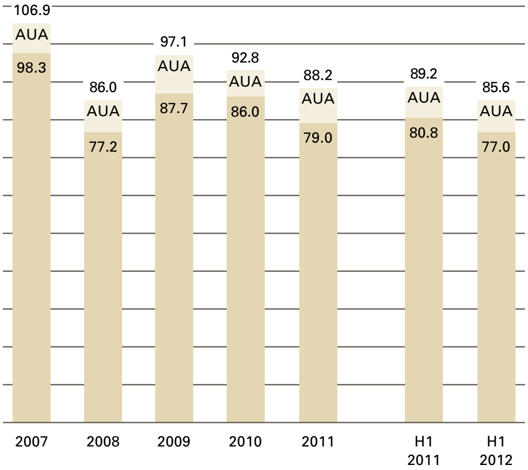
EFG International

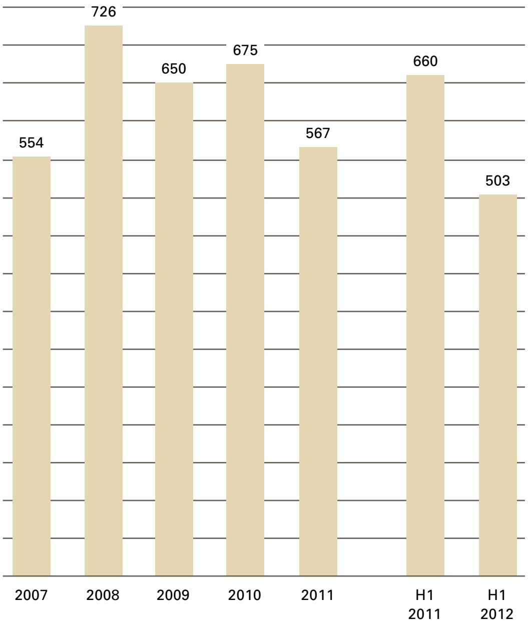
HALF YEAR REPORT 2012

AUM and AUA

in CHF billions

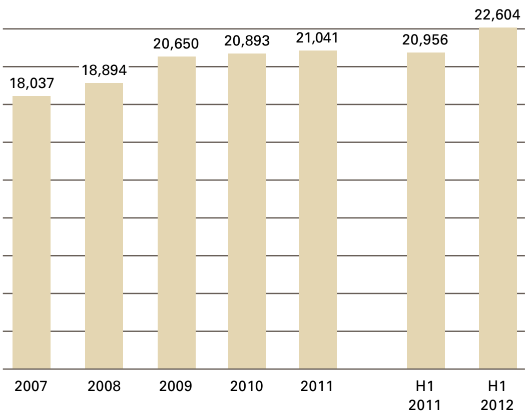


Client Relationship Officers (CROs)



Total Balance Sheet

in CHF millions



EFG INTERNATIONAL CONSOLIDATED FINANCIAL HIGHLIGHTS

in CHF millions	30 June 2012
Income	
Operating income	409.1
Net profit attributable to Group shareholders	53.1
Profit after tax	58.3
Net profit attributable to ordinary shareholders	48.8
Cost/income Ratio	79.5%
Balance Sheet	
Total Assets	22,604
Shareholders' Equity	1,121
Market Capitalisation	
Share Price (in CHF)	5.28
Market Capitalisation (ordinary shares)	774
BIS Capital	
Total BIS Capital	914
Total BIS Capital Ratio	15.1%

Ratings	**long term**	**outlook**
Moody's	A3	Stable
Fitch	A	Negative

Personnel	
Total number of CROs	503
Total number of employees	2,357

Listing

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

Ticker Symbols	
Reuters	EFGN.S
Bloomberg	EFGN SW

International practitioners
of the craft of private banking

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SHAREHOLDER'S LETTER

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

Dear shareholders, dear clients,

EFG International's performance, in common with the private banking industry as whole, continues to be affected by challenging conditions. For the past ten months, its focus has been on resetting its business and repositioning it to deliver disciplined, profitable growth. Good progress has been made in this regard, and the benefits are becoming evident.

FINANCIAL SUMMARY

During the first half of 2012, performance reflected the benefits of the business review, notwithstanding challenging conditions.

For the first six months of 2012 (H1 2012):

Net profit

– IFRS net profit was CHF 53.1 million, compared with CHF 55.9 million a year earlier and a loss of CHF (350.0) million for the second half of 2011.

– Underlying IFRS net profit was CHF 74.1 million – after adding back CHF 11.4 million in relation to Greek sovereign exposure and CHF 9.6 million on account of business review measures (a gain of CHF 11.2 million from business disposals, less unprovided closure costs of CHF 12.2 million, and net operating losses of CHF 8.6 million from businesses being exited) – up from CHF 55.9 million during the first half of 2011.

Operating income & expenses

– Operating income was CHF 409.1 million, up 3% on a year earlier. While traditional private banking business continued to be impacted by client caution, specialist business relating to large clients was particularly strong during the first half of 2012 – notably structuring transactions related to clients' business activities. Operating income also benefited from a strong treasury performance and contribution from EFG Financial Products.

– Operating expenses were CHF 328.3 million, versus CHF 335.4 million a year earlier. However, better reflecting good progress with the business review, they were down from CHF 378.3 million during the second half of 2011.

– The cost-income ratio stood at 79.5%, compared with 82.8% for the same period last year but down from 101.1% for the second half of 2011. Furthermore, cost savings associated with the business review are only now starting to be realised. In the first half of 2012, underlying cost savings in excess of CHF 30 million were achieved, before costs relating to EFG Financial Products, businesses being exited and bonuses as a result of improved operating performance.

– The revenue margin stood at 104bps, compared with 95bps in the first half of last year.

Capital position

– The BIS Capital Ratio stood at 15.1% at end-June, up from 12.9% at end-2011.

Revenue-generating Assets under Management

– Revenue-generating Assets under Management were CHF 76.5 billion as at end-June 2012, down from CHF 78.4 billion as at end-2011. There was an outflow of CHF 3.6 billion in relation to exited operations, offset by CHF 0.4 billion from FX and market effects and net new assets of CHF 1.2 billion from continuing businesses. The latter represented annualised growth of 3.2%, down from CHF 2.7 billion a year earlier but a significant improvement on the second half of 2011.

REVIEW OF BUSINESS

Implementation of business review on track

In terms of the objectives set by EFG International in its business review in October 2011:

– *Reinforce focus on private banking.* A number of non-private banking businesses have been exited. EFG Asset Management is clearly positioned as an integral part of private banking, and EFG Financial Products is earmarked for an IPO, as and when market conditions permit.

– *Address factors that served to obscure the underlying strength of EFG International as a private bank.* Exposure to GIIPS has been substantially reduced, and a more conservative treatment of life settlement policies has been adopted. Misconceptions relating to Greece are clearly refuted by the facts and should be further allayed by the recent announcement by EFG Group relating to its shareholding in Eurobank, as well as the recent decision of Eurobank to drop "EFG" from its name.

– *Address capital structure and position.* The composition of the capital structure has been improved as a result of the conversion exercise in relation to Bons de Participation, and has been strengthened through the sale of treasury shares and business profits. EFG International's BIS capital ratio stood at 15.1% at end-June 2012, up from 12.9% at end-2011.

– *Exit loss-making or marginal businesses/locations.* All loss-making businesses have been (or are in the process of being) exited. As a result, the number of locations has reduced by 20, enabling leadership to focus on the most compelling elements of the business.

– *Improve productivity.* The business has addressed unproductive Client Relationship Officers (CROs) as a result of past over-hiring, reducing the number of CROs by 157 over the past year. As a consequence, CRO productivity (AUM per CRO) has improved by 26%. Total headcount has reduced by 8% over the past year (9.3% excluding EFG Financial Products), and will reduce further as the business review completes.

EFG International is on track to deliver the net P&L benefit targeted in the business review of CHF 35 million per annum, realised in part in 2012 and in full from 2013. As a result of the measures taken, the business is less complex and has a sharper focus.

And business review on target to deliver anticipated financial benefits

The business review targeted a reduction in total headcount by 10–15%. Since September 2011, total headcount excluding EFG Financial Products (which has increased headcount by 16% as it continues to invest in growth ahead of its planned IPO) has reduced by 11%. Furthermore, businesses in the process of being exited will increase this figure to 13%. For the same period, the number of private banking CROs was reduced by 20%, compared with a business review objective of 15%. EFG International believes there is further scope to improve productivity, and its hiring freeze remains in place, other than to meet industry-wide regulatory and risk management requirements and the selective hiring of high quality CROs.

On the revenue side, the business review anticipated an AUM impact of circa 10% (CHF 7 billion) over an 18 month period. So far there has been a negative impact from businesses being exited of CHF 5.4 billion (CHF 3.6 billion in H1 2012; CHF 1.8 billion in H2 2011), with an additional CHF 1.2 billion still to come.

As a result of exiting under-performing businesses and employees, as well as measures taken to improve operational efficiency, EFG International is on target to deliver a net P&L benefit of CHF 35 million, as detailed in its business review.

Positive net new assets for continuing businesses, and further improvement anticipated as disruption effects of business review fall away.

Net new assets relating to continuing businesses were CHF 1.2 billion (compared with CHF 2.7 billion during the first half of 2011, but just CHF 0.6 billion for 2011 as a whole). This represents annualised growth of 3.2% – below EFG International's target range of 5–10%, but a significant improvement on the second half of 2011, when continuing businesses experienced outflows due to the time and resources that had to be devoted to resetting the business. The level of net new assets continues to be influenced by client confidence in the wider economy. On account of this, the second quarter of 2012 was weaker than the first, but net new assets were still positive and picked up in June. The core private banking business retains its capacity to grow, and net new asset generation should move to within its target range as disruption caused by the business review diminishes and assuming that market conditions normalise.

Process of resetting the business now largely complete

EFG International committed in its business review to exiting loss-making or marginal businesses/ locations, and since last October has withdrawn (or is in the process of withdrawing) from:

- *Scandinavia.* Offices in Helsinki and Denmark have been closed, and EFG Bank AB in Sweden is in the process of being wound down.

- *France.* EFG International has sold EFG Assurance to Meeschaert Gestion Privée and has reached an agreement with Amaika Asset Management for the transfer of the management of the fund range of EFG Asset Management France. The remaining business will undergo a formal closure process.

- *Secondary locations in Switzerland.* Offices in Lugano and the Valais have been closed.

- *The Middle East.* Offices in Dubai and Abu Dhabi have been closed, although a number of CROs targeting the Non-Resident Indian market have relocated to Singapore.

- *India.* EFG International has agreed to sell what remains of this business, which was in the process of being wound down, to Atul Sud, the former owner and 25% minority shareholder.

- *The Philippines.* The Manila office has been closed.

- *Canada.* Bull Wealth Management in Canada is being acquired by HighView Financial Group. This will complete EFG International's exit from the Canadian market.

- *Select locations in the Americas.* Offices in New York and Buenos Aires have been closed.

Non-core businesses have also been exited, allowing EFG International to return to a single focus on private banking. The business of SIF Swiss Investment Funds SA was transferred to CACEIS, and negotiations are currently being formalised with regard to OnFinance, EFG International's Lugano-based financial services boutique.

With the resetting process now virtually complete, the focus of all remaining locations is on business development. Even though it has exited 20 locations, EFG International still retains a strong international presence in around 30 locations worldwide.

Focus now firmly on optimising and growing – most private banking businesses performing strongly

Three of the four regional private banking businesses delivered strong performance during the first half of 2012. The Americas delivered very strong double-digit growth in revenues and profits compared with a year earlier. The UK again made steady progress, with a strong end to the first half. In Asia, the core theme for the first half has been optimising the existing business, resulting in strong double-digit growth in profit. With competition more intense in Asia, EFG International believes that it is well placed, courtesy of a well established and profitable business, which was once again voted the Best Pure-Play Private Bank in Asia 2012 by Asiamoney – and, for the first time, the Best Private Bank in Asia for clients with USD 1-5 million.

In Europe, Luxembourg, Monaco and Spain are all well on track to be more profitable this year than last. The Swiss business continues to be impacted by various industry pressures, and while there is more to be done to optimise the business it has reduced costs substantially.

Continuing to strengthen management team and ongoing emphasis on CRO productivity

We have continued to strengthen the senior management team of EFG International, with the specific objectives of driving growth and hiring quality CROs:

- In Singapore, Tho Gea Hong has been appointed Deputy CEO and Head of Private Banking for South-East Asia, effective from the beginning of August 2012. She was formerly Managing Director, Wealth Management, covering Singapore and Malaysia, for Merrill Lynch. She joined Merrill Lynch in 2004, and before that spent 17 years at DBS Bank. Gea Hong will report to Kong Eng Huat, CEO of Singapore and South East Asia.

- In the UK, Daniel Gerber joined on 2 July 2012 as Managing Director and Head of Private Banking. He was formerly CEO of Julius Baer International in London, a position he held since 2008, having previously been its Deputy CEO.

The total number of CROs stood at 503 at end-June 2012, compared with 567 at end-2011. The number of private banking CROs fell from 508 at end-2011 (531 at the time of the business review last October) to 440 as of end June 2012. This reflects a reduction of 87 on account of businesses having been exited and under-performing CROs having been addressed, partially offset by new hires of 19. The number of CROs will fall by a further 11, reflecting businesses in the process of being exited. For continuing businesses, the process of resetting and addressing under-performing CROs is now at an end, and all remaining locations will be redoubling their efforts to hire proven individuals and teams.

Solid progress in relation to investment solutions and EFG Financial Products
The focus of EFG Asset Management is to provide enhanced support to the private banking businesses, and it has continued to generate strong growth in AUM. EFG Financial Products continued to perform strongly, with revenues up 28% compared with a year earlier. The business continues to invest in growth, but is on track to deliver a significant increase in profit in 2012. EFG Financial Products has been earmarked for an IPO (with EFG International reducing its stake from 57% to circa 20%) and the plan remains to undertake this later in 2012, subject to market conditions.

Will continue to improve capital position, and generally strengthen business foundations
EFG International's capital position has been strengthened as a result of the Bons de Participation conversion exercise and the sale of treasury shares. The BIS capital ratio stood at 15.1% as of end-June 2012, and will continue to strengthen as a result of business profits as well as the planned IPO of EFG Financial Products. EFG International will continue to assess opportunities relating to its capital structure and composition, as well as the optimisation of risk-weighted assets. The largest shareholder's purchase of EFG International treasury shares also evidenced its commitment to EFG International and its stated objective to remain a leading independent private bank.

EFG International has received final court approval of the settlement (disclosed in its 2011 annual report), for USD 7.8 million, of the class action claim of USD 130 million relating to clients who had invested in the Madoff-related feeder fund, Fairfield Sentry. EFG International denied all liability in the case, but took the decision to settle in order to avoid further legal costs. Other claims seeking the return of payments allegedly received by certain group entities on behalf of clients will continue to be defended vigorously.

In relation to life settlement policies, EFG International has adopted more conservative estimates regarding future premium payments and the expected yield on the portfolio. Performance during the first half of 2012 was in line with expectations.

Direct exposure to GIIPS has more than halved since the end of 2011, and now stands at just CHF 138.8 million (0.6% of total balance sheet assets). In addition, there is exposure of CHF 66.5 million to non-GIIPS European subsidiaries of Greek banks. EFG International no longer has any direct exposure to Greece, and the salient facts relating to EFG International and Greece are clear – EFG International is a Swiss private banking group, headquartered, listed and regulated in Switzerland; it is not present in Greece; and it is entirely separate from the Greek commercial bank, Eurobank. If the facts are not enough, misconceptions should be allayed, once and for all, by the decision of EFG Group to transfer its shareholding in Eurobank to nine individual members of the next generation of the Latsis family, and to the John S. Latsis Public Benefit Foundation. All EFG Group nominated board members of Eurobank are to resign from the board and all its committees. Eurobank will be deconsolidated from the EFG Group, and will cease using "EFG" in its name.

LOOKING AHEAD

Remain committed to delivering medium-term targets

With implementation of its business review on track, and the benefits starting to be realised, we are positive about EFG International's future. It is clearly again a focused private bank; it is less reliant than peers on traditional cross-border business; and it derives significant benefits from diversity. While others are investing heavily in growth markets, EFG International already has well established businesses in both Latin America and Asia, both of which are profitable and growing.

With a new equilibrium in place, the focus is now on optimising and growing the business. EFG International will keep things relatively simple, building up through a combination of business development and cost discipline, with business growth flowing through with minimal dilution to productivity and profits.

Although business conditions will continue to have a significant bearing on the rate of progress, EFG International remains committed to its medium-term objectives:

- Net new assets in the range 5–10% per annum.
- A reduced cost-income ratio – to below 75% by 2014.
- Gross margin to remain broadly at the level prevailing at the time of the business review (circa 94 bps).
- As a result, delivering strong double-digit growth in profit and a double-digit return on shareholders' equity.

Jean Pierre Cuoni,
Chairman of the Board

John Williamson,
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Half year ended 30 June 2012 CHF millions	Half year ended 31 December 2011 CHF millions	Half year ended 30 June 2011 CHF millions
Interest and discount income		224.3	205.6	213.9
Interest expense		(107.5)	(116.5)	(91.3)
Net interest income	5	**116.8**	89.1	122.6
Banking fee and commission income		336.4	257.3	303.8
Banking fee and commission expense		(99.7)	(46.3)	(60.9)
Net banking fee and commission income	6	**236.7**	211.0	242.9
Dividend income	7	19.8	2.3	17.0
Net trading income	8	27.2	67.5	15.6
Net gain/(loss) from financial instruments designated at fair value	9	17.7	(0.3)	(10.5)
Gains less losses from investment securities	10	(11.2)	0.6	4.5
Other operating income/(loss)		2.1	(3.0)	3.9
Net other income		**55.6**	67.1	30.5
Operating income		**409.1**	367.2	396.0
Operating expenses	11	(328.3)	(378.3)	(335.4)
Impairment of intangible assets and goodwill		(0.7)	(244.4)	
Impairment on available-for-sale investment securities			(72.5)	
Provision for restructuring costs	13	(6.3)	(10.0)	
Currency translation loss transferred from the Statement of Other Comprehensive Income		(2.9)	(10.0)	
Net gain on disposal of subsidiaries		2.9		
Impairment on loans and advances to customers		(0.4)	(1.9)	
Profit/(loss) before tax		**73.4**	(349.9)	60.6
Income tax (expense)/gain	14	(15.1)	0.8	(2.9)
Net profit/(loss) for the period		**58.3**	(349.1)	57.7
Net profit/(loss) for the period attributable to:				
Net profit/(loss) attributable to owners of the Group		53.1	(350.0)	55.9
Net profit attributable to non-controlling interests		5.2	0.9	1.8
		58.3	(349.1)	57.7

	Note	CHF	CHF	CHF
Earnings per ordinary share				
Basic	19	0.36	(2.67)	0.35
Diluted	20	0.35	(2.66)	0.34

The notes on pages 19 to 32 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Half year ended 30 June 2012 CHF millions	Half year ended 31 December 2011 CHF millions	Half year ended 30 June 2011 CHF millions
Net profit/(loss) for the period	**58.3**	(349.1)	57.7
Other comprehensive income/(loss)			
Fair value gains/(losses) on available-for-sale investment securities, before tax	18.3	(53.1)	3.0
Transfer to the Statement of Comprehensive Income of available-for-sale investment securities reserve, before tax	11.2	(0.6)	(4.5)
Impairment on available-for-sale investment securities transferred to the Statement of Comprehensive Income		72.5	
Tax effect on changes in fair value of available-for-sale investment securities	(9.4)	8.8	(1.4)
Currency translation differences, before tax	16.8	55.6	(71.4)
Currency translation losses transferred to the Statement of Comprehensive Income	2.9	10.0	
Other comprehensive income/(loss) for the period, net of tax	**39.8**	93.2	(74.3)
Total comprehensive income/(loss) for the period	**98.1**	(255.9)	(16.6)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Group	92.8	(257.2)	(17.2)
Non-controlling interests	5.3	1.3	0.6
	98.1	(255.9)	(16.6)

The notes on pages 19 to 32 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2012

	Note	30 June 2012 CHF millions	31 December 2011 CHF millions
ASSETS			
Cash and balances with central banks		**1,035.4**	1,079.3
Treasury bills and other eligible bills		**742.1**	823.9
Due from other banks		**3,155.3**	2,206.9
Loans and advances to customers		**10,098.2**	9,548.2
Derivative financial instruments		**535.8**	537.5
Financial assets at fair value:			
Trading assets		**854.8**	813.9
Designated at inception		**414.3**	367.2
Investment securities:			
Available-for-sale		**3,893.8**	3,984.3
Held-to-maturity		**1,128.8**	1,098.3
Intangible assets		**305.0**	300.6
Property, plant and equipment		**35.5**	38.2
Deferred income tax assets		**28.8**	48.6
Other assets		**376.2**	194.0
Total assets		**22,604.0**	21,040.9
LIABILITIES			
Due to other banks		**1,106.3**	779.0
Due to customers		**15,078.0**	14,398.4
Subordinated loans	21	**52.6**	
Derivative financial instruments		**685.8**	603.3
Financial liabilities designated at fair value		**482.8**	490.7
Other financial liabilities		**3,658.1**	3,356.5
Current income tax liabilities		**10.6**	11.4
Deferred income tax liabilities		**40.0**	37.6
Other liabilities		**368.9**	352.5
Total liabilities		**21,483.1**	20,029.4
EQUITY			
Share capital	22	**77.2**	73.1
Share premium		**1,238.5**	1,154.3
Other reserves		**54.2**	77.8
Retained earnings		**(278.9)**	(318.3)
		1,091.0	986.9
Non-controlling interests		**29.9**	24.6
Total shareholders’ equity		**1,120.9**	1,011.5
Total equity and liabilities		**22,604.0**	21,040.9

The notes on pages 19 to 32 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to equity holders of the Group					Non-controlling interests	Total Equity
	Share capital	**Share premium**	**Other reserves**	**Retained earnings**	**Total**		
	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions
Balance at 1 January 2011	73.1	1,153.8	42.6	6.4	1,275.9	22.8	1,298.7
Net profit for the period				55.9	55.9	1.8	57.7
Currency translation differences, net of tax			(70.6)		(70.6)	(0.8)	(71.4)
Fair value losses on available-for-sale investment securities, net of tax			(2.5)		(2.5)	(0.4)	(2.9)
Total Comprehensive Income for the period recognised in the Statement of Other Comprehensive Income	-	-	(73.1)	55.9	(17.2)	0.6	(16.6)
Dividend paid on ordinary shares				(13.4)	(13.4)		(13.4)
Dividend paid on Bons de Participation				(7.8)	(7.8)		(7.8)
Ordinary shares sold		0.2			0.2		0.2
Employee equity incentive plans			9.3		9.3		9.3
Balance at 30 June 2011	73.1	1,154.0	(21.2)	41.1	1,247.0	23.4	1,270.4
Net loss for the period				(350.0)	(350.0)	0.9	(349.1)
Currency translation differences, net of tax			55.3		55.3	0.3	55.6
Currency translation losses transferred from the Statement of Other Comprehensive Income			10.0		10.0		10.0
Impairment on available-for-sale investment securities transferred to the Statement of Comprehensive Income			72.5		72.5		72.5
Fair value losses on available-for-sale investment securities, net of tax			(45.0)		(45.0)	0.1	(44.9)
Total Comprehensive Income for the period recognised in the Statement of Other Comprehensive Income	-	-	92.8	(350.0)	(257.2)	1.3	(255.9)
Dividend paid on Bons de Participation				(9.4)	(9.4)		(9.4)
Net distribution to non-controlling interests					-	(0.1)	(0.1)
Ordinary shares sold		0.3			0.3		0.3
Employee equity incentive plans			6.2		6.2		6.2
Balance at 31 December 2011	73.1	1,154.3	77.8	(318.3)	986.9	24.6	1,011.5
Net profit for the period				53.1	53.1	5.2	58.3
Currency translation differences, net of tax			16.7		16.7	0.1	16.8
Currency translation losses transferred from the Statement of Other Comprehensive Income			2.9		2.9		2.9
Fair value gains on available-for-sale investment securities, net of tax			20.1		20.1		20.1
Total Comprehensive Income for the period recognised in the Statement of Other Comprehensive Income	-	-	39.7	53.1	92.8	5.3	98.1
Dividend paid on ordinary shares				(13.4)	(13.4)		(13.4)
Dividend paid on Bons de Participation				(5.4)	(5.4)		(5.4)
Ordinary shares sold (note 22)	5.1	70.5			75.6		75.6
Employee equity incentive plans			6.4		6.4		6.4
Employee equity incentive plans exercised (note 22)	1.0	14.4	(20.5)	5.1	-		-
Repurchase of Bons de Participation (note 22)	(2.0)	(0.7)	(49.2)		(51.9)		(51.9)
Balance at 30 June 2012	**77.2**	**1,238.5**	**54.2**	**(278.9)**	**1,091.0**	**29.9**	**1,120.9**

The notes on pages 19 to 32 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Half year ended 30 June 2012 CHF millions	Half year ended 30 June 2011 CHF millions
Net cash flows from operating activities	17.9	83.7
Net changes in operating assets and liabilities	273.6	(42.0)
Net cash flows used in investing activities	(6.8)	(459.6)
Net cash flows from financing activities	324.3	661.3
Effect of exchange rate changes on cash and cash equivalents	55.4	(151.9)
Net change in cash and cash equivalents	**664.4**	91.5
Cash and cash equivalents at beginning of period	2,815.6	2,914.8
Net change in cash and cash equivalents	664.4	91.5
Cash and cash equivalents	**3,480.0**	3,006.3

Cash and cash equivalents

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

	30 June 2012 CHF millions	30 June 2011 CHF millions
Cash and balances with central banks	1,035.4	446.8
Treasury bills and other eligible bills	119.9	566.7
Due from other banks	2,324.7	1,992.8
Cash and cash equivalents	**3,480.0**	3,006.3

The notes on pages 19 to 32 form an integral part of these condensed consolidated interim financial statements.

1. GENERAL INFORMATION

EFG International AG and its subsidiaries (hereinafter collectively referred to as "the Group") are a leading global private banking group, offering private banking and asset management services. The Group's parent company is EFG International AG, which is a limited liability company incorporated and domiciled in Switzerland and listed on the SIX Swiss Exchange.

This condensed consolidated interim financial information was approved for issue on 24 July 2012.

2. ACCOUNTING POLICIES AND VALUATION PRINCIPLES

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

These condensed consolidated interim financial statements are presented in accordance with IAS 34 'Interim Financial Reporting'. In preparing the interim financial statements, the same accounting principles and methods of computation are applied as in the financial statements on 31 December 2011.

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

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

These condensed consolidated interim financial statements are unaudited and should be read in conjunction with the audited financial statements included in the Group's annual report for 2011.

The revised standards considered in the preparation of these condensed consolidated interim financial statements include:

New and amended standards adopted by the Group:

– *None.*

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

– *Amendment to IAS 1, 'Financial statement presentation',* regarding Other Comprehensive Income
The main change resulting from this amendment is a requirement for entities to group items presented in the Statement of Other Comprehensive Income ("OCI") on the basis of whether they are potentially reclassifiable to the Statement of Comprehensive Income subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.
The Group will apply this amendment for the financial reporting period commencing on 1 July 2012. It is not expected to have a material impact on the Group's financial statements.

– *Amendment to IAS 19, 'Employee benefits'*
This amendment eliminates the corridor approach and calculates finance costs on a net funding basis.
The Group will apply this amendment for the financial reporting period commencing on 1 January 2013. The impact of this amendment will be to reduce equity by approximately CHF 31 million (based on 31 December 2011 actuarial valuations).

– *IAS 28 (revised 2011), 'Associates and joint ventures',* includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
The Group will apply this amendment for the financial reporting period commencing on 1 January 2013. It is not expected to have any impact on the Group's financial statements.

– *IFRS 9, 'Financial instruments',* (effective 1 January 2015) addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.
IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in Other Comprehensive Income rather than in the Statement of Comprehensive Income, unless this creates an accounting mismatch.
On 16 December 2011, the IASB deferred the mandatory effective date of IFRS 9 to 1 January 2015.
The amendments also provide relief from restating comparative information and require disclosures (in IFRS 7) to enable users of financial statements to understand the effect of beginning to apply IFRS 9.
The Group will apply this new standard for the financial reporting period commencing on 1 January 2015 and the Group is yet to assess the full impact on its financial statements.

– *IFRS 10, 'Consolidated financial statements'*
The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It also defines the principle of control, and establishes controls as the basis for consolidation. The Standard details how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee and sets out the accounting requirements for the preparation of consolidated financial statements.
The Group will apply this new standard for the financial reporting period commencing on 1 January 2013 and the Group is yet to assess the full impact on its financial statements.

– *IFRS 11, 'Joint arrangements',* focuses on the rights and obligations of the joint arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group will apply this new standard for the financial reporting period commencing on 1 January 2013. It is not expected to have a material impact on the Group's financial statements.

– *IFRS 12, 'Disclosures of interests in other entities',* includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
The Group will apply this new standard for the financial reporting period commencing on 1 January 2013. It is not expected to have a material impact on the Group's financial statements.

– *IFRS 13, 'Fair value measurement',* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned to IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Group will apply this standard for the financial reporting period commencing on 1 January 2013. It is not expected to have a material impact on the Group's financial statements.

3. FINANCIAL RISK ASSESSMENT AND MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk.
The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for 2011. There have been no significant changes in the risk management organisation or in the risk management policies since 31 December 2011.

3.1 CREDIT RISK

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

3.2 MARKET RISK

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

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

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

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

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

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

3.3 LIQUIDITY RISK

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

In comparison to 31 December 2011, there are no material changes in the liquidity profile of the Group.

4. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	30 June 2012 CHF millions	31 December 2011 CHF millions	30 June 2011 CHF millions
Character of client assets			
Equities	16,569	18,310	19,941
Deposits	17,022	17,037	16,080
Bonds	14,497	14,647	14,194
Loans	10,510	10,067	9,216
Structured notes	6,515	6,920	8,321
Hedge funds/Funds of Hedge funds	4,816	5,042	6,207
Fiduciary deposits	2,333	2,485	2,647
EFG International shares	465	651	863
Other	4,237	3,874	3,392
Total Assets under Management	**76,964**	79,033	80,861
Total Assets under Administration	**8,592**	9,162	8,367
Total	**85,556**	88,195	89,228

Assets under Administration are trust assets administered by the Group.

5. NET INTEREST INCOME

	Half year ended 30 June 2012 CHF millions	Half year ended 31 December 2011 CHF millions	Half year ended 30 June 2011 CHF millions
Interest and discount income			
Banks and customers	141.6	136.4	126.1
Available-for-sale investment securities	34.5	38.6	34.1
Financial assets at fair value	25.4	28.3	20.6
Held-to-maturity	21.3	(0.4)	28.2
Treasury bills and other eligible bills	1.5	2.7	4.9
Total interest and discount income	**224.3**	205.6	213.9
Interest expense			
Banks and customers	(80.2)	(89.8)	(69.2)
Financial liabilities	(23.7)	(26.7)	(22.1)
Subordinated loans	(3.6)		
Total interest expense	**(107.5)**	(116.5)	(91.3)
Net interest income	**116.8**	89.1	122.6

6. NET BANKING FEE AND COMMISSION INCOME

Banking fee and commission income			
Securities and investment activities commission	283.8	224.2	260.6
Other services commission	52.6	33.1	43.2
Total banking fee and commission income	**336.4**	257.3	303.8
Commission expenses	(99.7)	(46.3)	(60.9)
Net banking fee and commission income	**236.7**	211.0	242.9

7. DIVIDEND INCOME

Trading assets	18.6	2.3	15.9
Available-for-sale investment securities	1.2		1.1
Dividend income	**19.8**	2.3	17.0

8. NET TRADING INCOME

Foreign exchange	38.9	51.9	31.3
Equity securities	(11.7)	15.6	(15.7)
Net trading income	**27.2**	67.5	15.6

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

	Half year ended 30 June 2012 CHF millions	Half year ended 31 December 2011 CHF millions	Half year ended 30 June 2011 CHF millions
Equity securities	4.1	(0.2)	(2.3)
Interest rate instruments	(2.5)	2.9	0.2
Life insurance securities	2.4	(3.0)	(8.4)
Other gains*	13.7		
Net gain/(loss) from financial instruments designated at fair value	**17.7**	(0.3)	(10.5)

** On 30 April 2012, the Group sold its perpetual cash flow stream based on MBAM revenues to MBAM's senior management. The sale price was CHF 28.8 million, and the transaction resulted in a gain of CHF 13.7 million before tax and non-controlling interests.*

10. GAINS LESS LOSSES FROM INVESTMENT SECURITIES

Gain on disposal of available-for-sale investment securities – Transfer from the Statement of Other Comprehensive Income			
Debt securities*	(9.7)	0.3	4.5
Life insurance securities	(1.5)	0.3	
Gains less losses from investment securities	**(11.2)**	0.6	4.5

** of which CHF (11.4) million loss on Greek Sovereign exposure.*

11. OPERATING EXPENSES

Staff costs (note 12)	(234.1)	(232.0)	(227.3)
Professional services	(10.7)	(13.2)	(9.4)
Advertising and marketing	(6.3)	(6.0)	(5.4)
Administrative expenses	(32.9)	(36.5)	(35.6)
Operating lease rentals	(16.7)	(16.7)	(17.2)
Depreciation of property, plant and equipment	(5.8)	(10.5)	(7.5)
Amortisation of intangible assets:			
Computer software and licences	(4.9)	(4.6)	(4.0)
Other intangible assets	(3.0)	(6.9)	(7.4)
Legal and litigation expenses	(3.7)	(36.5)	(6.2)
Other	(10.2)	(15.4)	(15.4)
Operating expenses	**(328.3)**	(378.3)	(335.4)

12. STAFF COSTS

	Half year ended 30 June 2012 CHF millions	Half year ended 31 December 2011 CHF millions	Half year ended 30 June 2011 CHF millions
Wages, salaries and staff bonuses	(194.7)	(190.4)	(188.8)
Social security costs	(16.0)	(16.9)	(15.4)
Pension costs	(7.8)	(8.3)	(2.9)
Employee Equity Incentive Plans	(6.4)	(6.2)	(9.3)
Other	(9.2)	(10.2)	(10.9)
Staff costs	**(234.1)**	(232.0)	(227.3)

13. PROVISION FOR RESTRUCTURING COSTS

Provision for restructuring costs	(6.3)	(10.0)	
Provision for restructuring costs	**(6.3)**	(10.0)	-

14. INCOME TAX (EXPENSE)/GAIN

Current income tax expense	(3.9)	(6.5)	(3.2)
Deferred tax (expense)/gain	(11.2)	7.3	0.3
Income tax (expense)/gain	**(15.1)**	0.8	(2.9)

15. SEGMENTAL REPORTING

The Group's segmental reporting is based on how internal management reviews the performance of the Group's operations.

The primary split is between Private Banking and Wealth Management, Asset Management and Financial Products.

The Private Banking and Wealth Management business is managed on a regional basis and is split into Continental Europe, Asia, Americas and United Kingdom.

The Asian region includes Hong Kong, Singapore, Taiwan, Middle East and India.

The Americas region includes United States of America, Canada, Bahamas and Cayman.

The Continental Europe includes private banking operations in Switzerland (disclosed separately below due to its relative size) and Rest of Europe comprising France, Gibraltar, Liechtenstein, Luxembourg, Monaco, On Finance, SIF, Spain, Sweden and the PRS business.

The Asset Management segment includes EFG Asset Management business in all locations as operates on a global basis. The basis for expense allocation between segments follows the arm's length principle.

The comparatives for 31 December 2011 and 30 June 2011 have been restated to reflect the composition of the segments resulting from changes in the structure of the internal organisation.

CHF millions	Private Banking and Wealth Management						Asset Management	Financial Products	Corporate Overheads	Eliminations*	Total
	Continental Europe										
	Switzerland	Rest of Europe	Americas	United Kingdom	Asia	Total					
Half year ended 30 June 2012											
Segment revenue	92.1	56.8	54.3	72.2	50.6	326.0	39.5	62.1	3.3	(21.8)	409.1
Segment expenses	(68.9)	(56.2)	(41.6)	(48.3)	(33.3)	(248.3)	(13.9)	(46.3)	(14.7)	8.5	(314.7)
Tangible assets and software depreciation	(2.8)	(1.0)	(0.7)	(0.8)	(0.9)	(6.2)	(0.1)	(4.2)	(0.1)		(10.6)
Total Operating margin	**20.4**	**(0.4)**	**12.0**	**23.1**	**16.4**	**71.5**	**25.5**	**11.6**	**(11.5)**	**(13.3)**	**83.8**
Cost to acquire intangible assets and impairment of intangible assets		(2.6)	(0.2)	(0.9)		(3.7)					(3.7)
Provision for restructuring costs		(6.3)				(6.3)					(6.3)
Currency translation loss transferred from the Statement of Other Comprehensive Income			(0.5)		(2.4)	(2.9)					(2.9)
Net gain on disposal of consolidated subsidiaries			4.3	0.3	(1.7)	2.9					2.9
Impairment/(reversal of impairment) on loans and advances to customers		0.2		(0.6)		(0.4)					(0.4)
Segment profit before tax	20.4	(9.1)	15.6	21.9	12.3	61.1	25.5	11.6	(11.5)	(13.3)	73.4
Income tax (expense)/gain	(1.5)	(0.9)	(2.2)	(1.4)	(1.4)	(7.4)	(6.0)	(0.9)	(0.8)		(15.1)
Net profit/(loss) for the period	18.9	(10.0)	13.4	20.5	10.9	53.7	19.5	10.7	(12.3)	(13.3)	58.3
Net loss/(profit) attributable to non-controlling interests					0.2	0.2	(0.8)	(4.6)			(5.2)
Net profit/(loss) attributable to owners of the Group	**18.9**	**(10.0)**	**13.4**	**20.5**	**11.1**	**53.9**	**18.7**	**6.1**	**(12.3)**	**(13.3)**	**53.1**
Assets under management	15,018	16,062	10,857	15,476	14,047	71,460	6,376	3,165	465	(4,502)	76,964
Employees	488	380	247	505	379	1,999	87	258	15	(2)	2,357

CHF millions	Private Banking and Wealth Management – Continental Europe – Switzerland	Rest of Europe	Americas	United Kingdom	Asia	Total	Asset Manage-ment	Financial Products	Cor-porate Over-heads	Elimi-nations*	Total
Half year ended 31 December 2011											
Segment revenue	83.3	59.4	40.6	64.4	49.9	297.6	25.5	60.6	1.3	(17.8)	367.2
Segment expenses	(104.5)	(65.5)	(37.5)	(46.1)	(37.3)	(290.9)	(15.1)	(44.5)	(10.3)	4.5	(356.3)
Tangible assets and software depreciation	(6.1)	(2.2)	(1.5)	(0.8)	(1.3)	(11.9)	1.6	(4.6)	(0.2)		(15.1)
Total Operating margin	**(27.3)**	**(8.3)**	**1.6**	**17.5**	**11.3**	**(5.2)**	**12.0**	**11.5**	**(9.2)**	**(13.3)**	**(4.2)**
Cost to acquire intangible assets and impairment of intangible assets	(7.7)	(230.1)	(2.3)	(7.9)	(3.3)	(251.3)					(251.3)
Impairment on available-for-sale investment securi-ties	(67.5)					(67.5)			(5.0)		(72.5)
Provision for restructuring costs	(2.5)	(5.7)	(0.3)		(1.5)	(10.0)					(10.0)
Currency trans-lation loss trans-ferred from the Statement of Other Comprehensive Income		(10.0)				(10.0)					(10.0)
Impairment/ (reversal of impair-ment) on loans and advances to customers	(0.2)			(1.7)		(1.9)					(1.9)
Segment profit before tax	(105.2)	(254.1)	(1.0)	7.9	6.5	(345.9)	12.0	11.5	(14.2)	(13.3)	(349.9)
Income tax (expense)/gain	(7.1)	13.7	(1.1)	(1.4)	(0.9)	3.2	4.4	(2.1)	(4.7)		0.8
Net profit/(loss) for the period	(112.3)	(240.4)	(2.1)	6.5	5.6	(342.7)	16.4	9.4	(18.9)	(13.3)	(349.1)
Net loss/(profit) attributable to non-controlling interests		5.1				5.1	(0.5)	(5.5)			(0.9)
Net profit/(loss) attributable to owners of the Group	**(112.3)**	**(235.3)**	**(2.1)**	**6.5**	**5.6**	**(337.6)**	**15.9**	**3.9**	**(18.9)**	**(13.3)**	**(350.0)**
Assets under management	15,318	17,705	11,777	14,803	14,099	73,702	5,713	3,181	651	(4,214)	79,033
Employees	557	426	265	505	469	2,222	79	234	15	(3)	2,547

	Private Banking and Wealth Management						Asset Management	Financial Products	Corporate Overheads	Eliminations*	Total
	Continental Europe										
CHF millions	Switzerland	Rest of Europe	Americas	United Kingdom	Asia	Total					
Half year ended 30 June 2011											
Segment revenue	103.0	75.0	36.6	68.2	53.4	336.2	28.3	48.3	6.7	(23.5)	396.0
Segment expenses	(76.9)	(61.3)	(31.7)	(47.5)	(42.7)	(260.1)	(12.9)	(40.7)	(11.2)	8.4	(316.5)
Tangible assets and software depreciation	(4.3)	(1.4)	(0.5)	(0.7)	(1.0)	(7.9)	(1.8)	(1.5)	(0.3)		(11.5)
Total Operating margin	**21.8**	**12.3**	**4.4**	**20.0**	**9.7**	**68.2**	**13.6**	**6.1**	**(4.8)**	**(15.1)**	**68.0**
Cost to acquire intangible assets and impairment of intangible assets		(5.8)	(0.4)	(1.0)	(0.2)	(7.4)					(7.4)
Segment profit before tax	21.8	6.5	4.0	19.0	9.5	60.8	13.6	6.1	(4.8)	(15.1)	60.6
Income tax (expense)/gain		(0.4)	0.9	(3.0)	(2.4)	(4.9)	0.2	(0.1)	1.9		(2.9)
Net profit/(loss) for the period	21.8	6.1	4.9	16.0	7.1	55.9	13.8	6.0	(2.9)	(15.1)	57.7
Net loss/(profit) attributable to non-controlling interests		0.3			0.2	0.5		(2.3)			(1.8)
Net profit/(loss) attributable to owners of the Group	**21.8**	**6.4**	**4.9**	**16.0**	**7.3**	**56.4**	**13.8**	**3.7**	**(2.9)**	**(15.1)**	**55.9**
Assets under management	17,697	18,215	11,357	15,186	13,119	75,574	5,549	3,563	863	(4,688)	80,861
Employees	555	441	263	505	464	2,228	70	231	20		2,549

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

16. CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2012 CHF millions	31 December 2011 CHF millions
Guarantees issued in favour of third parties	303.7	322.4
Irrevocable commitments	187.5	130.4
Total	**491.2**	452.8

17. LEGAL PROCEEDINGS

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

The Group is engaged in litigation proceedings in Switzerland linked to fraudulently approved contracts where claims have been brought for a net exposure of approximately EUR 26 million.

Several entities in the Group have been named as defendants in lawsuits by the liquidator of Fairfield Sentry Ltd. and Fairfield Sigma Ltd. in the US Bankruptcy Court for the Southern District of New York and in the BVI courts asserting that redemption payments allegedly received by the Group entities on behalf of clients should be returned to Fairfield Sentry Ltd. and Fairfield Sigma Ltd. The amount claimed is uncertain, but the Group believes the amount claimed is approximately USD 160 million.

On 6 June 2012 the Trustee of Bernard L, Madoff Investment Securities LLC (“BLMIS”) filed a complaint in the US Bankruptcy Court for the Southern District of New York asserting that redemption payments totaling USD 355 million allegedly received by certain Group entities on behalf of clients through Fairfield and Kingate feeder funds should be returned to BLMIS. This action includes the redemptions claimed by the Fairfield liquidator (see previous paragraph).

The Group is engaged in litigation proceedings initiated by a client claiming that he has been misled insofar as he thought that his investments were capital protected, the agreed investment strategy has not been followed and unauthorized transactions were performed. The amount claimed is approximately CHF 57 million plus interest at 5%.

The Group is engaged in litigation proceedings in Sweden and Switzerland brought to court by a former employee. He claims on grounds of a series of agreements an amount of SEK 36 million and an amount of CHF 10.5 million.

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

18. DIVIDEND PER SHARE

At the Annual General Meeting on 27 April 2012 a dividend in respect of 2011 of CHF 0.10 (2010: CHF 0.10) per share amounting to CHF 13.4 million (2010: CHF 13.4 million) was approved.

	Half year ended 30 June 2012 CHF millions	Half year ended 31 December 2011 CHF millions	Half year ended 30 June 2011 CHF millions
Dividends on ordinary shares			
CHF 0.10 per share related to 2011 paid in 2012	13.4		
CHF 0.10 per share related to 2010 paid in 2011			13.4
	13.4	-	13.4
Dividends on Bons de Participation			
- For the period 1 November 2011 to 30 April 2012 at 2.84%	5.4		
- For the period 1 May 2011 to 30 October 2011 at 3.858%		9.4	
- For the period 1 November 2010 to 30 April 2011 at 3.036%			7.8
	5.4	9.4	7.8

19. BASIC EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2012 CHF millions	Half year ended 31 December 2011 CHF millions	Half year ended 30 June 2011 CHF millions
Net profit/(loss) for the period	53.1	(350.0)	55.9
Estimated pro-forma dividend on Bons de Participation	(4.3)	(8.4)	(8.4)
Net profit/(loss) for the period attributable to ordinary shareholders	48.8	(358.4)	47.5
Weighted average number of ordinary shares			
– 000's of shares	135,973	134,278	134,270
Basic earnings/(loss) per ordinary share in CHF	0.36	(2.67)	0.35

Basic earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares owned by the Group amounting to 10,696,621. For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by an estimated, pro-forma accrued dividend on the Bons de Participation. The latter has been computed by using a dividend rate from 1 January 2012 until 30 April 2012 of 2.840% and 2.462% from 1 May 2012 until 30 June 2012.

20. DILUTED EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2012 CHF millions	Half year ended 31 December 2011 CHF millions	Half year ended 30 June 2011 CHF millions
Net profit/(loss) for the period	53.1	(350.0)	55.9
Estimated pro-forma dividend on Bons de Participation	(4.3)	(8.4)	(8.4)
Net profit/(loss) for the period attributable to ordinary shareholders	48.8	(358.4)	47.5
Diluted-weighted average number of ordinary shares			
– 000's of shares	140,647	134,278	140,276
Diluted earnings/(loss) per ordinary share in CHF	0.35	(2.66)	0.34

In the period pursuant to its employee equity incentive plans, the Group issued 1,078,362 restricted stock units of EFG International, which increase the diluted-weighted average number of ordinary shares of EFG International by 4,673,470 shares to 140,646,849 shares.

21. SUBORDINATED LOANS

EUR 67.6 million note (CHF 81.2 million equivalent) due 13 January 2022 with a fixed coupon for the first 5 years paying 8% minus a discount on issuance (net of amortisation) of CHF 28.6 million.

22. SHARE CAPITAL

In January 2012 a total of 135,219 Bons de Participation were repurchased in exchange for EUR 67,604,000 principal amount of Basel III compliant Tier 2 Subordinated Loans (see note 21). The outstanding number of Bons de Participation reduced from 400,000 to 264,781.

In May 2012, a tranche of the Employee Equity Incentive Plans vested and the Group transferred 1.8 million treasury shares to employees.

In June 2012, the Group completed the sale of 10.2 million treasury shares to EFG Bank European Financial Group and other existing shareholders. The shareholding of EFG Bank European Financial Group increased to circa 56%.

23. EMPLOYEE EQUITY INCENTIVE PLANS

In the period the Group has granted 1,078,362 restricted stock units. There are two classes, one with a 3 year lock-up, with one third vesting annually, and another with a 5 year lock-up and 3 year vesting period.

24. RELATED PARTY TRANSACTIONS

A limited number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, derivative transactions and provision of services. The total assets positions with related parties amounted to CHF 85.0 million at the end of June 2012 (December 2011: CHF 78.9 million).

No provisions have been recognised in respect of loans given to related parties (2011: Nil).

In the prior year, an agreement was reached with the former Chief Executive Officer, who is also a significant shareholder. An amount of CHF 1.5 million is reflected as an expense in the current period related to payments made related to this agreement.

25. POST BALANCE SHEET EVENTS – SIGNIFICANT EVENTS AND TRANSACTIONS

There are no post balance sheet events.

26. BOARD OF DIRECTORS

The Board of Directors of EFG International AG comprises:

Jean Pierre Cuoni*	Chairman
Emmanuel L. Bussetil	
Erwin Richard Caduff*	
Michael Higgin*	appointed on the 27th April 2012
Spiro J. Latsis	
Hugh Napier Matthews*	Vice-chairman
Hans Niederer*	
Pericles Petalas	

* independent directors.

FORWARD LOOKING STATEMENTS

This Half Year Report contains specific forward-looking statements, e.g. statements which include terms like "believe", "assume", "expect" or similar expressions. Such forwardlooking statements represent EFG International AG's judgements and expectations and are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, the financial situation, and/or the development or performance of the company and those explicitly or implicitly presumed in these statements. These factors include, but are not limited to: (1) general market, macroeconomic, governmental and regulatory trends, (2) EFG International AG's ability to implement its cost savings program (3) movements in securities markets, exchange rates and interest rates, (4) competitive pressures, (5) EFG International AG's ability to reset its business as announced on 18 October 2011, including the implementation of its cost saving programme and (6) other risks and uncertainties inherent in our business. EFG International AG is not under any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law or regulation.

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