EFG International

ANNUAL REPORT 2006

EFG International: defining private banking

In any walk of life, the apex of achievement is inhabited by those who concentrate on what they are good at, in extraordinary fashion. So it is at EFG, a business built on the strength of a single focus.
No distractions, no competing business lines, just one overriding passion:
the multi-faceted craft of private banking.

But what do we mean by “private banking”? It’s not simply a matter of millionaires, money, or ways of managing it. As we say to our clients: it’s about you and yours. You as a person; the goals, interests and passions that drive you. Your life, family, and business interests – all inextricably linked. These are the things that shape our thinking, inform our advice; motivate our working lives.

How to ensure the finances fit the life? The only way is through a relationship. With a professional who grapples daily with the you and yours of each of their clients. Someone free to channel their energies into developing a mutual understanding that grows over time, conversation by conversation. Listening; challenging. Crafting solutions, not shifting product. Helping to convert aspiration into reality.

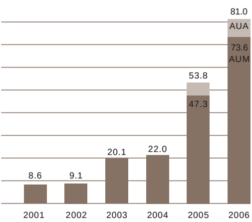
A simple formula, perhaps, but the complexity lies in the multiplier: ensuring that strong, long-standing relationships are a business-wide phenomenon, not mere isolated pockets of exception. Technical expertise, crafted into advice, delivered one relationship at a time. A rare feat, but the continued success of our business shows it can be done.

EFG: truly a private bank unlike any other.

EFG INTERNATIONAL PERFORMANCE EVOLUTION

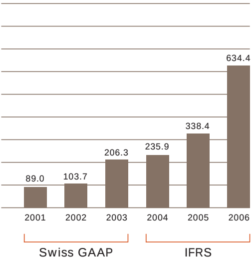
AUM and AUA*

in CHF billion



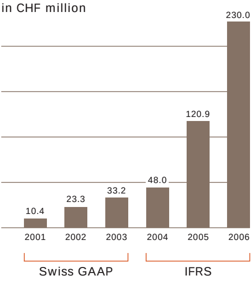
Operating Income

in CHF million

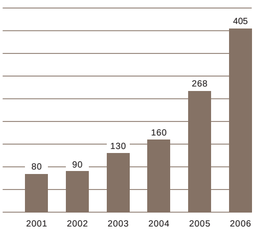


Net Profit

in CHF million

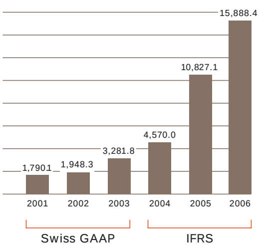


Client Relationship Officers (CROs)*



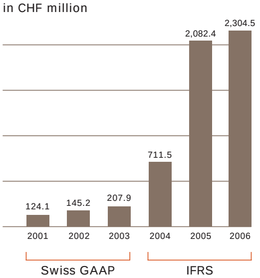
Total Balance Sheet

in CHF million



Shareholders' Equity

in CHF million



EFG INTERNATIONAL FINANCIAL HIGHLIGHTS

in CHF million		December 31, 2006
Income		
Operating Income		634.4
Profit before Tax		260.2
Net Profit		230.0
Net Profit attributable to ordinary shareholders		204.0
Cost/Income Ratio		55.6 %
Balance Sheet		
Total Assets		15,888
Shareholders' Equity		2,305
Market Capitalisation		
Share Price (in CHF)		45.95
Market Capitalisation (ordinary shares)		6,739
BIS Capital		
Total BIS Capital		1,532.3
Total BIS Capital Ratio		33.3 %
Ratings	**long term**	**outlook**
Moody's	A2	Stable
Fitch	A	Positive
Personnel		
Total number of CROs*		405
Total number of employees		1,477
Listing		
Listing at the SWX Swiss Exchange, Switzerland; ISIN: CH0022268228		
Ticker Symbols		
Reuters		EFGN.S
Bloomberg		EFGN SW

* including announced acquisitions

International practitioners
of the craft of private banking

Resolute experts.

Single-minded focus, experience, passion: fuelling a business that does better by clients.

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CHAIRMAN'S LETTER

Jean Pierre Cuoni

Jean Pierre Cuoni,
Chairman of the Board

Dear shareholders, dear clients,

When we say that EFG is a private bank unlike any other, it is a claim with real substance. Why? It starts with a fundamental recognition of what lies at the heart of private banking: chemistry, the relationships between people, and creating the conditions for these to flourish and endure. We have evolved a unique business model, lifting the burden of bureaucracy from Client Relationship Officers (CROs), enabling them to concentrate on serving clients, superlatively. To understand what you and yours means to each client. Our CROs craft solutions, rather than looking to sell the latest product. We help them to seek out quality, wherever it manifests itself, with the majority of our products and services sourced externally.

Simple enough to grasp, perhaps, but our model is not without its nuances. Let us be clear: EFG is no virtual franchise. Our constant challenge is to strike the right balance in the blurred territory between autonomy and prescription. CROs are empowered to serve clients, but subject to careful controls and balances. EFG has first rate financial controls and reporting. Our record in integrating acquisitions, rapidly and efficiently, has been proven many times. Our central team is lean and value-adding, with the strength and responsiveness of practitioners supporting practitioners.

As a result of the above, EFG enjoys a number of sources of business traction, facilitating rapid and sustainable growth. We are an attractive acquirer of businesses, and the destination of choice for some of the finest private bankers of their generation. This stems from the controlled freedom to run their own business, with many of the usual irritants to a CRO's daily life eliminated.

The strong cultural cohesion of EFG, which we will work hard to ensure is not dissipated as the business grows, provides a further draw, acting as the glue that binds us together. And as we create opportunities, so we move quickly to seize them. We are constantly active, seeking out new avenues of growth. At the end of any given year, we need to be able to look back at a host of practical achievements. 2006, our first full year as public company, has been no exception.

In financial terms, we made robust progress in the year ending 2006:

A net profit of CHF 230.0 million, up 90% from one year ago. Net profit attributable to ordinary shareholders was CHF 204.0 million, up 144% from one year ago.

Operating income of CHF 634.4 million, up 87% from one year ago.

Clients' assets under management were CHF 69.8 billion as of December 31, 2006, up 48% from a year ago. The increase in clients' assets under management due to acquisitions was CHF 7.8 billion.

The strength of our progress prompted us, at the time of reporting our mid-year results for 2006, to update and extend our medium-term strategic goals for 2007 and 2008. Based on our full year performance, these goals have once more been lifted. By end-2008, we plan to employ 675 CROs, and our target for clients' assets under management is CHF 121-131 billion. I am pleased to say that we remain on track to achieve our stated targets.

Any successful business strategy should recognise and embrace complexity, pulling on a number of levers in the execution of its ambitions. Last year saw a considerable amount of activity and achievements, as EFG continued to build on its pedigree of success:

- Recruiting CROs. During 2006, EFG continued to attract high calibre CROs, with an increase in 130 over the year to 398.

- Getting close to existing and prospective clients. During 2006, we opened offices in Dubai, Bahrain, Jakarta, Mexico, Caracas, Bogotá and Quito; launched banking operations in Luxembourg and the Bahamas, and created a new Hong Kong-based trust administration office for Asian clients.

- Growth through acquisitions. EFG has a pedigree of growth through acquisition, and subsequent successful integration. A number of acquisitions during 2006 served to significantly expand our geographical footprint in the UK (private client stockbroker Harris Allday), Monaco (Banque Monégasque de Gestion, Monaco) and Scandinavia (Quesada Kapitalförvaltning AB in Sweden). In addition, the purchase of Bermuda-based C. M. Advisors Limited served to enhance our expertise in relation to funds of hedge funds.

- Expanding our product capabilities. The acquisition of C. M. Advisors Limited facilitated the launch of CMA Global Hedge PCC Ltd, a London Stock Exchange listed company investing in hedge funds. Other developments included extending our stock exchange memberships to the UK and Sweden, as well as the launch of a service offering electronic access to equity markets to professional and institutional clients.

EFG International has an interesting and complementary blend of shareholders. As at end-2006, the structure of shareholders was as follows: EFG Group (48.7%); management and employees (23.2%); free float (including shares of employees not any more part of the lock-up: 28.1%). Leadership of EFG comprises passionate practitioners who care deeply about and remain committed to this business. This was strongly in evidence when, upon the expiry of the first phase of the share lock-up following our IPO, none of the members of the Executive Committee opted to sell any shares.

The Board of Directors will propose to the 2007 Annual General Meeting a dividend of CHF 0.30 per share. This represents a distribution of slightly more than 20% of profits attributable to ordinary shareholders, and is in line with the dividend policy announced at the time of the IPO.

I believe that we continue to demonstrate our credentials as an industry consolidator and company with significant growth prospects, something which has been reflected in the recent upward momentum of our share price. Indeed, we continue to remain active on a number of fronts, as the early stages of 2007 have demonstrated, with continued recruitment of CROs, the development and growth of our people and infrastructure, and further acquisitions (including, on January 8, Cayman-/Miami-based PRS Group, a specialist provider of investment and family office services). The appeal of EFG is growing, and will continue to develop, on the strength of what I see as a virtuous circle. As we grow in a controlled fashion, so we are able to attract more people and businesses to the success story that is EFG.

EFG International has a growing business that offers the prospect of significant benefits to our clients, employees and shareholders. However, governance of such a fast-moving and complex enterprise places a major burden on our Board and its committees. I am grateful to all those who serve on them for their tireless efforts.

I started by saying we consider EFG to be a private bank unlike any other. This would clearly not be so without our clients, and the passionate care and skill that our people demonstrate daily, around the world, in serving them. To all those people who continue to make EFG what it is today, I give my sincere thanks.

Jean Pierre Cuoni,
Chairman of the Board

The strength of attraction.

EFG appeals to entrepreneurial
private bankers – by
setting them free.
Free of bureaucracy.
Free of sales targets.
Free to serve clients
as best they can.

LETTER FROM THE CEO

Lawrence D. Howell

EFG INTERNATIONAL ACHIEVED A RECORD FINANCIAL PERFORMANCE DURING 2006:

- A net profit of CHF 230.0 million, up 90 % from 2005. Net profit attributable to ordinary shareholders was CHF 204.0 million, up 144 % from 2005.

- Operating income of CHF 634.4 million, up 87 % from 2005.

- Clients' assets under management were CHF 69.8 billion as of December 31, 2006 up 48% from 2005. For the financial year 2006, net new assets plus the increase in client loans totalled CHF 11.0 billion (loans: CHF 1.6 billion). The increase in clients' assets under management due to acquisitions was CHF 7.8 billion, while market effects (essentially dollar effects [CHF – 1.5 billion] and market movements and other currency effects [CHF 5.1 billion]) led to an increase of CHF 3.6 billion. Taking into account the effect of the acquisitions announced in December and early January 2007, clients' assets under management were CHF 73.6 billion, up 56 % from 2005.

Particularly pleasing was the broad spread of excellent results across all of our global initiatives, with very strong progress in Switzerland, Sweden, Great Britain, Asia, the Americas and with C.M. Advisors Limited (CMA).

Market conditions provided a benign backdrop to our business during 2006, albeit characterised by a degree of uncertainty and turbulence. The real differentiator, however, has been a great deal of concentrated hard work, with activity being driven forward by people across the business on a number of fronts.

RECRUITING CROs

Dynamic and entrepreneurial CROs continue to gravitate to EFG, attracted by a model that looks, smells and tastes like the opportunity to run your own business. It is this rare empowerment, applied one individual at a time, that forms the basic building blocks of our global banking organisation. We set CROs free from the things that typically hamper their ability to excel on behalf of their clients: lengthy budget rounds, random goal setting, arbitrary changes to remuneration. This also helps to explain why we are organised as a holding company, with a series of companies addressing particular market opportunities. Such a structure allows for incentivisation, and the development of local affinities. As a result, during 2006, we increased our CROs to 398, up some 49% year-on-year. Taking into account the effect of the recently announced acquisitions, our CROs increased to 405 (up 51%). Recruitment activity was broadly dispersed around the world, reflecting the international nature of EFG.

Of the total increase in CROs of 130, some 33 came from acquisitions completed during 2006. There is normally little attrition of clients when we acquire a business, because we don't fit CROs into a predetermined role or segmentation structure. If a CRO is accustomed to looking after his clients globally, he will continue to do so. Nor are the waters muddied by geographical politics, as we eschew regional bureaucracy, or any requirement to re-locate assets to particular booking centres. Quite simply, what is best for the client must prevail. Nor do we force particular products or pricing (beyond overall parameters) onto our CROs. The main obligation is to craft the right solution for each of their clients, taking a commercial view on a relationship basis, drawing on appropriate products and services from across the market.

GETTING CLOSE TO BOTH EXISTING AND PROSPECTIVE CLIENTS

In February 2006, EFG Bank opened a representative office in Dubai. Located in the Dubai International Financial Centre, and also serving as our regional headquarters, the office comprises a number of experienced CROs, plus support team. It provides a platform for expansion across this vibrant region, and an important onshore complement to our existing offshore service to Middle Eastern clients out of Switzerland and other centres. We further expanded our onshore presence in October 2006 with a new representative office in Manama, Bahrain. A team of CROs is now actively capitalising on the natural advantages of Bahrain, including a strong regulatory framework and links to key regional markets.

We opened an office in Mexico in early November. A number of offices were opened in Latin America during the year: Caracas, Venezuela (June); Bogotá, Colombia (May); and Quito, Ecuador (December). In spring 2006, we opened a representative office in Jakarta, Indonesia, while in Manila we received a license shortly before the year-end.

We created two banks during 2006. In March, EFG Bank (Luxembourg) S.A. gained a banking license, enabling it to provide private banking services to an international client base, as well as providing a foundation for further organic growth. In the same month, EFG Bank & Trust (Bahamas) Limited was awarded a banking and broker-trust license. This has significantly broadened the scope of our Bahamian operations, and enabled us to enhance our offering to the Bahamian private banking clients acquired from Barcelona-based Banco Sabadell in 2005.

Also in March, we augmented our branch in Hong Kong with a new trust office, EFG Trust (HK) Limited, a subsidiary of EFG Offshore Limited. Out of Hong Kong, this operation is successfully marketing EFG Offshore's trust and fund administration services to clients, as well as providing technical support to EFG International's various offices in Asia. As a result, EFG is now able to offer wide-ranging and locally advised trust solutions that reflect the circumstances of our clients in Asia.

EFG International is a Swiss private banking group with an ever expanding global presence. As at end-2006, the bank operated in 44 locations in 30 countries, with 13 booking centres. Looking to 2007 and beyond, there has been no let-up in activity, as EFG continues to expand its global presence to ensure proximity to its growing international client base. We have an application pending to open an office in Bangkok, Thailand, as well as plans for new representations in the Cayman Islands, and in Panama, with a view to further enhancing our global wealth structuring capabilities.

EFG International Management Team, from left to right: Lawrence D. Howell, Ivo Steiger, Lukas Ruflin, Rudy van den Steen (back row), James T.H. Lee, Eftychia Fischer, Fred Link, Ian Cookson.

GROWTH THROUGH ACQUISITIONS

Since its inception over a decade ago, EFG has been an active acquirer in the private banking sector. I attribute much of our success to a team that understands the nuances of private banking, and a highly cohesive and conducive organisational culture.

Time and again, relatively small, entrepreneurial organisations have failed to reach their full potential after being acquired by a major bank. The move to a large bureaucracy is uncomfortable for most; the majority, by contrast, relish the controlled freedom on offer at EFG. The same rationale applies to teams or businesses escaping stultifying constraints in the large corporate context, and it is this that equips EFG with an inherent advantage in terms of both attraction and integration.

WE CONTINUED WITH OUR ACQUISITION PROGRAMME DURING 2006, WITH A NUMBER OF CAREFULLY CONSIDERED ACQUISITIONS:

- In February, EFG International acquired Bermuda-based hedge fund specialist C. M. Advisors Limited from its founders. As at end-2006, CMA had clients' assets under management of circa CHF 2.7 billion on behalf of European institutions and high net worth individuals, 29 employees, and offices in Hamilton (Bermuda), New York, Geneva and Athens. EFG was a pioneer in using structured products and hedge funds as wealth structuring tools, as well as to mitigate inherent uncertainty in equity markets. However, we also recognise the importance of continually building our technical understanding in these complex and fast-moving areas. CMA has added specialist expertise in relation to managing funds of hedge funds, including developing innovative structures for clients, and in research.

- In August, we expanded our footprint in the UK, with the acquisition, through our UK subsidiary EFG Private Bank Limited, of Birmingham-based private client stockbroker Harris Allday. With offices in Birmingham, Bridgnorth, Banbury and Worcester, this significantly extended EFG's reach into the UK regions. It also increased our clients' assets under management in the UK to over CHF 12.5 billion, an increase of circa CHF 4.5 billion, as well as providing 27 experienced CROs. Combined with our acquisition in 2003 of financial advisory subsidiary EFG Platts Flello, EFG now has a robust platform, operating out of Birmingham, for growth in the UK private wealth management market.

- In October, EFG International completed its acquisition of Monaco-based Banque Monégasque de Gestion (BMG) from UniCredit Private Banking S.p.A. BMG, which has operated with a full banking license in the Principality since 1985, provides a range of wealth management services to affluent and high net worth clients. It brought six CROs, out of a total of 35 employees, as well as a boost to clients' assets under management of circa CHF 1.3 billion. Combined with our existing Monaco-based banking subsidiary, EFG Eurofinancière d'Investissements SAM, this has firmly established EFG as a significant player in the Principality.

- In December, our Swedish banking subsidiary EFG Investment Bank AB agreed to acquire the Stockholm-based Quesada Kapitalförvaltning AB from Quesada AB. Quesada Kapitalförvaltning offers private banking services to high net worth individuals. It employs two CROs out of a total of eight employees, and provided a boost to clients' assets under management of circa CHF 800 million. It complements our strength in structured products in the region with real depth and experience in managing client relationships.

Acquisition activity has continued into 2007, with the acquisition in January of specialist investment manager and family office service provider PRS Group from its main founder, who remains fully involved in developing the business. At the time of the announcement, PRS Group managed circa CHF 3 billion in clients' assets under management, primarily invested in proprietary funds and proprietary funds of hedge funds. It employed 46 professionals, of which five are CROs. This acquisition provides EFG with an ultra-high net worth client base, courtesy of the high average account size of PRS clients.

EXPANDING OUR PRODUCT CAPABILITIES

The investment world is full of product proliferation, new product launches and the fluctuating fortunes of managers and funds. So acting as an intelligent filter on behalf of our clients has never been more important. However, we recognise this involves constantly refreshing and expanding our technical expertise – both from within and, where necessary, by injecting intellectual capital into the business through acquisitions.

A NUMBER OF OUR ACQUISITIONS IN 2006 SAW THE PRODUCT AND INTELLECTUAL CAPITAL ENHANCEMENT RATIONALE IN EVIDENCE. IN PARTICULAR:

- The acquisition of C. M. Advisors Limited extended our expertise in relation to hedge funds (see earlier). It also made possible the launch of CMA Global Hedge PCC Ltd, a London Stock Exchange listed company investing in hedge funds. The IPO of this entity, in July 2006, raised US$ 402 million. Now managed by CMA, the funds raised, complemented by additional borrowing, increased our clients' assets under management by approximately CHF 1 billion.

- The acquisition, in January 2007, of specialist investment manager PRS Group not only extended our market reach into the Hispanic ultra high net worth segment (see earlier), it also provided a boost to our understanding and profile in the hedge fund asset management space.

During 2006 we took steps to extend our stock exchange memberships to the UK (LSE) and Sweden (OMX), in addition to existing representation in Switzerland (SWX) and Virt-X (pan-European). We also launched a service for professional and institutional clients, extending the benefits of continuous electronic access to approximately 20 equity markets.

DEVELOPING ORGANISATIONAL INFRASTRUCTURE

Senior appointments were designed to enhance our leadership team, and ensure that EFG remains equipped to address the challenges of its next stage of growth. In particular:

- Eftychia Fischer, formerly responsible for Trading and Treasury, was promoted to be a member of the Executive Committee, and now acts as Head of Global Risk. Julian De Benito was appointed as Head of Global Treasury; Fred Link as Group General Counsel and Group Secretary and member of the Executive Committee.

- In order to ensure that EFG is well understood by investors and the markets, we appointed seasoned individuals to run our investor relations and communications functions. We also continued to further strengthen our financial control function, with a number of key appointments.

- Our COO, Ian Cookson, announced his intention to step down from this role in October 2007, at which point he will focus on IT development and acquisition integration. He will be succeeded as COO by Erik Aldert Stroet, who joins EFG in May 2007 as a member of the Executive Committee.

Our progress has been recognised by the rating agencies. Fitch assigned an inaugural rating for EFG International of short-term "F1" and long-term "A with positive outlook". It also upgraded the long-term rating for EFG Bank (EFG International's Swiss private banking subsidiary) to "A with positive outlook" (up from "A- with positive outlook"). Moody's assigned an inaugural issuer rating for EFG International of "A2 with stable outlook", while confirming the long-term rating for EFG Bank of "A2 with stable outlook".

Looking to the future, I see no shortage of opportunity for a business such as EFG. Indeed, arguably our most significant challenge comes not from the external environment, but from within. We are acutely aware of the need to protect the special business culture that is EFG, in order to continue to appeal to CROs and businesses alike. However, any culture that fails to adapt to its changing circumstances will ultimately suffer from stasis. Treading this fine balance – evolving our approach to fit our stage of growth, while retaining the special characteristics that have enabled such growth in the first place – is a matter at the forefront of our minds as we steer the business forward.

From a standing start just over a decade ago, EFG has grown to a business with clients' assets under management of over CHF 73 billion, and nearly 1,500 employees operating out of 44 locations. Since our inception, we have enjoyed an unbroken record of growth, and we continue to revise upwards our medium-term strategic ambitions. EFG is an entrepreneurial and dynamic business, and it will remain so, continually re-evaluating existing strategies and developing new ones in the pursuit of its global ambitions.

Lawrence D. Howell,
Chief Executive Officer

A modern, progressive global bank.

Our roots are in Switzerland;
our network international.
Located wherever
our clients need us.
Practitioners of the craft
of private banking.

INTERNATIONAL PRESENCE

A Global Footprint

Extending our geographical reach is a cornerstone of the EFG approach.

Over the years, we have achieved this through a blend of hiring quality individuals, opening new offices, and acquiring complementary businesses. Today, EFG has a global presence, which allows us to place funds in a number of jurisdictions worldwide, and to be quick to take advantage of local investment opportunities. Crucially, it also gives us closer proximity to our clients – a key ingredient of any relationship.

Booking Centers
Other Offices

Birmingham region includes:
Bridgnorth
Banbury
Worcester

Switzerland:
Geneva
Zurich
Martigny
Sion
Crans-Montana
Verbier

* license pending

A private bank unlike any other.

Crafted by practitioners
for practitioners.
EFG, CROs and clients,
adapting and growing
together.

FINANCIAL REVIEW

Rudy van den Steen
Chief Financial Officer

In the financial year 2006, operating income rose by 87% to CHF 634.4 million, while the cost income ratio decreased by 1.4% to 55.6%. This resulted in an increase in net profit by 90% to CHF 230.0 million.

FACTORS AFFECTING RESULTS OF OPERATIONS

In 2006 the results of the strategy of organic growth and growth through acquisitions can be seen by the 90% increase in net profit from CHF 120.9 million in 2005 to CHF 230.0 million in the current period. Net profit attributable to ordinary shareholders amounted to CHF 204.0 million, an increase of 144%.

The growth in operating income by 87% to CHF 634.4 million from CHF 338.4 million reflects the impact of the six acquisitions made in late 2005 and of the four acquisitions in 2006. C.M. Advisors Limited is included from February, as is the Bahamian based private banking business of Banco Sabadell. Harris Allday is included from September and Banque Monégasque de Gestion from November. The financial results of the PRS Group and Quesada will be consolidated from their closing in 2007.

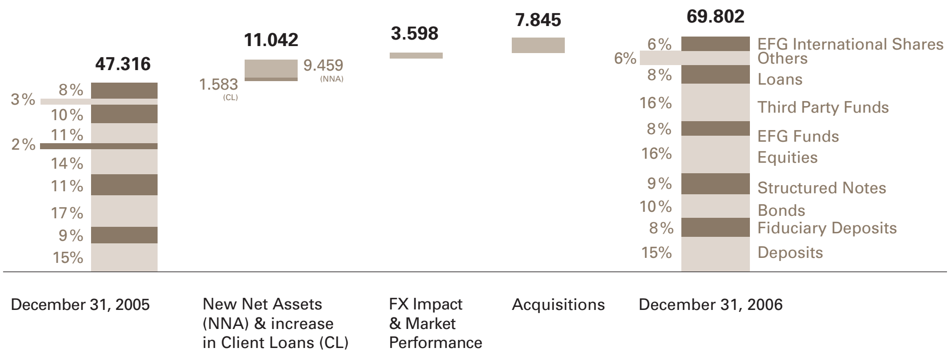
The four acquisitions made in 2006, together with organic hiring of Client Relationship Officers (CROs) resulted in a 49% increase in the number of CROs to 398 at the end of 2006 from 268 at the end of 2005, coinciding with the increase in revenue-generating assets under management of 49% to CHF 65.2 billion from CHF 43.7 billion.

CONSOLIDATED ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

Clients' assets under management increased 48% year-on-year to CHF 69.8 billion as of December 31, 2006, up from CHF 47.3 billion as of December 31, 2005. Excluding EFG International shares, which do not form part of the current 28.1% free-float of shares on the SWX Swiss Exchange, clients' assets under management amounted to CHF 65.2 billion at the end of 2006. In addition, clients' assets under administration increased to CHF 7.4 billion at December 31, 2006, up from CHF 6.5 billion at December 31, 2005.

Clients' Assets under Management

in CHF billion, except %



CONSOLIDATED FINANCIALS

Operating income

Net interest income increased 89% compared to the previous year, due to client deposits increasing by 56% year on year, loans to clients increasing by 35% and the full year impact of the acquisitions in 2005 being realised. This resulted in CHF 172.1 million of net interest income compared to the CHF 90.9 million in 2005.

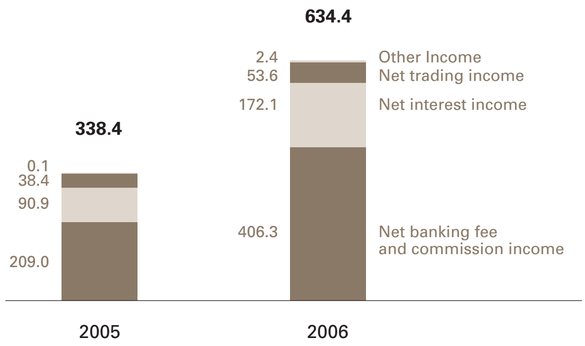
Net banking fee and commission income increased by 94% to CHF 406.3 million, as a result of increasing overall business volumes as assets under management increased, and as the impact of acquisitions are realised. Average revenue-generating assets under management have increased by 98% from CHF 27.0 billion in 2005 to CHF 53.4 billion in the current year. The impact on this period of the largest 2006 acquisition, C.M. Advisors Limited was to contribute CHF 51.6 million of commission income.

Net trading income increased 40% due to the foreign exchange trading executed for clients, in line with the growth of the client base and assets under management.

In total, operating income increased year on year by 87% from CHF 338.4 million to CHF 634.4 million. Based on time-weighted average assets under management of CHF 53.4 billion, the revenue margin decreased slightly to approximately 1.19% for 2006 as compared to 1.25% in 2005. Excluding the effect of the excess capital and the yield on this, the ratio would have been stable.

Operating Income

in CHF million



Operating expenses

Operating expenses, excluding amortisation of acquisition related intangibles, rose to CHF 363.0 million, an increase of 82% compared to CHF 199.6 million for the financial year 2005. The cost-income ratio, calculated as the ratio of operating expenses before amortisation and depreciation to operating income expressed as a percentage, for the full financial year 2006 was 55.6%, improving from the 57.0% reported for 2005.

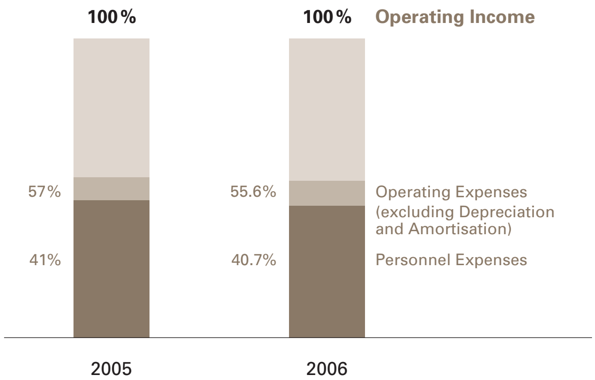
Performance-based compensation components account for a quarter of employee remuneration, and the ratio of personnel expenses to operating income remained at 41%. The impact of the Stock Option plan launched in 2006 resulted in CHF 1.75 million in option costs being expensed in the current year.

Operating expenses, excluding staff costs, depreciation and amortisation, increased by 73% to CHF 93.9 million from CHF 54.2 million, due to the incremental costs related to the investment in the organic growth initiatives and due to the impact of the acquisitions made in late 2005 having limited impact on the 2005 cost-base, while having a full years impact on 2006.

The 62% increase in amortisation of computer software and depreciation of fixed assets was mainly due to the full year impact of the 2005 acquisitions.

Amortisation of intangibles related to acquisitions increased from CHF 0.8 million to CHF 11.1 million in 2006 due predominately to the acquisitions made in 2006.

Operating Expenses (excluding Depreciation and Amortisation) as a Percentage of Operating Income

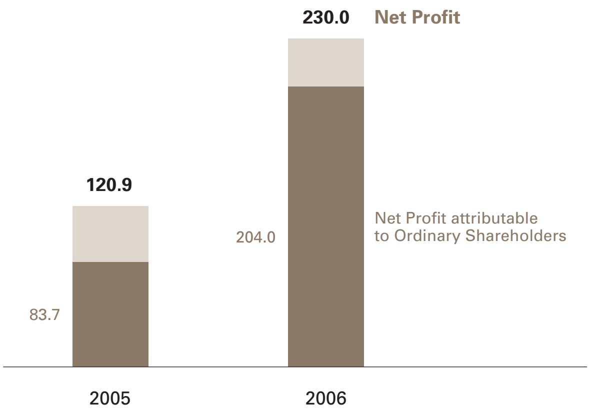


Consolidated net profit and consolidated net profit attributable to ordinary shareholders

EFG International reported a consolidated net profit of CHF 230.0 million, an increase of 90% compared to CHF 120.9 million for 2005. The result of acquisitions and the organic growth across all businesses resulted in the significantly higher net profit. Adjusted for the estimated pro-forma accrued preference dividend of CHF 26.0 million, net profit attributable to ordinary shareholders amounted to CHF 204.0 million, an increase of 144% compared to CHF 83.7 million for the financial year 2005.

Net Profit and Net Profit Attributable to Ordinary Shareholders

in CHF million



Balance sheet

Total balance sheet size as of 31 December 2006 increased by 47% to CHF 15.9 billion, compared to CHF 10.8 billion as of 31 December 2005, primarily due to organic growth.

On the liabilities side of the balance sheet the amount due to customers increased in line with the growth of assets under management by CHF 4.3 billion or 56% to CHF 12.0 billion. The increase was nearly fully attributable to organic growth.

On the assets side of the balance sheet the organic increase in assets under management resulted in an increase in loans to customers by CHF 1.7 billion to CHF 6.1 billion. Loans to customers comprise mortgage lending of CHF 1.2 billion and CHF 4.9 billion of other lending, of which nearly 100% of the loans are secured predominantly by marketable securities. More than 90% of the mortgage portfolio comprises loans made to private banking clients in the United Kingdom, the significant majority of which are secured against prime properties at loan-to-value ratios of up to 67% and with an average remaining term to maturity of less than three years.

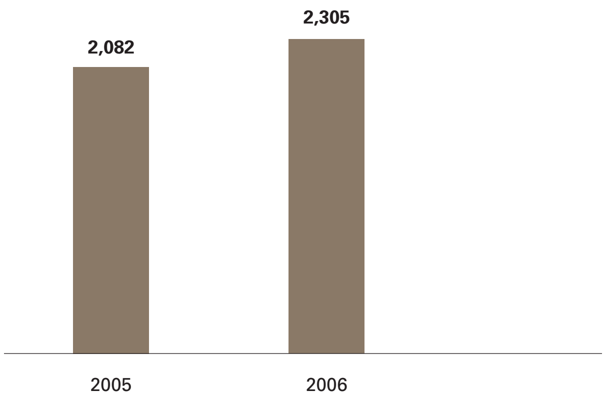
Loans to banks increased by 43% to CHF 5.3 billion, while investment securities increased by 61% to CHF 2.3 billion as a result of the treasury management of the excess liquidity between client deposits and loans to customers.

Equity base

Shareholders' equity stood at CHF 2.3 billion at the end of 2006, up by 11% from CHF 2.1 billion as of December 31, 2005, as a result of the current year's retained earnings net of the dividend paid on the Bons de Participation and before the proposed ordinary dividend of CHF 44.0 million to be approved by the Annual General Meeting on April 27, 2007. Our BIS tier 1 equity capital ratio of 30.0% according to the guidelines of the Bank for International Settlements (BIS) remains high in international comparison and continues to significantly exceed the legal requirements for banks in Switzerland and internationally. Consolidated risk weighted assets amounted to CHF 4.6 billion as of 31 December 2006, an increase of 35%.

Total Shareholders' Equity

in CHF million



A question of chemistry.

Do everything in your power
to foster connections
between people.
People rely on people;
individuals and families
rely on the guidance
of our CROs.

EFG INTERNATIONAL BOARD AND MANAGEMENT

Members of the International Policy Committee, from the left to the right: Jean Pierre Cuoni, Philip Weights, Emilio Martinez, James T.H. Lee, Ronald Treverton-Jones, Jacques Pochat, Alain Diriberry, Lukas Ruflin, Eftychia Fischer, Victor Echevarria, Paul Imison, Jacobo Gadala-Maria, Paul O'Donnell, Gerard Gardner, Ian Cookson, Robert Waser, John Williamson, Martin Nilsson, Albert Chiu, Ivo Steiger, Robert Chiu, Markus Caduff, Steve Mackey, Bassam Salem, Fred Link, Jonas Fischerström, Ernst Weder, Rudy van den Steen, Sixto Campano, Lawrence D. Howell.

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Spiro J. Latsis Member
Hugh N. Matthews Member
Hans Niederer Member
Périclès Petalas Member

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James T.H. Lee [1,2] Deputy Chief Executive Officer
Rudy van den Steen [1,2] Chief Financial Officer
Ian Cookson [1,2] Chief Operating Officer
Lukas Ruflin [1,2] Deputy Chief Financial Officer
Eftychia Fischer [1,3] Head of Global Risk
Fred Link [1,3] Group General Counsel and Corporate Secretary
Ivo Steiger [1] Head of Investment Finance/Credit
Philip Weights Chief Internal Auditor
Fernando Grassi SVP, Acquisition Integration
Jens Brueckner VP, Investor Relations
Michael Rodel VP, Head Controlling and Financial Reporting
Patrick Zbinden VP, Head of M&A Integration

[1] Member of the International Policy Committee
[2] Member of the Executive Committee
[3] Member of the Executive Committee as of 2007

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Markus Caduff[1] Chief Executive Officer
Alain Diriberry[1] Head of Private Banking Geneva
N. Paul Imison[1] Private Banking
Jacques Pochat[1] Head of Information Technology
Robert Waser[1] Private Banking, Regional Business Head
Silvio Ammann Head of Correspondent Banking
Matthew Lanfear Head Finance and Accounting
Karen Egger Head of Legal and Compliance
Julian De Benito Head of Global Treasury
Martin Mueller Head of Human Resources
William Ramsay Chief Investment Officer
Patrick Romanens Head of Operations

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Thomas Muther SVP
Mats Pehrsson SVP
John Read SVP
Adrian Rothen SVP
Sergio Toniutti SVP
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Christian Frey FVP
Phuntsok Gangshontsang FVP
Makiko Hohl-Sakai FVP
Roland Mächler FVP
Kalle Mannerkorpi FVP
Hansruedi Preid FVP
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Stefan Schwitter FVP
Iva Stehli-Haltuch FVP
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Sergio Buttazzi VP
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Thierry Eindiguer VP
Lukas Galuba VP
Daniel Heusser VP
Hanspeter Humbel VP
Jürg Lüscher VP
Andreas Lütolf VP
Monika Neumeister VP
Stefano Nicolaus VP
Urs Oberhänsli VP
Marco Ranieri VP
Mikael Rosenius VP
Christoph Stalder VP
Hongquing Sun VP
Beat Weiss VP

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Gilles Guérin SVP
Arthur Kamber SVP
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Bruce Littman SVP
Silvio Maglio SVP
Robert Mehm SVP
Nguyen Pham-Quang SVP
James Scullin SVP
Björn von Below SVP
Mikael Wallenberg SVP
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Claude Bilat FVP
Andreas Christen FVP
Paolo Fontanella FVP
Paul Horat FVP
Patrick Juillard FVP
George Koniaris FVP
John Makris FVP
Gustave-Alain Miesegaes FVP
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Hervé Siegrist FVP
Vladimir Stemberger FVP
Miguel Umbert FVP
John Wolf FVP
Urs Zuercher FVP
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Georgios Androutsopoulos VP
Kourosh Aynehchi VP
Olivier Baldin VP
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Sara Beltrametti-Hedqvist VP
Jacques Benaroya VP
Nathalie Bollag Hayderi VP
Romy Cabrera VP
Jean-Philippe Callaud VP
Eva Carpigo VP
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Christian Collomb VP
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Maurice De Vecchi VP
Salah Eddine Djedidi VP
Daniel Dubois VP
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Jaime Ensenat VP
Clotilde Floret VP
Christophe Flueck VP
Giancarlo Foglietta VP
Hervé Gay VP
Carlos Garcia VP
Laurent Garcia VP
Nicolas Gertsch VP
Aggripino Giglio VP
Philippe Giorgis VP
Ascanio Giuliani VP
Patrick Guignard VP
Marie-José Herbinière VP
Marie Iacconi-Lindqvist VP
Rehan Jaffery VP
Luca Jorio VP
Sophie Jouin VP
Onno Jurgens VP
Sophie Letertre-Vogel VP
Christina Lex VP
Yves Lindt VP

[1] Member of the International Policy Committee

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Marcel Macherel VP
Denis Marx VP
Enrique Melero VP
Philippe Mercier VP
Patrick Passini VP
Philippe Pfaender VP
Robert Quiquerez VP
Jean-Pierre Riepe VP
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Toni Salopek VP
Christian Schmitz VP
Pierre-Alain Schneiter VP
Jaroslava Schreyer VP
Pascal Sibut VP
Rachel Stojan VP
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Hans Peter Zbinden VP

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Jean-Yves Maury VP

MANAGEMENT EFG BANK, CRANS-MONTANA

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Jean-Michel Voide FVP
Jean-Charles Bonvin VP

MANAGEMENT EFG BANK, VERBIER

Marc-André Pagliotti VP

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Christian Rizzi SVP

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Yolanda Vergara-Iturbide VP

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Alessandro Mauceri Manager

MANAGEMENT EFG BANK, GUERNSEY

Michael de Jersey Business Head

MANAGEMENT EFG PRIVATE BANK (CHANNEL ISLANDS) LIMITED, GUERNSEY

Michael de Jersey Managing Director
Christopher Rowe ED

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Heather Brooks ED
Julie Collins ED
Russell Thomson ED
Kate Wilson ED
Bruce Ferguson D
David Hall D
Sally-Ann Hardman D
Jennifer Le Chevalier D
Kevin Mercury D
Ben Newman D
Paul Weir D

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Miguel Rubiales Operations Manager
Marcus Lilliehöök FVP
Jonas Lundberg FVP
Fredrik Sandén FVP

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Max Caderas Executive Vice President
Karl Drawitsch SVP
Daniel Taverna SVP
Wolfgang Benedikt VP
Markus Dubach VP
Christof Hartmann VP
Neophitos Michaelides VP

EFG INVESTMENT (LUXEMBOURG) SA, LUXEMBOURG

Hélène Dupuy SVP, General Manager

MANAGEMENT EFG BANK, LUXEMBOURG

Ludovic Chechin-Laurans SVP, General Manager
Huguette Espen SVP, General Manager
François-Régis Montazel SVP, General Manager
Marie-Claude Catalogna SVP
Yvonne Klopp-Meyers SVP
Daniel Rea SVP
Cyrus Wardjawand SVP
Maryam Bassiri FVP
Ulf Mennenkamp FVP
Bettina Aussems VP
Guido Berresheim VP
Joëlle Blum VP
Uwe Breit VP
Laurent Breulet VP
Yvan Catoire VP
Jean-Noël Dauphin VP
Christophe Dewinter VP
Pierre Eustache VP
Josée Kraus VP
Alexander Paulus VP
Bart Van Wagenberg VP

[1] Member of the International Policy Committee

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Jean-Claude Gourrut General Manager
Philippe Ragaz SVP
Spyridon Paxinos SVP

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Carlo Filippo Brignone Managing Director
Carlo Maturi General Manager

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Jonas Fischerström [1] Chief Investment Officer
Lars Thorén Chief Financial Officer
Per Wiss Chief Operating Officer
Glenn H. Anderson SVP
Johan Bynelius SVP
Jan Grönqvist SVP
Jan Jönsson SVP
Gustav Kronlund SVP
Patrik Soko SVP
Fredrik Svedebäck SVP
Thomas Vinell SVP
Andreas Ullsten VP

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Daniel Murray ED
Hilary Wakefield ED

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Paul O'Donnell [1] Head of Private Banking
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Grahame Holdgate ED
Iliana Kehagias ED
Brian Lenney ED
Simon Abirached SD
Hugh Ellerton SD
Stuart Hart SD
Nermine Harvey-Phillips SD
Andrew Imlay SD
Elizabeth Kaye SD
Alexander Langen SD
Michael Page SD
Demetris Pishiaras SD
Andrew Robertson SD
Ron Teo SD
Rasik Ahuja D
Steve Beckley D
Mike Betesh D
Nigel Brookes D
Karen Chan D
Anthony Christodoulou D
Nick Cook D
Michael Eagle D
Angela Guadagnino D
Hans Knowles D
Dermot Lewis D
Robert Mitchell D
Rosemary O'Doherty D
Jeremy Piggott D
Andrew Robertson D
Simon Rowe D
Amer Sayed D
Keith Simpson D
Theo Sparrow D
Jonathan Stocker D
Marios Voskopoullos D
Darren White D
Imelda Woodthorpe Browne D
Ayman Zouheiri D

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Massimo Scalabrini Managing Director
Madeleine Gore ED
Andreas Wueger ED
Ellahe Kashanchi D

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Mark Burnett SD
Dominic Curran SD
Richard Dashwood SD
Philip Diment SD
Colin Kettle SD
Adam Martyn-Smith SD
Christopher Morley SD
Anthony Phipps SD
Simon Raggett SD
Tony Raggett SD
David Simkiss SD
Michael Smith SD
Rodney Watkins SD
James Whitehead SD
Terry Brewster D
Bruce Burnett D
Andrew Jones D
Rodney Lambert D
Harry Marsh D
Janet Martyn-Smith D
Edward Medina D
Charles Phipps D
Brian Ryninks D
Neal Stevens D
Stephen Talboys D
Paul Watts D
Sue White D
Steve Wragg D

[1] Member of the International Policy Committee

MANAGEMENT EFG PLATTS FLELLO LIMITED, BIRMINGHAM

Philip Platts Managing Director
Michael Knott ED
John Male ED
Robert Davies D
David James D
Andy Lee D
George Mathieson D

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Bassam Salem [1] Chief Executive Officer

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Walid Husseini FVP
Sabah Taha VP

MANAGEMENT EFG BANK, DUBAI

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Eddy Jabbour FVP
Tai Nazer FVP
Rafah Al-Baroudi VP
Saeed Fadhl VP
Amir Ibrahim VP
Berinderpal Pahwa VP

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Robert Chiu [1] Chief Executive Officer
Albert Chiu [1] Deputy Chief Executive Officer

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Robert Chiu [1] Chief Executive Officer
Albert Chiu [1] Deputy Chief Executive Officer
Ching Yap Chin SVP
Nancy Choi SVP
Susan Cua SVP
Yi Feng SVP
Ivan Ho SVP
Joannes Ho SVP
T. C. Hon SVP
Irena Hsiao SVP
Tary Huang SVP
Matthew Kok SVP
Masatoshi Kuboyama SVP
C. C. Kwong SVP
Tony Lai SVP
Connie Lam SVP
Raymond Lam SVP
Ken Lau SVP
Grace Law SVP
Benson Leung SVP
Connie Liem SVP
Mathew Lim SVP
Susanna Ng SVP
Lawrence Ng SVP
Michael G. Palin SVP
Gary Sum SVP
Alice Tong-Bruce SVP
Jolene Wu SVP
Patrick Yu SVP
Francis Yu SVP
Jerry Choi FVP
Ben Fong FVP
Gary Fong FVP
Scarlette Ho FVP
Man Yee Kwan FVP
William Liu FVP
Charles Ng FVP
Kwok Fai Lewis Sin FVP
Eliza Siu FVP
Michael Tang FVP
Kathy Young FVP
Wilson Au VP
Caroline Chan VP
Tony Chan VP
Jeanette Chan VP
Matthew Cheng VP
Fung Yee Ellen Choi VP
Anders Chua VP
Wai Kin Christopher Fung VP
Alan Kao VP
Amy Leung VP
Joe Leung VP
Sherry Lin VP
Esther Tu VP
Alexander Ty VP
Chris Young VP

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Hugh Ellerton ED

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Muljadi Margono VP & Representative

REPRESENTATIVE EFG BANK, MANILA

Albert Chiu [1] Deputy Chief Executive Officer
& Chief Representative

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George So Chief Executive Officer
Jessie Tan Head of Wealth Management
Richard Piliero Managing Director
& Regional Executive
Lai Sim Choo SVP
Vera Foong SVP
Gerald Goh SVP
Han Khim Lee SVP
Catherine Lim SVP
Betty Rubyanti Pibiyanto SVP
Thippa Praneeprachachon SVP
Treeratana Pumhiran SVP
Eddy Somboon SVP
Lawan Sriwarangkul SVP
Galen Tan SVP
Hin Huat Tan SVP
Wah Yuan Tan SVP
Edward Tan SVP
Waroon Warawanisha SVP

[1] Member of the International Policy Committee

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Andrew Yeo SVP
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Kay Siong Tan VP
Kwankamol Thongyai VP
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Joseph Tjan-Ping Chao SVP, Deputy Managing Director
Well Jiing SVP
Emily Wang SVP
Sting Kuo SVP
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Stone Hsu FVP
Terri Tsai FVP
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Ann Lin VP

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Sixto Campano [1] Chief Executive Officer
Jacobo A. Gadala-Maria [1] President
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Guillermo Argumedo SVP
Justo R. Azpiazu SVP
Adrianna L. Campuzano SVP
J. Alexander Caldwell SVP
Ricardo J. Daugherty SVP
Fernando De La Lama SVP
Bernardo De Orey SVP
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Michael Donnell VP
Jean Paul Florian VP
Roberto E. Gadala-Maria VP
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Jackie Menendez VP
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Paulo Parras VP
Luis Pires-Fernandes VP
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Elisa Rossi VP
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Ricardo Ventura VP
Cecilia Warren VP

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Saul Padilla SVP
Seda Karsit VP
Esther Mizrahi-Souroujon VP

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Matias Ringel Manager
Andrew Steinvurzel Legal Counsel

MANAGEMENT CANADA & CARRIBEAN

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James Hoar SVP
Robert Scott Morrison SVP
Christopher Southgate SVP
Rolf Schuermann SVP
Jaime Stewart SVP
Jorge Borlandelli VP
Rosalyn Brown D'Alewyn VP
Edward Cooper VP
Jaspreet Dhaliwal VP
Miles Evans VP

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Keri Wong Operating Officer
Hubert Wong Valuation Officer
Alexander Matathias Chief Financial Officer
Stavros Papastavrou Deputy Chief Executive Officer, Head of Legal
Solomon Levis Head of Information Technology

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Gustavo Fernandez SVP

MANAGEMENT EFG BANK, BOGOTÁ

Felipe Valbuena Chief Representative Colombia
Roxana T. Garces SVP

MANAGEMENT EFG BANK, QUITO

Verónica Ponce Cevallos Chief Representative Ecuador

MANAGEMENT EFG BANK, MEXICO

Alvaro Garcia Taboada Chief Representative in Mexico
Alejandro Jaro Paz Vales Deputy Representative

MANAGEMENT EFG SECURITIES, PANAMA (LICENSE PENDING)

Carlos del Castillo SVP & Representative

MANAGEMENT EFG ASESORES FINANCIEROS (PERU) SARL LIMA

Ana Maria de Bracamonte VP
Antonio Carranza VP

MANAGEMENT EFG BANK, CARACAS

Juan José Casais Chief Representative in Venezuela
Domingo Vázquez Deputy Representative

SVP/ED	Senior Vice President / Executive Director
FVP/SD	First Vice President / Senior Director
VP/D	Vice President / Director
	(as of March 2007)

Private banking – it’s about
you and yours.

The goals, interests and
passions of clients.
Life, family, and
business interests;
all intertwined.

SOCIAL COMMITMENT

At EFG International, we have eschewed the usual sporting or cultural tie-ins, as we felt our clients wanted us to do something more meaningful. Instead, we have sought to provide support – both financial and through the endeavours of our employees – to an organisation making a difference to the lives of disadvantaged young people.

We are proud of our association with Right To Play, an international humanitarian organisation that uses sport and activity programmes to encourage physical, social and emotional development among vulnerable children worldwide. From its first initiative in 2001, it has grown to manage over 40 projects in 22 countries in Africa, Asia and the Middle East, all helping to improve the lives of child refugees, former child combatants, or those who have been orphaned by HIV/AIDS.

Right To Play delivers two programmes, SportWorks (encouraging child and community development) and SportHealth (promoting health education), through an international network of volunteers, all united by a passion to improve the lives of children through the power of sport. A central tenet is that building communities starts with investment in an individual, and Right To Play trains local coaches in order to ensure that benefits are meaningful and sustainable. Thousands of local coaches have been trained, and now work to reach hundreds of thousands of children on a regular basis. In time, Right To Play has the ambitious goal of reaching 5 million children.

During 2006, a focal point of our relationship with Right To Play was the Imvepi SportsWorks Project. Supported by EFG, this project fired the imagination of many of our employees, who chose to provide hands-on support, as well as their own financial contributions. This is about helping children in Imvepi Settlement, a refugee centre near Arua, Uganda, which is home to over 23,000 people fleeing the civil war in Sudan (many of whom are children or young adults). There are two goals: to promote the healthy development of the community through training for local coaches; and to reduce the incidence of disease through support of national health campaigns. Since its inception in 2002, the project has made a tangible difference to over 12,000 young people. Activities during 2006 included the development of a sports council, workshops for local coaches, the provision of equipment, and a variety of sport and play events for young people.

In such ways, Right To Play makes a real, practical difference to the lives of young people living in the harshest of conditions. Its drive, passion and commitment remain an inspiration to us all.

" I feel warm and happy when I am playing. Playing makes my body be strong. I also like to play with others. My friends also play football and volleyball. When they play, they are happy. Playing is exercise, and it makes you feel good".

Malual Michael, 12 years old, Imvepi Refugee Settlement.

RISK MANAGEMENT

The management of EFG International believes that the proper assessment and control of risks are critical for the firm's continued success. In compliance with regulatory requirements in Switzerland and other applicable jurisdictions, EFG Group has established a comprehensive risk supervision framework for the entire EFG Group, including EFG International. As part of this risk supervision framework, EFG International is responsible for creating and maintaining its own policies and procedures to ensure that various categories of risk, such as credit, country, market, liquidity, operational, and reputational, can be identified throughout EFG International and controlled by management in an effective and consistent manner.

EFG International's business activities are predominantly carried out on behalf of its clients, by whom most of the risk is therefore borne. Consequently, the company takes limited credit, market and liquidity risks, with most credit risk being limited to margin loans and other secured exposures to clients, plus exposure to banks and financial institutions. EFG International is exposed to limited market risk, which is mainly restricted to foreign exchange and interest rate gapping positions maintained within defined parameters. EFG International is also exposed to operational and reputational risks and a small amount of liquidity risk. EFG International's management has implemented procedures complying with the risk policies and procedures of the EFG Group. Ultimate responsibility for the supervision of risk management lies with EFG International's Board of Directors, which has delegated certain functions to its Risk Committee, which sets policies and risk appetite in collaboration with the EFG Group Risk Committee (the "GRC") and EFG Group Risk Unit.

Implementation of policies and compliance with procedures is the responsibility of the EFG International Executive Committee, the EFG International Market, Bank and Country Risk Committee and the EFG International Executive Credit Committee, assisted by both internal and external auditors.

RISK MANAGEMENT ORGANISATION

Although GRC issues general directives and procedures relating to risk management and policy for the entire EFG Group, the EFG International Board of Directors determines the overall risk appetite for EFG International.

The Board has delegated responsibilities for Risk Management as follows:

The EFG International Risk Committee has responsibility for determining direction of risk profile and the organisation of risk supervision for EFG International.

The EFG International Executive Credit Committee has responsibility for the management of Client Credit Risk.

The EFG International Executive Committee has responsibility for the implementation of, and compliance with, risk related policies, procedures and internal regulations.

The EFG International Executive Committee has assigned responsibility for the implementation of its market risk policies to the EFG International Market, Bank and Country Risk Committee. This Committee monitors market, country and liquidity risks, including compliance with policies and procedures, as well as exposures relative to limits.

In addition, the Product Approval Committees and/or procedures within various EFG International subsidiaries review applications for the offer and sale of new investment products to clients and ensure compliance with internal and external rules and regulations.

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. Because EFG International's primary credit exposures relate to loans collateralised by security portfolios and by mortgages, or to financial institutions, credit risk exposure is comparatively low.

CREDIT RISKS RELATED TO CLIENTS

A basic feature of the credit approval process is a separation between the firm's business origination and credit risk management activities. Credit requests are initiated by CROs and must be supported by Regional Business Heads.

The approval of loans and other exposures has been delegated, depending on certain defined risk and size parameters, to the credit departments of EFG International's business units, to local credit committees, to the Operating Credit Committee of EFG Bank, and, as the highest credit approval body, to the Executive Credit Committee of EFG International. The approval competencies for large exposures and exposures with increased risk profiles are centrally reviewed and approved or recommended in Switzerland, in compliance with local regulatory and legal requirements of the individual international business units. Regional Business Heads and CROs have credit approval competencies only within established limits and client collateral diversification parameters.

To qualify as collateral for a margin loan, a client's securities portfolio must be well diversified with differing margins applied depending on the type of risk profile and liquidity of the security. Additional margins are applied if the loan and the collateral are not in the same currency or diversification criteria are not fully met. Mortgages booked at EFG Private Bank Ltd, London are related predominantly to properties in prime London locations.

Management insists on thoroughly understanding the background and purpose of each loan, which is typically investment in securities, funds or investment related insurance policies, as well as the risks of the underlying collateral of each loan.

The credit departments of EFG International's business units monitor credit exposures against approved limits and pledged collateral. Most of the collateral is valued daily (but may be valued more frequently during periods of high market volatility). However, structured notes, hedge funds and some other mutual funds are valued monthly, whereas insurance policies are normally valued annually, mortgages less frequently.

EFG International's internal rating system assigns each credit exposure to one of ten rating categories. The rating process assesses the borrower's repayment ability and the value, quality, liquidity and diversification of the collateral securing the credit exposure. The credit policy and the nature of the loans ensure that EFG International's loan book is of high quality. Consequently, an overwhelming majority of EFG International's credit exposures are rated within the top three categories.

CREDIT RISKS RELATED TO FINANCIAL INSTITUTIONS

Management of exposure to financial institutions is based on a system of counterparty limits coordinated at the EFG Group level, subject to country limits.

Limits for exposure to counterparties are granted based upon internal analysis. Up to a certain absolute size or ceiling, depending on each counterparty's Fitch ratings and on its total equity, the limits are set by the EFG International Market, Bank and Country Risk Committee. Beyond that ceiling, an opinion must be requested from the EFG Group prior to submission to EFG International's Risk Committee for approval.

COUNTRY RISK

Country risk is defined as "the transfer and conversion risk that arises from cross-border transactions". Country risk also encompasses sovereign risk, the default risk of sovereigns or state entities acting as borrowers, guarantors or issuers.

EFG International measures country risk based on the company's internal country ratings, predominantly derived from information provided by external rating agencies such as Fitch, and enhanced by in-house analysis, which is broken into two components: (1) quantitative economic risk and (2) qualitative examination of political and socio-economic trends. In addition to the default probability and the loss given default, calculation of country risk incorporates the structure of the particular transaction.

Management of country risk is based on a centralised process at the EFG Group level. The EFG GRC makes the final determination of country ratings, and the Group Credit Risk Committee at the EFG Group level coordinates all country limits.

EFG International's Market, Bank and Country Risk Committee monitors country risk exposures within these limits.

EFG International's exposure to emerging market countries is minimal.

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 for which prices are fixed daily, as well as from more traditional banking business, such as loans.

EFG International engages in trading of securities, derivatives, foreign exchange, money market paper, and commodities on behalf of its clients. This business is conducted out of dealing rooms in Geneva, Hong Kong, London, Miami, Monaco and Stockholm. EFG International does not engage in proprietary trading in securities for the purpose of making profits, but does from time to time provide liquidity to clients holding selected securities. In the case of foreign exchange, EFG Bank maintains small proprietary positions in linear foreign exchange instruments. Both securities and foreign exchange exposures are strictly limited by nominal overnight and Value at Risk (VaR) limits. Foreign exchange is also subject to intraday limits, as well as to daily and monthly stop loss monitoring. Adherence to all limits is monitored independently by the EFG Bank Market Risk Management Unit.

Due to the nature of EFG International'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 subsidiary banks that is denominated in local currencies. Equity price risk does not play an important role in EFG Bank's trading books.

MARKET RISK MEASUREMENT AND LIMITS IN TRADING

Market risk exposure is measured in several ways: nominal and VaR exposure, gap reports and sensitivity to stress tests. VaR is not used for regulatory reporting of risks. It is published internally, within the EFG Group, as an indication only.

VaR is calculated using statistically expected changes in market parameters for a given holding period at a specified level of probability. EFG Group's self-developed internal model, which has been implemented on an EFG Group wide bases, takes into account relevant market risk takers and units.

The internal model is based on a variance/co-variance approach and uses a 99% one-tailed confidence level. The model assumes a 10-day holding period for purposes of group internal risk reporting, with a 180-day observation period for market variables. The VaR model is adjusted on an ongoing basis in response to developments in the financial markets and to changes in our risk management needs.

Risk parameters based on the VaR methodology are calculated by the EFG Bank Market Risk Management Unit, which produces monthly market risk reports, showing the relationship between risks calculated on the VaR basis and their related returns.

These VaR calculations are complemented by various stress tests to identify the potential impact of extreme market scenarios on the value of portfolios. These stress tests simulate both exceptional movements in prices or rates and drastic deteriorations in market correlations. They, along with nominal limits and stop losses, are the primary tools used for internal market risk management. Stress test results are calculated monthly by the EFG Bank Market Risk Management Unit and reported to management.

Daily risk reports are made which review compliance with nominal limits and stop loss limits. The following tables present risk figures (99%, VaR, 10-day) for market risk in the trading books, by risk type:

2004 CHF '000	VaR as of 31 December 2004	Average VaR	Minimum VaR	Maximum VaR	Maximum In % of equity
Interest rate risk	692	1,746	692	2,489	0.34
Currency risk	745	1,105	745	1,401	0.19
Equity price risk	182	206	126	293	0.04

2005 CHF '000	VaR as of 31 December 2005	Average VaR	Minimum VaR	Maximum VaR	Maximum In % of equity
Interest rate risk	868	775	600	939	0.05
Currency risk	335	428	196	696	0.03
Equity price risk	534	609	534	701	0.03

2006 CHF '000	VaR as of 31 December 2006	Average VaR	Minimum VaR	Maximum VaR	Maximum In % of equity
Interest rate risk	1,236	1,555	773	2,419	0.10
Currency risk	323	188	76	323	0.01
Equity price risk	293	286	238	346	0.01

CURRENCY RISK

Apart from the exposure to foreign currencies which relates to banking and trading activities in EFG International's subsidiary banks, and which is managed by the local treasury departments, the company is also exposed to foreign currency fluctuations at the EFG International level because most of the subsidiary banks use local currencies as their reporting currencies. From time to time EFG Bank may enter into currency hedging arrangements to reduce the effects of exchange rate fluctuations on its income. However, the company does not have currency hedging arrangements in place to minimise the effects of exchange rate fluctuations on the reporting of its subsidiary banks (currency translation risk).

ASSET/LIABILITY MANAGEMENT

EFG Bank utilises a matched fund transfer pricing system that distinguishes between the margins earned by the customer business and the profits arising out of certain interest rate positions. The system is based on current market rates and is the basis for calculating the profitability of profit centres and products.

Despite strong asset growth, the bank's capital and deposit base has continued to provide a substantial excess of funding. Structural mismatches are reflected in the interest rate position of EFG International and the result of the maturity transformation is shown in net interest income. However, it is EFG

International's goal to minimise the risk of structural mismatch due to fluctuations in interest rates as much as possible.

The following table shows the hypothetical change in the present value of the company's banking book activities as of 31 December 2004, 2005 and 2006 in CHF as a result of a parallel increase in interest rates of 1%.

CHF '000	Interest rate sensitivity	In % of shareholders' equity
As of 31 December 2004	808	0.11
As of 31 December 2005	4,168	0.20
As of 31 December 2006	10,267	0.45

LIQUIDITY RISK

EFG Bank manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits, and to satisfy the company's own cash flow needs.

Funding operations aim to avoid concentrations in funding facilities. The pricing of assets and credit business is based on the current liquidity situation. EFG Bank also has a liquidity management process in place that includes liquidity contingency plans, encompassing repo borrowing and liquidation of marketable securities. The bank's liquidity situation is also reported to the EFG Group Risk Unit on a monthly basis, according to specific Group Risk Guidelines, and to the bank's management on a daily basis. Stress tests are undertaken monthly or as necessary.

Our customer deposit base, our capital and reserves position and our conservative gapping policy when funding customer loans ensure that EFG International runs only a small liquidity risk.

OPERATIONAL RISK

EFG International's executive management monitors the risk of loss resulting from failures in business processes, systems and people, or from external sources, through a comprehensive internal reporting system, which aims to enable the organisation to oversee and maintain the standards of all transactions. In addition, operational risk is limited by means of, inter alia, organisational measures, automation, internal control and security systems, written procedures, legal documentation and loss mitigation techniques as well as a respective business continuity plan under the responsibility of management. Generally, operational losses have been small. Monthly reports include details of all operational issues. In addition, the management information system produces daily reports with details of the transactions of all CROs, which are closely monitored in order to detect any large or unusual transactions. Furthermore, all securities purchases are executed through central trading desks and are reviewed by traders as to size and quality of securities.

The company's IT system provides an immediate duplicate of all transactions, ensuring a backup system is continuously available off-site. Operations are also audited by EFG Group's internal auditors and external auditors, as well as by EFG International's audit committee. Statistical indicators have been collected over several years to prepare for implementation of the Standardised Approach in order to comply with the requirements of the Basel II accords.

COMPLIANCE AND LEGAL RISK

The Compliance Department is responsible for ensuring EFG International's observance of applicable regulations. Changes in the regulatory environment are monitored and directives and procedures are adapted as required. Global compliance is centrally managed from Geneva with local compliance officers situated in virtually all of EFG International's booking centre subsidiaries around the world. The Legal Department oversees client and other litigation and supervises outside counsel on a variety of legal matters.

REPUTATION RISK

Reputation risk for EFG International may arise from service delivered to clients that is substandard, as well as EFG International's involvement with politically exposed persons, persons with a public profile or those associated with high risk activities. EFG International ensures service quality by employing highly skilled CROs and minimising operational error (see "Operational Risk" above). Reputation risk arising from client selection is a common concern for all private banks, and the Swiss Federal Banking Commission along with regulators throughout the world have put in place rules and regulations to monitor the reputation risk inherent in the industry.

To comply with anti-money laundering laws, EFG International operates strict due diligence procedures for the acceptance of new clients. In addition, EFG International closely monitors transactions on an ongoing basis and investigates any transaction activity that is unusual and is deemed suspicious.

Our objective is to fulfill
client wants and dreams;
products and services
are the means.
CROs are free to select
the best from the market;
compelled only to solve,
not sell.

ABOUT EFG GROUP

About EFG GROUP

EFG GROUP [1] is Switzerland's third-largest banking group by Tier-1 Capital. EFG Group is headquartered in Geneva and is present in 37 countries with 20,500 employees worldwide.

Aside from its own private banking activities, the parent bank of the EFG Group, EFG Bank European Financial Group, holds controlling participations in the following two major publicly-listed banking groups:
- 48.7% in EFG International, Zurich, Switzerland; and
- 41.3% in Eurobank EFG, Athens, Greece.

EUROBANK EFG is headquartered in Athens, Greece, and is listed on the Athens Stock Exchange (ticker symbol: EUROB). It is one of the leading banking and financial institutions in Greece, offering banking, asset management, insurance and other related services in Greece and Central and South-Eastern Europe. It operates in 10 countries with a staff of more than 19,000 people and a network of 1,300 branches, points of sale and alternative distribution channels. More information can be found on www.eurobank.gr

General Management, EFG Group

Périclès Petalas	Chief Executive Officer
Emmanuel L. Bussetil	Chief Financial Officer
Eric Bertschy	Head of Group Control and Regulatory Unit
Patrick de Figueiredo	Head of Group Risk Unit

Contact Details, EFG Group

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[1] Source: The Banker, Top 1000 World Banks, July 2006

CORPORATE GOVERNANCE

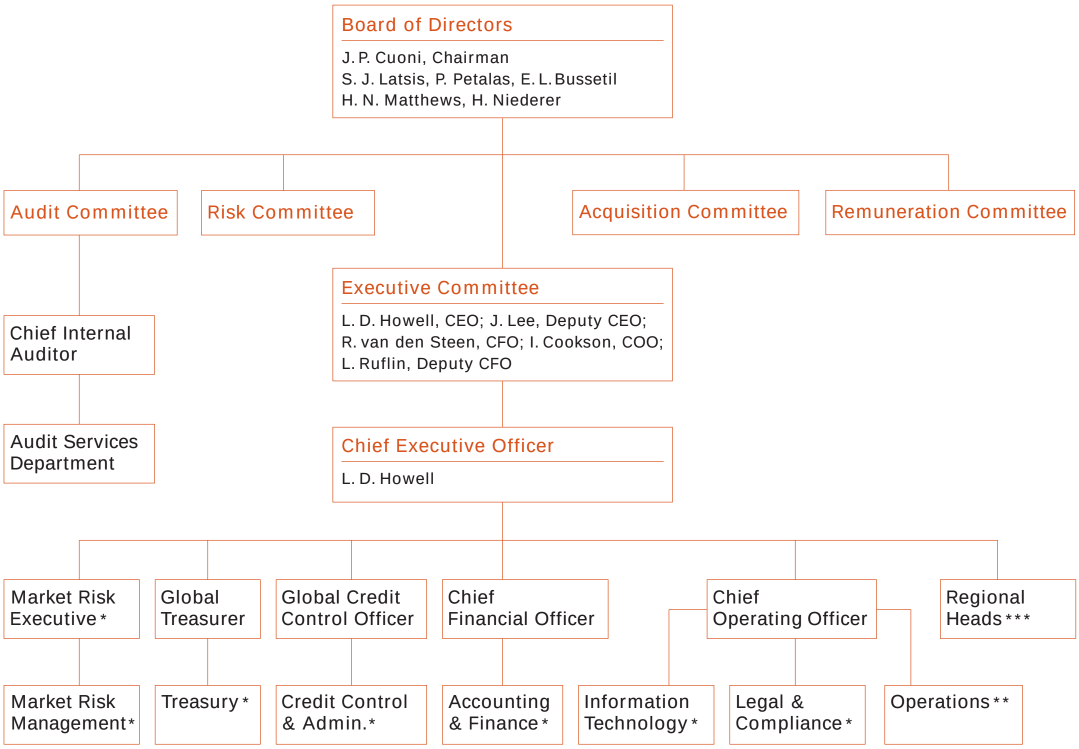
As a publicly listed Swiss company, EFG International is subject to the Directive on Information relating to Corporate Governance and its Annexes and Commentary, issued by the SWX Swiss Exchange. The information provided in this section adhere to the structure of the SWX Directive.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 Operational structure of EFG International

EFG International is a global private banking and asset management group operating in 44 locations in 30 countries. The EFG International group is managed on a regional basis with the primary regional divisions being Europe Cross-border, Europe On-shore, Asia and the Americas. The EFG International Group also reports results in two business segments: Private Banking and Funds of Hedge Funds management. Further information can be found in note 37, "Segmental Reporting" to our consolidated financial statements.

The structure of the central management of the group is outlined below.



* located in EFG Bank, but reporting to EFG International
** includes operational risk management
*** located in local subsidiaries and branches

1.2 Group entities

The consolidated entities are listed on page 104. There are no listed companies belonging to the EFG International Group other than EFG International.

1.3 Significant shareholders

The share-holding structure of EFG International as of December 31, 2006 is shown in the table below.

As of December 31, 2006	Number of registered shares	Percentage of voting rights
EFG Bank European Financial Group (EFG Group)	71,492,153	48.74 %
Mr. Lawrence D. Howell	8,352,000	5.69%
Mr. Jean Pierre Cuoni	7,236,000	4.93 %
Other Shareholders	59,589,847	40.64 %
Total	**146,670,000**	**100.00 %**

1.4 Shareholders' agreement and lock-up agreements

Messrs. Jean Pierre Cuoni (Chairman) and Lawrence D. Howell (CEO) are party to a shareholders' agreement with EFG Group which contains the grant of certain rights of first refusal in favour of EFG Group in respect of the shares held by them.

In the context of the Initial Public Offering ("IPO") on October 7, 2005, EFG Group, Jean Pierre Cuoni (Chairman) and Lawrence D. Howell (CEO) and 192 other directors, executive officers and employees of EFG International and its subsidiaries have entered into individual lock-up agreements with the underwriters in respect of shares owned prior to the IPO. Messrs. Jean Pierre Cuoni (Chairman) and Lawrence D. Howell (CEO) and 192 other executive officers and employees of EFG International and its subsidiaries are subject to a five year phased lock-up starting October 10, 2005. They were each able to sell up to 20,000 of their original shares from April 5, 2006. After one year, they were each able to sell up to 20% of their original shares (including the above-mentioned 20,000 shares). After two years, they will each be able to sell up to 40% of their original shares. After three years, they will each be able to sell up to 60% of their original shares. After four years, they will each be able to sell up to 80% of their original shares and after five years, they will each be able to sell up to 100% of their original shares.

EFG Group agreed with the underwriters to a one-year lock-up period which expired on October 10, 2006. As a result of the lock-up agreements, EFG Group and its employee shareholders were considered to be a shareholding group within the meaning of Article 15 of the Ordinance of the Federal Banking Commission on the Stock Exchange of 25 June 1997. Upon the expiration of the lock-up the shareholders group formed by shareholders subject to the lock-up agreement was reduced in size to 30,806,278 shares representing 21% of the total voting rights. A notice in the Swiss Commercial Gazette was published reflecting this change.

1.5 Cross-shareholdings

EFG International has not entered into any cross-shareholdings that exceed 5% of the capital shareholdings or voting rights on either sides.

2. CAPITAL STRUCTURE

2.1 Capital

Share capital

The outstanding share capital amounts to CHF 73,335,000, consisting of 146,670,000 registered shares with a face value of CHF 0.50 each; the shares are fully paid-up. The authorised share capital amounts to CHF 9,165,000. The conditional share capital amounts to CHF 2,282,500.

The registered shares are traded on the main segment of the SWX Swiss Exchange (security no. 002226822; ISIN CH0022268228, symbol EFGN). The Company's market capitalisation was CHF 6,739,486,500 on 31 December 2006.

Participation capital

The outstanding participation capital of the Company amounts to CHF 6,000,000, consisting of 400,000 non-voting preference Class B Bons de Participation with a nominal value of CHF 15.00 each. These Bons de Participation have been issued to Banque de Luxembourg as fiduciary in connection with the issue by Banque de Luxembourg of the EUR 400 million EFG fiduciary certificates on 14 November 2004 and 17 January 2005. The preference rights attached to the Class B Bons de Participation consist of preferential dividend and liquidation rights, as mainly set out in article 13 of the Articles of Association. The preferential dividend rights are expressed to remain at all times at the full discretion of the general meeting.

The authorised Class C preference Bons de Participation amounts to CHF 15,000,000, consisting of 1,000,000 registered Class C preference Bons de Participation with a nominal value of CHF 15.00 each.

The authorised Class D preference Bons de Participation amounts to CHF 11,250,000, consisting of 750,000 registered Class D preference Bons de Participation with a nominal value of 15.00 each.

The authorised Class E preference Bons de Participation amounts to CHF 4,500,000, consisting of 300,000 registered Class E preference Bons de Participation with a nominal value of CHF 15.00 each.

2.2 AUTHORISED AND CONDITIONAL CAPITAL IN PARTICULAR

Authorised capital

The Board of Directors is authorised, at any time until 22 September 2007, to increase the share capital by no more than CHF 9,165,000 by issuing no more than 18,330,000 fully paid up registered shares with a face value of CHF 0.50 each. Increase by firm underwriting, partial increases as well as increases by way of conversion of own free reserves are permissible. The issue price, the starting date of the dividend entitlement and the type of contribution will be determined by the Board of Directors.

In addition, the Board of Directors is authorised to increase the participation capital, up to a maximum aggregate amount of CHF 15,000,000, through the issuance of a maximum of 1,000,000 registered Class C preference Bons de Participation with a nominal value of CHF 15.00 each, to be fully paid up. The Board of Directors is also authorised to increase the participation capital, up to a maximum aggregate amount of CHF 11,250,000, through the issuance of a maximum of 750,000 registered Class D preference Bons de Participation with a nominal value of CHF 15.00 each, to be fully paid up and to increase the participation capital, up to a maximum aggregate amount of CHF 4,500,000, through the issuance of a maximum of 300,000 registered Class E preference Bons de Participation with a nominal value of CHF 15.00 each, to be fully paid up.

The Board of Directors is authorised to withdraw the preferred subscription rights of the shareholders and the participants and to allocate them to third parties for the financing of the acquisition of all or part of an enterprise or of an investment in another company, or for new investments purposes for EFG International at market conditions at the moment of the issuance, as well as, in particular, for direct or indirect fund raising purposes on the international capital markets. If and when issued, Class C, Class D and Class E preference Bons de Participation will rank prior to the shares, both in terms of dividend and liquidation dividend rights.

Conditional capital

The share capital may be increased by no more than CHF 2,282,500 by issuing no more than 4,565,000 fully paid up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to officers and employees at all levels of EFG International and its group companies. The preferential subscription rights of the shareholders and the participants are excluded in favour of the holders of the option rights. The conditions for the allocation and the exercise of the option rights are set by the Board of Directors. The shares may be issued at a price below the market price.

2.3 Changes in capital structure

EFG International was founded with a share capital of CHF 53,610,000, divided into 53,610 fully paid-up registered shares with a nominal value of CHF 1,000 each, and participation capital of CHF 7,390,000, divided into 1,390 fully paid-up ordinary class A Bons de Participation with a nominal value of CHF 1,000 each and 400,000 fully paid-up preference class B Bons de Participation with a nominal value of CHF 15 each.

At an extraordinary shareholders' meeting held on September 22, 2005, inter alia, EFG International's shareholders resolved to:

– convert all then existing 1,390 class A Bons de Participation into 1,390 ordinary fully paid-up registered shares with a nominal value of CHF 1,000 each, and, thereupon, to split all then existing 55,000 registered shares (including the converted 1,390 class A Bons de Participation) with a split ratio of 1:2,000, into 110,000,000 fully paid-up registered Shares with a nominal value of CHF 0.50 each; and

– increase EFG International's share capital by CHF 18,335,000 to CHF 73,335,000 by issuing up to 36,670,000 new fully paid-up registered shares with a nominal value of CHF 0.50 each (the "Ordinary Capital Increase").

The 36,670,000 new fully paid-up registered shares were issued as part of the initial public offering of EFG International at a nominal value of CHF 0.50 and an issue price of CHF 38.00 each, leading to an increase in capital of CHF 18,335,000 to CHF 73,335,000.

There have been no changes in the capital structure of EFG International since the initial public offering.

2.4 Shares and participation certificates

Shares

Number of shares as of 31 December 2006:

Registered shares of CHF par value	146,670,000

All registered shares are fully paid-up and entitled to dividends. Each share carries one vote. There are no preferential rights or similar rights attached to the shares.

Participation certificates

Number of participation certificate as of 31 December 2006:

Preference Class B Bons de Participation of CHF 15.00 par value	400,000

All preference Class B Bons de Participation are entitled to preferential dividend and liquidation rights (see section 2.1 above). They do not confer voting rights.

2.5 Profit sharing certificates

There are no profit sharing certificates outstanding.

2.6 Limitations on transferability and nominee registrations

EFG International's shares are freely transferable, without any limitation, provided that the buyers expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995.

Buyers not expressly declaring themselves to be holding shares for their own account in their application for entry in the register of shares ("nominees") shall be entered in the register of shares with voting rights without further inquiry up to a maximum of 2% of the outstanding share capital available at the time. Above this limit registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question makes known the names, addresses and shareholdings of the persons for whose account he is holding 0.5% or more of the outstanding share capital available at the time and provided that the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995 is complied with. The Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to evade the entry restriction are considered as one shareholder or nominee.

The Board of Directors is authorised to issue regulations to implement the above provisions.

2.7 Convertible bonds and warrants/options

There are no outstanding convertible bonds, no warrants on EFG International's shares issued by EFG International or any of its affiliates.

For details on stock options granted to officers and employees at all levels of EFG International and its group companies, please refer to section 5.1.

3. BOARD OF DIRECTORS

3.1 Members of the Board of Directors

The Board of Directors currently comprises six members all of whom are non-executive directors. The Board of Directors of EFG Bank is composed of the same members as the Board of Directors of EFG International.

No member of the Board has held a management position in EFG International or any of its group companies over the last three years. No director has any significant business connection with EFG International or any of its subsidiaries. The law firm Niederer Kraft & Frey of which Dr. Hans Niederer is a partner has provided legal services to EFG International in connection with a number of matters (see also 5.7).

Jean Pierre Cuoni is a Swiss citizen, born in 1937. He was appointed Chairman of the Board of Directors of EFG International effective as of 8 September 2005. Mr. Cuoni has been Chairman of the Board of Directors of EFG Bank since 1997 and has been a member of the Board of Directors and the Advisory Board of EFG Group since 1995. Mr. Cuoni has also been a member of the Board of Directors of EFG Investment Bank AB since 2001. Prior to these positions, Mr. Cuoni was Chief Executive of Coutts and Co International Private Banking (1990-94) and Chief Executive of Handelsbank NatWest, the Swiss subsidiary of NatWest (1988-90). Beforehand, Mr. Cuoni spent 28 years with Citibank in New York, Paris, Geneva, Lausanne and Zurich, and was the Regional Head of Private Banking for Europe and Middle East/Africa and Senior Officer (Country Corporate Officer) for Citicorp and Citibank in Switzerland. Mr. Cuoni was Senior Vice President of Citibank N.A. from 1981 to 1988 and Chairman of Citibank (Switzerland) S.A. from 1982 to 1988.

Mr. Cuoni received his Federal Commercial Banking Diploma in 1957 and attended the Executive Development Programme at IMD in Lausanne in 1974.

Mr. Cuoni was part of the Swiss Bankers Association as a member of the Board (1982-93) and as a member of the Executive Committee of the Board (1985-93). He was Chairman of the Association of Foreign Banks in Switzerland (1986-93) and member of the Board of the Association of Swiss Exchanges (1988-92), as well as member of the Board of the Zurich Chamber of Commerce (1988-96). From 1998 until 2004 he was Vice President of the British Swiss Chamber of Commerce. Since 1985, Mr. Cuoni has been member of the Investment Advisory Board of the International Labour Organisation (ILO) in Geneva.

Emmanuel Leonard Bussetil is a British citizen, born in 1951. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005 and has been a member of the Board of Directors of EFG Bank since 2001. He is the Group Finance Executive of EFG Group and is a member of the Board of EFG Eurobank Ergasias, Greece. He also is a member of the Board of the principal commercial holding and operating companies owned by Latsis family interests. He joined the Latsis group of companies in 1982 as Chief Internal Auditor. Prior to that he was an Audit Manager at PricewaterhouseCoopers, in the UK, where he was employed from 1976 to 1982.

Mr. Bussetil is a Fellow of the Institute of Chartered Accountants of England and Wales. His professional training was undertaken as an Articled Clerk at Dolby Summerskill, Liverpool (1972-73) and at Morland and Partners, Liverpool (1974-76).

Spiro J. Latsis is a Greek citizen, born in 1946. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005. He has been a member of the Board of Directors of EFG Bank since 1997. Mr. Latsis has been the Chairman of the Board of EFG Group since 1997 and a member of EFG Group’s Board of Directors since 1981. In addition, he is a director in other EFG Group companies, including Private Financial Investments Holding Ltd., Jersey (since 1991), EFG Eurofinancière d’Investissements SAM, Monaco (since 1990), Private Financial Holdings Limited, England (since 1989), EFG Private Bank (since 1989), EFG Consolidated Holdings SA, Luxembourg (since 1989) and EFG Eurobank Ergasias, Athens (since 1990). Mr. Latsis is also President of SETE S.A., Geneva and Chairman of Paneuropean Oil and Industrial Holdings S.A., Luxembourg.

Mr. Latsis obtained his bachelor degree in Economics in 1968, a masters degree in Logic and Scientific Method in 1970 and a doctorate in Philosophy in 1974, all from the London School of Economics. He is an Honorary Fellow and a member of the Court of Governors of the London School of Economics.

Hugh Napier Matthews is a Swiss and British citizen, born in 1943. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005. He has been a member of the Board of Directors of EFG Bank since 2003 and is Chairman of its audit committee. Mr. Matthews has also been a member of the Board of Directors of EFG Group since 2001 and is Chairman of its risk committee. Before that, Mr. Matthews worked for Coutts Bank (Switzerland) (1996-2000), ultimately in the position of Chief Executive Officer, and for Coutts Group, London (1994-96), since 1995 as Group Chief Operational Officer. Prior to 1995, Mr. Matthews was with Peat Marwick Mitchell and Co. working in London (1960-69), Brussels, Los Angeles and New York (1969-71) and Zurich (1971-94).

Mr. Matthews was educated at The Leys School in Cambridge, before joining Peat Marwick Mitchell in 1960, qualifying as a Chartered Accountant in 1966.

Périclès Petalas is a Swiss citizen, born in 1943. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005. He has been a member of the Board of Directors of EFG Bank since 1997. Mr. Petalas has been Chief Executive Officer of EFG Group since 1997. He is also a non-executive director of various EFG Group companies. Prior to his position at EFG Group, Mr. Petalas was Senior Vice President and General Secretary of Banque de Dépôts, Geneva. Previously, he worked for Union Bank of Switzerland in Zurich (1978-80) and Petrola International, Athens (1977-78).

Mr. Petalas passed a Diploma (1968) and a doctorate (1971) in Theoretical Physics, both at the Swiss Federal Institute of Technology in Zurich. He also received a post-graduate degree in Industrial and Management Engineering from the same institute in 1977.

Hans Niederer is a Swiss citizen, born in 1941. He was appointed a member of the Board of Directors of EFG International effective as of 5 October 2005. Mr. Niederer is a partner at Niederer Kraft & Frey, attorneys-at-law and a member of the Board of Directors of various companies. He is Vice Chairman of the Board of Investec Bank (Switzerland) AG and a member of the Boards of BBVA (Suiza) SA, LB (Swiss) Privatbank AG and LB (Swiss) Investment AG. Mr. Niederer was also a member of the Board of Bank von Ernst & Cie AG until 30 September 2004 and acted as its Chairman of the Board for 28 years until it was acquired by Coutts Bank (Switzerland) Ltd. in 2003.

Mr. Niederer holds a doctorate in law from the University of Zurich (1968) and a masters degree in law (LL. M.) from the University of California, Berkeley (1970). He was admitted to the bar in Switzerland in 1971.

3.2 Other activities and vested interests of the Members of the Board of Directors

Please refer to the information provided in each director's biography in section 3.1.

3.3 Cross-involvement

Cross-involvement refers to interlocking memberships between the Boards of Directors of two or more listed companies. The following cross-involvements existed on 31 December 2006:

Spiro J. Latsis, Périclès Petalas and Emmanuel L. Bussetil are also directors of EFG Eurobank Ergasias S.A., Athens.

3.4 Elections and terms of office

According to the articles of association, the Board of Directors consists of three or more members, who are elected by the general meeting for a one-year term and who may be re-elected. There is no limit to the numbers of terms a director may serve. The term of office ends on the day of the ordinary general meeting. With the exception of Mr. Hans Niederer, all Board members were elected when EFG International was founded on September 7, 2005. Mr. Niederer was appointed a member of the Board of Directors effective as of 5 October 2005.

The tenure of all the current members of the Board of Directors will expire at the 2007 general meeting, at which time all directors will be subject to re-election by the shareholders.

3.5 Internal organisational structure

The internal organisational structure is laid down in the internal regulations of the Company. The Board of Directors meets as often as business requires, but at least four times a year, normally once every quarter. Members of the Executive Committee, managerial staff and external advisors may be called upon to attend a Board meeting. In order to make a binding decision, a simple majority of the Board of Directors must be present. The Board of Directors takes decisions on the basis of an absolute majority of present members. In the event of a tie, the Chairman does not have a casting vote.

The Board of Directors met five times in 2006 – four quarterly meetings plus one meeting devoted to preparation for the annual general meeting. Meetings typically last half a day.

The Board of Directors has established an audit committee, a risk committee, a remuneration and an acquisitions committee according to the terms of the internal regulations:

Audit committee

The audit committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to:

(i) the review of the management and internal control processes,
(ii) the financial and business reporting processes,
(iii) the risk domination and related internal control systems,
(iv) the monitoring and compliance with laws and regulations and the own code of conduct,
(v) the terminal and external audit processes, and
(vi) the monitoring of operational risk.

The role of the audit committee is primarily supervisory and its decision making authority is limited to those areas which are ancillary to its supervisory role. The audit committee comprises at least three Board members (at present, Mr. Matthews has been appointed as Chairman and Messrs. Bussetil and Petalas have been appointed as members of the audit committee).

The audit committee meets quarterly as well as when necessary to review the accounts before approval by the Board. Meetings typically last three to four hours and are attended by members of the executive management responsible for areas supervised by the audit committee. During 2006, the audit committee met six times.

Minutes of the audit committee are reviewed by the full Board of Directors at its meetings. In addition, an oral report from the Chairman of the audit committee is given to the Board of Directors at each of its meetings.

Risk committee

The risk committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to the monitoring of credit, market and bank and country risk. The risk committee may also recommend to the Board of Directors changes in its risk limits and policies. However, the role of the risk committee is primarily supervisory and its decision making authority is limited to those areas which are ancillary to its supervisory role.

The risk committee comprises at least three Board members (at present, Mr. Matthews has been appointed as Chairman and Messrs. Bussetil, Petalas and Niederer have been appointed as members of the risk committee).

The risk committee meets quarterly. Meetings typically last three to four hours and are attended by members of the executive management responsible for risk management. During 2006, the risk committee met three times.

Minutes of the risk committee are reviewed by the full Board of Directors at its meetings. In addition, an oral report from the Chairman of the risk committee is given to the Board of Directors at each of its meetings.

Remuneration committee

The remuneration committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors fulfilling its oversight responsibilities by:

(i) reviewing the general remuneration policy,
(ii) reviewing the remuneration of members of the Board of Directors and of key executives,
(iii) reviewing the annual remuneration review process, and
(iv) carrying out other tasks conferred on it by the Board of Directors.

The remuneration committee comprises of at least three Board members (at present Mr. Petalas has been appointed as Chairman and Messrs. Cuoni and Bussetil have been appointed as members of the remuneration committee).

The remuneration committee meets annually in the first quarter to review salary and bonus decisions as well as when necessary. Meetings typically last two to three hours and are attended by members of the executive management. During 2006, the remuneration committee met three times.

Minutes of the remuneration committee are reviewed by the full Board of Directors at its meetings. In addition, an oral report from the Chairman of the remuneration committee is given to the Board of Directors at each of its meetings.

Acquisitions committee

The acquisitions committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in evaluating and approving acquisitions made by the group. The acquisitions committee has the power to approve any acquisition for which the purchase price is less than or equal to CHF 150 million. Acquisitions with a value of more than CHF 150 million must be approved by the full Board of Directors.

The acquisition committee comprises at least three Board members (at present, Mr. Bussetil has been appointed as Chairman and Messrs. Petalas and Cuoni have been appointed as members of the acquisition committee).

The acquisition committee meets on an ad hoc basis throughout the year in order to review specific transactions or to receive an update from the Chief Executive Officer and Chief Financial Officer/Head of M&A regarding the status of negotiations with various acquisition targets. Meetings vary in length from 1 hour to 3 hours.

During 2006, the acquisition committee met four times.

3.6 Definition of areas of responsibility

The Board of Directors of EFG International is ultimately responsible for supervision of the management of EFG International. The Board of Directors sets the strategic direction of the EFG International and supervises its management.

Details of the powers and responsibilities of the Board of Directors can be found in the Organizational Regulations of the Board of Directors, which is available at www.efginternational.com/regulations.

The Board of Directors has delegated the operational management and that of its subsidiaries to the Chief Executive Officer ("CEO") and the Executive Committee. The Executive Committee comprises five executive officers. It is chaired by the CEO and its other members are the "Deputy CEO", the "Chief Financial Officer" or the "CFO", the "Chief Operating Officer" and the "Deputy CFO". Members of the Executive Committee are appointed by the Board of Directors upon recommendation of the CEO. The executive officers, under the responsibility of the CEO and the control of the Board of Directors, manage the operations of the company pursuant to the internal regulations and report thereon to the Board of Directors on a regular basis.

The EFG International Group is organised as a single structure, reporting to the Chief Executive Officer. Various support, service or control Units report either directly to the Chief Executive Officer, or to the Deputy Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer or the Deputy Chief Financial Officer.

The titles and brief job descriptions for certain members of senior management are set forth as follows:

Chief Executive Officer: The Chief Executive Officer (CEO) of EFG International is responsible to the Board of Directors for the overall management and performance of the EFG International Group. He manages the implementation and development of strategic and operational plans as approved by the Board of Directors. He represents the EFG International Group towards third parties and regulators and is co-responsible (together with the Board of Directors and the other senior executives) towards the Swiss Federal Banking Commission for the prudent management and regulation-compliant operation of the organisation.

Deputy Chief Executive Officer: The Deputy Chief Executive Officer is responsible for assisting the Chief Executive Officer in the execution of his duties and is specifically responsible for Credit, Structured Transactions, Treasury, Market Risk Management and, in conjunction with the CEO, for the Private Banking Supervision. In addition, the Deputy CEO supports the Chief Executive Officer and the Chief Financial Officer in the evaluation of acquisition opportunities.

Chief Financial Officer: The Chief Financial Officer (CFO) has overall responsibility for the financial management of the EFG International Group. He is responsible for EFG International accounting policies and for tax matters as well as for the preparation of the Group's financial statements. The CFO is also responsible for regulatory reporting requirements and compliance with capital adequacy requirements. In addition, he oversees the evaluation of acquisition opportunities and the execution of suitable transactions.

Deputy Chief Financial Officer: The Deputy CFO has overall responsibility for the EFG International Group's equity and capital management and long term funding, investor relations and corporate communication as well as supporting the CFO and CEO in relation to acquisitions.

Chief Operating Officer: The Chief Operating Officer (COO) is responsible for the management, co-ordination, supervision, planning and control of the Operations and Technology activities of the Group as well as supervising and coordinating Compliance functions across the EFG International Group, including product approval. In addition, he is responsible for the evaluation and management of operational risks.

3.7 Information and control instruments vis-à-vis the Executive Committee

The Board of Directors supervises the management of EFG International through various meetings with management, including meetings of the Board and its committees.

Members of the Executive Committee attend each of the Board meetings during the year and are available to answer questions from the Board. The Chief Executive Officer provides a written report to the Board on a quarterly basis summarising developments in the business and is available to answer questions from the Board. In addition, the Chief Financial Officer reports on the financial results to the Board on a quarterly basis.

Members of management responsible for the finance and accounting function, including the Chief Financial Officer attend audit committee meetings and are available to answer questions from the committee relating to the accounts. In addition, the Head of Legal and Compliance attends audit committee meetings and is available to answer questions relating to compliance issues.

The members of management responsible for credit, market and bank and country risk management attend the risk management committee meetings.

In addition, independent audits are performed by the Company's audit services department, which reports to the audit committee. Organisationally independent of management, it provides the Board of Directors and the audit committee with an independent, objective assurance on the adequacy and effectiveness of the internal control system. The internal audit services department maintains a regular dialogue with the external auditors to share risk issues arising from their respective audits and to coordinate their activities. The obligations and rights of the internal audit services department are set forth in the internal regulations and in an internal audit charter. The internal audit services department has an unlimited right to information and access to documents with respect to all elements of the Company and its subsidiaries.

See also information on the risk management on the pages 41 ff.

4. EXECUTIVE COMMITTEE

4.1 Members of the Executive Committee

Lawrence D. Howell is a U.S. citizen, born in 1953. He is Chief Executive Officer of EFG International. Previously, he was the Chief Executive Officer of EFG Bank (since 1997) and a member of the management (since 1997). Since 1997 Mr. Howell has been a member of the Advisory Board of EFG Group and since 2001 also member of the Board of Directors of EFG Investment Bank AB (formerly IBP Fondkommission). Prior to joining the EFG Group, Mr. Howell was with Coutts and Co. International Private Banking from 1989 to 1995. Prior to 1993, he was Head of Americas and Asia in Zurich and New York and until 1995 he was Head of Americas based in New York and responsible for clients domiciled in the Americas as well as for the bank's offices in the US, the Bahamas, Bermuda, Cayman, and Latin America.

From 1986 to 1989, Mr. Howell spent three years at Citibank Switzerland as Vice President in charge of Swiss Ultra-High Net Worth Clients and from 1985 to 1986 he was with McKinsey and Co. in New York as a consultant for financial services companies, including private banks. Mr. Howell started his career at Citibank in 1978 as internal legal counsel for the International Private Banking Division and from 1981 to 1984 he was chief of staff for Jean Pierre Cuoni, the Head of Private Banking for Europe, Middle East and Africa.

Mr. Howell holds a B. A. and J. D. from the University of Virginia.

James T. H. Lee is a British citizen, born in 1948. He is the Deputy Chief Executive Officer of EFG International. He previously was the Deputy Chief Executive Officer of EFG Bank (since 2003). He joined EFG Bank in 2001 as an advisor and was appointed Head of Merchant Banking and Chairman of the credit committee in January 2002 and a member of the management. Prior to 2001, Mr. Lee worked for UBS on strategic and tactical acquisitions in the field of private banking (1999-2000), and was the Global Head of International Private Banking for Bank of America (1997-1998). Between 1973-1997 he held various positions at Citigroup in Corporate, Investment and Private Banking, including being responsible for the Private Bank's Ultra-High Net Worth business in Asia and for the Global Investment Advisory business of the Private Bank. In 2000, Mr. Lee acted as advisor to several start-up businesses active in the fields of e-commerce and healthcare and co-founded an e-commerce company in the UK to build portals for specific industries in which he no longer holds any interest. Mr. Lee is a non-executive member of the Board of CMA Global Hedge PCC Limited, a Guernsey company listed in July 2006 on the London Stock Exchange. CMA Global Hedge PCC Limited is not a subsidiary or affiliate of EFG International.

Mr. Lee obtained a Bachelors of Science (Honours) degree in Electrical Engineering in 1970 and a Masters degree in Management Science and Operational Research, both from Imperial College, University of London.

Rudy van den Steen is a Belgian citizen, born in 1964. He is the Chief Financial Officer of EFG International. He joined EFG Bank as Chief Financial Officer in June 2000 after having advised the bank on several transactions as a M&A consultant. In addition of his CFO responsibilities, Mr. van den Steen heads the M&A initiatives including the deal initiation, negotiation, pricing and financing of acquisitions. Prior to joining EFG Bank, Mr. van den Steen worked for 14 years for Price Waterhouse in Brussels, London and Russia before joining Price Waterhouse Swiss practice in Zurich in 1995, where he was ultimately the head of the Financial Institution Group's M&A Advisory group after the merger with Coopers and Lybrand.

Mr. van den Steen holds a master's degree in Applied Economics and General Management with a major in quantitative/mathematical economics from Louvain University (Leuven) in Belgium.

Ian Cookson is a British and Swiss citizen, born in 1947 and educated in the U.K. He is the Chief Operating Officer of EFG International. He previously was a member of the Executive Committee of EFG Bank (since 2002). Prior to that, Mr. Cookson was the Deputy Chief Executive of EFG Bank (1997-2002), Chief Operating Officer of Banque de Dépôts, Geneva (1991-1997) and the Head of Management Services of CBI-TDB Union Bancaire Privée (1986 -1991).

Lukas Ruflin is a Swiss citizen, born in 1975. He is Deputy Chief Financial Officer of EFG International. He previously was a member of the management of EFG Bank (since 2004). Prior to joining EFG Bank in 2004, Mr. Ruflin worked at Lehman Brothers' Swiss Investment Banking Division in Zurich (2000-2004), at the JP Morgan Investment Banking Division in Zurich and London (1999-2000) and before that at the Pricewaterhouse Corporate Finance and Management Consulting Services Divisions in Zurich and Moscow (between 1995 and 1999 on a part-time basis).

Mr. Ruflin holds a degree in Economics from the University of St.Gallen and a CEMS masters degree in International Management.

4.2 Other activities and vested interests

There are no other activities and vested interests of any members of the Executive Committee.

4.3 Management contracts

EFG International and its subsidiaries have not entered into management contracts with third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 Content and method of determining the compensation and the share-ownership programmes

General

Compensation of the Board of Directors, the CEO and other member of the Executive Committee is set by the Board of Directors' remuneration committee (see section 3.5 above). The committee convenes once a year and sets compensation levels for members of the Board of Directors and members of the Executive Committee within parameters established by the full Board of Directors. Special meetings may be convened as required.

The remuneration committee determines the compensation of members of the Executive Committee by considering market compensation levels for similar positions as well as the individual performance and contribution to the business of each employee.

EFG International adopted a stock option plan for employees and executive officers of EFG International and its subsidiaries on 20 September 2005 (the "Stock Option Plan") in order to strengthen the Company's ability to furnish incentives for members of the management and other key employees and to increase long-term shareholder value by improving operations and profitability. The Stock Option Plan will cover any options granted during the financial years 2005 to 2009 and last up to the point in time that all options granted under the Stock Option Plan have either been exercised or have expired. The CEO identifies and recommends each year all persons who are eligible to participate in the Stock Option Plan to the remuneration committee, which then considers the recommendation and, at its absolute discretion, determines the size of the options to be granted to each eligible person.

According to the Stock Option Plan, the options vest three years after the date of grant. The options cannot be exercised during the first five years following the date of grant of the option. Thereafter, the options can be exercised during the following two years. EFG International issued 761,548 options pursuant to the Stock Option Plan with a grant date of February 28, 2006 at a strike price of CHF 25.33. EFG International issued 2,296,746 options pursuant to the Stock Option Plan with a grant date of February 23, 2007. Employees receiving options in 2007 could choose between in-the-money options and at-the-money options. The exercise price of the in-the-money options was fixed at CHF 32.83, two-thirds of the market price of the shares on the grant date, while the exercise price of the at-the-money options was fixed at CHF 49.25, the closing price of the shares on the grant date.

Chairman and CEO

The compensation of the Chairman of the Board, Jean Pierre Cuoni, and of the CEO, Lawrence D. Howell, consists of a base salary and a variable bonus for which the following applies:

The base salary of the Chairman and of the CEO is determined by the remuneration committee of the Board of Directors, which for the purpose of these decisions excludes Jean Pierre Cuoni as a member.

The bonus of the Chairman and of the CEO is determined as percentage of profits attributable to ordinary shareholders as defined in their employment contracts with EFG International, which have been disclosed in the context of the Initial Public Offering of EFG International in October 2005.

Executive Committee (excluding the CEO)

The compensation of the members of the Executive Committee, excluding the CEO, is determined by the remuneration committee. The following elements of compensation are applied on the level of the Senior Management:

- Base salary cash,
- Cash bonuses defined annually,
- Other cash compensations (expenses allowances, company cars, etc.),
- EFG International Stock Option Plan, Pension fund.

Bonuses are determined entirely within the discretion of the remuneration committee upon the recommendation of the CEO and are intended to reflect market levels of compensation as well as individual performance through the year.

5.2 Compensation for acting members of governing bodies

	2006 CHF
a) All members of the Board of Directors (aggregate figures)	3,446,612
b) All members of the Executive Committee (aggregate figures)	7,053,317

Compensation for the Chairman was determined in accordance with the arrangement described in 5.1 above. Board members who have decision power within EFG Group and as such are closely linked to EFG Group (Messrs. Petalas, Bussetil and Latsis) are not entitled to any remuneration.

The total shown includes all the remuneration components except for shares and options, which are shown separately. Cash payments, allowances, value of preferential rates on loans, other financial benefits, as well as the amount of actuarial funding needed for pensions, are included in this figure. The total shown for the Executive Committee includes an accrued, but not paid amount of CHF 2 million. This relates to a long term incentive plan, which foresees that a relating payment might become payable in future years.

5.3 Compensation for former members of governing bodies who gave up their functions in the preceding year or earlier

The Company was incorporated on September 7, 2005 and no members of governing bodies have given up their functions since then.

5.4 Share allotment

	2006 number
Executive members of the Board of Directors and closely linked parties to such persons (aggregate figures)	n/a
Non-executive members of the Board of Directors and closely linked parties to such persons (aggregate figures)	0
Members of the Executive Committee and closely linked parties to such persons (aggregate figures)	0

5.5 Share ownership

	2006 number
Executive members of the Board of Directors and closely linked parties to such persons (aggregate figures)	n/a
Non-executive members of the Board of Directors and closely linked parties to such persons (aggregate figures)	7,251,000
Members of the Executive Committee and closely linked parties to such persons (aggregate figures)	10,591,831

Figures do not include shares held by EFG Bank European Financial Group and its wholly owned subsidiaries.

5.6 Options

	2006 number
Executive members of the Board of Directors and closely linked parties to such persons (aggregate figures)	n/a
Non-executive members of the Board of Directors and closely linked parties to such persons (aggregate figures)	313,808
Members of the Executive Committee and closely linked parties to such persons (aggregate figures)	1,373,741

Call EFG International 2006/28.02.2013, maturity 7 years, conversion ratio 1:1, exercise price CHF 25.33, number 602,747

Call EFG International 2007/23.02.2014, maturity 7 years, conversion ratio 1:1, exercise price CHF 32.83, number 889,121

Call EFG International 2007/23.02.2014, maturity 7 years, conversion ratio 1:1, exercise price CHF 49.25, number 194,954

5.7 Additional fees and remunerations

Hans Niederer is a partner at Niederer Kraft & Frey, attorneys-at-law. This law firm was paid fees of CHF 135,143.35 for legal services it provided to the Company and certain of its group companies during the 2006 financial year.

No additional fees and remunerations were paid to other members of the Board of Directors or the Executive Committee (including parties closely linked to such persons) during the 2006 financial year.

EFG International also has entered into certain arrangements with EFG Group. These arrangements include outsourcing agreements whereby EFG International agrees to provide certain services for EFG Group including administration of a small number of EFG Group client accounts and the execution of trades on behalf of EFG Group. Also Jean Pierre Cuoni is a Board member of Right to Play Switzerland, a humanitarian organisation to which EFG International has made charitable contributions throughout the year. EFG International and its consolidated subsidiaries conduct business with EFG Group's subsidiary Eurobank EFG on an arms length basis as part of the ordinary course of their business. The assets, liabilities, revenues and expenses related to transactions with EFG Group are set forth in Note 44 to the Consolidated Financial Statements of EFG International on page 132 of this annual report.

5.8 Loans to members of governing bodies

	Persons	As of 31 December 2006 CHF
Executive members of the Board of Directors and closely linked parties to such persons (aggregate figures)	N/a	N/a
Non-executive members of the Board of Directors and closely linked parties to such persons (aggregate figures)	0	0
Members of the Executive Committee and closely linked parties to such persons (aggregate figures)	4	12,122,300

The majority of the loans, paid out through EFG Bank, are secured by guarantees of EFG International.

Interest rates ranging from 2.21% p.a. to 3.11% p.a. are charged on the loans outstanding in CHF. The residual maturities of the loans outstanding as of December 31, 2006 range between 4 and 46 months.

5.9 Highest total compensation in the Board of Directors

The compensation of the highest paid member of the Board of Directors, Jean Pierre Cuoni, can be broken down as follows:

	2006
Compensation (CHF)	3,378,846
Share allotment (number of shares)	0
Option allotment (number of options)	313,808

6. SHAREHOLDERS' RIGHTS OF PARTICIPATION

6.1 Voting-rights restriction and representation

Persons who acquired registered shares will, upon application, be entered in the register of shares without limitation as shareholders with voting power, provided they expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995 (for details please refer to section 2.6 above). There are no voting right restrictions, no statutory group clauses and hence no rules on making exceptions.

In line with the legal provisions, any shareholder with a voting right may have his/her share represented at any general meeting by another person authorised in writing or by corporate bodies, independent proxies or proxies for deposed shares. Such representatives need not be shareholders.

6.2 Statutory quorums

No statutory quorums other than those defined by Swiss Corporate Law and the Swiss Federal Merger Act apply.

6.3 Convocation of the Annual General Meeting

The statutory rules on the convocation of the general meeting of shareholders correspond with legal provisions. Accordingly, the general meeting of shareholders is summoned at least 20 days before the date of the meeting by notice published in the Swiss Official Gazette of Commerce and by letter sent to the addresses of the shareholders entered in the register of shares.

6.4 Agenda

The Board of Directors announces the agenda. Shareholders representing shares with a nominal value of at least CHF 1 million may request that an item of business be placed on the agenda until 40 days at the latest before the date of the meeting. Such request must be in writing and must state the relevant motions.

6.5 Registrations in the share register

There is no statutory rule on the deadline for registering shareholders in connection with the attendance of the general meeting. However, for organisational reasons, no shareholders will be entered into the share register during the period beginning 15 days prior to a general meeting and ending immediately after the close of the general meeting.

7. CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 Duty to make an offer

EFG International has not taken any defence measures against take-over attempts. Therefore, there are no statutory rules on "opting up" and "opting out". The articles of association contain no provision which would rule out the obligation of an acquirer of shares exceeding the threshold of 33 1/3% of the voting rights to proceed with a public purchase offer (opting-out provision pursuant to Art. 22 para. 2 Stock Exchange Act) or which would increase such threshold to 49% of the voting rights (opting-up provision pursuant to Art. 32 para. 1 Stock Exchange Act). "Opting up" is a rule based on which the triggering threshold would be lifted to a higher percentage, while "opting out" is a rule waving the legal duty to submit an offer.

7.2 Clauses on changes of control

Unvested stock options granted to officers and employees would vest upon a mandatory or a voluntary tender offer that becomes unconditional according to the Swiss Federal Act on Stock Exchanges.

The individual lock-up undertakings as described in section 1.4 above would no longer be effective if EFG Group ceases to have a controlling interest in EFG International such that, as a result thereof EFG International ceases to be part of the consolidated supervision of EFG Group exercised by the Swiss Federal Banking Commission.

8. AUDITORS

8.1 Duration of mandate and term of office of Head Auditor

PricewaterhouseCoopers SA, Geneva, were appointed as statutory auditors and group auditors of EFG International on 8 September 2005, when EFG International was incorporated. The shareholders must confirm the appointment of the auditors on an annual basis at the general meeting.

Mr. Jean-Christophe Pernollet and Mr. Christophe Kratzer took up office as head auditors on 8 September 2005.

8.2 Auditing fees

PricewaterhouseCoopers SA received a fee of CHF 3,655,620 for auditing the 2006 financial statements of EFG International and its subsidiaries.

8.3 Additional fees

Fees for non-recurring audit of CHF 481,720 and fees for tax advice, consultancy and other services of CHF 115,360 were paid.

8.4 Supervisory and control instruments vis-à-vis the auditors

PwC acts as the external auditor to all EFG Group companies including EFG International and has done for many years. Each local company has principle responsibility for managing its own relationship with PwC negotiating fees and undertaking critical evaluation of services provided. Issues from business units are escalated to higher audit committees and or to Management for their information. Audit committees of all EFG International entities work closely with both external and internal auditors of EFG International and EFG Group and all auditors both internal and external are invited to attend audit committee meetings. The external auditors always attend audit committees and in 2006 the EFG International audit committee convened six times. At each meeting the external auditors have a standing agenda item enabling them to present their comments and findings; in addition, they proactively contribute to other discussions. The EFG International audit committee receives for its information only, an annual summary of PwC fees on a retrospective basis broken out by type of service and location. EFG International does not have a policy regarding fees payable to its auditors.

9. INFORMATION POLICY

EFG International informs its shareholders and the public each year by means of the annual and half-year reports, as well as press releases, presentations and brochures as needed.

The documents are available to the public,
in both electronic form at www.efginternational.com/financial-reporting
and www.efginternational.com/press-releases as well as in print form.

Important Dates

An updated list can be found on our homepage:
www.efginternational.com/corporate-calendar

EFG INTERNATIONAL
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

EFG INTERNATIONAL CONSOLIDATED ENTITIES

	Note	Year ended 31 December 2006 CHF '000	Year ended 31 December 2005 CHF '000
Interest and discount income		531,482	184,416
Interest expense		(359,367)	(93,496)
Net interest income	5	**172,115**	90,920
Banking fee and commission income		479,002	236,541
Banking fee and commission expense		(72,723)	(27,570)
Net banking fee and commission income	6	**406,279**	208,971
Dividend income		176	66
Net trading income	7	53,644	38,398
Gains less losses from other securities		768	9
Other operating income		1,456	45
Net other income		**56,044**	38,518
Operating income		**634,438**	338,409
Operating expenses	8	**(374,200)**	(200,337)
Profit before tax		**260,238**	138,072
Income tax expense	10	(30,257)	(17,178)
Net profit for the period		**229,981**	120,894

		CHF	CHF
Basic earnings per ordinary share	42	**1.39**	0.72
Diluted earnings per ordinary share	42	**1.39**	0.72

The notes on pages 80 to 135 form an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

EFG INTERNATIONAL CONSOLIDATED ENTITIES

	Note	31 December 2006 CHF '000	31 December 2005 CHF '000
Assets			
Cash and balances with central banks	13	43,540	42,888
Treasury bills and other eligible bills	15	826,956	488,970
Due from other banks	16	5,343,267	3,744,459
Other financial assets at fair-value-through-profit-or-loss	17	8,775	7,836
Derivative financial instruments	18	117,584	105,881
Loans and advances to customers	19	6,146,041	4,544,459
Investment securities			
Held-to-maturity	22	548,987	530,435
Available-for-sale	22	1,761,791	903,706
Intangible assets	24	909,887	351,253
Property, plant and equipment	25	34,745	29,819
Deferred income tax assets	11	7,204	8,357
Other assets	26	139,645	69,016
Total assets		**15,888,422**	10,827,079
Of which assets to significant shareholders		*10,477*	*9,169*
Liabilities			
Due to other banks	27	675,278	428,877
Derivative financial instruments	18	110,922	100,085
Due to customers	28	11,993,888	7,711,601
Debt securities in issue	29	153,390	148,355
Other borrowed funds	29	-	31,106
Current income tax liabilities		17,962	5,029
Deferred income tax liabilities	11	16,811	7,618
Other liabilities	30	615,657	312,056
Total liabilities		**13,583,908**	8,744,727
Equity			
Share capital	32	79,263	79,263
Share premium	32	1,338,270	1,338,270
Other reserves and retained earnings	33	886,981	664,819
Total shareholders' equity		**2,304,514**	2,082,352
Total equity and liabilities		**15,888,422**	10,827,079
Of which subordinated liabilities		*153,390*	*179,461*
Of which liabilities to significant shareholders		*1,718*	*25,400*

The notes on pages 80 to 135 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

EFG INTERNATIONAL CONSOLIDATED ENTITIES

Attributable to equity holders of the Group	Note	Share capital CHF '000	Share premium CHF '000	Other reserves CHF '000	Retained earnings CHF '000	Total CHF '000
Balance at 1 January 2005		59,165	552,044	84,254	15,744	711,207
Retained earnings adjustments					(1,108)	(1,108)
Appropriation of retained earning				13,950	(13,950)	-
Preference dividend paid				(39,880)		(39,880)
Effect of Business combinations exempted from IFRS3				(171,860)		(171,860)
Available-for-sale securities						
net changes in fair value, net of tax	22			(1,643)		(1,643)
transfer to net profit, net of tax	22			(107)		(107)
exchange differences				146		146
Currency translation adjustments				4,872		4,872
Profit for the period					120,894	120,894
Total recognised income for 2005		-	-	(194,522)	105,836	(88,686)
Issuance of Bons de Participation "B"	32	1,125	113,519			114,644
Purchase of registered shares	32	(1,410)	(26,090)			(27,500)
Sales of Bons de Participation "A"	32	700	9,901			10,601
Purchase of EFG fiduciary certificates	32	(72)	(7,223)			(7,295)
Sales of Bons de Participation "A"	32	10	199			209
Sales of registered shares	32	1,410	24,718			26,128
Cancellation of Bons de Participation "A"	32	1,410	(1,410)			-
Demerger effects	32	(62,410)	(682,597)	152,273	(898)	(593,632)
Creation of EFG International	32	61,000	30,500	502,132		593,632
Free exchange	32	(61,000)				(61,000)
Issuance of Bons de Participation "B"	32	6,000				6,000
Issuance of shares	32	73,335	1,324,709			1,398,044
		20,098	786,226	654,405	(898)	1,459,831
Balance at 31 December 2005		79,263	1,338,270	544,137	120,682	2,082,352
Balance at 1 January 2006		**79,263**	**1,338,270**	**544,137**	**120,682**	**2,082,352**
Retained earnings adjustment					(6,395)	(6,395)
Employee stock option plan	45			1,752		1,752
Preference dividend paid				(24,652)		(24,652)
Cost of share capital increase in subsidiaries				(770)		(770)
Available-for-sale securities						
net changes in fair value, net of tax	22			(2,838)		(2,838)
transfer to net profit, net of tax	22			(142)		(142)
exchange differences				67,205		67,205
Currency translation adjustments				(41,979)		(41,979)
Profit for the period					229,981	229,981
Total recognised income for 2006				**(1,424)**	**223,586**	**222,162**
Balance at 31 December 2006		**79,263**	**1,338,270**	**542,713**	**344,268**	**2,304,514**

The notes on pages 80 to 135 form an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

EFG INTERNATIONAL CONSOLIDATED ENTITIES

	Note	31 December 2006 CHF '000	31 December 2005 CHF '000
Cash flows from operating activities			
Interest received		489,903	178,088
Interest paid		(342,898)	(86,855)
Banking fee and commission received		454,473	220,612
Banking fee and commission paid		(125,546)	(23,774)
Dividend received		176	66
Net trading income		52,067	34,744
Other operating income		2,224	54
Staff costs paid		(229,795)	(141,831)
Other operating expenses paid		(80,657)	(52,540)
Income tax paid		(10,703)	(4,868)
Cash flows from operating activities before changes in operating assets and liabilities		**209,244**	123,696
Changes in operating assets and liabilities			
Net decrease in treasury bills		8,525	184,721
Net decrease / (increase) in due from other banks		1,806	(48,804)
Net (increase) / decrease in derivative financial instruments		(866)	5,860
Net (increase) in loans and advances to customers		(1,617,730)	(2,764,159)
Net (increase) in other assets		(30,131)	(3,924)
Net increase in due to other banks		241,840	238,021
Net increase in due to customers		3,945,000	4,521,020
Net increase in other liabilities		62,890	127,404
Net cash flows from operating activities		**2,820,578**	2,383,835
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired		(34,950)	
Purchase of securities		(5,832,816)	(309,333)
Proceeds from sale of securities		5,059,304	92,551
Investment securities from acquisition			(822,828)
Purchase of property, plant and equipment		(10,702)	(5,039)
Proceeds from sale of fixed assets		1,314	
Property, plant and equipment from acquisitions			(10,361)
Purchase of intangible assets		(6,258)	(160,608)
Intangible assets from acquisition			(24,514)
Net cash flows from investing activities		**(824,108)**	(1,240,132)
Cash flows from financing activities			
Preference dividends paid		(24,652)	
Repayments from other borrowed funds		(31,106)	(50,000)
Proceeds from other borrowed funds from acquisition			31,102
Cost of share capital increase in subsidiaries		(770)	
Debt securities in issue			(6,356)
Change in equity			1,251,072
Net cash flows from financing activities		**(56,528)**	1,225,818
Net change in cash and cash equivalents		**1,939,942**	2,369,521
Cash and cash equivalents at beginning of period	14	4,217,803	1,848,282
Net change in cash and cash equivalents		1,939,942	2,369,521
Cash and cash equivalents	14	**6,157,745**	4,217,803

The notes on pages 80 to 135 form an integral part of these consolidated financial statements

1. GENERAL INFORMATION

EFG International 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 principal places of business are in the Bahamas, Bermuda, Buenos-Aires, the Channel Islands, Dubai, Finland, Gibraltar, Hong Kong, Liechtenstein, Luxembourg, Miami, Monaco, New York, Singapore, Sweden, Switzerland, Taiwan and the United Kingdom. In Switzerland the Group's offices are located in Zurich, Geneva, Sion, Martigny, Verbier and Crans-Montana. Across the whole Group, the number of employees at December 31, 2006 was 1,477 (December 31, 2005: 1,053).

The Group's parent company is EFG International, which is a limited liability company and is incorporated and domiciled in Switzerland.

These consolidated financial statements were approved by the Board of Directors on 30 March 2007.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below:

(a) Basis of preparation

The consolidated financial statements are for the year ended 31 December 2006. These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (30 March 2007). These consolidated financial statements are subject to the approval of the shareholders.

The policies set out below have been consistently applied to the years 2005 and 2006.

The consolidated financial statements were prepared in accordance with Swiss Generally Accepted Accounting Principles for Banks (Swiss GAAP) until 31 December 2004. In preparing the 2005 consolidated financial statements, management has amended certain accounting, valuation and consolidation methods applied in the Swiss GAAP financial statements to comply with IFRS.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The Group's presentation currency is the Swiss franc (CHF) being the functional currency of the parent Company and of its major operating subsidiary EFG Bank.

In the current year the Group considered all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB effective for accounting periods beginning on 1 January 2006. These are as follows:

IAS 19 Amendment-Actuarial Gains and Losses, Group Plans and Disclosure, IAS 21 Amendment - Net Investment in a Foreign Operation, IAS 39 Amendment - Cash Flow Hedge Accounting of Forecast Intragroup Transactions, IAS 39 Amendment - The Fair Value Option, IAS 39 and IFRS 4 Amendment - Financial Guarantee Contracts, IFRS 1 (Amendment), First-time adoption of IFRS, and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources, IFRS 6, Exploration for and Evaluation of Mineral Resources, IFRIC 4, Determining whether an Arrangement contains a Lease, IFRIC 5, Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds, and IFRIC 6, Liabilities arising from Participation in a specific Market - Waste Electrical and Electronic Equipment.
The application of the amendments and interpretations listed below that are relevant to the operations of the Group did not result in substantial changes to the Group's accounting policies.

– IAS 19 Amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and

does not participate in any multi-employer plans, adoption of this amendment only impacts the format and extent of disclosures presented in the accounts.
– IAS 21 Amendment, IAS 39 Amendment – Cash Flow hedge accounting of forecasted intragroup transactions, IFRS 1, IFRS 6, IFRIC 6, IFRIC 4 and IFRIC 5 are not relevant to the Group's operating activities and therefore have no material effect on the Group's policies.
– IAS 39 Amendment – The Fair Value Option. Prior to the Amendment, the Group applied the unrestricted version of the fair value option in IAS 39. The Group meets the new criteria in the amendment and therefore continues to designate certain financial assets and financial liabilities at fair value through the profit or loss.
– IAS 39 and IFRS 4 Amendment – Financial Guarantee Contracts. These types of contracts are now accounted for under IAS 39 and no longer accounted for under IFRS 4, as previously required under IFRS. The measurement and disclosure requirements under IAS 39 have not resulted in a material change to the Group's policies.

With respect to certain new accounting standards and IFRIC interpretations that have been published to the date of these Consolidated Financial Statements and that are mandatory for accounting periods beginning on or after 1 January 2006, the Group has elected not to early adopt any of the new or revised standards not yet mandatory for its 2006 consolidated financial statements:

The Group has chosen not to early adopt the following standards and interpretations that were issued but not yet effective for the accounting periods beginning on 1 January 2006.
– IFRS 7, Financial instruments (effective 1 January 2007);
– IFRS 8, Operating Segments (effective 1 January 2009);
– IFRIC 7, Applying the Restatement Approach under IAS 29 (effective 1 March 2006),
– IFRIC 8, Scope of IFRS 2 (effective 1 May 2006);
– IFRIC 9, Reassessment of embedded derivative (effective 1 June 2006);
– IFRIC 10, Interim Financial Reporting and Impairment (effective 1 November 2006);
– IFRIC 11, IFRS 2 – Group Treasury Share Transactions (effective 1 March 2007); and
– IFRIC 12, Service Concession Arrangements (effective 1 January 2009).

The application of these new interpretations are not expected to have a material impact on the entity's financial statements in the period of initial application.

With respect to IFRS 7, Management anticipates that extended disclosure will be required in the areas of financial instruments and risk management reporting.

With respect to IFRS 8, the new standard governs the disclosure of information on the level of business segments regarding the manner and the financial impact of the business operations, as well as information of the economic environment in which the entity operates.

(b) Consolidation

(i) Subsidiaries

Subsidiary undertakings are all entities over which the Group, directly or indirectly, has power to exercise control over the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A listing of the Company's main subsidiaries is set out in note 23.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

(c) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in CHF which is the company's functional and presentation currency. Assets and liabilities of foreign subsidiaries are translated using the closing exchange rate and income statement items at the average exchange rate for the period reported. All resulting exchange differences are recognised as a separate component of equity (currency translation adjustment).

Exchange differences arising from the retranslation of the net investment in foreign subsidiaries are taken to shareholders' equity until disposal of the net investments and then released to the income statement.

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as other financial assets held at fair-value-through-profit-or-loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as other financial assets classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Derivative financial instruments and hedging

Derivative financial instruments, including foreign exchange contracts, forward currency agreements and interest rate options (both written and purchased), currency and interest rate swaps, and other derivative financial instruments, are initially recognised in the balance sheet at fair value on the date on which a derivative contract is entered and subsequently are re-measured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profits on day 1.

Certain derivatives, embedded in other financial instruments, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments (fair value hedge); (2) hedges of the exposure to variability in cash flows of recognised assets or liabilities or highly probable forecasted transactions (cash flow hedge), or (3) hedges of a net investment in a foreign operation (net investment hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the equity security.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in note 18.

e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(f) Income statement

(i) Interest income and expenses

Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accruals basis, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fees and commissions

Fees and commissions are generally recognised on an accruals basis. Commissions and fees relating to foreign exchange transactions, bank charges, brokerage activities and portfolio management are recognised, as applicable, on either a time-apportioned basis, transaction date or completion of the underlying transaction.

Commission and fees arising from negotiating a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are periodically reviewed for impairment, with any impairment charge being recognised immediately in the income statement.

Depreciation is calculated on the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:

– Leasehold improvements: 5-10 years
– Computer hardware : 3-4 years
– Furniture, equipment and motor vehicles : 5-10 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the income statement.

(h) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported under 'Intangible assets'. The carrying amount of goodwill is reviewed annually. Where indications of impairment exist, the carrying amount of goodwill is re-assessed and written down to recoverable amount.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets - Non compete agreements

They are stated at estimated costs less accumulated amortization calculated on a 3 to 10 year basis (depending on contractual agreements).

(iii) Other intangible assets - Client Relationships

They are stated at estimated costs less accumulated amortization calculated on a 4 to 25 year basis.

(iv) Other intangible assets - Trademarks

They are stated at estimated costs less accumulated amortization calculated on a 10 to 14 year basis.

(v) Other intangible assets - Computer software

Computer software are stated at cost less accumulated depreciation and impairment losses. They are periodically reviewed for impairment, with any impairment charge being recognised in the income statement. Depreciation is calculated on the straight-line method over a 3-5 years basis. The acquisition cost of software capitalised, is on the basis of the cost to acquire and bring into use the specific software.

(i) Financial Assets

All financial assets are recorded by Group companies in their books on the day the transaction is undertaken, with the exception of deposits, loans and spot and forward foreign exchange transactions, which are entered in the balance sheet on their respective value dates.

The Group classifies its financial assets in the following categories: fair-value-through-profit-or-loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Fair-value-through-profit-or-loss

This category has two sub-categories: financial assets held for trading, and those designated as fair-value-through-profit-or-loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

Certain financial assets classified as Trading in the prior year Consolidated Financial Statements have been reclassified as financial assets - fair-value-through-profit-or-loss in the current year. The amount of this reclassification is CHF 7,836,000 and has been reclassified in order to follow the classification under IAS 39, and managements intentions related to these assets more appropriately. These assets comprise seed capital in investment funds and investments that management has designated as fair-value-through-profit-or-loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the entity upon initial recognition designates as at fair value through profit or loss and those that the entity upon initial recognition designates as available for sale. They arise when the Group provides money, goods or services directly to a debtor.

(iii) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

(iv) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets at fair-value-through-profit-or-loss, held to maturity and available for sale are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair-value-through-profit-or-loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair-value-through-profit-or-loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair value of quoted investments in active markets are based on current bid prices. If there is no active market for financial assets, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(j) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

a) significant financial difficulty of the issuer or obligor;
b) a breach of contract, such as a default or delinquency in interest or principal payments;
c) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
d) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that

financial asset because of financial difficulties; or

f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
   - adverse changes in the payment status of borrowers in the Group; or
   - national or local economic conditions that correlate with defaults on the assets in the Group.

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(ii) Available-for-sale assets

In case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity investments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

(k) Debt securities in issue & Other borrowed funds

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in gains less losses from other securities.

(l) Leases

The leases entered into by the Group are operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(m) Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax. The principal temporary differences arise from depreciation of goodwill, depreciation of fixed assets, pension and other retirement benefits obligations, and revaluation of certain financial assets and liabilities, including derivative instruments. Deferred tax assets are only recognised to the extent that it is probable that they will crystallise in the future. Deferred tax related to changes in fair values of available-for-sale investments and cash flow hedges which are taken directly to equity is also charged or credited directly to equity, and is subsequently recognised in the income statement together with the deferred gain or loss.

Income tax payable on profits, based on the applicable tax law in each jurisdiction is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax assets and liabilities were presented on a net basis in the prior year Consolidated Financial Statements. Deferred tax assets and liabilities have been reclassified and netting has not been applied in the current year. Deferred tax assets and liabilities in the comparatives have been grossed up by CHF 7,618,000 in order to reflect this.

(n) Employee benefits

(i) Pension obligations

The Group operates various pension schemes which are either defined contribution or defined benefit plans, depending on prevailing practice in each country.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. This applies to most of the locations where the Group operates except for Switzerland and Channel Islands.

In Switzerland, the Group maintains several pension plans which are classified as defined contribution or defined benefit plans according to Swiss pension law. However, these plans incorporate certain guarantees of minimum interest accumulation and conversion of capital to pension. As a result, these plans have been reported as defined benefit pension plans.

The company’s legal obligation in respect of these plans is, in fact, only to pay contributions at defined rates, and the defined benefit reporting is based on a constructive and not a legal obligation of the employer.
Pension cost and liability has been measured using the projected unit credit actuarial cost method and assumptions established as defined in IAS19. The calculations have been carried out by independent actuaries at the applicable reporting dates.

The pension expenses recognised in the income statement for these plans considered as defined benefits for IAS 19 purposes is the actuarially determined expense less the amount of employee contributions.

Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains and losses are recognised over the expected average remaining working lives of the employees participating in the plans.

(ii) Short-term employee benefits

The Group recognises as a liability accumulating short-term compensated absences.

(iii) Share based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period for options granted under the plan.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and revenue growth targets). Non-market vesting conditions are included is assumptions about the number of options that are expected to become exercisable. The expense recognised during each period is the pro-rata amount of the fair value of options expected to become exercisable plus the impact of the revision of original estimates, if any, which is recognised in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to the share capital (nominal value) and share premium when the options are exercised.

(o) Related party transactions

Related parties include associates, fellow subsidiaries, directors, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and on an arm’s length basis.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates of the amount of the obligation can be made.

(q) Segmental reporting

Pursuant to IAS 14, the Group's primary segments are geographic segments, while its secondary segmental reporting is done on the basis of business segments.

For comparison purposes, the Group shows four main geographical regions, which follow the Groups organisational and management structure: Europe Cross Border, Europe Onshore, Asia, and The Americas. The Europe Cross Border segment includes locations where typically the clients are from a different country relative to where their banking relationship exists with the Group, such as Switzerland, Monaco, Liechtenstein and Gibraltar. The Europe Onshore segment includes business locations where typically the clients are from the same country as the Group company with which they transact, such as for example the United Kingdom and Sweden. The Asia segment includes all the locations in the Middle and Far East, such as Hong Kong and Singapore. The Americas include United States of America, Bahamas and Latin America. In 2006 the group acquired C.M.Advisors Ltd, a fund of hedge fund business. The Group believe the risk return profile of the acquired C.M.Advisors Ltd business not to be significantly different from the Groups private banking activities, however for relative size reasons management decided to create and in future report a second business segment “Fund of Hedge Funds Management”. As the business was acquiered in 2006, no comparatives exist.

(r) Share Capital

Ordinary shares and non-voting Bons de Participation issued are classified as equity.

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares or Bons de Participation are shown in equity as a deduction from the proceeds.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company’s shareholders.

(s) Fiduciary activities

Where the Group acts in a fiduciary capacity, such as nominee, trustee or agent, assets and income arising on fiduciary activities, together with related undertakings to return such assets to customers, are excluded from the financial statements.

(t) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, short term deposits less than three months, other short-term highly liquid investments with original maturities of three months or less.

(u) Comparatives

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the process of applying the Group’s accounting policies, the Group’s management makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognised in the financial statements within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered an impairment in accordance with the accounting policy stated in Note 2 (h). The recoverable amounts of cash-generating units are determined based on Fair value less costs to sell calculations. These calculations have been made on the basis of the best information available on the amount that could be obtained from the disposal of the assets in an arm's length transaction, after deduction of the costs to sell. As the fair value less cost to sell exceeded the carrying amounts of each cash generating units, the value in use did not need to be estimated.

(b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Impairment of available-for-sale equity investments

The Group determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value of the equity investments below their cost. In determining what is significant or prolonged the Group's management exercises judgment. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions and estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities are predominantly carried out on its clients' behalf, with the clients carrying the risk. As such, the Group takes limited credit risk, market risk and liquidity risk, with most credit risk being limited to Lombard loans and other secured loans, and market risk largely restricted to limited foreign exchange and interest rate gapping positions maintained by the Group. The main areas of risk for the Group are operational and reputational.

The Group's management has risk management procedures in place which are fully in accordance and in compliance with policies and procedures of its parent, EFG Bank European Financial Group (EFGB). Ultimate responsibility for the supervision of risk management lies with EFG International's Board of Directors, which has delegated certain functions to its Risk Committee, which sets policies and risk appetite in collaboration with the EFG Group Risk Committee (the "GRC"). Implementation of the Group's policies and compliance with procedures is the responsibility of sub-committees for market risk and credit risk, assisted by both internal and external audit functions.

4.2 Operational Risk

The risk of loss resulting from failures in business processes systems and people, or from external sources, is limited by means of organisational measures, automation, internal control and security systems, written procedures, legal documentation and loss mitigation techniques under the responsibility of management. Operational risk is monitored through a comprehensive internal reporting system under the responsibility of senior management, which aims to oversee and maintain the standards of all transactions. Operational losses have been limited and monthly reports include details of all operational issues.

In addition, the management information system produces daily reports with details of the transactions of all clients, which are closely monitored with a view to detecting any large or unusual transactions. The Group's Geneva based IT system provides an immediate duplicate of all transactions at its disaster recovery site in Zurich head office, ensuring a backup system is continuously available off-site. The Group's operations are also monitored by the internal audit function. The Group has suffered little loss from fraud or operational failures, and has insurance policies against fraud and negligence committed by employees.

4.3 Compliance and Legal risk

The Legal & Compliance function is delegated by EFG International to its Swiss subsidiary EFG Bank. The department ensures that the Group entities observe all applicable rules and regulations. Legislative developments and changes by relevant internal and external authorities are continuously monitored and implemented.

The Legal & Compliance department supervises proper updating of internal regulations to comply with changes in the regulatory environment as well as staff training. In addition, the Legal & Compliance department tracks client complaints to ensure prompt resolution and oversees litigation involving Group entities.

4.4 Reputational Risk

Reputational risk for the Group may arise from any shortfalls in the quality of service delivered to clients, as well as the Group's potential involvement with politically exposed persons and those who may be connected with criminal activities. Reputational risks arising from client acceptance are a common concern for all Swiss and foreign-regulated financial institutions. To comply with anti-money laundering laws, the Group operates strict due diligence procedures for new clients. In addition, the Group closely monitors transactions on an ongoing basis and investigates any activities not matching clients' profiles.

The Group endeavours to ensure service quality by employing highly skilled CROs and minimising operational error (see "Operational Risk" above).

4.5 Credit Risk

The Executive Credit Committee of EFG International has overall responsibility for the client credit business of the Group, including the implementation of credit policies and procedures defined by the Board of the Group. Certain duties, including monitoring of day-to-day operations, have been delegated to the Operating Credit Committee of EFG Bank. The credit approval process is clearly separated between the company's business origination and credit risk management activities. Credit requests are initiated by Client Relationship Officers, must be supported by Regional Business Heads and are thereafter finalized and processed by the credit departments. The approval of loans, ceilings and other exposures has been delegated, based on certain defined risk and size criteria, to senior members of the credit departments, certain credit committees of international units, the Operating Credit Committee of EFG Bank, and to the Executive Credit Committee of the Group.

Approval competencies for large exposures and exposures with increased risk profiles are centralized in Switzerland, in compliance with local regulatory and legal requirements of our individual, international business units, except for EFG Private Bank Ltd London, where approval competencies have been delegated to the members of the local credit department, the Credit Committee and, on recommendation from the Executive Credit Committee of EFG International, the Chairman's Committee depending on size and risk profile of the respective exposure.

A client's securities portfolio must be well diversified and differing margins apply, depending on the type, risk profile and liquidity of the security to be accepted as collateral. Additional margins are applied if the loan and the collateral are not in the same currency or risk concentrations exist. Loans booked at EFG Private Bank Ltd, secured with real estate, are related predominantly to properties in prime London locations.

Credit departments monitor credit exposures against approved limits and pledged collateral, and, in case, initiate necessary rectification steps. Credit exposures are assigned to one of 10 rating categories. The rating process assesses the borrower's repayment ability and the value, quality, liquidity and diversification of the collateral securing the credit exposure.

Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution and processes to monitor credit quality developments for all counterparties with which it does business.

4.6 Market risk

The Group applies strict limits to all market risks. Limits include nominal, stop loss, rating quality, concentration and other types, depending upon the nature of the market risk concerned. These limits are calibrated by a "value at risk" (VAR) exposure measurement. This VAR approach focuses on assessing the potential loss impact on open risk positions measured under normal market conditions. In addition, positions are also measured in the event of extreme market movements (stress testing) and also against nominal limits. The Group limits are set and approved accordingly.

4.7 Foreign exchange Market risk

The Group carries out foreign currency operations both for its clients and for its own account. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The overall net nominal positions per currency are monitored against intraday and overnight limits, in addition, daily and monthly stop loss limits are in place. Entities in the Group use derivative contracts, such as forward or option contracts primarily to offset customer transactions. From time to time, the Group may hedge its foreign exchange exposure arising from highly probable future cash flows in currencies other than the CHF using forward contracts, and applying IFRS hedge accounting criteria.

4.8 Equity Market risk

The Group is exposed to equity market risk because of small investment portfolios and securities trading books.

4.9 Commodities Market risk

The Group has no significant exposure to commodity price risk.

4.10 Liquidity risk

The Group manages its liquidity risk in such a way as to ensure that sufficient liquidity is available to meet its commitments to customers, both in demand for loans and repayments of deposits, and to satisfy its own cash flow needs.

The Group attempts to avoid concentrations of its funding facilities. It observes its current liquidity situation and determines the pricing of its assets and credit business. The Group also has a liquidity management process in place that includes liquidity contingency plans. These contingency measures include liquidation of marketable securities and drawdowns on lines of credit with the Swiss National Bank.

The Group complies with all regulatory requirements, including overnight liquidity limits (in the various countries in which it operates banks). In addition, it reports its liquidity situation to EFG European Financial Group's Group Risk Unit on a monthly basis, according to specific Group Risk Guidelines, and to its management on a daily basis. Stress tests are undertaken monthly or as necessary. Both the Group's capital and reserves position and its conservative gapping policy when funding customer loans ensure that the Group runs only a small liquidity risk.

4.11 Cash flow and fair value interest rate risk

The Group's income and operating cash flows show low sensitivity to changes in market interest rates. The Group maintains small interest rate risks in its banking book and a high level of balance sheet liquidity as a matter of policy by adhering to conservative gapping limits and through its substantial excess funding from client deposits. From time to time, the Group may hedge its interest rate exposure arising from client loans or deposits or from other transactions by using interest rate swap contracts and applying IFRS hedge accounting criteria.

4.12 Outsourcing risk

In Switzerland, salary and pension fund administration have been outsourced to a specialised service company. IT development projects may also be outsourced on a case by case basis. For all such outsourced activities, detailed service contracts, including confidentiality, banking secrecy and business compliance agreements, were signed between the Group and respective companies and their employees.

5. NET INTEREST INCOME

	Year ended 31 December 2006 CHF '000	Year ended 31 December 2005 CHF '000
Interest and discount income		
Banks and customers	455,445	155,391
Trading securities	531	2
Other securities	75,506	29,023
Total interest and discount income	**531,482**	184,416
Interest expense		
Banks and customers	(353,117)	(86,149)
Debt securities in issue	(6,250)	(4,946)
Other borrowed funds		(2,401)
Total interest expense	**(359,367)**	(93,496)
Net interest income	**172,115**	90,920

6. NET BANKING FEE AND COMMISSION INCOME

Commission income on lending activities	3,303	2,006
Commission income from securities and investment activities	414,323	215,359
Commission income from other services	61,376	19,176
Commission expenses	(72,723)	(27,570)
Net banking fee and commission income	**406,279**	208,971

7. NET TRADING INCOME

Equities and Interest rate instruments	6,982	14,295
Foreign exchange	46,662	24,103
Net trading income	**53,644**	38,398

8. OPERATING EXPENSES

Staff costs (note 9)	(258,328)	(138,585)
Professional services	(10,215)	(8,427)
Advertising and marketing	(2,207)	(2,938)
Administrative expenses	(47,539)	(27,979)
Operating lease rentals	(19,564)	(10,471)
Depreciation of property, plant and equipment (note 25)	(5,951)	(3,714)
Amortization of intangible assets - computer software and licences (note 24)	(4,856)	(2,944)
Amortization of intangible assets - other intangible assets (note 24)	(11,149)	(834)
Other	(14,391)	(4,445)
Operating expenses	(374,200)	(200,337)

9. STAFF COSTS

	Year ended 31 December 2006 CHF '000	Year ended 31 December 2005 CHF '000
Wages, salaries and staff bonuses	(217,735)	(120,546)
Social security costs	(17,862)	(9,343)
Pension costs – defined benefits (note 31)	(3,470)	(3,534)
Pension costs – defined contribution	(6,086)	(1,689)
Employee stock option plan (note 45)	(1,752)	
Other	(11,423)	(3,473)
Staff costs	**(258,328)**	(138,585)

As at 31 December 2006 the number of employees of the Group was 1,477 and the average for the year was 1,265 (31 December 2005: 1,053 and average for the year: 682).

10. INCOME TAX EXPENSE

Current tax	(23,248)	(6,853)
Deferred tax (note 11)	(7,009)	(10,325)
Total tax charge	**(30,257)**	(17,178)
Profit before tax	260,238	138,072
Tax at the weighted average applicable rate of 11% (2005: 11%)	(28,626)	(15,188)
Tax effect of:		
Different tax rates in different countries	(9,052)	(3,953)
Income not subject to taxes	9,850	3,418
Non-income taxes	(2,429)	(1,455)
Income tax expense	**(30,257)**	(17,178)

11. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using the expected effective local applicable rate.

Deferred income tax assets and liabilities comprise the following:

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Deferred tax assets	7,204	8,357
Deferred tax liabilities	(16,811)	(7,618)
At end of year	**(9,607)**	739

The movement on the net deferred income tax account is as follows:

At 1 January	**739**	17,383
Income statement charge for period	(7,009)	(10,325)
Deferred tax adjustments related to prior years	1,262	(1,108)
Arising from acquisition	(4,318)	(5,609)
Exchange differences	(281)	398
At end of year	**(9,607)**	739

Deferred income tax assets and liabilities are attributable to the following items:

Tax losses carried forward	5,082	4,432
Valuation temporary differences accounted through the income statement	1,793	967
Arising from acquisition	306	1,838
Pensions and other post retirement benefits	23	1,120
Deferred income tax assets	**7,204**	8,357

Deferred tax liabilities:

Arising from acquisition		(381)
Arising from intangible on acquisition	(9,277)	(7,066)
Valuation temporary differences accounted through the income statement	(7,534)	(151)
Valuation temporary differences accounted through the retained earnings		(20)
Deferred income tax liabilities	**(16,811)**	(7,618)
Deferred tax, net	**(9,607)**	739

11. DEFERRED INCOME TAXES (CONTINUED)

The deferred income tax charge in the income statement comprises the following temporary differences:

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Utilisation of tax losses carried forward	3,013	6,768
Pensions and other post retirement benefits	1,097	480
Other temporary differences	2,899	3,077
Deferred income tax charge	**7,009**	**10,325**

12. ANALYSIS OF SWISS AND FOREIGN INCOME AND EXPENSES FROM ORDINARY BANKING ACTIVITIES AS PER THE OPERATING LOCATION

	For the year ended 31 December 2006 Swiss CHF '000	For the year ended 31 December 2006 Foreign CHF '000	For the year ended 31 December 2006 Total CHF '000
Interest and discount income	100,558	430,924	531,482
Interest expense	(6,134)	(353,233)	(359,367)
Net interest income	**94,424**	**77,691**	**172,115**
Banking fee and commission income	188,203	290,799	479,002
Banking fee and commission expense	(28,903)	(43,820)	(72,723)
Net banking fee and commission income	**159,300**	**246,979**	**406,279**
Dividend income		176	176
Net trading income	18,033	35,611	53,644
Gains less losses from other securities	124	644	768
Other operating income	931	525	1,456
Net other income	**19,088**	**36,956**	**56,044**
Operating income	**272,812**	**361,626**	**634,438**
Operating expenses	(152,132)	(222,068)	(374,200)
Profit before tax	**120,680**	**139,558**	**260,238**
Income tax expense	(21,765)	(8,492)	(30,257)
Net profit for the period	**98,915**	**131,066**	**229,981**

12. ANALYSIS OF SWISS AND FOREIGN INCOME AND EXPENSES FROM ORDINARY BANKING ACTIVITIES AS PER THE OPERATING LOCATION (CONTINUED)

	For the year ended 31 December 2005 Swiss CHF '000	For the year ended 31 December 2005 Foreign CHF '000	For the year ended 31 December 2005 Total CHF '000
Interest and discount income	68,555	115,861	184,416
Interest expense	(6,558)	(86,938)	(93,496)
Net interest income	61,997	28,923	90,920
Banking fee and commission income	147,401	89,140	236,541
Banking fee and commission expense	(22,798)	(4,772)	(27,570)
Net banking fee and commission income	124,603	84,368	208,971
Dividend income		66	66
Net trading income	14,388	24,010	38,398
Gains less losses from other securities	2	7	9
Other operating income / (expense)	932	(887)	45
Net other income	15,322	23,196	38,518
Operating income	201,922	136,487	338,409
Operating expenses	(157,360)	(42,977)	(200,337)
Profit before tax	44,562	93,510	138,072
Income tax expense	(6,816)	(10,362)	(17,178)
Net profit for the period	37,746	83,148	120,894

13. CASH AND BALANCES WITH CENTRAL BANKS

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Cash in hand	8,592	4,214
Balances with central banks	34,948	38,674
Cash and balances with central banks	**43,540**	42,888

14. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Cash and balances with central banks	43,540	42,888
Treasury bills and other eligible bills	819,126	472,615
Due from other banks	5,295,079	3,694,464
Other financial assets at fair-value-through-profit-or-loss (short term highly liquid investments in 2005)		7,836
Cash and cash equivalents	**6,157,745**	4,217,803

15. TREASURY BILLS AND OTHER ELIGIBLE BILLS

Treasury bills	826,956	446,789
Other eligible bills		42,181
Treasury bills and other eligible bills	**826,956**	488,970
Pledged treasury bills with central banks and clearing system companies	14,640	125,819

16. DUE FROM OTHER BANKS

Due from other banks at sight	353,320	313,043
Due from other banks at term	4,989,947	3,431,416
Due from other banks	**5,343,267**	3,744,459

17. OTHER FINANCIAL ASSETS AT FAIR-VALUE-THROUGH-PROFIT-OR-LOSS

	31 December 2006 CHF '000	At 31 December 2005 CHF '000
Issued by public bodies:		
government	18	
other public sector securities		437
	18	437
Issued by other issuers:		
banks	2,832	2,449
other	5,925	4,950
	8,757	7,399
Other Financial Assets at fair-value-through-profit-or-loss	**8,775**	7,836
Equity securities	8,656	7,261
Debt securities	119	575
	8,775	7,836

Included in other financial assets at fair-value-through-profit-or-loss are listed securities valued at CHF 634,000 (2005: CHF 195,000).

18. DERIVATIVE FINANCIAL INSTRUMENTS

The Group utilises the following derivative instruments for both hedging and non-hedging purposes:

Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates or to buy or sell foreign currency or a financial instrument on a future date at a specified price established in an organised financial market. Since future contracts are collateralised by cash or marketable securities and changes in the futures contract value are settled daily with the exchange, the credit risk is negligible.

Currency forwards represent commitments to purchase or sell foreign and domestic currency. Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps, no exchange of principal takes place. The Group's credit risk represents the potential cost to replace the swap or forward contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities and/or marks to market with bilateral collateralisation agreements over and above an agreed threshold.

Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency or a financial instrument at a predetermined price. In consideration for the assumption of foreign exchange or interest rate risk, the seller receives a premium from the purchaser. Options may be either exchange-traded or negotiated between the Group and a customer (OTC). The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table:

	At 31 December 2006			At 31 December 2005		
	Contract/ notional amount CHF '000	Fair values Assets CHF '000	Fair values Liabilities CHF '000	Contract/ notional amount CHF '000	Fair values Assets CHF '000	Fair values Liabilities CHF '000
Derivatives held for trading						
OTC currency derivatives						
Currency forwards	13,392,545	92,461	83,188	12,548,755	90,516	83,551
OTC currency options bought and sold	6,623,531	18,783	19,087	1,988,276	11,789	11,735
		111,244	**102,275**		102,305	95,286
OTC interest rate derivatives						
Interest rate swaps	35,023	2,702	2,711	31,101	1,566	1,578
OTC interest rate options	606,335	466	2,597	943,235	1,741	1,631
		3,168	**5,308**		3,307	3,209
Other derivatives						
OTC index options bought and sold	298,518	3,052	1,906	48,653	149	149
Other trading liabilities						
Securities sold not yet repurchased						
Total derivative assets/ liabilities held for trading		**117,464**	**109,489**		105,761	98,644
Derivatives held for hedging						
Derivatives designated as fair value hedges						
Interest rate swaps	78,735	120	1,433	59,365	120	980
Derivatives designated as cash flow hedges						
Interest rate swaps				4,205		461
Total derivatives assets/ liabilities held for hedging		**120**	**1,433**		120	1,441
Total derivatives assets/ liabilities		**117,584**	**110,922**		105,881	100,085

19. LOANS AND ADVANCES TO CUSTOMERS

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Due from customers	4,905,243	3,602,115
Mortgage lending	1,242,979	944,505
Less: Provision for impairment losses (note 20)	(2,181)	(2,161)
	6,146,041	4,544,459

Economic sector risk concentrations within the Group's customer loan portfolio were as follows:

	At 31 December 2006 %	At 31 December 2005 %
Private individuals	51.0	51.0
Financial companies	32.0	24.0
Other	17.0	25.0
	100.0	100.0

Geographic sector risk concentrations within the Group's customer loan portfolio were as follows:

	At 31 December 2006		At 31 December 2005	
	CHF '000	%	CHF '000	%
Latin America and Caribbean	1,817,534	29.6	1,382,267	30.4
Asia and Oceania	1,312,033	21.3	1,219,167	26.9
Europe (other)	1,156,842	18.8	572,946	12.6
United Kingdom	851,908	13.9	761,430	16.8
Switzerland	378,401	6.2	274,814	6.0
Luxembourg	285,251	4.6	4,899	0.1
Africa and Middle East	161,748	2.6	161,600	3.6
Greece	127,076	2.1	88,227	1.9
United States and Canada	55,248	0.9	79,109	1.7
	6,146,041	**100.0**	4,544,459	100.0

This analysis is based on the client's place of residence and not necessarily on the domicile of the credit risk.

20. PROVISION FOR IMPAIRMENT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
At 1 January	**2,161**	3,059
Acquisition of subsidiary		158
Foreign exchange differences	20	12
Amounts recovered during the year		(6)
Loans written off during the year as uncollectible		(1,062)
Balance at end of year	**2,181**	2,161

21. COLLATERAL FOR LOANS

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Loans and advances to customers		
Mortgages	1,242,979	946,696
Secured by other collateral	4,875,391	3,587,997
Unsecured	27,671	9,766
	6,146,041	4,544,459
Off-Balance-sheet commitments		
Contingent liabilities secured by other collateral	587,873	265,600
Contingent liabilities unsecured	8,313	826
	596,186	266,426

22. INVESTMENT SECURITIES

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Held-to-maturity investment securities	548,987	530,435
Available-for-sale investment securities	1,761,791	903,706
Total investment securities	**2,310,778**	1,434,141
Available-for-sale		
Issued by public bodies:		
government	16,677	12,678
other public sector	36,350	33,556
	53,027	46,234
Issued by other issuers:		
banks	1,662,151	840,858
other	46,613	16,614
	1,708,764	857,472
Total Available-for-sale	**1,761,791**	903,706
Listed	195,588	86,193
Quoted	72,849	
Unquoted	1,493,354	817,513
	1,761,791	903,706
Equity	26,697	13,823
Debt	1,735,094	889,883
	1,761,791	903,706
Pledged securities with central banks and clearing system companies	33,000	25,323

The movement in the account is as follows:

Net book value at 1 January	**903,706**	127,699
Adoption IAS 32/39 as at 1 January 2005		514
Accrued interest	27,543	(398)
Additions	5,831,242	45,215
Disposals and redemptions	(5,064,925)	(61,657)
Arising from acquisition of subsidiaries		822,828
Reclassification to investment securities held-to-maturity (*)		(30,894)
Net gains / (losses) from changes in fair value for the year	(2,980)	(1,622)
Exchange differences	67,205	2,021
Net book value at end of year	**1,761,791**	903,706

(*) CHF 30.89 million were incorrectly classified as of 31 December 2004 and have been reclassified to held-to-maturity portfolio early 2005.

22. INVESTMENT SECURITIES (CONTINUED)

Equity reserve : revaluation of the available-for-sale investment securities :

Gains and losses arising from the changes in the fair value of available-for-sale investment securities are recognised in a revaluation reserve for available-for-sale financial assets in equity. The movement of the reserve is as follows:

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Balance at beginning of year	**(1,271)**	479
Net gains / (losses) from changes in fair value for the year	(2,838)	(1,643)
	(4,109)	(1,164)
Net gains / (losses) transferred to net profit on disposal	(142)	(107)
	(142)	(107)
Balance at end of year	**(4,251)**	(1,271)
Held-to-maturity		
Issued by public bodies:		
government	161,284	155,833
other public sector	193,857	187,305
	355,141	343,138
Issued by other issuers:		
banks	193,846	187,297
	193,846	187,297
Total Held-to-maturity	**548,987**	530,435

The movement in the account is as follows:

Net book value at 1 January	**530,435**	263,384
Accrued interest	948	1,258
Additions		264,118
Reclassification from investment securities available-for-sale		30,894
Disposals and redemptions		(30,894)
Exchange differences	17,604	1,675
Net book value at end of year	**548,987**	530,435
Pledged securities with central banks and clearing system companies	128,552	132,661

23. SHARES IN SUBSIDIARY UNDERTAKINGS

The following is a listing of the EFG International's main subsidiaries at 31 December 2006:

Name	Line of business	Country of incorporation		Share Capital '000
Main Subsidiaries				
EFG Bank, Zurich	Bank	Switzerland	CHF	62,410
EFG Eurofinanciere d'Investisements SAM, Monaco	Bank	Monaco	EUR	16,000
Banque Monegasque de Gestion, Monaco	Bank	Monaco	EUR	6,400
EFG Investment (Luxembourg) SA, Luxembourg	Holding	Luxembourg	EUR	541,623
EFG Bank (Gibraltar) Ltd, Gibraltar	Bank	Gibraltar	GBP	3,000
EFG Bank & Trust (Bahamas) Ltd, Nassau	Bank	Bahamas	USD	10,000
Bank von Ernst (Liechtenstein) AG, Vaduz	Bank	Liechtenstein	CHF	25,000
EFG Bank (Luxembourg) SA, Luxembourg	Bank	Luxembourg	EUR	20,000
EFG Private Bank Ltd, London	Bank	England & Wales	GBP	88,235
EFG Private Bank (Channel Islands) Ltd, Guernsey	Bank	Guernsey	GBP	5,000
EFG Offshore Ltd, Jersey	Trust Services	Jersey	GBP	9
EFG Platts Flello Ltd, Birmingham	Financial Planning	England & Wales	GBP	2
EFG Wealth Management Ltd, London	Asset Management	England & Wales	GBP	238
New Capital Fund Management Ltd, Dublin	Asset Management	Republic of Ireland	EUR	125
Planning for Financial Independence Ltd, London	Financial Planning	England & Wales	GBP	1
EFG Investment Bank AB, Stockholm	Bank	Sweden	SEK	100,000
EFG Finance (Guernsey) Ltd, Guernsey	Finance Company	Guernsey	EUR	530,009
EFG International (Bermuda) Ltd, Hamilton	Holding	Bermuda	USD	105,024
EFG Finance (Bermuda) Ltd, Hamilton	Finance Company	Bermuda	USD	12
C.M. Advisors Ltd, Hamilton	Hedge Fund Management	Bermuda	USD	12
EFG Capital International Corp, Miami	Broker-dealer	USA	USD	12,200
EFG Finance (Jersey) Ltd, Jersey	Finance Company	Jersey	CHF	250,000
SIF Swiss Investment Funds SA, Geneva	Funds Administration	Switzerland	CHF	2,500

All the subsidiaries above are 100% held.

24. INTANGIBLE ASSETS

	Computer software and licences CHF '000	Other intangible assets CHF '000	Goodwill CHF '000	Intangible assets CHF '000
At 1 January 2005				
Cost	10,371	3,400	181,635	195,406
Accumulated amortisation	(4,355)	(106)	(21,020)	(25,481)
Net book value	6,016	3,294	160,615	169,925
Year ended 31 December 2005				
Opening net book amount	6,016	3,294	160,615	169,925
Additions	3,518	22,169	134,921	160,608
Acquisition of subsidiary, net of amortisation	413	7,275	16,826	24,514
Amortisation charge for the year	(2,944)	(834)		(3,778)
Exchange rate adjustments		(16)		(16)
Closing net book value	7,003	31,888	312,362	351,253
At 31 December 2005				
Cost	25,098	33,025	333,641	391,764
Accumulated amortisation	(18,095)	(1,137)	(21,279)	(40,511)
Net book value	7,003	31,888	312,362	351,253
Year ended 31 December 2006				
Opening net book amount	7,003	31,888	312,362	351,253
Additions	4,576	130,378	439,932	574,886
Acquisition of subsidiary, net of amortisation	221	1,683		1,904
Amortisation charge for the year - computer software and licences	(4,856)			(4,856)
Amortisation charge for the year - Other intangible assets		(11,149)		(11,149)
Exchange rate adjustments	15	(767)	(1,399)	(2,151)
Closing net book value	**6,959**	**152,033**	**750,895**	**909,887**
At 31 December 2006				
Cost	32,207	164,319	771,914	968,440
Accumulated amortisation and impairment	(25,248)	(12,286)	(21,019)	(58,553)
Net book value	**6,959**	**152,033**	**750,895**	**909,887**

24. INTANGIBLE ASSETS (CONTINUED)

The Group has acquired several legal entities and/or businesses since its inception. These business combinations have generally been made in order to achieve one or several of the following objectives: acquiring "client relationships", acquiring specific know-how or products, getting a permanent establishment in a given location. The accounting for these business combinations was dependent on the accounting standard in force at the time of the acquisition, as described below.

IFRS1 Transition relating to goodwill arising on acquisitions prior to 1 January 2004

The Group has applied the business combination exemptions in IFRS 1 and has not restated business combinations that took place prior to January 1, 2004 transition date except for the contingent amounts forming part of deferred consideration which have been subsequently finalised.

However as the Group had under Swiss accounting principles applicable to banks, and for the majority of its acquisitions, classified the difference between the fair value of the consideration paid and the fair value of the net assets acquired as intangible assets, these amounts have been reclassified under IFRS as goodwill, as no purchase price allocation, as required by IFRS, had been done at the time. The Group considers that the majority of the carrying balances of goodwill for acquisition made prior to January 1, 2004 represents in substance "client relationships".

Increase in acquisition related intangibles 2006

	Other Intangible Assets CHF '000	Goodwill CHF '000
C.M. Advisors Limited	65,213	263,592
Derivatives Structured Asset Management unit ("DSAM")		86,000
Harris Allday	49,296	54,783
Banque Monégasque de Gestion	11,059	30,939
Others	4,810	4,618
	130,378	**439,932**

C.M. Advisors Limited

On 13 February 2006, the Group acquired 100% of the issued share capital of C. M. Advisors Limited (CMA). Bermuda-based CMA focuses on both managing fund of hedge funds and research of hedge funds. The transaction gave rise to an estimated goodwill of CHF 263.6 million, taking into account the estimated deferred consideration and to the recognition of intangible assets for CHF 65.2 million. The intangible assets are amortised over 4 to 14 year periods depending on their nature. For the period ending 31 December 2006, the acquired company contributed a net profit of CHF 44.4 million before amortisation of intangible assets linked to the acquisition (CHF 37.2 million after amortisation).

If the acquisition had occurred on 1 January 2006, rather than the actual closing date of 13 February 2006, the revenue contribution would have been CHF 57.9 million, and net profit contribution would have been CHF 46.0 million before amortisation of intangible assets linked to the acquisition.

The goodwill is attributable to the expected future income to be generated by the business.

24. INTANGIBLE ASSETS (CONTINUED)

Details of fair value of net assets acquired and goodwill / intangible assets are as follows:

	CHF '000
Purchase consideration paid (discharged by cash)	128,947
Deferred purchase consideration	206,486
	335,433
Comprising:	
Cash and due from other banks	4,768
Other assets	2,740
Other liabilities	(880)
	6,628
Other intangible assets (Client relationships)	58,309
Other intangible assets (Trademarks)	1,603
Other intangible assets (Covenants not to compete)	5,301
Goodwill	263,592
	335,433
Purchase consideration paid (discharged by cash)	128,947
Less: Cash and cash equivalents in subsidiary acquired	4,768
Net cash outflow on acquisition	**124,179**

Derivatives Structured Asset Management unit ("DSAM")

In early October 2004, the Group entered into an agreement that enabled it to set-up a derivatives structured asset management unit ("DSAM"). This acquisition gave rise to goodwill of CHF 142.1 million in prior years which has been based on an estimation of the fair value of probable deferred conditional payments and CHF 3.4 million of Intangible asset relating to the estimation of the fair value of the non compete component of this agreement.

On 31 December 2006, the estimated deferred conditional payments were reassessed based on the performance of the business in 2006 and the goodwill was increased accordingly by CHF 86.0 million.

Harris Allday

On 18 August 2006, the Group acquired 100% of the business and assets of Harris Allday Stockbrokers (a partnership), a Birmingham, United Kingdom based private client stockbroker. The transaction gave rise to goodwill of CHF 54.8 million and to the recognition of Intangible assets of CHF 49.3 million. The Intangible assets related to client relationships are amortised over a 10 to 20 year period and the intangible related to the trademark is amortised over 25 years. For the period ending 31 December 2006, the acquired business contributed a net profit of CHF 3.0 million before amortisation of intangible assets linked to the acquisition (CHF 1.9 million after amortisation). Due to non-coterminous year end dates, it is not practicable to include an estimate of the income that would have been generated, had the business been acquired at 1 January 2006.

The goodwill is attributable to the expected future income to be generated by the business.

24. INTANGIBLE ASSETS (CONTINUED)

Details of fair value of net assets acquired and goodwill / intangible assets are as follows:

	CHF '000
Purchase consideration paid (discharged by cash)	65,090
Deferred consideration	40,047
	105,137
Comprising:	
Intangible Assets - computer software	132
Property, plant and equipment	330
Other assets	618
Other liabilities	(22)
	1,058
Other intangible assets (Client relationships)	48,099
Other intangible assets (Trademarks)	1,197
Goodwill	54,783
	105,137
Purchase consideration paid (discharged by cash)	65,090
Less: Cash and cash equivalents of business acquired	
Net cash outflow on acquisition	**65,090**

Banque Monégasque de Gestion

On 1 November 2006, the Group acquired 100% of the issued share capital of the Monaco-based private banking organisation. The transaction gave rise to goodwill of CHF 30.9 million and to the recognition of Intangible assets of CHF 11.1 million. The Intangible assets are amortised over a 15 year period. For the period ending 31 December 2006, the acquired business contributed a net profit of CHF 0.8 million before amortisation of intangible assets linked to the acquisition (CHF 0.7 million after amortisation).

If the acquisition had occurred on 1 January 2006, rather than the actual closing date of 1 November 2006, the net revenue contribution would have been CHF 13.0 million and the net profit contribution would have been CHF 1.1 million before amortisation of intangible assets linked to the acquisition.

The goodwill is attributable to the expected future income to be generated by the business.

24. INTANGIBLE ASSETS (CONTINUED)

Details of fair value of net assets acquired and goodwill / intangible assets are as follows:

		CHF '000
Purchase consideration paid (discharged by cash)		60,278
Direct costs relating to the acquisition		250
		60,528
Comprising:		
	Cash and balances with central banks	7,210
	Due from other banks	315,381
	Loans and advances to customers	41,330
	Intangible Assets - Computer Software	89
	Property, plant and equipment	853
	Other assets	3,482
	Due to other banks	(4,560)
	Due to customers	(337,286)
	Other liabilities	(4,319)
		22,180
	Intangible assets (Client relationships)	11,059
	Goodwill	27,289
		60,528
	Goodwill (as per IAS12 paragraphs 19 and 66 on Deferred tax liability on intangibles)	3,650
		64,178
Purchase consideration paid (discharged by cash)		60,278
Less:	Cash and cash equivalents in subsidiary acquired comprising:	
	Cash and balances with central banks	7,210
	Due from other banks	315,381
Net cash inflow on acquisition		**(262,313)**

Impairment tests

Goodwill is allocated to cash generating units that have been identified on the basis of each acquisition performed until 31 December 2006. Carrying values have been compared to recoverable amounts, which are calculated on fair value less costs to sell. These calculations have been made on the basis of the best information available on the amount that could be obtained from the disposal of the assets in an arm's length transaction, after deduction of the costs to sell. As the fair value less cost to sell exceeded the carrying amounts of each cash generating units, the value in use did not need to be estimated.

24. INTANGIBLE ASSETS (CONTINUED)

The carrying amounts of goodwill and intangible assets allocated to each cash-generating unit are as follows:

	31 December 2006 Intangible Assets CHF '000	31 December 2006 Goodwill CHF '000	31 December 2006 Total CHF '000
C. M. Advisors Limited	57,498	260,891	318,389
Derivatives Structured Asset Management unit ("DSAM")	2,447	228,097	230,544
Harris Allday	48,233	54,783	103,016
Banque Edouard Constant		76,300	76,300
Bank von Ernst (Liechtenstein) AG	12,048	34,713	46,761
Banque Monégasque de Gestion	10,983	31,073	42,056
Other Cash Generating Units	20,824	65,038	85,862
Total carrying values	**152,033**	**750,895**	**902,928**

For each of these units, fair values have been calculated using two methodologies. Firstly, on the basis of the recoverable Net Asset Value and goodwil /intangible assets based on comparable market transactions (2 to 5% of Assets under Management). Secondly, calculations have been done using a PE approach (range between 7 and 15) based on similar transactions for comparable listed companies. The revenue basis for the PE approach was based on recent past experience (prior year or twelve-month period ended 31 December 2006).

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts have been based would not cause the carrying amounts to exceed their respective recoverable amounts. However, it should be noted that on certain transactions the Group has agreed to pay with earn-outs in order to limit the risks associated with this acquisition. With respect to the acquisition of the Derivatives Structured Asset Management ("DSAM") business, the total consideration price is based on earn-out multiples implying that such consideration price can increase significantly in future depending on the future revenues generated by the business acquired. Similarly, with respect to the acquisition of C.M. Advisors Limited ("CMA"), part of the total consideration price is based on earn-out multiples implying that such consideration price can increase significantly in future depending on the future revenues generated by the company acquired.

For DSAM, during the earn-out period, the estimated consideration of the acquisition may increase or decrease, and hence the estimated liability to the sellers may change. By changing the consideration of a deal, higher or lower goodwill will be recognised in the balance sheet. At the date of this report, 43.35% of the estimated acquisition price had already been fixed. The remaining 56.65% of the estimated acquisition price relates to estimated future payments which will be made over the next five years based on a fixed predefined Price/Earnings ratio.

For CMA, during the earn-out period, the estimated consideration of the acquisition may increase or decrease, and hence the estimated liability to the sellers may change. By changing the estimated consideration, higher or lower goodwill will be recognised in the balance sheet. At the date of this report, 50.3% of the estimated acquisition price had already been fixed. The remaining 49.7% of the estimated acquisition price relates to estimated future payments derived from a predefined fixed factor based of the earnings for 2007 to 2010 of the company acquired.

25. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements CHF '000	Furniture, equipment motor vehicles CHF '000	Computer hardware CHF '000	Total fixed assets CHF '000
At 1 January 2005				
Cost	10,824	5,507	11,792	28,123
Accumulated depreciation	(3,099)	(3,017)	(4,077)	(10,193)
Net book amount	7,725	2,490	7,715	17,930
Year ended December 2005				
Opening net book amount	7,725	2,490	7,715	17,930
Reclassifications / Transfers	172	(686)	514	-
Additions	2,645	946	1,448	5,039
Acquisition of subsidiary	6,649	2,448	1,264	10,361
Depreciation charge for the period	(1,418)	(666)	(1,630)	(3,714)
Exchange rate adjustments	70	83	50	203
Closing net book value	15,843	4,615	9,361	29,819
At 31 December 2005				
Cost	26,960	16,990	24,792	68,742
Accumulated depreciation	(11,117)	(12,375)	(15,431)	(38,923)
Net book amount	15,843	4,615	9,361	29,819
Year ended December 2006				
Opening net book amount	15,843	4,615	9,361	29,819
Additions	4,560	2,436	3,706	10,702
Acquisition of subsidiary	208	488	518	1'214
Depreciation charge for the year	(2,447)	(1,470)	(2,034)	(5,951)
Disposal and write-offs	(543)	(11)	(760)	(1,314)
Exchange rate adjustments	61	285	(71)	275
Closing net book value	**17,682**	**6,343**	**10,720**	**34,745**
At 31 December 2006				
Cost	31,960	21,750	31,095	84,805
Accumulated depreciation	(14,278)	(15,407)	(20,375)	(50,060)
Net book amount	**17,682**	**6,343**	**10,720**	**34,745**

26. OTHER ASSETS

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Prepaid expenses and accrued income	69,626	51,422
Settlement balances	44,603	-
Other assets	25,416	17,594
Other assets	**139,645**	69,016

27. DUE TO OTHER BANKS

Due to other banks at sight	448,403	55,800
Due to other banks at term	226,875	373,077
Due to other banks	**675,278**	428,877

28. DUE TO CUSTOMERS

Savings and current accounts	2,891,687	2,113,265
Term deposits	9,102,201	5,598,336
Due to customers	**11,993,888**	7,711,601

29. DEBT SECURITIES IN ISSUE AND OTHER BORROWED FUNDS

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Debt securities in issue		
Euro 100 million subordinated loan		
less part owned by Group companies	153,390	148,355
Other borrowed funds		
Subordinated loan		31,106
Total debt securities in issue and other borrowed funds	**153,390**	179,461

29. DEBT SECURITIES IN ISSUE AND OTHER BORROWED FUNDS (CONTINUED)

The following tables analyse contractual maturity and provides details of the interest rates.

	31 December 2006 Within 1 year CHF '000	31 December 2006 1–5 years CHF '000	31 December 2006 Over 5 years CHF '000	31 December 2006 Total CHF '000
Debt securities in issue				
Floating rate note, maturity 17.12.2013, average rate 3.9122%	279		153,111	153,390
Total debt securities in issue and other borrowed funds	**279**	**-**	**153,111**	**153,390**

	31 December 2005 Within 1 year CHF '000	31 December 2005 1–5 years CHF '000	31 December 2005 Over 5 years CHF '000	31 December 2005 Total CHF '000
Debt securities in issue				
Floating rate note, maturity 17.12.2013, average rate 3.1927%	186		148,169	148,355
Other borrowed funds				
Subordinated loan perpetual, average rate 2.25%	4		31,102	31,106
Total debt securities in issue and other borrowed funds	190	–	179,271	179,461

30. OTHER LIABILITIES

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Deferred acquisition obligations	407,102	176,497
Deferred income and accrued expenses	88,812	67,098
Settlement balances	42,356	-
Short term compensated absences	4,636	4,251
Retirement benefit obligations (note 31)	1,047	5,389
Other liabilities	71,704	58,821
Total other liabilities	**615,657**	312,056

31. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the balance sheet for defined benefit plans are determined using the corridor approach- see note 2(n)(i). Under the corridor approach actuarial gains and losses are recognised over the remaining working lives of the employees as income or expense if the net cumulative actuarial gains and losses exceed the greater of 10% of the defined benefit obligation and 10% of the fair value of any pension plan assets.

The Group operates a defined benefit plan in the the Channel Islands (“the Channel Islands plan”) which is not aggregated with the plan in Switzerland (“the Switzerland plan”) disclosed below due to its relative size. The Channel Islands plan has funded obligations of CHF 5.9 million, the fair value of plan assets is CHF 5.0 million and the unfunded liability decreased by CHF 120,000 in the current year.

The movement in the defined benefit obligation is as follows:

	31 December 2006 Total CHF ‘000	31 December 2005 Total CHF ‘000
Present value of the funded obligation at the beginning of the year	**126,055**	116,066
Service cost	4,583	4,474
Employee’s contributions	5,627	5,984
Benefit payments	1,246	(5,387)
Interest cost	3,993	3,063
Pension transfers	3,430	
Actuarial loss for the year	5,031	1,855
Present value of the funded obligation at the end of the year	**149,965**	126,055

The movement in the fair value of the plan assets is as follows:

Fair value of the plan assets at the beginning of the year	**119,694**	103,434
Employee’s contributions	5,627	5,984
Employer’s contributions	7,812	5,946
Benefit payments	1,246	(5,387)
Expected return on plan assets	5,274	4,003
Actuarial gain for the year	1,434	5,714
Pension transfers	3,262	
Fair value of the plan assets at the end of the year	**144,349**	119,694

Amounts recognised in the Balance sheet include:

Present value of funded obligations	149,965	126,055
Fair value of plan assets	(144,349)	(119,694)
	5,616	6,361
Unrecognised actuarial loss	(4,569)	(972)
Net liability recognised in balance sheet (included in other liabilities - note 30)	**1,047**	5,389

31. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	31 December 2006 Total CHF '000	31 December 2005 Total CHF '000
Movement in net liability:		
Net liability at the beginning of the year	**5,389**	7,801
Net periodic pension cost	3,470	3,534
Employer's contributions	(7,812)	(5,946)
Net liability at the end of the year	**1,047**	5,389

Movement in unrecognised actuarial loss:		
Net unrecognised actuarial loss at the beginning of the year	**972**	4,831
Actuarial loss for the year arising on defined benefit obligation	5,031	1,855
Actuarial gain arising on the plan assets	(1,434)	(5,714)
Net unrecognised actuarial loss at the end of the year	**4,569**	972

Movement recognised in the Income statement:		
Service cost	4,583	4,474
Interest cost	3,993	3,063
Expected return on plan assets	(5,274)	(4,003)
Cost of transfers	168	
Net periodic pension cost (note 9)	**3,470**	3,534

Asset allocation		
Debt instruments	58.7%	58.5%
Equity instruments	22.0%	25.7%
Cash	11.7%	9.8%
Real estate	6.1%	4.4%
Other	1.5%	1.6%
	100.0%	100.0%

31. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The principal annual actuarial assumptions used were as follows:

	31 December 2006	31 December 2005
Discount rate (p.a)	3.00%	2.75%
Expected return on plan assets (p.a)	4.00%	4.00%
Future salary increases (p.a)	1.00%	1.00%
Future pension increases (p.a)	0.00%	0.00%
Retirement age (Male/Female)	65/65	65/65
Turnover (average)	13.75%	13.75%

The assumptions regarding expected mortality rates are set based on advice, published statistics and experience.
The average life expectancy at 31 December 2006, of a male pensioner aged 65 is 17.6 years and a female pensioner is 20.4 years.

Expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and real estate investments reflect long-term real rates of return experienced in the respective markets.

The expected contributions to the post-employment benefit plan for the year ending 31 December 2007 are CHF 8,723,000.

32. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

The following is an analysis of the movement of share capital and share premium. Before EFG Bank's demerger, the par value of EFG Bank's shares and EFG Bank's Bons de Participation "A" was CHF 1,000.-- per share/Bons de Participation. The par value of EFG Bank's Bons de Participation "B" was CHF 15.--. All of EFG Bank's shares and Bons de Participation were fully paid. After the demerger, the par value of EFG International's registered shares issued is CHF 0.50 and the par value of EFG International's Bons de Participation "B" is CHF 15--. All of EFG International shares and Bons de Participation "B" are fully paid.

Share capital	With voting right CHF '000	Without voting right CHF '000	Treasury shares Registered shares CHF '000	Treasury shares Bons de Participation A CHF '000	Treasury shares Bons de Participation B CHF '000	Net CHF '000
At 1 January 2005	53,610	7,675		(2,120)		59,165
Issuance of Bons de Participation "B"		1,125				1,125
Purchase of registered shares			(1,410)			(1,410)
Sale of Bons de Participation "A"				710		710
Purchase of EFG Fiduciary certificates (*)					(72)	(72)
Sale of registered shares			1,410			1,410
Cancellation of Bons de Participation "A"				1,410		1,410
Demerger effects	(53,610)	(8,800)				(62,410)
Creation of EFG International	53,610	7,390				61,000
Free exchange	(53,610)	(7,390)				(61,000)
Issuance of Bons de Participation "B"		6,000				6,000
Issuance of shares	73,335					73,335
At 31 December 2005	73,335	6,000	-	-	(72)	79,263
No changes in 2006						-
At 31 December 2006	**73,335**	**6,000**	**-**	**-**	**(72)**	**79,263**
Share premium						
At 1 January 2005	53,790	486,757		11,497		552,044
Issuance of Bons de Participation "B"		113,519				113,519
Purchase of registered shares			(26,090)			(26,090)
Sale of Bons de Participation "A"				10,100		10,100
Purchase of EFG Fiduciary certificates (*)					(7,223)	(7,223)
Sales of registered shares			24,718			24,718
Cancellation of Bons de Participation "A"				(1,410)		(1,410)
Demerger effects	(53,790)	(628,807)				(682,597)
Creation of EFG International		30,500				30,500
Issuance of shares	1,324,709					1,324,709
At 31 December 2005	1,324,709	1,969	(1,372)	20,187	(7,223)	1,338,270
No changes in 2006						-
At 31 December 2006	**1,324,709**	**1,969**	**(1,372)**	**20,187**	**(7,223)**	**1,338,270**

(*) Each Fiduciary Certificate represents a pro rata interest in the Bons de Participation B issued by EFG International and pro rata interest in the Class B share issued by EFG Finance (Guernsey) Ltd.

32. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (CONTINUED)

The following is an analysis of the movement in the number of shares issued by the Group:

Number of shares	Registered shares nominal CHF 1'000.–	Registered shares nominal CHF 0.50	Bons de Participation "A" nominal CHF 1'000.–	Bons de Participation "B" nominal CHF 15.–	Treasury shares Reg. Shares and Bons de Participation "A" CHF 1'000.–	Treasury shares Bons de Participation "B" CHF 15.–	Net
At 1 January 2005	53,610	-	2,800	325,000	(2,120)	-	379,290
Issuance of Bons de Participation "B"				75,000			75,000
Purchase of registered shares					(1,410)		(1,410)
Sale of Bons de Participation "A"					710		710
Purchase of EFG Fiduciary Certificates						(4,865)	(4,865)
Sale of registered shares					1,410		1,410
Cancellation of Bons de Participation "A"					1,410		1,410
Demerger effects	(53,610)		(2,800)	(400,000)			(456,410)
Creation of EFG International	53,610		1,390	400,000			455,000
Free exchange	(53,610)		(1,390)	(400,000)			(455,000)
Issuance of Bons de Participation "B"				400,000			400,000
Issuance of shares		146,670,000					146,670,000
At 31 December 2005	-	146,670,000	-	400,000	-	(4,865)	147,065,135
No changes in 2006							
At 31 December 2006	**-**	**146,670,000**	**-**	**400,000**	**-**	**(4,865)**	**147,065,135**
Nominal, in CHF	1,000	0.50	1,000	15	1,000	15	
Net share capital in CHF '000	**-**	**73,335**	**-**	**6,000**	**-**	**(73)**	**79,263**

33. OTHER RESERVES

	Statutory reserves CHF '000	IAS 39 equity CHF '000	Employee stock option plan CHF '000	Other reserves CHF '000	Total CHF '000
Balance at 1 January 2005	4,510	-	-	79,501	84,011
Adoption of IAS 32 and 39 as at 01.01.05		243			243
Appropriation of retained earnings	950			13,000	13,950
Preference dividend paid				(39,880)	(39,880)
Available-for-sale securities					
net changes in fair value net of tax		(1,643)			(1,643)
transfer to net profit net of tax		(107)			(107)
exchange differences		146			146
Currency translation adjustments				4,872	4,872
Demerger effects (*)	(5,460)			157,733	152,273
Creation of EFG International				502,132	502,132
Effect of Business combinations exempted from IFRS3				(171,860)	(171,860)
At 31 December 2005	-	(1,361)	-	545,498	544,137
Balance at 1 January 2006	**-**	**(1,361)**	**-**	**545,498**	**544,137**
Employee stock option plan			1,752		1,752
Preference dividend paid				(24,652)	(24,652)
Cost of share capital increase in subsidiaries				(770)	(770)
Available-for-sale securities					
net changes in fair value net of tax		(2,838)			(2,838)
transfer to net profit net of tax		(142)			(142)
exchange differences		67,205			67,205
Currency translation adjusments				(41,979)	(41,979)
At 31 December 2006	**-**	**62,864**	**1,752**	**478,097**	**542,713**

(*) Including differences of CHF 249 million on first consolidation of EFG Bank following the demerger.

34. GEOGRAPHICAL CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS

	Total assets CHF '000	Total liabilities CHF '000	Credit commitments CHF '000
At 31 December 2006			
Switzerland	1,278,358	1,048,335	296,330
Europe E.U.	5,572,625	3,734,628	225,983
Other Europe	3,407,671	1,370,755	344,192
Americas	3,206,270	4,832,029	140,145
Africa, Asia and Oceania	2,423,498	2,598,161	75,558
	15,888,422	**13,583,908**	**1,082,208**
At 31 December 2005			
Switzerland	1,993,148	853,449	11,914
Europe E.U.	3,121,912	2,045,158	16,406
Other Europe	1,967,368	1,020,735	301,746
Americas	1,721,494	2,860,901	124,039
Africa, Asia and Oceania	2,023,157	1,964,484	66,472
	10,827,079	8,744,727	520,577

35. CONTINGENT LIABILITIES AND COMMITMENTS

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Contingent liabilities:		
Guarantees		
Guarantees issued in favour of third parties	596,186	266,426
Commitments:		
Irrevocable commitments	486,022	254,151
	1,082,208	520,577

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.

36. FIDUCIARY TRANSACTIONS

	At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Fiduciary transactions with third party banks	5,050,949	4,401,034
Deposits with affiliated banks and banks of the Group	401,686	47,007
Loans and other fiduciary transactions	17,173	21,753
Total	**5,469,808**	4,469,794

37. SEGMENTAL REPORTING

Pursuant to IAS 14, EFG International's primary segments are geographic segments, while its secondary segmental reporting is done on the basis of business segments.

For comparison purposes, the Group shows four main geographical regions, which follow the Groups organisational and management structure: Europe Cross-Border, Europe Onshore, Asia, and The Americas. The Europe Cross-Border segment includes locations where typically the clients are from a different country relative to where their banking relationship exists with the Group, such as Switzerland, Monaco, Liechtenstein and Gibraltar. The Europe Onshore segment includes business locations where typically the clients are from the same country as the Group company with which they transact, such as for example the United Kingdom and Sweden. The Asia segment includes all the locations in the Middle and Far East, such as Hong Kong and Singapore. The Americas include United States of America, Bahamas and Latin America.

	Europe Cross-Border CHF '000	Europe Onshore CHF '000	Asia CHF '000	The Americas CHF '000	Elimination CHF '000	Total CHF '000
31 December 2006						
Segment revenue from external customers	395,471	198,027	65,431	32,579	(57,070)	634,438
Segment profit from operations	169,954	73,118	16,826	340		260,238
Profit before tax						260,238
Income tax expense						(30,257)
Profit after tax						229,981
Net profit						**229,981**
As at 31 December 2006						
Segment assets	13,325,239	4,826,477	3,282,354	269,568	(5,815,216)	15,888,422
Segment liabilities	9,694,790	4,290,672	3,269,948	248,090	(3,919,592)	13,583,908
31 December 2005						
Segment revenue from external customers	257,739	36,411	39,572	17,813	(13,126)	338,409
Segment profit from operations	116,329	11,395	8,849	1,499		138,072
Profit before tax						138,072
Income tax expense						(17,178)
Profit after tax						120,894
Net profit						120,894
As at 31 December 2005						
Segment assets	10,455,278	3,367,817	2,383,066	29,207	(5,408,289)	10,827,079
Segment liabilities	7,499,292	3,165,073	2,375,661	17,850	(4,313,149)	8,744,727

37. SEGMENTAL REPORTING (CONTINUED)

Business segmentation

In 2006 the group acquired C.M.Advisors Ltd, a fund of hedge fund business. The Group believe the risk return profile of the acquired C.M.Advisors Ltd business not to be significantly different from the Groups private banking activities, however for relative size reasons management decided to create and in future report a second business segment "Fund of Hedge Funds Management". As the business was acquired in 2006, no comparatives exist.

	Private Banking CHF '000	Fund of Hedge Fund Management CHF '000	Elimination CHF '000	Total CHF '000
Segment revenue from external customers	583,390	51,596	(548)	634,438
Cost to acquire intangible assets	(3,918)	(7,231)		(11,149)
Segment profit before tax	223,710	37,180	(652)	260,238
Income tax expense				(30,257)
Profit after tax				229,981
Segment assets	15,546,690	341,732		15,888,422
Segment liabilities	13,377,110	206,798		13,583,908

38. CURRENCY RISK

The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December 2006 and 31 December 2005. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by currency.

31 December 2006	CHF	USD	EUR	GBP	Other	Total
Assets						
Cash and balances with central banks	17,445	567	23,674	1,052	802	43,540
Treasury bills and other eligible bills	2	659,358	160,314	140	7,142	826,956
Due from other banks	242,871	3,063,099	1,510,565	100,417	426,315	5,343,267
Other financial assets at fair-value-through-profit-or-loss	188	3,017	2,089	221	3,260	8,775
Derivative financial instruments	4,754	47,236	18,150	17,663	29,781	117,584
Loans and advances to customers	799,744	1,946,639	1,084,260	1,521,534	793,864	6,146,041
Investment securities	116,555	873,002	1,017,546	230,826	72,849	2,310,778
Intangible assets	394,261	341,342	42,684	131,523	77	909,887
Property, plant and equipment	15,880	3,324	1,668	10,098	3,775	34,745
Deferred income tax assets	619	1,772	1,618	3,195		7,204
Other assets	18,030	29,607	16,826	66,487	8,695	139,645
Total assets	**1,610,349**	**6,968,963**	**3,879,394**	**2,083,156**	**1,346,560**	**15,888,422**
Liabilities						
Due to other banks	56,255	514,498	53,809	6,539	44,177	675,278
Derivative financial instruments	5,136	38,733	4,416	4,492	58,145	110,922
Due to customers	265,002	5,835,614	3,056,478	1,573,481	1,263,313	11,993,888
Debt securities in issue			153,390			153,390
Other borrowed funds						-
Current income tax liabilities	10,354		730	3,159	3,719	17,962
Deferred income tax liabilities	8,474	1,698	3,584	3,029	26	16,811
Other liabilities	219,951	232,724	8,905	132,306	21,771	615,657
Total liabilities	**565,172**	**6,623,267**	**3,281,312**	**1,723,006**	**1,391,151**	**13,583,908**
Net balance sheet position	**1,045,177**	**345,696**	**598,082**	**360,150**	**(44,591)**	**2,304,514**
Off-balance-sheet net notional position	(211,875)	(42,831)	94,598	96,393	50,498	(13,217)
Contingent liabilities and commitments (note 35)	25,890	300,483	531,044	187,948	36,843	1,082,208

38. CURRENCY RISK (CONTINUED)

31 December 2005	CHF	USD	EUR	GBP	Other	Total
Assets						
Cash and balances with central banks	30,243	373	11,567	435	270	42,888
Treasury bills and other eligible bills	109,982	173,350	155,304	110	50,224	488,970
Due from other banks	985,508	1,774,602	614,291	194,204	175,854	3,744,459
Other financial assets at fair-value-through-profit-or-loss	201	3,119	1,287	154	3,075	7,836
Derivative financial instruments	105,881					105,881
Loans and advances to customers	441,583	1,712,541	565,444	1,127,860	697,031	4,544,459
Investment securities	80,726	633,258	695,271	23,987	899	1,434,141
Intangible assets	312,245	14,649	174	24,185		351,253
Property, plant and equipment	17,284	1,021	235	8,663	2,616	29,819
Deferred income tax assets	3,645	2,845		1,867		8,357
Other assets	22,455	13,330	3,942	20,506	8,783	69,016
Total assets	2,109,753	4,329,088	2,047,515	1,401,971	938,752	10,827,079
Liabilities						
Due to other banks	109,033	199,792	54,094	4,900	61,058	428,877
Derivative financial instruments	100,085					100,085
Due to customers	248,664	3,757,473	1,527,071	1,248,080	930,313	7,711,601
Debt securities in issue			148,355			148,355
Other borrowed funds			31,106			31,106
Current income tax liabilities	940	828	83	1,839	1,339	5,029
Deferred income tax liabilities	1,430	3,374		2,688	126	7,618
Other liabilities	211,413	5,405	12,034	38,000	45,204	312,056
Total liabilities	671,565	3,966,872	1,772,743	1,295,507	1,038,040	8,744,727
Net balance sheet position	1,438,188	362,216	274,772	106,464	(99,288)	2,082,352
Off-balance-sheet net notional position	13,092	(359,382)	111,541	79,374	142,291	(13,084)
Contingent liabilities and commitments (note 35)	26,801	167,452	181,485	117,859	26,980	520,577

39. INTEREST RATE RISK

The table below summarises the Group's exposure to interest rate risk. Included in the table are the group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

31 December 2006	Up to 3 months CHF '000	3–12 months CHF '000	1–5 years CHF '000	Over 5 years CHF '000	Non-interest bearing CHF '000	Total CHF '000
Assets						
Cash and balances with central banks	35,174				8,366	43,540
Treasury bills and other eligible bills	826,956					826,956
Due from other banks	5,286,395	30,432	17,827		8,613	5,343,267
Other financial assets at fair-value-through-profit-or-loss	119				8,656	8,775
Derivative financial instruments					117,584	117,584
Loans and advances to customers	4,565,746	1,461,848	72,670	4,137	41,640	6,146,041
Investment securities	1,235,474	874,331	105,028	48,726	47,219	2,310,778
Intangible assets					909,887	909,887
Property, plant and equipment					34,745	34,745
Deferred income tax assets					7,204	7,204
Other assets					139,645	139,645
Total assets	**11,949,864**	**2,366,611**	**195,525**	**52,863**	**1,323,559**	**15,888,422**
Liabilities						
Due to other banks	631,073	38,436	5,769			675,278
Derivative financial instruments					110,922	110,922
Due to customers	10,903,943	961,790	24,371		103,784	11,933,888
Debt securities in issue	153,098				292	153,390
Other borrowed funds						-
Current income tax liabilities					17,962	17,962
Deferred income tax liabilities					16,811	16,811
Other liabilities					615,657	615,657
Total liabilities	**11,688,114**	**1,000,226**	**30,140**	**-**	**865,428**	**13,583,908**
On-balance-sheet interest sensitivity gap	261,750	1,366,385	165,385	52,863	458,131	2,304,514
Off-balance-sheet interest sensitivity gap	(11,935)	(6,555)	29,384	-	(24,110)	(13,216)

39. INTEREST RATE RISK (CONTINUED)

31 December 2005	Up to 3 months CHF '000	3–12 months CHF '000	1–5 years CHF '000	Over 5 years CHF '000	Non-interest bearing CHF '000	Total CHF '000
Assets						
Cash and balances with central banks					42,888	42,888
Treasury bills and other eligible bills	472,615	16,355				488,970
Due from other banks	3,691,297	16,374	33,620		3,168	3,744,459
Other financial assets at fair-value-through-profit-or-loss					7,836	7,836
Derivative financial instruments					105,881	105,881
Loans and advances to customers	3,540,258	899,153	77,719	1,112	26,217	4,544,459
Investment securities	659,054	673,564	71,379	16,623	13,521	1,434,141
Intangible assets					351,253	351,253
Property, plant and equipment					29,819	29,819
Deferred income tax assets					8,357	8,357
Other assets					69,016	69,016
Total assets	8,363,224	1,605,446	182,718	17,735	657,956	10,827,079
Liabilities						
Due to other banks	344,562	80,373	3,721	115	106	428,877
Derivative financial instruments					100,085	100,085
Due to customers	7,350,327	302,280	41,382		17,612	7,711,601
Debt securities in issue	148,169				186	148,355
Other borrowed funds	31,102				4	31,106
Current income tax liabilities					5,029	5,029
Deferred income tax liabilities					7,618	7,618
Other liabilities					312,056	312,056
Total liabilities	7,874,160	382,653	45,103	115	442,696	8,744,727
On-balance-sheet interest sensitivity gap	489,064	1,222,793	137,615	17,620	215,260	2,082,352
Off-balance-sheet interest sensitivity gap	8,201	(12,960)	(8,325)	-	-	(13,084)

40. MATURITY OF ASSETS AND LIABILITIES

The table below analyses the Group's assets and liabilities into relevant contractual maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

31 December 2006	Up to 1 month CHF '000	1–3 months CHF '000	3–12 months CHF '000	1–5 years CHF '000	Over 5 years CHF '000	Total CHF '000
Assets						
Cash and balances with central banks	43,540					43,540
Treasury bills and other eligible bills	416,307	402,818			7,831	826,956
Due from other banks	4,825,214	469,864	30,411	17,778		5,343,267
Other financial assets at fair-value-through-profit-or-loss	8,775					8,775
Derivative financial instruments	117,584					117,584
Loans and advances to customers	2,013,314	972,650	1,852,860	1,257,479	49,738	6,146,041
Investment securities	627,852	643,277	375,308	163,258	501,083	2,310,778
Intangible assets					909,887	909,887
Property, plant and equipment					34,745	34,745
Deferred income tax assets				7,204		7,204
Other assets	139,645					139,645
Total assets	**8,192,231**	**2,488,609**	**2,258,579**	**1,445,719**	**1,503,284**	**15,888,422**
Liabilities						
Due to other banks	584,107	19,318	43,649	19,322	8,882	675,278
Derivative financial instruments	110,922					110,922
Due to customers	9,627,012	1,332,679	929,865	102,290	2,042	11,993,888
Debt securities in issue		292			153,098	153,390
Other borrowed funds						-
Current income tax liabilities	17,962					17,962
Deferred income tax liabilities				16,811		16,811
Other liabilities	208,555			407,102		615,657
Total liabilities	**10,548,558**	**1,352,289**	**973,514**	**545,525**	**164,022**	**13,583,908**
Net liquidity gap	**(2,356,327)**	**1,136,320**	**1,285,065**	**900,194**	**1,339,262**	**2,304,514**

40. MATURITY OF ASSETS AND LIABILITIES (CONTINUED)

31 December 2005	Up to 1 month CHF '000	1–3 months CHF '000	3–12 months CHF '000	1–5 years CHF '000	Over 5 years CHF '000	Total CHF '000
Assets						
Cash and balances with central banks	42,888					42,888
Treasury bills and other eligible bills	259,073	213,542	16,355			488,970
Due from other banks	3,677,278	17,186	16,375	33,620		3,744,459
Other financial assets at fair-value-through-profit-or-loss	7,836					7,836
Derivative financial instruments	105,881					105,881
Loans and advances to customers	2,151,536	1,408,257	905,664	77,890	1,112	4,544,459
Investment securities	418,617	198,941	179,607	99,209	537,767	1,434,141
Intangible assets					351,253	351,253
Property, plant and equipment					29,819	29,819
Deferred income tax assets				8,357		8,357
Other assets	69,016					69,016
Total assets	6,732,125	1,837,926	1,118,001	219,076	919,951	10,827,079
Liabilities						
Due to other banks	131,878	212,770	80,393	3,721	115	428,877
Derivative financial instruments	100,085					100,085
Due to customers	6,488,155	908,579	304,587	10,280		7,711,601
Debt securities in issue		186			148,169	148,355
Other borrowed funds		4			31,102	31,106
Current income tax liabilities	5,029					5,029
Deferred income tax liabilities				7,618		7,618
Other liabilities	129,196			182,860		312,056
Total liabilities	6,854,343	1,121,539	384,980	204,479	179,386	8,744,727
Net liquidity gap	(122,218)	716,387	733,021	14,597	740,565	2,082,352

41. ANALYSIS OF SWISS & FOREIGN ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

31 December 2006	Swiss CHF '000	Foreign CHF '000	Total CHF '000
Assets			
Cash Cash and balances with central banks	18,228	25,312	43,540
Treasury bills and other eligible bills		826,956	826,956
Due from other banks	570,407	4,772,860	5,343,267
Other financial assets at fair-value-through-profit-or-loss		8,775	8,775
Derivative financial instruments	24,248	93,336	117,584
Loans and advances to customers	378,401	5,767,640	6,146,041
Investment securities	34,446	2,276,332	2,310,778
Intangible assets	231,591	678,296	909,887
Property, plant and equipment	16,971	17,774	34,745
Deferred income tax assets	591	6,613	7,204
Other assets	3,475	136,170	139,645
Total assets	**1,278,358**	**14,610,064**	**15,888,422**
Liabilities			
Due to other banks	194,459	480,819	675,278
Derivative financial instruments	32,944	77,978	110,922
Due to customers	724,035	11,269,853	11,993,888
Debt securities in issue		153,390	153,390
Other borrowed funds			-
Current income tax liabilities	9,483	8,479	17,962
Deferred income tax liabilities	7,236	9,575	16,811
Other liabilities	80,178	535,479	615,657
Total liabilities	**1,048,335**	**12,535,573**	**13,583,908**
Equity			
Share capital	79,263		79,263
Share premium	1,338,270		1,338,270
Other reserves and retained earnings	672,767	214,214	886,981
Total shareholders' equity	**2,090,300**	**214,214**	**2,304,514**
Total equity and liabilities	**3,138,635**	**12,749,787**	**15,888,422**

41. ANALYSIS OF SWISS & FOREIGN ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)

31 December 2005	Swiss CHF '000	Foreign CHF '000	Total CHF '000
Assets			
Cash and balances with central banks	30,378	12,510	42,888
Treasury bills and other eligible bills	111,018	377,952	488,970
Due from other banks	1,320,498	2,423,961	3,744,459
Other financial assets at fair-value-through-profit-or-loss	152	7,684	7,836
Derivative financial instruments	15,694	90,187	105,881
Loans and advances to customers	274,814	4,269,645	4,544,459
Investments securities			
Held-to-maturity		530,435	530,435
Available-for-sale	35,105	868,601	903,706
Intangible assets	173,989	177,264	351,253
Property, plant and equipment	16,176	13,643	29,819
Deferred income tax assets	6,490	1,867	8,357
Other assets	8,834	60,182	69,016
Total assets	1,993,148	8,833,931	10,827,079
Liabilities			
Due to other banks	184,756	244,121	428,877
Derivative financial instruments	22,630	77,455	100,085
Due to customers	594,911	7,116,690	7,711,601
Debt securities in issue		148,355	148,355
Other borrowed funds		31,106	31,106
Current income tax liabilities	1,767	3,262	5,029
Deferred income tax liabilities	1,430	6,188	7,618
Other liabilities	47,955	264,101	312,056
Total liabilities	853,449	7,891,278	8,744,727
Equity			
Share capital	79,263		79,263
Share premium	1,338,270		1,338,270
Other reserves and retained earnings	581,671	83,148	664,819
Total shareholders' equity	1,999,204	83,148	2,082,352
Total equity and liabilities	2,852,653	7,974,426	10,827,079

42. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

		At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Basic earnings per ordinary share			
Net profit for the period		229,981	120,894
Estimated, pro-forma accrued preference dividend		25,960	37,150
Net profit for the period attributable to ordinary shareholders		204,021	83,744
Weighted average number of ordinary shares	Number of shares (in '000s)	146,670	116,754
Basic earnings per ordinary share	CHF	1.39	0.72

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 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 accrued preference dividend. The latter has been computed by assuming a dividend rate from 1st January 2006 until 30 April 2006 of 3.788%, a rate of 4.386% from 30 April 2006 until 30 October 2006 and a rate of 4.315% thereafter, excluding the average number of EFG Fiduciary Certificates owned by the Group. It should be noted that this calculation assumes that dividends covering the full year will be approved. Should this not be the case, the basic earnings per ordinary share would be CHF 1.42 for the period.

		At 31 December 2006 CHF '000	At 31 December 2005 CHF '000
Diluted earnings per ordinary share			
Net profit for the period		229,981	120,894
Estimated, pro-forma accrued preference dividend		25,960	37,150
Net profit for the period attributable to ordinary shareholders		204,021	83,744
Diluted-weighted average number of ordinary shares	Number of shares (in '000s)	146,876	116,754
Diluted earnings per ordinary share	CHF	1.39	0.72

Pursuant to its employee stock option plan, EFG International issued on 28 February 2006 options to purchase 761,548 shares of EFG International shares. This option issue has the effect to increase the diluted-weighted average number of ordinary shares of EFG International by 205,904 shares to 146,875,900 shares. For information regarding the EFG International stock option plan see note 45. It should be noted that this calculation assumes that preference dividends covering the full year will be approved. Should this not be the case, the basic earnings per ordinary share would be CHF 1.42 for the period 2006.

43. DIVIDEND PER SHARE

Final dividends per share are not accounted for until they have been ratified at the Annual General Meeting. At the meeting on 27 April 2007, a dividend in respect of 2006 of CHF 0.30 per share amounting to a total of CHF 44.0 million is to be proposed. The financial statements for the year ended 31 December 2006 do not reflect this resolution, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2007.

44. RELATED PARTY TRANSACTIONS

31 December 2006	EFG Group CHF '000	Key management personnel CHF '000
Assets		
Due from other banks	818,631	
Loans and advances to customers		17,047
Other assets	24	
Liabilities		
Due to other banks	771	
Due to customers	172,392	
Other borrowed funds		
Other liabilities	237	
Interest income for the twelve months ended 31 December 2006	18,563	36
Interest expense for the twelve months ended 31 December 2006	(6,994)	(12)
Commission income for the twelve months ended 31 December 2006	6,962	
Commission expense for the twelve months ended 31 December 2006	(798)	
Contingent liabilities and commitments	21,653	
31 December 2005		
Assets		
Due from other banks	38,371	
Loans and advances to customers		17,832
Other assets		151
Liabilities		
Due to other banks	21,416	
Due to customers	183,147	28,209
Other borrowed funds	30,106	
Other liabilities	529	
Interest income for the twelve months ended 31 December 2005	2,528	223
Interest expense for the twelve months ended 31 December 2005	(7,389)	(41)
Contingent liabilities and commitments	9,277	52

Key management personnel includes directors and key management personnel of the company and its parent, and their close family members.

No provisions have been recognised in respect of loans given to related parties (2005: nil).

Key management compensation (including directors)

The compensation of the members of the Executive Committee relating to the year 2006 comprised of cash compensation of CHF 4,474,218 (2005: CHF 3,660,673), pension contributions of CHF 300,904 (2005: CHF 238,506) and stock options valued at approximately CHF 5,536,736 (2005: CHF 0). Provision has been made for payments under a long term incentive plan of CHF 2,000,000 which would be payable in future years.

The compensation of the members of the Board of Directors relating to the year 2006 comprised of cash compensation of CHF 3,334,619 (2005: CHF 4,219,284).

45. STOCK OPTION PLAN

EFG International issued 761,548 options pursuant to the Employee Stock Option Plan ("the 2006 Option Plan") with a grant date of February 28, 2006. These options have an exercise price of CHF 25.33, a vesting period of three years and may be exercised at any time during a period beginning five years from the grant date and ending seven years from the grant date. No options where exercised or lapsed in the period.

The expense recorded in the income statement spreads the cost of the grant equally over the vesting period. Assumptions are made concerning the forfeiture rate which is adjusted during the vesting period so that at the end of the vesting period there is only a charge for vested amounts. Total expense related to the 2006 Option Plan in the income statement for the period ended December 31, 2006 was CHF 1.75 million.

A deemed value of each option was estimated to be CHF 9.19 using a modified version of the Black Scholes Merton formula which takes into account expected dividend yield as well as other funding costs during the period between the end of the vesting period and the earliest exercise date. The significant inputs into the model were spot share price (CHF 36.25), expected volatility (21%), dividend yield (2%), other funding costs (5%) the expected life of the options (72 months) and the risk free rate (2.03%). Expected volatility was calculated using the 100 day average of volatility of other private banks listed in Switzerland combined with a statistical analysis of implied market volatilities for options with similar expected lives.

The expected life of the options has been assumed to be the mid-point of the exercise period. The risk free rate is the yield on Swiss treasury notes with an outstanding maturity of 72 months as of the grant date. Dividend yield has been calculated according to management's estimates of the long term dividend payments. Other funding costs represent adjustments made by market participants when pricing options that cannot be hedged or exercised and, pursuant to IFRS 2, may be applied only after the vesting period. The fair value of the options which is based on applying the other funding costs throughout the entire restricted period would be CHF 6.12.

EFG International issued 2,296,746 options pursuant to the Employee Stock Option Plan ("the 2007 Option Plan") with a grant date of 23 February 2007. There are two classes of options having an exercise price of CHF 32.83 and CHF 49.25 respectively (with 1,050,696 and 1,246,050 options being issued respectively), with a vesting period of three years and an exercise period beginning five years from the grant date and ending seven years from the grant date.

46. INFORMATION RELATING TO THE EFG FIDUCIARY CERTIFICATES IN CIRCULATION

In connection with the EUR 400,000,000 EFG Fiduciary Certificates, which were issued by Banque de Luxembourg on a fiduciary basis, in its own name but at the sole risk and for the exclusive benefit of the holders of the EFG Fiduciary Certificates, Banque de Luxembourg acquired 400,000 Class B Bons de Participation issued by EFG International and 400,000 Class B Shares issued by EFG Finance (Guernsey) Limited. The proceeds of issue of the Class B Shares issued by EFG Finance (Guernsey) Limited were invested by EFG Finance (Guernsey) Limited in income generating assets. The sole eligibility criterion for investing the proceeds of issue of the Class B Shares is that the investments have an investment grade credit rating of at least BBB- from Standard & Poor’s, or an equivalent credit rating from Moody’s or Fitch.

47. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	At 31 December 2006 CHF million	At 31 December 2005 CHF million
Character of client assets		
Bonds	7,983	7,903
Deposits	11,994	7,712
Equities	11,032	6,464
Third party funds	10,667	5,270
Structured notes	6,316	5,065
Loans	6,146	4,544
Fiduciary deposits	5,470	4,470
EFG International locked-up shares	4,595	3,656
Other	1,909	1,248
EFG funds	3,690	984
Total assets under management	**69,802**	47,316
Total assets under administration	**7,375**	6,471
Total assets under management and under administration	**77,177**	53,787

Assets under Management are client assets managed by the Group and comprise custodised securities, fiduciary placements, deposits, client loans, funds, mutual funds under management, third party custodised assets, third party funds administered by the Group and structured notes which are structured and managed by the Group.

Assets under Administration are trust assets administered by the Group.

48. POST BALANCE SHEET EVENTS

Business acquisitions

The Group announced on 22 December 2006 that it had reached an agreement to acquire the Stockholm-based Quesada Kapitalförvaltning AB from Quesada AB, a Swedish financial group. Quesada Kapitalförvaltning AB has 2 CROs and assets under management of approximately CHF 800 million, and the transaction is expected to close in April 2007.

The Group announced on 8 January 2007 that it had reached an agreement to acquire PRS Group from its main founder. PRS Group has been a leader in hedge fund investing since 1987, offers a broad range of family office type of private banking services, as well as discretionary asset management services and has 5 CROs and assets under management of approximately CHF 3.0 billion. The transaction closed on 30 March 2007.

Other

The Group issued 2,296,746 options to employees on 23 February 2007. See note 45.

49. BOARD OF DIRECTORS

The Board of Directors of EFG International is the following:

Jean Pierre Cuoni, Chairman
Emmanuel L. Bussetil
Spiro J. Latsis
Hugh Napier Matthews
Périclès Petalas
Hans Niederer

50. SWISS BANKING LAW REQUIREMENTS

The Group is subject to consolidated supervision by the Swiss Federal Banking Commission. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS). Set out below are the deviations which would result if the provisions of the Banking Ordinance and the Guidelines of Swiss Banking Commission governing financial statement reporting, pursuant to Article 23 through Article 27 of Banking Federal Ordinance, were applied in the preparation of the consolidated financial statements of the Group.

(a) Financial investments

Under IFRS, available-for-sale financial investments are carried at fair value. Changes in the fair value of available-for-sale financial investments are recorded as increases or decreases to shareholders' equity (see consolidated statement of changes in equity) until an investment is sold, collected or otherwise disposed of, or until an investment is determined to be impaired. At the time an available-for-sale investment is determined to be impaired, the cumulative unrealised gain or loss previously recognised in shareholders' equity is included in net profit or loss for the period. On disposal of an available-for-sale investment, the difference between the net disposal proceeds and carrying amount, including any previously recognized unrealised gain or loss arising from a change in fair value reported in shareholders' equity, is included in the statement of income for the period.

Under Swiss law, financial investments are carried at the lower of cost or market value. Reductions, as well as gains or losses on disposals, are included in gains and losses from other securities.

(b) Fair value option

Under IFRS, the Group has two sub-categories of financial assets, those held for trading, and those designated as fair-value-through-profit-or-loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Under Swiss law, the fair value option is not available.

(c) Derivative financial instruments

Under the specific rules of IAS 39, the majority of the Group's derivative financial instruments are classified as trading and reflected on the balance sheet at fair values. Changes in fair values are reflected in net trading income.

Under Swiss law, the majority of the Group's derivative instruments qualify for hedge accounting and are recorded on balance sheet at their fair values (gross positive and negative replacement values). Changes in fair values are accounted for in accordance with the accounting treatment of the item being hedged.

(d) Goodwill and Intangible Assets

Under both IFRS and under Swiss law, goodwill and intangibles resulting from acquisitions and mergers are capitalized in the balance sheet.

Under IFRS, goodwill is not amortized but is tested for impairment at least annually and is carried at cost less accumulated impairment losses. Intangible assets are amortized on a systematic basis over their useful lives. In addition, intangible assets are tested for impairment when there is any indication that the asset may be impaired. Intangible assets are carried at cost less amortization and accumulated impairment losses.

Under Swiss law, goodwill and intangibles are amortised over the estimated economic life on a straight-line basis. The net carrying value of intangibles is, in addition, reappraised annually, with any reduction to the net carrying value taken immediately as an expense in the income statement.

(e) Extraordinary income and expense

Under IFRS, items of income and expense can only be classified as extraordinary if they are clearly distinct from the ordinary activities and their occurrence is expected to be rare.

Under Swiss law, income and expense items related to other accounting periods, as long as they are attributable to corrections or mistakes from previous periods, and/or not directly related with the core business activities of the enterprise (e.g. realised gains on sale of investments in associated undertakings or property, plant and equipment) are recorded as extraordinary income or expense.

Report of the group auditors
to the general meeting of
EFG International
Zurich

As auditors of the group, we have audited the consolidated financial statements (income statement, balance sheet, statement of changes in equity, cash flow statement and notes set out from pages 76 to 135) of EFG International for the year ended 31 December 2006.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

J.C. Pernollet
Auditor in charge

C. Kratzer

Geneva, March 30, 2007

PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

EFG International, Zurich

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

EFG INTERNATIONAL, ZURICH

	Note	**Year ended 31 December 2006 CHF '000**	Year ended 31 December 2005 CHF '000
Income			
Interest income		13,790	925
Income from subsidiaries	13	26,746	6,232
Foreign exchange		3,027	
Other income		2	
Total income		**43,565**	7,157
Expenses			
Staff expenses		(17,222)	(5,932)
Operating expenses		(5,933)	(630)
Depreciation		(14,720)	(4,999)
Interest expenses		(369)	(4,152)
Tax expense		(875)	(250)
Total expenses		**(39,119)**	(15,963)
Net profit / (loss)		**4,446**	(8,806)

BALANCE SHEET AS AT 31 DECEMBER 2006

EFG INTERNATIONAL, ZURICH

	31 December 2006 CHF '000	31 December 2005 CHF '000
Assets		
Due from subsidiaries	233,024	1,083,683
Accrued income and prepaid expenses	7,876	366
Other assets	297	188
Current assets	**241,197**	1,084,237
Investments in subsidiaries	1,391,491	703,549
Subordinated loans to subsidiaries	318,415	144,825
Tangible fixed assets	207	219
Formation costs	37,940	47,386
Non current assets	**1,748,053**	895,979
Total assets	**1,989,250**	1,980,216
Liabilities		
Accrued expenses and deferred income	6,408	1,892
Other liabilities	109	37
Current liabilities	**6,517**	1,929
Total liabilities	**6,517**	1,929
Equity		
Share capital	79,335	79,335
General legal reserve	1,405,625	1,405,625
Other reserves	502,133	502,133
Retained earnings	(8,806)	
Net profit / (loss) for the period	4,446	(8,806)
Total shareholders' equity	**1,982,733**	1,978,287
Total shareholders' equity and liabilities	**1,989,250**	1,980,216

EFG International Parent Company financial statements are prepared in accordance with Swiss Code of Obligations.

1. CONTINGENT LIABILITIES

– EFG International has provided to EFG Bank (its main Swiss banking subsidiary which it owns 100%) several form of guarantees which could lead to potential obligations of approximately CHF 590 million. These potential obligations are fully collaterised in the form of cash and highly rated bonds. The collaterised assets are either held by the company or held by foreign subsidiaries of the company, in which case the company has the right to use the collaterised assets of such subsidiaries to settle these potential obligations, if they were to arise.

2. BALANCE SHEET ASSETS WITH RETENTION OF TITLE TO SECURE OWN OBLIGATIONS

– There are no such assets.

3. OFF-BALANCE SHEET OBLIGATIONS RELATING TO LEASING CONTRACTS

– There are no such obligations.

4. FIRE INSURANCE VALUE OF TANGIBLE FIXED ASSETS

– Tangible fixed assets amount to CHF 207,398 and are covered by the fire insurance subscribed by EFG Bank for the Zurich premises for a total amount of CHF 5,000,000.

5. LIABILITIES RELATING TO PENSION PLANS AND OTHER RETIREMENT BENEFIT OBLIGATIONS

– There are no such liabilities.

6. BONDS ISSUED

– There are no such liabilities.

7. PRINCIPAL PARTICIPATIONS

– The company's principal participations are shown in the note 23, page 104, to the consolidated financial statements.

8. RELEASE OF UNDISCLOSED RESERVES

– There are no undisclosed reserves.

9. REVALUATION OF LONG-TERM ASSETS TO HIGHER THAN COST

– There was no such revaluation.

10. OWN SHARES HELD BY THE COMPANY AND BY GROUP COMPANIES

– At 31 December 2006, 4,865 Bons de Participation "B" were held by a company of the Group.

11. SHARE CAPITAL

	31 December 2006 **CHF**	31 December 2005 CHF
146,670,000 registered shares at the nominal value of CHF 0.50	73,335,000	73,335,000
400,000 Bons de Participation "B" at the nominal value of CHF 15.–	6,000,000	6,000,000
Total share capital	**79,335,000**	79,335,000

12. SIGNIFICANT SHAREHOLDERS

The significant shareholders and groups of shareholders, whose participation exceed 5% of all voting rights are:

	31 December 2006 **CHF**		31 December 2005 CHF	
	Shares	Participation of	Shares	Participation of
EFG Bank European Financial Group	71,492,153	48.74%	71,492,153	48.74%
Mr. Lawrence D. Howell	8,352,000	5.69%	8,352,000	5.69%

13. INCOME FROM SUBSIDIARIES

	31 December 2006 **CHF '000**	31 December 2005 CHF '000
Income from subsidiaries consists of the following:		
Royalties	12,296	
Management service fees	13,086	6,085
Other income	1,364	147
Total	**26,746**	6,232

There are no further items requiring disclosure under Art. 663b of the Swiss Code of Obligations.

Report of the statutory auditors
to the general meeting of
EFG International
Zurich

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes set out from pages 140 to 143) of EFG International for the year ended 31 December 2006.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

J.C. Pernollet C. Kratzer

Auditor in charge

Geneva, March 30, 2007

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FORWARD LOOKING STATEMENTS

This Annual 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 Annual 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 Annual Report. These factors include among others (i) the performance of investments; (ii) our ability to retain and recruit high quality CROs; (iii) governmental factors, including the costs of compliance with regulations and the impact of regulatory changes; (iv) our ability to implement our acquisition strategy; (v) the impact of fluctuations in global capital markets; (vi) the impact of currency exchange rate and interest rate fluctuations; and (vii) other risks, uncertainties and factors inherent in our business.

EFG International 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.

IMPRESSUM

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