

EFG International reports first-half 2011 results

Zurich, 27 July 2011 - EFG International made a core net profit* of CHF 72.6 million (IFRS net profit of CHF 55.9 million) in the first half of 2011, compared with CHF 88.4 million a year earlier. Core operating income was slightly lower at CHF 396.0 million versus CHF 407.1 million a year earlier; 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; both these reductions more than accounted for by adverse currency movements. Net new assets were CHF 2.7 billion for the first half of 2011, representing annualised growth of 6.4%.

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.

During the first half of 2011, conditions remained challenging on account of economic uncertainty and the further strengthening of the Swiss franc. 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. 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 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. 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%). The level of net new assets in the first half remained healthy, albeit below the target of double-digit growth.

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.

* 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.

Overview of key results (unaudited)	H1 2011	Change vs. H1 2010
Core operating income	CHF 396.0 m	Down 3%
Core operating expenses	CHF 318.7 m	Down 1%
Core net profit	CHF 72.6 m	Down 18%
Core cost-income ratio	82.8%	Up from 81.5%
IFRS net profit	CHF 55.9 m	Up from CHF (799.2m)
Revenue-generating AuM	CHF 80.0 bn	Down 9%
Net new assets	+ CHF 2.7 bn	Down from CHF 6.3bn
Core revenue margin (in % of AuM)	0.95%	Up from 0.92%
BIS capital ratio	14.4%	Up from 13.0%
CROs	660	Down 5

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. EFG International continues 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, EFG International expects 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.

EFG International intends to announce, in mid-October, the actions it will be taking to enhance profitability and to position the business more effectively to deliver disciplined, profitable growth. At this stage, however, a number of points can be made:

- 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, EFG International recognises that it 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.

John Williamson, Chief Executive Officer, EFG International:

- "We have a strong core business at EFG International – and therefore an excellent base on which to build. To some extent, these core virtues have been overshadowed by the speed and diversity of the organisation's growth post-IPO, and in turn compounded by extremely challenging market conditions. The group-wide leadership team is fully committed to addressing the issues which confront us, and we look forward to jointly delivering our revised goal of controlled, profitable growth, emphasising shareholder value."

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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 press release 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.

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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 over 50 locations in 30 countries, with circa 2,500 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 2011 results

At 9.30 am CET on Wednesday 27 July 2011, management of EFG International will present and discuss the results at a meeting for analysts, investors and media representatives.

EFG International's half-year 2011 results will be presented by:

- John Williamson, Chief Executive Officer (CEO)
- Jean-Christophe Pernollet, Chief Financial Officer (CFO)
- Lukas Ruffin, Deputy Chief Executive Officer (Deputy CEO)

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 10 minutes before the start of the presentation and ask for "EFG International half-year 2011 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 27, 2011 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 11951 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 2011 (unaudited)

<i>(in CHF millions unless otherwise stated)</i>	30 June 2011	31 December 2010	30 June 2010	Change vs. 30 June 2010	Change vs. 31 December 2010
Clients Assets under management (AUM)	80,861	85,961	88,765	-9%	-6%
AUM excluding shares of EFG International	79,998	84,783	87,546	-9%	-6%
Assets under administration	8,367	6,834	9,388	-11%	22%
Number of Client Relationship Officers	660	675	665	-1%	-2%
Number of Employees	2,549	2,462	2,409	6%	4%

Consolidated Income Statement as at 30 June 2011 (unaudited)

<i>(in CHF millions)</i>	Half-year ended 30 June 2011	Half-year ended 31 December 2010	Half-year ended 30 June 2010	Change vs. 1H10	Change vs. 2H10
Net interest income	122.6	123.5	127.0	-3%	-1%
Net banking fee and commission income	242.9	247.0	249.3	-3%	-2%
Net other income / (loss)	30.5	47.3	(468.6)	NM	-36%
Operating income / (loss)	396.0	417.8	(92.3)	-529%	-5%
Operating expenses	(335.4)	(368.6)	(348.9)	-4%	-9%
Reversal of impairment on loans and advances to customers			4.3	NM	NM
Impairment of intangible assets			(378.8)	NM	NM
Impairment on financial assets held-to-maturity		(4.4)		NM	NM
Loss on disposal of subsidiary			(23.5)	NM	NM
Profit / (loss) before tax	60.6	44.8	(839.2)	-107%	35%
Income tax	(2.9)	34.4	(8.7)	-67%	-108%
Net profit / (loss) for the period	57.7	79.2	(847.9)	-107%	-27%
Net profit / (loss) attributable to non-controlling interests	1.8	1.8	(48.7)	NM	0%
Net profit / (loss) attributable to equity holders of the Group	55.9	77.4	(799.2)	-107%	-28%

Financials (cont.)

Consolidated Balance Sheet as at 30 June 2011 (unaudited)

<i>(in CHF millions)</i>	30 June 2011	31 December 2010	Variation
ASSETS			
Cash and balances with central banks	446.8	711.8	-37%
Treasury bills and other eligible bills	2,023.1	2,037.8	-1%
Due from other banks	2,354.6	2,227.1	6%
Loans and advances to customers	8,845.9	8,957.8	-1%
Derivative financial instruments	291.3	353.8	-18%
Financial assets designated at fair value :			
- Trading Assets	689.6	624.7	10%
- Designated at inception	319.8	370.8	-14%
Investment securities :			
- Available-for-sale	3,947.1	3,690.3	7%
- Held-to-maturity	1,000.5	1,024.5	-2%
Intangible assets	547.4	578.8	-5%
Property, plant and equipment	44.1	47.5	-7%
Deferred income tax assets	51.0	54.2	-6%
Other assets	394.5	214.1	84%
Total assets	20,955.7	20,893.2	0%
LIABILITIES			
Due to other banks	764.4	337.8	126%
Due to customers	13,965.0	14,904.4	-6%
Derivative financial instruments	548.8	633.8	-13%
Financial liabilities designated at fair value	459.5	486.7	-6%
Other financial liabilities	3,462.0	2,863.0	21%
Current income tax liabilities	6.6	10.8	-39%
Deferred income tax liabilities	56.6	58.1	-3%
Other liabilities	422.4	299.9	41%
Total liabilities	19,685.3	19,594.5	0%
EQUITY			
Share capital	73.1	73.1	0%
Share premium	1,154.0	1,153.8	0%
Other reserves	(21.2)	42.6	-150%
Retained earnings	41.1	6.4	542%
Non-controlling interests	23.4	22.8	3%
Total shareholders' equity	1,270.4	1,298.7	-2%
Total equity and liabilities	20,955.7	20,893.2	0%

Financials (cont.)

Key figures as at 30 June 2011 (unaudited)**Core net profits - Half-year ended 30 June 2011**

(in CHF millions)	IFRS Half-year ended 30 June 2011	Impairment adjustments	Core adjustments	Core profit Half-year ended 30 June 2011
Net interest income	122.6			122.6
Net banking fee and commission income	242.9			242.9
Net other (loss) / income	30.5			30.5
Operating income	396.0	-		396.0
Operating expenses	(335.4)			(335.4)
Amortisation of intangibles			7.4	7.4
Employee equity incentive plans			9.3	9.3
Profit before tax	60.6	-	16.7	77.3
Income tax expense	(2.9)			(2.9)
Net profit for the period	57.7	-	16.7	74.4
Net profit attributable to non-controlling interests	(1.8)			(1.8)
Net profit attributable to equity holders of the Group	55.9	-	16.7	72.6

Core net profits - Half-year ended 31 December 2010

(in CHF millions)	IFRS Half-year ended 31 December 2010	Impairment adjustments	Core adjustments	Core profit Half-year ended 31 December 2010	Change in core profits vs. 2H10
Net interest income	123.5			123.5	-1%
Net banking fee and commission income	247.0			247.0	-2%
Net other (loss) / income	47.3	(16.8)		30.5	0%
Operating (loss) / income	417.8	(16.8)	-	401.0	-1%
Operating expenses	(368.6)			(368.6)	-9%
Amortisation of intangibles			11.6	11.6	-36%
Employee equity incentive plans			15.7	15.7	-41%
Impairment on financial assets held-to-maturity	(4.4)			(4.4)	NM
Profit before tax	44.8	(16.8)	27.3	55.3	40%
Income tax (expense) / gain	34.4	(6.7)		27.7	-110%
Net profit for the period	79.2	(23.5)	27.3	83.0	-10%
Net loss / (profit) attributable to non-controlling interests	(1.8)	2.3		0.5	-460%
Net profit attributable to equity holders of the Group	77.4	(21.2)	27.3	83.5	-13%

Core net profits - Half-year ended 30 June 2010

(in CHF millions)	IFRS Half-year ended 30 June 2010	Impairment adjustments	Core adjustments	Core profit Half-year ended 30 June 2010	Change in core profits vs. 1H10
Net interest income	127.0			127.0	-3%
Net banking fee and commission income	249.3			249.3	-3%
Net other (loss) / income	(468.6)	499.4		30.8	-1%
Operating (loss) / income	(92.3)	499.4		407.1	-3%
Operating expenses	(348.9)	(0.1)		(349.0)	-4%
Amortisation of intangibles			17.2	17.2	-57%
Employee equity incentive plans			10.9	10.9	-15%
Reversal of impairment on loans and advances to customers	4.3			4.3	NM
Impairment of intangible assets	(378.8)	378.8		-	NM
Loss on disposal of subsidiary	(23.5)	23.5		-	NM
(Loss) / Profit before tax	(839.2)	901.6	28.1	90.5	-15%
Income tax (expense) / gain	(8.7)	8.7		-	NM
Net (loss) / profit for the period	(847.9)	910.3	28.1	90.5	-18%
Net loss / (profit) attributable to non-controlling interests	48.7	(50.8)		(2.1)	-14%
Net (loss) / profit attributable to equity holders of the Group	(799.2)	859.5	28.1	88.4	-18%