

EFG International comments on its positioning and performance

Zurich, 14 November 2008. EFG International remains an efficient and highly profitable business. Performance in the first ten months of 2008 remains ahead of that achieved for the same period last year, combined with a strong balance sheet and excellent liquidity.

Given volatile markets, and in the interests of transparency, EFG International feels it is useful to provide information on recent developments and the underlying strength of its position.

The global financial system is clearly going through a period of extreme turbulence. All financial organisations are being affected either directly or indirectly, the latter being the case with EFG International. While unprecedented market conditions are inevitably having an impact on activity levels, EFG International has avoided accidents, and both its position and performance are robust.

By way of an update on current performance:

- **Income.** While growth has been more subdued than anticipated at the beginning of the year, EFG International remains on course to achieve another record level of operating income in 2008. In the ten months to end-October, income was some 16% higher than for the same period in 2007. Levels of activity were subdued during August and September, but picked up in October.
- **Net profit.** In light of market conditions, the prevailing attitude among clients towards new investment opportunities has been, understandably, one of “wait and see”. This slowing of activity has clearly had an impact on profitability; however, for the first ten months of 2008, net profit remains ahead of that achieved for the same period last year.
- **EFG International continues to pay close scrutiny to its cost base, calibrating expenses to the current environment where appropriate.** For instance, it has frozen non-Client Relationship Officer (CRO) hiring. However, it will continue to invest in hiring CROs, extending representation, and marketing, given that its position is robust; the business remains highly profitable; and it sees the potential for a number of long-term and attractive opportunities going forward.
- **Client Relationship Officers.** EFG International has met its target of 675 CROs for end-2008. The number of CROs is presently 686, up 132 since the end of last year. Furthermore, it has the strongest pipeline in its history, and expects to exceed 700 CROs by the end of this year.
- **Clients’ Assets under Management.** Clients’ Assets under Management have clearly been impacted by market conditions (in line with the market, taking

account of its asset class composition) and the strong Swiss franc. Private banking inflows have continued to be strong in the period July to October, although this has been offset by limited hedge fund redemptions and clients deleveraging.

- Specialist product businesses of EFG International are performing well, with redemption levels below the industry average. In the year to date, Marble Bar Asset Management's investment performance remains positive; C.M. Advisors is outperforming most of its peers; and EFG Financial Products continues to improve its market share and has been trading profitably in the period July to October.
- Equity base. EFG International remains well capitalised. Its BIS Tier 1 capital ratio stood at 11.3% at end-June 2008. It expects this figure to rise to circa 13% by the end of 2008.
- There has been no direct impact on EFG International from the much publicised fall-out in credit markets. Its lending activities are limited to secured lending to private banking clients and are short-term orientated.
- Losses in relation to credit, operations and fraud have historically been - and remain - minimal.
- EFG International is well served by its stable funding structure, with client deposits covering loans over 1.9 times; no reliance on wholesale or inter-bank borrowing; and other balance sheet assets that are highly liquid and of high quality (principally short-term placements with the world's top banks, and a range of government bonds issued by the US and major European countries).
- Courtesy of an extremely cautious approach to counterparty risk adopted by EFG International, exposure to organisations that have ceased trading (including Lehman Brothers) in recent months has been negligible.
- Acquisitions. As previously reported, EFG International continues to explore a number of potential acquisition opportunities. However, in light of current market conditions, it is more important than ever to conserve capital and maintain a disciplined approach to deploying it. EFG International is being highly selective, particularly as it sees potentially transformational opportunities emerging in the months ahead.

EFG International is in a strong position, and has a proven capacity to cope with the ups and downs of markets. It continues to move forward and sees no shortage of opportunity.

EFG International reports its full year 2008 results on 25 February 2009.

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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