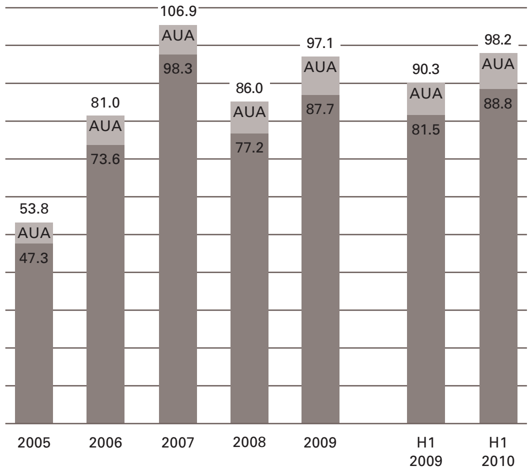
EFG International

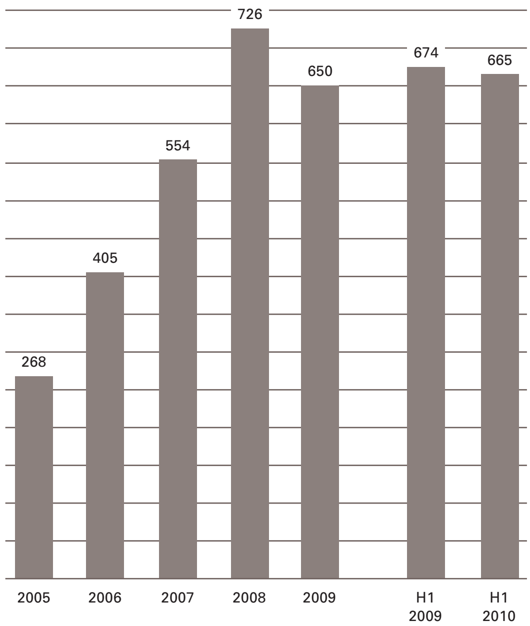
HALF YEAR REPORT 2010

AUM and AUA

in CHF billions

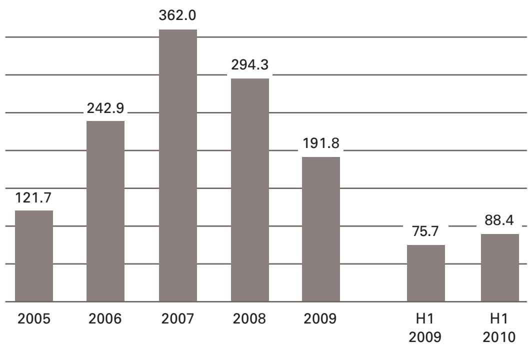


Client Relationship Officers (CROs)



Core* net profit attributable to Group shareholders

in CHF millions



EFG INTERNATIONAL CONSOLIDATED FINANCIAL HIGHLIGHTS

in CHF millions	30 June 2010
Income	
Core* operating income	407.1
Core* profit before tax	90.5
Core* net profit attributable to Group shareholders	88.4
Core* net profit attributable to ordinary shareholders	77.8
Core* cost/income Ratio	81.5%
Balance Sheet	
Total Assets	21,502
Shareholders' Equity	1,325
Market Capitalisation	
Share Price (in CHF)	13.00
Market Capitalisation (ordinary shares)	1,907
BIS Capital	
Total BIS Capital	775
Total BIS Capital Ratio	13.0%

Ratings	long term	outlook
Moody's	A2	Stable
Fitch	A	Stable

Personnel	
Total number of CROs	665
Total number of employees	2,409

Listing

Listing at the SIX Swiss Exchange, Switzerland; ISIN: CH0022268228

Ticker Symbols	
Reuters	EFGN.S
Bloomberg	EFGN SW

* EFG International announced in March 2010 that it would report core net profit as a proxy for the internal Tier 1 capital generation of the business through earnings, after minorities. It therefore excludes impairment charges of CHF 859.5 million, the amortisation of acquisition-related items of CHF 17.2 million, the amortisation of employee stock options of CHF 10.9 million, and minority interests of CHF 2.1 million.

International practitioners
of the craft of private banking

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SHAREHOLDER'S LETTER

Jean Pierre Cuoni, Chairman of the Board
Lawrence D. Howell, Chief Executive Officer

Dear shareholders, dear clients,

The early part of the year was characterised by a gradual improvement, with strong business activity at the end of the first quarter. However, the situation fell back significantly during the second quarter, on account of concerns over sovereign debt and the euro, and general uncertainty about world economic prospects. The strong Swiss franc, low interest rates, clients' preference for cash, and lower activity levels, as well as a much lower profit contribution from specialist product businesses Marble Bar Asset Management (MBAM), C.M. Advisors (CMA), and DSAM all had an impact on revenue generation.

FINANCIAL SUMMARY

For the first six months of 2010 (H1 2010):

Net profit

- Core* net profit attributable to Group shareholders was CHF 88.4 million, up 17% year-on-year. Core net profit attributable to ordinary shareholders was CHF 77.8 million, up 21% year-on-year.

- EFG International's first-half 2010 results were impacted by an impairment charge of CHF 859.5 million in relation to institutional product businesses MBAM, CMA, and DSAM. These resulted in a net loss attributable to Group shareholders of CHF 799.2 million and a net loss attributable to ordinary shareholders of CHF 809.8 million for the first half of 2010.

Operating income & expenses

- Core operating income was CHF 407.1 million (H1 2009: CHF 412.1 million).

- Core operating expenses were CHF 321.0 million (H1 2009: CHF 320.2 million).

- The core cost-income ratio for the first half of 2010 stood at 81.5%, up from 80.6% a year earlier.

- The core revenue margin was 0.92% of average clients' Assets under Management, compared to 1.07% for H2 2009 and 1.07% for the same period a year ago.

Equity base

- EFG International remains well capitalised, with a BIS capital ratio of 13.0% as at 30 June 2010, compared to 13.7% at 31 December 2009 and 12.9% as at June 2009.

** EFG International announced in March 2010 that it would report core net profit as a proxy for the internal Tier 1 capital generation of the business through earnings, after minorities. It therefore excludes impairment charges of CHF 859.5 million, the amortisation of acquisition-related items of CHF 17.2 million, the amortisation of employee stock options of CHF 10.9 million, and minority interests of CHF 2.1 million.*

Clients' Assets under Management

- Revenue-generating clients' Assets under Management (excluding EFG International shares which do not form part of the current free float) were CHF 87.5 billion as at 30 June 2010, up 9% year-on-year. Net inflows from private clients were CHF 6.3 billion, up from CHF 4.7 billion year-on-year. Total net new assets were CHF 5.0 billion, up from CHF 2.2 billion year-on-year.

REVIEW OF BUSINESS

Results impacted by a challenging environment

While core net profit of CHF 88.4 million increased by 17% year-on-year, performance was constrained by the factors detailed earlier, with core operating income down 1% year-on-year to CHF 407.1 million. The core revenue margin of 0.92%, which was disappointing, was caused by a substantially lower net interest margin (accounting for a reduction of 8 bps) and a much lower contribution from specialist product businesses MBAM, CMA and DSAM (accounting for a reduction of 7 bps). In addition, the significant increase in net new assets from private clients negatively affected the core revenue margin. Excluding net new assets from private clients (which tend to be low margin, pending their investment), the core revenue margin was closer to 1%.

Core operating expenses of CHF 321 million remained flat, with savings of circa CHF 20 million from last year's cost reduction programme offset by further investments in EFG International's fast-growing businesses in H1 2010 – primarily Asia (CHF 8 million); the Americas (CHF 4 million); and EFG Financial Products in its third year of operation (CHF 6 million) – as well as renewed growth initiatives in Sweden/Denmark (CHF 2 million).

Based on EFG International's strong clients' Assets under Management development, we believe that the current cost base is justified. However, costs will continue to be closely monitored, and would be reduced proactively should investments in growth not yield the expected results, and/or external conditions deteriorate significantly.

Impairment charge relating to underperforming specialist product businesses MBAM, CMA and DSAM

Following the exchange of EFG International's economic interest in MBAM for a perpetual share of income, concluded in July 2010, MBAM is now an external hedge fund manager with clients' Assets under Management of less than CHF 1 billion. CMA, the funds of hedge funds manager (with CHF 2.2 billion relating to private client assets under management and advice), and DSAM, which specialises in structured products for the Swedish market (with circa CHF 5 billion under management), are internal businesses, and both are running-rate break-even.

Given recent underperformance, and an uncertain outlook, EFG International has taken the conservative step of writing off the full goodwill & intangibles associated with CMA (CHF 210 million), and all non-private banking related goodwill & intangibles in DSAM (CHF 168 million); it has also fully written down its perpetual share of income from MBAM, accounted for as a financial asset (CHF 499 million). These write-downs, totalling CHF 859.5 million, after tax and minorities, resulted in a net loss attributable to Group shareholders of CHF 799.2 million for the first half of 2010. This had no impact on EFG International's regulatory capital or cash-flow, nor should it obscure the underlying core net profit of the business. Furthermore EFG International anticipates that, with improved market conditions, these businesses will again contribute positively to its performance.

EFG International's balance sheet remains strong and highly liquid (with a deposit-to-loan ratio of 2:1). It remains well capitalised, with a BIS capital ratio of 13.0%.

Strong private client net new assets, and encouraging performance from most private banking businesses

EFG International's private banking business has consistently delivered strong, double-digit net new asset growth, and the first half of 2010 was no exception. Net new assets relating to private clients were CHF 6.3 billion. This represents annualised growth of 16%, one of the highest growth rates in the sector.

Most regional businesses once again delivered strong performances, with the UK, Americas, Caribbean, Asia and Luxembourg all growing clients' Assets under Management by over 20% on an annualised basis.

Continued selective approach to CRO hiring

As at 30 June 2010, the number of CROs stood at 665, up slightly from 650 at end-2009. Underlying hiring was in keeping with our policy of focusing selectively on high quality CROs and teams, and the pipeline is strong.

Improved investment support for CROs and solid performance of EFG Financial Products

We continue to develop organically our asset management activities (encompassing traditional long-only investments, funds of hedge funds selection, and structured products), on the basis that these are integral to private banking. Good progress has been made in providing better coordinated investment support, and a number of practical tools have been introduced.

We expect that the percentage of clients' assets subject to fee-based management will increase gradually over time, benefiting margins in the process. Several other revenue-enhancing initiatives are starting to come on stream. By way of example, we are generally looking at pricing; we have introduced yield-enhancing cash products as an alternative to cash deposits; and we are more actively capitalising on synergies with EFG Financial Products.

EFG Financial Products continued to progress solidly in the first half of 2010, with the number of clients increasing strongly; the number of products issued more than doubling; and operating income increasing by 12% year-on-year.

A number of management changes

After ten years at EFG International, Rudy van den Steen has asked to step down as Chief Financial Officer as of 1 October 2010, but will continue to work on matters of strategic significance. EFG International thanks him for his valuable contribution as CFO.

Jean-Christophe Pernollet (aged 44) has been appointed as his successor as Chief Financial Officer and member of the Executive Committee as of 1 October 2010. He was formerly the partner in charge of PricewaterhouseCoopers' Geneva office, with 350 people, and the Business Unit Leader for its audit practice for the French- and Italian-speaking parts of Switzerland. From 2001 to 2007, Mr Pernollet was the lead auditor for EFG International and as a result has in-depth knowledge of the organisation.

Henric Immink (aged 45) has joined EFG International as Senior General Legal Counsel and will become Group General Counsel and Member of the Executive Committee with effect from 1 January 2011. He is an experienced lawyer, specialised in corporate, banking and tax law, who was formerly a partner of Python & Peter in Switzerland. He also has extensive knowledge of EFG International, having been one of its key external legal and tax advisors for the past seven years.

Fred Link, Chief Risk Officer who has also been serving as Group General Legal Counsel, will focus exclusively on risk management from 1 January 2011.

The above appointments are subject to regulatory approval.

Selective expansion of international presence

During the first half of 2010, we entered a number of new markets, establishing businesses in Denmark, Uruguay and Key Biscayne, Florida. All have made encouraging starts in terms of business development. In Switzerland, plans to grow the business organically have started to be implemented.

Positive about medium-term prospects

EFG International's strategic focus will be on private banking; the fundamentals of the business are strong (international diversification; onshore as well as offshore; entrepreneurial bankers); and its capacity for growth is intact. Based on prevailing economic and market conditions, we have identified the following strategic targets for the next three years:

- Double-digit annual net new private client asset growth.
- Revenue margin of 1%.
- Annual net CRO hiring of 25–50.
- To improve the cost-income ratio over time to below 70%, based on growth in revenues and careful management of costs.
- Minimum BIS Tier 1 capital ratio of 16%, to be attained no later than end-2012.
- Minimum core net profit of CHF 200 million for 2011. Thereafter, to rise in line with the anticipated development in revenues.

The business environment in 2010 has so far been more difficult than we had expected at the start of the year. However, the ability of EFG International to generate new business remains strong, as evidenced by growth across most of our private banking businesses. We remain confident over the medium-term prospects for EFG International, based on our consistent record of double digit net new asset growth in private banking, maintained notwithstanding economic and market challenges.

Jean Pierre Cuoni,
Chairman of the Board

Lawrence D. Howell,
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Half year ended 30 June 2010 CHF millions	Half year ended 31 December 2009 CHF millions	Half year ended 30 June 2009 CHF millions
Interest and discount income		184.8	175.6	238.0
Interest expense		(57.8)	(66.1)	(84.2)
Net interest income	4	**127.0**	109.5	153.8
Banking fee and commission income		309.6	339.1	255.7
Banking fee and commission expense		(60.3)	(45.8)	(51.4)
Net banking fee and commission income	5	**249.3**	293.3	204.3
Dividend income	6	8.2	0.5	3.0
Net trading income	7	32.5	17.9	37.9
Net (loss)/gain from financial instruments designated at fair value	8	(523.1)	(2.9)	6.1
Gains less losses from investment securities	9	10.1	18.6	6.6
Other operating income		3.7	10.1	0.4
Net other (loss)/income		**(468.6)**	44.2	54.0
Operating (loss)/income		**(92.3)**	447.0	412.1
Impairment on loans and advances to customers	10	4.4	(1.3)	(4.1)
Impairment of intangible assets	13	(378.7)		
Operating expenses	11	(349.1)	(368.2)	(375.9)
Loss on disposal of subsidiary		(23.5)		
(Loss)/profit before tax		**(839.2)**	77.5	32.1
Income tax	12	(8.7)	1.2	(6.6)
Net (loss)/profit for the period		**(847.9)**	78.7	25.5
Net (loss)/profit for the period attributable to:				
Net (loss)/profit attributable to equity holders of the Group		(799.2)	81.1	20.0
Net profit attributable to non-controlling interests				5.5
Net loss attributable to non-controlling interests		(48.7)	(2.4)	
		(847.9)	78.7	25.5

	Note	CHF	CHF	CHF
(Loss)/earnings per ordinary share				
Basic	18	**(6.03)**	0.52	0.05
Diluted	19	**(6.03)**	0.50	0.05

The notes on pages 15 to 24 form an integral part of these consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Half year ended 30 June 2010 CHF millions	Half year ended 31 December 2009 CHF millions	Half year ended 30 June 2009 CHF millions
Net (loss)/profit for the period	**(847.9)**	78.7	25.5
Other comprehensive (loss)/income			
Fair value (losses)/gains on available-for-sale investment securities, before tax	(50.9)	4.5	(24.0)
Realised available-for-sale investment securities reserve transferred to income statement, before tax	(10.1)	(25.0)	(0.2)
Tax effect on changes in fair value of available-for-sale investment securities	(1.0)	(0.4)	3.6
Currency translation differences, before tax	(8.9)	(92.7)	95.2
Currency translation differences transferred to income statement on deconsolidation	23.5		
Tax effect on currency translation differences	0.2	5.7	
Other comprehensive (loss)/income for the period, net of tax	**(47.2)**	(107.9)	74.6
Total comprehensive (loss)/income for the period	**(895.1)**	(29.2)	100.1
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Group	(847.9)	(23.6)	93.1
Non-controlling interests	(47.2)	(5.6)	7.0
	(895.1)	(29.2)	100.1

The notes on pages 15 to 24 form an integral part of these condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2010

	Note	30 June 2010 CHF millions	31 December 2009 CHF millions
ASSETS			
Cash and balances with central banks		**836.9**	265.4
Treasury bills and other eligible bills		**1,362.4**	770.8
Due from other banks		**2,880.8**	3,519.6
Loans and advances to customers		**8,937.1**	8,217.5
Derivative financial instruments		**387.6**	285.9
Financial assets designated at fair value:			
Trading Assets		**544.2**	310.5
Designated at inception		**767.9**	714.8
Investment securities:			
Available-for-sale		**4,177.2**	4,299.1
Held-to-maturity		**456.2**	510.5
Intangible assets	13	**614.9**	1,491.3
Property, plant and equipment		**50.5**	56.0
Deferred income tax assets		**31.8**	32.4
Other assets		**454.7**	176.2
Total assets		**21,502.2**	20,650.0
LIABILITIES			
Due to other banks		**708.8**	447.1
Due to customers		**15,962.3**	15,727.9
Derivative financial instruments		**854.0**	454.0
Financial liabilities designated at fair value		**531.2**	414.1
Other financial liabilities		**1,740.5**	1,002.0
Current income tax liabilities		**1.3**	9.1
Deferred income tax liabilities		**51.3**	51.5
Other liabilities		**328.1**	306.0
Total liabilities		**20,177.5**	18,411.7
EQUITY			
Share capital		**73.1**	73.2
Share premium		**1,153.6**	1,157.4
Other reserves		**122.3**	160.1
Retained earnings		**(62.3)**	762.0
		1,286.7	2,152.7
Non-controlling interests		**38.0**	85.6
Total shareholders' equity		**1,324.7**	2,238.3
Total equity and liabilities		**21,502.2**	20,650.0

The notes on pages 15 to 24 form an integral part of these consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2010

	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 2009	77.3	1,205.3	160.1	719.6	2,162.3	95.1	2,257.4
Total comprehensive income/(loss) for the period			73.1	20.0	93.1	7.0	100.1
Dividend paid on ordinary shares				(33.3)	(33.3)		(33.3)
Dividend paid on Bons de Participation				(14.1)	(14.1)		(14.1)
Net distribution to non-controlling interests					-	(0.3)	(0.3)
Ordinary shares sold	0.2	5.6			5.8		5.8
Ordinary shares repurchased	(4.7)	(69.9)			(74.6)		(74.6)
Bons de participation sold			2.0		2.0		2.0
Employee stock option plan			11.9		11.9		11.9
Other reserves adjustments			3.6		3.6		3.6
Balance at 30 June 2009	72.8	1,141.0	250.7	692.2	2,156.7	101.8	2,258.5
Total comprehensive income/(loss) for the period			(104.7)	81.1	(23.6)	(5.6)	(29.2)
Dividend paid on Bons de Participation				(11.3)	(11.3)		(11.3)
Net distribution to non-controlling interests					-	(0.5)	(0.5)
Ordinary shares sold	0.3	9.1			9.4		9.4
Bons de Participation sold	0.1	2.7	(2.0)		0.8		0.8
Transfer to Other reserves on disposal of Bons de Participation		4.6	(4.6)		-		-
Minority put option			12.6		12.6		12.6
Employee stock option plan			13.1		13.1		13.1
Non-controlling interests in earnout adjustments					-	(6.0)	(6.0)
Non-controlling interests loss on disposal of interests					-	(3.7)	(3.7)
Other non-controlling adjustments					-	(0.4)	(0.4)
Other reserves adjustments			(5.0)		(5.0)		(5.0)
Balance at 31 December 2009	73.2	1,157.4	160.1	762.0	2,152.7	85.6	2,238.3
Total comprehensive income/(loss) for the period			(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 stock option plan			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**

** During the first half of 2010, the Group has repurchased a net of 143,653 shares.*

The notes on pages 15 to 24 form an integral part of these condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Half year ended 30 June 2010 CHF millions	Half year ended 30 June 2009 CHF millions
Net cash flows from operating activities	66.1	1,316.2
Net cash flows used in investing activities	(281.4)	(194.8)
Net cash flows from/(used) in financing activities	847.4	(117.1)
Net change in cash and cash equivalents	**632.1**	1,004.3
Cash and cash equivalents at beginning of period	3,940.2	3,844.2
Net change in cash and cash equivalents	632.1	1,004.3
Cash and cash equivalents	**4,572.3**	4,848.5

Cash and cash equivalents

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

	30 June 2010 CHF millions	30 June 2009 CHF millions
Cash and balances with central banks	836.9	183.3
Treasury bills and other eligible bills	1,164.5	342.6
Due from other banks	2,570.9	4,322.6
Cash and cash equivalents	**4,572.3**	4,848.5

The notes on pages 15 to 24 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 27 July 2010.

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 2009 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 2009.

The revised standards considered in the preparation of these condensed consolidated interim financial statements include:
– *IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009)*
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.
The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

– *IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009)*
The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in the income statement.
The Group is applying IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

– *IAS 36 (amendment), 'Unit of accounting for goodwill impairment test'*
This amendment is to clarify that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8, 'Operating segments'. Effective for periods beginning on or after 1 January 2010, the amendment did not have any impact on the Group financial statements.

– *IAS 39 (amendments), 'Scope exemption for business combination contracts'*
Amendments to the scope of IAS 39 to clarify that:
(a) it only applies to binding (forward) contracts between an acquirer and a vendor in a business combination to buy an acquiree at a future date;
(b) the term of the forward contract should not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and
(c) the exemption should not be applied to option contracts (whether or not currently exercisable) that on exercise will result in control of an entity, nor by analogy to investments in associates and similar transactions.
To be prospectively applied to all unexpired contracts with an effective period beginning on or after 1 January 2010.

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

– *IFRS 9, 'Financial Instruments'*
The International Accounting Standards Board (IASB) published in November 2009 IFRS 9 'Financial Instruments'. The standard forms the first part of a three-part project to replace IAS 39 'Financial Instruments: Recognition and Measurement' with a new standard, to be known as IFRS 9 'Financial Instruments'.
The effective date of the new classification and measurement guidance is 1 January 2013.

– *IFRIC 14, 'Prepayment of a minimum funding requirement (Amendment)' (effective on or after 1 January 2011)*
The interpretation provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The Group will apply IFRIC 14 from 1 January 2011.

3. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	30 June 2010 CHF millions	31 December 2009 CHF millions	30 June 2009 CHF millions
Character of client assets			
Third party funds	**18,772**	20,049	16,134
Deposits	**16,580**	16,382	16,805
Equities	**13,373**	13,209	10,390
Bonds	**10,891**	10,624	11,384
Structured notes	**9,208**	8,983	5,003
Loans	**9,117**	8,183	8,268
EFG funds	**5,673**	4,306	7,089
Fiduciary deposits	**3,113**	3,820	4,194
EFG International locked-up shares	**1,219**	1,446	1,137
Other	**819**	678	1,089
Total Assets under Management	**88,765**	87,680	81,493
Total Assets under Administration	**9,388**	9,424	8,768
Total	**98,153**	97,104	90,261

Assets under Administration are trust assets administered by the Group.

4. NET INTEREST INCOME

	Half year ended 30 June 2010 CHF millions	Half year ended 31 December 2009 CHF millions	Half year ended 30 June 2009 CHF millions
Interest and discount income			
Banks and customers	114.2	115.3	141.6
Treasury bills and other eligible bills	0.4	3.1	0.6
Trading securities		0.1	1.0
Financial assets designated at fair value	18.5	12.0	15.5
Available-for-sale securities	45.5	38.3	71.3
Held-to-maturity	6.2	6.8	8.0
Total interest and discount income	**184.8**	175.6	238.0
Interest expense			
Banks and customers	(57.8)	(66.1)	(84.2)
Total interest expense	**(57.8)**	(66.1)	(84.2)
Net interest income	**127.0**	109.5	153.8

5. NET BANKING FEE AND COMMISSION INCOME

Banking fee and commission income			
Securities and investment activities commission	264.3	298.7	213.8
Other services commission	45.3	40.0	41.9
Lending activities commission		0.4	
Total banking fee and commission income	**309.6**	339.1	255.7
Commission expenses	(60.3)	(45.8)	(51.4)
Net banking fee and commission income	**249.3**	293.3	204.3

6. DIVIDEND INCOME

Trading securities	7.1	0.3	1.8
Available-for-sale securities	1.1	0.2	1.2
Dividend income	**8.2**	0.5	3.0

7. NET TRADING INCOME

Foreign exchange	31.8	26.8	11.9
Interest rate instruments		(0.8)	0.8
Equity securities	0.7	(8.1)	25.2
Net trading income	**32.5**	17.9	37.9

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

	Half year ended 30 June 2010 CHF millions	Half year ended 31 December 2009 CHF millions	Half year ended 30 June 2009 CHF millions
Equity securities	**0.2**	2.1	2.4
Debt securities		0.2	(0.2)
Interest rate instruments	(4.4)	2.6	(1.4)
Life insurance securities	(19.5)	(7.8)	5.3
Other*	(499.4)		
Net (loss)/gain from financial instruments designated at fair value	**(523.1)**	(2.9)	6.1

** In the period to June, the performance of Marble Bar Asset Management was below that forecasted at the end of 2009. The restructuring of the partnership at the end of April 2010 resulted in the deconsolidation, and in reflecting the right to receive a perpetual cash flow stream as a financial asset designated at fair value through profit and loss. This financial asset is valued using a discounted cash-flow model, and any inputs to the model valuation are reflected in the asset valuation at each period end. Due to additional client redemptions late in the period, the Assets under Management have reduced significantly, and given the present unpredictable environment combined with limited prospects of a significant change in the next months, the estimated value of the financial asset is considered to be zero. This represents a mark down in the value of the financial asset designated at fair value to CHF 0, with a loss of CHF 499.4 million being recorded.*

9. GAINS LESS LOSSES FROM INVESTMENT SECURITIES

Gain on disposal of available-for-sale securities – Transfer from Equity			
Debt securities	**5.2**	13.2	6.6
Life insurance securities	**4.9**	5.4	
Gains less losses from investment securities	**10.1**	18.6	6.6

10. IMPAIRMENT ON LOANS AND ADVANCES TO CUSTOMERS

Impairments on amounts due from customers	**(0.5)**	(3.4)	(4.1)
Reversal of impairments on amounts due from customers	**4.9**	2.1	
Impairment reversal/(charges)	**4.4**	(1.3)	(4.1)

11. OPERATING EXPENSES

Staff costs	**(228.8)**	(236.8)	(232.2)
Professional services	**(17.4)**	(16.4)	(14.3)
Advertising and marketing	**(4.3)**	(4.7)	(4.1)
Administrative expenses	**(36.7)**	(36.2)	(40.1)
Operating lease rentals	**(21.5)**	(21.4)	(18.3)
Depreciation of property, plant and equipment	**(7.9)**	(8.0)	(7.6)
Amortisation of intangible assets			
Computer software and licences	**(3.0)**	(3.4)	(3.2)
Other intangible assets	**(17.2)**	(21.9)	(43.8)
Other	**(12.3)**	(19.4)	(12.3)
Operating expenses	**(349.1)**	(368.2)	(375.9)

12. INCOME TAX

	Half year ended 30 June 2010 CHF millions	Half year ended 31 December 2009 CHF millions	Half year ended 30 June 2009 CHF millions
Current income tax	(8.4)	(4.4)	(11.5)
Deferred tax (charge)/benefit	(0.3)	5.6	4.9
Income tax (expense)/income	**(8.7)**	1.2	(6.6)

13. INTANGIBLE ASSETS

	30 June 2010 CHF millions	31 December 2009 CHF millions
Computer software and licences	12.4	14.1
Other intangible assets and goodwill	602.5	1,477.2
Intangible assets	**614.9**	1,491.3

At 1 January 2010	**1,491.3**
Transfer to financial assets designated at fair value (MBAM restructuring)	(499.4)
Amortisation	(20.2)
Impairment of intangible assets*	(378.7)
Exchange differences	19.8
Other	2.1
At 30 June 2010	**614.9**

* *In the period to June, the performance of the C.M. Advisors Limited ("CMA") and Derivative Structured Asset Management ("DSAM") businesses was below that forecasted at the end of 2009. The carrying value of these assets was reviewed and the goodwill and intangible assets related to CMA were written down to CHF 0, whilst for DSAM the carrying value was reduced to CHF 77.2 million. This resulted in an impairment charge of CHF 210.4 million for CMA and CHF 168.3 million for DSAM.*

CMA has lost clients acquired through the acquisition and ongoing profitability is forecasted to be significantly lower. Given the uncertainty of the future cash-flows, a full impairment has been made.

DSAM's forecasted performance relied on substantial revenues from structured products, which are proving lower than those forecasted. The goodwill value that results after an impairment of CHF 168.3 million is CHF 77.2 million, which represents the value of the private banking business component within DSAM.

14. SEGMENTAL REPORTING

Pursuant to the adoption of IFRS 8, 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 Wealth Management, and Asset Management.

The Private Banking and Wealth Management business is managed on a regional basis and is thus split into Switzerland, Asia, America's, United Kingdom and Rest of Europe. The Asian region includes Hong Kong, Singapore, Taiwan and India. The America's region includes United States of America, Canada, Bahamas, Cayman and the PRS business. The Rest of Europe includes private banking operations in France, Gibraltar, Luxembourg, Monaco, Spain, Sweden and Derivatives Structured Asset Management.

The Asset Management segment includes Marble Bar Asset Management (up to 30 April 2010), C. M. Advisors, EFG Financial Products and the asset management divisions of the United Kingdom and Swiss banks. 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**
CHF millions	Switzerland	Asia	Americas	United Kingdom	Rest of Europe	Total				
Half year ended 30 June 2010										
Segment revenue from external customers	120.0	46.3	44.5	61.9	68.7	341.4	(431.9)	6.1	(7.9)	(92.3)
Tangible assets and software depreciation	(4.0)	(1.2)	(1.0)	(0.7)	(1.6)	(8.5)	(2.1)	(0.3)		(10.9)
Cost to acquire intangible assets	(1.2)	(0.2)	(1.5)	(1.0)	(3.7)	(7.6)	(9.4)			(17.0)
Segment expenses	(71.8)	(37.6)	(35.5)	(47.0)	(62.1)	(254.0)	(69.8)	(20.9)		(344.7)
Impairment of intangible assets					(168.3)	(168.3)	(210.4)			(378.7)
Impairment on loans	4.0	0.7		(0.3)		4.4				4.4
Segment profit before tax	47.0	8.0	6.5	12.9	(167.0)	(92.6)	(723.6)	(15.1)	(7.9)	(839.2)
Income tax expense	(4.9)	(1.5)		(3.1)	3.2	(6.3)	(4.2)	1.8		(8.7)
Net (loss)/profit for the period	42.1	6.5	6.5	9.8	(163.8)	(98.9)	(727.8)	(13.3)	(7.9)	(847.9)
Net loss/(profit) attributable to non-controlling interests	0.1	0.1			0.7	0.9	47.8			48.7
Net (loss)/profit attributable to Group shareholders	**42.2**	**6.6**	**6.5**	**9.8**	**(163.1)**	**(98.0)**	**(680.0)**	**(13.3)**	**(7.9)**	**(799.2)**
Segment assets	15,039.7	6,370.3	786.1	5,168.5	2,836.6	30,201.2	2,842.0	1,263.2	(12,804.2)	21,502.2
Segment liabilities	14,421.3	6,353.1	729.3	4,855.8	2,531.3	28,890.8	3,176.2	914.7	(12,804.2)	20,177.5
Assets under management	20,870	12,423	16,087	13,302	16,384	79,066	9,556	1,219	(1,076)	88,765
Employees	547	422	274	497	399	2,139	247	23		2,409

	Private Banking and Wealth Management						Asset Manage-ment	Cor-porate Over-heads	Elimi-nations*	Total
CHF millions	Switzerland	Asia	Americas	United Kingdom	Rest of Europe	Total				
Half year ended 31 December 2009										
Segment revenue from external customers	158.2	44.0	43.5	56.8	64.2	366.7	80.0	5.1	(4.8)	447.0
Tangible assets and software depreciation	(4.5)	(1.0)	(1.1)	(0.8)	(1.6)	(9.0)	(2.2)	(0.2)		(11.4)
Cost to acquire intangible assets	(1.1)	(0.3)	(1.9)	(1.8)	(3.9)	(9.0)	(12.9)			(21.9)
Segment expenses	(76.6)	(35.0)	(34.0)	(41.2)	(64.6)	(251.4)	(61.2)	(22.3)		(334.9)
Impairment on loans	(2.5)			1.3	(0.1)	(1.3)				(1.3)
Segment profit before tax	73.5	7.7	6.5	14.3	(6.0)	96.0	3.7	(17.4)	(4.8)	77.5
Income tax expense	(2.9)	(1.6)	0.9	(4.1)	2.1	(5.6)	8.4	(1.6)		1.2
Net (loss)/profit for the period	70.6	6.1	7.4	10.2	(3.9)	90.4	12.1	(19.0)	(4.8)	78.7
Net loss/(profit) attributable to non-controlling interests	1.2	0.1			0.4	1.7	0.7			2.4
Net (loss)/profit attributable to Group shareholders	**71.8**	**6.2**	**7.4**	**10.2**	**(3.5)**	**92.1**	**12.8**	**(19.0)**	**(4.8)**	**81.1**
Segment assets	15,252.0	5,742.1	714.5	5,046.8	3,005.9	29,761.3	2,522.9	1,308.1	(12,942.3)	20,650.0
Segment liabilities	14,478.1	5,718.5	660.5	4,742.2	2,670.4	28,269.7	2,148.1	936.2	(12,942.3)	18,411.7
Assets under management	22,393	11,379	15,133	12,504	16,349	77,758	9,947	1,445	(1,470)	87,680
Employees	542	404	278	487	377	2,088	281	25		2,394
Half year ended 30 June 2009										
Segment revenue from external customers	125.6	41.8	31.2	74.2	57.7	330.5	87.0	6.8	(12.2)	412.1
Tangible assets and software depreciation	(4.3)	(0.8)	(0.8)	(0.8)	(1.6)	(8.3)	(2.2)	(0.3)		(10.8)
Cost to acquire intangible assets	(1.3)	(0.2)	(1.5)	(3.0)	(3.9)	(9.9)	(33.9)			(43.8)
Segment expenses	(79.4)	(31.9)	(31.0)	(46.9)	(60.2)	(249.4)	(50.8)	(21.1)		(321.3)
Impairment on loans	(2.0)	(2.1)				(4.1)				(4.1)
Segment profit before tax	38.6	6.8	(2.1)	23.5	(8.0)	58.8	0.1	(14.6)	(12.2)	32.1
Income tax expense	(4.7)	(1.4)	0.6	(3.5)	2.5	(6.5)	0.2	(0.3)		(6.6)
Net (loss)/profit for the period	33.9	5.4	(1.5)	20.0	(5.5)	52.3	0.3	(14.9)	(12.2)	25.5
Net loss/(profit) attributable to non-controlling interests	(2.3)	0.2			0.5	(1.6)	(3.9)			(5.5)
Net (loss)/profit attributable to Group shareholders	**31.6**	**5.6**	**(1.5)**	**20.0**	**(5.0)**	**50.7**	**(3.6)**	**(14.9)**	**(12.2)**	**20.0**
Segment assets	14,750.2	5,317.0	593.9	5,050.3	2,915.6	28,627.0	1,961.4	1,388.9	(11,586.7)	20,390.6
Segment liabilities	14,014.3	5,299.4	538.2	4,738.6	2,584.3	27,174.8	1,557.8	986.2	(11,586.7)	18,132.1
Assets under management	21,977	10,679	12,371	12,749	15,561	73,337	5,549	1,137	1,470	81,493
Employees	556	412	282	486	411	2,147	260	24		2,431

** 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.*

15. CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2010 CHF millions	31 December 2009 CHF millions
Guarantees issued in favour of third parties	295.2	288.3
Irrevocable commitments	307.1	232.7
Total	**602.3**	521.0

16. 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.

The Group is engaged in litigation proceedings in Switzerland linked to fraudulently approved contracts where a claim for approximately CHF 33 million has been filed. The Group is defending the case vigorously and it is not practicable to estimate the Group's possible loss in relation to these matters.

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.

17. DIVIDEND PER SHARE

At the Annual General Meeting on 28 April 2010, a dividend in respect of 2009 of CHF 0.10 (2008: CHF 0.25) per share amounting to CHF 13.4 million (2008: CHF 33.3 million) was approved.

	30 June 2010 CHF millions	31 December 2009 CHF millions	31 December 2008 CHF millions
Dividends on ordinary shares			
CHF 0.10 per share related to 2009 paid in 2010	13.4		
CHF 0.25 per share related to 2008 paid in 2009		33.3	
CHF 0.35 per share related to 2007 paid in 2008			50.2
	13.4	33.3	50.2
Dividends on Bons de Participation			
For the period 1 November 2009 to 30 April 2010 at 3.795%	11.7		
For the period 1 May 2009 to 30 October 2009 at 3.697%		11.2	
For the period 1 November 2008 to 30 April 2009 at 4.716%		14.2	
For the period 1 May 2008 to 30 October 2008 at 4.876%			15.3
For the period 1 November 2007 to 30 April 2008 at 4.816%			15.1
	11.7	25.4	30.4

18. BASIC EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2010 CHF millions	Half year ended 31 December 2009 CHF millions	Half year ended 30 June 2009 CHF millions
(Loss)/profit attributable to equity holders of the Group	(799.2)	81.1	20.0
Estimated, pro-forma accrued preference dividend	(10.6)	(11.4)	(13.1)
(Loss)/profit attributable to ordinary shareholders	(809.8)	69.7	6.9
Weighted average number of ordinary shares			
– 000's of shares	134,348	135,411	136,711
Basic (loss)/earnings per ordinary share in CHF	(6.03)	0.52	0.05

Basic earnings per ordinary share is calculated by dividing the loss/profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares owned by the Group. For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by an estimated, pro-forma dividend on Bons de Participation. The latter has been computed by assuming a dividend rate from 1st January 2010 until 30 April 2010 of 3.795% and a rate of 3.500% from 1st May to 30 October 2010.

19. DILUTED EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2010 CHF millions	Half year ended 31 December 2009 CHF millions	Half year ended 30 June 2009 CHF millions
(Loss)/profit attributable to equity holders of the Group	(799.2)	81.1	20.0
Estimated, pro-forma accrued preference dividend	(10.6)	(11.4)	(13.1)
(Loss)/profit attributable to ordinary shareholders	(809.8)	69.7	6.9
Diluted-weighted average number of ordinary shares			
– 000's of shares	134,348	139,431	139,528
Diluted (loss)/earnings per ordinary share in CHF	(6.03)	0.50	0.05

Pursuant to its employee stock option plan, EFG International has granted options to employees to purchase shares of EFG International. These options have the effect to increase the diluted-weighted average number of ordinary shares of EFG International in periods when the Group has Profits attributable to ordinary shareholders.

20. STOCK OPTION PLAN

In 2010, the Group has granted 876,371 options. There are three classes as follows:
– with a strike price of CHF 12.19 with 3 year lock-up,
– with a strike price of CHF 0 with 3 year lock-up, and
– with a strike price of CHF 0 with 5 year lock-up.

21. RELATED PARTY TRANSACTIONS

A 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 83.1 million at the end of June 2010 (December 2009: CHF 88.9 million).

No provisions have been recognised in respect of loans given to related parties (2009: Nil).

22. POST BALANCE SHEET EVENTS

There were no post balance sheet events to disclose.

23. 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.*

FORWARD LOOKING STATEMENTS

This Half Year 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 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 exclude the amortisation of acquisition-related items of CHF 17.2 million, the amortisation of employee stock options of CHF 10.9 million, minority interests of CHF 2.1 million, and impairment adjustments of CHF 859.5 million attributable to ordinary shareholders.

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.

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