

EFG International reports record first half net profit of CHF 158 million

Zurich, 31 July, 2007 - EFG International delivered another record performance in the six months ended 30 June 2007. Net profit was CHF 158.0 million, up 57% year-on-year, on operating income of CHF 446.6 million, up 55%. Clients' Assets under Management were CHF 86.9 billion as at 30 June 2007 (including announced acquisitions), up 46% year-on-year.

Key elements

EFG International delivered another strong financial performance, on a consolidated basis, in the six months ended 30 June 2007 (H1 2007). This demonstrated once more its credentials as a dynamic private bank:

- Net profit was CHF 158.0 million, up 56.9% from H1 2006 and 22.2% from H2 2006. Net profit attributable to ordinary shareholders was CHF 143.7 million, up 62.6% from H1 2006 and 24.3% from H2 2006.
- Operating income was CHF 446.6 million, up 54.8% from H1 2006 and 29.1% from H2 2006.
- Operating expenses excluding amortisation and depreciation expenses increased by 48.7 % to CHF 244.6 million, compared to CHF 164.5 million for H1 2006.
- The cost-income ratio stood at 54.8%, down from 57.0% in H1 2006 and 55.6% for 2006 as a whole.
- The number of Client Relationship Officers (CROs) increased to 469 (including announced acquisitions) up 64 compared with end-2006. Over the last 12 months, we have increased the number of CROs by 113, up some 32% year-on-year.
- Clients' Assets under Management were CHF 86.9 billion (including announced acquisitions) as at 30 June 2007, up 45.8% from CHF 59.6 billion as at 30 June 2006 and up by 17.9% compared to end-2006.
- The increase in clients' Assets under Management due to acquisitions was CHF 5.3 billion (including PRS Group and Quesada Kapitalförvaltning AB, plus Bull Wealth Management Group).
- Excluding EFG International shares, which do not form part of the current 28.1% free-float of EFG International shares at the SWX Exchange, clients' Assets under

Management amounted to CHF 81.3 billion (including announced acquisitions) as at 30 June 2007.

- Clients' Assets under Administration increased to CHF 7.8 billion as at 30 June 2007, up 17.4% year-on-year.
- For H1 2007, net new assets and the increase in clients' loans were CHF 8.0 billion (of which loans: CHF 1.6 billion). This compares with CHF 5.3 billion (loans: CHF 0.7 billion) for H1 2006, a rise of 50.9% year-on-year.
- The revenue margin was 1.23% of average clients' Assets under Management, up from 1.19% in 2006.
- EFG International's total balance sheet size was CHF 16.9 billion as at 30 June 2007, compared with CHF 15.9 billion as at end-2006.
- As at 30 June 2007, shareholders' equity stood at CHF 2.4 billion.

Financial highlights for H1 2007

	H1 2007	% H1 2006
CROs incl. announced acquisitions	469	up 32%
Clients' Assets under Management incl. announced acquisitions	CHF 86.9 billion	up 46%
Operating income	CHF 446.6 million	up 55%
Profit before tax	CHF 183.1 million	up 60%
Cost-income ratio	54.8%	down from 57.0%
Net profit	CHF 158.0 million	up 57%
Net profit attrib. to ordinary shareholders	CHF 143.7 million	up 63%

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

- "EFG International has once again delivered a set of results in keeping with its track record of sustained, dynamic growth. Year-on-year growth of 57% in net profit, and 46% in Clients' Assets under Management (including announced acquisitions), represent a pleasing performance, both in absolute terms and relative to industry benchmarks."

Review of business

The strong performance achieved by EFG International during H1 2007 was driven by a range of strategic business levers:

- EFG International remains an attractive destination for leading private bankers. During H1 2007, we increased Client Relationship Officers (CROs) to 466 (up 68), rising to 469 including announced acquisitions (up 64). Over the last 12 months, we have increased the number of CROs (including announced acquisitions) by 113, up some 32% year-on-year.
- EFG International's operations benefit from a balanced geographical spread. Across all regions, established businesses performed strongly during H1 2007. The Swiss business continued to generate strong double digit growth across its key metrics with, for example, 26% year-on-year growth in clients' Assets under Management to CHF 23.1 billion, and 19% year-on-year growth in CROs. The performance of our Asian business was at the upper end of its peer range, with year-on-year growth in clients' Assets under Management in excess of 30%. CROs in Asia increased by 22% during H1 2007. Newer operations likewise performed well. EFG Bank (Luxembourg) SA, launched during 2006, had clients' Assets under Management of CHF 1.2 billion as at 30 June 2007, up from CHF 56 million a year ago, and has already achieved operational break-even.
- Proximity to existing and prospective clients is a key driver for EFG International. During H1 2007, we obtained regulatory approval to offer banking services in Jersey. We were also granted a full Securities Investment Business license in the Cayman Islands, and formally opened representative offices in Bahrain and the Philippines.
- For acquisitions completed during 2006 - Capital Management Advisors, Harris Allday, and Banque Monégasque de Gestion - integration is proceeding according to plan, and the businesses retained forward momentum during H1 2007. In the case of Capital Management Advisors, profits more than doubled over this period compared to initial expectations at the time of its acquisition.
- During H1 2007, we completed the acquisition of two businesses, involving clients' Assets under Management of CHF 3.8 billion. These were Stockholm-based Quesada Kapitalförvaltning (a securities company offering private banking services to high net worth individuals) and Cayman-/Miami-based PRS Group (a specialist investment manager and family office service provider).
- In June 2007, EFG International announced its entry into the Canadian wealth management market, with the purchase of Toronto-based Bull Wealth Management Group, subject to regulatory approvals. This is an independent investment-consulting firm that handles clients' Assets under Management of circa CHF 1.5 billion.
- We continued to strengthen our executive team during H1 2007. We boosted our strategic marketing and communications capabilities, and continued to upgrade our treasury, risk and finance functions in line with business growth.

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

- “EFG International made pleasing progress across a broad front during the first half of 2007. All regions delivered strong double-digit organic growth, on an annualised basis. We enhanced our capabilities in a number of product and service areas, including funds of hedge funds, structured products, and secured loans. And CROs continued to broaden and deepen relationships with existing clients, as well as developing new ones, with notable progress among the wealthiest segments.”

Looking ahead

EFG International is pleased to reaffirm its medium-term strategic goals for the next two years, as announced in 2005 and revised upwards in 2007, reflecting the dynamic growth path of the business:

- Number of CROs: 540 CROs by end-2007, and 675 by end-2008.
- AUM growth per CRO: CHF 30 million per year for 2007 and 2008.
- Acquisitions: CHF 10-15 billion per year over the period 2007-2008.
- Clients' Assets under Management⁽¹⁾: CHF 93-99 billion in 2007, rising to CHF 121-131 billion in 2008.
- Revenue margin: 1.10% of average margin for both 2007 and 2008.
- Cost-income ratio: 51-55% in 2007; 50-55% in 2008.

(1) Including announced acquisitions, but excluding shares of EFG International, which do not form part of the current 28.1% free-float at SWX Swiss Exchange.

EFG International derives confidence in relation to its strategic goals from a number of factors:

- CROs. Organic growth in CROs is running at a rate within our anticipated range, our pipeline remains strong (indeed, the increase was stronger in the second quarter than in the first), and we remain confident that we can attain our stated CRO targets without compromising on quality. EFG International remains an attractive destination for high calibre private bankers, courtesy of its track record of success, its differentiated approach, and supportive entrepreneurial environment.
- Acquisitions. EFG International is a highly disciplined acquirer, with an enviable track record of success in buying and integrating high quality and culturally compatible businesses. In aggregate, over the term of our targets, we remain optimistic that we will achieve our stated goals. We are in discussions with a number of prospects of varying size and across the range of our strategic business levers, and we remain confident that we can attain our acquisition target for the current year.

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

- “Market conditions pose their own unique set of challenges at present, with recent exuberance exerting upward pressure on valuations. We will certainly not be pressured into paying multiples that may, from a later point in the cycle, be considered inflated. Notwithstanding this, there is no shortage of viable opportunities worthy of exploration. Business owners continue to view EFG International as a conducive home, free of the bureaucratic constraints of many other potential acquirers.”
- Organic growth / client proximity. We remain confident in our ability to maintain strong progress in relation to organic growth. We intend to continue developing existing businesses, as well as launching new operations in attractive markets, and where we find exceptional talent. New offices are planned for Madrid and Barcelona; Abu Dhabi; Shanghai; Bangkok; and India. In Canada, the acquisition of Bull Wealth Management Group provides a solid platform for expansion plans in the Canadian wealth management market.
- Growing recognition among the wealthiest client segments. A number of recent acquisitions have successful high-end niches. More generally, as the profile of our business continues to grow, we are reaching a wider audience of wealthy clients, many of whom have entrepreneurial backgrounds. Furthermore, as time progresses, clients undergo transformational events in their lives (for example, the sale of a business) and turn to their CROs, with whom trust has been established over time.
- Our growth momentum. The dynamics of growth present their own opportunities. Our determination to deploy a wide range of strategic business initiatives means that we do not lack for attractive opportunities to capitalise on. As we grow, so our profile increases, leading to increased traction within our chosen markets. As a result, further strategic opportunities present themselves.

On competitive positioning - Lonnie Howell, Chief Executive Officer, EFG International:

- “We operate in an increasingly fashionable sector, with incumbents and new entrants alike seeking to expand their private wealth capabilities. Yet despite this raised level of competitive intensity, EFG International remains well positioned, with no shortage of opportunities to continue our record of exceptional growth.”

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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 44 locations in 30 countries, with over 1,600 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

Financials

Key Figures as at 30 June 2007 (unaudited)

(in CHF million unless otherwise stated)	30 June 2007	31 Dec 2006	30 June 2006	Change vs. 30 June 2006	Change vs. 31 Dec 2006
Clients' Assets under Management (AUM)	85,365	69,802	53,833	59%	22%
AUM, excl. Shares of EFG International which do not form part of the current 28.1% free float of EFG International at the SWX Swiss Exchange	79,817	65,206	50,316	59%	22%
Assets under Administration	7,810	7,375	6,655	17%	6%
Number of Client Relationship Officers	466	398	323	44%	17%
Number of Employees	1,645	1,477	1,171	40%	11%

Consolidated Income Statement as at 30 June 2007 (unaudited)

(in CHF '000)	Half year ended 30 June 2007	Half year ended 31 December 2006	Half year ended 30 June 2006	Change vs. 1H06	Change vs. 2H06
Net interest income	109,023	94,255	77,860	40%	16%
Net banking fee and commission income	301,995	222,579	183,700	64%	36%
Net trading income	32,179	27,415	26,229	23%	17%
Other operating income	3,366	1,621	779	332%	108%
Net other income	35,545	29,036	27,008	32%	22%
Operating income	446,563	345,870	288,568	55%	29%
Operating expenses	(263,422)	(200,276)	(173,924)	51%	32%
Impairment losses on loans and advances					
Profit before tax	183,141	145,594	114,644	60%	26%
Income tax expense	(25,118)	(16,309)	(13,948)	80%	54%
Net profit for the period	158,023	129,285	100,696	57%	22%

Consolidated Balance Sheet as at 30 June 2007 (unaudited)

(in CHF '000)	30 June 2007	31 December 2006	Variation
ASSETS			
Cash and balances with central banks	36,815	43,540	-15%
Treasury bills and other eligible bills	742,361	826,956	-10%
Due from other banks	4,187,841	5,343,267	-22%
Other financial assets at fair-value-through-profit-or-loss	54,878	8,775	525%
Derivative financial instruments	118,680	117,584	1%
Loans and advances to customers	7,698,601	6,146,041	25%
Investment securities			
- Held-to-maturity	564,236	548,987	3%
- Available-for-sale	1,992,101	1,761,791	13%
Intangible assets	1,190,554	909,887	31%
Property, plant and equipment	38,415	34,745	11%
Deferred income tax assets	9,010	7,204	25%
Other assets	296,970	139,645	113%
Total assets	16,930,462	15,888,422	7%
LIABILITIES			
Due to other banks	858,336	675,278	27%
Derivative financial instruments	114,288	110,922	3%
Due to customers	12,504,367	11,993,888	4%
Debt securities in issue	158,017	153,390	3%
Financial liabilities at fair value	12,502		
Current income tax liabilities	37,155	17,962	107%
Deferred income tax liabilities	26,954	16,811	60%
Other liabilities	781,865	615,657	27%
Total liabilities	14,493,484	13,583,908	7%
EQUITY			
Share capital	79,263	79,263	0%
Share premium	1,338,270	1,338,270	0%
Other reserves and retained earnings	1,019,445	886,981	15%
Total shareholders' equity	2,436,978	2,304,514	6%
Total equity and liabilities	16,930,462	15,888,422	7%