EFG International

EFG International reports first half net profit of CHF 178.7 million

Zurich, 29 July 2008 **- EFG International delivered a robust performance in challenging market conditions, with a record CHF 14 billion in net new money and also record Client Relationship Officer hiring. In the six months ended 30 June 2008, net profit was CHF 178.7 million, up 13% year-on-year, on operating income of CHF 527.6 million, up 18%. Clients' Assets under Management were CHF 100.9 billion as at 30 June 2008 (including announced acquisitions), up 16% year-on-year.**

Key elements

The year to date has been a testing period, characterised by continued high levels of uncertainty, falling equity markets and a strong Swiss franc. Against this backdrop, the reported financial performance, on a consolidated basis, in the six months ended 30 June 2008 (H1 2008) represents another pleasing result for EFG International. This, combined with progress in relation to its key business indicators, demonstrates its ongoing credentials as a dynamic private bank:

- Net profit attributable to EFG International shareholders was CHF 178.7 million, up 13% from H1 2007 and up 3% from H2 2007. Net profit attributable to ordinary shareholders was CHF 163.4 million, up 14% from H1 2007 and 3% from H2 2007.

- Operating income was CHF 527.6 million, up 18% from H1 2007 and 13% from H2 2007. Commission income was flat compared to H1 2007 at CHF 306.3 million; net interest income was up 17% at CHF 127.3 million; and other income rose strongly to CHF 94.0 million, based on strong demand for high yielding life insurance products.

- Operating expenses[1] increased by 25% to CHF 312.1 million, compared to CHF 250.5 million for H1 2007.

- The cost-income ratio stood at 59.1%, up from 56.1% in H1 2007 and 57.0% for 2007 as a whole.

- The number of Client Relationship Officers (CROs) increased to 629 (including announced acquisitions), buoyed by a record number of new hires, up 14% from 554 as at end-2007. Over the last 12 months, the number of CROs increased by 160, up some 34% year-on-year.

- Clients' Assets under Management were CHF 100.9 billion (including announced acquisitions) as at 30 June 2008, up 16% from CHF 86.9 billion as at 30 June 2007 and up from CHF 98.3 billion as at end-2007.

- The increase in clients' Assets under Management relating to acquisitions announced and not yet completed was CHF 1.5 billion (relating to Stratcap Securities India and Sycomore Gestion Privée – the latter completed on 25 July 2008).

- Excluding EFG International shares which do not form part of the current 31.3% free-float of EFG International shares at the SWX Exchange, clients' Assets under Management amounted to CHF 98.3 billion (including announced acquisitions) as at 30 June 2008. Also excluding announced acquisitions, revenue-generating clients' Assets under Management stood at CHF 96.8 billion, up 21% year-on-year.

- Clients' Assets under Administration increased to CHF 9.8 billion as at 30 June 2008, up 26% year-on-year.

- Net new assets and the increase in clients' loans were CHF 14.0 billion (of which loans: CHF 0.5 billion). This represents a record performance, and compares with CHF 8.0 billion (loans: CHF 1.6 billion) for H1 2007, a rise of 75% year-on-year. Net new money during H1 2008 represents growth of 32% on an annualised basis, compared with historic norms of 20-25%. H1 2008 benefited from a significant inflow in relation to UHNWIs.

- The revenue margin was 1.18% of average clients' Assets under Management, compared with 1.19% in 2007.

- EFG International's total balance sheet size was CHF 20.3 billion as at 30 June 2008, compared with CHF 18.0 billion as at end-2007.

- Shareholders' equity stood at CHF 2.4 billion.

- EFG International remains well capitalised, with a BIS Tier 1 capital ratio of 11.3%.

Financial highlights for H1 2008

	H1 2008	% H1 2007
CROs incl. announced acquisitions	629	up 34%
Clients' Assets under Management incl. announced acquisitions	CHF 100.9 billion	up 16%
Operating income	CHF 527.6 million	up 18%
Profit before tax	CHF 193.3 million	up 6%
Cost-income ratio[2]	59.1%	Up from 56.1%
Net profit attrib. to Group shareholders	CHF 178.7 million	up 13%
Net profit attrib. to ordinary shareholders	CHF 163.4 million	up 14%

On performance - Rudy van den Steen, Chief Financial Officer, EFG International:

- "Across the sector, growth has been dampened by external factors, but EFG International has delivered a good set of results in the circumstances. Progress in terms of net new money generation and CRO hiring was especially pleasing, and bodes well for future performance. The key indicators of organic growth remain strong, EFG International is focused on long-term growth, and we have demonstrated our ability to benefit from difficult markets in the past."

Review of business

Market conditions were turbulent during the first half of 2008, but there has been no direct impact on EFG International from the much publicised fall-out in credit markets. The business is not involved in - and therefore has not incurred any losses as a result of exposure to - the sub-prime sector. It has also not been affected by turbulence in credit markets in general, with lending activities limited to secured lending to private banking clients.

However, like other private banks, EFG International is not immune to falling equity markets and the strength of the Swiss franc relative to currencies in which its clients' assets are denominated. Confronted by an extremely high level of market volatility, clients have also shown an understandable tendency to curtail investment activity.

Had exchange rates and equity markets stayed at the same level as end-2007, everything else being equal clients' Assets under Management would have been over

CHF 10 billion higher; operating income CHF 40-45 million higher; and profit before tax approximately CHF 25 million higher.

EFG International draws comfort from its lower dependence on equities compared to many of its peers; a prudent approach to credit risk; and its proven ability to adjust its approach to changing circumstances. EFG International adopts a long-term approach to the long-term business of private banking, and its business fundamentals remain robust. Indeed, H1 2008 was characterised by continued progress across the full range of business levers:

- EFG International enjoyed a record level of CRO recruitment, further underlining its credentials as a highly attractive destination for leading private bankers. During H1 2008, it increased CROs to 621 (up 97), rising to 629 including announced acquisitions (up 75). Over the last 12 months, it has increased the number of CROs (including announced acquisitions) by 160, up 34% year-on-year.

- EFG International's operations continue to benefit from a balanced geographical spread. Strong progress was made across the majority of its businesses during H1 2008 (particularly in local currency terms), both in established European markets and in new growth markets. The UK business grew profits and CROs by 20%+. EFG Bank (Luxembourg) SA continued to grow apace, with income rising by over 50% year-on-year, and the Monaco business also delivered double digit growth. The Americas business continued its forward momentum in relation to the Latin American market, while the Caribbean business saw exceptionally strong growth. The Asian business saw clients' Assets under Management grow by over 20%, with the number of CROs increasing by over 30%.

- Proximity to existing and prospective clients is a key driver for EFG International. During H1 2008, it extended its presence with new offices in the UK (a new presence extending reach in the Midlands); Spain (a Branch of EFG Bank (Luxembourg) SA with offices in Madrid and Barcelona; and an office of A&G Group in Tarragona); the United States (Los Angeles) and Canada (St. Catherine's, Ontario; and Vancouver). EFG Private Bank Limited, the UK business of EFG International, has launched a private banking joint venture, LCB Capital Management, targeting the Lebanese diaspora. EFG Offshore gained a trust license in Singapore. In the Cayman Islands, trust and bank branch licenses were obtained.

- For those acquisitions completed during 2007 – Quesada Kapitalförvaltning, PRS Group, Ashby London Financial Services, and Bull Wealth Management – integration has progressed smoothly and according to schedule in each case.

- During H1 2008, EFG International completed the acquisition of three businesses, involving clients' Assets under Management of CHF 9.9 billion. These were A&G Group, a leading Spanish private wealth manager; On Finance, a Lugano-based financial services boutique; and Marble Bar Asset Management (MBAM), a leading UK-based alternative asset manager. At A&G Group, progress is underway to create a high quality, overarching proposition drawing on both A&G Group and the newly-launched bank branch operations in Spain. The ultimate goal is to create a unified business, with single leadership already in place, as part of ambitious plans for the Spanish market. On Finance has continued to perform strongly, and integration has been smooth. On the back of this acquisition, EFG International is actively considering options to extend its capabilities in the Lugano region, both organically and through potential further acquisitions. MBAM has lived up to expectations and has continued to perform well, with clients' Assets under Management growing to circa USD 5.8 billion as at end-June 2008. Performance has been positive, with the majority of funds performing comfortably above their sector averages.

- The acquisition of Stratcap Securities India (SSI), announced in December 2007, is moving towards completion. Mumbai-based SSI offers a range of financial services to a private and institutional client base in India, and has clients' assets of CHF 700 million. It provides entry to the Indian wealth management market, in keeping with EFG International's strategic goal of capitalising on new growth markets, and completion is anticipated shortly.

- In June, EFG International entered the French market with the announced acquisition of Sycomore Gestion Privée (SGP). This transaction was completed on 25 July. SGP is a specialist wealth manager, with a focus on discretionary investment management for wealthy individuals. Total clients' Assets under Management are CHF 800 million. EFG International sees opportunities to build out its private banking business in France through a strong emphasis on recruiting CROs (there is already a well developed pipeline), and capitalising on further acquisition opportunities.

- EFG International has in-house capabilities that sit in competitive juxtaposition with external service providers in complex areas such as structured products and hedge funds. It sees this as integral to private banking, and developing the brain power to simplify complexity for clients. Notable initiatives have been structured investment product issuer EFG Financial Products, which became operational in December 2007, and the acquisition of MBAM. Both have made good headway in testing market conditions. EFG Financial Products has, in a short period, developed a reputation for innovative product development, which was recognised recently in the prestigious “Best Yield Enhancement” award from Swiss Derivatives 2008. It has established a leading presence in terms of the number of products issued. EFG International has also continued to develop its capacity to support CROs in complex structuring situations.

- In line with EFG International's stated aim of extending its strategic marketing activities, good progress has been made in raising the profile of the business. It has agreed and launched key sponsorships across various locations and themes, encompassing Le Mans Classic 2008; the Monte Carlo Philharmonic Orchestra; and various prestigious polo events, such the 40 Goal Challenge in Palm Beach, and Cartier International Polo in the UK. The business has commenced a diverse and innovative global marketing campaign across broadcast, print and online media.

- EFG International continued to strengthen its executive team during H1 2008. Alain Diriberry will assume the responsibilities of Senior Executive for Global Operations and Administration. Erik Stroet, formerly the Chief Operating Officer, is leaving EFG International in August. Alain will relinquish his position as head of private banking in Geneva (to be replaced by Don Ventura, formerly of Deutsche Bank Private Wealth Management). Alain Diriberry will be a member of the Executive Committee of EFG International and, in his new capacity, will be looking to strengthen the senior operational team. Frederick Link, in addition to his current role of General Counsel, has assumed the additional responsibilities of Chief Risk Officer.

- The business continued to maintain tight discipline across all aspects of risk control. While uncertain market conditions have clearly had a generalised effect on the rate of growth, there have been no losses arising specifically in relation to credit markets. EFG International does not have any balance sheet exposure or any contingent liabilities in relation to sub prime debt, Alt-A debt, CDO debt, CLO debt or related securities. EFG International has an exemplary credit control and operational risk record, and, as in previous reporting periods, there have been practically no bad debts, reflecting its focus on secured lending. Losses from credit, operations and fraud remain minimal.

On business progress - Lonnie Howell, Chief Executive Officer, EFG International:

"We live in uncertain times. While we are managing the business to take account of this, our focus is on business fundamentals, allowing for market and currency effects. As we have said before, private banking is not a linear business; our CROs continue to work exceptionally hard to help clients navigate this phase of the economic cycle. We see this as essential to building a sustainable business, and our performance in net new money bears this out. We also draw strength from our proven ability to navigate, and emerge stronger from, difficult market conditions; our strong capital position, having no exposure to fall-out in credit markets; and our prudent approach to credit and operational risk. Current market conditions offer no shortage of opportunities, and the rate of CRO hiring is an important lead indicator. These are times for specialists and long-term players, which EFG International most definitely is on both counts. "

Looking ahead

Both the outlook for credit markets and wider macro-economic conditions remain fragile, exerting a sector-wide dampening effect on growth. EFG International prides itself on setting stretching medium term targets, and it continues to make strong progress in relation to those areas within its direct control. CRO recruitment has been extremely strong, and the business remains comfortably on course to achieve its target of 675 CROs by end-2008. Given current market conditions, the low end of the target of CHF 121-131 billion by end-2008 should be attainable based on acquisitions and continued strong net new money. The cost income ratio, at 59.1%, is slightly higher than anticipated, reflecting the impact on income of current market conditions, and ongoing investment in future development. The revenue margin, at 1.18%, is ahead of the target of 1.10%.

Looking further ahead, EFG International has established ambitious targets up to 2010. It remains optimistic in relation to its targets of 1,000 CROs; generating on average CHF 30-40m in clients' Assets under Management per annum; and a revenue margin of 110-120bps. The business also continues to have an ongoing appetite to make acquisitions. However, further deterioration in markets and exchange rate conditions could impact the medium-term prospect of achieving the targeted attributable profit of CHF 800 – 900 million.

EFG International adopts a long-term approach to what it sees as a long-term relationship business. Given the current stage of the economic cycle, it is paying careful attention to the cost base, applying strict controls where necessary. However, the business will continue to invest, provided those factors within its control remain strong, and point to continued underlying growth. And, as stated before, challenging economic periods bring attendant opportunities. EFG International has capitalised on these during the last downturn, and believes it will do so again.

EFG International remains optimistic in relation to its strategic business levers, as follows:

- CROs. EFG International remains confident that it can attain its stated CRO targets. Organic growth in CROs was at record levels in H1 2008, and the pipeline is healthy. The business has recruited from peers across the spectrum, and its nurturing entrepreneurial approach continues to appeal to some of the highest quality private bankers in the industry.

- Acquisitions. EFG International has an enviable track record of success in buying and integrating high quality and culturally compatible businesses. The end of 2007 was particularly busy, and the first few months of 2008 have been spent completing these transactions, and on initial integration steps. Paris-based wealth manager Sycomore Gestion Privée was its first purchase of 2008 (see earlier). For the remainder of the year, there is no shortage of opportunity and EFG International is actively exploring a number of other acquisitions. However, maintaining a disciplined approach is more important than ever. It intends to be selective, mindful of deploying capital to optimal effect. The focus will be on transactions that are economically compelling; which reinforce, in a high quality way, existing private banking businesses; or which provide a foundation to build on in important new private banking markets.

On acquisitions - Rudy van den Steen, Chief Financial Officer, EFG International, in charge of acquisitions:

- "Notwithstanding market turbulence, there is no shortage of viable opportunities. Business owners continue to view EFG International as a conducive home, free of the bureaucratic constraints of many other potential acquirers. We have the capacity and potential deal flow (we are presently screening and / or negotiating deals involving combined clients' AUM of over CHF 20 billion) to attain our target for 2008 without diluting ordinary shareholders. But this will be subject to finding transactions of suitable quality. We will certainly not be relaxing our criteria, and in fact are more vigilant than ever when it comes to deploying capital."

- Organic growth / client proximity. EFG International remains confident in its ability to maintain strong organic growth. It continues to develop existing businesses, as well as launching new operations in attractive markets where it finds exceptional talent. In Canada, the business is applying for a trust license, and is seeking to further expand its representation (for example, in Montreal). In Latin America, the business has taken steps to accelerate the development of its regional network of offices. A new office will shortly be opened in Abu Dhabi. There are ambitious plans for Spain and India, and it continues to explore potential opportunities to enter new markets, including Italy, Germany, Austria and China.

- EFG International continues to benefit from increasing traction among ultra-high net worth individuals, notably those with investment potential in the hundreds of millions. This segment was an important contributor to net new money during H1 2008.

- The diverse approach of EFG International, and its emphasis on developing intellectual capital in complex product areas, encompassing structured products and alternative investments, means that it is particularly well equipped to cope with the ebb and flow of markets. The rationale of harnessing intellectual capital was borne out by strong demand for life insurance structures, highlighting the benefits of a diversified approach to leading edge asset classes.

EFG International is satisfied with its performance in H1 2008 against the backdrop of difficult market conditions. It continues to make progress and, allowing for equity market and currency effects, the business is maintaining its record of dynamic growth. Looking forward, it is pressing ahead from a position of underlying business strength, in terms of CRO recruitment, CRO productivity, and net new money generation. It also has the advantage of a track record of growth and exploiting opportunities during the previous market downturn; the constancy of its commitment to private banking, both in good times and bad; and the essential continuity – more important than ever - that it brings to its clients.

Footnotes

1. Defined as operating expenses including amortisation and depreciation, but excluding amortisation of acquisition-related intangibles.

2. Defined as ratio of operating expenses before amortisation of acquisition related intangibles to operating income.

Disclaimer

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About EFG International

EFG International is a global private banking group offering private banking and asset management services, headquartered in Zurich. EFG International's group of private banking businesses currently operate in 55 locations in over 30 countries, with circa 2,175 employees. EFG International's registered shares (EFGN) are listed on the SWX Swiss Exchange. EFG International is a member of the EFG Group headquartered in Geneva, Switzerland, which is the third-largest banking group in Switzerland by Tier-1 Capital.

EFG International
Practitioners of the craft of private banking

Presentation of Half-Year 2008 financial results of EFG International

EFG International will release the financial results for the half-year 2008 on **Tuesday**, **July 29, 2008** at 7.00 am CET. At 9.30 am CET (8.30 am UK), management of EFG International will present and discuss the results at a meeting for analysts, investors and media representatives.

EFG International's half-year 2008 results will be presented by:

- Lawrence D. Howell, Chief Executive Officer (CEO)
- Rudy van den Steen, Chief Financial Officer (CFO)

You will be able to join us for the presentation at **SWX Swiss Exchange ConventionPoint, Selnaustrasse 30, Zurich** or via **telephone conference**.

Telephone conference:

Dial-in numbers:	Switzerland:	+41 91 610 56 00
	UK:	+44 207 107 0611

Please call 10 minutes before the start of the presentation and ask for "EFG International Half-Year 2008 Results".

Presentation slides and press release

The presentation slides and the press release will be available from 7.00 am (CET) on Tuesday, July 29, 2008 on www.efginternational.com (Investor Relations / Investor Presentations).

Playback of telephone conference

A digital playback of the telephone conference will be available one hour after the conference call for 48 hours under the following numbers:

Switzerland:	+41 91 612 4330
UK:	+44 207 108 6233

Please enter conference ID 19427 followed by the # sign.

Financials

Key Figures as at 30 June 2008 (unaudited)

(in CHF million unless otherwise stated)	30 June 2008	31 December 2007	30 June 2007	Change vs. 30 June 2007	Change vs. 31 December 2007
Clients' Assets under Management (AUM)	**99,430**	87,221	85,365	16%	14%
AUM, excl. shares of EFG International which do not form part of the current 31.1% free float of EFG International at the SWX Swiss Exchange	**96,794**	82,912	79,817	21%	17%
Assets under Administration	**9,821**	8,626	7,810	26%	14%
Number of Client Relationship Officers [1]	**629**	554	469	34%	14%
Number of Employees	**2,175**	1,864	1,645	32%	17%

1 - Including announced acquisitions.

Consolidated Income Statement as at 30 June 2008 (unaudited)

(in CHF millions)	Half year ended 30 June 2008	Half year ended 31 December 2007	Half year ended 30 June 2007	Change vs. 1H07	Change vs. 2H07
Net interest income	**127.3**	135.4	109.0	**17%**	-6%
Net banking fee and commission income	**306.3**	287.8	302.0	**1%**	6%
Net other income	**94.0**	44.1	35.5	**165%**	113%
Operating income	**527.6**	467.3	446.5	**18%**	13%
Operating expenses	**(334.3)**	(278.6)	(263.4)	**27%**	20%
Impairment losses on loans and advances		(1.0)		**-**	-
Profit before tax	**193.3**	187.7	183.1	**6%**	3%
Income tax expense	**(15.3)**	(15.5)	(25.1)	**-39%**	-1%
Net profit for the period	**178.0**	172.2	158.0	**13%**	3%
Net loss attributable to minority shareholders	**0.7**	1.8	-	**-**	-61%
Net profit attributable to Group shareholders	**178.7**	174.0	158.0	**13%**	3%

Financials (cont.)

Consolidated Balance Sheet as at 30 June 2008 (unaudited)

(in CHF millions)	**30 June 2008**	31 December 2007	Variation
ASSETS			
Cash and balances with central banks	**78.1**	73.7	5%
Treasury bills and other eligible bills	**1,867.8**	794.6	135%
Due from other banks	**2,650.5**	3,501.0	-24%
Loans and advances to customers	**8,510.3**	7,920.0	7%
Derivative financial instruments	**181.6**	223.4	-19%
Financial assets designated at fair value	**474.0**	37.6	nm
Investment securities			
- Available-for-sale	**3,552.1**	3,537.7	0%
- Held-to-maturity	**549.2**	566.1	-3%
Intangible assets	**2,084.0**	1,191.4	75%
Property, plant and equipment	**49.9**	44.8	11%
Deferred income tax assets	**18.0**	11.0	64%
Other assets	**250.8**	135.3	86%
Total assets	**20,266.3**	18,036.6	12%
LIABILITIES			
Due to other banks	**812.6**	807.1	1%
Due to customers	**15,514.7**	13,579.6	14%
Derivative financial instruments	**206.1**	235.6	-13%
Debt securities in issue	**153.1**	158.0	-3%
Current income tax liabilities	**49.8**	39.5	26%
Deferred income tax liabilities	**76.6**	35.8	114%
Other liabilities	**1,049.5**	741.9	42%
Total liabilities	**17,862.4**	15,597.5	15%
EQUITY			
Share capital	**77.7**	78.4	-1%
Share premium	**1,217.6**	1,263.1	-4%
Other reserves and retained earnings	**1,091.0**	1,095.4	0%
Minority interest	**2,386.3**	2,436.9	
Total shareholders' equity	**17.6**	2.2	
	2,403.9	2,439.1	
Total equity and liabilities	**20,266.3**	18,036.6	12%