EFG INTERNATIONAL
INTERIM MANAGEMENT REPORT 2009

DESCRIPTION OF BUSINESS

EFG International AG and its subsidiaries (hereinafter collectively referred to as "the Group") are a leading global private banking group, offering private banking and asset management services. The Group operates in 55 locations in over 30 countries, with more than 2,400 employees. The Group's parent company is EFG International AG, which is a limited liability company and is incorporated and domiciled in Switzerland and listed on the SIX Swiss Exchange. EFG International AG is a member of the EFG Group headquartered in Geneva, one of the top five banking groups in Switzerland by Tier-1 capital.

FINANCIAL SUMMARY

For the first six months of 2009 (H1 2009):

Net profit

– Net profit attributable to Group shareholders was CHF 20.0 million (H1 2008: CHF 178.7 million), which includes one-off charges of CHF 33.0 million. Net profit attributable to ordinary shareholders was CHF 6.9 million (H1 2008: 163.4 million).

– Earnings per share stood at CHF 0.05, down from CHF 1.13 as at mid-2008.

Operating income & expenses

– Operating income was CHF 412.1 million (H1 2008: CHF 527.6 million).

– Operating expenses increased to CHF 375.9 million (H1 2008: CHF 334.3 million).

– The cost-income ratio for the first half of 2009 stood at 80.6%, up from 59.1% a year earlier.

– The revenue margin was 1.07% of average clients' Assets under Management, compared to 0.94% for H2 2008 and 1.18% for the same period a year ago.

Equity base

– EFG International remains well capitalised, with a BIS Tier 1 capital ratio of 12.9% as at 30 June 2009, compared to 12.5% post dividend as at 31 December 2008.

Clients' Assets under Management

– Revenue-generating clients' Assets under Management (excluding EFG International shares which do not form part of the current circa 28% free float) were CHF 80.4 billion as at 30 June 2009, up 7% from CHF 75.4 billion at end-2008. The increase reflects positive foreign exchange and performance effects as well as net inflows from private clients of CHF 4.7 billion partially offset by hedge fund-related institutional outflows of CHF 2.5 billion, resulting in overall net new assets of CHF 2.2 billion.

– Of the total CHF 80.4 billion of clients' Assets under Management as of 30 June 2009, private client Assets under Management were CHF 76.9 billion and clients' Assets under Management at Marble Bar Asset Management and C.M. Advisors combined were CHF 4.6 billion.

For more information on financial performance, see the EFG International Half Year Report 2009 (enclosed separately).

IMPORTANT EVENTS DURING THE FIRST SIX MONTHS AND, WHERE APPROPRIATE, THEIR IMPACT ON FINANCIAL STATEMENTS

One-off charges

EFG International's first-half 2009 results were impacted by a total CHF 33.0 million of one-off charges. Of this, CHF 18.8 million arose from accelerated intangible amortization principally relating to C.M. Advisors, the funds of hedge funds business acquired in 2006. A further one-off charge of CHF 14.2 million was incurred when, at the end of February 2009, EFG International had to adjust its USD hedge on the reduced year-end 2008 accounting value of its life insurance policy portfolio.

Cost reduction programme

EFG International initiated a cost reduction programme during the first half of 2009. Measures were taken both with regard to reduction of overall salary expenses and reduction of other operating expenses. Underperforming CROs have been released and EFG International is in the process of closing seven representative offices. Cost saving measures had minimal impact during the first half, but are likely to become fully effective during the second half of 2009, when they are expected to save around CHF 40 million on an annualised basis.

Client Relationship Officers

The number of CROs dropped to 674 as at 30 June 2009 as heightened CRO performance thresholds resulted in 127 CRO departures, partially offset by 75 CRO hires.

As evidenced by new hiring, EFG International continues to see many high quality recruitment opportunities. It continues to hire experienced and talented CROs, while maintaining its selective hiring policy.

Asset Management

EFG International's asset management businesses – which are now grouped under single leadership – all operated profitably in the first half of 2009.

EFG Financial Products, which was established in late 2007, continued to grow thanks to its scalable IT platform and high level of product transparency. Marble Bar Asset Management, the hedge fund group acquired in early 2008, remained a leader in its sector in terms of its long-term track record and low volatility performance, with positive returns both in 2008 and in 2009. C.M. Advisors, the funds of hedge funds business acquired in 2006, continued to deliver above-average performance, but suffered from considerable redemptions earlier in 2009, resulting in the above-mentioned write-down of intangible assets. In this context, EFG International accelerated the original five-year earn-out period with a final settlement payment in May 2009.

EFG International remains convinced of the value of its asset management businesses to its wealth management franchise – especially in the area of ultra-high-net-worth individuals which has been an important growth driver over the last few years.

Governance

To strengthen governance, EFG International has put in place a two tier Executive Committee structure. Its Executive Committee now comprises the following members:
– Lawrence D. Howell, Chief Executive Officer.
– Lukas Ruflin, Deputy Chief Executive Officer.
– Rudy van den Steen, Chief Financial Officer and Head of M&A.
– Alain Diriberry, Chief Operating Officer.
– James T.H. Lee, Chief Executive Officer Asset Management.
– Fred Link, Chief Risk Officer and a.i. General Counsel.

In addition, it has created a Global Executive Committee which includes the above individuals; Keith Gapp (Head of Strategic Marketing and Communications); Gerard Griseti (Head of Southern Europe); Michael Hartweg (Head of Financial Markets); and key regional market and business heads.

DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

General outlook

Looking ahead, EFG International is optimistic that the second half of 2009 will see further improvement, following better business performance during May and June, with running rate net profits of circa CHF 10 million per month. Net new money inflows on the private client side were concentrated in these two months. Moreover, on the hedge fund side, outflows appear to have bottomed out, and a new business pipeline is building up.

As mentioned above, EFG International initiated a cost reduction programme during the first half of 2009. Cost saving measures, when they become fully effective during the second half of 2009, are expected to save around CHF 40 million on an annualised basis.

Part of these savings will be offset by continued selective CRO hiring. EFG International expects to have between 650 and 700 CROs by the end of 2009. Based on asset inflows and new business leads developed in May and June, EFG International expects the growth of clients' Assets under Management per CRO to revert to historic levels during the second half of 2009. It is targeting a revenue margin on average clients' Assets under Management of 110 bps for the second half of 2009.

Specific risk considerations

A full assessment of the specific risks and uncertainties facing the Group, together with the controls and processes which are in place to monitor and mitigate those risks where possible, are set out in the annual report which is available on EFG International's website, www.efginternational.com.

The EFG International Board of Directors determines the overall risk appetite for EFG International and has delegated such responsibilities to various risk committees who have as their main objective the minimizing of risks as follows:

a) Credit risk: Credit risk arises principally from the Group's lending activities to its clients. However as EFG International's primary credit exposures relate to loans collateralized by security portfolios and by mortgages, credit risk exposure is comparatively low. EFG International is also exposed to credit risk related to financial institutions. Management of such exposure is based on a system of counterparty limits coordinated at the EFG Group level, subject to country limits.

b) Market Risk: EFG International is exposed to fluctuations in interest rates, exchange rates, share prices and commodity prices. Market risk derives from trading in treasury and investment market products for which prices are fixed daily, as well as from more traditional banking business, such as loans. As EFG International engages in the trading of investment market products predominantly on behalf of its clients and does not have meaningful proprietary trading activities, the market risk resulting from trading positions is limited.

c) Funding and Liquidity Risk: EFG International manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to clients, both in demand for loans and repayment of deposits, and to satisfy the company's own cash flow needs within all of its business entities. The global upheaval in the financial markets that occurred during 2008 and the first quarter of 2009 was marked by instability and volatility continuing to impact upon market and investor confidence which was characterized by a reduction in liquidity. However, our client deposit base, our capital and reserves position and our conservative gapping position when funding client loans ensure that EFG International runs only limited liquidity and funding risks.

d) Legal and Regulatory Risk: EFG International is subject to stringent regulation of all its businesses including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in Switzerland and the other markets where it operates. Future changes in regulation, fiscal or other policies in Switzerland and globally are unpredictable and beyond the control of EFG International and could have a future impact on its businesses.

The global macroeconomic environment for the first half of this year has been characterized by decelerating economic activity, deterioration of inflationary expectations and continued turbulence in the financial markets. However, the outlook on most economic fundamentals remains positive. The main concerns of the Group for the second half of the current financial are the global macroeconomic environment, economic growth and a return to confidence in the financial markets by market counterparties and clients alike.

SUMMARY

Various factors have seriously affected performance, and it has been a disappointing six months for EFG International. However, the fundamentals of its business remain strong, and EFG International remains a profitable business. Cost savings are coming on stream, and vital signs – notably client retention and net new money – are holding up well on the private client side. It continues to manage its business prudently and to conserve capital, and to reduce costs in a balanced way. Its capacity for growth remains intact, and EFG International remains well placed to take advantage of a possible improvement in conditions and sentiment.

FORWARD LOOKING STATEMENTS

This Interim Management Report contains statements that are, or may be deemed to be, forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Interim Management Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industries in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Prospective investors should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity, and the development of the industries in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Interim Management Report. These factors include (1) general market, macro-economic, governmental and regulatory trends, (2) EFG International AG's ability to implement its cost savings program, (3) movements in securities markets, exchange rates and interest rates, (4) competitive pressures, (5) our ability to continue to recruit CROs, (6) our ability to implement our acquisition strategy, (7) our ability to manage our economic growth and (8) other risks and uncertainties inherent in our business. EFG International AG is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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