EFG International

EFG International reports first-half 2012 results

***Zurich, 25 July 2012* - EFG International made an IFRS net profit of CHF 53.1 million in the first half of 2012, compared with CHF 55.9 million a year earlier. Excluding non-recurring expenses, underlying net profit was up 33% to CHF 74.1 million. Operating income was CHF 409.1 million, up 3%, and the revenue margin was 104bps (95 bps for the same period last year). Revenue-generating Assets under Management were CHF 76.5 billion, down 4% on a year earlier and down 2% compared to end-2011, primarily reflecting the impact of businesses being exited as a result of EFG International's business review. Net new assets for continuing businesses were CHF 1.2 billion (annualised growth of 3.2%), down from CHF 2.7 billion a year earlier but a significant improvement on the second half of 2011. The number of Client Relationship Officers stood at 503, down from 660 a year earlier, again reflecting the implementation of the business review. The BIS Capital Ratio stood at 15.1% at end-June, up from 12.9% at end-2011. Good progress has been made in relation to the business review, which is on track to deliver anticipated financial benefits. The process of resetting is largely complete, and the focus is now on optimising and growing the business. EFG International remains committed to achieving its medium-term objectives.**

EFG International's performance, in common with the private banking industry as whole, continues to be affected by challenging conditions. For the past ten months, its focus has been on resetting its business and repositioning it to deliver disciplined, profitable growth. Good progress has been made in this regard, and the benefits are becoming evident.

Overview of key results (unaudited)	H1 2012	Change vs. H1 2011	Change vs. H2 2011
Operating income	**CHF 409.1 m**	Up 3%	Up 11%
Operating expenses	**CHF 328.3 m**	Down 2%	Down 13%
IFRS net profit	**CHF 53.1 m**	Down 5%	NA
Underlying IFRS net profit*	**CHF 74.1 m**	Up 33%	Up 168%
Cost-income ratio	**79.5%**	Down from 82.8%	Down from 101.1%
Revenue-generating AuM	**CHF 76.5 bn**	Down 4%	Down 2%
Net new assets (continuing)	**+ CHF 1.2 bn**	Down from CHF 2.7 bn	Up from CHF (2.1)bn
Net new assets (total)	**CHF (1.1) bn**	Down from CHF 2.7 bn	Up from CHF (3.9)bn
Revenue margin (in % of AuM)	**1.04%**	Up from 0.95%	Up from 0.94%
BIS capital ratio	**15.1%**	Up from 14.4%	Up from 12.9%
CROs / ex EFG FP	**503 / 440**	Down from 660 / 589	Down from 567 / 508
Total headcount / ex EFG FP	**2,357 / 2,099**	Down 7.5% / 9.3%	Down 7.5% / 9.4%

* Excluding impact of Greek sovereign exposure and business review measures

Implementation of business review on track

In terms of the objectives set out in its business review in October 2011:

- *Reinforce focus on private banking*. A number of non-private banking businesses have been exited. EFG Asset Management is clearly positioned as an integral part of private banking, and EFG Financial Products is earmarked for an IPO, as and when market conditions permit.

- *Address factors that served to obscure the underlying strength of EFG International as a private bank*. Exposure to GIIPS has been substantially reduced, and a more conservative treatment of life settlement policies has been adopted. Misconceptions relating to Greece are clearly refuted by the facts and should be further allayed by the recent announcement by EFG Group relating to its shareholding in Eurobank, as well as the recent decision of Eurobank to drop “EFG” from its name.

- *Address capital structure and position*. The composition of the capital structure has been improved as a result of the conversion exercise in relation to Bons de Participation, and has been strengthened through the sale of treasury shares and business profits. EFG International’s BIS capital ratio stood at 15.1% at end-June 2012, up from 12.9% at end-2011.

- *Exit loss-making or marginal businesses / locations*. All loss-making businesses have been (or are in the process of being) exited. As a result, the number of locations has reduced by 20, enabling leadership to focus on the most compelling elements of the business.

- *Improve productivity*. The business has addressed unproductive Client Relationship Officers (CROs) as a result of past over-hiring, reducing the number of CROs by 157 over the past year. As a consequence, CRO productivity (AUM per CRO) has improved by 26%. Total headcount has reduced by 8% over the past year (9.3% excluding EFG Financial Products), and will reduce further as the business review completes.

EFG International is on track to deliver the net P&L benefit targeted in the business review of CHF 35 million per annum, realised in part in 2012 and in full from 2013. As a result of the measures taken, the business is less complex and has a sharper focus.

Performance reflecting benefits of the business review, notwithstanding challenging conditions

During the first half of 2012, IFRS net profit was CHF 53.1 million, compared with CHF 55.9 million a year earlier and a loss of CHF (350.0) million for the second half of 2011. However, underlying IFRS net profit was CHF 74.1 million - after adding back CHF 11.4 million in relation to Greek sovereign exposure and CHF 9.6 million on account of business review measures (a gain of CHF 11.2 million from business disposals, less unprovided closure costs of CHF 12.2 million, and net operating losses of CHF 8.6 million from businesses being exited) - up from CHF 55.9 million during the first half of 2011.

Operating income was CHF 409.1 million, up 3% on a year earlier. While traditional private banking business continued to be impacted by client caution, specialist business relating to large clients was particularly strong during the first half of 2012 – notably structuring transactions related to clients’ business activities. Operating income also benefited from a strong treasury performance and contribution from EFG Financial Products. The revenue margin stood at 104bps, compared with 95bps in the first half of last year.

Operating expenses were CHF 328.3 million, versus CHF 335.4 million a year earlier. However, better reflecting good progress with the business review, they were down from CHF 378.3 million during the second half of 2011. The cost-income ratio stood at 79.5%, compared with 82.8% for the same period last year but down from 101.1% for the second half of 2011. Furthermore, cost savings associated with the business review are only now starting to be realised. In the first half of 2012, underlying cost savings in excess of CHF 30 million were achieved, before costs relating to EFG Financial Products, businesses being exited and bonuses as a result of improved operating performance.

Revenue-generating Assets under Management were CHF 76.5 billion as at end-June 2012, down from CHF 78.4 billion as at end-2011. There was an outflow of CHF 3.6 billion in relation to exited operations, offset by CHF 0.4 billion from FX and market effects and net new assets of CHF 1.2 billion from continuing businesses.

And business review on target to deliver anticipated financial benefits

The business review targeted a reduction in total headcount by 10-15%. Since September 2011, total headcount excluding EFG Financial Products (which has increased headcount by 16% as it continues to invest in growth ahead of its planned IPO) has reduced by 11%. Furthermore, businesses in the process of being exited will increase this figure to 13%. For the same period, the number of private banking CROs was reduced by 20%, compared with a business review objective of 15%. EFG International believes there is further scope to improve productivity, and its hiring freeze remains in place, other than to meet industry-wide regulatory and risk management requirements and the selective hiring of high quality CROs.

On the revenue side, the business review anticipated an AUM impact of circa 10% (CHF 7 billion) over an 18 month period. So far there has been a negative impact from businesses being exited of CHF 5.4 billion (CHF 3.6 billion in H1 2012; CHF 1.8 billion in H2 2011), with an additional CHF 1.2 billion still to come.

As a result of exiting under-performing businesses and employees, as well as measures taken to improve operational efficiency, EFG International is on target to deliver a net P&L benefit of CHF 35 million, as detailed in its business review.

Positive net new assets for continuing businesses, and further improvement anticipated as disruption effects of business review fall away

Net new assets relating to continuing businesses were CHF 1.2 billion (compared with CHF 2.7 billion during the first half of 2011, but just CHF 0.6 billion for 2011 as a whole). This represents annualised growth of 3.2% - below EFG International's target range of 5-10%, but a significant improvement on the second half of 2011, when continuing businesses experienced outflows due to the time and resources that had to be devoted to resetting the business. The level of net new assets continues to be influenced by client confidence in the wider economy. On account of this, the second quarter of 2012 was weaker than the first, but net new assets were still positive and picked up in June. The core private banking business retains its capacity to grow, and net new asset generation should move to within its target range as disruption caused by the business review diminishes and assuming that market conditions normalise.

Process of resetting the business now largely complete

EFG International committed in its business review to exiting loss-making or marginal businesses / locations, and since last October has withdrawn (or is in the process of withdrawing) from:

- *Scandinavia*. Offices in Helsinki and Denmark have been closed, and EFG Bank AB in Sweden is in the process of being wound down.

- *France*. EFG International has sold EFG Assurance to Meeschaert Gestion Privée and has reached an agreement with Amaika Asset Management for the transfer of the management of the fund range of EFG Asset Management France. The remaining business will undergo a formal closure process.

- *Secondary locations in Switzerland.* Offices in Lugano and the Valais have been closed.

- *The Middle East*. Offices in Dubai and Abu Dhabi have been closed, although a number of CROs targeting the Non-Resident Indian market have relocated to Singapore.

- *India*. EFG International has agreed to sell what remains of this business, which was in the process of being wound down, to Atul Sud, the former owner and 25% minority shareholder.

- *The Philippines.* The Manila office has been closed.

- *Canada*. Bull Wealth Management in Canada is being acquired by HighView Financial Group. This will complete EFG International's exit from the Canadian market.

- *Select locations in the Americas.* Offices in New York and Buenos Aires have been closed.

Non-core businesses have also been exited, allowing EFG International to return to a single focus on private banking. The business of SIF Swiss Investment Funds SA was transferred to CACEIS, and negotiations are currently being formalised with regard to OnFinance, EFG International's Lugano-based financial services boutique.

With the resetting process now virtually complete, the focus of all remaining locations is on business development. Even though it has exited 20 locations, EFG International still retains a strong international presence in around 30 locations worldwide.

Focus now firmly on optimising and growing – most private banking businesses performing strongly

Three of the four regional private banking businesses delivered strong performance during the first half of 2012. The Americas delivered very strong double-digit growth in revenues and profits compared with a year earlier. The UK again made steady progress, with a strong end to the first half. In Asia, the core theme for the first half has been optimising the existing business, resulting in strong double-digit growth in profit. With competition more intense in Asia, EFG International believes that it is well placed, courtesy of a well established and profitable business, which was once again voted the Best Pure-Play Private Bank in Asia 2012 by Asiamoney - and, for the first time, the Best Private Bank in Asia for clients with USD 1-5 million.

In Europe, Luxembourg, Monaco and Spain are all well on track to be more profitable this year than last. The Swiss business continues to be impacted by various industry pressures, and while there is more to be done to optimise the business it has reduced costs substantially.

Continuing to strengthen management team and ongoing emphasis on CRO productivity

EFG International continues to strengthen its senior management team, with the specific objectives of driving growth and hiring quality CROs:

- In Singapore, Tho Gea Hong has been appointed Deputy CEO and Head of Private Banking for South-East Asia, effective from the beginning of August 2012. She was formerly Managing Director, Wealth Management, covering Singapore and Malaysia, for Merrill Lynch. She joined Merrill Lynch in 2004, and before that spent 17 years at DBS Bank. Gea Hong will report to Kong Eng Huat, CEO of Singapore and South East Asia.

- In the UK, Daniel Gerber joined on 2 July 2012 as Managing Director and Head of Private Banking. He was formerly CEO of Julius Baer International in London, a position he held since 2008, having previously been its Deputy CEO.

The total number of CROs stood at 503 at end-June 2012, compared with 567 at end-2011. The number of private banking CROs fell from 508 at end-2011 (531 at the time of the business review last October) to 440 as of end June 2012. This reflects a reduction of 87 on account of businesses having been exited and under-performing CROs being addressed, partially offset by new hires of 19. The number of CROs will fall by a further 11, reflecting businesses in the process of being exited. For continuing businesses, the process of resetting and addressing under-performing CROs is now at an end, and all remaining locations will be redoubling their efforts to hire high proven individuals and teams.

Solid progress in relation to investment solutions and EFG Financial Products

The focus of EFG Asset Management is to provide enhanced support to the private banking businesses, and it has continued to generate strong growth in AUM. EFG Financial Products continued to perform strongly, with revenues up 28% compared with a year earlier. The business continues to invest in growth, but is on track to deliver a significant increase in profit in 2012. EFG Financial Products has been earmarked for an IPO (with EFG International reducing its stake from 57% to circa 20%) and the plan remains to undertake this later in 2012, subject to market conditions.

Will continue to improve capital position, and generally strengthen business foundations

EFG International's capital position has been strengthened as a result of the Bons de Participation conversion exercise and the sale of treasury shares. The BIS capital ratio stood at 15.1% as of end-June 2012, and will continue to strengthen as a result of business profits as well as the planned IPO of EFG Financial Products. EFG International will continue to assess opportunities relating to its capital structure and composition, as well as the optimisation of risk-weighted assets. The largest shareholder's purchase of EFG International treasury shares also evidenced its commitment to EFG International and its stated objective to remain a leading independent private bank.

EFG International has received final court approval of the settlement (disclosed in its 2011 annual report), for USD 7.8 million, of the class action claim of USD 130 million relating to clients who had invested in the Madoff-related feeder fund, Fairfield Sentry.

EFG International denied all liability in the case, but took the decision to settle in order to avoid further legal costs. Other claims seeking the return of payments allegedly received by certain group entities on behalf of clients will continue to be defended vigorously.

In relation to life settlement policies, EFG International has adopted more conservative estimates regarding future premium payments and the expected yield on the portfolio. Performance during the first half of 2012 was in line with expectations.

Direct exposure to GIIPS has more than halved since the end of 2011, and now stands at just CHF 138.8 million (0.6% of total balance sheet assets). In addition, there is exposure of CHF 66.5 million to non-GIIPS European subsidiaries of Greek banks. EFG International no longer has any direct exposure to Greece, and the salient facts relating to EFG International and Greece are clear – EFG International is a Swiss private banking group, headquartered, listed and regulated in Switzerland; it is not present in Greece; and it is entirely separate from the Greek commercial bank, Eurobank. If the facts are not enough, misconceptions should be allayed, once and for all, by the decision of EFG Group to transfer its shareholding in Eurobank to nine individual members of the next generation of the Latsis family, and to the John S. Latsis Public Benefit Foundation. All EFG Group nominated board members of Eurobank are to resign from the board and all its committees. Eurobank will be deconsolidated from the EFG Group, and will cease using “EFG” in its name.

Remains committed to delivering medium-term targets

With implementation of its business review on track, and the benefits starting to be realised, EFG International is positive about its future. It is clearly again a focused private bank; it is less reliant than peers on traditional cross-border business; and it derives significant benefits from diversity. While others are investing heavily in growth markets, EFG International already has well established businesses in both Latin America and Asia, both of which are profitable and growing.

With a new equilibrium in place, the focus is now on optimising and growing the business. EFG International will keep things relatively simple, building up through a combination of business development and cost discipline, with business growth flowing through with minimal dilution to productivity and profits.

Although business conditions will continue to have a significant bearing on the rate of progress, EFG International remains committed to its medium-term objectives:

- Net new assets in the range 5-10% per annum.

- A reduced cost-income ratio - to below 75% by 2014.

- Gross margin to remain broadly at the level prevailing at the time of the business review (circa 94 bps).

- As a result, delivering strong double-digit growth in profit and a double-digit return on shareholders’ equity.

John Williamson, Chief Executive Officer, EFG International:

- "EFG International has made good progress in implementing its business review, and we are on track to deliver the anticipated financial benefits. The business is now leaner, less complex and more profitable - and is very much a focused private bank. We have a strong platform to build on; the capacity of our private banking business to deliver growth is intact; and, most importantly, we benefit from loyal clients and employees, preconditions of success for any private banking business. With the resetting phase almost complete, EFG International is now intent on delivering on its potential. It is firmly committed to being a leading independent private bank, combining a relationship-driven approach with a full range of services."

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About EFG International

EFG International is a global private banking group offering private banking and asset management services, headquartered in Zurich. EFG International's group of private banking businesses operates in around 30 locations worldwide, with circa 2,300 employees. EFG International's registered shares (EFGN) are listed on the SIX Swiss Exchange.

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Practitioners of the craft of private banking

Presentation of half-year 2012 results

At 9.30 am CET, management of EFG International will present and discuss the results at a meeting for analysts, investors and media representatives.

EFG International's half-year 2012 results will be presented by:

- John Williamson, Chief Executive Officer (CEO)

- Giorgio Pradelli, Chief Financial Officer (CFO)

You will be able to join us for the presentation at SIX Swiss Exchange ConventionPoint, Selnaustrasse 30, Zurich, via telephone conference or by webcast via the internet.

Telephone conference:

Dial-in numbers:	Switzerland:	+ 41 91 610 56 00
	UK:	+ 44 203 059 58 62

Please call before the start of the presentation and ask for "EFG International half-year 2012 Results".

Webcast

A results webcast will be available at www.efginternational.com from 9.30 am (CET).

Presentation slides and press release

The presentation slides and press release will be available from 7.00 am (CET) on Wednesday, July 25, 2012 at www.efginternational.com (Investor Relations / Investor Presentations).

Playback of telephone conference

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

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

Please enter conference ID 13462 followed by the # sign.

Playback of results webcast

A playback of the results webcast will be available around three hours after the event at www.efginternational.com.

Financials

Key figures as at 30 June 2012 (unaudited)

(in CHF millions unless otherwise stated)	**30 June 2012**	31 December 2011	30 June 2011	Change vs. 30 June 2011	Change vs. 31 December 2011
Clients Assets under management (AUM)	**76'964**	79'033	80'861	-5%	-3%
AUM excluding shares of EFG International	**76'499**	78'382	79'998	-4%	-2%
Assets under administration	**8'592**	9'162	8'367	3%	-6%
Number of Client Relationship Officers	**503**	567	660	-24%	-11%
Number of Employees	**2'357**	2'547	2'549	-8%	-7%

Consolidated Income Statement as at 30 June 2012 (unaudited)

(in CHF millions)	**Half-year ended 30 June 2012**	Half-year ended 31 December 2011	Half-year ended 30 June 2011	Change vs. 1H11	Change vs. 2H11
Net interest income	**116.8**	89.1	122.6	-5%	31%
Net banking fee and commission income	**236.7**	211.0	242.9	-3%	12%
Net other income	**55.6**	67.1	30.5	82%	-17%
Operating income	**409.1**	367.2	396.0	3%	11%
Operating expenses	**(328.3)**	(378.3)	(335.4)	-2%	-13%
Impairment of intangible assets and goodwill	**(0.7)**	(244.4)	-	N/A	-100%
Impairment on available-for-sale investment securities	**-**	(72.5)	-	N/A	-100%
Provision for restructuring costs	**(6.3)**	(10.0)	-	N/A	-37%
Currency translation loss transferred from the Statement of Other Comprehensive Income	**(2.9)**	(10.0)	-	N/A	-71%
Net gain on disposal of subsidiaries	**2.9**	-	-	N/A	N/A
Impairment on loans and advances to customers	**(0.4)**	(1.9)	-	N/A	-79%
Profit / (loss) before tax	**73.4**	(349.9)	60.6	21%	-121%
Income tax (expense) / gain	**(15.1)**	0.8	(2.9)	421%	-1988%
Net profit / (loss) for the period	**58.3**	(349.1)	57.7	1%	-117%
Net profit attributable to non-controlling interests	**5.2**	0.9	1.8	189%	478%
Net profit / (loss) attributable to equity holders of the Grour	**53.1**	(350.0)	55.9	-5%	-115%

Financials (cont.)

Consolidated Balance Sheet as at 30 June 2012 (unaudited)

(in CHF millions)	**30 June 2012**	31 December 2011	Variation
ASSETS			
Cash and balances with central banks	**1'035.4**	1'079.3	-4%
Treasury bills and other eligible bills	**742.1**	823.9	-10%
Due from other banks	**3'155.3**	2'206.9	43%
Loans and advances to customers	**10'098.2**	9'548.2	6%
Derivative financial instruments	**535.8**	537.5	0%
Financial assets designated at fair value :			
- Trading Assets	**854.8**	813.9	5%
- Designated at inception	**414.3**	367.2	13%
Investment securities :			
- Available-for-sale	**3'893.8**	3'984.3	-2%
- Held-to-maturity	**1'128.8**	1'098.3	3%
Intangible assets	**305.0**	300.6	1%
Property, plant and equipment	**35.5**	38.2	-7%
Deferred income tax assets	**28.8**	48.6	-41%
Other assets	**376.2**	194.0	94%
Total assets	**22'604.0**	21'040.9	7%
LIABILITIES			
Due to other banks	**1'106.3**	779.0	42%
Due to customers	**15'078.0**	14'398.4	5%
Subordinated loans	**52.6**	-	N/A
Derivative financial instruments	**685.8**	603.3	14%
Financial liabilities designated at fair value	**482.8**	490.7	-2%
Other financial liabilities	**3'658.1**	3'356.5	9%
Current income tax liabilities	**10.6**	11.4	-7%
Deferred income tax liabilities	**40.0**	37.6	6%
Other liabilities	**368.9**	352.5	5%
Total liabilities	**21'483.1**	20'029.4	7%
EQUITY			
Share capital	**77.2**	73.1	6%
Share premium	**1'238.5**	1'154.3	7%
Other reserves	**54.2**	77.8	-30%
Retained earnings	**(278.9)**	(318.3)	-12%
Non-controlling interests	**29.9**	24.6	22%
Total shareholders' equity	**1'120.9**	1'011.5	11%
Total equity and liabilities	**22'604.0**	21'040.9	7%