ANNUAL REPORT 2007

EFG International

EFG International is an international private banking group based in Zurich. It was founded on the back of a passionate conviction: clients of our industry expect and deserve more.

The essence of private banking is relationships; at EFG International, our role is to provide the conditions for these to flourish. Courtesy of an entrepreneurial business model, our business attracts professionals of the highest calibre, who enjoy the controlled freedom to operate in their client's best interests.

The results speak for themselves. Since its inception, EFG International has enjoyed an unbroken track record of dynamic growth. Its global family of private banking businesses has grown to encompass 50 locations in over 30 countries.

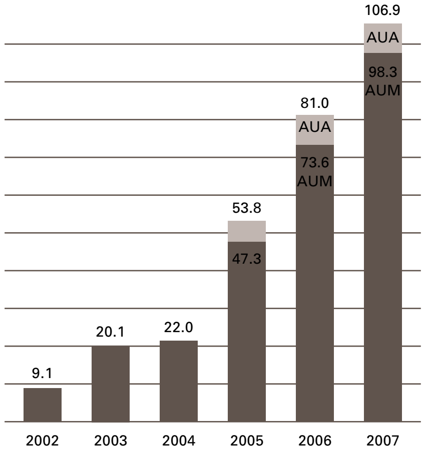
EFG International: truly a private bank unlike any other.

EFG International benefits from the resources and substantial capital reserves of EFG Group, Switzerland's third largest banking group by shareholders equity. The Group's 24,000 employees serve clients from offices in 40 countries.

EFG INTERNATIONAL PERFORMANCE EVOLUTION

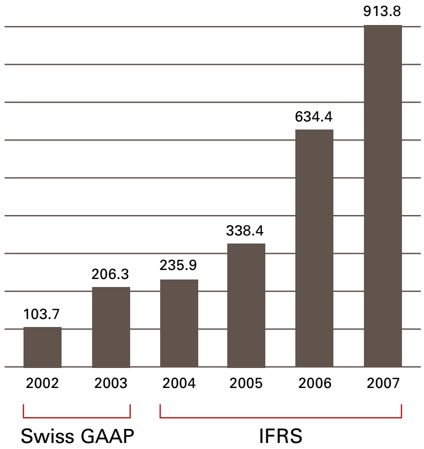
AUM and AUA*

in CHF billions



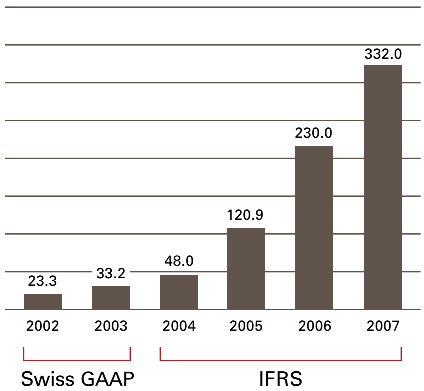
Operating Income

in CHF millions

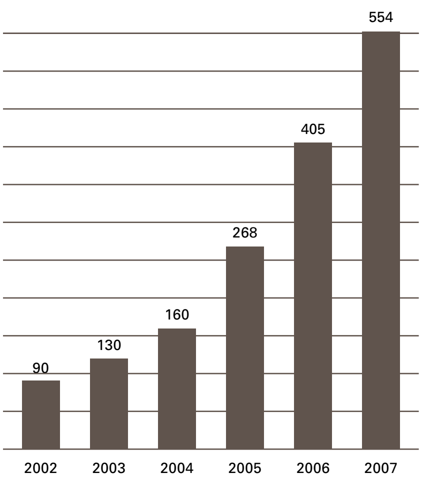


Net Profit attributable to Group shareholders

in CHF millions

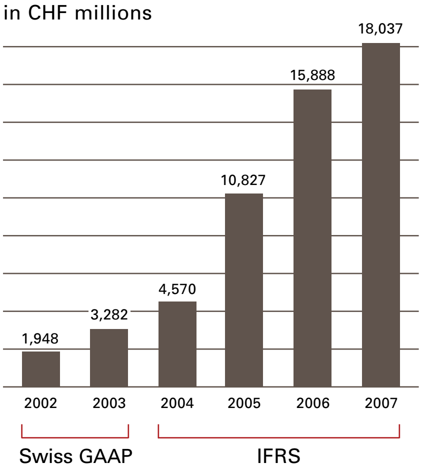


Client Relationship Officers (CROs)*



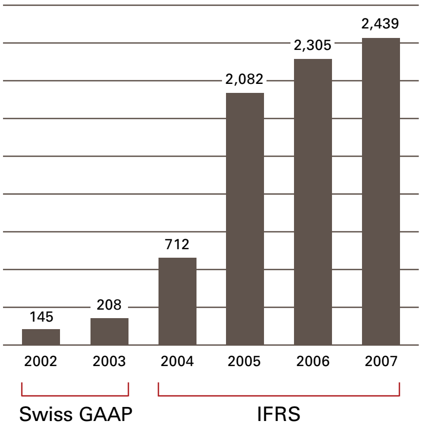
Total Balance Sheet

in CHF millions



Shareholders' Equity

in CHF millions



EFG INTERNATIONAL FINANCIAL HIGHLIGHTS

in CHF millions		December 31, 2007
Income		
Operating Income		913.8
Profit before Tax		370.8
Net profit attributable to Group shareholders		332.0
Net Profit attributable to ordinary shareholders		302.2
Cost/Income Ratio		55.7%
Balance Sheet		
Total Assets		18,037
Shareholders' Equity		2,439
Market Capitalisation		
Share Price (in CHF)		45.50
Market Capitalisation (ordinary shares)		6,673
BIS Capital		
Total BIS Capital		1,630
Total BIS Capital Ratio		26.3%
Ratings	**long term**	**outlook**
Moody's	A2	Stable
Fitch	A	Positive
Personnel		
Total number of CROs*		554
Total number of employees		1,864
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

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CHAIRMAN'S LETTER

Jean Pierre Cuoni

Dear shareholders, dear clients,

It has been another outstanding year for EFG International. A host of achievements resulted in a record financial performance in 2007, coupled with robust growth across our key metrics. Net profit attributable to Group shareholders was up 44% to CHF 332 million; operating income up 44% to CHF 914 million; clients' Assets under Management up 34% to CHF 98.3 billion. For the first time, total clients' Assets under Management and Administration exceeded CHF 100 billion. We delivered against our strategic targets, and comfortably met our aspirations for 2007 as expressed at the time of our Initial Public Offering in October 2005.

At EFG International, we are enamoured with the notion of constant forward motion. It is a form of restless entrepreneurialism, with a constant imperative to deliver practical benefits to our clients. During 2007, recruitment of Client Relationship Officers (CROs) – the lifeblood of our business – was strong, and indeed accelerated during the final phase of the year. All regional businesses made good headway, with rates of growth comfortably in excess of market norms. We continued to expand our international network, and made great strides in upgrading our marketing and other business infrastructure for the challenges of growth. We also made six acquisitions, across three distinct categories of strategic rationale: entering new, onshore private banking markets; reinforcing and extending our presence in established markets; and extending capabilities in alternative investments. Combined, these acquisitions added some CHF 12.5 billion of clients' Assets under Management. More detail on our full accomplishments are contained in the letter from the CEO, which follows.

These are the latest milestones in an unbroken record of growth for EFG International. We have come quite some way in a relatively short space of time. When we founded the business 1995, we did so on the back of a strong conviction that the private banking industry was not delivering on its potential. We sought to provide wealthy clients a level of service they were entitled to expect – an ethos that remains as strong today as it did then. Courtesy of doing things right for our clients, EFG International has grown to encompass 50 locations in over 30 countries, with approaching 2,000 employees worldwide. Ours is a global family of private banking businesses, united by the highest standards of professionalism, coupled with a common zeal to serve clients to the best of our abilities.

We live in uncertain times, with challenging market conditions prevailing since the second half of 2007. No financial institution is immune to developments in the banking sector and wider macro-economic environment. However, our business is extremely robust, and having been tested by exceptional market events, relationships with clients have in many cases never been stronger. During the latter stages of 2007, CROs worked exceptionally hard to help their clients understand often complex and fast-moving external developments, and the impact this might have on their chosen wealth strategies. This difficult (and often unheralded) work that goes on behind the scenes is, as far as we are concerned, what private banking is all about. EFG International is not a linear business. Nor is it a short-term, tactically-orientated business. We are in the business of grappling with uncertainty on behalf of our clients, irrespective of prevailing market conditions. Helping them to understand events, put them in some kind of context, and determine the most appropriate way forward.

Key to our success is a business model that is distinctive, flexible, and places relationships at the heart of our business. Occasionally emulated in terms of certain financial aspects, the coherent and nuanced nature of our approach is rarely grasped. We are truly client-centric; it is, quite simply, part of our fundamental core. We have a strong focus on private banking. We see investment solutions as an integral part of this, and are putting in place a creative mix of open architecture coupled with select internal solutions in competitive juxtaposition.

Our leadership team has a breadth of expertise and experience that is second to none. These and other factors help us to appeal to some of the finest entrepreneurial private bankers in the business. They come to EFG International - as indeed do technical specialists - because they are given the controlled freedom to run their own businesses, serving clients as best they can. And once here, they tend to stay with us.

This is how we ensure technical expertise is crafted into advice, and delivered in optimal fashion, one relationship at a time. However, EFG International is far more than a successful business model. We avoid formulaic, text-book management, seeking innovative and flexible solutions to the issues at hand. Our business is not laissez-faire, but carefully managed to allow entrepreneurialism to flourish. CROs are empowered to conduct the day-to-day business of serving clients, but they are not without careful control or supervision. Indeed, we have progressively increased resources in risk and control in line with business growth, more than doubling headcount in compliance, audit, operations and risk since October 2005. We have a robust global IT platform. And we have one of the leanest head office teams in the business, offering outstanding added value per capita. We are, in short, a cohesive business, with a shared ethos and common values acting as the glue that binds us together.

Our current market value does not, I believe, truly reflect our achievements and ongoing efforts. This is hard to comprehend, given our full range of accomplishments, and the potential for future growth. Our response? We are continuing to work hard to prove any sceptics wrong. We are focusing on the things that are in our direct control, with clients to the fore. And we are allowing our actions and our results to do the talking – while working to project our success to its full effect. Based on this, I am convinced that our market value will ultimately fully reflect our hard work and accomplishments.

Looking ahead, we are well positioned, with no shortage of opportunities to continue our dynamic record of growth, irrespective of market conditions. We are in exceptionally good shape, with a pedigree of success; a distinctive ethos and approach; and a growing profile fuelling a virtuous cycle of growth. Most of all, however, we have some of the highest quality people, across all of our businesses. These are the people who believe in our vision, and who through their daily professional endeavours put it into effect. EFG International is a private bank unlike any other. This would not be possible without our people, and the strong relationships they continue to forge with clients. Ultimately, as our business has always recognised, it's a matter of chemistry.

Jean Pierre Cuoni,
Chairman of the Board

Private banking:
a question of chemistry.

People rely on people;
individuals and their
families rely on the
guidance of our Client
Relationship Officers.

LETTER FROM THE CEO

Lawrence D. Howell

I am pleased to be able to report that EFG International delivered another strong financial performance in the year ended 31 December 2007:

– Operating income was CHF 913.8 million, up 44% year-on-year.

– Net profit attributable to Group shareholders was CHF 332.0 million, up 44% year-on-year. Net profit attributable to ordinary shareholders was CHF 302.2 million, up 48% year-on-year.

– Clients' Assets under Management were CHF 98.3 billion (including announced acquisitions) as at 31 December 2007, up 34% from CHF 73.6 billion (including announced acquisitions) as at end-2006. The increase in clients' Assets under Management due to acquisitions was CHF 12.5 billion (including Bull Wealth Management Group, Ashby London Financial Services, Marble Bar Asset Management, StratCap Securities India, On Finance, and A&G Group).

– For 2007, net new assets and the increase in clients' loans were CHF 13.8 billion (of which loans: CHF 2.0 billion). This compares with CHF 11.0 billion (loans: CHF 1.6 billion) for 2006, a rise of 25% year-on-year.

This performance maintains EFG International's unbroken track record of dynamic growth. All the more pleasingly, it was achieved despite challenges posed by uncertainty in credit and wider financial markets during the second half of the year.

REVIEW OF BUSINESS

Looking at the external environment, 2007 was a year of two halves. A conducive first half was followed by a period of sustained turbulence in financial markets. Some clients were more hesitant, and Client Relationship Officers (CROs) spent a great deal of time putting events into context for them, offering guidance, advice and reassurance. To us, this was business as usual: private banking is not a fair weather business, and our challenge is to help clients navigate all phases of the cycle.

Notwithstanding market uncertainty, EFG International achieved another record performance during 2007. Our business continued to show rates of growth, across most key metrics, comfortably in excess of industry averages. All areas of the business made significant headway, with a wide range of initiatives undertaken. This was driven by the continued deployment of a range of strategic business levers:

Client Relationship Officers

EFG International continues to appeal to high calibre wealth management practitioners. Growth in CROs continued apace during 2007, with recruitment particularly strong in the final quarter. We increased CROs to 524 (up 126), rising to 554 including announced acquisitions (up 149). Over the past couple of years, there has been intense competition for private banking talent. However, EFG International comfortably exceeded its CRO recruitment target for 2007 (as it did the year before).

Looking to 2008, we are confident that we can attain our stated targets without compromising on quality. The recruitment pipeline is healthy, notably in fast-growing markets such as Asia. EFG International remains a highly attractive destination for people with exceptional talents and entrepreneurial instincts.

This comes down to the attractiveness of our approach: we provide a supportive, entrepreneurial environment for CROs, who focus on providing quality and continuity to their clients, thereby building a sustainable long-term business.

Broadening and deepening client relationships

I referred earlier to the strenuous efforts made by CROs to provide counsel to their clients during the worst of the market turbulence in 2007. At EFG International, the strong bond between CRO and client is a business-wide phenomenon, courtesy of our flexible business model. This human dimension, complemented with our growing scale, profile and capabilities, helps CROs to broaden and deepen relationships with their clients.

CROs continue to gain traction in their chosen markets, and productivity was robust during the year. In 2007, net new money per CRO was CHF 31 million. In the period since our public listing in October 2005, annual growth in clients' Assets under Management per CRO has been circa CHF 40 million.

More generally, as the profile of our business continues to grow, we are reaching a wider audience of wealthy clients. In particular, EFG International continues to build on its growing resonance among the ultra-high net worth individual segment. Business generation has been extremely strong among such clients, with the continuity offered by CROs a major attraction.

The benefits of a broad geographical spread

EFG International continues to derive benefits from its balanced international footprint, with no distortions arising from an overly-dominant domestic market position. All regional businesses of EFG International progressed strongly during 2007, almost without exception delivering double digit growth. Some examples:

– The Swiss business continued to generate strong double digit growth across its key metrics.

– The Asian business produced another dynamic performance, once again at the upper end of its peer group, with income growing by over 50%. In a highly competitive market for experienced private banking practitioners, CROs increased by more than a third.

– The Americas business underwent a significant acceleration in growth during the year, with Clients' Assets under Management and income both rising by over a third.

– In the Middle East, year-on-year growth in income exceeded 40%.

– In the UK and Scandinavia, there was strong double digit growth in both income and clients' Assets under Management.

– In Luxembourg, the business, launched in 2006, broke even ahead of schedule, and achieved a step-change in revenues and clients' Assets under Management.

– A similar step-change in revenues and clients' Assets under Management was achieved by the Caribbean business.

Expansion of international presence and capabilities

Proximity to existing and prospective clients is a key driver for EFG International. During 2007, we established a number of greenfield operations, as well as enhancing various existing businesses:

- A number of new licenses were gained during the year, including regulatory approval to offer banking services in Jersey; a full Securities Investment Business license in the Cayman Islands; and the registering of Bull Capital Management in Canada as an Investment Counsel Portfolio Manager.

- New offices became operational in Panama, Bahrain, Bangkok and the Philippines.

- EFG Bank & Trust (Bahamas) Limited relocated to new premises in Nassau, in order to further its ambitious organic growth plans.

- EFG International and Bull Wealth Management moved into a new shared head office in North Toronto. An office was also established to cover the Niagara peninsula.

- A number of businesses moved into new premises, reflecting the requirements of growth. These included new operations premises and a new Treasury Dealing Room in Geneva; and a move to new headquarters in Curzon Street, London, for EFG Private Bank.

Organic growth continues to be a key business lever for EFG International. We continue to develop existing businesses, as well as launching operations in new, attractive markets. A broad and geographically diverse range of initiatives are in motion in Europe, the Middle East, Asia-Pacific and the Americas:

- On the back of its acquisition activity in 2007 (see later), EFG International has ambitious plans to expand its presence in Canada, Spain, India and Lugano.

- The business is exploring a number of onshore European opportunities, including in France and Italy.

- In Thailand, EFG Investment Advisory (Thailand) Co., Ltd. will have its official launch in May 2008.

- In Abu Dhabi, EFG Bank has received authorisation to establish a representative office.

- An application has been lodged to establish a presence in Shanghai.

- A license is pending to open a trust company in Singapore.

- Options to extend representation in Latin America are under evaluation, specifically in Uruguay.

- EFG Capital is planning a selective onshore US presence, with an initial focus being the establishment of a branch in Los Angeles.

Growth through acquisition

In relation to its acquisition target for 2007, EFG International undertook six acquisitions. These brought AUMs totalling CHF 12.5 billion and 43 CROs. These acquisitions, spread across a range of locations and activities, fall into three broad categories. These are:

- Entering new, onshore private banking markets (Bull Wealth Management, Canada; A&G Group, Spain; StrapCap Securities, India).

- Reinforcing and extending presences in established markets (On Finance, Switzerland; Ashby London, UK).

- Extending capabilities in alternative investments (Marble Bar Asset Management).

Some more detail on each:

- Canada: Bull Wealth Management Group. In October 2007, EFG International entered the Canadian wealth management market, when it completed the purchase of Toronto-based Bull Wealth Management Group. This is an independent investment consulting firm offering investment management consulting and family office services to Canadian high net worth individuals and institutions. It handles clients' Assets under Management of circa CHF 1.5 billion.

- Spain: A&G Group. In December 2007, EFG International agreed to acquire, subject to regulatory approval, a controlling interest of 72% in A&G Group. This is a private wealth manager that provides advisory and investment management services to high-net-worth individuals (with a strong ultra-HNW component), as well as to select institutional clients. With its head office in Madrid, and a regional presence encompassing Barcelona and Valladolid, it provides a strong local platform on which to build. EFG International has been establishing a presence in Madrid and Barcelona, and these activities will be integrated with A&G to form an even stronger unified business. At the time the acquisition was announced, A&G had 61 employees, including 21 CROs, and total clients' revenue-generating Assets under Management of circa CHF 4.2 billion.

- India: StratCap Securities India. In December 2007, EFG International agreed to acquire, subject to regulatory approval, a controlling interest of 75% in Stratcap Securities India (SSI) from Strategic Capital Corporation. This provides entry to the Indian wealth management market, in keeping with EFG International's strategic goal of capitalising on new growth markets. Mumbai-based SSI offers a range of financial services to a private and institutional client base in India, encompassing mutual funds, fixed income and equities. It has 24 employees, including four CROs, and clients' assets of CHF 700 million.

- Switzerland: On Finance SA. In January 2008, EFG International completed its acquisition of On Finance SA, based in Lugano. On Finance is a financial services boutique, specialising in the origination and distribution of structured products and financial advisory services. It focuses on independent investment managers and family offices, and provides a local stepping-off point for EFG International in these segments. It has five employees and handles clients' Assets under Management of CHF 750 million.

- UK: Ashby London Financial Services Ltd. In October 2007, EFG Private Bank Limited, the London-based subsidiary of EFG International, completed the acquisition of Ashby London Financial Services Ltd. This is a provider of fee-based, independent advice based in Wolverhampton and with an office in Birmingham. It was a complementary acquisition for EFG Private Bank, adding to its growing profile in the UK regions, notably in the Midlands. Ashby London advises on clients' assets of over £150 million on behalf of circa 2,000 clients, and has 36 employees (including 10 CROs).

– Product specialist: Marble Bar Asset Management LLP. In January 2008, EFG International completed its acquisition of 90% of Marble Bar Asset Management LLP (MBAM), a leading UK-based alternative asset manager. This specialises in long/short equity strategies, and serves institutional clients as well as ultra-high-net-worth individuals. A highly profitable business, it offers a range of benefits to EFG International, including extending its ability to provide value-adding solutions in sophisticated product areas, particularly for some of the wealthiest client segments. In the period following the announcement of its acquisition by EFG International, MBAM continued to see strong net new money inflows. At the time the acquisition was announced in early December 2007, clients' Assets under Management stood at circa USD 4.4 billion (CHF 4.9 billion) and a team of 70 employees.

In addition, during the first half of 2007, EFG International completed the acquisitions of two businesses, involving clients' Assets under Management of CHF 3.8 billion. These were Stockholm-based Quesada Kapitalförvaltning (a securities company offering private banking services to high net worth individuals) and Cayman-/Miami-based PRS Group (a specialist investment manager and family office service provider). Integration has been smooth for both businesses, coupled with robust business performance. The same applies to acquisitions completed during 2006, namely Capital Management Advisors, Harris Allday, and Banque Monégasque de Gestion, all of which retained forward momentum during 2007.

Looking ahead, we believe that the number of acquisition opportunities is in fact increasing, not decreasing. We are currently exploring opportunities across a range of potential private banking acquisitions. EFG International is a proven acquirer, although, as 2007 demonstrated, the timing of acquisitions can be uneven. Our track record and business approach give us significant advantages in appealing to sellers - including some who might otherwise not consider selling. Our normal ambitions are not limited by our current capital position. Furthermore, taking into account future earnings and the potential to raise preferred equity, we have the potential to undertake a greater volume than in past years, should the right strategic opportunity present itself.

Developing infrastructure and functional capabilities

In line with the requirements of a growing business, EFG International continued to strengthen its executive team during the year:

– In July 2007, we boosted our strategic marketing and communications capabilities with the appointment of Keith Gapp as Head of Strategic Marketing & Communications and an Executive Committee member. He is pursuing a broad global remit, including global strategic marketing, branding, advertising and communication activities.

– Erik Stroet, who joined EFG International in May 2007, formally took over as COO and member of the Executive Committee in October 2007. In this capacity, he replaced Ian Cookson, who will continue to work with us as a Board Member of several subsidiaries and offer support to acquisition and IT activities.

– In November 2007, Gérard Griseti was appointed to the new role of CEO, Southern Europe and an Executive Committee member. He is overseeing EFG International's development in this region, including Spain, France and Italy.

There was also no shortage of activity across a range of functional areas:

– The company's website and communication materials have been overhauled, and a good start has been made in relation to international advertising and sponsorship. In Geneva, for example, where it is a significant employer, EFG Bank became a key private banking supporter of Genève-Servette Hockey Club. In January 2008, EFG International sponsored a team at the Outback 40 Goal Challenge in Palm Beach, a leading event in the global polo calendar.

– The business continued to develop and augment its operational and IT platforms, in order to meet the demands of growth.

– We have progressively increased resources in risk and control functions in line with business growth. Since our public listing in October 2005, we have more than doubled headcount in compliance, audit, operations and risk.

Building our product and service capabilities
EFG International retains its strong focus on private banking. However, the ability to add value in fast-moving and sophisticated fields, notably structured products and alternative investments, is an integral part of private banking. For this reason, we have been developing in-house capabilities to sit in competitive juxtaposition with those of external service providers. We are doing this through acquisitions, including C.M. Advisors and Marble Bar Asset Management, as well as by developing internal capabilities, notably with the development of EFG Financial Products.

In relation to the selective upgrading of our product capabilities, the rationale is a multi-dimensional one. Clients can struggle to keep on top of developments in complex product areas. In this respect, CROs add value by acting as an intelligent conduit, filtering the most appropriate solution from the investment universe. However, this is subject to rapid change, with a proliferation of technical, specialist approaches. To us, this points to the crucial need for a solutions capability, and for EFG International to be in the vanguard of applied investment thinking. But we know that exceptional talent is extremely scarce, and is often to be found running a business. For this reason, EFG International has made – and will continue to make – selective acquisitions in order to gain access to the highest quality specialists. In other areas, there are opportunities (as in the case of structured products) to adopt an organic approach, hiring some of the most experienced practitioners in the market from leading organisations. We are well placed to do this successfully, courtesy of our entrepreneurial model, which appeals to technical specialists as much as to CROs.

The benefit of acquiring a business, or establishing a new one where an objective is to serve the market more broadly, is that there is an inherent market test. This makes it easier for clients and CROs to compare internal and external product providers with confidence. Furthermore, such businesses can, in their own right, appeal to new segments, as well as delivering profit contribution and extended scope for EFG International. This is not to say that there is any change in the fundamental principle of open architecture. Every CRO remains subject to just one compulsion: to devise solutions for clients using the finest means at their disposal.

As well as the acquisition of Marble Bar Asset Management, 2007 was characterised by a number of exciting initiatives, as well as strong progress on the part of existing businesses:

- We see structured investment products as an integral part of wealth management, with relevance to clients across the wealth spectrum. In October 2007, EFG International announced a new business initiative, EFG Financial Products. Fully operational by the end of the year, this business issues hedged instruments in its own name, with a strong orientation towards listed products, open to the market at large. EFG Financial Products provides a high quality and differentiated service, based on the experience of its individuals; a leading edge technology platform; and price competitiveness. Since commencing operations in December 2007, by end February 2008 it had launched over 400 products.

- The Bermuda-based hedge fund specialist C.M. Advisors Limited, acquired in February 2006, has continued to make strong progress. It has also helped to extend expertise in the hedge fund arena across the business, supplemented by steps to improve selection capabilities. Since its acquisition, C.M. Advisors has nearly doubled clients' Assets under Management in USD terms. It is also entering new markets - for example, one of its products was recently registered for distribution in France and has shown signs of early success.

- During the year, we continued to upgrade our established portfolio management and treasury capabilities. In addition, we took on a high quality individual to provide practical support to very wealthy individuals in complex situations involving single stock positions, and alternative financing. In Sweden, EFG Investment Bank is in the process of establishing a new asset management business to target the retiree/pensions market, EFG Life.

MEDIUM-TERM GOALS

During 2007, EFG International delivered against its stretching targets, as follows:

- Number of CROs. Target: 540 CROs by end-2007. Actual: 554.

- AUM growth per CRO. Target: CHF 30 million for year. Actual: net new money per CRO CHF 31 million.

- Acquisitions: CHF 10-15 billion for the year. Actual: CHF 12.5 billion.

- Clients' Assets under Management[1]: CHF 93-99 billion in 2007. Actual: CHF 94.0 billion.

- Revenue margin: 1.10% of average AUM. Actual: 1.19%.

- Cost-income ratio: 51-55%. Actual: 55.7%.

1. *Including announced acquisitions, but excluding shares of EFG International which do not form part of the current 31.3% free-float at SWX Swiss Exchange.*

Targets were achieved in all areas, with the exception of the cost-income ratio (where the target was narrowly overshot due to faster than expected growth in terms of CROs and locations).

Targets announced for 2008 continue to reflect EFG International's ambitions, although, given the size and stage of development of EFG International, there is a need to be flexible in pursuit of overall business and profit objectives:

- Number of CROs. Target: 675 by end-2008.
- AUM growth per CRO. Target: CHF 30 million for the year.
- Acquisitions: CHF 10-15 billion for the year.
- Clients' Assets under Management[1]: CHF 121-131 billion by end-2008.
- Revenue margin: 1.10% of average margin.
- Cost-income ratio: 50-55%.

For 2010, EFG International has the following strategic ambitions:

- Number of CROs: 1,000.
- Continuing to generate annual AUM growth per CRO of CHF 30-40 million, with revenue margin of 1.10% – 1.20%.
- A continued appetite to make acquisitions.
- An attributable net profit of CHF 800 - 900 million.

LOOKING AHEAD

EFG International is in robust shape, and we remain optimistic about future prospects. Economic conditions in a number of countries are fragile, but we are alert to the danger signals. Challenging conditions bring attendant opportunities, which we are positioned to capitalise on thanks to a number of sources of competitive differentiation:

- EFG International continues to derive benefits from a number of generic strengths, including a strong focus on private banking and asset management; leadership continuity and experience; and a flexible, entrepreneurial business model.
- Ours is also a creative business: we constantly explore different solutions for various markets and segments; we are comfortable operating multiple brands; and we have a proven ability to combine organic growth with acquisitions.
- Our model remains highly distinctive. Performance-based compensation was rooted in the business from the outset, is applied consistently, and is proven. Furthermore, compensation is only one part of the model, which serves to create (and safeguard) the conditions for client relationships to flourish.

– A number of initiatives are in train where the full effect has yet to be felt. Acquisitions are by their nature lumpy, and during 2007 they were skewed towards the latter stages of the year. Moreover, investments made in improving marketing capabilities are only now starting to manifest themselves.

We presently face a challenging external environment, but I believe that such periods sort out the long-term players from the dabblers. We derive confidence from our unbroken record of growth, including during the last bear market. We have demonstrated our growth credentials across all phases of the business cycle, and we have a lower than average exposure to equities. Furthermore, it is conceivable that enthusiasm for private banking could wane at some other organisations, which would help in terms of attracting new CROs, teams, or whole businesses.

Since its inception 13 years ago, EFG International has come a long way. Not only have we enjoyed an unbroken record of growth, this has actually accelerated since our successful public listing in October 2005. Between 2000 and 2004, for example, revenues, net profit and clients' Assets under Management grew by 42%, 65% and 43% respectively; between mid-2005 and end-2007, they grew by 111%, 113% and 46% respectively.

We have grown, developed, and upgraded our capabilities in a host of areas. Our competitive positioning remains distinctive. Key performance indicators are robust. We have a long list of practical accomplishments, that everyone in the business can be proud of. But most of all, we never forget the crucial importance of our people. Private banking is, in essence, about relationships; the combined talent and passion of our colleagues worldwide are what enable these to flourish. They have delivered another outstanding performance during 2007, and our business is, I believe, stronger than it has ever been. Thanks to our people, our clients, and our ever growing profile, we are confident that we can retain our record as a compelling growth story.

Lawrence D. Howell,
Chief Executive Officer

Practitioners of the
craft of private banking.

A Swiss pedigree and
a global presence.
Located where our
clients need us.

INTERNATIONAL PRESENCE

A global footprint

- Booking centres
- Other offices

- Birmingham region includes:
  Bridgnorth
  Banbury
  Worcester

- Switzerland:
  Geneva
  Zurich
  Martigny
  Sion
  Crans-Montana
  Verbier
  Lugano

* Subject to closing of announced acquisition.

We continually seek to extend our international footprint through a creative mix of recruiting high calibre people, opening offices, and making complementary acquisitions. Every regional business is run by practitioners with long experience of their markets. In this way, relationships with clients are rooted locally, while augmented by the full global resources of EFG International.

Organic growth and acquisitions

1995	1996	1997	1999	2000	2001	2002	2003
The founding of EFG Bank	Miami	Geneva Private Banking Business of Parent Bank	Guernsey	Singapore	IBP Fondkommission (Sweden)	Taipei	BanSabadell Finance (Geneva)
		Royal Bank of Scotland		Hong Kong			Banque Edouard Constant
				Buenos Aires			

● Organic growth: Miami, Guernsey, Singapore, Hong Kong, Buenos Aires, Taipei

● Acquisitions: Geneva Private Banking Business of Parent Bank, Royal Bank of Scotland, IBP Fondkommission (Sweden), BanSabadell Finance (Geneva), Banque Edouard Constant

Organic growth
Acquisitions

* Agreements to set up business accounted for as acquisitions of intangible assets.

2004

- New York
- Luxembourg
- EFG Investment Bank Sweden
- Banco Atlàntico Gibraltar Ltd
- Structured Notes Business (Scandinavia, Europe)*

2005

- Dubai
- Lima
- DLFA Dresdner LatAm Financial Advisors
- Chiltern Wealth Management (London)
- Bank von Ernst (Liechtenstein) AG
- Banco Sabadell Bahamas*
- EFG Eurofinancière d'Investissements SAM (Monaco)
- EFG Private Bank Limited (London)

2006

- Bahamas Bank
- Luxembourg Bank
- Bahrain
- Bangkok
- Bogotá
- Caracas
- Cayman
- Jakarta
- Manila
- Mexico City
- Panama
- Quito
- Capital Management Advisors (Bermuda)
- Harris Allday (UK)
- Banque Monégasque de Gestion
- PRS Group (Cayman/Miami)
- Quesada Kapitalförvaltning (Sweden)

2007

- Toronto
- Jersey Bank
- Madrid
- Barcelona
- EFG Financial Products
- Ashby London Financial Services Ltd (UK)
- Bull Wealth Management (Canada)
- Marble Bar AM LLP (UK)
- Stratcap Securities India (Mumbai)
- A&G Group (Spain)
- On Finance SA (Lugano)

Today

- Miami
- Guernsey
- Singapore
- Hong Kong
- Buenos Aires
- Taipei
- New York
- Luxembourg
- EFG Investment Bank Sweden
- Dubai
- Lima
- Bahamas Bank
- Luxembourg Bank
- Bahrain
- Bangkok
- Bogotá
- Caracas
- Cayman
- Jakarta
- Manila
- Mexico City
- Panama
- Quito
- Toronto
- Jersey Bank
- Madrid
- Barcelona
- EFG Financial Products

- Geneva Private Banking Business of Parent Bank
- Royal Bank of Scotland
- IBP Fondkommission (Sweden)
- BanSabadell Finance (Geneva)
- Banque Edouard Constant
- Banco Atlàntico Gibraltar Ltd
- Structured Notes Business (Scandinavia, Europe)
- Capital Management Advisors (Bermuda)
- Harris Allday (UK)
- Banque Monégasque de Gestion
- PRS Group (Cayman/Miami)
- Quesada Kapitalförvaltning (Sweden)
- Ashby London Financial Services Ltd (UK)
- Bull Wealth Management (Canada)
- Marble Bar AM LLP (UK)
- Stratcap Securities India (Mumbai)
- A&G Group (Spain)
- On Finance SA (Lugano)

Our growth trajectory speaks for itself. EFG International draws on a wide range of strategic business levers, including a careful balance of organic growth and select acquisitions.

FINANCIAL REVIEW

Rudy van den Steen
Chief Financial Officer

In the financial year 2007, operating income was up by 44% to CHF 913.8 million, while the cost-income ratio remained constant at 55.7%. This resulted in an increase in net profit attributable to Group shareholders by 44% to CHF 332.0 million and net profit attributable to ordinary shareholders up 48% to CHF 302.2 million.

FACTORS AFFECTING RESULTS OF OPERATIONS

The growth in operating income by 44% to CHF 913.8 million from CHF 634.4 million reflects the continued dual pillar growth of the business as existing and new Client Relationship Officers (CROs) have grown their clients' Assets under Management and related revenues, in addition to the impact of acquisitions closed in the year.

Organic hiring of CROs and the four acquisitions closed in 2007 resulted in a 32% increase in the number of CROs to 524 at the end of 2007 up from 398 at the end of 2006. This will increase to 554 when the further four acquisitions announced in December have closed. Clients' Assets under Management have grown from the continued productivity of our existing CROs, from the new CROs hired and from the impact of the four acquisitions closed in 2007. This has resulted in revenue-generating assets under management being up by 27% to CHF 82.9 billion from CHF 65.2 billion and average revenue-generating assets under management increasing from CHF 53.4 billion to CHF 76.5 billion (an increase of 43% that drives substantially all the increase in operating income discussed below).

The four acquisitions closed in 2007 were Quesada Kapitalförvaltning AB which has been included in these results for the full year, PRS Group from March, Ashby London from July and Bull Wealth Management from November.

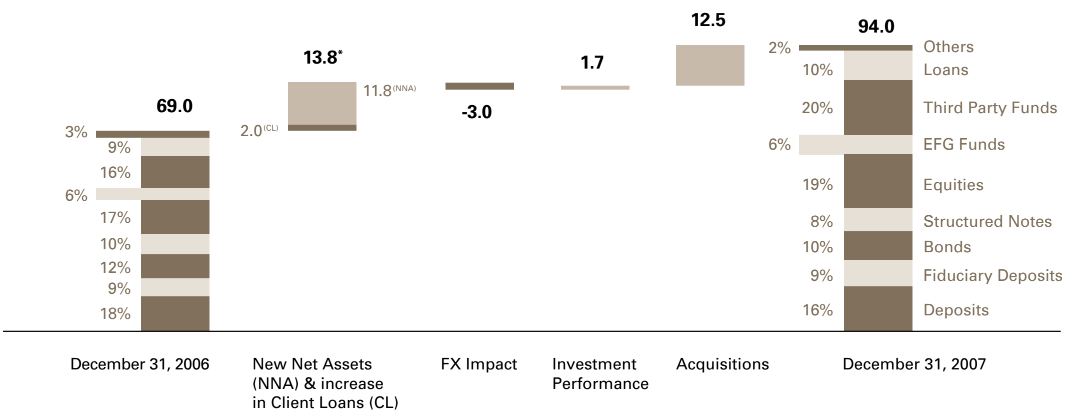
The financial results of Marble Bar Asset Management and On Finance will be included in the consolidated results from January 2008, A&G (Spain) from its closing in early April, and Stratcap (India) from its expected closing in the second quarter of 2008.

CONSOLIDATED ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

Clients' Assets under Management at December 31, 2007 increased 36% year-on-year to CHF 87.2 billion, up from CHF 69.8 billion as of December 31, 2006. Excluding EFG International shares which do not form part of the current 31.3% free-float of shares on the SWX Swiss Exchange, clients' Assets under Management amounted to CHF 82.9 billion at the end of 2007. In addition, clients' Assets under Administration increased 17% to CHF 8.6 billion at December 31, 2007 (CHF 7.4 billion; December 31, 2006).

Clients' Assets under Management

in CHF billions, including announced acquisitions, except %



CONSOLIDATED FINANCIALS

Operating income

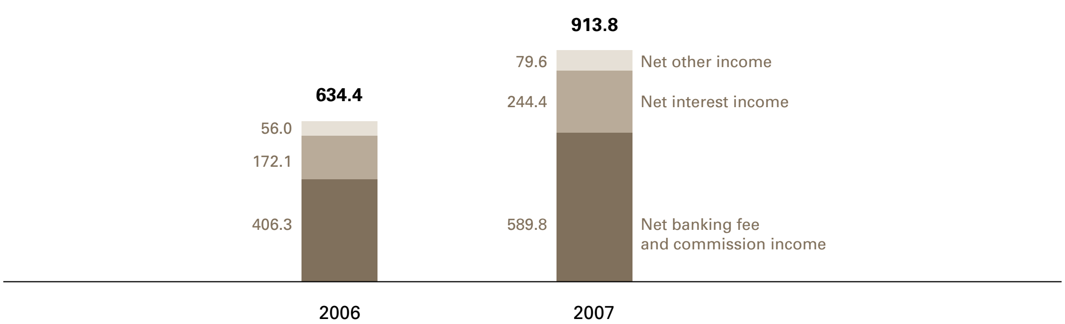
As mentioned above, the 43% growth in average revenue-generating assets under management and the higher business volumes from clients drove the 45% increase in banking fee and commission income up to CHF 589.8 million.

Similarly net interest income increased 42% compared to the previous year and net trading income also increased 42% primarily due to the foreign exchange trading executed for clients, again in line with the growth of the client base and clients' Assets under Management.

Based on time-weighted average revenue-generating assets under management of CHF 76.5 billion, the revenue margin remained constant at 1.19% for 2007 versus 2006.

Operating income

in CHF millions



* Includes CHF 0.5 billion net new asset growth from MBAM post announcement date of the transaction.

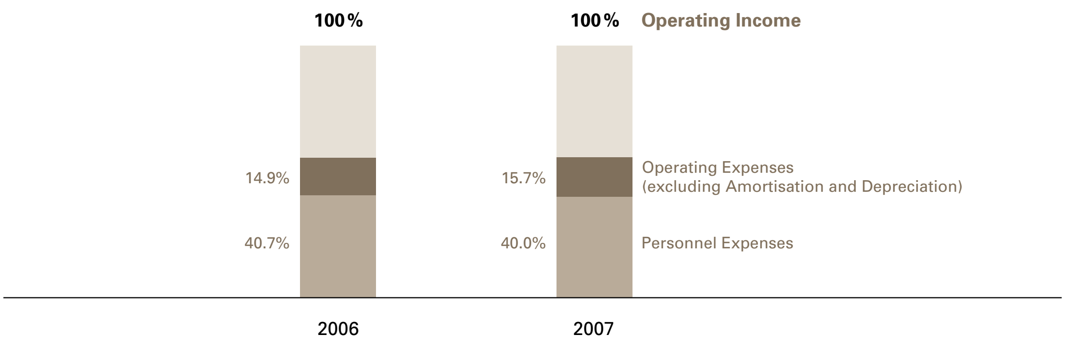
Operating expenses

Operating expenses, excluding amortisation of acquisition related intangibles, rose to CHF 520.8 million, an increase of 43% compared to CHF 363.1 million for 2006. The cost-income ratio, calculated as the ratio of operating expenses before amortisation and depreciation to operating income expressed as a percentage, for 2007 was constant at 55.7%. The cost-income ratio, calculated on an alternative basis (which will be the primary one that we will report in future) shows the ratio of operating expenses after amortisation of software and depreciation of fixed assets that need to be replaced over time to operating income expressed as a percentage improved from 57.2% to 57.0%.

Personnel expenses increased by 42% to CHF 365.8 million because of the variable nature of the personnel costs which increase with increased operating income, and due to the increase in headcount from 1,477 at the end of 2006 to 1,864 at the end of 2007. The ratio of personnel expenses to operating income improved to 40.0% from 40.7%. The impact of the stock options granted in 2006 and 2007 resulted in CHF 8.8 million in option costs being expensed in the current year.

Operating expenses, excluding staff costs, depreciation and amortisation, as a percentage of operating income increased from 14.8% to 15.5% primarily due to a non recurring expense.

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



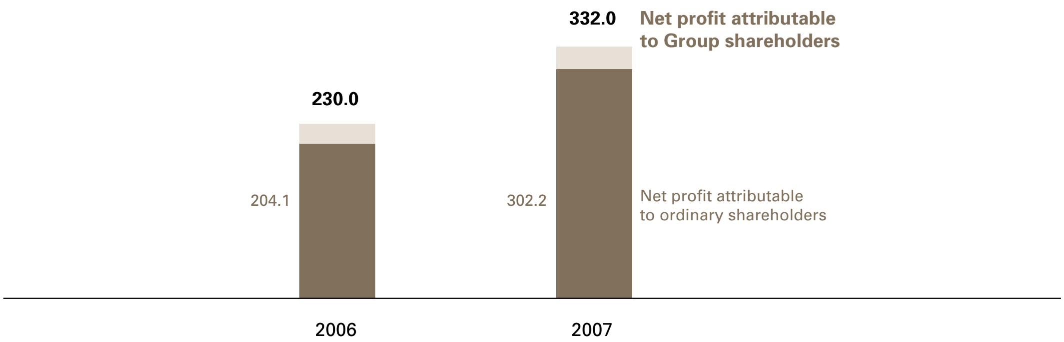
The effective tax rate of 10.9% reflects the benefit from the recognition of a deferred tax asset without which the tax rate would be 12%.

CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS AND CONSOLIDATED NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

The consolidated net profit attributable to Group shareholders of CHF 332.0 million adjusted for the estimated pro-forma accrued preference dividend of CHF 29.8 million, results in the net profit attributable to ordinary shareholders of CHF 302.2 million, an increase of 48% compared to CHF 204.0 million for 2006.

Net Profit Attributable to Group Shareholders and Net Profit Attributable to Ordinary Shareholders

in CHF millions



Balance sheet

The consolidated balance sheet as of 31 December 2007 increased by 13% to CHF 18.0 billion, from CHF 15.9 billion as of 31 December 2006, virtually entirely due to organic growth as clients lending went up by CHF 1.8 billion to CHF 7.9 billion. Loans to customers comprise mortgage lending of CHF 1.5 billion and CHF 6.4 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.

On the liabilities side of the balance sheet the amount due to customers increased by 13% from CHF 12 billion to CHF 13.6 billion.

Due from other banks decreased by CHF 1.8 billion or 34% to CHF 3.5 billion, while investment securities increased by CHF 1.8 billion or 101% to CHF 3.5 billion. This is primarily as a result of the treasury management of the excess liquidity arising on the net positions from clients.

Equity base

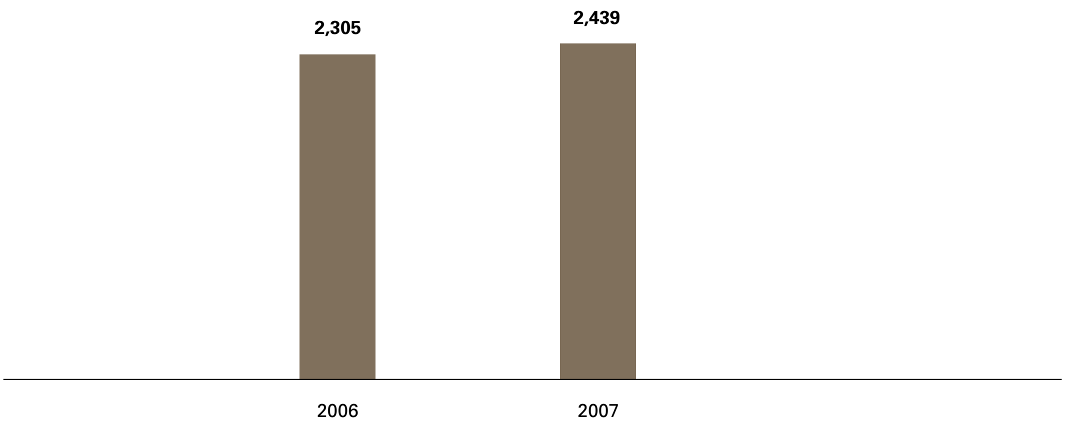
Shareholders' equity increased 6% to CHF 2.44 billion at the end of 2007 from CHF 2.30 billion as of December 31, 2006. The increase of the current year's profit was partly offset as during the year shareholders' equity decreased due to the CHF 44 million dividend paid to ordinary shareholders, CHF 76 million of treasury shares acquired (which represents 1.12% of issued share capital) and the negative exchange rate effects on our USD and GBP denominated subsidiaries.

The payment of a 17% higher dividend of CHF 0.35 per share (2007: CHF 0.30), representing a dividend payout of CHF 51.3 million will be proposed to the Annual General Meeting scheduled for 29 April 2008.

The Basel II BIS tier 1 equity capital ratio of 23.7% according to the guidelines of the Bank for International Settlements (BIS) remains high and continues to significantly exceed the legal requirements for banks in Switzerland and internationally. This Consolidated risk weighted assets amounted to CHF 6.2 billion as of 31 December 2007, an increase of 35% from the CHF 4.6 billion at the end of 2006.

Total Shareholders' Equity

in CHF millions



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Emmanuel L. Bussetil Member
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Périclès Petalas Member

Photo: EFG International Executive Committee

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James T. H. Lee Deputy Chief Executive Officer
Rudy van den Steen Chief Financial Officer
Eftychia (La) Fischer* Chief Risk Officer
Keith Gapp Head of Strategic Marketing & Communications
Gérard Griseti** CEO Southern Europe
Frederick Link Group General Counsel
Erik Stroet Chief Operating Officer

* Until 28 March 2008.

** Member of Executive Committee as of February 2008.

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Michael Rodel Head Controlling & Financial Reporting
Ivo Steiger Head of Investment Finance/Credit
Philip Weights Chief Internal Auditor
Jens Brueckner Head of Investor Relations
Jacques-Henri Gaulard Strategic Business Development Analyst
Renee Hassiotis-Schuler Deputy Group General Counsel
Andrew McQuillan Strategic Marketing & Communications
Patrick Zbinden Head of M&A Integration

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Martin Mueller Head of Human Resources
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Julian de Benito Head of Global Treasury

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Rachel Stojan Chief Operating Officer

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MANAGEMENT EFG BANK, CARACAS

Juan José Casais Chief Representative in Venezuela
Domingo Vázquez Deputy Representative

MANAGEMENT EFG BANK, MEXICO

Alvaro Garcia Taboada Chief Representative in Mexico
Alejnadro Jaro Paz Deputy Representative

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Ian Cookson Chairman
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Brian Lenney ED
Simon Abirached SD
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Marcos Camhis D
Massimo Camponovo D
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Anthony Christodoulou D
Nick Cook D
Michael Eagle D
Angela Guadagnino D
Ross Hosman D
Tom Ingham-Clark D
Rehan Jaffery D
Ian Kelly D
Hans Knowles D
Dermot Lewis D
Zein Mattar D
Robert Mitchell D
Rosemary O’Doherty D
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MANAGEMENT EFG PRIVATE BANK (CHANNEL ISLANDS) LIMITED, JERSEY

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MANAGEMENT EFG INVESTMENT BANK AB SCANDINAVIA

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Per Wiss Chief Operating Officer
Rutger Selin Operating Chief Back Office
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Steve Mackey Director
Lukas Ruflin Director

MANAGEMENT EFG WEALTH MANAGEMENT (CANADA) LIMITED

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Steve Mackey Director
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Paul Doyle SVP
Ron Fawcett SVP
Keith Jones SVP
Matheson Michael SVP
Marcus Spain SVP, COO
Dan Hunter VP

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Steve Mackey Director
Marian Carroll SVP
Meir Cohen VP
Kevin van Dyk VP

MANAGEMENT BULL WEALTH MANAGEMENT GROUP INC.

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Steve Mackey Director
Susan Filip VP, Operations

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Steve Mackey Director
Brent Haines COO
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James Hoar SVP
Robert Scott Morrison SVP
Christopher Southgate SVP
Rolf Schuermann SVP
Jaime Stewart SVP
Vivienne Watts SVP
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Blanca Arias-Smith Managing Director
Benjamin Hein Senior Portfolio Manager
George Gandarias SVP
Violeta Gomez VP

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Gilad Hayeem Partner, CEO
Hilton Nathanson Partner, CIO
James Diner Managing Director
Jeremy Stone Managing Director of Funds
Gillian Keane Head of Human Resources
Neil Beddoe Head of RAID
Stephen Sales CFO

SVP	Senior Vice President
FVP	First Vice President
VP	Vice President / Director
MD	Managing Director
ED	Executive Director
SD	Senior Director
D	Director

As of March 2008

SOCIAL COMMITMENT

"IF MONEY IS YOUR ONLY HOPE FOR SUCCESS,

YOU WILL NEVER ACHIEVE IT.

THE ONLY SECURITY MAN CAN HAVE IS A RESERVE

OF KNOWLEDGE, EXPERIENCE AND ABILITY."

Right To Play volunteer, Coach Muchope John.

At EFG International, we are proud of our continued association with Right To Play, an international humanitarian organisation which promotes the rights and development of children worldwide. Right To Play seeks to improve health, build life skills, and foster peace for children and communities affected by war, poverty and disease. Through 60 projects in 23 countries in Africa, Asia and the Middle East, it has made a difference to some 500,000 of the world's most vulnerable children.

Right To Play works in both the humanitarian and development context by training volunteers as Coaches to deliver its programmes, 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.

During 2007, employees of EFG International continued to offer support to the Imvepi Project. This helps children in Imvepi Settlement, a refugee centre near Arua, Uganda, which is home to people fleeing the civil war in Sudan. It has been a source of inspiration to many of our people, who have offered their time – as well as their own financial contributions – to the project. The beneficiaries of the project are 5,000 refugee children, most of whom are Sudanese, as well as 185 local coaches.

In addition, EFG International decided to finance a second Right To Play project, helping children in Sri Lanka. This project is seeking to help rebuild the lives of young people affected (both directly and indirectly) by the Tsunami of 2004. It is doing this by enhancing the ability of teachers, schools and communities to use sport and play as a way of helping children to regain some sense of normalcy. During 2007, a good start was made in training staff from local NGOs, as well as community teachers, in the Sport and Play Modules.

Right To Play has a vision to create a healthier and safer world through the power of sport and play. Through projects such as those in Imvepi and Sri Lanka, it takes steps daily to convert this vision into real, practical improvements in the lives of some of the most vulnerable young people of our generation. Its example continues to motivate us all.

For more information on Right To Play, visit www.righttoplay.com

Attracting creative,
entrepreneurial
private bankers –
by setting them free.

Free of bureaucracy;
free of sales targets;
free to serve clients
as best they can.

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. 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 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

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, 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 counter-parties 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, Zurich and Stockholm. 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.

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 selfdeveloped internal model, which has been implemented on an EFG Group wide bases, takes into account relevant market risk takers and units.

In general, the internal model is based on a variance/co-variance approach and uses a 99% one-tailed confidence level. 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. Where appropriate, if specific models are required, these are developed, tested and approved by EFG International.

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 and sensitivity 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 and sensitivity limits and stop loss limits. Detailed disclosures on market risk measures and exposures can be found in the Consolidated Financial Statements, Note 4, Financial Risk Management, page 91.

CURRENCY RISK

Apart from the exposure to foreign currencies which relates to banking and trading activities in EFG International's subsidiaries, 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 subsidiaries use local currencies as their reporting currencies. From time to time the Group may enter into currency hedging arrangements to reduce the effects of exchange rate fluctuations on its income. However, the Group does not have currency hedging arrangements in place to minimise the effects of exchange rate fluctuations on the reporting of its subsidiaries (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.

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

Operational risk describes the risk of losses resulting from inadequate or failed internal processes, people and systems, or external events. At EFG International, it is a company-wide concern which permeates every level of the organisation, including those areas not viewed as "operating units".

EFG International revised its organisational, methodological and management model for operational risk in 2006. This model complies fully with the Standardised Approach proposed under Basel II accords.

Operational risk management is an ongoing responsibility of senior management and the Executive of EFG International. Results are monitored within the risk management function. There is a set of comprehensive policies and procedures for controlling, measuring and mitigating the operational risk of EFG International and its subsidiaries. Compliance with these policies is assessed through regular internal auditing.

Quarterly reports are prepared to reveal newly identified or potential risks. These help to ensure that EFG International remains alert to emerging risks, as well as enhancing understanding and management of operational risk at all levels in the organisation. In addition, a bottom-up operational risk "self-assessment" is produced by all business units, providing a specific operational risk profile for the business lines and highlighting areas with high risk potential. The above process is the responsibiliy of operational risk managers in the various EFG International entities. It involves the collection, analysis, evaluation and quality assurance of risk data; the planning and execution of appropriate measures; and continual monitoring of unusual or exceptional events. The operational risk managers report to the global Chief Operating Officer (in his capacity as Global Operational Risk Manager), who presents the information to the Chief Risk Officer and the Executive Committee. As a consequence of this dynamic approach, operational losses have been relatively small.

There are further layers of protection. Detailed reports on the activity of all CROs are produced by a global IT system on a daily basis, and are closely monitored in order to detect any large or unusual transactions. All securities purchases are executed through central trading desks, and are reviewed by traders as to size and quality of securities. EFG International is protected from interruption to its main business services through regularly-tested business continuity plans and a disaster recovery plan. In the event of a crisis scenario, the company will be able to recover essential technology infrastructure and data. In addition, due diligence reports relating to the evaluation of acquisition candidates include detailed operational risk assessments, both in relation to the acquisition company and subsequent its integration.

During 2007, EFG International completed the internal development of a web-based application that collects, manages, tracks and reports information about operational risk in order to ensure better monitoring and measures to mitigate this risk. This system will be rolled out across the business during 2008.

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.

ABOUT EFG GROUP

ABOUT EFG GROUP

EFG Group is Switzerland's third-largest banking group. EFG Group is headquartered in Geneva and is present in 40 countries with 24,000 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
– 41.5% in Eurobank EFG, Athens, Greece.

Eurobank EFG is an international banking group listed on the Athens Stock Exchange (ticker symbol: EUROB). It is one of the leading banking and financial institutions in Greece and it has a significant presence in Central and South-Eastern Europe. It operates in 10 countries with a staff of 22,000 people and a network of 1,500 branches, points of sale and alternative distribution channels. More information can be found on www.eurobank.gr

General Management, EFG Group

Périclès Petalas	Group Chief Executive Officer
Emmanuel L. Bussetil	Group Finance Executive
Eric Bertschy	Group Control and Regulatory Executive
Patrick de Figueiredo	Group Credit and Risk Executive

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CORPORATE GOVERNANCE

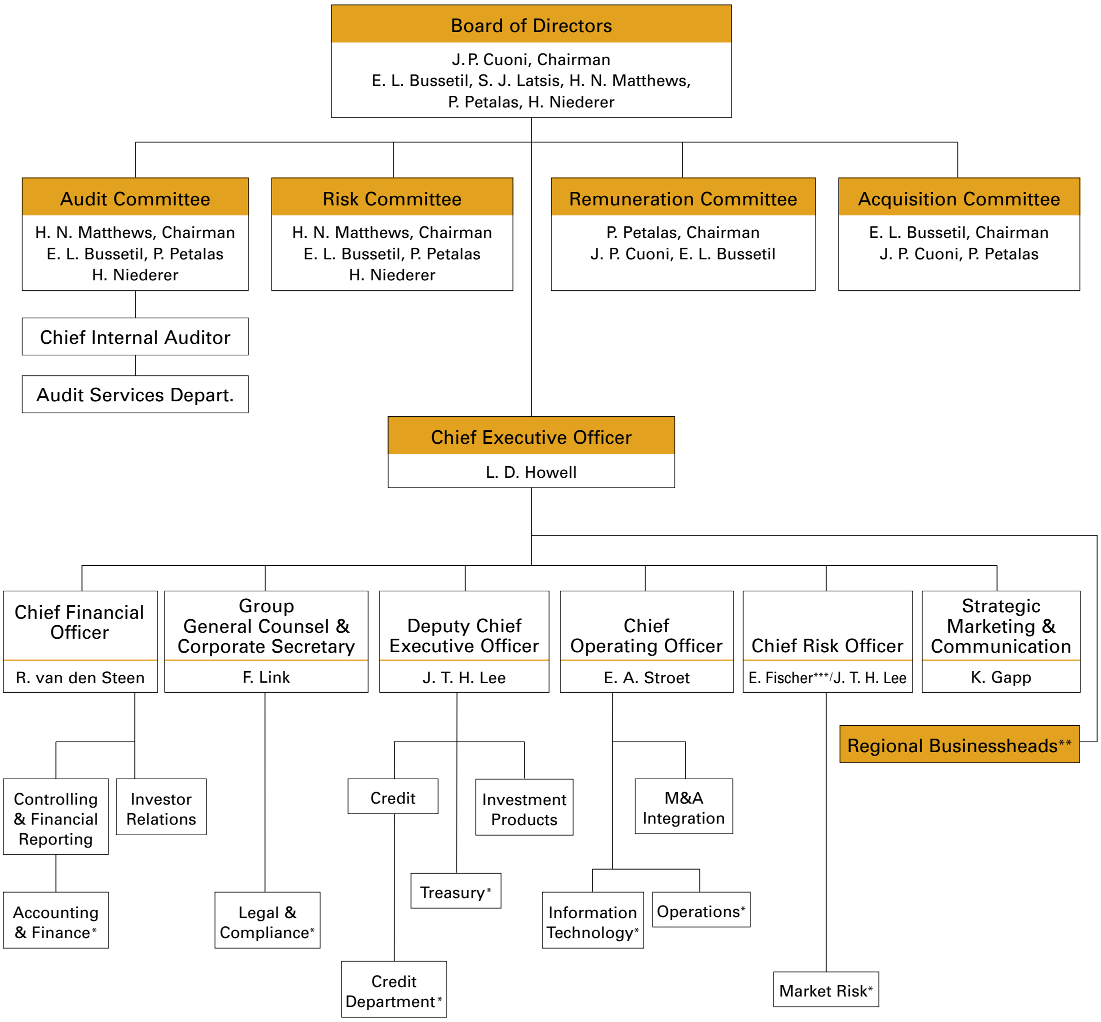
As a publicly listed Swiss company, EFG International is subject to the Directive on Information relating to Corporate Governance and its Annexes and Commentary, issued by the SWX Swiss Exchange. The information provided in this section adhere to the structure of the SWX Directive.

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 50 locations in over 30 countries. The EFG International Group is managed on a regional basis with the primary regional divisions being Europe Crossborder, Europe Onshore, 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 39, "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

** Located in operating subsidiaries but reporting to EFG International

*** Until 28 March 2008

1.2 Group entities

The consolidated entities are listed on page 121. There are no listed companies belonging to the EFG International Group other than EFG International.

1.3 Significant shareholders

The shareholding structure of EFG International as of December 31, 2007 is shown in the table below.

As of December 31, 2007	Number of registered shares	Percentage of voting rights
EFG Bank European Financial Group (EFG Group)	71,492,153	48.74%
Lawrence D. Howell	8,352,000	5.69%
FMR LLC (Fidelity Management & Research)	7,351,190	5.01%
Cuoni Family Interests	7,236,000	4.93%
Other Shareholders	52,238,657	35.62%
Total	**146,670,000**	**100.00%**

1.4 Lock-up agreements

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 were 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.

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 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 6,673,485,000 on 31 December 2007.

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 D preference Bons de Participation amounts to CHF 6,000,000, consisting of 200,000 registered Class D preference Bons de Participation with a nominal value of CHF 30.00 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 to increase the participation capital, up to a maximum aggregate amount of CHF 6,000,000, through the issuance of a maximum of 200,000 registered Class D preference Bons de Participation with a nominal value of CHF 30.00 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 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 2007:

Registered shares of CHF 0.50 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 2007:

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

As of December 31, 2007 there were no outstanding convertible bonds, no warrants on EFG International's shares issued by EFG International or any of its affiliates.

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.

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.

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. He is presently also a member of the Board of Right to Play International in Toronto as well as of Right to Play Switzerland in Zurich.

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, a company listed on the Athens Stock Exchange. He also is a member of the Board of Lamda Developments Limited, a property company listed on the Athens Stock Exchange and of other principal commercial holding and operating companies controlled 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), Private Financial Holdings Limited, England (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 EFG International's audit committee and risk 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 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 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.

The tenure of all the current members of the Board of Directors will expire at the 2008 general meeting, at which time all directors will be subject to re-election by the shareholders.

3.4 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 2007. 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, Petalas and Niederer 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 2007, the audit committee met five 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 2007, the risk committee met four 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 2007, the remuneration committee met three times.

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 acquisitions 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 acquisitions committee). The acquisitions 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 one to three hours.

During 2007, the acquisitions committee met six times.

3.5 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 Organisational 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. 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 member of the Executive Committee.

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, 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.

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. In addition, he is responsible for the evaluation and management of operational risks.

Group General Counsel & Corporate Secretary

The Group General Counsel & Corporate Secretary is responsible for providing legal advice to the EFG International Group, supervising and co-ordinating Compliance functions across the EFG International Group as well as for acting as secretary to the EFG International Board of Directors and the EFG Bank Board of Directors.

Chief Risk Officer

The Chief Risk Officer is responsible for risk assessment, risk measurement, risk reporting and risk management for the EFG International Group.

Head of Strategic Marketing & Communications

The Head of Strategic Marketing & Communications is responsible for global strategic marketing, branding, advertising and communication activities for the EFG International Group.

3.6 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 Group'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 co-ordinate 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 Group and its subsidiaries.

See also information on risk management on page 47.

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). From 1995 to 1997 he was CEO of the Zurich office of Banque de Depôts, the predecessor entity to EFG Group. 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.

Erik Stroet was appointed as Chief Operating Officer of EFG International in October 2007. Prior to joining EFG International in May 2007, he held various positions at BNP Paribas for 19 years. In 2002, he was based in the Middle East as Regional COO, with responsibilities including the creation of the Regional hub and the establishment of new country branches. In 1998, he joined the Head Office of BNP Paribas in Paris where he was Project Manager for the integration of European back offices, before joining the General Inspection team (global internal audit and consulting) in 1999. Until 1998, he worked in the BNP Paribas Amsterdam branch, holding different positions, including Head of Operations. He is a Dutch citizen and was born in 1967 and educated in Holland.

Eftychia (La) Fischer* was appointed as Chief Risk Officer of EFG International in March 2007. Previously she was Global Treasurer, and Head of Financial Market Services and Treasury for EFG Bank (2004 to 2007). Before joining EFG, she was at Bank Julius Baer in Zurich from 1996. During her career there as Treasurer, Global Head of Treasury and Asset and Liability Management and Global Head of Trading, Mrs. Fischer also became a member of the Management Committee of Bank Julius Baer. Previous to that, from 1994 she was at Lazard Frères in Paris as fixed income fund manager; and in 1993 at National Bank of Greece in the Treasury area; and she started her career in the financial industry in 1987 with J.P. Morgan & Co. in Asset and Liability Management. She has dual Greek and Swiss citizenship and was born in 1963.

She holds a BSc. & ARCS in Physics from Imperial College, University of London, and the Chartered Financial Analyst (CFA) as well as a Financial Risk Manager (FRM) designations.

Frederick Link was appointed as Group General Counsel and Corporate Secretary of EFG International in March 2006. He is responsible for providing legal advice to the EFG International Group as well as for acting as secretary to the EFG International Board of Directors and the EFG Bank Board of Directors. Prior to joining EFG International, Mr. Link was with Allen & Overy LLP in London, where he represented financial institutions and corporate clients in relation to equity and debt capital markets offerings, mergers & acquisitions and in the regulatory and legal aspects of financial derivatives and other complex financial products. Mr. Link is a US citizen, was born in 1975.

* Until 28 March 2008. Responsibilities of Chief Risk Officer assumed subsequently by James T. H. Lee.

He is a member of the New York bar and holds a Ph.D. in Economics from the Massachusetts Institute of Technology, a J.D. from Harvard Law School and an A.B. in Economics from the University of Michigan.

Keith Gapp was appointed Head of Strategic Marketing & Communications in July 2007. Previously (1999-2007), Keith was a co-founder and managing partner of GMQ, a strategic consulting boutique serving a blue chip client base of leading private banks/ wealth managers in Europe, the Middle East and US. He was also co-author of leading industry journal The Wealth Partnership Review. Before founding these businesses, Keith spent 13 years at Barclays Group. He held a variety of management roles, including Head of Premier International, a cross-border wealth management business (1998-99); Head of Finance, Planning & Compliance, Barclays Offshore Services (1996-98); Corporate Manager, City Corporate Group, 54 Lombard St. (1993-96); Business Sector Marketing (1990-93); and PA to President and CEO of Barclays American Corporation (1989-90).

Keith Gapp is a UK citizen, was born in 1964, and read Economics at King's College, Cambridge University.

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 and 2,537,275 options with a grant date of February 23, 2008.

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.

Employees receiving options in 2008 were granted either in-the-money options with a strike price of CHF 23.97, at-the-money options with a strike price of 35.95 or zero strike price options called restricted stock units.

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, 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.

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 took up office as head auditor on 8 September 2005.

8.2 Auditing fees

PricewaterhouseCoopers SA received a fee of CHF 3,955,231 for auditing the 2007 financial statements of EFG International and its subsidiaries.

8.3 Additional fees

Fees for non-recurring audit of CHF 69,531 and fees for tax advice, consultancy and other services of CHF 188,832 were paid.

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

The Audit Committee, on behalf of the Board of Directors, monitors the qualification, independence and performance of the Group Auditors and their lead partners. The Audit Committee confers with the Group auditors about the effectiveness of the internal control systems in view of the risk profile of the Group.

The Audit Committee reviews the annual written statement submitted by the external auditors as to their independence. Mandates to the Group auditors for additional audit, audit-related and permitted non-audit work are subject to pre-approval by the Audit Committee.

The external auditors provide timely reports to the Audit Committee on critical accounting policies and practices used, on alternative treatments of financial information discussed with management, and other material written communication between external auditors and management.

The Audit Committee regularly meets with the lead partners of the external auditors, and at least four times per year. It also regularly meets with the Head of Group Internal Audit.

At least once per year, the Chairman's Office discusses with the lead partners of PricewaterhouseCoopers. the audit work performed, the main findings and critical issues that arose during the audit.

The Audit Committee and the Chairman's Office report back to the Board of Directors about their contacts and discussions with the external auditors.

The external auditors have direct access to the Audit Committee at all times.

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

A private bank
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Technical expertise,
crafted into advice,
delivered one
relationship at a time.

EFG INTERNATIONAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Year ended 31 December 2007 CHF millions	Year ended 31 December 2006 CHF millions
Interest and discount income		766.2	531.5
Interest expense		(521.8)	(359.4)
Net interest income	5	**244.4**	172.1
Banking fee and commission income		725.7	479.0
Banking fee and commission expense		(135.9)	(72.7)
Net banking fee and commission income	6	**589.8**	406.3
Dividend income			0.2
Net trading income	7	75.7	46.6
Net income from financial instruments designated at fair value	8	5.3	7.0
Gains less losses from investment securities		(0.3)	0.8
Other operating (loss)/income		(1.1)	1.4
Net other income		**79.6**	56.0
Operating income		**913.8**	634.4
Impairment charge for credit losses		(1.0)	
Operating expenses	9	(542.0)	(374.2)
Profit before tax		**370.8**	260.2
Income tax expense	11	(40.6)	(30.2)
Net profit for the year		330.2	230.0
Net loss attributable to minority shareholders		1.8	
Net profit attributable to Group shareholders		**332.0**	230.0
		CHF	CHF
Earnings per ordinary share			
Basic	41.1	2.06	1.39
Diluted	41.2	2.05	1.39

The notes on pages 82 to 146 form an integral part of these consolidated financial statements

	Note	31 December 2007 CHF millions	31 December 2006 CHF millions
Assets			
Cash and balances with central banks	14	73.7	43.5
Treasury bills and other eligible bills	16	794.6	827.0
Due from other banks	17	3,501.0	5,343.3
Loans and advances to customers	18	7,920.0	6,146.0
Derivative financial instruments	21	223.4	117.6
Financial assets designated at fair value	22	37.6	8.8
Investment securities:			
Available-for-sale	23	3,537.7	1,761.8
Held-to-maturity	24	566.1	549.0
Intangible assets	26	1,191.4	909.9
Property, plant and equipment	27	44.8	34.7
Deferred income tax assets	12	11.0	7.2
Other assets	28	135.3	139.6
Total assets		**18,036.6**	15,888.4
Of which assets to significant shareholders		*62.0*	*10.5*
Liabilities			
Due to other banks	29	807.1	675.3
Due to customers	30	13,579.6	11,993.9
Derivative financial instruments	21	235.6	110.9
Debt securities in issue	31	158.0	153.4
Current income tax liabilities		39.5	18.0
Deferred income tax liabilities	12	35.8	16.8
Other liabilities	32	741.9	615.6
Total liabilities		**15,597.5**	13,583.9
Equity			
Share capital	34.1	78.4	79.3
Share premium	34.2	1,263.1	1,338.3
Other reserves	35	517.1	567.3
Retained earnings		578.3	319.6
		2,436.9	2,304.5
Minority interest		2.2	
Total shareholders' equity		**2,439.1**	2,304.5
Total equity and liabilities		**18,036.6**	15,888.4
Of which subordinated liabilities		*158.0*	*153.4*
Of which liabilities to significant shareholders		*5.9*	*1.7*

The notes on pages 82 to 146 form an integral part of these consolidated financial statements

		Attributable to equity holders of the Group					
	Note	Share capital CHF millions	Share premium CHF millions	Other reserves CHF millions	Retained earnings CHF millions	Minority interest CHF millions	Total CHF millions
Balance at 1 January 2006		79.3	1,338.3	544.1	120.7	-	2,082.4
Retained earnings adjustments					(6.4)		(6.4)
Employee stock option plan	44			1.8			1.8
Preference dividend paid*					(24.7)		(24.7)
Cost of share capital increase in subsidiaries				(0.8)			(0.8)
Available-for-sale securities							
Changes in fair value, net of tax	23			(2.8)			(2.8)
Transfer to net profit, net of tax	23			(0.1)			(0.1)
Currency translation adjustments				25.1			25.1
Net profit for the year					230.0		230.0
Total 2006		-	-	23.2	198.9	-	222.1
Balance at 31 December 2006		79.3	1,338.3	567.3	319.6	-	2,304.5
Ordinary dividend paid	42				(44.0)		(44.0)
Preference dividend paid					(29.3)		(29.3)
Ordinary shares repurchased	34	(0.9)	(75.1)				(76.0)
Preference shares repurchased	34	(0.0)	(0.1)				(0.1)
Shares issued to minorities						4.0	4.0
Cost of share capital increase in subsidiaries				(1.0)			(1.0)
Employee stock option plan	44			8.8			8.8
Other reserves adjustment**	27			(3.8)			(3.8)
Other reserves adjustment - tax impact				1.0			1.0
Available-for-sale securities:							
Changes in fair value	23			9.1			9.1
Tax effect on changes in fair value				(0.1)			(0.1)
Transfer to net profit, net of tax	23			2.5			2.5
Currency translation adjustments				(66.7)			(66.7)
Net profit for the year					332.0	(1.8)	330.2
Total 2007		**(0.9)**	**(75.2)**	**(50.2)**	**258.7**	**2.2**	**134.6**
Balance at 31 December 2007		**78.4**	**1,263.1**	**517.1**	**578.3**	**2.2**	**2,439.1**

* *The preference dividend paid in 2006 has been reclassified from Other reserves to Retained earnings.*

** *Additional depreciation recognised due to error in accumulated depreciation of Computer Hardware from financial years prior to first time adoption of IFRS.*

The notes on pages 82 to 146 form an integral part of these consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	31 December 2007 CHF millions	31 December 2006 CHF millions
Cash flows from operating activities			
Interest received		**683.0**	489.9
Interest paid		**(578.7)**	(342.9)
Banking fee and commission received		**743.7**	454.5
Banking fee and commission paid		**(187.7)**	(125.5)
Dividend received			0.2
Net trading income		**80.9**	52.1
Other operating income		**7.6**	2.2
Staff costs paid		**(338.8)**	(229.8)
Other operating expenses paid		**(124.0)**	(80.7)
Income tax paid		**(16.1)**	(10.7)
Cash flows from operating activities before changes in operating assets and liabilities		**269.9**	209.3
Changes in operating assets and liabilities			
Net decrease in treasury bills		**7.6**	8.5
Net decrease in due from other banks		**(23.8)**	1.8
Net decrease/(increase) in derivative financial instruments		**12.8**	(0.9)
Net increase in loans and advances to customers		**(1,735.6)**	(1,617.7)
Net increase in other assets		**(67.5)**	(30.1)
Net increase in due to other banks		**116.7**	241.8
Net increase in due to customers		**1,768.7**	3,945.0
Net increase in other liabilities		**6.9**	62.9
Net cash flows from operating activities		**355.7**	2,820.6
Cash flows from investing activities			
Acquisition of subsidiaries and businesses, net of cash acquired		**(174.1)**	(35.0)
Purchase of securities		**(6,683.5)**	(5,832.8)
Proceeds from sale of securities		**4,812.2**	5,059.3
Purchase of property, plant and equipment	27	**(23.3)**	(10.7)
Purchase of intangible assets		**(8.3)**	(6.2)
Proceeds from sale of property, plant and equipment		**0.6**	1.3
Net cash flows used in investing activities		**(2,076.4)**	(824.1)
Cash flows from financing activities			
Preference dividends paid		**(29.3)**	(24.7)
Ordinary dividends paid	42	**(44.0)**	
Purchase of treasury shares	34	**(76.1)**	
Issuance of shares to minorities		**4.0**	
Repayments from other borrowed funds		**-**	(31.1)
Share issue costs in subsidiaries		**(1.0)**	(0.8)
Net cash flows used in financing activities		**(146.4)**	(56.6)
Effect of exchange rate changes on cash and cash equivalents		**79.8**	
Net change in cash and cash equivalents		**(1,787.3)**	1,939.9
Cash and cash equivalents at beginning of period	15	**6,157.7**	4,217.8
Net change in cash and cash equivalents		**(1,787.3)**	1,939.9
Cash and cash equivalents	15	**4,370.4**	6,157.7

The notes on pages 82 to 146 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, Canada, Cayman, 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 31 December 2007 was 1,864 (31 December 2006: 1,477).

EFG International is a limited liability company and is incorporated and domiciled in Switzerland, and listed on the SWX Swiss Exchange.

These consolidated financial statements were approved for issue by the Board of Directors on 4 April 2008.

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 2007. These financial statements have been prepared in accordance with those IFRS (International Financial Reporting Standards) standards and IFRIC (International Financial Reporting Interpretations Committee) interpretations issued and effective or issued and early adopted as at the time of preparing these statements (4 April 2008). These consolidated financial statements are subject to the approval of the shareholders.

The policies set out below have been consistently applied to the years 2006 and 2007.

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. Further information about critical estimates is presented in notes 3 and 26.

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 IFRIC of the IASB, effective for accounting periods beginning on 1 January 2007. These are as follows:

– IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', replaces IAS 30 and 32 and introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments.
– IFRIC 8, Scope of IFRS 2: IFRIC 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of IFRS 2. The Group has applied IFRIC 8 from 1 January 2007, but there is no impact on the Group's financial statements.
– IFRIC 9, Reassessment of Embedded Derivatives requires that a reassessment of whether an embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. The Group has applied IFRIC 9 from 1 January 2007, but there is no impact on the Group's accounts.
– IFRIC 10, Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss on goodwill and equity instruments recognised in a previous interim period, even if the value has recovered since then. The Group has applied IFRIC 10 from 1 January 2007 but there is no impact on the Group's financial statements.

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 2008, the Group has elected not to early adopt any of the new or revised standards not yet mandatory for its 2007 consolidated financial statements.

- IAS 1 (revised), Presentation of Financial Statements relates to the presentation of owner changes in equity and of other comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. (effective 1 January 2009).
- IFRS 2 (revised), Share Based Payments: Vesting Conditions and Cancellations. Revised standard amends the definition of service conditions in share based payment arrangements. In addition, it adds guidance regarding taking into account vesting and non-vesting conditions in determining the fair value of equity instruments granted. It also provides explicit guidance regarding the cancellation of share based payment arrangements. (effective 1 January 2009). The Group is assessing the impact of the revised standard on its financial statements.
- IFRS 3 (revised), "Business combinations" requires significant changes in the application of the acquisition method to business combinations. All payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through profit or loss. Currently contingent consideration is only recognised once it meets the probability and reliable measurable criteria. Goodwill may be calculated based on the parent's share of net assets or it may also include goodwill related to the minority interest. All transaction costs will no longer be part of the acquisition cost but have to be expensed as incurred. The standard is applicable to business combinations occurring in accounting periods beginning on or after 1 July 2009, with earlier application permitted. The change may have a significant impact on the accounting for future business combinations.
- IFRS 8, Operating segments replaces IAS 14. 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 about the economic environment which the entity operates in. (effective 1 January 2009).
- IFRIC 11, Group and treasury share transactions provides guidance on certain share-based payment trans actions not specifically covered by IFRS 2. This includes transactions where a subsidiary grants rights to shares of its parent to its employees, or where the parent grants rights directly to the employees of its subsidiary. (effective for years starting on or after 1 March 2007).
- IFRIC 14 - IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interactions. Guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognised as an asset. The impact of the new interpretation on the Group's financial statements has not yet been assessed. (effective for years starting on or after 1 January 2008).

The Group believes that the following new standards and interpretations do not have any impact on its financial statements:

- IAS 23 (amendment) Borrowing costs - effective for annual periods beginning on 1 January 2009.
- IAS 27 (amended) Consolidated and separate financial statements, requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control - effective for annual periods beginning on 1 July 2009.
- IFRIC 12 Service concession arrangements - effective for annual periods beginning on 1 January 2008.
- IFRIC 13 Customer loyalty programmes - effective for annual periods beginning on 1 July 2008.

(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 25.

(ii) Minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iii) 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 (functional currency). 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) reflected in other reserves.

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.

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.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

(d) Derivative financial instruments and hedging

Derivative financial instruments, including: foreign exchange contracts, currency forwards and options, interest rate swaps and options equity options, gold forwards and options; are initially recognised in the balance sheet at fair value on the date on which the derivative contract is enacted, and are subsequently remeasured 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.

Certain derivatives embedded in other financial instruments, such as the conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks 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, unless the Group chooses to designate the hybrid contracts at fair value through profit and loss.

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 highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge),
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 hedged items and hedging instruments, 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 transaction 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 21.

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

Fees and commission 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 using 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', while goodwill on acquisition of associates is included in 'Investments in associates'. The carrying amount of goodwill is reviewed annually. Where evidence of impairment exist, the carrying amount of goodwill is re-assessed and written down to recoverable amount (where recoverable amount is defined as the higher of the asset's fair value less costs to sell and value in use).

Goodwill is allocated to cash generating units for the purpose of impairment testing (note 26.2). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets
- Client Relationships

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

(iii) Other intangible assets - Trademarks

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

(iv) Other intangible assets
- Non-compete agreement

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

(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 using 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 on the day the transaction is undertaken, with the exception of deposits, loans and spot and 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 at 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 hedging instruments.

(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: a) those that the Group upon initial recognition designates as at fair value through-profit-or-loss, or b) those that the Group upon initial recognition designates as available-for-sale. They arise when the Group provides money, goods or services directly to a debtor.

(iii) 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.

(iv) 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. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

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 subsequently 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 this 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.

Life insurance policies are included under available-for-sale investments. The Group uses a discounted cash flow valuation technique using non-market observable inputs, which incorporates actuarially based assumptions on life expectancy. These life insurance policies are presented net of related liabilities in the balance sheet.

(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) 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.

(ii) 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.

(k) Debt securities in issue

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 and 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 goodwill depreciation, property, plant and equipment depreciation, 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 relating to changes in fair values of available-for-sale investments, which is taken directly to equity, is 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 are presented on a gross basis.

(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 merely to pay contributions at defined rates (defined contribution). Accordingly, the defined benefit disclosure adopted is based on a constructive approach rather than a legal requirement.

Pension cost and liability has been measured using the projected unit credit actuarial cost method and assumptions established as defined in IAS 19. 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 exceeds 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 short-term compensated absences as a liability.

(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 in 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: a) the Group has a present legal or constructive obligation as a result of past events; b) it is probable that an outflow of economic benefits will be required to settle the obligation; and c) 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 Group's 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, Latin America and Canada.

In 2006 the Group acquired C.M.Advisors Ltd, a fund of hedge fund business. The Group believes the risk return profile of the acquired C.M.Advisors Ltd business is not significantly different from the Group's private banking activities. However, for relative size reasons, management decided to create and report a second business segment "Fund of Hedge Funds Management".

(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.

(iii) Treasury shares

Where the Group purchases it's own equity share capital, the consideration paid is deducted from total shareholders' equity, and classified as treasury shares until they are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(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 include cash in hand, deposits held at call with banks, short term deposits and 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) 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. Further information is presented in note 26.

(b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined by using valuation techniques (note 4.4). Where valuation techniques (for example, models) 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) Available-for-sale - Life insurance policies

The Group follows the guidance of IAS 39 on the valuation of unquoted available-for-sale life insurance policies (note 4.4). The Group uses a discounted cash flow valuation technique using non-market observable inputs, which incorporates actuarially based assumptions on life expectancy. See note 4.2.3 for sensitivity analysis to changes in life expectancies on the valuation of the life insurance policies.

(d) 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. 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.

(e) Held-to-maturity investments

The Group follows the IAS 39 guidance on classifying non-derivative financial assets, with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. The Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity, it will be required to reclassify the entire category as available-for-sale. The investments would therefore be measured at fair value, not amortised cost.

(f) Income taxes

The Group is subject to income taxes in various jurisdictions. Estimates are required in determining the worldwide 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

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 mortgages, Lombard loans and other secured loans, and market risk largely restricted to limited foreign exchange and interest rate gapping positions maintained by the 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. 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.

4.1 Credit risk

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

4.1.1 Credit risk management

(a) Loans and advances

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 Client Relationship Officers and must be supported by Regional Business Heads and are thereafter finalised and processed by the credit departments.

The Executive Credit Committee of the Group has overall responsibility for the client credit business, 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 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.

The approval of large and higher risk profile exposures, is centralised in Switzerland, in compliance with local regulatory and legal requirements of the individual, international business units.

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

The Group's internal rating system assigns each client credit exposure to one of ten rating categories. The rating 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 the Group's loan book is of high quality. Consequently, an overwhelming majority of the Group's credit exposures are rated within the top 3 categories.

Group’s internal ratings scale and comparison to external ratings:

Group’s ratings	Rating	Description of grade	Moody’s rating
1	Top	Secured by “cash collateral or equivalent” - good diversification	Aaa
2	High	Secured by “cash collateral or equivalent” - imperfect diversification	Aa
3	Very good	Secured by “other collateral”	A
4	Good	Partly secured by “cash collateral or equivalent”	Baa
5	Acceptable	Unsecured by prime borrower	Baa
6	Weak	Borrower situation/collateral value is deteriorating	Ba
7	Poor	Conditions of initial credit are no longer being met	B
8	Unacceptable	Interest is no longer being paid - collateral is being held	Caa
9	Potential loss	Bank holds illiquid - uncollectible or no collateral	Ca
10	Loss	No collateral or uncollectible colletral	C

The ratings of a major rating agency (shown in the table above), are mapped to the Group's rating classes based on the long-term average default rates for each external grade. The Group uses the external ratings to benchmark its internal credit risk assessment.

(b) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor’s rating or their equivalents, are used by Executive Credit Committee for managing of the credit risk exposures.

4.1.2 Risk limit control and mitigation policies

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. Over 90% of mortgages are booked in the UK subsidiary, EFG Private Bank Ltd and these mortgages are related predominantly to properties in prime London locations.

Credit departments monitor credit exposures against approved limits and pledged collateral. If necessary, they initiate rectification steps. Most 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 valued annually. Mortgage valuations are reviewed annually using statistical (indexation) methods, and larger mortgages are subject to periodic independent valuation.

Management of exposure to financial institutions is based on a system of counterparty limits co-ordinated at the Group level, subject to country limits. Limits for exposure to counterparties are granted based upon internal analysis. The limits are set by the Group’s Market, Bank and Country Risk Committee up to a certain absolute size or ceiling depending on each counterparty’s Fitch ratings and on its total equity. Beyond that ceiling, an opinion must be requested from the Group’s Risk Unit, prior to submission to the Group’s Risk Committee, for approval.

Other specific control and mitigation measures are outlined below.

(a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are: Mortgages over residential and commercial properties; Charges over financial instruments such as debt securities and equities.

(b) Derivatives

The Group maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., assets with positive fair values).

(c) Credit related commitments

Credit related commitments include the following:

i) Guarantees and standby letters of credit. These carry the same credit risk as loans.
ii) Commitments to extend credit. These represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. The Group is potentially exposed to loss in an amount equal to the total unused commitments. However, commitments to extend credit are contingent upon customers maintaining specific credit standards.

4.1.3 Impairment and provisioning policies

The internal and external rating systems described in Note 4.1.1 focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment (see note 2 (j)). Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and banking regulation purposes.

All the impairment provisions come from the bottom grade. The table below shows the percentage of the Group's on balance sheet items relating to loans and advances to customers, and the associated impairment provision for each of the Group's internal grade descriptions:

Grade descriptions		Loans and advances 2007 - %	Impairment provision 2007 - %	Loans and advances 2006 - %	Impairment provision 2006 - %
1.	Grade 1 - 3	97.0	-	95.2	-
2.	Grade 4 -7	2.8	-	4.3	-
3.	Grade 8	0.2	-	0.5	-
4.	Grade 9 - 10	0.0	100	0.0	100
		100.0	**100**	100.0	100

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on criteria set out by the Group including delinquency in contractual payments of principal or interest, breach of loan covenants or conditions, initiation of bankruptcy proceedings, deterioration in the value of collateral and downgrading below investment grade level.

4.1.4 Exposure to credit risk

The following table compares a worst case scenario of credit risk exposure to the Group at 31 December 2007 and 2006, before and after collateral held or other credit enhancements.

31 December	Maximum exposure *before* collateral held or other credit enhancements 2007 CHF millions	2006 CHF millions	Exposure *after* collateral held or other credit enhancements 2007 CHF millions	2006 CHF millions
Balances with central banks	66.8	34.9	66.8	34.9
Treasury bills and other eligible bills	794.6	827.0	794.6	827.0
Due from other banks	3,501.0	5,343.3	3,501.0	5,343.3
Loans and advances to customers				
Overdrafts, Lombard loans and term loans	6,470.9	4,903.0	56.6	27.7
Mortgages	1,449.1	1,243.0		
Derivative financial instruments	223.4	117.6	109.3	63.9
Financial assets designated at fair value				
Debt securities	0.4	0.1	0.4	0.1
Investment securities - Debt securities	4,102.2	2,284.1	3,314.3	2,284.1
Other assets	135.3	139.6	135.3	139.6
On-balance sheet assets	**16,743.7**	14,892.6	**7,978.3**	8,720.6
Financial guarantees	653.6	596.2	9.2	8.3
Loan commitments, and other credit related guarantees	374.7	486.0	41.8	3.2
Off-balance sheet assets	**1,028.3**	1,082.2	**51.0**	11.5
Total	**17,772.0**	15,974.8	**8,029.3**	8,732.1

See note 20 Collateral for loans and advances to customers which shows that collateral comprised 99.3% (2006: 99.6%) of the total.

4.1.5 Loans and advances

Loans and advances are summarised as follows:

		31 December 2007 Loans and advances to customers CHF millions	31 December 2007 Due from other banks CHF millions	31 December 2006 Loans and advances to customers CHF millions	31 December 2006 Due from other banks CHF millions
Neither past due nor impaired	a)	7,748.6	3,501.0	6,101.6	5,343.3
Past due but not impaired	b)	171.4		44.4	
Impaired		3.3		2.2	
Gross		**7,923.3**	**3,501.0**	6,148.2	5,343.3
Less : allowance for impairment		(3.3)		(2.2)	
Net		**7,920.0**	**3,501.0**	6,146.0	5,343.3

The total impairment provision for loans and advances of CHF 3.3 million (2006: CHF 2.2 million) is solely made up of individually impaired loans. Note 19 relates to the impairment allowance for loans and advances to customers.

a) Loans and advances neither past due or impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired, can be assessed by reference to the internal rating system adopted by the Group.

	Loans and advances to customers			Due from other banks
	Individuals			
Grades	Overdrafts, Lombard and Term loans CHF millions	Mortgages CHF millions	Total CHF millions	CHF millions
31 December 2007				
1. Grade 1 - 3	6,402.3	1,277.7	7,680.0	3,501.0
2. Grade 4 - 7	68.6		68.6	
3. Grade 8				
4. Grade 9 - 10				
	6,470.9	**1,277.7**	**7,748.6**	**3,501.0**
31 December 2006				
1. Grade 1 - 3	4,648.4	1,198.6	5,847.0	5,343.3
2. Grade 4 - 7	254.6		254.6	
3. Grade 8				
4. Grade 9 - 10				
	4,903.0	1,198.6	6,101.6	5,343.3

b) Loans and advances past due, but not impaired

Loans and advances less than 180 days past due, are not considered impaired unless other information is available to indicate the contrary. The gross amount of loans and advances to customers by class, that were past due but not impaired, were as follows:

	Individuals		
	Overdrafts, Lombard and Term loans CHF millions	Mortgages CHF millions	Total CHF millions
31 December 2007			
Greater than 180 days, past due		128.0	128.0
Less than 180 days, past due		43.4	43.4
Total	**-**	**171.4**	**171.4**
Fair value of collateral	-	186.9	186.9
31 December 2006			
Greater than 180 days, past due		28.6	28.6
Less than 180 days, past due		15.8	15.8
Total	-	44.4	44.4
Fair value of collateral	-	40.6	40.6

4.1.6 Debt securities, treasury bills and other eligible bills

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at 31 December 2007, based on Moody's ratings:

Moody's rating	Treasury bills and other eligible bills CHF millions	Investment securities CHF millions	Designated at fair value CHF millions	Total CHF millions
Aaa	794.6	903.3		1,697.9
Aa- to Aa+		1,365.0		1,365.0
A- to A+		845.3	0.2	845.5
Lower than A-				
Unrated		988.6	0.2	988.8
Total	**794.6**	**4,102.2**	**0.4**	**4,897.2**

Included in the "unrated Investment securities" is CHF 788 million of bonds. The Group does not have any credit risk on these bonds as it has credit protection in the form of a credit default swap (see Note 21) and holds a term deposit as collateral.

4.1.7 Geographic concentration of credit exposure for financial assets

The following table shows the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2007. Geographic concentration is determined by the region of the subsidiary that the assets are booked in.

	Europe Cross-Border CHF millions	Europe Onshore CHF millions	Asia CHF millions	The Americas CHF millions	Elimination CHF millions	Total CHF millions
Treasury bills and other eligible bills	787.4		7.2			794.6
Due from other banks	6,271.7	406.9	2,763.9	261.5	(6,203.0)	3,501.0
Loans and advances to customers						
Overdrafts, Lombard & term loans	3,969.7	1,488.7	1,415.2	81.5	(484.2)	6,470.9
Mortgages	102.0	1,338.7		8.4		1,449.1
Derivative financial instruments	157.5	28.4	69.0	0.2	(31.7)	223.4
Financial assets designated at fair value						
Debt - securities		12.0			(11.6)	0.4
Investment securities						
Debt - securities	1,974.4	2,079.6	62.2	2.1	(16.1)	4,102.2
Other assets	73.6	102.9	1.2	28.3	(70.7)	135.3
31 December 2007	**13,336.3**	**5,457.2**	**4,318.7**	**382.0**	**(6,817.3)**	**16,676.9**
31 December 2006	11,345.3	4,354.2	3,279.3	230.9	(4,352.0)	14,857.7

4.2 Market Risk

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

The Group engages in trading of securities, derivatives, foreign exchange, money market paper, and commodities on behalf of its clients. This business is conducted out of dealing rooms in Geneva, Hong Kong, London, Miami, Monaco, Stockholm and Zurich. The Group does not engage in proprietary trading in securities, but does from time to time provide liquidity to clients holding selected securities. The Group maintains small proprietary positions in foreign exchange instruments.

The Group separates exposures to market risk into either trading or non-trading portfolios. 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 internal risk management department.

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

4.2.1 Market risk measurement techniques

Market risk exposure is measured in several ways: nominal and VaR exposure, gap reports, sensitivity to risk factors and stress tests. VaR is not used for regulatory reporting of risks. It is used internally only, for control and management purposes. As part of the management of market risk, the Group may from time to time, undertake various hedging strategies (note 21). The Group enters into interest rate swaps to hedge the interest rate risk associated with the fixed rate bond assets.

The major measurement techniques used to measure and control market risk, are outlined below.

(a) Value at Risk

The Value at Risk (VaR) computation is a risk analysis tool designed to statistically estimate the maximum potential periodic loss from adverse movements in interest rates, foreign currencies and equity prices, under normal market conditions. VaR is calculated using statistically expected changes in market parameters for a given holding period at a specified level of probability. The Group use two different VaR models. The first is a delta based parametric approach (based on a variance/co-variance approach and uses a 99% one-tailed confidence level and assumes a 10-day holding period with a 250-day observation period for interest rate and equity VaR and 130-day observation period for foreign exchange VaR) and the second in a full valuation historical VaR approach (using 500 days of historical data). The results of these two approaches are added together without taking the benefits of any correlation effects.

The VaR computation does not purport to represent actual losses in fair value on earnings to be incurred by the Group, nor does it consider the effect of favourable changes in market rates. The Group cannot predict actual future movements in such market rates and it does not claim that these VaR results are indicative of future movements in such market rates; or to be representative of any actual impact that future changes in market rates may have on the Group's future results of operations or financial position.

(b) Alternative sensitivity analysis

Alternative sensitivity analysis is performed on the following financial assets, which are not covered by VaR:

i) Designated at fair value through profit or loss, which includes Structured products, Private equity and Hedge funds, and
ii) Available-for-sale - Life insurance policies.

The sensitivity analysis calculates the impact from changes in interest rates, foreign currencies and equity prices. The computation does not purport to represent actual gains and losses to be incurred by the Group. The Group cannot predict actual future movements in such market rates, and it does not claim that these results are indicative of future movements in such market rates or to be representative of any actual impact that future changes in market rates may have on the Group's future results of operations or financial position.

(c) Stress tests

VaR calculations are complimented by various stress tests, which identify the potential impact of extreme market scenarios on portfolios values. These stress tests simulate both exceptional movements in prices or rates; and drastic deteriorations in market correlations. In addition to nominal limits and stop losses, they are the primary tools used by internal market risk management. Stress test results are calculated monthly by the Market Risk Management Unit and reported to management.

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests include:

i) risk factor stress testing, where stress movements are applied to each risk category, and
ii) ad hoc stress testing, which includes applying possible stress events to specific positions or regions.

Results of the stress tests are reviewed by senior management in each business unit, and by the Risk Committee of the Board. Stress testing is tailored to the business and typically uses scenario analysis.

4.2.2 VaR summary

Daily risk reports review compliance with nominal and stop loss limits. The following table presents VaR (as described above) for market risk, by risk type:

	At 31 December	12 months to 31 December		
		Average	High	Low
	CHF millions	CHF millions	CHF millions	CHF millions
2007				
Interest rate risk	**2.3**	**1.0**	**2.3**	**0.3**
Currency	**0.2**	**0.2**	**0.4**	
Equity price risk	**2.7**	**1.8**	**2.7**	**0.4**
VaR	**5.2**	**3.0**	**5.4**	**0.7**
2006				
Interest rate risk	1.2	1.6	2.4	0.8
Currency	0.3	0.2	0.3	0.1
Equity price risk	2.3	1.3	2.3	0.2
VaR	3.8	3.1	5.0	1.1

The Group considers interdependencies between the risk variables to be insignificant.

4.2.3 Alternative sensitivity analysis

The following risks exist for positions at 31 December 2007 for which VaR is not calculated, above.

Risk Category	Product	Impact from CHF millions	Market value CHF millions	P&L CHF millions	Equity CHF millions
i) Price risk					
Financial assets designated at fair value	Structured products	10% price decrease	0.9	(0.1)	
Financial assets designated at fair value	Private equity	10% price decrease	4.1	(0.4)	
Financial assets designated at fair value	Hedge funds	10% price decrease	3.4	(0.3)	
ii) Interest rate risk					
Available-for-sale securities	Life insurance policies	100 bps increase	486.8*		(39.4)
iii) Life expectancy					
Available-for-sale securities	Life insurance policies	1 year increase	486.8*	(15.3)	

No 2006 comparative data is provided, as all of the above products were acquired by the Group during the current year.

** The Group has a net investment in life insurance policies of CHF 76.1 million (see note 23). The fair value of all policies that the Group has contractually agreed to purchase is CHF 486.8 million. Life policies that cost CHF 410.7 million have been purchased, but have not yet been settled.*

4.2.4 Interest rate risk

The Board sets limits for the interest repricing gap or mismatch which is monitored by the Market Risk Management Unit. The table below summarises the Group's exposure to interest rate risk. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 3 months CHF millions	3 - 12 months CHF millions	1 - 5 years CHF millions	Over 5 years CHF millions	Non-interest bearing CHF millions	Total CHF millions
31 December 2007						
Asset						
Cash and balances with central banks	66.8				6.9	73.7
Treasury bills and other eligible bills	794.6					794.6
Due from other banks	3,476.6	20.8			3.6	3,501.0
Loans and advances to customers	5,809.1	1,995.0	84.0	24.0	7.9	7,920.0
Derivative financial instruments	223.4					223.4
Financial assets designated at fair value	0.4				37.2	37.6
Investment securities						
Available-for-sale*	3,946.8				(409.1)	3,537.7
Held-to-maturity		566.1				566.1
Other assets					135.3	135.3
Total financial assets	**14,317.7**	**2,581.9**	**84.0**	**24.0**	**(218.2)**	**16,789.4**
Liabilities						
Due to other banks	794.5				12.6	807.1
Due to customers	12,307.9	1,085.1	44.2		142.4	13,579.6
Derivative financial instruments	234.8	0.8				235.6
Debt securities in issue	158.0					158.0
Other liabilities					741.9	741.9
Total financial liabilities	**13,495.2**	**1,085.9**	**44.2**	**-**	**896.9**	**15,522.2**
On-balance-sheet interest repricing gap	822.5	1,496.0	39.8	24.0	(1,115.1)	1,267.2
Off-balance-sheet interest repricing gap	47.2		(47.2)			-
31 December 2006						
Total financial assets	11,949.9	2,366.6	195.5	52.9	371.7	14,936.6
Total financial liabilities	11,688.1	1,000.2	30.1	-	830.7	13,549.1
On-balance-sheet interest repricing gap	261.8	1,366.4	165.4	52.9	(459.0)	1,387.5
Off-balance-sheet interest repricing gap	(11.9)	(6.6)	29.4	-	(24.1)	(13.2)

** Included in Non-interest bearing Investment Securities Available-for-sale of CHF (409.1) million is CHF 1.6 million of equity investments and CHF (410.7) million of unsettled life policies (see note 4.2.3)*

4.2.5 Foreign exchange 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 non CHF currencies, using forward contracts.

Apart from the exposure to foreign currencies which relates to banking and trading activities in subsidiary companies, the Group is also exposed to foreign currency fluctuations because most of the subsidiaries use local currencies as their reporting currencies. From time to time the Group may enter into currency hedging arrangements to reduce the effects of exchange rate fluctuations on its income. However, at 31 December 2007, the Group did not have currency hedging arrangements in place to minimise the effects of exchange rate fluctuations on the reporting of its subsidiaries (currency translation risk).

The Group takes on limited exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure. See note 4.2.2 which reflects the Currency risk VaR.

4.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn.

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

4.3.1 Liquidity risk manangement process

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). It reports its liquidity situation to 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.

The Group’s liquidity risk management process is carried out by Financial Markets and monitored by the Market Risk Management Unit. It includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements, and
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities, and the expected collection date of the financial assets (notes 4.3.3-4.3.4).

Financial Markets also monitors unmatched medium-term assets and the usage of overdraft facilities.

4.3.2 Funding approach

Sources of liquidity are regularly reviewed by Financial Markets to maintain a wide diversification by currency, geography, provider, product and term.

4.3.3 Financial liabilities cash flows

The table below analyses the Group's financial liabilities by remaining contractual maturities, at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month CHF millions	1 - 3 months CHF millions	3 - 12 months CHF millions	1 - 5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2007						
Liabilities						
Due to other banks	787.2	7.2	0.2		12.5	807.1
Due to customers	10,777.6	1,676.1	1,083.9	42.0		13,579.6
Derivative financial instruments	9,174.2					9,174.2
Debt securities in issue					158.0	158.0
Other liabilities	246.0	122.1	32.1	323.4	18.3	741.9
Total financial liabilities	**20,985.0**	**1,805.4**	**1,116.2**	**365.4**	**188.8**	**24,460.8**
31 December 2006						
Liabilities						
Due to other banks	584.1	19.3	43.7	19.3	8.9	675.3
Due to customers	9,627.0	1,332.7	929.9	102.3	2.0	11,993.9
Derivative financial instruments	7,069.5					7,069.5
Debt securities in issue		0.3			153.1	153.4
Other liabilities	208.6			407.1		615.7
Total financial liabilities	17,489.2	1,352.3	973.6	528.7	164.0	20,507.8

4.3.4 Off-balance sheet items

The following table summarises the Group's off-balance sheet items:

	Not later than 1 year CHF millions	1 - 5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2007				
Guarantees	530.9	62.2	60.5	653.6
Loan commitments	194.2	180.5		374.7
Operating lease commitments	21.6	49.4	57.6	128.6
Total	**746.7**	**292.1**	**118.1**	**1,156.9**
31 December 2006				
Guarantees	456.6	49.4	90.2	596.2
Loan commitments	319.4	166.6		486.0
Operating lease commitments	16.1	39.7	38.8	94.6
Total	792.1	255.7	129.0	1,176.8

(a) Loan commitments

The dates of the contractual amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers and other facilities (note 37).

(b) Financial guarantees and other financial facilities

Financial guarantees (note 37) are based on the earliest contractual maturity date.

(c) Operating lease commitments

Where a Group company is the lessee, the future minimum lease payments under non-cancellable operating leases, is disclosed (note 37.2).

4.4 Fair value of financial assets and liabilities

(a) No active market - valuation technique

If the market for a financial instrument is not active, the Group establishes fair value by using one of the following valuation techniques:

i) recent arm's length market transactions between knowledgeable, willing parties (if available)
ii) reference to the current fair value of another instrument (that is substantially the same)
iii) discounted cash flow analysis, and
iv) option pricing models

Unquoted Financial assets	Valuation technique	31 December 2007 CHF millions	31 December 2006 CHF millions
Financial assets designated at fair value	Recent arm's length transactions	8.4	8.2
Available-for-sale - Unquoted securities	Discounted cash flow analysis	2,733.9	1,493.4
Available-for-sale - Life insurance policies	Discounted cash flow analysis, and life expectancies (non-market observable inputs)	486.8*	
Total		**3,229.1**	1,501.6

** The Group has a net investment in life insurance policies of CHF 76.1 million (see note 23). The fair value of all policies that the Group has contractually agreed to purchase is CHF 486.8 million. Life policies that cost CHF 410.7 million have been purchased, but have not yet been settled.*

4.4 Fair value of financial assets and liabilities (continued)

(b) Financial instruments not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's balance sheet at their fair value.

	Note	Carrying value CHF millions	Fair value CHF millions	Difference CHF millions
31 December 2007				
Financial Assets				
Due from other banks	(i)	3,501.0	3,501.0	-
Loans and advances to customers	(ii)	7,920.0	7,935.2	15.2
Investment securities - Held-to-maturity	(iii)	566.1	525.0	(41.1)
		11,987.1	**11,961.2**	**(25.9)**
Financial liabilities				
Due to other banks	(iv)	807.1	807.1	-
Due to customers	(iv)	13,579.6	13,579.6	-
Debt securities in issue	(v)	158.0	158.0	-
		14,544.7	**14,544.7**	**-**
Net financial instruments		**(2,557.6)**	**(2,583.5)**	**(25.9)**
31 December 2006				
Financial Assets				
Due from other banks	(i)	5,343.3	5,343.3	-
Loans and advances to customers	(ii)	6,146.0	6,155.1	9.1
Investment securities - Held-to-maturity	(iii)	549.0	513.1	(35.9)
		12,038.3	12,011.5	(26.8)
Financial liabilities				
Due to other banks	(iv)	675.3	675.3	-
Due to customers	(iv)	11,993.9	11,993.9	-
Debt securities in issue	(v)	153.4	153.4	-
		12,822.6	12,822.6	-
Net financial instruments		(784.3)	(811.1)	(26.8)

(i) Due from other banks

Due from other banks includes interbank placements and items in the course of collection. The fair value of floating rate placements, overnight deposits and term deposits with a maturity of less than 90 days is assumed to be their carrying amount.

(ii) Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received up to the next interest reset date. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Investment securities - Held-to-maturity

Fair value for held-to-maturity assets is based on estimates using quoted market prices for securities with similar credit, maturity and yield characteristics.

(iv) Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

(v) Debt securities in issue

The fair value is the same as the carrying value as the interest rates are reset based on market rates quarterly.

4.5 Capital Management

The Group's objectives when managing regulatory capital, which is a broader concept than balance sheet equity, are to comply with the capital requirements set by regulators of the banking markets in which the Group entities operate to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital is continually monitored and reported by the Group's management, using the framework developed by the Bank for International Settlements ("BIS"). The regulatory capital requirement of the Group is ultimately determined by the rules implemented by the Swiss banking regulator, the Swiss Federal Banking Commission.

The Swiss Federal Banking Commission requires each bank or banking group to maintain a ratio of total regulatory capital to the risk-weighted assets at 20% above the internationally agreed minimum of 8% (i.e. a minimum Swiss regulatory requirement of 9.6%). In addition, the individual banking subsidiaries or similar financial institutions are directly regulated and supervised by their respective local banking supervisors.

The Group's eligible capital comprises two tiers:

– Tier 1 capital: share capital (net of any book values of the treasury shares), minority interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill net of contingent purchase consideration (as authorised by the Swiss Federal Banking Commission) is deducted in arriving at Tier 1 capital; and
– Tier 2 capital: qualifying subordinated loan capital, collective impairment allowances and unrealised gains arising on the fair valuation of equity instruments held as available-for-sale.

Risk-weighted assets are determined according to specified requirements which reflect the varying levels of risk attached to assets and off-balance sheet exposures, and includes amounts in respect of credit risk, market risk, non-counterparty related risk, settlement risk and operational risk.

4.5 Capital Management (continued)

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	31 December 2007 CHF millions	31 December 2006 CHF millions
Tier 1 capital		
Share capital	78.4	79.3
Share premium	1,263.1	1,338.3
Retained earnings	578.3	319.6
Other reserves	517.1	567.3
Minority interests	2.2	
IFRS: Total shareholders' equity	**2,439.1**	2,304.5
Less: Proposed dividend on Ordinary Shares (note 42)	(51.3)	(44.0)
Less: Estimated accrual for expected future preference dividend (note 41)	(5.3)	(4.7)
Available-for-sale investment securities revaluation reserve	(7.2)	
Loans to employees	(31.4)	(23.1)
Less: goodwill (net of contingent purchase consideration) and intangibles (excluding software)	(875.0)	
Less: goodwill and intangibles (excluding software)		(902.9)
Total qualifying Tier 1 capital	**1,468.9**	1,329.8
Tier 2 capital		
Available-for-sale investment securities revaluation reserve (45% weighted)	3.2	
Subordinated debt securities	158.0	153.4
Total regulatory capital	**1,630.1**	1,483.2
Risk-weighted assets		
under Basel I: (BIS)		5,105.0
under Basel II: (BIS)		
Credit risk	4,461.4	
Non-counterparty related risk	68.6	
Market risk*	377.8	
Operational risk*	1,290.5	
Total risk-weighted assets	**6,198.3**	5,105.0

	31 December 2007 %	31 December 2006 %
Ratio	**26.3**	29.1

** Risk weighted figure calculated by taking 12.5 times the capital adequacy requirement.*

5. NET INTEREST INCOME

	Year ended 31 December 2007 CHF millions	Year ended 31 December 2006 CHF millions
Interest and discount income		
Banks and customers	**604.3**	455.5
Trading securities	**0.3**	0.5
Other investment securities	**161.6**	75.5
Total interest and discount income	**766.2**	531.5
Interest expense		
Banks and customers	**(512.4)**	(353.1)
Debt securities in issue	**(9.4)**	(6.3)
Total interest expense	**(521.8)**	(359.4)
Net interest income	**244.4**	172.1

6. NET BANKING FEE AND COMMISSION INCOME

Banking fee and commission income		
Lending activities commission	**0.9**	3.3
Securities and investment activities commission	**558.4**	414.3
Other services commission	**166.4**	61.4
Total fee and commission income	**725.7**	479.0
Commission expenses	**(135.9)**	(72.7)
Net banking fee and commission income	**589.8**	406.3

7. NET TRADING INCOME

Foreign exchange	**75.7**	46.6

8. NET INCOME FROM FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

Net income arising on:		
Equity securities	**4.6**	6.1
Debt securities	**0.7**	0.9
Total	**5.3**	7.0

9. OPERATING EXPENSES

	Year ended 31 December 2007 CHF millions	Year ended 31 December 2006 CHF millions
Staff costs (note 10)	**(365.8)**	(258.3)
Professional services	**(14.7)**	(10.2)
Advertising and marketing	**(6.1)**	(2.2)
Administrative expenses	**(74.5)**	(47.5)
Operating lease rentals	**(24.8)**	(19.6)
Depreciation of property, plant and equipment (note 27)	**(9.3)**	(6.0)
Amortisation of intangible assets		
Computer software and licences (note 26)	**(3.0)**	(4.9)
Other intangible assets (note 26)	**(21.2)**	(11.1)
Other	**(22.6)**	(14.4)
Operating expenses	**(542.0)**	(374.2)

10. STAFF COSTS

Wages, salaries and staff bonuses	**(297.3)**	(217.7)
Social security costs	**(26.4)**	(17.9)
Pension costs		
Defined benefits (note 33)	**(9.8)**	(3.5)
Defined contribution	**(12.7)**	(6.1)
Employee Stock Option plan (note 44)	**(8.8)**	(1.8)
Other	**(10.8)**	(11.3)
Staff costs	**(365.8)**	(258.3)

As at 31 December 2007 the number of employees of the Group was 1,864 and the average for the year was 1,666 (31 December 2006: 1,477 and average for the year: 1,265).

11. INCOME TAX EXPENSE

	Year ended 31 December 2007 CHF millions	Year ended 31 December 2006 CHF millions
Current tax	(38.7)	(23.2)
Deferred tax (note 12)	(1.9)	(7.0)
Total income tax expense	**(40.6)**	(30.2)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the parent, as follows:

Profit before tax	370.8	260.2
Tax at the weighted average applicable rate of 12% (2006: 11%)	(44.5)	(28.6)
Tax effect of:		
Income not subject to taxes	10.4	9.8
Different tax rates in different countries	(6.5)	(9.1)
Non-income taxes		(2.3)
Total income tax expense	**(40.6)**	(30.2)

The weighted average tax rate of 12% is based on the operating entities local tax rates relative to the taxable income in these jurisdictions.

12. DEFERRED INCOME TAXES

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

	31 December 2007 CHF millions	31 December 2006 CHF millions
Deferred income tax assets	11.0	7.2
Deferred income tax liabilities	(35.8)	(16.8)
Net deferred income tax liabilities	**(24.8)**	(9.6)

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

At 1 January	(9.6)	0.7
Income statement charge for period	(1.9)	(7.0)
Deferred tax adjustments related to prior years		1.3
Arising from acquisition	(13.3)	(4.3)
Exchange differences		(0.3)
At 31 December	**(24.8)**	(9.6)

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

Tax losses carried forward	10.9	6.8
Timing differences – income under IFRS not recognised in taxable income	0.1	0.1
Arising from acquisition		0.3
Deferred income tax assets	**11.0**	7.2
Arising from acquisition of intangibles	(34.5)	(16.4)
Timing differences – expenses under IFRS not recognised in taxable income	(1.3)	(0.4)
Deferred income tax liabilities	**(35.8)**	(16.8)
Net deferred income tax liabilities	**(24.8)**	(9.6)

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

Utilisation of tax losses carried forward	3.5	4.8
Creation of deferred tax assets	(7.6)	(1.8)
Pensions and other post retirement benefits	0.3	1.1
Other temporary differences	5.7	2.9
Deferred income tax charge	**1.9**	7.0

The Group has subsidiaries with tax losses of CHF 25.5 million (2006: CHF 4.7 million) to carry forward against future taxable income, that will expire after 2013. The Group does not intend to repatriate profits from subsidiaries in the near future, and thus does not record deferred tax in respect to undistributed profits.

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

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2007			
Interest and discount income	130.1	636.1	766.2
Interest expense		(521.8)	(521.8)
Net interest income	**130.1**	**114.3**	**244.4**
Banking fee and commission income	228.8	496.9	725.7
Banking fee and commission expense	(53.1)	(82.8)	(135.9)
Net banking fee and commission income	**175.7**	**414.1**	**589.8**
Net trading income	25.8	49.9	75.7
Net income from financial assets designated at fair value	0.7	4.6	5.3
Gains less losses from investment securities	1.2	(1.5)	(0.3)
Other operating (loss)/income	0.4	(1.5)	(1.1)
Net other income	**28.1**	**51.5**	**79.6**
Operating income	**333.9**	**579.9**	**913.8**
Impairment charge for credit losses		(1.0)	(1.0)
Operating expenses	(208.4)	(333.6)	(542.0)
Profit before tax	**125.5**	**245.3**	**370.8**
Income tax expense	(23.7)	(16.9)	(40.6)
Net profit for the year	**101.8**	**228.4**	**330.2**
Net loss attributable to minority shareholders	1.8		1.8
Net profit attributable to Group shareholders	**103.6**	**228.4**	**332.0**

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

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2006			
Interest and discount income	100.6	430.9	531.5
Interest expense	(6.2)	(353.2)	(359.4)
Net interest income	94.4	77.7	172.1
Banking fee and commission income	188.2	290.8	479.0
Banking fee and commission expense	(28.9)	(43.8)	(72.7)
Net banking fee and commission income	159.3	247.0	406.3
Dividend income		0.2	0.2
Net trading income	11.0	35.6	46.6
Net income from financial assets designated at fair value	7.0		7.0
Gains less losses from investment securities	0.1	0.7	0.8
Other operating income/(expense)	0.9	0.5	1.4
Net other income	19.0	37.0	56.0
Operating income	272.7	361.7	634.4
Operating expenses	(152.1)	(222.1)	(374.2)
Profit before tax	120.6	139.6	260.2
Income tax expense	(21.7)	(8.5)	(30.2)
Net profit for the year	98.9	131.1	230.0

14. CASH AND BALANCES WITH CENTRAL BANKS

	31 December 2007 CHF millions	31 December 2006 CHF millions
Cash in hand	**6.9**	8.6
Balances with central banks	**66.8**	34.9
Cash and balances with central banks	**73.7**	43.5

15. 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:

Cash and balances with central banks	73.7	43.5
Treasury bills and other eligible bills	**794.6**	819.1
Due from other banks - At sight	**702.6**	353.3
Due from other banks - At term	**2,774.0**	4,941.8
Financial assets designated at fair value	**25.5**	
Cash and cash equivalents	**4,370.4**	6,157.7

16. TREASURY BILLS AND OTHER ELIGIBLE BILLS

	31 December 2007 CHF millions	31 December 2006 CHF millions
Treasury bills	794.6	827.0
Other eligible bills		
Treasury bills and other eligible bills	**794.6**	827.0
Pledged treasury bills with central banks and clearing system companies.	*38.8*	*14.6*

Treasury bills and other eligible bills are debt securities purchased with a maximum term of three months.
All Treasury bills are subject to variable interest rate risk due to maturities under 3 months.

17. DUE FROM OTHER BANKS

Due from other banks		
At sight	702.6	353.3
At term - with maturity in less than 90 days	2,774.0	4,941.8
At term - with maturity in more than 90 days	24.4	48.2
Due from other banks	**3,501.0**	5,343.3

18. LOANS AND ADVANCES TO CUSTOMERS

Individual (retail customers)		
Due from customers	6,474.2	4,905.2
Mortgages	1,449.1	1,243.0
Gross loans and advances	**7,923.3**	6,148.2
Less: Provision for impairment losses (note 19)	(3.3)	(2.2)
Net loans and advances	**7,920.0**	6,146.0

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

	31 December 2007 CHF millions	31 December 2007 %	31 December 2006 CHF millions	31 December 2006 %
Europe (other)	2,229.8	28.2	1,156.8	18.8
Latin America and Caribbean	2,035.1	25.7	1,817.5	29.6
Asia and Oceania	1,468.0	18.5	1,312.0	21.3
United Kingdom	849.5	10.7	851.9	13.9
Luxembourg	636.5	8.0	285.3	4.6
Switzerland	295.1	3.7	378.4	6.2
Africa and Middle East	226.6	2.9	161.8	2.6
Greece	107.4	1.4	127.1	2.1
United States and Canada	72.0	0.9	55.2	0.9
Total	**7,920.0**	**100.0**	6,146.0	100.0

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

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

	31 December 2007 CHF millions	31 December 2006 CHF millions
At 1 January	2.2	2.2
Exchange rate movements	0.1	
Impairment charge for credit losses	1.0	
At 31 December	**3.3**	2.2

20. COLLATERAL FOR LOANS

Loans and advances to customers		
Mortgages	1,449.1	1,243.0
Secured by other collateral	6,414.3	4,875.3
Unsecured	56.6	27.7
Total loans and advances	**7,920.0**	6,146.0
Off-balance-sheet commitments		
Contingent liabilities secured by other collateral	644.4	587.9
Contingent liabilities unsecured	9.2	8.3
Total	**653.6**	596.2

See note 4.1 for further details on collateral.

21. DERIVATIVE FINANCIAL INSTRUMENTS

21.1 Derivatives

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

Currency, gold and precious metal forwards represent commitments to purchase or sell currency, gold and precious metals. Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. Credit default swaps are contracts in which one party - the protection buyer - pays a fee or premium to another - the protection seller - to protect against the loss that may be incurred on exposure to an individual loan or bond as a result of an unforeseen credit event.

The Group’s credit risk represents the potential cost to replace the forward or swap 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.

Currency, interest rate, equity, gold and precious metal 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 currency, interest rate or commodity 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.

Index futures are contractual obligations to receive or pay a net amount based on changes in an exchange index on a future date at a specified price established in an organised market. Credit risk is negligible because futures contracts are collateralised by cash or marketable securities, and changes in their value are settled daily.

21. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The notional amounts of financial instruments provide a basis for comparison, but do not indicate the amount of future cash flows, or the current fair value of the underlying instruments. Accordingly, they do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates, relative to their terms. The 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:

	31 December 2007			31 December 2006		
	Contract/ notional amount CHF millions	Fair value Assets CHF millions	Fair value Liabilities CHF millions	Contract/ notional amount CHF millions	Fair value Assets CHF millions	Fair value Liabilities CHF millions
Derivatives held for trading						
Currency derivatives						
Currency forwards	14,069.3	153.6	164.6	13,392.5	92.4	83.2
OTC currency options	1,488.6	55.4	52.4	6,623.5	18.8	19.1
		209.0	**217.0**		111.2	102.3
Interest rate derivatives						
Interest rate swaps	94.4	3.7	3.9	35.0	2.7	2.7
OTC interest rate options	97.9	2.2	4.1	606.3	0.5	2.6
		5.9	**8.0**		3.2	5.3
Other derivatives						
Equity options and index futures	66.4	8.5	9.0	298.5	3.1	1.9
Credit default swaps	788.0		0.9			
		8.5	**9.9**		3.1	1.9
Total derivative assets/liabilities held for trading		**223.4**	**234.9**		117.5	109.5
Derivatives held for hedging						
Derivatives designated as fair value hedges						
Interest rate swaps	39.5		0.7	78.7	0.1	1.4
Total derivative assets/liabilities held for hedging		**-**	**0.7**		0.1	1.4
Total derivatives assets/liabilities		**223.4**	**235.6**		117.6	110.9

21.2 Hedging activities

The hedging practices and accounting treatment are disclosed in note 2(d).

(a) Fair value hedges

The Group hedges its interest rate risk resulting from a potential decrease in the fair value of fixed rate bond assets or loans, by using interest rate swaps. The net fair value of these swaps at 31 December 2007 was negative CHF 0.7 million (2006: negative CHF 1.3 million).

22. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE

		31 December 2007 CHF millions	31 December 2006 CHF millions
Issued by non public issuers:	banks	1.0	2.8
Issued by non public issuers:	other	36.6	6.0
Total		**37.6**	8.8
Equity securities - at fair value:	listed	29.2	0.6
Equity securities - at fair value:	unlisted	8.0	8.1
Debt securities - at fair value:	unlisted	0.4	0.1
Total		**37.6**	8.8

The movement in the account is as follows:

	31 December 2007 CHF millions	31 December 2006 CHF millions
At 1 January	8.8	7.8
Additions	30.7	1.6
Disposals (sale and redemption)	(3.7)	(2.2)
Gains from changes in fair value	1.8	1.6
At 31 December	**37.6**	8.8

23. INVESTMENT SECURITIES - AVAILABLE-FOR-SALE

		31 December 2007 CHF millions	31 December 2006 CHF millions
Issued by public bodies:	government	338.5	16.7
Issued by public bodies:	other public sector	132.8	36.4
Issued by other issuers:	banks	2,189.8	1,662.2
Issued by other issuers:	life insurance companies	76.1	
Issued by other issuers:	other	800.5	46.5
Total		**3,537.7**	1,761.8

The investment securities “issued by other issuers - other” above of CHF 800.5 million relates primarily to an unrated bond (see note 4.1.6) of CHF 788 million on which the Group has entered into a credit default swap and holds a term deposit as collateral, which eliminates any credit risk on these investment securities.

	31 December 2007 CHF millions	31 December 2006 CHF millions
Listed	492.0	195.6
Quoted	235.7	72.8
Unquoted - Securities	2,733.9	1,493.4
Unquoted - Life insurance polices	76.1	
Total	**3,537.7**	1,761.8

Debt securities - at fair value:	Listed	491.7	171.2
Debt securities - at fair value:	Quoted	235.1	72.8
Debt securities - at fair value:	Unquoted	2,733.2	1,491.1
Equity securities - at fair value:	Listed	0.3	24.4
Equity securities - at fair value:	Quoted	0.6	
Equity securities - at fair value:	Unquoted	0.7	2.3
Life insurance policies securities - at fair value:	Unquoted	76.1	
Gross securities available-for-sale		**3,537.7**	1,761.8
Allowance for impairment		-	-
Total		**3,537.7**	1,761.8

Pledged securities with central banks and clearing system companies.	*33.0*	*33.0*

The movement in the account is as follows:

At 1 January	1,761.8	903.7
Exchange differences	(141.2)	67.3
Additions	6,678.3	5,831.2
Disposals (sale and redemption)	(4,808.5)	(5,064.9)
Gains from changes in fair value	11.6	(3.0)
Accrued interest	35.7	27.5
At 31 December	**3,537.7**	1,761.8

23. INVESTMENT SECURITIES - AVAILABLE-FOR-SALE (CONTINUED)

Equity reserve - revaluation of the investment securities available-for-sale:
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. (note 35).

The movement of the reserve, is as follows:

	31 December 2007 CHF millions	31 December 2006 CHF millions
At 1 January	(4.3)	(1.4)
Net gains/(losses) from changes in fair value for the year	9.1	(2.8)
Tax effect on changes in fair value	(0.1)	
Net gains/(losses) transferred to net profit on disposal	2.5	(0.1)
At 31 December	**7.2**	(4.3)

24. INVESTMENT SECURITIES - HELD-TO-MATURITY

Issued by public bodies:	government	166.7	161.3
Issued by public bodies:	other public sector	266.2	258.5
Issued by other issuers:	banks	133.2	129.2
Total		**566.1**	549.0

Debt securities comprise constant maturity swap (CMS) indexed bonds which are all listed/quoted. There is no impairment on these bonds. The Group has not reclassified any investment securities, during the year (2006: Nil).

The movement of the reserve, is as follows:

	31 December 2007 CHF millions	31 December 2006 CHF millions
At 1 January	**549.0**	530.4
Exchange differences on monetary assets	16.5	17.6
Additions	0.2	
Accrued interest	0.4	1.0
At 31 December	**566.1**	549.0
Pledged securities with central banks and clearing system companies.	*132.3*	*128.6*

25. SHARES IN SUBSIDIARY UNDERTAKINGS

The following is a listing of the Group's main subsidiaries at 31 December 2007:

Name	Line of business	Country of incorporation		Share Capital in millions
Main Subsidiaries				
EFG Bank, Zurich	Bank	Switzerland	CHF	162,410
EFG Eurofinancière d'Investissements SAM, Monaco	Bank	Monaco	EUR	26,944
EFG Bank (Gibraltar) Ltd, Gibraltar	Bank	Gibraltar	GBP	3,000
EFG Bank & Trust (Bahamas) Ltd, Nassau	Bank	Bahamas	USD	20,000
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	1,591
EFG Private Bank (Channel Islands) Ltd, Guernsey	Bank	Guernsey	GBP	5,000
EFG Investment Bank AB, Stockholm	Bank	Sweden	SEK	100,000
PRS Investment Services (Cayman) Ltd*	Private Banking & Fund Administration	Cayman Islands	USD	250
PRS International Consulting Inc, Miami*	Investment Advisory & Fund Administration	USA	USD	879
Bull Capital Management Inc, Toronto*	Investment Advisory	Canada	CAD	275
Bull Wealth Management Group Inc, Toronto*	Investment Advisory	Canada	CAD	276
EFG Offshore Ltd, Jersey	Trust Services	Jersey	GBP	841
EFG Platts Flello Ltd, Birmingham	Financial Planning	England & Wales	GBP	2
Ashby London Financial Services Ltd, Wolverhampton*	Financial Planning	England & Wales	GBP	238
Planning for Financial Independence Ltd, London	Financial Planning	England & Wales	GBP	1
SIF Swiss Investment Funds SA, Geneva	Funds Administration	Switzerland	CHF	2,500
C.M. Advisors Ltd, Hamilton	Hedge Fund Management	Bermuda	USD	12
EFG Wealth Management Ltd, London	Asset Management	England & Wales	GBP	365
New Capital Fund Management Ltd, Dublin	Asset Management	Republic of Ireland	EUR	125
Quesada Kapitalförvaltning AB*	Asset Management	Sweden	SEK	2,000
EFG Capital International Corp, Miami	Broker-dealer	USA	USD	12,200
EFG Financial Products AG, Zurich*	Securities Dealer	Switzerland	CHF	5,000
EFG Financial Products (Guernsey) Ltd*	Issuing Entity	Guernsey	CHF	5,000
EFG Finance (Bermuda) Ltd, Hamilton	Finance Company	Bermuda	USD	12
EFG Finance (Guernsey) Ltd, Guernsey	Finance Company	Guernsey	EUR	26
EFG Finance (Jersey) Ltd, Jersey	Finance Company	Jersey	CHF	250,000
EFG Investment (Luxembourg) SA, Luxembourg	Holding	Luxembourg	EUR	548,785
EFG International (Bermuda) Ltd, Hamilton	Holding	Bermuda	USD	105,024
EFG Investment (Bermuda) Ltd, Hamilton	Holding	Bermuda	USD	12

All the subsidiaries above are 100% held, with the exception of EFG Financial Products AG and EFG Financial Products (Guernsey) Ltd, where the Group effectively holds 55.22% (effective holding increasing to 77.61% including a holding which is subject to conditional call rights held by the Group).

**Acquired/incorporated in 2007. See Intangible assets (note 26) for details of material acquisitions.*

26. INTANGIBLE ASSETS

	Computer software and licences CHF millions	Other Intangible Assets CHF millions	Goodwill CHF millions	Intangible Assets CHF millions
At 1 January 2006				
Cost	25.1	33.0	333.7	391.8
Accumulated amortisation	(18.1)	(1.1)	(21.3)	(40.5)
Net book value	7.0	31.9	312.4	351.3
Year ended December 2006				
Opening net book amount	7.0	31.9	312.4	351.3
Additions	4.6	130.4	439.9	574.9
Acquisition of subsidiary, net of amortisation	0.2	1.7		1.9
Amortisation charge for the year - Computer software and licences	(4.9)			(4.9)
Amortisation charge for the year - Other intangible assets		(11.1)		(11.1)
Exchange rate adjustments	0.1	(0.9)	(1.4)	(2.2)
Closing net book value	7.0	152.0	750.9	909.9
At 31 December 2006				
Cost	32.2	164.3	771.9	968.4
Accumulated amortisation	(25.2)	(12.3)	(21.0)	(58.5)
Net book value	7.0	152.0	750.9	909.9
Year ended December 2007				
Opening net book amount	7.0	152.0	750.9	909.9
Additions	8.3	74.9	264.5	347.7
Amortisation charge for the year - Computer software and licences	(3.0)			(3.0)
Amortisation charge for the year - Other intangible assets		(21.2)		(21.2)
Exchange rate adjustments	(0.4)	(11.5)	(30.1)	(42.0)
Closing net book value	**11.9**	**194.2**	**985.3**	**1,191.4**
At 31 December 2007				
Cost	40.1	227.7	1,006.3	1,274.1
Accumulated amortisation and impairment	(28.2)	(33.5)	(21.0)	(82.7)
Net book value	**11.9**	**194.2**	**985.3**	**1,191.4**

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.

IFRS 1 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 the 1 January 2004 transition date; except for the contingent amounts forming part of contingent purchase considerations, which have been subsequently finalised. However, the Group had under Swiss accounting principles applicable to banks, classified the difference between the fair value of the consideration paid and the fair value of the net assets acquired, as other intangible assets. Accordingly, these amounts have been reclassified under IFRS as goodwill as no purchase price allocation, required by IFRS, had been done at acquisition. The Group believes that the majority of goodwill, created by acquisitions prior to 1 January 2004; arose as a result of acquiring "client relationships".

26.1 Increase in acquisition related intangibles during 2007

	Other Intangible Assets CHF millions	Goodwill CHF millions	Total CHF millions
PRS Group	51.7	84.5	136.2
Derivatives Structured Asset Management unit ("DSAM")		75.0	75.0
Quesada Kapitalförvaltning AB	15.3	57.1	72.4
C.M. Advisors Ltd		35.4	35.4
Others	7.9	12.5	20.4
	74.9	**264.5**	**339.4**

(i) PRS Group

On 30 March 2007, the Group acquired 100% of the issued share capital of Cayman/Miami based PRS Group, effective 30 March 2007. PRS Group has been a leader in hedge fund investing since 1987. The transaction gave rise to goodwill of CHF 84.5 million, after a contingent purchase consideration of CHF 61.8 million and intangible assets of CHF 51.7 million. The Intangible assets are amortised over 5 to 23 year periods depending on their nature. The fair value of net assets acquired was CHF 3.5 million, and the acquiree's previous carrying value of tangible assets acquired was not significantly different from their fair value. For the period ending 31 December 2007, the acquired company contributed a net profit of CHF 9.2 million, before amortisation of intangible assets linked to the acquisition (CHF 7.5 million after amortisation).

If the acquisition had occurred on 1 January 2007, rather than the actual closing date of 30 March 2007, the operating income contribution would have been CHF 25.4 million, and the net profit contribution CHF 11.9 million before amortisation of intangible assets, linked to the acquisition.

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

	CHF millions
Purchase consideration paid (discharged by cash)	73.8
Contingent purchase consideration	61.8
Total purchase consideration	**135.6**
Comprising:	
Fair value of net assets acquired	3.5
Intangible Assets acquired	
Client relationships	47.3
Non-compete agreements	2.4
Trademarks	0.6
Leasehold Interest	0.3
Software	1.1
Deferred tax liabilities arising on intangible assets	(4.1)
	51.1
Goodwill	84.5
Total purchase consideration	**135.6**
Purchase consideration paid (discharged by cash)	73.8
Less: Cash and cash equivalents in subsidiary acquired	
Net cash outflow on acquisition	**73.8**

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

(ii) Quesada Kapitalförvaltning AB

On 20 April 2007, the Group acquired 100% of the issued share capital of Stockholm based Quesada Kapitalförvaltning AB, effective 1 January 2007. The transaction gave rise to goodwill of CHF 57.1 million, after a contingent purchase consideration of CHF 51.7 million; and intangible assets of CHF 15.3 million. The Intangible assets are amortised over 5 to 15 year periods depending on their nature. The fair value of net assets acquired was CHF 1 million and the acquirees previous carrying value of tangible assets acquired was not significantly different from their fair value. For the period ending 31 December 2007, the acquired company contributed a net profit of CHF 12.5 million, before amortisation of intangible assets linked to the acquisition (CHF 11.6 million after amortisation).

Details of fair value of net assets acquired and goodwill/intangible assets arising, are as follow:

	CHF millions
Purchase consideration paid (discharged by cash)	17.4
Contingent purchase consideration	51.7
Total purchase consideration	**69.1**
Comprising:	
Fair value of net assets acquired	1.0
Intangible Assets acquired	
Client relationships	11.9
Trademarks	1.7
Non-compete agreements	1.7
Deferred tax liabilities arising on intangible assets	(4.3)
	12.0
Goodwill	57.1
Total purchase consideration	**69.1**
Purchase consideration paid (discharged by cash)	17.4
Less: Cash and cash equivalents in subsidiary acquired	
Net cash outflow on acquisition	**17.4**

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

(iii) Derivatives Structured Asset Management unit ("DSAM")

At acquisition, goodwill of CHF 142.1 million relating to contingent purchase payments, and net intangible assets of CHF 3.4 million relating to the non compete agreements, was created. On 31 December 2007, the estimated contingent purchase payments were reassessed based on the performance of the business in 2007; and goodwill was increased by CHF 75.0 million (2006: CHF 86.0 million) and after amortisation of intangibles of CHF 1.4 million, the carrying value is CHF 305.1 million.

(iv) C.M. Advisors Limited

At acquisition, goodwill of CHF 263.6 million and intangible assets of CHF 65.2 million, was created based on estimated contingent purchase payments. On 31 December 2007, the estimated contingent purchase payments were reassessed based on the performance of the business in 2007; and goodwill was increased by CHF 35.4 million. The current carrying value of goodwill and intangibles after the effects of exchange rates and amortisation of intangibles is CHF 317.7 million.

26.2 Impairment tests

Goodwill is allocated to cash generating units that have been identified on the basis of each acquisition performed until 31 December 2007. Carrying values have been compared to recoverable amounts, which are calculated on fair value less 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.

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

31 December 2007	Intangible Assets CHF millions	Goodwill CHF millions	Total CHF millions
C.M. Advisors Limited	42.0	275.7	317.7
Derivatives Structured Asset Management unit (“DSAM”)	2.0	303.1	305.1
PRS Group	46.0	78.2	124.2
Harris Allday	43.1	51.6	94.7
Banque Edouard Constant		76.3	76.3
Quesada Kapitalförvaltning AB	14.4	58.8	73.2
Banque Monégasque de Gestion	10.5	32.0	42.5
Bank von Ernst (Liechtenstein) AG	11.2	34.7	45.9
Other Cash Generating Units	25.0	74.9	99.9
Total carrying values	**194.2**	**985.3**	**1,179.5**

For each of these units, fair values have been calculated using two methodologies. Firstly, on the basis of the recoverable Net Asset Value and goodwill/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 2007).

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 the Group has agreed to pay for certain acquisitions with earn-outs in order to reduce acquisition risk. 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.

For DSAM, during the earn-out period, the estimated consideration of the acquisition may increase or decrease. Goodwill recognised in the balance sheet, will vary according to the change in the contingent purchase consideration.

At 31 December 2007, 61.7% of the estimated acquisition price had already been fixed. The remaining 38.3% of the estimated acquisition price relates to estimated future payments which will be made over the next four years based on a fixed predefined Price/Earnings ratio.

For CMA, at 31 December 2007, 63.7% of the estimated acquisition price had already been fixed. The remaining 36.3% of the estimated acquisition price relates to estimated future payments derived from a predefined fixed factor based of the earnings for 2008 to 2010 of the company acquired.

For PRS, at 31 December 2007, 65% of the estimated acquisition price had already been fixed. The remaining 35% of the estimated acquisition price relates to estimated future payments derived from a predefined fixed factor based of the earnings for 2008 to 2011 of the company acquired.

For Quesada Kapitalförvaltning AB, at 31 December 2007, 43% of the estimated acquisition price had already been fixed. The remaining 57% of the estimated acquisition price relates to estimated future payments derived from a predefined fixed factor based of the earnings for 2008 to 2011 of the company acquired.

27. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements CHF millions	Furniture, equipment motor vehicles CHF millions	Computer hardware CHF millions	Total CHF millions
At 1 January 2006				
Cost	26.9	17.0	24.8	68.7
Accumulated depreciation	(11.1)	(12.4)	(15.4)	(38.9)
Net book value	15.8	4.6	9.4	29.8
Year ended December 2006				
Opening net book amount	15.8	4.6	9.4	29.8
Additions	4.6	2.4	3.7	10.7
Acquisition of subsidiary	0.2	0.5	0.5	1.2
Depreciation charge for the year	(2.5)	(1.5)	(2.0)	(6.0)
Disposal and write-offs	(0.5)		(0.8)	(1.3)
Exchange rate adjustments	0.1	0.3	(0.1)	0.3
Closing net book value	17.7	6.3	10.7	34.7
At 31 December 2006				
Cost	32.0	21.7	31.1	84.8
Accumulated depreciation	(14.3)	(15.4)	(20.4)	(50.1)
Net book value	17.7	6.3	10.7	34.7
Year ended December 2007				
Opening net book amount	**17.7**	**6.3**	**10.7**	**34.7**
Additions	**8.5**	**2.8**	**12.0**	**23.3**
Acquisition of subsidiary	**0.2**	**0.9**	**0.3**	**1.4**
Depreciation charge for the year	**(2.6)**	**(1.8)**	**(4.9)**	**(9.3)**
Depreciation charge for prior years - through Other reserves (note 35)			**(3.8)**	**(3.8)**
Disposal and write-offs	**(0.4)**	**(0.2)**	**(0.2)**	**(0.8)**
Exchange rate adjustments	**(0.4)**	**(0.7)**	**0.4**	**(0.7)**
Closing net book value	**23.0**	**7.3**	**14.5**	**44.8**
At 31 December 2007				
Cost	**38.9**	**23.2**	**41.9**	**104.0**
Accumulated depreciation	**(15.9)**	**(15.9)**	**(27.4)**	**(59.2)**
Net book value	**23.0**	**7.3**	**14.5**	**44.8**

28. OTHER ASSETS

	At 31 December 2007 CHF millions	At 31 December 2006 CHF millions
Prepaid expenses and accrued income	45.8	69.6
Settlement balances	33.6	44.6
Other assets	55.9	25.4
Other assets	**135.3**	139.6

29. DUE TO OTHER BANKS

Due to other banks at sight	443.8	448.4
Due to other banks at term	363.3	226.9
Due to other banks	**807.1**	675.3

30. DUE TO CUSTOMERS

Savings and current accounts	990.0	2,891.7
Term deposits	12,589.6	9,102.2
Due to customers	**13,579.6**	11,993.9

31. DEBT SECURITIES IN ISSUE

Subordinated notes			
EUR 100 million floating rate note, less part owned by Group companies			
Due 17 December 2013	*Interest rate 4.95%*	**158.0**	153.4

The floating rate note bears interest at rates fixed in advance, for periods of three months. The Group's subordinated loan is not secured and the Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the period (2006: Nil).

32. OTHER LIABILITIES

Contingent acquisition obligations	527.0	407.1
Deferred income and accrued expenses	110.9	88.8
Settlement balances	45.9	42.4
Short term compensated absences	1.6	4.6
Retirement benefit obligations (note 33)		1.0
Other liabilities	56.5	71.7
Total other liabilities	**741.9**	615.6

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.

33. RETIREMENT BENEFIT OBLIGATIONS

As the Group applies 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”), due to its relative size. The Channel Islands plan has funded obligations of CHF 5.5 million, the fair value of plan assets is CHF 4.9 million and the unfunded liability decreased by CHF 0.3 million in the current year.

The Switzerland plan - defined benefit

The movement in the present value of the funded obligation, is as follows:

	At 31 December 2007 CHF millions	At 31 December 2006 CHF millions
At 1 January	**149.9**	126.1
Service cost	6.7	4.6
Employee’s contributions	5.1	5.6
Benefit payments	4.0	1.2
Interest cost	4.4	4.0
Pension transfers	(2.8)	3.4
Actuarial (gain)/loss for the year	(4.3)	5.0
At 31 December	**163.0**	149.9

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

At 1 January	**144.3**	119.7
Employee’s contributions	5.1	5.6
Employer’s contributions	10.8	7.8
Benefit payments	4.0	1.2
Expected return on plan assets	6.1	5.3
Actuarial (gain)/loss for the year	(2.1)	1.4
Pension transfers	(2.8)	3.3
At 31 December	**165.4**	144.3

33. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Amounts recognised in the Balance sheet, includes:

	At 31 December 2007 CHF millions	At 31 December 2006 CHF millions	At 31 December 2005 CHF millions
At 31 December			
Present value of funded obligation	**163.0**	149.9	126.1
Fair value of plan assets	**(165.4)**	(144.3)	(119.7)
Deficit/(surplus)	**(2.4)**	5.6	6.4
Unrecognised actuarial loss	**(2.4)**	(4.6)	(1.0)
Pension (prepaid)/accrual	**(4.8)**	1.0	5.4
Unrecognised asset at year end	**4.8**		
Net liability recognised in balance sheet (included in Other liabilities - note 32)	**-**	1.0	5.4
Experience adjustments on plan liabilities	**2.6**	5.0	1.9
Experience adjustments on plan assets	**2.1**	(1.4)	(5.7)

None of the plan assets have been pledged as collateral (2006: Nil).

The movement in net liability, is as follows:

	At 31 December 2007 CHF millions	At 31 December 2006 CHF millions
At 1 January	**1.0**	5.3
Net periodic pension cost	**5.0**	3.5
Employer's contributions	**(10.8)**	(7.8)
Pension (prepaid)/accrual	**(4.8)**	1.0
Unrecognised asset at year end	**4.8**	
At 31 December	**-**	1.0

The movement in unrecognised actuarial loss, is as follows:

At 1 January	**4.6**	1.0
Actuarial (gain)/loss for the year arising on defined benefit obligation	**(4.3)**	5.0
Actuarial loss/(gain) arising on the plan assets	**2.1**	(1.4)
At 31 December	**2.4**	4.6

The movement recognised in the Income statement, is as follows:

Service cost	**6.7**	4.6
Interest cost	**4.4**	4.0
Expected return on plan assets	**(6.1)**	(5.3)
Cost of transfers		0.2
Net periodic pension cost (note 10)	**5.0**	3.5
Supplemental cost under p58 IAS 19	**4.8**	
Total periodic pension cost	**9.8**	3.5

33. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The asset allocation, is as follows:

	At 31 December 2007 %	At 31 December 2006 %
Debt instruments	63.4	58.7
Equity instruments	25.4	22.0
Cash	2.0	11.7
Real estate	6.3	6.1
Other	2.9	1.5
	100.0	100.0

The principal annual actuarial assumption used, were as follows:

Discount rate (p.a)	3.25	3.00
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
Turnover (average) (p.a)	13.75	13.75

	At 31 December 2007 Age	At 31 December 2006 Age
Retirement age (Male/Female)	65/65	65/65

The assumptions regarding expected mortality rates are set based on advice, published statistics and experience. The average life expectancy at 31 December 2007, of a male pensioner aged 65 is 17.6 years and a female pensioner is 20.4 years.

The 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 2008 are CHF 11.9 million.

34. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

The following is an analysis of the movement of share capital and share premium. 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.

34.1 Share Capital

	with voting right CHF millions	without voting right CHF millions	Treasury Shares with voting rights CHF millions	Treasury Shares Bons de Participation B CHF millions	Net CHF millions
At 1 January 2006	73.4	6.0	-	(0.1)	79.3
No changes in 2006					-
At 31 December 2006	73.4	6.0	-	(0.1)	79.3
Preference shares repurchased				(0.0)	(0.0)
Ordinary shares repurchased			(0.9)		(0.9)
At 31 December 2007	**73.4**	**6.0**	**(0.9)**	**(0.1)**	**78.4**

34.2 Share Premium

	with voting right CHF millions	without voting right CHF millions	Treasury Shares with voting rights CHF millions	Treasury Shares Bons de Participation B* CHF millions	Net CHF million
At 1 January 2006	1,324.7	2.0	18.8	(7.2)	1,338.3
No changes in 2006					-
At 31 December 2006	1,324.7	2.0	18.8	(7.2)	1,338.3
Preference shares repurchased				(0.1)	(0.1)
Ordinary shares repurchased			(75.1)		(75.1)
At 31 December 2007	**1,324.7**	**2.0**	**(56.3)**	**(7.3)**	**1,263.1**

** Each Bon de Participation B represents the part of the Fiduciary Certificate issued by EFG International and are also linked to an interest in the Class B share issued by EFG Finance (Guernsey) Ltd.*

34.3 Number of shares

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

Nominal	with voting right CHF 0.50	without voting right CHF 15.--	Treasury Shares with voting rights CHF 0.50	Treasury Shares Bons de Participation B CHF 15.--	Net
At 1 January 2006	146,670,000	400,000		(4,865)	
No changes in 2006					
At 31 December 2006	146,670,000	400,000	-	(4,865)	
Preference shares repurchased				(100)	
Ordinary shares repurchased			(1,642,791)		
At 31 December 2007	**146,670,000**	**400,000**	**(1,642,791)**	**(4,965)**	
Net share capital (CHF milions)	**73.4**	**6.0**	**(0.9)**	**(0.1)**	**78.4**

35. OTHER RESERVES

	IAS 39 equity CHF millions	Employee share option plan CHF millions	Other CHF millions	Total CHF millions
Balance at 1 January 2006	(1.4)		545.5	544.1
Employee stock option plan		1.8		1.8
Cost of share capital increase in subsidiaries			(0.8)	(0.8)
Available-for-sale securities				
Net changes in fair value, net of tax	(2.8)			(2.8)
Transfer to net profit, net of tax	(0.1)			(0.1)
Currency translation adjustments			25.1	25.1
At 31 December 2006	(4.3)	1.8	569.8	567.3
At 1 January 2007	**(4.3)**	**1.8**	**569.8**	**567.3**
Cost of share capital increase in subsidiaries			(1.0)	(1.0)
Employee stock option plan		8.8		8.8
Other reserves adjustment (note 27)*			(3.8)	(3.8)
Other reserves adjustment - tax impact*			1.0	1.0
Available-for-sale securities				
Changes in fair value	9.1			9.1
Tax effect on changes in fair value	(0.1)			(0.1)
Transfer to net profit, net of tax	2.5			2.5
Currency translation adjustments			(66.7)	(66.7)
At 31 December 2007	**7.2**	**10.6**	**499.3**	**517.1**

* *Additional depreciation recognised due to error in accumulated depreciation of Computer Hardware from financial years prior to first time adoption of IFRS. For period since IFRS adoption in 2005, Other Reserves would have been overstated by CHF 2.8 million net of tax effect. This would have had no impact on earnings per share in the periods since adoption of IFRS.*

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

Based on location of assets and liabilities

	Total assets CHF millions	Total liabilities CHF millions	Contingent liabilities CHF millions
At 31 December 2007			
Switzerland	**3,630.6**	**1,554.8**	**91.9**
Europe E.U.	**4,795.4**	**4,531.2**	**273.3**
Other Europe	**4,820.9**	**3,323.2**	**152.5**
The Americas	**2,045.6**	**2,713.3**	**369.2**
Africa, Asia and Oceania	**2,744.1**	**3,475.0**	**141.4**
Total	**18,036.6**	**15,597.5**	**1,028.3**
At 31 December 2006			
Switzerland	1,278.4	1,048.3	296.3
Europe E.U.	5,572.6	3,734.6	226.0
Other Europe	3,407.6	1,370.8	344.2
The Americas	3,206.3	4,832.0	140.1
Africa, Asia and Oceania	2,423.5	2,598.2	75.6
Total	15,888.4	13,583.9	1,082.2

37. CONTINGENT LIABILITIES AND COMMITMENTS

37.1 Contingent liabilities

	31 December 2007 CHF millions	31 December 2006 CHF millions
Guarantees issued in favour of third parties	**653.6**	596.2
Irrevocable commitments	**374.7**	486.0
Total	**1,028.3**	1,082.2

37.2 Future annual commitments under operating leases

Due within one year	**21.7**	16.2
Due between one and five years	**49.4**	39.7
Due beyond five and up to 10 years	**38.2**	29.6
Due beyond 10 and up to 15 years	**19.4**	9.2
	128.7	94.7
Less sublease rentals receivable under non-cancellable leases	**(0.1)**	(0.1)
Total	**128.6**	94.6

38. FIDUCIARY TRANSACTIONS

Fiduciary transactions with third party banks	**6,331.8**	5,050.9
Deposits with affiliated banks of the Group	**709.5**	401.7
Loans and other fiduciary transactions	**18.8**	17.2
Total	**7,060.1**	5,469.8

39. 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.

39.1 Geographic segmentation

For comparison purposes, the Group shows four main geographical regions, which follow the Group's 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, Canada, Bahamas and Latin America.

	Europe Cross-Border CHF millions	Europe Onshore CHF millions	Asia CHF millions	The Americas CHF millions	Elimination CHF millions	Total CHF millions
At 31 December 2007						
Segment revenue from external customers	463.4	303.3	102.6	65.4	(20.9)	913.8
Cost to acquire intangible assets	(2.1)	(16.5)		(2.6)		(21.2)
Segment profit before tax	230.6	103.7	30.3	6.2		370.8
Income tax expense						(40.6)
Net profit for the year						330.2
Net loss attributable to minority shareholders						1.8
Net profit attributable to Group shareholders						**332.0**
Segment assets	15,922.4	6,015.9	4,322.2	446.7	(8,670.6)	18,036.6
Segment liabilities	14,566.9	5,246.4	4,298.2	319.6	(8,833.6)	15,597.5
At 31 December 2006						
Segment revenue from external customers	395.5	198.0	65.4	32.6	(57.1)	634.4
Cost to acquire intangible assets	(1.1)	(9.1)		(0.9)		(11.1)
Segment profit before tax	170.0	73.1	16.8	0.3		260.2
Income tax expense						(30.2)
Net profit attributable to Group shareholders						230.0
Segment assets	13,325.2	4,826.5	3,282.4	269.6	(5,815.3)	15,888.4
Segment liabilities	9,694.8	4,290.7	3,269.9	248.1	(3,919.6)	13,583.9

39.2 Business segmentation

In February 2006 the Group acquired C.M. Advisors Limited (CMA), a fund of hedge fund business. The Group believes that the risk return profile of CMA is not significantly different from the Group's private banking activities. However, a second business segment is reported under "Fund of Hedge Funds Management", for relative size purposes.

	Private Banking CHF millions	Fund of Hedge Funds Management CHF millions	Elimination CHF millions	Total CHF millions
At 31 December 2007				
Segment revenue from external customers	851.6	63.8	(1.6)	913.8
Cost to acquire intangible assets	(9.5)	(11.7)		(21.2)
Segment profit before tax	329.3	43.1	(1.6)	370.8
Income tax expense				(40.6)
Net profit for the year				330.2
Net loss attributable to minority shareholders				1.8
Net profit attributable to Group shareholders				**332.0**
Segment assets	17,696.2	340.4		18,036.6
Segment liabilities	15,408.1	189.4		15,597.5
At 31 December 2006				
Segment revenue from external customers	583.3	51.6	(0.5)	634.4
Cost to acquire intangible assets	(3.9)	(7.2)		(11.1)
Segment profit before tax	223.7	37.2	(0.7)	260.2
Income tax expense				(30.2)
Net profit attributable to Group shareholders				230.0
Segment assets	15,546.7	341.7		15,888.4
Segment liabilities	13,377.1	206.8		13,583.9

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

Based on location of entity

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
At 31 December 2007			
Assets			
Cash and balances with central banks	34.3	39.4	73.7
Treasury bills and other eligible bills	38.1	756.5	794.6
Due from other banks	1,413.4	2,087.6	3,501.0
Loans and advances to customers	2,927.6	4,992.4	7,920.0
Derivative financial instruments	129.5	93.9	223.4
Financial assets designated at fair-value	4.9	32.7	37.6
Investment securities			
Available-for-sale	34.3	3,503.4	3,537.7
Held-to-maturity	66.5	499.6	566.1
Intangible assets	99.5	1,091.9	1,191.4
Property, plant and equipment	20.9	23.9	44.8
Deferred income tax assets	1.3	9.7	11.0
Other assets	25.7	109.6	135.3
Total assets	**4,796.0**	**13,240.6**	**18,036.6**
Liabilities			
Due to other banks	345.0	462.1	807.1
Due to customers	1,272.5	12,307.1	13,579.6
Derivative financial instruments	135.4	100.2	235.6
Debt securities in issue	0	158.0	158.0
Current income tax liabilities	26.8	12.7	39.5
Deferred income tax liabilities		35.8	35.8
Other liabilities	78.3	663.6	741.9
Total liabilities	**1,858.0**	**13,739.5**	**15,597.5**
Equity			
Share capital	78.4		78.4
Share premium	1,263.1		1,263.1
Other reserves	557.0	(39.9)	517.1
Retained earnings	314.5	263.8	578.3
Total shareholders' equity	**2,213.0**	**223.9**	**2,436.9**
Minority interest	2.2		2.2
Total shareholders' equity	**2,215.2**	**223.9**	**2,439.1**
Total equity and liabilities	**4,073.2**	**13,963.4**	**18,036.6**

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

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
At 31 December 2006			
Assets			
Cash and balances with central banks	18.2	25.3	43.5
Treasury bills and other eligible bills		827.0	827.0
Due from other banks	570.4	4,772.9	5,343.3
Loans and advances to customers	378.4	5,767.6	6,146.0
Financial assets designated at fair-value		8.8	8.8
Derivative financial instruments	24.2	93.4	117.6
Investment securities	34.5	2,276.3	2,310.8
Intangible assets	231.6	678.3	909.9
Property, plant and equipment	17.0	17.7	34.7
Deferred income tax assets	0.6	6.6	7.2
Other assets	3.5	136.1	139.6
Total assets	1,278.4	14,610.0	15,888.4
Liabilities			
Due to other banks	194.5	480.8	675.3
Due to customers	724.0	11,269.9	11,993.9
Derivative financial instruments	32.9	78.0	110.9
Debt securities in issue		153.4	153.4
Current income tax liabilities	9.5	8.5	18.0
Deferred income tax liabilities	7.2	9.6	16.8
Other liabilities	80.2	535.4	615.6
Total liabilities	1,048.3	12,535.6	13,583.9
Equity			
Share capital	79.3		79.3
Share premium	1,338.3		1,338.3
Other reserves	607.2	(39.9)	567.3
Retained earnings	130.1	189.5	319.6
Total shareholders' equity	2,154.9	149.6	2,304.5
Total equity and liabilities	3,203.2	12,685.2	15,888.4

41. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

41.1 Basic

	31 December 2007 CHF millions	31 December 2006 CHF millions
Net profit for the period	332.0	230.0
Estimated, pro-forma accrued preference dividend	(29.8)	(26.0)
Net profit for the period attributable to ordinary shareholders	**302.2**	204.0
Weighted average number of ordinary shares - *'000s of shares*	146,515	146,670
Basic earnings per ordinary share - CHF	2.06	1.39

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 using a dividend rate from 1st January 2007 until 30 April 2007 of 4.315%. The estimated dividends for the period after the AGM is based on a rate of 4.705% from 30 April 2007 until 30 October 2007 and a rate of 4.816% thereafter. The average number of shares excludes the average number of EFG Fiduciary Certificates owned by the Group.

41.2 Diluted

	31 December 2007 CHF millions	31 December 2006 CHF millions
Net profit for the period	**332.0**	230.0
Estimated, pro-forma accrued preference dividend	**(29.8)**	(26.0)
Net profit for the period attributable to ordinary shareholders	**302.2**	204.0
Diluted-weighted average number of ordinary shares - *'000s of shares*	**147,288**	146,876
Diluted earnings per ordinary share - CHF	**2.05**	1.39

Pursuant to its employee stock option plan, EFG International issued on 23 February 2007 options to purchase 2,296,746 (2006: 761,548) shares of EFG International which increased the diluted-weighted average number of ordinary shares of EFG International by 773,520 (2006: 205,904) shares to 147,288,470 (2006: 146,875,904) shares. Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For information regarding the EFG International stock option plan, see note 44.

42. 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 29 April 2008, a dividend in respect of 2007 of CHF 0.35 (2006: CHF 0.30) per share amounting to a total of CHF 51.3 million (2006: CHF 44.0 million) is to be proposed. The financial statements for the year ended 31 December 2007 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 2008.

43. RELATED PARTY TRANSACTIONS

43.1 Related party transactions

	EFG Group CHF millions	Key management personnel CHF millions
31 December 2007		
Assets		
Due from other banks	90.5	
Derivatives	0.8	
Loans and advances to customers	3.1	45.0
Investment securities	6.5	
Other assets	0.1	
Liabilities		
Due to other banks	28.5	
Derivatives	0.8	
Due to customers	1.9	8.9
Other liabilities	0.3	
Contingent liabilities and commitments	9.6	
Year ended 31 December 2007		
Interest income	17.4	0.8
Interest expense	(7.1)	0.0
Commission income	0.2	
Commission expense	(1.1)	
Other operating income	5.3	
Other operating expenses	(1.2)	
31 December 2006		
Assets		
Due from other banks	818.6	
Loans and advances to customers		17.0
Liabilities		
Due to other banks	0.8	
Due to customers	172.4	
Other liabilities	0.2	
Contingent liabilities and commitments	21.7	
Year ended 31 December 2006		
Interest income	18.6	0.0
Interest expense	(7.0)	(0.0)
Commission income	7.0	
Commission expense	(0.8)	

Key management personnel includes directors and key management of the company and its parent, and closely linked parties.

No provisions have been recognised in respect of loans given to related parties (2006: Nil).

43.2 Key management compensation (including directors)

The compensation of the members of the Executive Committee relating to the year 2007 comprised of cash compensation of CHF 6,070,956 (2006: CHF 4,474,218), pension contributions of CHF 422,967 (2006: CHF 300,904) and stock options valued at approximately CHF 14,719,510 (2006: CHF 5,536,736). 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 2007 comprised of cash compensation of CHF 1,716,584 (2006: CHF 3,334,619).

For additional details required under Swiss Law (SCO 663) see note 17 of the parent company financial statements on page 154-155.

44. STOCK OPTION PLAN

EFG International launched it's Employee Stock Option Plan in 2006. These options have 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 were exercised during the year.

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 Employee Stock Option Plan in the income statement for the period ended 31 December 2007 was CHF 8.8 million.

The table below summarises the outstanding options at 31 December 2007.

Date granted	Type	Exercise price CHF	At beginning of year CHF	Granted CHF	Lapsed CHF	Outstanding CHF
28 February 2006	In-the-money	25.33	761,548			761,548
23 February 2007	In-the-money	32.83		1,050,696	(14,105)	1,036,591
23 February 2007	At-the-money	49.25		1,246,050		1,246,050
			761,548	**2,296,746**	**(14,105)**	**3,044,189**

44.1 2007 option plan

EFG International granted 2,296,746 options on 23 February 2007. There are two classes of options having a exercise price of CHF 32.83 ("In-the-money Options") and CHF 49.25 ("At-the-money Options") respectively (with 1,050,696 In-the-money Options and 1,246,050 At-the-money Options being granted). Both classes have 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. A deemed value of each In-the-money Options was estimated to be CHF 15.00 and of each At-the-money Options of CHF 8.30 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 49.25), expected volatility (25%), dividend yield (2%), other funding costs (5%) the expected life of the options (66 months) and the risk free rate (2.54%). Expected volatility was calculated using estimates of the expected volatility over the expected life of the options after taking account of third party quotes, historic volatility and volatility of other private banks listed in Switzerland.

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 66 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 granted in 2007 based on applying the other funding costs throughout the entire restricted period would be CHF 9.89 for the In-the-money Options and CHF 4.88 for the At-the-money Options .

44.2 2008 option plan

EFG International granted 2,537,275 options on 23 February 2008. There are three classes of options having a exercise price of CHF 23.97 ("In-the-money Options"), CHF 35.95 ("At-the-money Options") and CHF 0 ("Zero strike options"). All three classes have 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.

45. 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.

46. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	31 December 2007 CHF millions	31 December 2006 CHF millions
Character of client assets		
Third party funds	**16,393**	10,667
Equities	**15.635**	11,032
Deposits	**13,580**	11,994
Bonds	**8,317**	7,983
Loans	**7,920**	6,146
Fiduciary deposits	**7,060**	5,470
Structured notes	**6,822**	6,316
EFG International locked-up shares	**4,309**	4,595
EFG funds	**4,643**	3,690
Other	**2,542**	1,909
Total Assets under Management	**87,221**	69,802
Total Assets under Administration	**8,626**	7,375
Total	**95,847**	77,177

Assets under Administration are trust assets administered by the Group.

47. POST BALANCE SHEET EVENTS

Business acquisitions

On 3 December 2007 the Group reached an agreement to acquire 90% of London based Marble Bar Asset Management (MBAM). MBAM is an alternative investment manager specialising in long/short equity strategies. It has three CROs, and assets under management of approximately CHF 4.4 billion when the acquisition was announced and CHF 4.9 billion at 31 December 2007. The transaction closed on 9 January 2008.

On 19 December 2007 the Group reached an agreement to acquire 75% of Mumbai based Stratcap Securities India (SSI), from Strategic Capital Corporation, which is majority owned by its founder, Atul Sud. SSI has four CROs, and assets under management of approximately CHF 700 million. The transaction is expected to complete during the second quarter of 2008.

On 19 December 2007 the Group reached an agreement to acquire 72% of Madrid based A&G Group (A&G). A&G has 21 CROs, and assets under management of approximately CHF 4.2 billion. The transaction closed in early April.

On 21 December 2007 the Group reached an agreement to acquire Lugano based On Finance SA. On Finance has two CROs, and assets under management of approximately CHF 750 million. The transaction closed on 28 January 2008.

Other

The Group issued 2,537,275 options to employees on 23 February 2008. See note 44.

48. BOARD OF DIRECTORS

The Board of Directors of EFG International comprises the following:

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

49. 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 recognised 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-and-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 capitalised in the balance sheet.

Under IFRS, goodwill is not amortised but is tested for impairment at least annually and is carried at cost less accumulated impairment losses. Intangible assets are amortised 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 amortisation 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.

AUDITORS' REPORT

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 78 to 146) of EFG International for the year ended 31 December 2007.

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

Jean-Christophe Pernollet Auditor in charge	Eric Maglieri

Geneva, 4 April 2008

PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

EFG International, Zurich

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

EFG INTERNATIONAL, ZURICH

	Note	Year ended 31 December 2007 CHF millions	Year ended 31 December 2006 CHF millions
Income			
Interest income from subsidiaries		22.5	13.8
Income from subsidiaries	13	81.1	26.7
Foreign exchange		(7.6)	3.0
Total income		**96.0**	43.5
Expenses			
Staff expenses		(16.9)	(17.2)
Operating expenses		(8.4)	(5.9)
Depreciation		(13.0)	(14.7)
Interest expenses		(0.0)	(0.4)
Tax expense		(1.7)	(0.9)
Total expenses		**(40.0)**	(39.1)
Net profit		**56.0**	4.4

BALANCE SHEET AS AT 31 DECEMBER 2007

EFG INTERNATIONAL, ZURICH

	Note	Year ended 31 December 2007 CHF millions	Year ended 31 December 2006 CHF millions
Assets			
Due from subsidiaries		265.1	240.3
Accrued income and prepaid expenses		1.4	0.6
Other assets		0.6	0.3
Current assets		**267.1**	241.2
Investments in subsidiaries		1,390.2	1,391.5
Subordinated loans to subsidiaries		324.6	318.4
Tangible fixed assets		0.1	0.2
Formation costs		27.9	37.9
Non current assets		**1,742.8**	1,748.0
Total assets		**2,009.9**	1,989.2
Liabilities			
Due to subsidiaries		3.8	
Accrued expenses and deferred income		11.3	6.5
Other liabilities		0.1	0.1
Current liabilities		**15.2**	6.6
Total liabilities		**15.2**	6.6
Equity			
Share capital	11	79.3	79.3
General legal reserve	14	1,357.3	1,405.6
Other reserves		502.1	502.1
Retained earnings	15		(8.8)
Net result for the period		56.0	4.4
Total shareholders' equity		**1,994.7**	1,982.6
Total shareholders' equity and liabilities		**2,009.9**	1,989.2

EFG International Parent Company financial statements are prepared in accordance with Swiss Code of Obligations. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1. CONTINGENT LIABILITIES

EFG International has entered into several guarantee agreements with subsidiaries which could lead to potential obligations of approximately CHF 643 million. The majority of these potential obligations are collaterised by cash and highly rated bonds owned by the subsidiaries.

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 0.1 million and are covered by the fire insurance subscribed by EFG Bank for the Zurich premises for a total amount of CHF 1.25 million.

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 25, page 121, 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 2007, 4,965 Bons de Participation "B" and 1,642,791 registered shares were held by companies of the Group.

11. SHARE CAPITAL

	31 December 2007 CHF millions	31 December 2006 CHF millions
146,670,000 registered shares at the nominal value of CHF 0.50	73.3	73.3
400,000 bons de participation "B" at the nominal value of CHF 15.–	6.0	6.0
Total share capital	**79.3**	79.3

12. SIGNIFICANT SHAREHOLDERS

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

	31 December 2007 Shares	31 December 2007 Participation of %	31 December 2006 Shares	31 December 2006 Participation of %
EFG Bank European Financial Group	71,492,153	48.74	71,492,153	48.74
Lawrence D. Howell	8,352,000	5.69	8,352,000	5.69
FMR LLC	7,351,190	5.01	-	-

13. INCOME FROM SUBSIDIARIES

Income from subsidiaries consists of the following:

	31 December 2007 CHF millions	31 December 2006 CHF millions
Dividend	40.5	
Management service fees	18.9	13.1
Royalties	16.0	12.3
Other income	5.7	1.3
Total	**81.1**	26.7

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

14. GENERAL LEGAL RESERVE

An amount of CHF 48.4 million was transferred from the General Legal Reserve to Retained Earnings in the current year after being approved at the Annual General Meeting.

15. RETAINED EARNINGS

In 2007 a dividend of CHF 44.0 million (CHF 0.3 per share) was paid from Retained Earnings (which comprised the deficit brought forward of CHF 4.4 million, and an amount of CHF 48.4 million transferred from the General Legal Reserve).

16. PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

The Board of Directors proposes to the Annual General Meeting that the disposable profit for the 2007 financial year of CHF 56.0 million (comprising solely of the 2007 net profit) will be distributed as follows:

– Dividend of CHF 0.35 per share - total amount CHF 51.3 million
– Balance carried forward CHF 4.7 million.

17. COMPENSATION OF BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

Year ended 31 December 2007

(i) Compensation

	Base compensation	*Variable compensation*		*Other compensation*		*2007*
	Cash CHF	Cash bonus (1) CHF	Share options (2) CHF	(3) CHF	Social charges CHF	Total CHF
Board of Directors						
Jean Pierre Cuoni, Chairman	1,536,576		9,000,019		89,061	10,625,656
Hugh Napier Matthews	100,000				7,910	107,910
Hans Niederer	80,000				6,330	86,330
Emmanuel L. Bussetil (4)						-
Spiro J. Latsis (4)						-
Périclès Petalas (4)						-
Total Board of Directors	**1,716,576**	**-**	**9,000,019**	**-**	**103,301**	**10,819,896**
Executive Committee						
Total Executive Committee	**5,679,042**	**176,296**	**14,719,510**	**2,638,586**	**564,967**	**23,778,401**
of which highest paid:						
Lawrence D. Howell, CEO	1,814,202		9,000,019	108,146	130,433	11,052,800

Notes:
1) The amounts represents the recorded expense for the 2007 cash bonus, which has been paid in 2008.
2) For details of the EFGI stock option plan, refer to note 44 of the Consolidated financial statements. All options have a 3 year vesting period and cannot be exercised until after 5 years.The value of the share options cannot be compared to the cost that will be used for IFRS purposes in note 44 over the 3 year vesting period. Jean Pierre Cuoni and Lawrence D. Howell each received 309,279 zero strike options in the period. Other members of the Executive Committee recieved 231,214 At-the-money options, 83,334 In-the-money options and 93,453 zero strike options.
3) These amounts comprise payments to pension plans, representation allowances and other cash compensation.
4) No compensation paid to Director.

No compensation has been granted to closely linked parties of members of the Board of Directors.

Members of the Board of Directors and the Executive Committee benefit from the same preferential conditions for transactions executed in-house that are available to all employees of the Group.

17. COMPENSATION OF BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE (CONTINUED)

(ii) Loans and credits

At 31 December 2007 the following loans and credits were granted by subsidiaries to and where oustanding with members of the Board of Directors and the Executive Committee.

	CHF
Cuoni family interests*	38,644,649
Other members of the Board of Directors	
Total Board of Directors	**38,644,649**
Lawrence D. Howell, CEO (highest paid member of Executive Committee)	2,511,918
Other members of the Executive Committee	3,831,364
Total Executive Committee	**6,343,282**

** Fully collateralised loans granted to closely linked parties*

Interest rates ranging from 3.3% p.a. to 3.7% p.a. are charged on outstanding CHF loans. The loans oustanding at 31 December 2007, mature between 2 and 12 months.

(iii) Shareholdings

At 31 December 2007 the following shareholdings were held by the Board of Directors and the Executive Committee and closely linked parties.

	Shares	Share options granted 2006	Share options granted 2007
Board of Directors			
Jean Pierre Cuoni, Chairman	7,236,000	-	313,808
Emmanuel L. Bussetil	-	-	-
Spiro J. Latsis	71,492,153	-	-
Hugh Napier Matthews	3,500	-	-
Périclès Petalas	-	-	-
Hans Niederer	50,000	-	-
Executive Committee			
Total Executive Committee	**10,414,581**	**602,474**	**770,267**
Lawrence D. Howell, CEO	8,352,000	198,185	366,109

AUDITORS' REPORT

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 150 to 155) of EFG International for the year ended 31 December 2007.

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

Jean-Christophe Pernollet
Auditor in charge

Eric Maglieri

Geneva, 4 April 2008

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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.

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