
PRESS RELEASE

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PKB Privatbank 2010 Results

PKB PRIVATBANK, sharp rise in client assets

Total assets under management at CHF 6.8 billion. Goodwill paid for Banca Gesfid already fully amortised. Operating income down 17.9% to CHF 59.8 million. Henry Peter new member of board of directors.

The PKB Privatbank Group grew its client assets significantly in 2010 to CHF 6.8 billion at year end. This is an increase of CHF 1.3 billion, or almost 24%, compared with December 2009, despite the negative currency effect of a strong Swiss franc against the other major currencies (especially EUR and USD) that weighed on the Lugano-based bank's assets under management in the amount of more than CHF 690 million.

Net new money came in at CHF 295 million, to which was added some CHF 1.6 billion from Banca Gesfid, which was acquired at the end of September and integrated into PKB Privatbank on 31 December 2010.

PKB Privatbank grew its client assets in both its traditional markets (Switzerland and Western Europe) as well as selected emerging markets on which the bank has focussed in recent years.

The 2010 financial results do not yet reflect the impact of the increase in business volumes resulting from the acquisition of Banca Gesfid: total operating income generated in Switzerland (Lugano headquarters, Geneva, Zurich and Bellinzona branches) amounted to CHF 59.8 million, down 17.9% compared with the financial year 2009.

Key income statement figures include the interest margin, which fell 18.3% to CHF 9 million in 2010 from over CHF 11 million in 2009: despite a larger loan portfolio (particularly mortgage loans, an area in which PKB Privatbank has gradually raised its penetration of the domestic market), extremely low interest rates, especially during the first half of the year under review, combined with a highly cautious lending policy negatively impacted cash operations.

Commission income, largely related to private banking activities and asset management, at CHF 40.7 million, was slightly less than the previous year (the decline is primarily attributable to the strength of the Swiss franc, which weighed on the part of the income statement related to client assets denominated in foreign currencies).

Trading operations contributed CHF 10.1 million to bank revenue (43% less than 2009, which was an exceptional year, particularly for the primary bond market in which PKB Privatbank boasts 20 years of experience).

Net profit for 2010 was CHF 12.5 million, down CHF 8.1 million, or -39.2% compared with the previous year. This result was affected by the creation of new generic reserves as a precautionary measure for the growing loan portfolio as well as the costs incurred for the acquisition and integration of Banca Gesfid, the goodwill for which was fully amortised at the closing date on 31 December 2010.

PKB Privatbank had total assets of CHF 1.5 billion at the end of 2010. After the distribution of profits, shareholder's equity stood at CHF 261 million, and the Tier 1 ratio held steady at 26.23%, one of the highest Tier 1 ratios in the Swiss banking center.

At the end of 2010, PKB Privatbank had 220 employees in Switzerland, 188 of whom are in Ticino.

"We are pleased with our results for 2010," said PKB Privatbank President of General Management Umberto Trabaldo Togna, "and we are upbeat about our prospects for this year. Our first quarter results confirm the choices we made. The fact that we were able to fully amortise the goodwill we paid for the acquisition of Banca Gesfid is a clear indication to the market and our clients of the strength of our balance sheet and the solidity of our bank."

Henry Peter, attorney-at-law and a professor at the University of Geneva, was newly appointed to the board of directors at the bank's shareholders' meeting.

PKB Privatbank AG is a private banking institution which operates through four Swiss offices - Lugano (headquarters), Bellinzona, Geneva and Zurich as well as its affiliate PKB Privatbank Ltd in St. Johns, Antigua, and Cassa Lombarda SpA, Milan, a bank specialised in private banking for Italian domestic clients. The PKB Group, including Cassa Lombarda, manages around CHF 11 billion.

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