK VALUE AS AT DEC. 31, 2002	ALLOCATION CHANGES	ACQUISITIONS	DISPOSALS	DEPRECIATION	NET BOOK VALUE AS AT DEC. 31, 2003
Tangible fixed assets	15,102	(7,193)	7,909		35,643	(226)	(8,170)	35,156
Tangible fixed assets coming from mergers as at Jan. 1, 2003	12,785	(7,587)	5,197					5,197
Total tangible fixed assets	27,887	(14,780)	13,106	-	35,643	(226)	(8,170)	40,353
Goodwill	23,600	(9,800)	13,800				(3,150)	10,650
Other Intangible assets	2,641	(2,641)	-		80,700	-	(8,070)	72,630
Total intangible assets	26,241	(12,441)	13,800	-	80,700	-	(11,220)	83,280
Fire insurance value of tangible fixed assets			9,287					21,542

12. Other Assets and Other liabilities

(ALL FIGURES IN THOUSANDS OF CHF)	OTHER ASSETS	DEC. 31, 2003	OTHER LIABILITIES	DEC. 31, 2002	OTHER LIABILITIES
Replacement values of the derivatives financial instruments					
Contracts as principal					
- Trading portfolio	91,714		83,059	27,181	26,163
- Balance sheet items	19,089		3,879	7,202	3,376
Contracts as commission agent	-		-	-	-
Total replacement values of the derivatives financial instruments	110,803		86,938	34,383	29,539
Netting account	2,550			5,428	
Indirect taxes	7,005		2,212	8,171	648
Other	3,497		4,142	1,304	505
Total	123,855		93,292	49,286	30,692

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

As at December 31, 2003, the Bank had for CHF 242 as commitments arising from operating leases no capitalised in the Balance Sheet.

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

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2003	BOOK VALUE	DEC. 31, 2002
	ACTUAL AMOUNT OF RELATED LIABILITIES	ACTUAL AMOUNT OF RELATED LIABILITIES	ACTUAL AMOUNT OF RELATED LIABILITIES
Balance sheet positions			
Money market papers		10,863	12,223
Due from banks		8,062	70
Financial investments		49,989	1,240
Total		68,914	13,533

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

15. Debenture Bonds in Circulation

(ALL FIGURES IN THOUSANDS OF CHF)	WEIGHTED AVERAGE INTEREST RATE	DUE DATES	AMOUNT AS AT DEC. 31, 2003
Issuer			
EFG Private Bank SA, Zurich (head office)			
- subordinated loans	2.22%	2009	15,000
- subordinated loans	2.22%	2011	15,000
EFG Private Bank SA, Guernsey Branch - Guernsey			
- subordinated loan	3.15%	2013	155,940
EFG Private Bank SA, Hong Kong Branch - Hong Kong			
- perpetual subordinated loans	3.51%	perpetual	50,000
Total			235,940
		UNTIL 5 YEARS	MORE THAN 5 YEARS
Issuer			
EFG Private Bank SA, Zurich (head office)			30,000
EFG Private Bank SA, Guernsey Branch - Guernsey			155,940
EFG Private Bank SA, Hong Kong Branch - Hong Kong			50,000
Total			235,940

16. 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, 2002	ADDITIONS COMING FROM Mergers AS AT JAN. 1, 2003	SPECIFIC USAGE	RECOVERIES, DOUBTFUL INTE- REST, CURRENCY DIFFERENCES	NEW PROVISION CHARGED TO INCOME STATEMENT	REVERSAL TO INCOME STATEMENT	BALANCE AT DEC. 31, 2003
Valuation adjustments and provisions for credit and country risks	75	5,293	(65)		276	(15)	5,564
Provisions for deferred taxes	1,658				380		2,038
Other provisions	127	67,996	(126)	(103)	1,908*	(10,149)	59,653
Total valuation adjustments and provisions	1,860	73,289	(191)	(103)	2,564	(10,164)	67,255
Reserve for general banking risks	400						400

*of which CHF 1,000 recorded as a debit to trading income.

17. Statement of Changes in Shareholders' Equity

(ALL FIGURES IN THOUSANDS OF CHF)	VOTING SHARES	NON VOTING SHARES	CAPITAL RESERVE	PROFIT RESERVE	RESERVE FOR GENERAL BANKING RISKS	NET SHAREHOLDERS' PROFIT	TOTAL SHAREHOLDERS' EQUITY
Total shareholder's equity ats at 1 Jan 2003	52,200	2,800	41,000	25,460	400	23,325	145,185
Transfer of reserves				23,325		(23,325)	
Foreign currency translation impact				2,038			2,038
Capital increase	1,410						1,410
Share premium			26,090				26,090
Release for general banking risks							
Net profit						33,167	33,167
Total shareholder,s equity as at 31 Dec 2003	53,610	2,800	67,090	50,823	400	33,167	207,890

SIGNIFICANT SHAREHOLDERS	NOMINAL	DEC. 31, 2003 PARTICIPATION IN %	NOMINAL	DEC. 31, 2002 PARTICIPATION IN %
EFG Bank European Financial Group, Geneva (owned by Latsis family's interests)	35,739	66.7%	35,757	68.5%
Mr Jean Pierre Cuoni	4,176	7.8%	4,230	8.1%
Mr Lawrence D. Howell	4,176	7.8%	4,230	8.1%
Others Directors, Management members and other shareholders	9,519	17.7%	7,983	15.3%
Total	53,610	100.0%	52,200	100.0%

18. 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	44,967							44,967
Money market papers	154		10,863	1,598				12,615
Due from banks	320,936		569,344	720				891,000
Due from customers		444,431	774,727	264,050	9,099			1,492,306
Mortgages		939		2,151	4,950			8,040
Securities and precious metals trading portfolios	7,739							7,739
Financial investments	57		71,980	25,574	432,471			530,082
Total current assets and financial investments at December 31, 2003	373,853	445,370	1,426,914	294,094	446,519	-	-	2,986,750
December 31, 2002	74,378	75,843	1,149,667	237,803	320,577	-	-	1,858,268
Borrowed funds								
Money market papers issued	139							139
Due to banks	37,539	82,798	27,108	8,057			180,940	336,441
Due to customers in savings or investments deposits		122						122
Due to customers, others	1,400,560	35,102	978,480	59,576			55,000	2,528,718
Total borrowed funds at December 31, 2003	1,438,239	118,021	1,005,587	67,633	-	-	235,940	2,865,420
December 31, 2002	319,423	186,996	1,052,004	111,848	-	-	75,000	1,745,271

19. Receivable and Payable to Associated Companies and Credit Facilities Granted to Members of EFG Private Bank Board of Directors

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2003	DEC. 31, 2002
Receivable from associated companies	35,942	175,108
Due to associated companies	153,275	135,068
Credits to members of the Board of Directors, executives directors	15,822	15,456

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

(ALL FIGURES IN THOUSANDS OF CHF)	SWITZERLAND	FOREIGN	DEC. 31, 2003 TOTAL	SWITZERLAND	FOREIGN	DEC. 31, 2002 TOTAL
Assets						
Cash and other liquid assets	44,195	772	44,967	10,625	79	10,704
Money market papers	5,403	7,212	12,615	5,309	8,974	14,283
Due from banks	121,790	769,210	891,000	103,090	506,254	609,344
Due from customers	179,630	1,312,676	1,492,306	68,158	807,891	876,049
Mortgages	7,101	939	8,040	3,110	7,552	10,662
Securities and precious metals trading portfolios	4,628	3,112	7,739		10,309	10,309
Financial investments	57,627	472,455	530,082	1,292	325,625	326,917
Non-consolidated participations	290	886	1,176		886	886
Tangible fixed assets	36,344	4,009	40,353	4,894	3,015	7,909
Intangible assets	82,347	933	83,280	13,800		13,800
Accrued income and prepaid expenses	22,994	23,434	46,428	4,287	13,840	18,127
Other assets	72,161	51,694	123,855	17,146	32,140	49,286
Total	634,510	2,647,333	3,281,843	231,711	1,716,565	1,948,276
Liabilities and shareholders' equity						
Money market papers issued	139		139	124		124
Due to banks	36,044	300,397	336,441	96,501	243,122	339,623
Due to customers in saving and investment deposits	97	25	122	20	26	46
Due to customers, other	542,581	1,986,137	2,528,718	46,490	1,358,988	1,405,478
Accrued expenses and deferred income	35,996	11,990	47,986	16,887	8,381	25,268
Other liabilities	65,289	28,003	93,292	16,879	13,813	30,692
Valuation adjustments and provisions	63,868	3,387	67,255	1,291	569	1,860
Reserve for general banking risks	400		400	400		400
Share capital	56,410		56,410	55,000		55,000
Capital reserve	67,090		67,090	41,000		41,000
Profit reserve	50,823		50,823	25,460		25,460
Net profit	26,622	6,545	33,167	(13,059)	36,384	23,325
Total	945,359	2,336,484	3,281,843	286,993	1,661,283	1,948,276

21. Assets by Country and Group of Countries

(ALL FIGURES IN THOUSANDS OF CHF)		DEC. 31, 2003 %		DEC. 31, 2002 %
Assets				
Switzerland	634,510	19.3	231,711	11.9
United Kingdom	198,776	6.1	186,928	9.6
Greece	40,518	1.2	22,583	1.2
Luxembourg	102,808	3.1	186,217	9.6
Europe (Other)	744,601	22.7	283,001	14.5
United States & Canada	232,793	7.1	191,723	9.8
Latin America & Caribbean	394,972	12.0	237,117	12.2
Africa & Middle East	57,529	1.8	28,695	1.5
Asia & Oceania	875,337	26.7	580,301	29.8
Total	3,281,843	100.0	1,948,276	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.

22. Balance Sheet by Currency

(ALL FIGURES IN THOUSANDS OF CHF)	CHF	USD	OTHER CURRENCIES	TOTAL
Assets				
Cash and other liquid assets	42,642	144	2,181	44,967
Money market papers	5,249	5,614	1,752	12,615
Due from banks	69,950	551,093	269,957	891,000
Due from customers	226,149	705,316	560,841	1,492,306
Mortgages	8,040			8,040
Securities & precious metals trading portfolio	3,561	1,139	3,039	7,739
Financial investments	41,163	264,819	224,100	530,082
Non-consolidated participations	290	729	157	1,176
Tangible fixed assets	36,344	232	3,777	40,353
Intangible assets	83,280			83,280
Accrued income and prepaid expenses	22,495	16,585	7,348	46,428
Other assets	49,993	30,025	43,837	123,855
Total assets at December 31, 2003	589,156	1,575,696	1,116,990	3,281,843
December 31, 2002	230,458	1,099,349	618,469	1,948,276
Forward and options forex positions receivable	804,782	3,171,370	3,621,090	7,597,242
Total long currency positions at December 31, 2003	1,393,938	4,747,066	4,738,080	10,879,085
December 31, 2002	600,588	1,758,618	1,545,340	3,904,546
Liabilities and shareholders' equity				
Money market papers issued	61	41	37	139
Due to banks	45,300	97,266	193,875	336,441
Due to customers in saving and investment deposits	104	12	6	122
Due to customers, other	363,017	1,310,110	855,590	2,528,718
Accrued expenses and deferred income	34,804	4,450	8,732	47,986
Other liabilities	46,849	19,720	26,723	93,292
Valuation adjustments and provisions	63,868		3,387	67,255
Reserve for general banking risks	400			400
Share capital	56,410			56,410
Capital reserve	67,090			67,090
Profit reserve	50,823			50,823
Net profit	26,622	3,175	3,370	33,167
Total liabilities and shareholders' equity at December 31, 2003	755,349	1,434,775	1,091,720	3,281,843
December 31, 2002	294,213	1,194,198	459,865	1,948,276
Forward and options forex positions payable	648,640	3,333,548	3,608,274	7,590,462
Total short currency positions at December 31, 2003	1,403,989	4,768,322	4,699,993	10,872,305
December 31, 2002	613,338	1,779,200	1,514,389	3,906,927
Net currency positions at December 31, 2003	(10,051)	(21,256)	38,087	6,780
December 31, 2002	(12,750)	(20,582)	30,951	(2,381)

23. Assets under Management

(IN CHF MILLION)	DEC. 31, 2003
Character of client assets	
Assets in own administrated funds	686
Assets with administrations' mandate	1,634
Other clients assets	14,064
Total client assets (incl. double counts)	16,384
Thereof double counts	535
Loans	1,500
Other client funds generating revenues	2,188
Total client funds generating revenues	20,072

auditors'

report

Report of the statutory auditors to the general meeting of EFG Private Bank SA Zurich

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes set out on pages 38 to 44) of EFG Private Bank SA for the year ended December 31, 2003.

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

A Travis

Geneva, March 15, 2004

Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	2003	2002
Operating Income & Expenses			
Interest & discount income		50,149	40,827
Interest & dividend income on trading portfolios		1,209	(2)
Interest & dividend income from financial investments		15,346	10,906
Interest expenses		(29,958)	(29,496)
Net interest income		36,746	22,235
Commission income from lending activities		4,589	1,908
Commission income from securities and investment activities		101,770	41,658
Commission income from other services		11,348	6,776
Commission expenses		(17,053)	(9,019)
Net commission income and service fee income		100,654	41,323
Net trading income	10	38,019	12,121
Income from the sale of financial investments		126	7,684
Income from participations		13,150	
Sundry ordinary income		2,794	768
Sundry ordinary expenses			(40)
Other ordinary income/(expenses), net		16,070	8,412
Operating income		191,489	84,091
Personnel expenses		(93,023)	(41,616)
Other operating expenses		(45,533)	(16,806)
Operating expenses		(138,556)	(58,422)
Gross operating profit		52,933	25,669
Depreciation of capitalised assets		(27,821)	(22,226)
Valuation adjustments, provisions and losses		(1,514)	(363)
Depreciation, valuation adjustments, provisions and losses		(29,335)	(22,589)
Profit before extraordinary items and taxes		23,598	3,080
Extraordinary income		27,073	496
Extraordinary expenses		(6,962)	(340)
Profit before taxes		43,709	3,236
Taxes		(3,665)	(753)
Net profit		40,044	2,483

Proposed appropriation of retained earnings

(ALL FIGURES IN THOUSANDS OF CHF)	2003	2002
Retained earning brought forward	722	239
Net profit	40,044	2,483
Retained earning available for appropriation	40,766	2,722
Transfer to General legal reserve	2,910	
Transfer to Free reserves	37,000	2,000
To be carried forward	856	722
Total	40,766	2,722

Balance Sheet

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	DEC. 31, 2003	DEC. 31, 2002
Assets			
Cash and other liquid assets		44,684	10,625
Money market papers		12,615	14,074
Due from banks		880,929	587,184
Due from customers		1,492,006	875,731
Mortgages		8,040	10,661
Securities & precious metals trading portfolios		4,284	10,309
Financial investments		497,094	325,516
Investments in subsidiaries		39,558	36,377
Tangible fixed assets and intangible assets		122,207	9,490
Accrued income and prepaid expenses		40,896	14,932
Other assets		118,259	41,709
Total assets		3,260,573	1,936,608
Including subordinated assets		1,825	202
Including receivable from Group companies and significant shareholders		19,004	13,914
Liabilities			
Money market papers issued		139	124
Due to banks		328,711	337,523
Due to customers in savings and investment deposits		122	46
Due to customers, other		2,525,526	1,404,800
Accrued expenses & deferred income		42,056	23,416
Other liabilities		92,135	30,375
Valuation adjustments and provisions	6	64,218	202
Total liabilities		3,052,907	1,796,486
Shareholders' Equity			
Reserve for general banking risks	6,7	400	400
Share capital	7,8	56,410	55,000
General legal reserve	7	67,090	41,000
Free reserves		43,000	41,000
Retained earnings		722	239
Net profit		40,044	2,483
Total shareholders' equity	7	207,666	140,122
Total liabilities and shareholders' equity		3,260,573	1,936,608
Including subordinated liabilities		235,940	75,000
Including liabilities to Group companies and significant shareholders		26,238	11,443

Off-Balance Sheet Positions

Contingent Liabilities

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2003	DEC. 31, 2002
Guarantees issued in favour of third parties	119,500	37,101

Irrevocable Commitments

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2003	DEC. 31, 2002
Irrevocable commitments	77,994	9,501

CHF 72,178 (2002: CHF 8,458) 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	NEGATIVE REPLACEMENT VALUE	DEC. 31, 2003 CONTRACT VOLUME	POSITIVE REPLACEMENT VALUE	NEGATIVE REPLACEMENT VALUE	DEC. 31, 2002 CONTRACT VOLUME
Interest rate instruments						
Forward contracts	1	1	55,220			
Swaps	603	873	175,488		223	4,187
Option (OTC)	18,486	3,006	1,154,275	7,202	3,376	697,900
Foreign Exchange						
Forward contracts	78,492	72,993	3,252,516	26,043	25,769	1,752,756
Swaps	5,138	2,735	4,262,623			
Options (OTC)	6,487	5,734	888,503	1,138	171	409,955
Equity						
Option (OTC)	1,597	1,597	24,505			
Total	110,803	86,938	9,813,131	34,383	29,539	2,864,798

(ALL FIGURES IN THOUSANDS OF CHF)	NET BALANCE	POSITIVE REPLACEMENT VALUE	DEC. 31, 2003 NEGATIVE REPLACEMENT VALUE	NET BALANCE	POSITIVE REPLACEMENT VALUE	DEC. 31, 2002 NEGATIVE REPLACEMENT VALUE
Trading derivative replacement values		91,714	83,059		27,181	26,163
Other derivative replacement values		19,089	3,879		7,202	3,376
Netting valuation accounts, net balance	(2,550)			(5,428)		

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

Fiduciary Transactions

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2003	DEC. 31, 2002
Fiduciary transactions with third party banks	2,715,377	573,753
Deposits with affiliated banks and banks of EFG Bank Group	451,961	332,392
Loans and other fiduciary transactions	24,003	15,929
Total	3,191,341	922,074

1. Business Activities and Number of Personnel

EFG Private Bank SA, (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 Lausanne, Sion, Martigny, Verbier, Crans-Montana and Monaco.

As at December 31, 2003, the Bank employed 462 staff (2002: 197).

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. For the branches any difference between the year-end exchange rate and the average rate is recorded under the Trading income as foreign exchange difference

Main foreign exchange rates against CHF

	2003		2002	
	YEAR END	AVERAGE	YEAR END	AVERAGE
EUR	1.5594	1.5205	1.4548	1.4649
GBP	2.2163	2.1976	2.2381	2.3286
HKD	16.07	17.28	17.89	19.96
JPY	1.1662	1.1617	1.1706	1.2412
SEK	17.18	16.67	15.89	16.00
SGD	73.29	77.22	80.40	86.89
TWD	3.6634	3.9176	4.0154	4.5128
USD	1.2479	1.3459	1.3958	1.5564

Amounts are stated at the nominal value.

Liquid assets, due from banks, due from customers and mortgage loans

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

Financial investments

Financial investments which are to be held to maturity are valued at amortised cost. All others which are not to be held to maturity, are valued at the lower of cost or market.

Investment in subsidiaries

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

Fixed assets

Fixed assets are valued at cost and are depreciated on a straight-line basis over their estimated useful lives 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 seven or ten years on a straight-line basis. Other intangibles carried under this item is amortised over a five-year period.

Taxes

Taxes due on the net income of the companies of the 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.

Valuation adjustments and provisions

Valuation adjustments and provisions are established individually as considered economically necessary to cover all known material risks.

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 fair value as gross amounts in the balance sheet (without any off setting) under Other assets and Other liabilities respectively. Hedging transactions are valued

in an analogous manner to the underlying transactions. Balances resulting from the Macro-Hedges used for interest rate risk coverage are recorded as interest income or expenses.

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 Bank. The main areas of risk for the Bank are operational and reputational. The Bank's management has implemented risk management procedures complying with the risk policies and procedures of its parent, EFG Bank European Financial Group (EFGB). 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 EFGB'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 EFGB'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 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 Bank operates strict due diligence procedures for new clients. In addition, the Bank closely monitors transactions on a 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 against nominal limits. The Bank limits are set and approved accordingly. As regards 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 on its own account. The overall net nominal positions per currency are subject to intraday and overnight limits. The use of derivatives and monitoring of the related risks are subject to the risk management policy used by EFG Bank Group on a group-wide basis.

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. Fire Insurance Value of Fixed Assets

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2003	DEC 31, 2002
Fire insurance value of tangible fixed assets	19,861	7,277

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

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2003 BOOK VALUE OF PLEGDED ASSETS	ACTUAL LIABILITIES	DEC 31, 2002 BOOK VALUE OF PLEGDED ASSETS	ACTUAL LIABILITIES
Balance sheet positions				
Money market papers	10,863		12,223	
Due from banks	8,062		70	
Financial investments	49,989		1,240	
Total	68,914	-	13,533	-

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

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

(ALL FIGURES IN THOUSANDS OF CHF)	BALANCE AT DEC. 31, 2002	ADDITIONS COMING FROM MERGERS AS AT JAN. 1, 2003	SPECIFIC USAGE	CHANGE OR RECLASSIFICATION OF PROVISIONS	RECOVERIES, DOUBTFULL INTE- REST, CURRENCY DIFFERENCES	NEW PROVISIONS CHARGED TO TO INCOME STATEMENT	REVERSAL TO INCOME STATEMENT	BALANCE AT DEC. 31, 2003
Valuation adjustments & provisions for credit risks and country risks	75	5,293	(65)			276	(15)	5,564
Other provisions	127	67,996	(126)		(103)	909	(10,149)	58,654
Total valuation adjustments & provisions as per balance sheet (liabilities)	202	73,289	(191)		(103)	1,185	(10,164)	64,218
Reserve for general banking risks	400	-	-	-	-	-	-	400

7. Statements of Changes in Shareholders' Equity

(ALL FIGURES IN THOUSANDS OF CHF)	SHARE CAPITAL	GENERAL LEGAL RESERVE	RESERVE FOR GENERAL BANKING RISKS	OTHER RESERVES	RETAINED EARNINGS	NET PROFIT	TOTAL PER BALANCE SHEET
Balance at beginning of the year	55,000	41,000	400	41,000	239	2,483	140,122
Allocation to/from reserves				2,000	483	(2,483)	
Capital increase	1,410						1,410
Share premium		26,090					26,090
Net profit for the year						40,044	40,044
Balance at end of the year	56,410	67,090	400	43,000	722	40,044	207,666

8. Capital Structure and Significant Shareholders

(ALL FIGURES IN THOUSANDS OF CHF)	TOTAL NOMINAL VALUE	DEC 31, 2003		DIVIDEND BEARING CAPITAL	TOTAL NOMINAL VALUE	DEC 31, 2002	
		NUMBER OF UNITS				NUMBER OF UNITS	DIVIDEND BEARING CAPITAL
Capital structure							
Share capital	56,410	56.41		56,410	55,000	55.00	55,000
Total share capital	56,410	56.41		56,410	55,000	55.00	55,000
Voting shares							
Voting shares	53,610	53.61		53,610	52,200	52.20	52,200
Non-voting shares	2,800	2.80		2,800	2,800	2.80	2,800
SIGNIFICANT SHAREHOLDERS							
				NOMINAL	DEC 31, 2003 PARTICIPATION IN %	NOMINAL	DEC 31, 2002 PARTICIPATION IN %
EFG Bank European Financial Group, Geneva (owned by Latsis Family interests)				35,739	66.7	35,757	68.5
Mr Jean Pierre Cuoni				4,176	7.8	4,230	8.1
Mr Lawrence D. Howell				4,176	7.8	4,230	8.1
Other Directors, Management members and other shareholders				9,519	17.7	7,983	15.3
Total				53,610	100.0	52,200	100.0

9. Credit Facilities Granted to Members of the Board of Directors, Members of the Bank Committees and Executive Directors

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2003	DEC 31, 2002
Credit facilities granted to members of the Board of Directors, Bank Committees and Executive Directors	15,822	15,456

10. Income from Trading Activities, Net

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2003	DEC 31, 2002
Foreign exchange and banknote trading	23,550	9,479
Securities	14,469	2,642
Total	38,019	12,121

11. Liabilities to Own Pension Plans

There are no commitments to own pension and welfare funds.

operating companies

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