

Annual Report

2002



We began

WITH A BLANK SHEET OF PAPER.

AND A QUESTION.

WHAT IS THE BEST WAY TO GROW

AND PRESERVE

A NEW GENERATION OF WEALTH?

*The answer was
to be true.*

TO THE OFTEN OVERLOOKED TENETS OF
WHAT MAKES FOR MEANINGFUL RELATIONSHIPS.

TO BE FASTER. SMARTER.

LESS BUREAUCRATIC. MORE RESPONSIVE.

TO BE PERSONALLY INVESTED

IN THE SUCCESS OF EACH CLIENT.

THE RESULT? A NEW KIND OF PRIVATE BANK.

AND TRUTH BE TOLD, IT'S WORKING.



be *strong.*

EFG Private Bank is a member of the EFG Bank Group. Specialising in private banking and asset and wealth management, EFG Bank Group backs EFG Private Bank with its significant resources and substantial capital reserves. The Group's over 12,000 employees serve clients from offices in 18 countries. This strength, together with its unique structure, allows EFG Private Bank to create an unparalleled level of personal service and performance for its clients.



EFG Bank Group — Key Numbers

year 2002

(in CHF million)

Total Balance Sheet	41,000
Shareholders' Equity	3,200
Gross Operating Profit	450
Clients' Funds	47,000



to our shareholders

The principles on which we established EFG Private Bank continued to serve us well in 2002. We grew and prospered during a period of unprecedented change and turmoil. As a reflection of these times we are, for the first time, issuing a consolidated financial report in order to ensure optimal transparency.

During the past year, many competitors suffered client losses and saw their profits plummet. A wave of consolidation continues. Yet we remained steady and true to the values inherent in our business model, allowing our team of experienced entrepreneurial CROs (Client Relationship Officers) the freedom and flexibility to offer clients creative investment alternatives — hedge funds, capital-guaranteed structures, risk-reduction methodologies — that provide growth opportunities and protect capital, even in down markets. Thus, our state-of-the-art approach to investment management has helped our clients to sail safely through the difficult

time of world equity market collapses and has — at the same time — fostered a mutual basis of confidence on which we can now further build our relationship.

In 2002 our pretax profit grew 55% to CHF 19 million, as consolidated net profit reached CHF 23.3 million up from CHF 10.4 million a year before. Clients' Funds reached over CHF 9 billion with a well-diversified client base. In addition, we expanded our capabilities in several key areas, growing our global network of CROs to 90, strengthening our product management capabilities, developing capital-protected structured products to help clients limit downside risk, and extending our geographic reach to achieve a true global footprint.

We continue to target steady, controlled growth, with the mission of becoming a leading global private bank, onshore and offshore. To that end, we made major progress in Asia in 2002, our single

largest area of growth. We transformed our Hong Kong office into a branch in early 2002, and we opened a financial consulting office in Taipei to facilitate contact with our client base in Taiwan. Our Scandinavian broker/dealer received approval to offer a broader range of banking services in Sweden, which allows us to self-custodize clients' assets. We also acquired early 2003 Bansabadell Finance SA, the Swiss financial services company of Banco Sabadell SA, which specialises in asset management for Mediterranean clients. Our Miami subsidiary, which serves the Latin American market, continued to grow, adding seasoned CROs to capture new business. Our Swiss offices also expanded to better serve the European market and provide increased support to our global offices. With profitable operations in all regions, we can now serve clients and execute orders any time, any business day, in any major market. As industry consolidation continues, we are prepared to make selective acquisitions, when the fit, price, and timing are right.

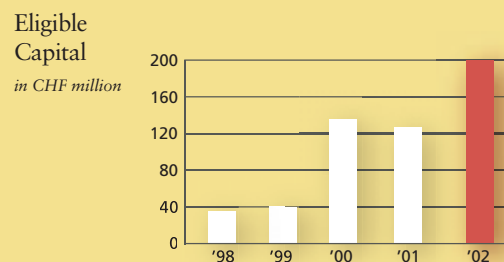
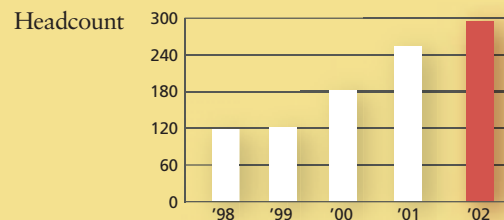
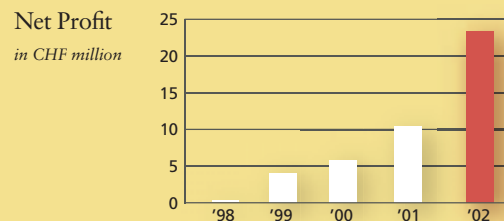
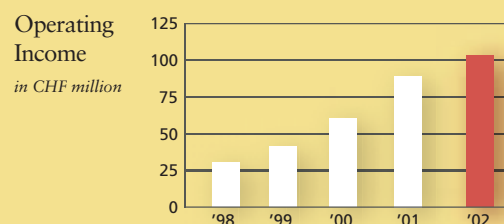
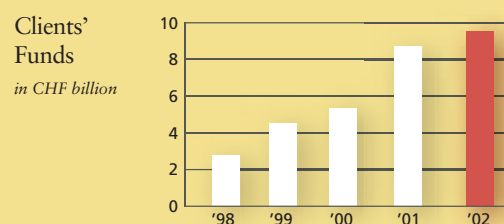
Our success would not have been possible without a superb effort from our people, including senior management and all our behind-the-scenes staff. They rose to the unique challenge of building a global organisation, overcoming language barriers and working long hours against tight deadlines to effect our worldwide expansion. Thanks to their diligence and dedication, we are well positioned for the coming year, with the right people and the right products and services to meet our clients' changing needs. Where others see danger in volatility, we see opportunities for creative bankers — and increasing demand for innovative investment strategies to help clients protect and manage their wealth.



Jean Pierre Cuoni
Chairman

Consolidated Financial Highlights

EFG PRIVATE BANK



(In CHF million)

Dec. 31, 2002

Income Statement

Net Profit	23
Operating Income	104
Operating Expenses	79

Balance Sheet

Total Assets	1948
Shareholders' Equity	145
Customer Loans	887
Customer Deposits	1405
Eligible Capital	207
Eligible Capital Ratio (%)	23,8

Personnel

Total number of employees	295
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be open.

We don't restrict clients to EFG products.

Our Client Relationship Officers have the autonomy to draw from a world of investment options to craft solutions best suited to the needs of each client.

"There is no magical 'best product' for investors. What is best today may not be appropriate tomorrow. That's why we take an open-church approach to finding solutions that match each client's individual needs".



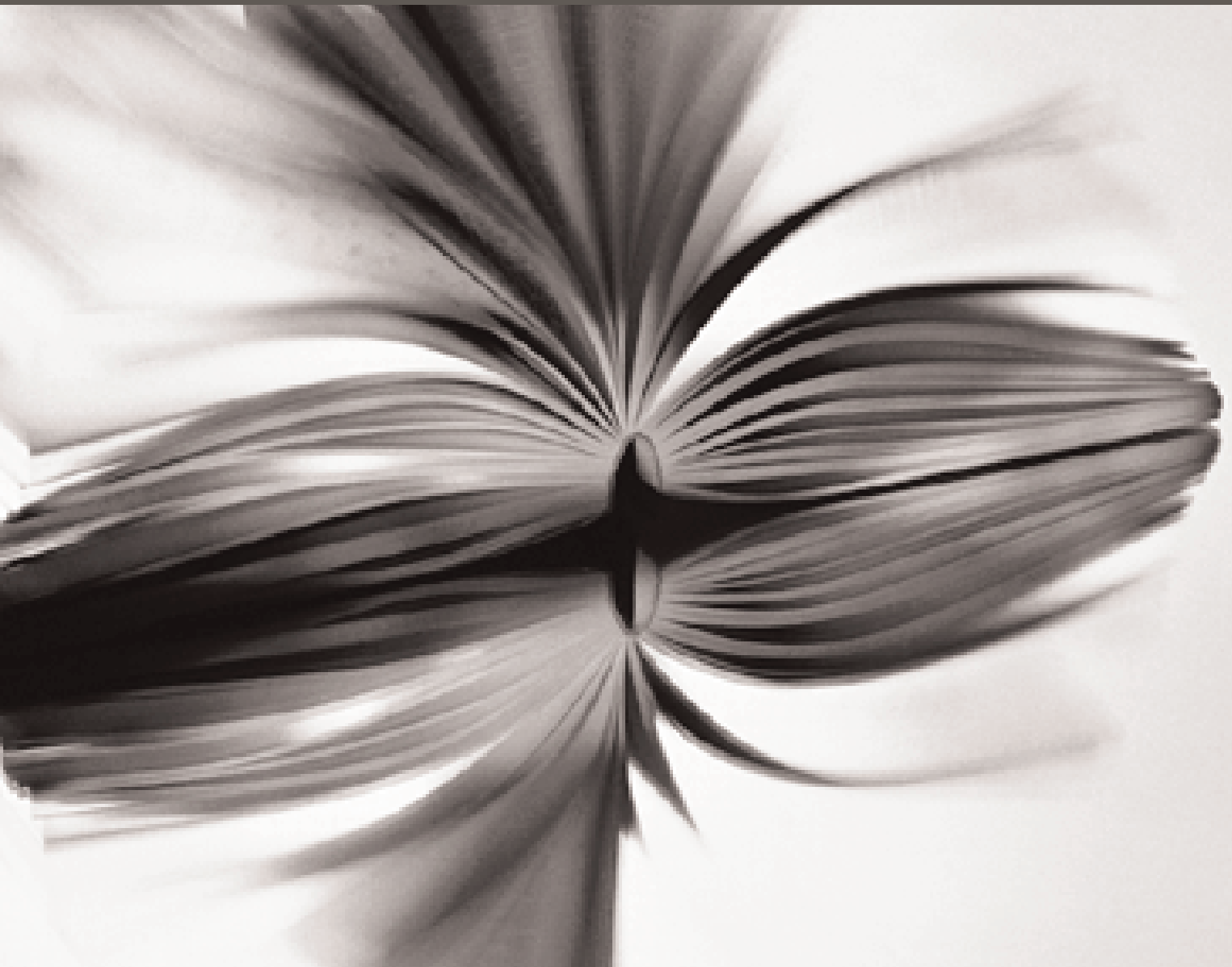
Private banking is a people business, first and last. It is about building relationships. Establishing trust. Staying focused while adding value. In a turbulent year, our success resulted from staying true to a business model built around exceptional people.

Our 90 Client Relationship Officers are what set EFG Private Bank apart from the competition. Each is an entrepreneur, many of them are shareholders in the bank, who succeed only when his or her clients do. Each CRO comes to EFG Private Bank with a proven track record — typically two decades' experience — and an established portfolio of clients. They speak their clients' language — literally and in terms of investment goals — and solidify their

relationships with a blend of personal attention and performance.

Innovative options, increased opportunities

Our Global Product Management Group, which became fully operational in 2002, helps CROs navigate through a myriad of investment options. Keeping abreast of the top research analysts, fund analysts, and structured products, this group allows our CROs more time to focus on their clients. As experts in today's breed of alternative investment options, they know there is no sustainable "best" product. So they continually look for the best solutions for specific client investment strategies and portfolio management needs, considering investment horizon, risk tolerance, and return expectations.



Report of the Directors

Our open-church product strategy gives CROs freedom in recommending investments. Clients get truly independent advice and are never limited to in-house products. However, sometimes the right solution is to develop an in-house alternative product, especially when best-in-class service can be offered. The Global Product Management Group researches and selects the appropriate third-party products, customising them for clients, with or without capital guarantees. These products leverage the expertise of EFG Asset Management and EFG Fondkommission.

In 2002, we saw rapid growth and increased client interest in structured products developed by our EFG Fondkommission subsidiary, a leading

player in the European derivatives market.

Structured products take the complexity out of investing for our clients by using derivatives and index-linked instruments to uncouple investments from market movements, while offering varying levels of risk and return.

Our credit team helps clients grow wealth by financing investments through strategies that hedge or leverage existing assets. In other words, lending to help clients liquefy, not liquidate, their assets.

Until recently, most private banks did not lend against hedge funds. However, our credit team saw an opportunity and established a program that has grown substantially in the past two



Private banking is our only business.

The products we develop are designed solely to help our clients achieve their goals and not to support some other line of business or our balance sheet.

years. Standard products include Lombard loans, foreign-exchange margin trading, life insurance loans, and hedge fund lending. The team also handles a variety of non-standard requests, such as helping entrepreneurs leverage their ownership of company shares into a diversified portfolio. The key to successful solutions is the CRO working closely with the credit team to help them understand the client's objectives, financial position, and the level of risk. In a private bank our size, the credit team has the ability to move quickly to structure these kinds of creative solutions. Our loan portfolio is well secured and diversified, without any loan losses since inception of EFG Private Bank six years ago.

The world ahead

Today, EFG Private Bank boasts a global footprint, with operations in four regions — all profitable. We can serve clients and execute orders in any major market, in any currency, virtually 24 hours a day. Of course, the constant in every location is the client relationship, facilitated by a CRO who speaks the language and has a cultural affinity for the local market.

To sustain this growth, we have expanded our offices in Zurich and Geneva, growing our complement of CROs in Switzerland to 31 and strengthening our back-office infrastructure to support the efforts of our CROs worldwide. To support our growth in other locations, our support functions, located in Geneva, played a critical role. We succeeded in absorbing additional volume, increased complexity and

be focused.

Report of the Directors

more creative product solutions without a significant increase in cost, thanks to an excellent IT infrastructure and a highly motivated staff base in our home market.

Our most rapid growth came from Asia. We established operations there in 2000, and they broke-even within 24 months. In 2002, we officially inaugurated our Hong Kong branch, which will serve as our regional headquarters. We are currently applying for a merchant bank license in Singapore and look forward to expanding our activities there. In addition, we opened a financial consulting office in Taipei in 2002, and it has been break-even from the start.

At the close of 2002, we had 30 CROs and CHF 2.3 billion in Client Funds in the region. We expect Asia will grow to approximately 40% of our global business within five years. Mainland China has considerable growth potential, and we are closely watching for regulatory changes that would make currency freely convertible. With the Group's Representation Office in Beijing, we are well positioned to tap the enormous potential of this market at the appropriate time.

In Scandinavia, EFG Fondkommission performed well in the niche of structured products, in contrast to the overall equity market. In the Scandinavian banking business, most of the wealth is held by institutions — insurance companies, pension funds, and municipalities. The CROs make frequent visits to their more than 600 active institutional clients. They add value by focusing on strategies for smart asset management and tailoring structured products to each client's requirements.

Based in Stockholm, with subsidiaries in Malmö, Helsinki and Göteborg, EFG Fondkommission provides structured product ideas for all of EFG Private Bank and is working to expand in the Scandinavian market and move further into private banking. In July 2002, it received regulatory approval to become a custodizing broker/dealer, allowing it to offer a broader range of services. It has broadened its product base, offering clients model portfolios with a range of assets that are aligned with their tolerance for risk. At year-end 2002, EFG Fondkommission had 12 CROs and CHF 1.6 billion in Client Funds.

"We work with entrepreneurs whose wealth is locked up in their company. By redefining credit, we can help them finance investments by liquefying, not liquidating, their assets".



Our bankers live and work where our clients live.

They have an intimate understanding of the cultural, economic and political forces that can impact a client's investment choices.

be close.

"With our speed, flexibility and understanding of local market conditions, we can structure alternative investment strategies for clients that other private banks cannot match".



Report of the Directors

Latin America, which we serve through our broker/dealer subsidiary in Miami, EFG Capital International, a representative office in Buenos Aires, and our cooperation with I. Krutman, Oestlund & Asociados in Sao Paulo, continues to be a market offering much opportunity. Political and economic instability in the region make off-shore private banking an attractive alternative for wealthy clients. In 2002, we added an experienced three-person CRO team to the Miami office, increasing our ranks there to 17. All are multilingual professionals with extensive backgrounds in their target markets. The introduction of structured products there, which had been available on a limited basis before, helped drive revenue growth up 25% (in local currency) from the previous year. Client Funds grew to approximately CHF 1 billion. These results, combined with effective cost management, made for a successful year in an adverse economic environment.

With our global reach, it is more important than ever to have accessible, convenient communications tools. In October 2002, we launched an improved Web site with e-banking

capabilities at www.efgprivatebank.com. In addition, clients can now get on-line portfolio information by clicking on EFG's Private Network.

Being successful

Our ability to be faster, more creative, less bureaucratic and more responsive has proven its value in both bull and bear markets. We've been successful because we focus on making our clients successful. It is the very heart of our unique CRO-driven business model. Going forward, our strategy targets conservative top- and bottom-line growth. We expect to grow revenues organically and by hiring CROs who fit well with our entrepreneurial model. We will continue to make selective acquisitions that meet our criteria, without diluting the company culture. With the backing of EFG Bank Group, we will continue to be what our clients expect and value: an experienced and innovative resource for building wealth.



board of directors &

Board of Directors

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Tomas Björkman
Emmanuel L. Bussetil
Jean-Louis Delachaux
Hans Wolfgang Frick
Spiro J. Latsis
Périclès Petalas

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Silvio G. Ammann, Head
of Treasury*
Markus Caduff, Head Private
Banking Zurich*
Paul N. Imison, Head Private
Banking Geneva*
James T.H. Lee, Head Corporate
Finance*
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Patrick Romanens, Chief
Operations Officer*

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Head*
Rudy van den Steen, Chief Financial
Officer*

General Management Staff

Roland Furer, Chief Compliance
Officer
Vladimir Stemberger, Chief Legal
Officer

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Sergio Toniutti, FVP
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Urs Oberhänsli, VP
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Hanspeter Humbel, VP
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James Scullin, SVP
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John Makris, FVP
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Alain Christen, VP
Paolo Fontanella, VP
Onno Jürgens, VP
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& CEO*
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J. Alexander Caldwell, SVP
Adrianna L. Campuzano, SVP
Ricardo Daugherty, SVP
Susan Disdier, SVP
Juan Massens, SVP
Kenneth I. Moorhead, SVP
Saul Padilla, SVP
I. Manolo Riveira, SVP
Sheila Wilensky, SVP
Miguel Zulueta, SVP
Ana M. De Bracamonte, VP
Silvana I. Carmelino, VP
L. Dart Montgomery, VP
Elisa Rossi, VP
Grace F. Santos, VP
Ricardo J. Ventura, VP

Management Buenos Aires Representative Office

Oswaldo S. Costigliolo, SVP &
Representative Manager
Gustavo Fernandez, SVP

Management Hong Kong Branch & Subsidiary

Robert Chiu, Chief Executive*
Albert Chiu, Deputy Chief
Executive*
Ivan Ho, SVP
T. C. Hon, SVP
Irena Hsiao, SVP
C. C. Kwong, SVP

* International Policy Committee Member

management

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Connie Lam, SVP
Grace Law, SVP
Benson Leung, SVP
Susanna Ng, SVP
Michael G. Palin, SVP
Patrick Yu, SVP
Nancy Choi, FVP
Esmond Choy, VP
Gary Fong, VP
Raymond Lam, VP
Amy Leung, VP
Pansy Li, VP
Winston Ma, VP
Lawrence Ng, VP
Richard Wong, VP
Carman Tsang, VP
Simon Yeung, VP
Catherine Yau, VP

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Mawen Chang, SVP
Lai Sim Choo, SVP
Andy Hock Chye Goh, SVP
Andrew Kia Teck Goh, SVP
Gerald Seng Kuan Goh, 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
Yok Hua Tek, VP
Marie Ho, VP
Alwin F. Walah, VP
Weng Yue Yim, VP



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Joseph Tjan-Ping Chao, SV
Emily Wang, VP
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Martin Nilsson, MD*
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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

Management Healthcare

Tom Kass, Head of Healthcare
Investments

Auditors

PricewaterhouseCoopers SA, Geneva

*“We’ve created a flat structure
that rewards collaboration.
This encourages everyone
to pool their expertise and
experiences to maximise
investment returns, no matter
what the markets bring”.*

financial results of

EFG Private Bank SA Consolidated

Consolidated Income Statement

Net profit for the year increased from CHF 10.4 to 23.3 million reflecting the following main effects:

- Net interest income rose from CHF 17.6 to CHF 23 million largely through a general increase in levels of business activity reflected also by the growth in Due from Customers from CHF 608 to CHF 876 million.
- Net commission income was only slightly up from 2001 mainly due to lower brokerage and discretionary management fees, which in addition to other fees suffered from a substantial USD depreciation during the year.
- Net trading income more than doubled to CHF 12.1 million driven by higher FX trading for clients.
- Other ordinary income benefited from gains on a USD 100 million sovereign bond portfolio.
- Operating expenses grew in line with increase in Total operating income.
- Net tax income of CHF 4.2 million was materially influenced by a CHF 7 million deferred tax asset recognition.

Consolidated Balance Sheet

Total assets increased from CHF 1.797 million to CHF 1.948 million mainly due to:

- Total loans to customers increased by 43% to CHF 887 million.
- Financial investments increased by CHF 123 million to CHF 327 million following an investment of USD 100 million in sovereign bonds.
- Customer deposits increased with CHF 189 million to CHF 1.405 million.

Total shareholders' equity went up from CHF 124 million to CHF 145 million. This increase reflects mainly the retaining of the net profit generated in 2002.

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, consolidated statement of source and application of funds and notes set out on pages 14 to 27) of EFG Private Bank SA as at December 31, 2002 and 2001 and for the years 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 audits. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audits were 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 balance sheets and income statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts in the consolidated balance sheets and income statements. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the consolidated balance sheets and income statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial positions, the results 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.

Geneva, March 14, 2003

PricewaterhouseCoopers SA

JC Pernollet P Walker

Consolidated Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	2002	2001
Operating Income & Expenses			
Interest & discount income		41,534	56,178
Interest & dividend income on trading portfolios		(2)	8
Interest & dividend income from financial investments		10,906	6,315
Interest expenses		(29,437)	(44,889)
Net interest income		23,001	17,612
Commission income from lending activities		1,909	702
Commission income from securities and investment activities		58,938	58,620
Commission income from other services		8,631	6,584
Commission expenses		(9,349)	(7,826)
Net commission and service fee income		60,129	58,080
Net trading income	6 (a)	12,150	5,532
Income from the sale of financial investments		7,684	7,421
Sundry ordinary income		768	350
Sundry ordinary expenses		(40)	(26)
Other ordinary income/(expenses), net		8,412	7,745
Operating income		103,692	88,969
Personnel expenses	6 (b)	(56,583)	(51,972)
Other operating expenses	6 (c)	(22,019)	(19,438)
Operating expenses		(78,602)	(71,410)
Gross operating profit	6 (d)	25,090	17,559
Depreciation of tangible fixed assets		(2,541)	(1,760)
Amortization of intangible assets and Goodwill		(3,150)	(3,150)
Valuation adjustments, provisions and losses		(488)	(352)
Depreciation, valuation adjustments, provisions and losses		(6,179)	(5,262)
Profit before extraordinary items and taxes		18,911	12,297
Extraordinary income		505	86
Extraordinary expenses		(340)	(136)
Profit before taxes		19,076	12,247
Taxes		4,249	(1,835)
Net profit		23,325	10,412

Consolidated Balance Sheet

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	DEC. 31, 2002	DEC. 31, 2001
Assets			
Cash and other liquid assets	17	10,704	31,380
Money market papers	17	14,283	138,210
Due from banks	17	609,344	729,680
Due from customers	7, 17	876,049	608,016
Mortgages	7, 17	10,662	10,984
Securities & precious metals trading portfolios	8, 17	10,309	1
Financial investments	9, 17	326,917	204,275
Non-consolidated participations	10	886	1,267
Tangible fixed assets	11	7,909	6,163
Intangible assets	11	13,800	16,950
Accrued income and prepaid expenses		18,127	18,654
Other assets		49,286	31,828
Total assets		1,948,276	1,797,408
Including subordinated assets		202	202
Including receivables due from non-consolidated participations and significant shareholders		22,066	19,993
Liabilities			
Money market papers issued	17	124	80
Due to banks	17	339,623	415,721
Due to customers in savings and investment deposits	17	46	147
Due to customers, other	17	1,405,478	1,216,070
Accrued expenses & deferred income		24,215	15,702
Other liabilities		30,692	19,555
Valuation adjustments and provisions	15	2,913	6,055
Total liabilities		1,803,091	1,673,330
Shareholders' Equity			
Reserve for general banking risks	15, 16	400	400
Share capital	16	55,000	55,000
Capital reserve	16	37,100	37,100
Profit Reserve	16	29,360	21,166
Net profit		23,325	10,412
Total shareholders' equity	16	145,185	124,078
Total liabilities and shareholders' equity		1,948,276	1,797,408
Including subordinated liabilities		75,000	40,000
Including liabilities to non-consolidated participations and significant shareholders		98,068	13,444

Consolidated Statement of Source and Applications of Funds

(ALL FIGURES IN THOUSANDS OF CHF)	2002		2001	
	SOURCE OF FUNDS	APPLICATION OF FUNDS	SOURCE OF FUNDS	APPLICATION OF FUNDS
Net profit	23,325		10,412	
Depreciation and amortization	2,541		4,910	
Accrued income and prepaid expenses	527			7,857
Accrued expenses and deferred income	8,513		95	
Value adjustments and provisions		3,142	1,385	
Payment of expenses incurred by subsidiaries		4,759		4,936
Operating activities	34,906	7,901	16,802	12,793
Share/participation/donation capital			2,200	
Participation certificates			2,800	
Share premium	-		12,100	
Equity transactions	-	-	17,100	-
Investments in non-consolidated participations	381			381
Other tangible fixed assets		1,746		787
Intangible assets	3,150			6,450
Investments in long-term assets	3,531	1,746	-	7,618
Financial investments		122,642		134,513
Other assets		17,458		19,363
Other liabilities	11,137		9,043	
Financial investments, provisions, other assets and liabilities	11,137	140,100	9,043	153,876
From operations, equity transactions and investments	49,574	149,747	42,945	174,287
Money market papers	123,927			127,022
Due from banks	120,336			22,278
Due from customers		268,033		258,134
Mortgages	322		2,884	
Assets	244,585	268,033	2,884	407,434
Money market papers issued	44			105
Due to banks		76,098		65,451
Due to customers in savings and investment deposits		101	14	
Due to customers, other	189,408		631,437	
Liabilities	189,452	76,199	631,451	65,556
From other balance sheet items	434,037	344,232	634,335	472,990
Securities and precious metals trading portfolios		10,308	410	
Cash and other liquid assets	20,676			30,413
Change in liquid assets	20,676	10,308	410	30,413
Total	504,287	504,287	677,690	677,690

Consolidated Off-Balance Sheet Positions

Contingent Liabilities

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2002	DEC. 31, 2001
Guarantees issued in favour of third parties	37,101	39,472

Irrevocable Commitments

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2002	DEC. 31, 2001
Irrevocable commitments	9,501	105,715

CHF 8,458 (2001 : CHF 102,057) represent irrevocable commitments of renewed bank term deposits processed after closing and mostly 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, 2002 CONTRACT VOLUME	POSITIVE REPLACEMENT VALUE	NEGATIVE REPLACEMENT VALUE	DEC. 31, 2001 CONTRACT VOLUME
Interest rate instruments						
Forward contracts	7,202	3,376	697,900	8,868	3,146	336,520
Swaps		223	4,187		37	5,048
Foreign Exchange						
Forward contracts	26,043	25,769	1,752,756	18,447	11,385	999,663
Options (OTC)	1,138	171	409,955	1,642	1,592	176,613
Total	34,383	29,539	2,864,798	28,957	16,160	1,517,844

(ALL FIGURES IN THOUSANDS OF CHF)	NET BALANCE	DEC. 31, 2002 POSITIVE REPLACEMENT VALUE	NEGATIVE REPLACEMENT VALUE	NET BALANCE	DEC. 31, 2001 POSITIVE REPLACEMENT VALUE	NEGATIVE REPLACEMENT VALUE
Trading derivative replacement values		27,181	26,163		20,090	13,014
Other derivative replacement values		7,202	3,376		8,867	3,146
Netting valuation accounts	(5,428)			1,837		

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

Fiduciary Transactions

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2002	DEC. 31, 2001
Fiduciary transactions with third party banks	573,753	526,589
Fiduciary transactions with banks of EFG Bank Group	332,392	357,349
Loans and fiduciary transactions	15,929	16,472
Total	922,074	900,410

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
- Trust Services
- Investment Management and Advisory Services
- Securities Brokerage
- Custody Services
- Foreign Exchange

The Group’s principal places of business are in Buenos Aires, Finland, Guernsey, Hong Kong, Miami, Singapore, Sweden, Switzerland and Taiwan.

Across the whole Group, the number of employees at December 31, 2002 was 295 (2001: 252).

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, 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.

Goodwill resulting from the EFG Fondkommission acquisition is capitalised in the balance sheet and amortised over six years on a straight-line basis. The net carrying value of goodwill is, in addition, reappraised annually, with any reduction to the net carrying value taken immediately as an extraordinary expense in the profit and loss account, if necessary.

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. EFG Fondkommission AB, Sweden, acquired in September 2001 was consolidated retroactively from 1 January 2001 onwards in accordance with the sale/purchase agreement.

(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.

The currency translation adjustment arising on consolidation is recorded directly to the Group shareholders’ equity in the reserve resulting from retained earnings.

3. Principal Participations

Principal fully consolidated participation

COMPANY NAME	ACTIVITY	CURRENCY	SHARE CAPITAL		EQUITY INTEREST %	
			2002	2001	2002	2001
EFG Capital International Corp., Miami	Broker Dealer	USD	14,700	14,700	100	100
EFG Securities Ltd, Hong Kong	Broker Dealer	HKD	59,000	59,000	100	100
EFG Financial Advisory Pte, Singapore	Investment Advisory	SGD	2,700	2,700	100	100
EFG Fondkommission AB, Stockholm	Broker Dealer	SEK	100,000	96,000	100	100
EFG Financial Consulting, Taiwan	Consulting Services	TWD	8,000	8,000	100	100

Principal participations, valued at cost

COMPANY NAME	ACTIVITY	CURRENCY	SHARE CAPITAL		EQUITY INTEREST %	
			2002	2001	2002	2001
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

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 banks and from customers, and mortgages

These are stated at face value. General and specific provisions in respect of doubtful receivables are netted against the respective balances.

Securities trading portfolios

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

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 assets are depreciated on a straight-line basis over their estimated economic useful life.

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.

Taxes due on the net income of the companies of the Group, but not yet paid, have been provided for in the financial statements.

Deferred taxes arising from temporary differences between accounting and tax treatments are accrued for. Deferred tax assets are not recognised if their recoverability is uncertain.

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.

Trading positions are valued at market prices. Those representing clearly defined strategic management of assets and liabilities are considered as financial investments. Those derivative financial investments which are held for the long term (until their maturity) are valued according to the straight line accrual method. Those derivative financial investments which are held for the medium term are valued at the lower of cost and market value.

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

Replacement values

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) Comments on risk management, particularly the treatment of interest rate risks, other market risks and credit risks

The main business activity of the Group is Private Banking. Accordingly, the level of open market risk which the Group maintains is relatively small. The policy of the Group regarding market, credit and liquidity risks fits into this context:

Market risk

EFG Private Bank Group applies a Value at Risk approach to monitor and control market risks. 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 part of risk management policy used by EFG Bank Group on a group-wide basis.

Liquidity risk

The Group’s capital and reserves position and its conservative gapping policy funding customer loans ensure that the Group runs only a moderate risk.

Credit risk

The granting and renewal of credit limits to customers and banks are subject to a procedure involving different levels of approval (independent Credit Committee and Board of Directors), depending on the amounts involved and the type of risk. In addition, permanent and independent monitoring of outstanding debt vs. credit limits and collateral is enforced by the Credit Administration Department.

Operational risk

Operational risks are governed by internal control regulations and procedures under the responsibility of management. These internal control systems are designed to provide reasonable guarantee in terms of completeness and accuracy of the accounting records, and assure business continuity.

5. Subsequent Event

The Bank acquired early 2003 Bansabadell Finance SA, the Swiss financial services company of Banco Sabadell SA, which specialises in asset management for Mediterranean clients.

6. Information Relating to the Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)	2002	2001
a) Net trading income		
Foreign exchange and bank notes trading	9,478	5,573
Equity instruments	2,672	(41)
Total	12,150	5,532
b) Personnel Expenses		
Salaries and bonuses	48,294	44,602
Social security expenses	3,702	2,922
Contributions to pension plans	2,167	1,770
Other personnel expenses	2,420	2,678
Total	56,583	51,972
c) Other Operating Expenses		
Premises and real estate expenses	3,938	3,594
Communication network expenses	3,560	3,397
Expenses for computer services	1,621	1,438
Fees for legal, audit and consulting services	3,750	2,870
Sundry operating expenses	9,150	8,139
Total	22,019	19,438
d) Analysis of Swiss and Foreign Income & Expenses from Ordinary Banking Activities		
Operating income		
Switzerland	63,522	57,819
Foreign	40,170	31,150
Operating expenses		
Switzerland	(44,228)	(47,466)
Foreign	(34,374)	(23,944)
Gross operating profit	25,090	17,559

7. Collateral for Loans

(ALL FIGURES IN THOUSANDS OF CHF)	SECURED BY MORTGAGE	SECURED BY OTHER COLLATERAL	UNSECURED	TOTAL
Loans				
Due from customers	346	873,919	1,784	876,049
Mortgages				
Residential real estate	4,066			4,066
Office and business premises	6,596			6,596
Sub-total mortgage loans	10,662			10,662
Total at December 31, 2002	11,008	873,919	1,784	886,711
Total at December 31, 2001	11,601	588,846	18,553	619,000
Off-balance sheet commitments				
Contingent liabilities		32,207	4,894	37,101
Irrevocable commitments		9,501		9,501
Total off-balance sheet credit commitments at December 31, 2002		41,708	4,894	46,602
Total at December 31, 2001		139,306	5,881	145,187

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

Off-balance sheet credit of CHF 8,458 (2001 CHF 102,057), 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, 2002	DEC. 31, 2001
Debt instruments listed on stock exchange	10,309	1
Total	10,309	1

9. Financial Investments

(ALL FIGURES IN THOUSANDS OF CHF)	NET BOOK VALUE	
	DEC. 31, 2002	DEC. 31, 2001
Debt instruments	326,917	204,275
– of which securities valued under the accrual method	320,505	196,315
– of which valued under the principle of the lower of cost and market value	6,412	7,960
Equity instruments	-	-
Real estate	-	-
Total financial investments	326,917	204,275
of which securities acceptable by Central Bank as collateral	1,240	1,231

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, 2002 or December 31, 2001.

Debt instruments valued using the lower of cost and market value method have a market value of CHF 6,449 (2001: CHF 8,017) and an original purchase price of CHF 6,801 (2001: CHF 7,996)

10. Non-Consolidated Participations

(ALL FIGURES IN THOUSANDS OF CHF)	COST	NET BOOK VALUE AT DEC. 31, 2001	ADDITIONS	DISPOSALS	TRANSFER TO PRINCIPAL PARTICIPATION	FOREIGN CURRENCY TRANSLATION AND TRANSFERS	WRITE-OFFS	NET BOOK VALUE AT DEC. 31, 2002
Non-consolidated participations	1,267	1,267	-		(381)	-	-	886
Total	1,267	1,267	-		(381)	-	-	886

11. Tangible Fixed Assets and Intangible Assets

(ALL FIGURES IN THOUSANDS OF CHF)	ACQUISITION COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE AS AT DEC. 31, 2001	ACQUISITIONS	CURRENCY DIFFERENCES	DISPOSALS	DEPRECIATION	NET BOOK VALUE AS AT DEC. 31, 2002
Tangible fixed assets	10,815	(4,652)	6,163	4,547		(260)	(2,541)	7,909
Total tangible fixed assets	10,815	(4,652)	6,163	4,547		(260)	(2,541)	7,909
Goodwill	23,600	(6,650)	16,950				(3,150)	13,800
Intangible assets	2,641	(2,641)	-				-	-
Total intangible assets	26,241	(9,291)	16,950	-	-	-	(3,150)	13,800
Fire insurance value of tangible fixed assets			8,093					9,287

12. Commitments Arising from Operating Leases Not Capitalised in the Balance Sheet

There are no commitments arising from operating leases not capitalised in the Balance Sheet.

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

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2002 ACTUAL AMOUNT OF RELATED LIABILITIES	BOOK VALUE DEC. 31, 2001 ACTUAL AMOUNT OF RELATED LIABILITIES
Balance sheet positions		
Money market papers	12,223	136,422
Due from banks	70	431
Financial investments	1,240	1,231
Total	13,533	138,084

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

14. Liabilities Due to Own Pension Funds

There are no commitments to own pension and welfare funds.

15. 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, 2001	SPECIFIC USAGE	CHANGE OR RECLASSIFI- CATION OF PROVISIONS	RECOVERIES, DOUBTFUL INTER- EST, CURRENCY DIFFERENCES	NEW PROVISION CHARGED TO INCOME STATEMENT	REVERSAL TO INCOME STATEMENT	BALANCE AT DEC. 31, 2002
Valuation adjustments and provisions for credit and country risks	75						75
Provisions for taxes and deferred taxes	5,853	(7,391)			4,249		2,711
Other provisions	127						127
Total valuation adjustments and provisions	6,055	(7,391)			4,249		2,913
Reserve for general banking risks	400						400

16. 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 PROFIT	TOTAL SHAREHOLDERS' EQUITY
Total shareholders' equity at 1 Jan 2002	52,200	2,800	37,100	21,166	400	10,412	124,078
Transfer of reserves				10,412		(10,412)	
Foreign currency translation impact				(2,218)			(2,218)
Capital increase							
Share premium							
Release for general banking risks							
Net profit						23,325	23,325
Total shareholders' equity at December 31, 2002	52,200	2,800	37,100	29,360	400	23,325	145,185

SIGNIFICANT SHAREHOLDERS	NOMINAL	DEC 31, 2002 PARTICIPATION IN %	NOMINAL	DEC 31, 2001 PARTICIPATION IN %
EFG Bank European Financial Group, Geneva (owned by Latsis Family interests)	35,757	68.5	35,548	68.1
Mr Jean Pierre Cuoni	4,230	8.1	4,430	8.5
Mr Lawrence D. Howell	4,230	8.1	4,430	8.5
Other Directors and Management members	7,983	15.3	7,792	14.9

17. 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								
Cash and other liquid assets	10,704							10,704
Money market papers	271		12,223	1,789				14,283
Due from banks	53,043	62	553,254	2,985				609,344
Due from customers		75,781	568,259	224,120	7,889			876,049
Mortgages			7,163	3,499				10,662
Securities and precious metals trading portfolios	10,309							10,309
Financial investments	51		8,768	5,410	312,688			326,917
Total current assets and financial investments at December 31, 2002	74,378	75,843	1,149,667	237,803	320,577	-	-	1,858,268
December 31, 2001	46,600	116,032	1,184,698	161,615	213,573	28	-	1,722,546
Borrowed funds								
Money market papers issued	124							124
Due to banks	3,232	83,547	165,795	52,049			35,000	339,623
Due to customers in savings or investments deposits		46						46
Due to customers, others	316,067	103,403	886,209	59,799			40,000	1,405,478
Total borrowed funds at December 31, 2002	319,423	186,996	1,052,004	111,848	-	-	75,000	1,745,271
December 31, 2001	223,912	203,725	1,107,742	51,238	5,401	-	40,000	1,632,018

18. Receivable and Payable to Associated Companies and Credit Facilities Granted to Members of EFG Private Bank Board of Directors, EFG Private Bank Committees and Executive Employees

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2002	DEC. 31, 2001
Receivable from associated companies	175,108	377,705
Due to associated companies	135,068	71,359
Credits to members of the Board of Directors, executives directors	20,729	16,950

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

(ALL FIGURES IN THOUSANDS OF CHF)	SWITZERLAND	FOREIGN	DEC. 31, 2002 TOTAL	SWITZERLAND	FOREIGN	DEC. 31, 2001 TOTAL
Assets						
Cash and other liquid assets	10,625	79	10,704	31,380	-	31,380
Money market papers	5,309	8,974	14,283	5,769	132,441	138,210
Due from banks	103,090	506,254	609,344	37,534	692,146	729,680
Due from customers	68,158	807,891	876,049	39,030	568,986	608,016
Mortgages	3,110	7,552	10,662	3,470	7,514	10,984
Securities and precious metals trading portfolios		10,309	10,309	1		1
Financial investments	1,292	325,625	326,917	1,288	202,987	204,275
Non-consolidated participations		886	886	-	1,267	1,267
Tangible fixed assets	4,894	3,015	7,909	5,674	489	6,163
Intangible assets	13,800	-	13,800	16,950	-	16,950
Accrued income and prepaid expenses	4,287	13,840	18,127	3,834	14,820	18,654
Other assets	17,146	32,140	49,286	20,905	10,923	31,828
Total	231,711	1,716,565	1,948,276	165,835	1,631,573	1,797,408
Liabilities and shareholders' equity						
Money market papers issued	124	-	124	80	-	80
Due to banks	96,501	243,122	339,623	175,313	240,408	415,721
Due to customers in saving and investment deposits	20	26	46	1	146	147
Due to customers, other	46,490	1,358,988	1,405,478	35,251	1,180,819	1,216,070
Accrued expenses and deferred income	16,015	8,200	24,215	13,580	2,122	15,702
Other liabilities	16,879	13,813	30,692	9,761	9,794	19,555
Valuation adjustments and provisions	2,163	750	2,913	3,489	2,566	6,055
Reserve for general banking risks	400	-	400	400	-	400
Share capital	55,000	-	55,000	55,000	-	55,000
Capital reserve	37,100		37,100	37,100		37,100
Profit reserve	40,189	(10,829)	29,360	21,166	-	21,166
Net profit	(13,059)	36,384	23,325	1,026	9,386	10,412
Total	297,822	1,650,454	1,948,276	352,167	1,445,241	1,797,408

20. Assets by Country and Group of Countries

(ALL FIGURES IN THOUSANDS OF CHF)		DEC. 31, 2002 %	DEC. 31, 2001 %
Assets			
Switzerland	231,711	11.9	9.2
United Kingdom	186,928	9.6	16.4
Greece	22,583	1.2	1.7
Luxembourg	186,217	9.6	10.7
Europe (Other)	283,001	14.5	18.0
United States & Canada	191,723	9.8	18.0
Latin America & Caribbean	237,117	12.2	2.2
Africa & Middle East	28,695	1.5	13.0
Asia & Oceania	580,301	29.8	10.8
Total	1,948,276	100.0	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.

21. Balance Sheet by Currency

(ALL FIGURES IN THOUSANDS OF CHF)	CHF	USD	OTHER CURRENCIES	TOTAL
Assets				
Cash and other liquid assets	10,506	47	151	10,704
Money market papers	5,248	7,188	1,847	14,283
Due from banks	27,577	342,703	239,064	609,344
Due from customers	117,765	409,480	348,804	876,049
Mortgages	3,110	-	7,552	10,662
Securities & precious metals trading portfolios	-	10,309	-	10,309
Financial investments	1,292	313,844	11,781	326,917
Non-consolidated participations		886		886
Tangible fixed assets	5,199	228	2,482	7,909
Intangible assets	13,800			13,800
Accrued income and prepaid expenses	2,690	10,093	5,344	18,127
Other assets	43,271	4,571	1,444	49,286
Total assets at December 31, 2002	230,458	1,099,349	618,469	1,948,276
December 31, 2001	221,148	951,834	624,426	1,797,408
Forward and options forex positions receivable	370,130	659,269	926,871	1,956,270
Total long currency positions at December 31, 2002	600,588	1,758,618	1,545,340	3,904,546
December 31, 2001	333,152	1,542,853	1,009,625	2,885,630
Liabilities and shareholders' equity				
Money market papers issued	25	66	33	124
Due to banks	48,322	169,785	121,516	339,623
Due to customers in saving and investment deposits	20	26	-	46
Due to customers, other	63,145	1,014,162	328,171	1,405,478
Accrued expenses and deferred income	14,736	3,574	5,905	24,215
Other liabilities	30,377	-	315	30,692
Valuation adjustments and provisions	2,403	-	510	2,913
Reserve for general banking risks	400			400
Share capital	55,000			55,000
Capital reserve	37,100			37,100
Profit reserve	29,360			29,360
Net profit	13,325	6,585	3,415	23,325
Total liabilities and shareholders' equity at December 31, 2002	294,213	1,194,198	459,865	1,948,276
December 31, 2001	293,093	1,025,258	479,057	1,797,408
Forward and options forex positions payable	319,125	585,002	1,054,524	1,958,651
Total short currency positions at December 31, 2002	613,338	1,779,200	1,514,389	3,906,927
December 31, 2001	371,747	1,537,891	968,366	2,878,004
Net currency positions at December 31, 2002	(12,750)	(20,582)	30,951	(2,381)
December 31, 2001	(38,595)	4,962	41,259	7,626

financial results of EFG Private Bank SA

Income Statement

Gross operating profit was flat around CHF 25 million despite CHF 5 million higher net interest income, CHF 6.6 million more trading income, which were mainly offset by CHF 2.2 million lower commission income and CHF 9.6 million more operating expenses.

An amount of CHF 9.9 million write down on investments in subsidiaries was charged against gross operating profit resulting from the liquidation of EFG Securities Ltd following the opening of the Hong Kong Branch.

Balance Sheet

At 31 December 2002, total assets were CHF 1.937 billion compared to CHF 1.790 billion at the end of 2001. The main positions moved in line with movements on the Consolidated Balance sheet.

Investment in subsidiaries decreased by CHF 12.7 million in line with the liquidation of the Hong Kong subsidiary mentioned before.

Total shareholders' equity increased to CHF 140.1 million by inclusion of the net result for the year.

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 30 to 35) of EFG Private Bank SA for the year ended December 31, 2002.

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.

Geneva, March 14, 2003

PricewaterhouseCoopers SA

JC Pernollet P Walker

Income Statement

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	PAGE	2002	2001
Operating Income & Expenses				
Interest & discount income			40,827	55,668
Interest & dividend income on trading portfolios			(2)	8
Interest & dividend income from financial investments			10,906	6,315
Interest expenses			(29,496)	(44,799)
Net interest income			22,235	17,192
Commission income from lending activities			1,908	702
Commission income from securities and investment activities			41,658	42,475
Commission income from other services			6,776	6,408
Commission expenses			(9,019)	(6,062)
Net commission income and service fee income			41,323	43,523
Net trading income	11		12,121	5,538
Income from the sale of financial investments			7,684	7,421
Sundry ordinary income			768	350
Sundry ordinary expenses			(40)	(10)
Other ordinary income/(expenses), net			8,412	7,761
Operating income			84,091	74,014
Personnel expenses			(41,616)	(35,286)
Other operating expenses			(16,806)	(13,540)
Operating expenses			(58,422)	(48,826)
Gross operating profit			25,669	25,188
Depreciation of capitalised assets			(22,226)	(7,820)
Valuation adjustments, provisions and losses			(363)	(352)
Depreciation, valuation adjustments, provisions and losses			(22,589)	(8,172)
Profit before extraordinary items and taxes			3,080	17,016
Extraordinary income			496	53
Extraordinary expenses			(340)	(137)
Profit before taxes			3,236	16,932
Taxes			(753)	(1,412)
Net profit			2,483	15,520

Proposed appropriation of retained earnings

(ALL FIGURES IN THOUSANDS OF CHF)	2002	2001
Retained earning brought forward	239	29
Net profit	2,483	15,520
Retained earning available for appropriation	2,722	15,549
Transfer to General legal reserve	0	300
Transfer to Free reserves	2,000	15,010
To be carried forward	722	239
Total	2,722	15,549

Balance Sheet

(ALL FIGURES IN THOUSANDS OF CHF)	NOTES	PAGE	DEC. 31, 2002	DEC. 31, 2001
Assets				
Cash and other liquid assets			10,625	31,380
Money market papers			14,074	136,952
Due from banks			587,184	707,397
Due from customers			875,731	594,151
Mortgages			10,661	10,984
Securities & precious metals trading portfolios			10,309	1
Financial investments			325,516	204,275
Investments in subsidiaries			36,377	49,091
Tangible fixed assets and intangible assets			9,490	9,045
Accrued income and prepaid expenses			14,932	17,416
Other assets			41,709	29,479
Total assets			1,936,608	1,790,171
Including subordinated assets			202	202
Including receivable from Group companies and significant shareholders			22,551	20,192
Liabilities				
Money market papers issued			124	80
Due to banks			337,523	410,350
Due to customers in savings and investment deposits			46	147
Due to customers, other			1,404,800	1,203,870
Accrued expenses & deferred income			22,544	14,886
Other liabilities			30,375	19,353
Valuation adjustments and provisions	7		1,074	3,846
Total liabilities			1,796,486	1,652,532
Shareholders' Equity				
Reserve for general banking risks	7,8		400	400
Share capital	8,9		55,000	55,000
General legal reserve	8		41,000	40,700
Free reserves			41,000	25,990
Retained earnings			239	29
Net profit			2,483	15,520
Total shareholders' equity	8		140,122	137,639
Total liabilities and shareholders' equity			1,936,608	1,790,171
Including subordinated liabilities			75,000	40,000
Including liabilities to Group companies and significant shareholders			122,275	21,098

Off-Balance Sheet Positions

Contingent Liabilities

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2002	DEC. 31, 2001
Guarantees issued in favour of third parties	37,101	39,472

Irrevocable Commitments

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2002	DEC. 31, 2001
Irrevocable commitments	9,501	105,715

CHF 8,458 (2001 : CHF 102,057) represent irrevocable commitments of renewed bank term deposits processed after closing and mostly 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, 2002 CONTRACT VOLUME	POSITIVE REPLACEMENT VALUE	NEGATIVE REPLACEMENT VALUE	DEC. 31, 2001 CONTRACT VOLUME
Interest rate instruments						
Forward contracts	7,202	3,376	697,900	8,868	3,146	336,520
Swaps		223	4,187		37	5,048
Foreign Exchange						
Forward contracts	26,043	25,769	1,752,756	18,447	11,385	999,663
Options (OTC)	1,138	171	409,955	1,642	1,592	176,613
Total	34,383	29,539	2,864,798	28,957	16,160	1,517,844

(ALL FIGURES IN THOUSANDS OF CHF)	NET BALANCE	DEC. 31, 2002 POSITIVE REPLACEMENT VALUE	NEGATIVE REPLACEMENT VALUE	NET BALANCE	DEC. 31, 2001 POSITIVE REPLACEMENT VALUE	NEGATIVE REPLACEMENT VALUE
Trading derivative replacement values		27,181	26,163		20,090	13,014
Other derivative replacement values		7,202	3,376		8,867	3,146
Netting valuation accounts	(5,428)			1,837		

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

Fiduciary Transactions

(ALL FIGURES IN THOUSANDS OF CHF)	DEC. 31, 2002	DEC. 31, 2001
Fiduciary transactions with third party banks	573,753	526,589
Fiduciary transactions with banks of EFG Bank Group	332,392	357,349
Loans and fiduciary transactions	15,929	16,472
Total	922,074	900,410

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 and Hong Kong branches.

As at December 31, 2002, the Bank employed 197 staff (2001: 129).

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.

Money market instruments

Amounts are stated at the market value prevailing at the year-end.

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

These are stated at nominal value, less valuation adjustments, where applicable, to recognise default risks established on an individual basis.

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. Goodwill carried under this item is amortised over a five-year period.

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

3. Risk Management

The main business activity of the Bank is Private Banking. Accordingly, the level of open market risk which the Bank maintains is relatively small. The policy of the Bank regarding market, credit and liquidity risks fits into this context.

Market risk

The Bank applies a Value at Risk approach to monitor and control market risks. 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 for 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 part of a risk management policy used by EFG Bank Group on a group-wide basis.

Liquidity risk

The Bank's capital and reserves position and its conservative gapping policy when funding customer loans ensure that the Bank runs only a moderate risk.

Credit risk

The granting and renewal of credit limits to customers and banks are subject to a procedure involving different levels of approval (independent Credit Committee and Board of Directors), depending on the amounts involved and the type of risk. In addition, permanent and independent monitoring of outstanding debts vs. credit limits and collateral is enforced by the Credit Administration Department.

Operational risk

Operational risks are governed by internal control regulations and procedures under the responsibility of management. These internal control systems are designed to provide reasonable guarantees in terms of completeness and accuracy of the accounting records, and assure business continuity.

4. Fire Insurance Value of Fixed Assets

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2002	DEC 31, 2001
Fire insurance value of tangible fixed assets	9,287	5,667

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

(ALL FIGURES IN THOUSANDS OF CHF)	BOOK VALUE OF PLEDGED ASSETS	DEC 31, 2002 ACTUAL LIABILITIES	BOOK VALUE OF PLEDGED ASSETS	DEC 31, 2001 ACTUAL LIABILITIES
Balance sheet positions				
Money market papers	12,223	-	136,422	-
Due from banks	70	-	431	-
Financial investments	1,240	-	1,231	-
Total	13,533	-	138,084	-

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

6. Liabilities to Own Pension Plans

There are no commitments to own pension and welfare funds.

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

(ALL FIGURES IN THOUSANDS OF CHF)	BALANCE AT DEC. 31, 2001	SPECIFIC USAGE	RECOVERIES, DOUBTFUL INTEREST, EXCH. DIFFERENCES	NEW PROVISIONS CHARGED TO EARNINGS	REVERSALS IN EARNINGS	BALANCE AT DEC. 31, 2002
Valuation adjustments & provisions for credit risks	-	-	-	-	-	-
Valuation adjustments & provisions for country risks	75	-	-	-	-	75
Provisions for taxes & deferred taxes	3,644	(3,525)	-	753	-	872
Other provisions	127	-	-	-	-	127
Total valuation adjustments & provisions as per balance sheet (liabilities)	3,846	(3,525)	-	753	-	1,074
Reserve for general banking risks	400	-	-	-	-	400

8. Statements of Changes in Shareholders' Equity

(ALL FIGURES IN THOUSANDS OF CHF)	SHARE CAPITAL	GENERAL LEGAL RESERVE	RESERVE FOR GENERAL BANKING RISKS	OTHER RESERVES	RETAINED EARNINGS	TOTAL PER BALANCE SHEET
Balance at beginning of the year	55,000	40,700	400	25,990	15,549	137,639
Allocation to/from reserves		300		15,010	(15,310)	
Net profit					2,483	2,483
Balance at end of the year	55,000	41,000	400	41,000	2,722	140,122

9. Capital Structure and Significant Shareholders

(ALL FIGURES IN THOUSANDS OF CHF)	DEC 31, 2002			DEC 31, 2001		
	TOTAL NOMINAL VALUE	NUMBER OF SHARES	DIVIDEND BEARING CAPITAL	TOTAL NOMINAL VALUE	NUMBER OF SHARES	DIVIDEND BEARING CAPITAL
Capital structure						
Share capital	55,000	55	55,000	55,000	55	55,000
Total share capital	55,000	55	55,000	55,000	55	55,000
Voting shares	52,200	52.2	52,200	52,200	52.2	52,200
Non-voting shares	2,800	2.8	2,800	2,800	2.8	2,800
SIGNIFICANT SHAREHOLDERS						
			NOMINAL	DEC 31, 2002 PARTICIPATION IN %	NOMINAL	DEC 31, 2001 PARTICIPATION IN %
EFG Bank European Financial Group, Geneva (owned by Latsis Family interests)			35,757	68.5	35,548	68.1
Mr Jean Pierre Cuoni			4,230	8.1	4,430	8.5
Mr Lawrence D. Howell			4,230	8.1	4,430	8.5
Other Directors and Management members			7,983	15.3	7,792	14.9

10. 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, 2002	DEC 31, 2001
Credit facilities granted to members of the Board of Directors, Bank Committees and Executive Directors	20,684	16,950

11. Income from Trading Activities, Net

(ALL FIGURES IN THOUSANDS OF CHF)	2002	2001
Foreign exchange and banknotes	9,479	5,579
Equity instruments	2,642	(41)
Total	12,121	5,538

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