EFG International

HALF YEAR REPORT 2011

FORWARD LOOKING STATEMENTS

This Half Year Report may contain 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 Half Year 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 Half Year Report. These factors include among others (i) general market, macro-economic, governmental and regulatory trends; (ii) EFG International AG's ability to implement its cost savings program; (iii) movements in securities markets, exchange rates and interest rates; (iv) competitive pressures; (v) our ability to continue to recruit CROs; (vi) our ability to manage our economic growth and (vii) other risks and uncertainties inherent in our business.

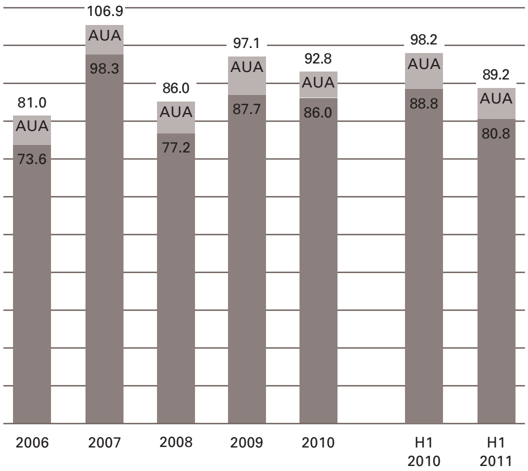
EFG International AG is not under any obligation to (and expressly disclaims any such obligations to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

Non-IFRS measures
Core net results are financial measures that have not been prepared in accordance with IFRS and recipients of this report should not consider them as alternatives to the applicable IFRS measures. Core net results for the first half of 2011 exclude the amortisation of acquisition-related items of CHF 7.4 million and the amortisation of employee equity incentive plans of CHF 9.3 million.

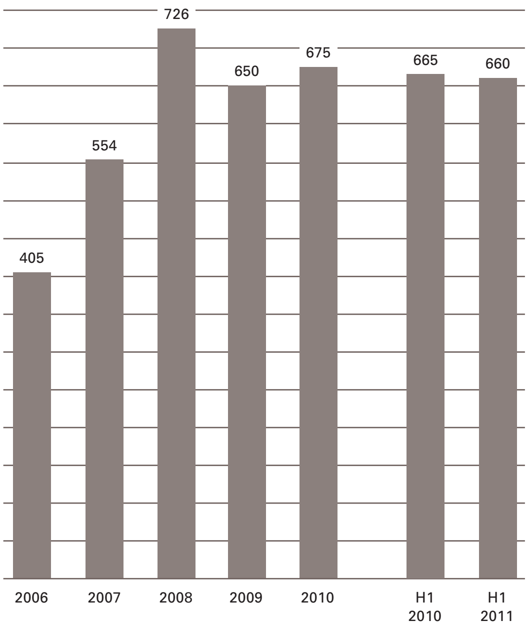
Recipients of this report should not consider core net profit as a measure of our financial performance under IFRS, or as an alternative to profit from operations, net profit or any other performance measures derived in accordance with IFRS.

AUM and AUA

in CHF billions

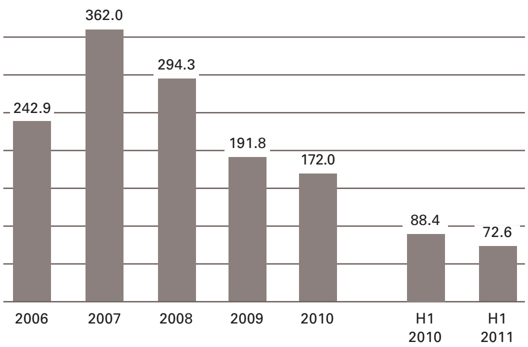


Client Relationship Officers (CROs)



Core net profit* attributable to Group shareholders

in CHF millions



EFG INTERNATIONAL CONSOLIDATED FINANCIAL HIGHLIGHTS

in CHF millions		30 June 2011
Income		
Operating income		396.0
Core net profit* attributable to Group shareholders		72.6
Profit after tax		57.7
Net profit attributable to ordinary shareholders		47.5
Cost/income Ratio		82.8%
Balance Sheet		
Total Assets		20,956
Shareholders' Equity		1,270
Market Capitalisation		
Share Price (in CHF)		9.32
Market Capitalisation (ordinary shares)		1,367
BIS Capital		
Total BIS Capital		783
Total BIS Capital Ratio		14.4%
Ratings	**long term**	**outlook**
Moody's	A3	Stable
Fitch	A	Stable
Personnel		
Total number of CROs		660
Total number of employees		2,549
Listing		
Listing at the SIX Swiss Exchange, Switzerland; ISIN: CH0022268228		
Ticker Symbols		
Reuters		EFGN.S
Bloomberg		EFGN SW

* For reasons of consistency, EFG International will continue to report both core net profit and IFRS net profit for the remainder of 2011. From 2012 onwards, only IFRS net profit will be reported.

International practitioners
of the craft of private banking

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SHAREHOLDER'S LETTER

Jean Pierre Cuoni, Chairman of the Board
John Williamson, Chief Executive Officer

Dear shareholders, dear clients,

As recently announced, EFG International has initiated a business review following the appointment of John Williamson as CEO, effective 27 June 2011. It will set out in mid-October the steps being taken to reposition the organisation for controlled, profitable growth, based on its core business of private banking and with a heightened focus on shareholder value.

John Williamson, previously CEO of EFG International's UK and Channel Islands subsidiary, took over from Lonnie Howell, who stepped down after 16 years in the role. Lonnie Howell co-founded EFG International along with Jean Pierre Cuoni in 1995, and was pivotal in building it from start-up to major international private bank. EFG International's Board of Directors has expressed its deep appreciation for all that Lonnie Howell has achieved, a sentiment shared by all employees of the bank.

FINANCIAL SUMMARY

During the first half of 2011, conditions remained challenging on account of economic uncertainty and the further strengthening of the Swiss franc.

For the first six months of 2011 (H1 2011):

Net profit

– Core net profit* was CHF 72.6 million (IFRS net profit of CHF 55.9 million), compared with CHF 88.4 million a year earlier.

Operating income & expenses

– Core operating income was CHF 396.0 million, compared with CHF 407.1 million for the first half of 2010. This represents a solid performance – with business-wide growth in local currency terms – bearing in mind that the strengthening of the Swiss franc served to depress first half revenues by circa CHF 48 million compared to the same period last year (the deconsolidation of MBAM accounted for a further net CHF 10 million net).

– Core operating expenses were CHF 318.7 million, versus CHF 320.9 million a year earlier, with the positive effect of the strong Swiss franc being offset by investments of CHF 20 million in growth businesses and infrastructure. This investment has now been curtailed (with the exception of committed expenditure and selective ongoing CRO hiring), as a result of business conditions and pending the outcome of the business review.

– The core cost-income ratio stood at 82.8%, compared with 81.5% for the same period last year but down from 85.2% for 2010.

– The core revenue margin stood at 95bps, in line with the second half of 2010, and up from 92bps in the first half of last year.

** For reasons of consistency, EFG International will continue to report both core net profit and IFRS net profit for the remainder of 2011. From 2012 onwards, only IFRS net profit will be reported.*

Capital position

- EFG International's BIS capital ratio stood at 14.4% at end-June, up from 13.0% a year earlier, and up from 14.0% at end-2010.

Revenue-generating Assets under Management

- Revenue-generating Assets under Management were CHF 80.0 billion as at end-June 2011, down from CHF 84.8 billion as at end-2010. The strengthening of the Swiss franc and negative market effects accounted for a reduction of CHF 7.5 billion, partially offset by net new assets of CHF 2.7 billion (representing annualised growth of 6.4%).

- At CHF 2.7 billion, the level of net new assets in the first half remained healthy, albeit below the target of double digit-growth.

REVIEW OF BUSINESS

Continued strong performance from most private banking businesses

The Americas and Asia businesses continued to achieve strong growth during the first half of 2011, each growing revenues and profits by over 20% in local currency terms. The UK business likewise delivered double-digit profit growth. In Europe, while most constituent businesses delivered positive performances on a constant currency basis, overall performance was below expectations.

Good progress at EFG Asset Management

EFG Asset Management made encouraging progress in supporting CROs, with managed account assets up circa 20%, funds up over 70%, and overall revenue contribution up close to 40% year-on-year. The business is projecting strong growth in revenues for the full year.

Despite challenging market conditions, particularly following events in Japan in March 2011, EFG Financial Products continued to develop strongly, with revenues up 35% and product volume up 50% year-on-year. Given the significant investments made in previous years, EFG Financial Products is expected to continue to grow revenues significantly while curtailing expansion of the cost base.

Heightened emphasis on CRO productivity.

The number of CROs stood at 660 as at end-June 2011, down 5 year-on-year and down 15 compared to end-2010. This reflects a heightened emphasis on productivity, with under-performance among more recent CRO hires being addressed as part of an ongoing management process. We continue to recruit selectively CROs where there is a strong conviction they will be profitable in relatively short order.

Outlook and business review

Most of EFG International's businesses continue to perform strongly in local currency terms. As previously announced, we expect the business to achieve a core net profit for 2011 in the range of CHF 140 million – CHF 160 million (IFRS net profit: CHF 110 – 130 million), compared to a target of CHF 200 million set before the recent significant strengthening of the Swiss franc. While this represents a solid foundation on which to build, it does not appropriately reflect the business' potential to create shareholder value.

Prior to announcing the results of the ongoing business review in October, we would like to make a number of points:

– There will be a clear focus on private banking going forward. This is an area where EFG International has real competitive strengths, as evidenced by its track record of net new business generation. However, these have been obscured in recent years by unsuccessful investments outside EFG International's core private banking business.

– Asset management is an integral part of private banking, and EFG Asset Management has an essential role to play in serving CROs and clients. EFG Asset Management (including EFG Financial Products) will continue to develop organically certain specialist niches, with an emphasis on areas where there are synergies with private banking.

– In relation to CRO recruitment, we recognise that EFG International has paid a price for aggressive growth, with CRO numbers rising from 226 at the time of its IPO in October 2005 to 660 as at end-June 2011. This represents a medium-term opportunity, but a drag on short-term performance, with current productivity below industry norms. As a result, the total number of CROs is unlikely to increase at previously forecast levels, on account of natural turnover and retirements, as well as addressing under-performing CROs. From now on, there will be a stronger focus on enhancing CRO productivity, in the process driving growth on a cost-effective basis, supplemented by an ongoing process of quality hires.

– EFG International will be revisiting the scale and composition of its international network, which is extensive relative to its size. It is examining current levels of profitability in each location, as well as competitive positioning and the capacity for growth.

We intend to announce, in mid-October, the actions the business will be taking to enhance profitability and to position itself more effectively to deliver disciplined, profitable growth.

Jean Pierre Cuoni,
Chairman of the Board

John Williamson,
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Note	Half year ended 30 June 2011 CHF millions	Half year ended 31 December 2010 CHF millions	Half year ended 30 June 2010 CHF millions
Interest and discount income		**213.9**	206.7	201.0
Interest expense		**(91.3)**	(83.2)	(74.0)
Net interest income	5	**122.6**	123.5	127.0
Banking fee and commission income		**303.8**	300.9	309.6
Banking fee and commission expense		**(60.9)**	(53.9)	(60.3)
Net banking fee and commission income	6	**242.9**	247.0	249.3
Dividend income	7	**17.0**	1.4	8.2
Net trading income	8	**15.6**	34.9	32.5
Net (loss)/gain from financial instruments designated at fair value	9	**(10.5)**	5.3	(523.1)
Gains less losses from investment securities	10	**4.5**	6.0	10.1
Other operating income		**3.9**	(0.3)	3.7
Net other income/(loss)		**30.5**	47.3	(468.6)
Operating income/(loss)		**396.0**	417.8	(92.3)
Operating expenses	11	**(335.4)**	(368.6)	(348.9)
Reversal of impairment on loans and advances to customers				4.3
Impairment of intangible assets				(378.8)
Impairment on financial assets held-to-maturity			(4.4)	
Loss on disposal of subsidiary				(23.5)
Profit/(loss) before tax		**60.6**	44.8	(839.2)
Income tax (expense)/gain	13	**(2.9)**	34.4	(8.7)
Net profit/(loss) for the period		**57.7**	79.2	(847.9)
Net profit/(loss) for the period attributable to:				
Net profit/(loss) attributable to owners of the Group		**55.9**	77.4	(799.2)
Net profit attributable to non-controlling interests		**1.8**	1.8	
Net loss attributable to non-controlling interests				(48.7)
		57.7	79.2	(847.9)

		CHF	CHF	CHF
Earnings per ordinary share				
Basic	19	**0.35**	0.51	(6.03)
Diluted	20	**0.34**	0.51	(6.03)

The notes on pages 15 to 27 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Half year ended 30 June 2011 CHF millions	Half year ended 31 December 2010 CHF millions	Half year ended 30 June 2010 CHF millions
Net profit/(loss) for the period	**57.7**	79.2	(847.9)
Other comprehensive (loss)/income			
Fair value losses on available-for-sale investment securities, before tax	(1.8)	(1.5)	(50.9)
Amortisation of available-for-sale reserve, transferred to income statement, before tax	4.8	3.5	
Fair value losses on available-for-sale investment securities, before tax, allocated to non-controlling interests	(0.4)	(11.3)	
Realised available-for-sale investment securities reserve, transferred to income statement, before tax	(4.1)	(6.0)	(10.1)
Tax effect on changes in fair value of available-for-sale investment securities	(1.4)	2.9	(1.0)
Currency translation differences, before tax	(71.4)	(99.6)	14.6
Tax effect on currency translation differences		(0.2)	0.2
Other comprehensive loss for the period, net of tax	**(74.3)**	(112.2)	(47.2)
Total comprehensive loss for the period	**(16.6)**	(33.0)	(895.1)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Group	(17.2)	(18.0)	(847.9)
Non-controlling interests	0.6	(15.0)	(47.2)
	(16.6)	(33.0)	(895.1)

The notes on pages 15 to 27 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2011

	Note	30 June 2011 CHF millions	31 December 2010 CHF millions
ASSETS			
Cash and balances with central banks		**446.8**	711.8
Treasury bills and other eligible bills		**2,023.1**	2,037.8
Due from other banks		**2,354.6**	2,227.1
Loans and advances to customers		**8,845.9**	8,957.8
Derivative financial instruments		**291.3**	353.8
Financial assets at fair value:			
Trading Assets		**689.6**	624.7
Designated at inception		**319.8**	370.8
Investment securities:			
Available-for-sale		**3,947.1**	3,690.3
Held-to-maturity		**1,000.5**	1,024.5
Intangible assets	14	**547.4**	578.8
Property, plant and equipment		**44.1**	47.5
Deferred income tax assets		**51.0**	54.2
Other assets		**394.5**	214.1
Total assets		**20,955.7**	20,893.2
LIABILITIES			
Due to other banks		**764.4**	337.8
Due to customers		**13,965.0**	14,904.4
Derivative financial instruments		**548.8**	633.8
Financial liabilities designated at fair value		**459.5**	486.7
Other financial liabilities		**3,462.0**	2,863.0
Current income tax liabilities		**6.6**	10.8
Deferred income tax liabilities		**56.6**	58.1
Other liabilities		**422.4**	299.9
Total liabilities		**19,685.3**	19,594.5
EQUITY			
Share capital		**73.1**	73.1
Share premium		**1,154.0**	1,153.8
Other reserves		**(21.2)**	42.6
Retained earnings		**41.1**	6.4
		1,247.0	1,275.9
Non-controlling interests		**23.4**	22.8
Total shareholders' equity		**1,270.4**	1,298.7
Total equity and liabilities		**20,955.7**	20,893.2

The notes on pages 15 to 27 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Attributable to equity holders of the Group					Non-controlling interests	Total Equity
	Share capital CHF millions	Share premium CHF millions	Other reserves CHF millions	Retained earnings CHF millions	Total CHF millions	CHF millions	CHF millions
Balance at 1 January 2010	73.2	1,157.4	160.1	762.0	2,152.7	85.6	2,238.3
Net loss for the period				(799.2)	(799.2)	(48.7)	(847.9)
Currency translation differences, net of tax			13.3		13.3	1.5	14.8
Fair value losses on available-for-sale investment securities, net of tax			(62.0)		(62.0)		(62.0)
Total comprehensive loss for the period recognised in other comprehensive income	-	-	(48.7)	(799.2)	(847.9)	(47.2)	(895.1)
Dividend paid on ordinary shares				(13.4)	(13.4)		(13.4)
Dividend paid on Bons de Participation				(11.7)	(11.7)		(11.7)
Net distribution to non-controlling interests					-	(0.4)	(0.4)
Ordinary shares sold		0.2			0.2		0.2
Ordinary shares repurchased	(0.1)	(4.0)			(4.1)		(4.1)
Employee equity incentive plans			10.9		10.9		10.9
Balance at 30 June 2010	73.1	1,153.6	122.3	(62.3)	1,286.7	38.0	1,324.7
Net profit for the period				77.4	77.4	1.8	79.2
Currency translation differences, net of tax			(94.3)		(94.3)	(5.5)	(99.8)
Fair value losses on available-for-sale investment securities, net of tax			(1.1)		(1.1)	(11.3)	(12.4)
Total comprehensive income/(loss) for the period recognised in other comprehensive income	-	-	(95.4)	77.4	(18.0)	(15.0)	(33.0)
Dividend paid on Bons de Participation				(8.7)	(8.7)		(8.7)
Net distribution to non-controlling					-	(0.2)	(0.2)
Ordinary shares sold		0.2			0.2		0.2
Employee equity incentive plans			15.7		15.7		15.7
Balance at 31 December 2010	73.1	1,153.8	42.6	6.4	1,275.9	22.8	1,298.7
Net profit for the period				55.9	55.9	1.8	57.7
Currency translation differences, net of tax			(70.6)		(70.6)	(0.8)	(71.4)
Fair value losses on available-for-sale investment securities, net of tax			(2.5)		(2.5)	(0.4)	(2.9)
Total comprehensive income/(loss) for the period recognised in other comprehensive income	-	-	(73.1)	55.9	(17.2)	0.6	(16.6)
Dividend paid on ordinary shares				(13.4)	(13.4)		(13.4)
Dividend paid on Bons de Participation				(7.8)	(7.8)		(7.8)
Ordinary shares sold		0.2			0.2		0.2
Employee equity incentive plans			9.3		9.3		9.3
Balance at 30 June 2011	**73.1**	**1,154.0**	**(21.2)**	**41.1**	**1,247.0**	**23.4**	**1,270.4**

The notes on pages 15 to 27 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Half year ended 30 June 2011 CHF millions	Half year ended 30 June 2010 CHF millions
Net cash flows from operating activities	83.7	109.8
Net changes in operating assets and liabilities	(42.0)	(69.9)
Net cash flows used in investing activities	(459.6)	(281.4)
Net cash flows from financing activities	661.3	847.4
Effect of exchange rate changes on cash and cash equivalents	(151.9)	26.2
Net change in cash and cash equivalents	**91.5**	632.1
Cash and cash equivalents at beginning of period	2,914.8	3,940.2
Net change in cash and cash equivalents	91.5	632.1
Cash and cash equivalents	**3,006.3**	4,572.3

Cash and cash equivalents

Cash and cash equivalents comprise the following balances with less than 90 days maturity:

	30 June 2011 CHF millions	30 June 2010 CHF millions
Cash and balances with central banks	446.8	836.9
Treasury bills and other eligible bills	566.7	1,164.5
Due from other banks	1,992.8	2,570.9
Cash and cash equivalents	**3,006.3**	4,572.3

The notes on pages 15 to 27 form an integral part of these condensed consolidated interim financial statements.

1. GENERAL INFORMATION

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's parent company is EFG International AG, which is a limited liability company incorporated and domiciled in Switzerland and listed on the SIX Swiss Exchange.

This condensed consolidated interim financial information was approved for issue on 26 July 2011.

2. ACCOUNTING POLICIES AND VALUATION PRINCIPLES

EFG International's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and stated in Swiss francs (CHF).

These condensed consolidated interim financial statements are presented in accordance with IAS 34 'Interim Financial Reporting'. In preparing the interim financial statements, the same accounting principles and methods of computation are applied as in the financial statements on 31 December 2010 and for the year then ended except for the changes set out below.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

These condensed consolidated interim financial statements are unaudited and should be read in conjunction with the audited financial statements included in the Group's annual report for 2010.

The revised standards considered in the preparation of these condensed consolidated interim financial statements include:
– *IAS 24 (revised), 'Related party disclosures',* issued in November 2009, and is mandatory for periods beginning on or after 1 January 2011.
The revised standard clarifies and simplifies the definition of a related party. The Group is applying the revised standard from 1 January 2011 and it did not have a significant impact on the Group's disclosures.

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group:

– *IFRS 9, 'Financial Instruments',* issued in November 2009, is the first step in the process to replace IAS 39 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. This standard is the first step in the process to replace IAS 39 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.
The Group is yet to assess IFRS 9's full impact. However, initial indications are that it will affect the Group's accounting for financial assets currently recognised as Available-for-sale or Held-to-maturity. IFRS 9 requires financial assets to be classified and subsequently measured at either amortised cost or fair value on the basis of both the entity's business model for managing the financial assets and their contractual cash flow characteristics. Gains or losses on financials assets measured at fair value shall be recognised in Income Statement unless they are part of a hedging relationship or are investments in an equity instrument and that the entity has elected to present gains or losses in Other comprehensive income. Refer to notes 4.2.1 and 4.2.2 of the Group's 2010 Consolidated Financial Statements.
At the end of October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Most of the added requirements were carried forward unchanged from IAS 39. However, the requirements related to the fair value option for financial liabilities were changed to address the issue of own credit risk in response to consistent feedback from users of financial statements and others that the effects of changes in a liability's credit risk ought not to affect profit or loss unless the liability is held for trading.

The amendment includes guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit and loss. Entities with financial liabilities designated at fair value through profit and loss recognise changes in the fair value due to changes in the liability's credit risk directly in Other comprehensive income. There is no subsequent recycling of the amounts in Other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

– *IAS 19, 'Employee Benefits (amended)',* issued in June 2011. This standard shall apply from 1 January 2013 but earlier application is permitted. The Group is yet to assess the full impact. However, initial indications are that it will affect the Group's accounting for employee benefits as it removes the "Corridor Approach". Refer to note 40 of the Group's 2010 Consolidated Financial Statements.

3. FINANCIAL RISK ASSESSMENT AND MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for 2010. There have been no significant changes in the risk management organisation or in the risk management policies since 31 December 2010.

3.1 CREDIT RISK

Credit risk refers to the possibility that a financial loss will occur as a result of a borrower's or counterparty's deteriorating creditworthiness and/or inability to meet its financial obligations. The Group's credit risk exposure is comparatively low because its primary credit exposures relate to loans collateralised by securities portfolios and by mortgages, or to rated financial institutions.

3.2 MARKET RISK

Market risk refers to fluctuations in interest rates, exchange rates, share prices and commodity prices. Market risk derives from trading in treasury and investment market products which are priced daily; as well as from more traditional banking business, such as loans.

The Group engages in trading of securities, derivatives, foreign exchange, money market paper and commodities on behalf of its clients. This business is conducted primarily out of dealing rooms in Geneva, Zurich, Cayman, Hong Kong, London and Monaco.

The Group does not engage in proprietary trading in securities other than its holding of fixed income securities and life insurance policies in its banking book and equities and commodities held as part of EFG Financial Products AG's hedging activities. The Group maintains small proprietary positions in foreign exchange instruments.

Due to the nature of the Group's business and the absence of any meaningful proprietary trading activities, the market risk resulting from trading positions is limited compared to overall market risk. The largest market risk exposures relate to currency risk in connection with the capital of our subsidiaries that are denominated in local currencies and the valuation of life insurance policies.

IFRS 7 amended requires classification of financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining the valuations. The fair value hierarchy has the following levels:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group did not transfer any asset between levels in the period.

3.3 LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn. The Group manages its liquidity risk in such a way as to ensure that sufficient liquidity is available to meet its commitments to clients, both in demand for loans and repayments of deposits, and to satisfy its own cash flow needs.

In comparison to 31 December 2010, there are no material changes in the liquidity profile of the Group.

4. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	30 June 2011 CHF millions	31 December 2010 CHF millions	30 June 2010 CHF millions
Character of client assets			
Equities	**19,941**	22,943	22,840
Deposits	**16,080**	17,009	18,371
Bonds	**14,194**	14,722	14,615
Loans	**9,216**	9,290	9,117
Structured notes	**8,321**	7,846	9,208
Hedge funds/Funds of Hedge funds	**6,207**	7,069	8,272
Fiduciary deposits	**2,647**	2,695	3,113
EFG International shares	**863**	1,178	1,219
Other	**3,392**	3,209	2,010
Total Assets under Management	**80,861**	85,961	88,765
Total Assets under Administration	**8,367**	6,834	9,388
Total	**89,228**	92,795	98,153

Assets under Administration are trust assets administered by the Group.

5. NET INTEREST INCOME

	Half year ended 30 June 2011 CHF millions	Half year ended 31 December 2010 CHF millions	Half year ended 30 June 2010 CHF millions
Interest and discount income			
Banks and customers	**126.1**	123.8	114.2
Treasury bills and other eligible bills	**4.9**	3.0	0.4
Financial assets at fair value	**20.6**	26.2	34.7
Available-for-sale investment securities	**34.1**	33.4	45.5
Held-to-maturity securities	**28.2**	20.3	6.2
Total interest and discount income	**213.9**	206.7	201.0
Interest expense			
Banks and customers	**(69.2)**	(48.3)	(46.7)
Financial liabilities	**(22.1)**	(34.9)	(27.3)
Total interest expense	**(91.3)**	(83.2)	(74.0)
Net interest income	**122.6**	123.5	127.0

6. NET BANKING FEE AND COMMISSION INCOME

Banking fee and commission income			
Securities and investment activities commission	**260.6**	255.7	264.3
Other services commission	**42.4**	45.1	45.3
Lending activities commission	**0.8**	0.1	
Total banking fee and commission income	**303.8**	300.9	309.6
Commission expenses	**(60.9)**	(53.9)	(60.3)
Net banking fee and commission income	**242.9**	247.0	249.3

7. DIVIDEND INCOME

Trading assets	**15.9**	1.3	7.1
Available-for-sale investment securities	**1.1**	0.1	1.1
Dividend income	**17.0**	1.4	8.2

8. NET TRADING INCOME

Foreign exchange	**31.3**	32.3	31.8
Equity securities	**(15.7)**	2.6	0.7
Net trading income	**15.6**	34.9	32.5

9. NET (LOSS)/GAIN FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

	Half year ended 30 June 2011 CHF millions	Half year ended 31 December 2010 CHF millions	Half year ended 30 June 2010 CHF millions
Equity securities	(2.3)	(1.0)	0.2
Interest rate instruments	0.2	(0.1)	(4.4)
Life insurance securities	(8.4)	(10.4)	(19.5)
Other gains/(losses)		16.8	(499.4)
Net (loss)/gain from financial instruments designated at fair value	**(10.5)**	5.3	(523.1)

10. GAINS LESS LOSSES FROM INVESTMENT SECURITIES

Gain on disposal of available-for-sale investment securities – transfer from Equity			
Debt securities	4.5	6.2	5.2
Life insurance securities		(0.2)	4.9
Gains less losses from investment securities	**4.5**	6.0	10.1

11. OPERATING EXPENSES

Staff costs (note 12)	(227.3)	(245.1)	(228.8)
Operating lease rentals	(17.2)	(16.9)	(21.5)
IT service and maintenance expenses	(12.2)	(12.8)	(12.3)
Audit and consulting services	(9.4)	(15.3)	(13.7)
Administration charges	(9.4)	(11.1)	(8.8)
Travel and entertainment costs	(8.6)	(10.3)	(9.4)
Legal expenses and provisions	(6.0)	(9.0)	(4.0)
Advertising and marketing	(5.4)	(6.5)	(4.3)
Communication expenses	(5.3)	(5.0)	(6.2)
Other operating costs	(15.7)	(14.0)	(11.8)
Depreciation of property, plant and equipment	(7.5)	(7.5)	(7.9)
Amortisation of intangible assets:			
Computer software and licences	(4.0)	(3.5)	(3.0)
Other intangible assets	(7.4)	(11.6)	(17.2)
Operating expenses	**(335.4)**	(368.6)	(348.9)

12. STAFF COSTS

	Half year ended 30 June 2011 CHF millions	Half year ended 31 December 2010 CHF millions	Half year ended 30 June 2010 CHF millions
Wages, salaries and staff bonuses	(188.8)	(200.8)	(179.0)
Social security costs	(15.4)	(13.2)	(14.9)
Pension costs	(2.9)	(6.3)	(11.2)
Employee equity incentive plans	(9.3)	(15.8)	(10.8)
Other	(10.9)	(9.0)	(12.9)
Staff costs	**(227.3)**	(245.1)	(228.8)

13. INCOME TAX

Current income tax gain/(expense)	(3.2)	15.9	(8.4)
Deferred tax gain/(expense)	(0.3)	18.5	(0.3)
Income tax gain/(expense)	**(2.9)**	34.4	(8.7)

14. INTANGIBLE ASSETS

	30 June 2011 CHF millions	31 December 2010 CHF millions
Computer software and licences	16.7	16.0
Other intangible assets and goodwill	530.7	562.8
Intangible assets	**547.4**	578.8

15. SEGMENTAL REPORTING

The Group's segmental reporting is based on how internal management reviews the performance of the Group's operations. The primary split is between Private Banking and Asset Management.

The Private Banking business is managed on a regional basis and is thus split into Asia, Americas, Europe excluding the United Kingdom ("Europe excluding UK") and the United Kingdom. The Asian region includes Hong Kong, Singapore, Taiwan, India and Dubai. The Americas region includes the United States of America, Canada, Bahamas and Cayman. Europe excluding UK mainly includes Switzerland, Sweden, France, Gibraltar, Luxembourg, Monaco and Spain.

The Asset Management segment mainly includes EFG Asset Management and EFG Financial Products. These are reported as a single segment as they are considered to have similar economic characteristics and provide similar products and services (though provide these products and services to different markets and customer groups).

The basis for expense allocation between segments follows the arm's length principle.

	Private Banking and Wealth Management						Asset Management	Corporate Overheads	Eliminations*	Total
	Europe excluding UK									
CHF millions	Switzerland	Rest of Europe	Americas	United Kingdom	Asia	Total				
Half year ended 30 June 2011										
Segment revenue from external customers	81.5	96.6	37.1	68.2	53.4	336.8	76.5	6.6	(23.9)	396.0
Segment expenses	(71.5)	(61.6)	(33.4)	(47.5)	(42.7)	(256.7)	(53.6)	(14.7)	8.5	(316.5)
Tangible assets and software depreciation	(4.3)	(1.4)	(0.5)	(0.7)	(1.0)	(7.9)	(3.3)	(0.3)		(11.5)
Amortisation of acquisition related intangibles		(5.8)	(0.4)	(1.0)	(0.2)	(7.4)				(7.4)
Segment profit before tax	5.7	27.8	2.8	19.0	9.5	64.8	19.6	(8.4)	(15.4)	60.6
Income tax (expense)/gain		(0.4)	0.9	(3.0)	(2.4)	(4.9)	0.1	1.9		(2.9)
Net profit/(loss) for the period	5.7	27.4	3.7	16.0	7.1	59.9	19.7	(6.5)	(15.4)	57.7
Net loss/(profit) attributable to non-controlling interests		0.3			0.2	0.5	(2.3)			(1.8)
Net profit/(loss) attributable to owners of the Group	**5.7**	**27.7**	**3.7**	**16.0**	**7.3**	**60.4**	**17.4**	**(6.5)**	**(15.4)**	**55.9**
Segment assets	13,813.2	3,144.3	1,558.4	5,039.4	6,986.0	30,541.3	4,470.9	1,191.4	(15,247.9)	20,955.7
Segment liabilities	13,498.9	2,632.7	1,555.5	4,745.3	6,933.8	29,366.2	4,380.5	1,186.5	(15,247.9)	19,685.3
Assets under management	17,697	18,215	11,357	15,186	13,119	75,574	4,424	863		80,861
Employees	555	441	263	505	464	2,228	301	20		2,549

	Private Banking and Wealth Management						Asset Management	Corporate Overheads	Eliminations*	Total
	Europe excluding UK									
CHF millions	Switzerland	Rest of Europe	Americas	United Kingdom	Asia	Total				
Half year ended 31 December 2010										
Segment revenue from external customers	86.9	101.2	33.5	56.2	49.3	327.1	93.8	5.2	(8.3)	417.8
Segment expenses	(65.1)	(81.0)	(33.6)	(45.1)	(39.7)	(264.5)	(58.6)	(22.9)		(346.0)
Tangible assets and software depreciation	(4.1)	(1.9)	(0.8)	(1.0)	(0.9)	(8.7)	(2.1)	(0.2)		(11.0)
Amortisation of acquisition related intangibles		(9.8)	(0.6)	(0.9)	(0.3)	(11.6)				(11.6)
Reversal of impairment/(impairment) on loans and advances to customers		0.3		(0.3)		-				-
Impairment on financial assets held-to-maturity		(4.4)				(4.4)				(4.4)
Segment profit before tax	17.7	4.4	(1.5)	8.9	8.4	37.9	33.1	(17.9)	(8.3)	44.8
Income tax (expense)/gain	9.6	6.2	(0.9)	7.1	(2.4)	19.6	7.8	7.0		34.4
Net profit/(loss) for the period	27.3	10.6	(2.4)	16.0	6.0	57.5	40.9	(10.9)	(8.3)	79.2
Net loss/(profit) attributable to non-controlling interests		1.4			0.1	1.5	(3.3)			(1.8)
Net profit/(loss) attributable to owners of the Group	**27.3**	**12.0**	**(2.4)**	**16.0**	**6.1**	**59.0**	**37.6**	**(10.9)**	**(8.3)**	**77.4**
Segment assets	12,727.5	2,826.8	1,291.0	4,663.8	6,913.3	28,422.4	3,470.2	1,182.9	(12,182.3)	20,893.2
Segment liabilities	12,476.3	2,466.3	1,661.6	4,256.8	6,884.7	27,745.7	3,399.1	632.0	(12,182.3)	19,594.5
Assets under management	18,626	19,865	12,762	15,478	14,158	80,889	3,894	1,178		85,961
Employees	529	455	243	484	457	2,168	274	20		2,462

	Private Banking and Wealth Management						Asset Manage-ment	Cor-porate Over-heads	Elimi-nations*	Total
	Europe excluding UK									
CHF millions	Switzerland	Rest of Europe	Americas	United Kingdom	Asia	Total				
Half year ended 30 June 2010										
Segment revenue from external customers	90.8	101.2	38.1	61.9	50.6	342.6	(433.1)	6.1	(7.9)	(92.3)
Segment expenses	(67.5)	(69.7)	(31.4)	(47.0)	(39.1)	(254.7)	(68.3)	(21.3)		(344.3)
Tangible assets and software depreciation	(3.9)	(1.9)	(0.8)	(0.7)	(1.2)	(8.5)	(2.1)	(0.3)		(10.9)
Amortisation of acquisition related intangibles		(6.3)	(0.4)	(1.0)	(0.2)	(7.9)	(9.3)			(17.2)
Reversal of impairment/ (impairment) on loans and advances to customers	4.0			(0.3)	0.6	4.3				4.3
Impairment on intangible assets		(168.2)				(168.2)	(210.6)			(378.8)
Segment profit before tax	23.4	(144.9)	5.5	12.9	10.7	(92.4)	(723.4)	(15.5)	(7.9)	(839.2)
Income tax (expense)/gain	(4.5)	2.7		(3.1)	(1.5)	(6.4)	(4.1)	1.8		(8.7)
Net profit/(loss) for the period	18.9	(142.2)	5.5	9.8	9.2	(98.8)	(727.5)	(13.7)	(7.9)	(847.9)
Net loss/(profit) attributable to non-controlling interests		0.8			0.1	0.9	47.8			48.7
Net profit/(loss) attributable to owners of the Group	**18.9**	**(141.4)**	**5.5**	**9.8**	**9.3**	**(97.9)**	**(679.7)**	**(13.7)**	**(7.9)**	**(799.2)**
Segment assets	14,246.2	2,950.6	1,402.4	5,168.5	6,371.1	30,138.8	2,796.2	1,371.4	(12,804.2)	21,502.2
Segment liabilities	13,218.1	2,611.9	1,794.5	4,855.8	6,353.5	28,833.8	3,174.5	973.4	(12,804.2)	20,177.5
Assets under management	19,960	20,025	14,140	16,112	12,731	82,968	4,578	1,219		88,765
Employees	512	422	274	497	440	2,145	241	23		2,409

** External revenues from clients have been recognised in both the Asset Management and Private Banking segments related to asset management mandates for private banking clients. This double count is eliminated to reconcile to the total operating income.*

16. CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2011 CHF millions	31 December 2010 CHF millions
Guarantees issued in favour of third parties	302.7	315.9
Irrevocable commitments	108.6	154.7
Total	**411.3**	470.6

17. LEGAL PROCEEDINGS

The Group is involved in various legal proceedings in the course of normal business operations. The Group establishes provisions for current and threatened pending legal proceedings if management is of the opinion that the Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reasonably estimated.

A bank account of the Group with a balance of CHF 16.0 million has been blocked as a result of an arrangement with a client. The client raised a complaint relating to an investment product. An arrangement with the client has been reached pending the valuation at maturity of the investment product in 2012. The Group believes it has strong defences to any potential legal action and intends to defend the case vigorously if a formal proceeding is initiated.

The Group is engaged in litigation proceedings in Switzerland linked to fraudulently approved contracts where claims have been brought for a net exposure of approximately EUR 26 million. The Group is defending the cases vigorously and it is not practicable to estimate the Group's possible loss in relation to these matters.

A class action lawsuit is pending in the United States District Court for the Southern District of New York against a subsidiary of the Group, claiming that the Group failed to exercise appropriate due diligence in relation to the purchase of the Fairfield Sentry fund by clients. The lawsuit alleges damages of USD 130 million. The Group is vigorously defending the case and believes it has strong defences.

Several entities in the Group have been named as defendants in lawsuits by the liquidators of Fairfield Sentry Ltd. and Fairfield Sigman Ltd. in the US Bankruptcy Court for the Southern District of New York asserting that redemption payments received by the Group entities on behalf of clients should be returned to Fairfield Sentry Ltd. and Fairfield Sigma Ltd. The amount claimed is uncertain, but the Group believes the amount claimed is approximately USD 160 million. The Group entities are vigorously defending the cases and believe they have strong defences to the claims.

The Group does not expect the ultimate resolution of any of the proceedings to which the Group is party to have a significantly adverse effect on its financial position.

18. DIVIDEND PER SHARE

At the Annual General Meeting on 27 April 2011 a dividend in respect of 2010 of CHF 0.10 (2009: CHF 0.10) per share amounting to CHF 13.4 million (2009: CHF 13.4 million) was approved.

	Half year ended 30 June 2011 CHF millions	Half year ended 31 December 2010 CHF millions	Half year ended 30 June 2010 CHF millions
Dividends on ordinary shares			
CHF 0.10 per share related to 2010 paid in 2011	13.4		
CHF 0.10 per share related to 2009 paid in 2010			13.4
	13.4		13.4
Dividends on Bons de Participation			
For the period 1 November 2010 to 30 April 2011 at 3.035%	7.8		
For the period 1 May 2010 to 30 October 2010 at 3.5%		9.6	
For the period 1 November 2009 to 30 April 2010 at 3.795%			10.8
	7.8	9.6	10.8

19. BASIC EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2011 CHF millions	Half year ended 31 December 2010 CHF millions	Half year ended 30 June 2010 CHF millions
Net profit/(loss) for the period	55.9	77.4	(799.2)
Estimated pro-forma dividend on Bons de Participation	(8.4)	(8.8)	(10.6)
Net profit/(loss) for the period attributable to ordinary shareholders	47.5	68.6	(809.8)
Weighted average number of ordinary shares – *000's of shares*	134,270	134,277	134,348
Basic earnings/(loss) per ordinary share in CHF	0.35	0.51	(6.03)

Basic earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares owned by the Group amounting to 12,399,875. For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by an estimated, pro-forma accrued dividend on the Bons de Participation. The latter has been computed by using a dividend rate from 1 January 2011 until 30 April 2011 of 3.035% and 3.858% from 1 May 2011 until 30 June 2011.

20. DILUTED EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2011 CHF millions	Half year ended 31 December 2010 CHF millions	Half year ended 30 June 2010 CHF millions
Net profit/(loss) for the period	55.9	77.4	(799.2)
Estimated pro-forma dividend on Bons de Participation	(8.4)	(8.8)	(10.6)
Net profit/(loss) for the period attributable to ordinary shareholders	47.5	68.6	(809.8)
Diluted-weighted average number of ordinary shares			
– *000's of shares*	140,276	134,277	134,348
Diluted earnings/(loss) per ordinary share in CHF	0.34	0.51	(6.03)

In the period pursuant to its employee equity incentive plans, the Group issued 804,764 restricted stock units (2010: 874,791 restricted stock units and share options) of EFG International, which increase the diluted-weighted average number of ordinary shares of EFG International by 6,006,003 shares to 140,276,127 shares.

21. EMPLOYEE EQUITY INCENTIVE PLANS

In the period the Group has granted 804,764 restricted stock units. There are two classes, one with a 3 year lock-up and vesting period and another with a 5 year lock-up and 3 year vesting period.

22. RELATED PARTY TRANSACTIONS

A limited number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and provision of services. The total assets positions with related parties amounted to CHF 69.9 million at the end of June 2011 (December 2010: CHF 85.8 million).
No provisions have been recognised in respect of loans given to related parties (2010: Nil).

On 24 June 2011 an Agreement was reached between the Chief Executive Officer at that date ("the former CEO") and EFG International AG. Under the 24 June 2011 Agreement, the amounts to be paid have been attributed such that the former CEO is entitled firstly from 1 July 2011 until 30 June 2013 to CHF 3 million per annum paid throughout the period as long as he provides services to EFG International AG at its request and does not compete in any respect with EFG International AG activities and interests, and secondly to his salary until the end of 2011 and to no change in the vesting period of his restricted stock units; a total charge of CHF 3.6 million was recorded in this respect in June 2011.

23. POST BALANCE SHEET EVENTS – SIGNIFICANT EVENTS AND TRANSACTIONS

On 21 July 2011 the "Council of the European Union" issued a "Statement by the Heads of State or Government of the Euro Area and EU Institutions". Subsequently the Institute of International Finance announced a Financing Offer for Greece containing a voluntary program of debt exchange and a buyback plan developed by the Greek government. In summary, the program involves an exchange of existing Greek government bonds into a combination of four instruments together with the Greek Debt Buyback Facility.

At the end of June 2011 EFG International carried two available-for-sale investment securities, represented by credit linked notes (referencing a holding by an unrelated party of two Greek Government bonds with maturity 2015 and 2024 as collateral). These bonds are valued at approximately 50% of notional value as at 30 June 2011 (the carrying value of the notes was CHF 44.1 million at 30 June 2011 with a negative reserve in equity of CHF 47.4 million). The credit linked note will continue to pay the coupon unless there is a credit event. As no credit event has occurred, EFG International has not recorded any impairment ("recycling of equity reserve to the Income Statement") and will assess the impact, if any, of the voluntary program in light of the future developments.

24. BOARD OF DIRECTORS

The Board of Directors of EFG International AG comprises:

Jean Pierre Cuoni*	Chairman
Emmanuel L. Bussetil	
Erwin Richard Caduff*	
Spiro J. Latsis	
Hugh Napier Matthews*	
Hans Niederer*	
Pericles Petalas	

* independent directors.

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