This Programme is dated as of December 12, 2007

EFG FINANCIAL PRODUCTS AG
(*Incorporated in Switzerland*)

EFG FINANCIAL PRODUCTS (GUERNSEY) LTD.
(*Incorporated in Guernsey*)

Derivative Programme

Guaranteed by
EFG INTERNATIONAL
(*Incorporated in Switzerland*)

Under the terms of their Derivative Programme (the "**Programme**"), EFG Financial Products AG and EFG Financial Products (Guernsey) Ltd. (each an "**Issuer**" and together the "**Issuers**") may from time to time issue structured products and warrants in securitized or uncertificated form (the "**Products**").

The Products may include, but not be limited to, warrants (the "**Warrants**") and structured products (the "**Structured Products**"). The Structured Products may include certificates (the "**Certificates**"), notes (the "**Notes**"), units (the "**Units**"), reverse convertibles (the "**Reverse Convertibles**") or any other form of structured products based on any kind of underlying, including but not limited to shares, depositary receipts, indices, currencies, interest rates, commodities and baskets thereof or a combination thereof.

The Products will be issued based (i) on the information set out in this Programme, including the General Terms and Conditions (the "**General Terms and Conditions**"), as amended from time to time and (ii) on the relevant final termsheet of each Product (the "**Final Termsheet**"), together they form the product documentation ("**Product Documentation**"). The Programme and the relevant Final Termsheet shall form the entire documentation for each Product and should always be read in conjunction with each other. In case of inconsistencies between the General Terms and Conditions and the Final Termsheet, the Final Termsheet shall prevail.

All Products of each Issuer are guaranteed by EFG International (the "**Guarantor**" or "**EFGI**").

Prospective Investors (as defined in section "Risk Factors" hereafter) should ensure that they understand the nature of the relevant Products and the extent of their exposure to risks and they should consider the suitability of the relevant Products as an investment in the light of their own circumstances and financial condition. Products involve a high degree of risk, including the potential risk of expiring worthless. Potential Investors should be prepared in certain circumstances to sustain a total loss of the capital invested to purchase Products. See section "Risk Factors" (pages 5 et seq.) herein and any additional risk factors as set out in the relevant Final Termsheet.

Lead Manager
EFG Financial Products AG

The SWX Swiss Exchange (the "**SWX Swiss Exchange**") has approved this Programme on December 14, 2007 as a programme documentation pursuant to points 61 et seq. of the directive of the SWX Swiss Exchange on the listing of derivative instruments for the purpose of giving certain information with regard to each Issuer, the Guarantor, the General Terms and Conditions applying to the Products and certain other issues in connection with the issuance of Products under the Programme.

Each Issuer and the Guarantor accepts responsibility for the information contained in this Programme. Each Issuer and the Guarantor declare that the information contained in this Programme is, to the best of their knowledge, in accordance with facts and contains no omission likely to affect its import.

No person is authorised to give any information or to make any representation not contained in or not consistent with this Programme, an applicable Final Termsheet or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised or made by all or any of the Issuers, the Guarantor, the Lead Manager or the Calculation Agent (as described in the applicable Final Termsheet).

Each Issuer, the Guarantor, the Lead Manager or any affiliates of any of them may hold, retain, buy or sell the Underlying (as defined in the General Terms and Conditions) and may hold, retain, buy or sell the Products of each issue and/or enter into transactions relating thereto or derived there from, from time to time, in such amounts, with such purchasers and/or counterparties and at such prices (including at different prices) and on such terms as any such entity may determine as part of its business and/or any hedging transactions in connection with the arrangements described in this Programme or otherwise. There is no obligation upon the relevant Issuer or the Lead Manager to sell all of the Products of any issue. The Products of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the relevant Issuer and/or the Lead Manager, as the case may be, subject as provided above.

Neither this Programme nor any other information supplied in connection with the Programme (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuers, the Guarantor, the Lead Manager or the Calculation Agent that any recipient of this Programme (or any other information supplied in connection with the Programme) should purchase any Products. Each Potential Investor contemplating purchasing any Products should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of each Issuer and the Guarantor. Potential Investors should review, *inter alia*, the most recently published annual report and accounts of the relevant Issuer and the Guarantor when deciding whether or not to purchase any Products.

Neither this Programme nor any other information supplied in connection with the Programme constitutes an offer or an invitation by or on behalf of each Issuer, the Guarantor, the Lead Manager or any person to subscribe for or to purchase any Products. The delivery of this Programme does not at any time imply that the information contained herein concerning each Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Lead Manager does not undertake to review the financial condition or affairs of any of the Issuers and/or the Guarantor during the life of the Programme.

The offering or sale of the Products in certain jurisdictions may be restricted by law. Persons, who obtain possession of the Product Documentation, are required to inform themselves about and to adhere to any such restrictions which are set out in more detail in the relevant Final Termsheet. The Product Documentation does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Products are derivative financial instruments which do not qualify as units of a collective investment scheme according to the relevant provisions of the Federal Act on Collective Investment Schemes ("CISA"), as amended, and are not registered thereunder. Therefore, the Products are neither governed by the CISA nor supervised by the Swiss Federal Banking Commission ("SFBC"). Accordingly, investors do not have the benefit of the specific investor protection provided under the CISA. Investors bear the credit risk of the relevant Issuer and the Guarantor of the Products. The Products constitute unsubordinated and unsecured obligations of the relevant Issuer and/or the Guarantor and rank *pari passu* with each and all other current and future unsubordinated and unsecured obligations of the relevant Issuer and/or the Guarantor. The insolvency of each of the Issuer and the Guarantor may lead to a partly or total loss of the invested capital.

During the whole term of the Products, the Product Documentation can be ordered free of charge from the Lead Manager at Brandschenkestrasse 90, Postfach 1686, 8027 Zurich, Switzerland via telephone +41 (0)58 800 1000, fax +41 (0)58 800 1010 or via e-mail termsheet@efgpf.com.

CONTENTS

RISK FACTORS

Certain capitalised terms used in this section are defined in the General Terms and Conditions and/or the relevant Final Termsheet.

*An investment in the Products involves certain risks. If one or more of the risks described below occur, potential investors in the Products (the "**Potential Investors**") may incur a partial loss or even a total loss of their invested capital. Potential Investors should carefully consider the following factors prior to investing in the Products.*

*Investment decisions should **not** be made solely on the basis of the risk warnings set out in the Product Documentation, since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of each Potential Investor individually.*

1. General Risk Factors

1.1 Advice from your Principal Bank

This information is not intended to replace the advice Potential Investors should always obtain from their respective principal bank before making a decision to invest in the Products. Only Potential Investors who are fully aware of the risks associated with the investment in the Products and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.

1.2 Buying Products on Credit

Potential Investors financing the purchase of Products with loans should note that, should their expectations fail to materialise, they would not only have to bear the loss resulting from the investment in the Products, but also have to pay interest on the loan as well as repay the principal amount. It is therefore imperative that Potential Investors verify their financial resources in advance, in order to determine whether they would be able to pay the interest and repay the loan at short notice should they incur losses instead of realising the anticipated profit.

1.3 Independent Review and Advice

Prior to entering into a transaction, Potential Investors should consult their own legal, regulatory, tax, financial, and accounting advisors to the extent they consider necessary, and make their own investment, hedging, and trading decisions (including decisions regarding the suitability of an investment in the Products) based upon their own independent review and judgment and advice from those advisers they consider necessary.

Furthermore, Potential Investors should conduct such independent investigation and analysis regarding the Issuers and all other relevant persons or entities and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Products. However, as part of such independent investigation and analysis, Potential Investors should consider carefully all the information set forth in the Product Documentation.

Investment in the Products may involve a loss of the capital invested by virtue of the terms and conditions of the Products even where there is no default or insolvency by the relevant Issuer and/or Guarantor. Potential Investors will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects, creditworthiness, status, and affairs of the relevant Issuer and the Guarantor, respectively. None of the Issuers, the Guarantor, the Lead Manager, the Paying Agent, the Calculation Agent, or any other agent nor any affiliate of any of them (or any person or entity on their behalf) will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Potential Investors with any information in relation to such matters or to advise as to the accompanying risks.

1.4 Investor Suitability

The purchase of the Products involves substantial risks. Potential Investors should be familiar with instruments having the characteristics of the Products and should fully understand the terms and conditions set out in the Product Documentation and the nature and extent of their exposure to risk of loss.

In addition, Potential Investors must determine, based on their own independent review and such legal, business, tax, and other advice as they deem appropriate under the circumstances, that the acquisition of the Products (i) is fully consistent with their financial needs, objectives, and conditions, (ii) complies and is fully consistent with all constituent documents, investment policies, guidelines, authorisations, and restrictions (including as to their capacity) applicable to them, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper, and suitable investment for them.

1.5 Changes in Tax Law and Tax Call

The tax considerations set forth in the Product Documentation reflect the view of the Issuers based on the legislation applicable at the date of issuance of the Product Documentation. It cannot, however, be ruled out that the tax treatment by the tax authorities and courts could be interpreted differently or could be subject to changes in the future. Additionally, the tax considerations set forth herein may not be used as the sole basis for the decision to invest in the Products from a tax perspective, since the individual situation of each Potential Investor must also be taken into account. Thus, the considerations regarding taxation contained in the Product Documentation do not constitute any sort of material information or tax advice nor are they in any way to be construed as a representation or warranty with respect to specific tax consequences.

In accordance with the terms and conditions set out in the General Terms and Conditions, the relevant Issuer may redeem all outstanding Products early for tax reasons. Accordingly, Potential Investors should consult their personal tax advisors before making any decision to purchase the Products and must be aware of and be prepared to bear the risk of a potential early redemption due to tax reasons. The Issuers and/or the Guarantor and the Lead Manager do not accept any liability for adverse tax consequences of an investment in the Products.

1.6 Effect of Ancillary Costs

Commissions and other transaction costs incurred in connection with the purchase or sale of Products may result in charges, particularly in combination with a low order value, which can substantially reduce any redemption amount. Before acquiring Products, Potential Investors should therefore inform themselves of all costs incurred with the purchase or sale of the Product, including any costs charged by their custodian banks upon purchase and redemption of the Products.

1.7 No Reliance

The Issuers and the Guarantor and the Lead Manager and all of their affiliates, respectively, disclaim any responsibility to advise Potential Investors of the risks and investment considerations associated with the purchase of the Products as they may exist at the date hereof or from time to time hereafter.

1.8 Legality of Purchase

The Issuers and/or the Guarantor and the Lead Manager has/have no and assumes no responsibility for (i) the lawfulness of the acquisition of the Products by Potential Investors or for (ii) the compliance by Potential Investors with any law, regulation or regulatory policy applicable to them.

2. MARKET RISK FACTORS

2.1 General Market Risks

Changes in interest and foreign exchange rates, financial instruments and real estate valuations and increases in volatility can increase credit and market risks and may also affect customer-flow-related revenues.

Concerns about geopolitical developments, oil prices, and natural disasters, among other things, can affect the global financial markets. Accounting and corporate governance scandals in recent years have had a significant effect on investor confidence.

2.2 No Liquidity or Secondary Market

As the Products might not be listed or traded on any exchange, pricing information regarding the Products may be more difficult to obtain and the liquidity of the Products may be adversely affected. The liquidity of the Products may also be affected by restrictions on the purchase and sale of the Products in some jurisdictions.

The Issuers and/or the Lead Manager or any third party appointed by the Issuers, as applicable, intends, under normal market conditions, to provide bid and offer prices for the Products on a regular basis. However, the Issuers or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and offer prices for the Products, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. **Potential Investors of Products listed on SWX Swiss Exchange should be aware that**

SWX Swiss Exchanges generally does not require a mandatory market making for Products listed on SWX Swiss Exchange; limited exemptions apply for e.g. actively managed certificates. Potential Investors therefore cannot rely on the ability to sell Products at a specific time or at a specific price even if the Products are listed or traded on an exchange. Additionally, the Issuers have the right (but no obligation) to purchase Products at any time and at any price in the open market or by tender or private agreement. Any Products so purchased may be held or resold or surrendered for cancellation.

2.3 Expansion of the Spread between Bid and Offer Prices

In special market situations, where the Issuers and/or the Lead Manager is/are unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks of the Issuer and/or the Lead Manager.

2.4 Emerging Markets

Investments in emerging markets should only be effected by Potential Investors who have a sound knowledge of these markets, who are well aware of and are able to weigh the diverse risks (inter alia political, social, and economic risks, currency, liquidity, and settlement risks, regulatory and legal risks) involved and who have sufficient financial resources to bear the substantial risks associated with such investments.

2.5 Risks Factors associated with Currency Exchange Rates

An investment in Products may involve risk exposure to fluctuations in exchange rates of the relevant currencies in which the Products are denominated and the Underlying is traded or evaluated. For example (i) the Underlying(s) may be denominated in a currency other than that of the Products, (ii) the Products may be denominated in a currency other than the currency of the Investor's home jurisdiction and/or (iii) the Products may be denominated in a currency other than the currency in which an Investor wishes to receive funds.

Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value, regardless of other market forces.

If the Investor's right vested in the Products is determined on the basis of a currency other than the Settlement Currency, or if the value of the Underlying is determined in a currency other than the Settlement Currency, Potential Investors should be aware that investments in these Products could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the performance of the Underlying, but also on unfavourable developments in the value of such other currency.

3. RISK FACTORS RELATING TO THE PRODUCTS

3.1 Risk-hedging Transactions

The ability to eliminate or to restrict the initial risks of the Products arising from their purchase by concluding any hedging transactions during their lifetime depends mainly on the market conditions and the terms and conditions of the specific Product. As a consequence, such transactions may be concluded at unfavourable market prices to the effect that corresponding losses may arise.

Potential Investors should therefore not rely on the ability to conclude transactions at any time during the term of the Products that will allow them to offset or limit relevant risks.

3.2 Features of Products on Currencies, Exchange Rates, Commodities, or Precious Metals

In cases where the Underlyings are currencies, exchange rates, commodities, or precious metals, it should be noted that such Underlyings are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. It is therefore possible that a relevant limit, barrier or threshold pursuant to the relevant Final Termsheet may be reached, exceeded, or fallen below outside of local or Lead Manager's business hours.

3.3 Market Disruption Events

In accordance with the terms and conditions set out in the General Terms and Conditions, the Calculation Agent may determine in its sole and absolute discretion (*billiges Ermessen*) that a Market Disruption Event has occurred or exists at a relevant time. Any such determination may have an adverse effect on the market value of the Products.

3.4 Other Factors affecting Market Value

The market value of a Product is determined not only by changes in the price of the Underlying, but also a number of other factors. Since several risk factors may have simultaneous effects on the Products, the effect of a particular risk factor cannot be predicted. In addition, several risk factors may have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have on the market value of the Products.

These factors include, *inter alia*, the terms and conditions of the specific Product, the frequency and intensity of price fluctuations (volatility) in the Underlying, as well as the prevailing interest rate. A decline in the market value of the Product may therefore occur even if the price or level, as the case may be, of the Underlying remains constant or increases.

Potential Investors should be aware that an investment in the Products involves a valuation risk with regard to the Underlying. They should have experience with transactions in Products with a value derived from an Underlying. The value of an Underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors and speculation. If the Underlying comprises a basket of various assets, fluctuations in the value of any one asset may be offset or intensified by fluctuations in the value of other basket components. In addition, the historical performance of an Underlying is not an indication of its future performance. The historical price of an Underlying does not indicate its future performance. Changes in the market price of an Underlying will affect the trading price of the Products, and it is impossible to predict whether the market price of an Underlying will rise or fall.

3.5 Information with regard to the Underlying

Information with regard to the Underlying consists of extracts from or summaries of information that is publicly available in respect of the Underlying and is not necessarily the latest information available. The Issuers accept responsibility for accurately extracting and summarizing the Underlying information. No further or other responsibility (express or implied) in respect of the Underlying information is accepted by the Issuers. The Issuers make no representation that the Underlying information, any other publicly available information or any other publicly available documents regarding the Underlying or other item(s) to which the Products relate are accurate, up-to-date, or complete. There can be no assurance that all events occurring prior to the Initial Fixing Date (as defined in the General Terms and Conditions) of the relevant Products that would affect the trading price of the Underlying or other item(s) to which the Products relate (and therefore the trading price and market value of the Products) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the Underlying or other item(s) to which the Products relate could affect the trading price and market value of the Products.

3.6 Fluctuations in Market Volatility may affect the Market Value of Products

Market volatility reflects the degree of instability and expected instability of the performance of the equity, debt or commodity market over time. The level of market volatility is not purely a measurement of the actual market volatility, but is largely determined by the prices for derivative instruments that offer Potential Investors protection against such market volatility. The prices of these instruments are determined by forces such as actual market volatility, expected market volatility, other economic and financial conditions and trading speculations.

3.7 Risks of Products on a Share or Basket of Shares

Neither the Issuers nor any affiliates of the Issuers have performed any investigations or review of any company issuing any share, including any public filings by such companies. Potential Investors should not conclude that the inclusion of the shares is any form of investment recommendation. Consequently, there can be no assurance that all events occurring prior to the relevant Issue Date (as defined in the Final Termsheet), that would affect the trading price of the share(s), will have been publicly disclosed. Subsequent disclosure of or failure to disclose material future events concerning a company issuing any Underlying could affect the trading price of the share and therefore the trading price of the Product.

3.8 Investing in the Products is not the same as investing directly in the Underlying

Potential Investors should be aware that the market value of the Products may not have a direct relationship with the prevailing price of the Underlying, and changes in the prevailing price of the Underlying will not necessarily result in a comparable change in the market value of the Products.

As an Investor in Products, Investors will not have voting rights or rights to receive dividends, interest, or other distributions, as applicable, or any other rights with respect to any Underlying share. The responsibility for registration of the Shares, where applicable, is borne by the Investor.

3.9 Possible decline in Underlying Value in case of Delivery of Underlying

To the extent that "Delivery of Underlying" is provided for in the relevant Final Termsheet, Potential Investors should note that any fluctuations in the price of the Underlying between the Expiration Date of the Product and the delivery of the Underlying on the Redemption Date are borne by the Investors. Losses in the value of the Underlying can therefore still occur after the corresponding Expiration Date, and are borne by the Investors.

3.10 Protection Amount

If and to the extent that a capital protection has been declared applicable in the relevant Final Termsheet, the Products will be redeemed for an amount no less than the specified protection. A capital protection may apply at a level below, at, or above the nominal of the Product. The capital protection, if any, will not be due if the Products are redeemed prior to their Redemption Date or upon the occurrence of a Market Disruption Event or upon the occurrence of a Tax Call (as defined in the General Terms and Conditions). If no capital protection is applicable, the full amount invested by the Investor may be lost. Even if a capital protection applies, the return may be less than the capital protection specified on the Final Termsheet. The payment of the protection amount may be affected by the condition (financial or otherwise) of the relevant Issuer.

Investors must be willing and prepared to hold their Product until the Expiration Date. The invested amount is protected only if the Investor holds the Product until the Expiration Date. If an Investor sells the Product in the secondary market prior to the Expiration Date, the Investor will not have capital protection on the Product sold.

3.11 Views of the Issuers and/or Guarantor and Research Reports published by the Issuers and/or the Guarantor

The Issuers and/or the Guarantor and its affiliates may from time to time express views on expected movements in any relevant markets in the ordinary course of their businesses. These views are sometimes communicated to clients who participate in these markets. However, these views, depending upon world-wide economic, political, and other developments, may vary over differing time-horizons and are subject to change. Moreover, other professionals who deal in these markets may at any time have significantly different views from the views of the Issuers and/or the Guarantor and its affiliates. Investors must derive information about the relevant markets from multiple sources. Investors should investigate these markets and not rely on views which may be expressed by the Issuers and/or the Guarantor or its affiliates in the ordinary course of the Issuers' and/or Guarantor's or its affiliates' businesses with respect to future market movements.

The Issuers and/or the Guarantor, or one or more of its affiliates may, at present or in the future, publish research reports with respect to movements in equity, commodity or other financial markets generally or in the relevant market price specifically. Such research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Products. Any of these activities may affect the market value of the Products.

3.12 Products listed on SWX Swiss Exchange may be suspended from trading

SWX provides for rules determining admissible underlying instruments for derivatives (including Structured Products). It cannot be excluded that during the lifetime of the Product, the Underlying is suspended from trading or de-listed from SWX or any other applicable exchange for reasons beyond reasonable control of the Issuers and/or Guarantor. In case the Underlying of a Product is suspended from trading or de-listed, this might have material adverse effects on the Product and/or, among other reasons, might also lead to the suspension or de-listing of the Product.

In addition, it cannot be excluded that the Products may be suspended from trading or de-listed from SWX during the lifetime of the respective Product for other reasons.

3.13 No Supervision by the Swiss Federal Banking Commission

The Products are derivative financial instruments which do not qualify as units of a collective investment scheme according to the relevant provisions of the CISA, as amended, and are not registered thereunder. Therefore, the Products are neither governed by the CISA nor supervised by the SFBC. Accordingly, the Investor does not have the benefit of the specific investor protection provided under the CISA. Investors should be aware that they are exposed to the credit risk of the Issuers and the Guarantor.

4. RISK FACTORS RELATING TO THE ISSUERS AND/OR THE GUARANTOR AND/OR EFG GROUP

4.1 Non-reliance on Financial Information of the Issuers and/or the Guarantor

As a financial services provider, the business activities of the Issuers and/or the Guarantor are affected by the prevailing market situation. Different risk factors can impair the Issuers' and/or the Guarantor's ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, the Issuers' and/or the Guarantor's revenues and earnings are subject to fluctuations. The revenues and earnings figures from a specific period, thus, are not evidence of sustainable results. They can change from one year to the next and affect the Issuers' ability to achieve its strategic objectives.

4.2 General Insolvency Risk

Each Investor bears the general risk that the financial situation of the Issuers and/or the Guarantor as well as of EFG Group (as defined herafter) could deteriorate.

The Products constitute unsubordinated and unsecured obligations of the relevant Issuer and/or the Guarantor and rank pari passu with each and all other current and future unsubordinated and unsecured obligations of the relevant Issuer and/or the Guarantor.

4.3 Liquidity

Liquidity and liquidity management are of critical importance in EFG Group's industry. Liquidity could be affected by the inability to access the long-term or short-term debt, repurchase, or securities lending markets or to draw under credit facilities, whether due to factors specific to EFG

Group or to general market conditions. In addition, the amount and timing of contingent events, such as unfunded commitments and guarantees, could adversely affect cash requirements and liquidity.

4.4 Competitive and Business Environment

All aspects of EFG Group's business including the business of the Issuers and the Guarantor are highly competitive. EFG Group's (including the Issuers and the Guarantor) competitive ability depends on many factors, including its reputation, the quality of its services and advice, intellectual capital, product innovation, execution ability, pricing, sales efforts, and the talent of its employees.

4.5 Potential Conflicts of Interest

The Issuers and/or the Guarantor and affiliated companies may participate in transactions related to the Products in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Investors and may have a positive or negative effect on the value of the Underlying and consequently on the market value of the Products. Furthermore, companies affiliated with the Issuers and/or the Guarantor may become counterparties in hedging transactions relating to obligations of the Issuers and/or the Guarantor stemming from the Products. As a result, conflicts of interest can arise between companies affiliated with the Issuers and/or the Guarantor, as well as between these companies and Investors, in relation to obligations regarding the calculation of the price of the Products and other associated determinations. In addition, the Issuers and/or the Guarantor and its affiliates may act in other capacities with regard to the Products, such as Calculation Agent, Paying Agent and/or Index Sponsor.

Furthermore, the Issuers and/or the Guarantor, or affiliated companies of the Issuers and/or Guarantor, may issue other derivative instruments relating to the respective Underlying; introduction of such competing products may affect the market value of the Products. The Issuers and/or the Guarantor and their respective affiliated companies may receive non-public information relating to the Underlying, and neither the Issuers and/or the Guarantor nor any of its affiliates undertake to make this information available to Investors. In addition, one or more of the Issuers and/or the Guarantor's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may affect the market value of the Products.

4.6 Significance of Credit Ratings

Access to the unsecured funding markets is dependent on its credit ratings. A reduction in its credit ratings could adversely affect EFG Group's (including it subsidiaires') access to liquidity alternatives and its competitive position, and could increase the cost of funding or trigger additional collateral requirements.

4.7 Credit Exposure

Credit exposure represents the possibility that a counterparty will be unable to honour its contractual obligations. Although EFG Group actively manage credit exposure daily as part of its risk management framework, counterparty default risk may arise from unforeseen events or circumstances.

4.8 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal or outsourced processes, people, infrastructure and technology, or from external events. EFG Group seeks to minimise these risks through an effective internal control environment.

4.9 Legal, Regulatory, and Reputational Risks

As of September 2005, the Guarantor became regulated by the SFBC as a consolidated supervised entity, and as such, the Guarantor is subject to group-wide supervision and examination by the SFBC, and accordingly, the Guarantor is subject to minimum capital requirements on a consolidated basis. Violation of applicable regulations could result in legal and/or administrative proceedings, which may impose censures, fines, cease-and-desist orders or suspension of a firm, its officers or employees. The scrutiny of the financial services industry has increased over the past several years, which has led to increased regulatory investigations and litigation against financial services firms.

Legislation and rules adopted both in Switzerland and around the world have imposed substantial new or more stringent regulations, internal practices, capital requirements, procedures and controls and disclosure requirements in such areas as financial reporting, corporate governance, auditor independence, equity compensation plans, restrictions on the interaction between equity research analysts and investment banking employees and money laundering. The trend and scope of increased compliance requirements may require EFG Group (including the Issuers and the Guarantor) to invest in additional resources to ensure compliance.

The trend and scope of increased compliance requirements has increased costs necessary to ensure compliance. The EFG Group's reputation is critical in maintaining the EFG Group's relationships with clients, Investors, regulators and the general public, and is a key focus in the EFG Group's risk management efforts.

EFG Group is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its business.

4.10 Discounts and Reimbursements by the Issuer and related Conflicts of Interests of Financial Institutions / Remuneration received by the Issuer and/or the Lead Manager from Third Parties

Depending on the circumstances, the Issuer and/or the Lead Manager may sell the Products to banks, securities dealers, and other financial institutions (together the "**FI**"), who buy the Products for purposes of, or with a view to, on-sale such Products to their clients (i) at a discount of a) up to 2% p.a. to the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. to the Issue Price ("**Significant Fees**") or c) more than 3.5% p.a. to the Issue Price ("**Substantial Fees**") (as may be determined in the Final Termsheet), or (ii) at the Issue Price but reimburses an amount of a) up to 2% p.a. of the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. of the Issue Price ("**Significant Fees**") or c) more than 3.5% p.a. of the Issue Price ("**Substantial Fees**") (as may be determined in the Final

Termsheet) to the FI, meaning that if and to the extent such discount or reimbursement, on the basis of statutory law, would have to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally accepts that the FI may retain and keep such discount or reimbursement. Potential Investors should be aware that such discounts and reimbursements may, depending on the circumstances, cause potential conflicts of interests at the FI; FI are obliged, however, to implement organizational measures designed to prevent that such potential conflicts of interest may adversely affect the interests of their clients. Further information is available from the Issuer, the Lead Manager or the FI.

The Issuer and/or the Lead Manager may receive remuneration, discounts, and/or soft-commissions (the "**Retrocessions**") in the range of up to 2% per annum from third parties, in particular from the issuers, managers or lead managers of financial products or indexes that serve as Underlyings. If and to the extent such Retrocessions, on the basis of statutory law, would have to be credited to the Product or forwarded to the Investor, each Investor hereby takes note and unconditionally accepts that the Issuer and/or the Lead Manager may retain and keep such Retrocessions. Potential Investors should be aware that such Retrocessions may cause potential conflicts of interests at the Issuer and/or the Lead Manager and that there are organizational measures in place, designed to prevent that such potential conflicts of interest adversely affect the interests of the Investors. Further information is available from the Issuer, the Lead Manager, or the FI.

5. RISKS RELATING TO THE GUARANTOR

Obligations, if any, arising from the Guarantee will be solely the Guarantor's obligations, and no other entity of the EFG Group will have any other obligation, contingent or otherwise, to make any payments in respect thereof.

GENERAL TERMS AND CONDITIONS

The Products issued by EFG FINANCIAL PRODUCTS (GUERNSEY) LTD are issued pursuant to the programme agreement between EFG FINANCIAL PRODUCTS (GUERNSEY) LTD and the Lead Manager.

The following General Terms and Conditions are applicable to all Products issued under this Programme by the Issuers and shall be read in conjunction with the terms and conditions of the Products as supplemented, replaced or modified by the Final Termsheet related to any Series or any Tranche of Products. In case of inconsistencies between the General Terms and Conditions and the Final Termsheet, the Final Termsheet shall prevail.

The Investors are deemed to have notice of all the provisions of this Programme and the Final Termsheet.

1. DEFINITIONS

The following definitions are applicable to all Products issued under this Programme by the Issuers and shall be read in conjunction with the additional terms and conditions of the Final Termsheet related to each Series of Products which may supplement them, replace them or modify them.

As used in these General Terms and Conditions, the following expressions shall have the meanings in respect of any Products or Series of Products as set forth below. Words denoting the singular number only shall include the plural number also and vice versa, and words denoting one gender only shall include the other gender.

"**American Style Warrant**" has the meaning specified in General Terms and Conditions 5.1.

"**Announcing Party**" has the meaning specified in General Terms and Conditions 11.2.

"**Announcing Third Party**" has the meaning specified in General Terms and Conditions 11.2.

"**Automatic Exercise**" has the meaning specified in General Terms and Conditions 7.2.

"**Automatic Redemption**" has the meaning specified in General Terms and Conditions 8.2.

"**Barrier Level**" and/or "**Trigger Level**" or any other level have the meaning (where applicable) specified in the Final Termsheet.

"**Basket**" means (where applicable):

(i) in respect of a Shares, the basket of Shares as specified in the Final Termsheet, subject to adjustments;

(ii) in respect of an Index, the basket of Indices as specified in the Final Termsheet, subject to adjustments.

(iii) in respect of any other Underlying, the basket of such other Underlying as specified in the Final Termsheet, subject to adjustments.

"**Business Day**" means in connection with any payment procedure (i) a day on which SIS, DTC, Clearstream Luxembourg and Euroclear are open for business, and (ii) foreign exchange markets settle payments in the Settlement Currency (iii) banks are open for business in Zurich and (iv) any other day as specified in the Final Term Sheet, if applicable.

"**Business Day Convention**" means convention to be used for the calculation of any interest amount, as defined in the Final Termsheet.

"**Calculation Agent**" means the calculation agent specified in the Final Termsheet.

"**Cap Level**" has the meaning (where applicable) specified in the Final Termsheet.

"**Cash Settlement**" has the meaning (where applicable) specified in the General Terms and Conditions 7.8.

"**Clearing**" and/or "**Clearing System**" means (i) in relation to Products listed on the SWX SIS, Olten, Switzerland, or any additional clearing system approved by the Admission Board of the SWX or (ii) in relation to any Products which are not listed, SIS or any clearing system specified in the relevant Final Termsheet in which Products are, for the time being, held.

"**Commodity Indices**" means the commodity index as specified in the Final Termsheet.

"**Company**" means, for Products with Shares as Underlying, the company that has issued such Shares.

"**Conversion Rate**" means (where applicable) the rate for conversion of any amount into the Settlement Currency, as specified in the Final Termsheet and, if not specified, as reasonably determined by the Calculation Agent.

"**Conversion Ratio**" means the number of Products per one Underlying or the Underlyings into which a given number of Products may be converted, as the case may be and as specified in the Final Termsheet.

"**Coupon Payment Date**" has the meaning as determined in the Final Termsheet.

"**Delivery of Underlying**" has the meaning (where applicable) specified in General Terms and Conditions 7.9.

"**Delivery Period**" relating to Settlement Disruption means the **fifteen** Business Days period starting on the Exchange Business Day following the Final Fixing Date or (in the case of a Valuation Period) the last Final Fixing Date of the Valuation Period (or any other period defined in the Final Termsheet).

"**Early Redemption Date(s)**" has the meaning specified in General Terms and Conditions 5.2 or as specified in the Final Termsheet.

"**European Style Warrant**" has the meaning specified in General Terms and Conditions 5.1.

"**Exchange**" means the stock exchange where the Product is listed, if applicable, or as specified on the Final Termsheet.

"**Exchange Business Day**" means if not otherwise specified in the Final Termsheet:

(i) in respect of Products with a Share as Underlying a Trading Day on which the Related Exchange is operating, on which the relevant Share is quoted on the Related Exchange and on which such futures or options on the relevant Share (if any) are traded on the Futures and Options Exchange, subject to the provisions set forth in the section headed 'Market Disruption Event'

(ii) in respect of Products with an Index as Underlying a day, on which the relevant Index is calculated by the Relevant Party or the Index Third Party and announced by the Announcing Party or the Announcing Third Party, subject to the provisions set forth in the section headed 'Market Disruption Event'.

(iii) in respect of Products with any Underlying other than an Index or a Share, if the value of such Underlying is determined:

a. by way of a reference to a publication of an official fixing (, a day, on which such fixing must be determined and published by the respective fixing sponsor, subject to Market Disruption Events as specified in the Final Termsheet, if any;

b. by way of reference to an official cash settlement price, a day, on which such official cash settlement must be determined and published by the respective exchange or any other official announcing party, subject to Market Disruption Events as specified in the Final Termsheet, if any;;

c. by way of reference to a price or value source including but not limited to information providers such as Reuters, Bloomberg or WM Company PLC and the respective pages on their systems, a day, on which such price or value source still exists and officially provides for the respective price or value, subject to Market Disruption Events as specified in the Final Termsheet, if any;

d. by way of reference to an official settlement price (e.g. for a futures contract being the Underlying), a day, on which (1) the Related Exchange is scheduled to be open for trading for its respective regular trading session, notwithstanding any such Related Exchange closing prior to its scheduled closing time, and (2) on which none of the following situations is occurring: (i) A material limitation, suspension or disruption of trading in the Underlying which results in a failure by the Related Exchange to report an official settlement price for the Underlying on the day on which such event occurs or any succeeding day on which it continues; (ii) The settlement price for the Underlying is a 'limit price' which means that the closing price for such contract for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable Related Exchange rules; or (iii) failure by the Related Exchange to announce or publish the settlement price for the Underlying.

"**Exercise Date**" means, in respect of any Warrant, the day on which such Warrant is deemed to have been exercised in accordance with General Terms and Conditions 7.2 (Automatic Exercise), if applicable, or on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of General Terms and Conditions 7.3 (Exercise Notice).

"**Exercise Notice**" means any notice in the form as may from time to time be agreed by the relevant Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) which is delivered by a Investor in accordance with General Terms and Conditions 7.3 (Exercise Notice).

"**Exercise Period**" means, in the case of American Style Warrants, a period starting on the Issue Date and ending on the Expiration Date or, as specified in the Final Termsheet.

"**Expiration Date**" means the date as specified under Final Fixing Date in the Final Termsheet, subject to Market Disruption Event provisions.

"**Fair Market Value**" means the value of the relevant Underlying as determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)* but in accordance with established market practice, which is calculated on the basis of the relevant market conditions after deduction of the costs of the Issuer for unwinding any related underlying hedging arrangements.

"**Final Fixing Date**" means, subject to General Terms and Conditions 7.9(ii), 8.10(ii) and 9, the date specified in the Final Termsheet or if such date is not an Exchange Business Day the next succeeding Exchange Business Day.

"**Fixed-end Products**" means Structured Products with a fixed duration, ending on the Final Fixing Date and/or the Redemption Date, respectively.

"**Futures and Options Exchange**" means with respect to any Product the organised futures and options exchanges on which futures and/or options relating to the Underlying are traded as, as the case may be, specified in the Final Termsheet or any succeeding market thereto.

"**FX Disruption Event**" has the meaning given in General Terms and Conditions 12.

"**FX Establishment Date**" has the meaning given in General Terms and Conditions 12.

"**FX Rate**" has the meaning given in General Terms and Conditions 12.

"**Index**" means, in respect of any Product relating to an index, each index specified in the Final Termsheet and published by the relevant Index Sponsor.

"**Index Sponsor**" means the relevant index sponsor who calculates and publishes the relevant Index, as specified in the Final Termsheet.

"**Index Third Party**" has the meaning specified in General Terms and Conditions 11.1.

"**Initial Fixing Date**" has the meaning as determined in the Final Termsheet.

"**Investor**" means a person entitled to the rights conferred by the Products, holding Products through a Securities Account Holder, or, in the case of a Securities Account Holder acting for its own account, such Securities Account Holder.

"**Issuer**" means either EFG Financial Products AG or EFG Financial Products (Guernsey) Ltd. as described in the Final Termsheet.

"**Issue Date**" has the meaning as determined in the Final Termsheet.

"**Last Trading Time**", see the definition of Trading Expiration Time.

"**Lead Manager**" means the lead manager specified in the Final Termsheet.

"**Market Disruption Event**" has the meaning specified in General Terms and Conditions 9.

"**Maximum Exercise Number**" has the meaning specified in General Terms and Conditions 7.1.

"**Maximum (Redemption) Amount**" means (where applicable) the amount as specified in the Final Termsheet.

"**Merger Date**" has the meaning specified in General Terms and Conditions 10.2.

"**Merger Event**" has the meaning specified in General Terms and Conditions 10.2.

"**Merger Event Redemption Amount**" has the meaning specified in General Terms and Conditions 10.2.

"**Minimum Exercise Number**" has the meaning specified in General Terms and Conditions 7.1.

"**Minimum Trading Lot**" and/or "**Minimum Investment**" means the minimum trading lot specified in the Final Termsheet.

"**Open-end Products**" means Structured Products with no fixed maturity.

"**Paying Agent**" means the paying agent specified in the Final Termsheet.

"**Postponed Final Fixing Date**" has the meaning given in General Terms and Conditions 12;

"**Potential Adjustment Event**" has the meaning vien in General Terms and Conditions 10.1.

"**Products**" means Warrants and Structured Products, as specified in the Final Termsheet.

"**Rating**" means the rating of the Issuer and the Guarantor as specified in the Final Termsheet.

"**Redemption**" or "**Redemption Amount**" means (where applicable), with respect to any Product a Cash Settlement in the Settlement Currency and/or a Delivery of Underlying, as specified in the Final Termsheet.

"**Redemption Date**" means in respect of (i) any Warrants being exercised, the **fifth** Business Day following the Exercise Date, the Expiration Date or the Final Fixing Date (or, as the case may be, following the Final Fixing Date of the Valuation Period) or any other Business Day specified in the Final Termsheet, subject to Market Disruption Event provisions (ii) any Structured Products, the Business Day specified in the Final Termsheet; in case where a Final Fixing Date is postponed as a consequence of a Market Disruption Event, the Redemption Date, any Coupon Payment Date or any other date, as applicable, will be postponed accordingly.

"**Redemption Notice**" means any notice in the form as may from time to time be agreed by the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) which is delivered by a Investor in accordance with General Terms and Conditions 8.3 and 8.4.

"**Related Exchange(s)**" means the exchange(s) on which the relevant Underlying or its components and relating to Products on Commodity Indices the relevant Underlying Components are traded, or as specified in the Final Termsheet.

"**Relevant Currency**" means the currency in which the Underlying is trading on the Related Exchange.

"**Relevant Party**" has the meaning specified in General Terms and Conditions 11.

"**Requisite Amount**" has the meaning specified in General Terms and Conditions 7.7.

"**Securities Account Holder**" means a financial intermediary entitled to hold accounts with a Clearing System on behalf of its customers or an Investor entitled to an account with SIS or any other Clearing System as specified in the relevant Final Termsheet.

"**Series**" means two or more Tranches of Products, designated to constitute a Series in the relevant Conditions, with the same Underlying or Underlying Component, issued on the same date.

"**Settlement Currency**" means the currency, as specified in the Final Termsheet, used for the payment of any Redemption, Redemption Amount or any other amount.

"**Settlement Disruption**" means, in the case of a Delivery of Underlying, the suspension or material limitation, in the opinion of the Calculation Agent, of transfers of the Underlying in the system of any of the Clearing Systems.

"**Share**" means, in respect of any Product relating to shares, each share, depository receipt, or any other equity or equity related instruments or units of investment funds, as specified in the Final Termsheet.

"**SIS**" means SIS SegaInterSettle AG, Olten, Switzerland, or any successor thereof.

"**Stop Loss Level**" has the meaning (where applicable) specified in the Final Termsheet.

"**Strike Level**" and/or "**Strike Price**" has the meaning (where applicable) specified in the Final Termsheet.

"**Structured Products**" means structured products such as Certificates, Notes, Units, Reverse Convertibles etc., based on any kind of Underlying, including but not limited to shares, depositary receipts, indices, currencies, interest rates, commodities and baskets thereof or a combination thereof, as specified in the Final Termsheet, according to article 5 the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 as amended (**"CISA"**) and according to section 2 of the Swiss Bankers Associations Guidelines on informing investors about Structured Products.

"**SWX**" means the SWX Swiss Exchange, Zurich, Switzerland, or any successor exchange thereof.

"**Trading Day**" means any day that is a scheduled trading day of the Related Exchange, subject to the provisions set forth in the section headed 'Market Disruption Events'.

"**Trading Expiration Time**" and/or "**Last Trading Time**" means the time on the Final Fixing Date until which the Products can be traded at the Exchange, as specified in the Final Termsheet.

"**Tranche**" means a number of Products that are subject to the same conditions (including further issues pursuant to General Terms and Conditions 21, if any).

"**Trigger Level**" see the definition of Barrier Level.

"**Underlying**" means any Underlying Component and/or Underlying as the case may be, or as specified in the Final Termsheet.

"**Underlying Component**" relating to Products with Commodity Indices as Underlying, means in respect of each physical commodity comprised in the Index, each exchange traded future or exchange traded option contracts for that physical commodity, as determined by the Calculation Agent.

"**Valuation Period**" and/or "**Hedge Period**" means (where applicable) the period specified in the Final Termsheet.

"**Value of the Basket**" means, subject to adjustments, the value of the Basket on the Final Fixing Date, considering the Conversion Ratio and the Weight, as determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*.

"**Warrants**" means Call Warrants and Put Warrants as specified in General Terms and Conditions 6.

"**Weight**" means for each basket of Share or Index respectively, or any other Underlying the weight specified for such Underlying or Underlying Component as specified in the Final Termsheet.

2. STATUS

The Products constitute unsubordinated and unsecured obligations of the relevant Issuer and the Guarantor and rank pari passu with each and all other current and future unsubordinated and unsecured obligations of the relevant Issuer and the Guarantor.

There is no principal protection in relation to the Products (unless specified in the Final Termsheet).

3. FORM OF DEED

Each Series of Products will (as specified in the Final Termsheet) at all times (i) either be represented by a permanent global certificate (the "**Global Certificate**") in bearer form which will be deposited with and cleared through the Clearing System specified in the Final Termsheet or (ii) be issued as uncertificated securities (the "**Uncertificated Securities**") in accordance with Art. 2 lit. a of the Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 (SESTA) and Art. 24 of the SWX Listing Rules in connection with recital 41 of the SWX Directive on Certification of Securities), always subject to a constitutive agreement by the Issuer and SIS ("*Rahmenvertrag betreffend die Aufnahme von Wertrechten in das SIS-Girosystem*").

The Investor's entitlement to SIS book-entry securities is based on his/her relevant custody account statement. SIS lists the total volume of the book-entry securities in the relevant master register, which is available to the public.

4. TRANSFER OF PRODUCTS

Transactions in (including transfer of) the Products may only be effected through the relevant Clearing System in or through which the Products are held and are to be held and/or through the relevant Securities Account Holder. Title will pass upon registration of the transfer in the books of the relevant Clearing System and of the relevant Securities Account Holder.

5. STYLE OF PRODUCTS

5.1 American Style Warrants or European Style Warrants

These General Terms and Conditions 5.1 are applicable only in relation to Warrants.

The Final Termsheet will indicate whether the Warrants are American Style Warrants or European Style Warrants, all as described as follows:

American Style Warrants are exercisable on any Business Day during the Exercise Period in accordance with the procedure described in General Terms and Conditions 7 as supplemented by the provisions of the Final Termsheet.

European Style Warrants are exercisable on the Expiration Date in accordance with the procedure described in General Terms and Conditions 7 as supplemented by the provisions of the Final Termsheet.

5.2 Fixed-end Products or open-end Products

These General Terms and Conditions 5.2 are applicable only in relation to Structured Products.

The Final Termsheet will indicate whether the Structured Products are Fixed-end Products or Open-end Products, all as described as follows:

Fixed-end Products expire on the Expiration Date specified as such in the Final Termsheet. Unless otherwise specified in the Final Termsheet, they are automatically redeemed on the Redemption Date. If specified in the Final Termsheet Fixed-end Products are redeemable by their Investors on the date(s) prior to the Redemption Date ("**Early Redemption Date(s)**") specified in the Final Termsheet in accordance with General Terms and Conditions 8, or, if any such Early Redemption Date is not a Business Day, the next following date that is a Business Day.

Open-end Products have no fixed maturity. The Issuer has the right to call and the Investor has the right to redeem Open-end Products in accordance with the procedure described in General Terms and Conditions 8 on any Early Redemption Date or Redemption Date, respectively, specified in the Final Termsheet, or, if any such Early Redemption Date or Redemption Date is not a Business Day, the next following date that is a Business Day.

6. CALL WARRANTS OR PUT WARRANTS

These General Terms and Conditions 6 are applicable only in relation to Warrants.

The Final Termsheet will indicate whether the Warrants are call Warrants (the "**Call Warrants**") or put Warrants (the "**Put Warrants**"), all as described as follows:

6.1 For Warrants related to a single Share

If the Underlying is a Share, the following shall apply:

The Final Termsheet shall specify whether Call Warrants entitle the Investor upon exercise of the Warrants, to receive:

(i) the payment of the Redemption Amount (if the Redemption Amount is a positive amount);

(ii) at the option of the Issuer, the payment of the Redemption Amount (if the Redemption Amount is a positive amount), or the delivery of the number of Shares to which the Warrants being exercised by the Investor relate against payment of the Strike Level multiplied by the number of Shares to be delivered (according to the Conversion Ratio); or

(iii) in the case of American Style Warrants, the payment of the Redemption Amount (if the Redemption Amount is a positive amount) if the Warrants are automatically exercised on the Expiration Date pursuant to General Terms and Conditions 7.2, or the delivery of the number of Shares which the Warrants being exercised by the Investor relate to against payment of the Strike Level multiplied by the number of Shares to be delivered (according to the Conversion Ratio) if the Warrants are exercised by the Investor during the Exercise Period.

The Final Termsheet shall specify whether Put Warrants entitle the Investor upon exercise of the Warrants, to receive:

(i) the payment of the Redemption Amount (if the Redemption Amount is a positive amount);

(ii) at the option of the Issuer, the payment of the Redemption Amount (if the Redemption Amount is a positive amount), or the payment of the Strike Level multiplied by the number of Shares to be delivered by the Investor (according to the Conversion Ratio) against delivery of the number of Shares to which the Warrants being exercised relate; or

(iii) in the case of American Style Warrants, the payment of the Redemption Amount (if the Redemption Amount is a positive amount) if the Warrants are automatically exercised on the Expiration Date pursuant to General Terms and Conditions 7.2, or the payment of the Strike Level multiplied by the number of Shares to be delivered by the Investor against delivery of the number of Shares which the Warrants being exercised relate to (according to the Conversion Ratio) if the Warrants are exercised by the Investor during the Exercise Period.

6.2 For Warrants related to any Underlying other than a single Share

If the Underlying is a Basket of Shares, an Index or a Basket of Indices or any other Underlying than a single Share or a derivative contract, the following shall apply:

Call Warrants entitle the Investor upon exercise of the Warrants to receive the payment of the Redemption Amount (if the Redemption Amount is a positive amount).

Put Warrants entitle the Investor upon exercise of the Warrants to receive the payment of the Redemption Amount (if the Redemption Amount is a positive amount).

7. EXERCISE OF WARRANTS

These General Terms and Conditions 7 are applicable only in relation to Warrants.

7.1 Minimum and maximum number of Warrants exercisable

(i) Minimum number of Warrants exercisable

The minimum number of Warrants exercisable by any Investor on any Exercise Date will be specified in the Final Termsheet (the "**Minimum Exercise Number**"). Any Exercise Notice which purports to exercise Warrants in an amount less than the relevant Minimum Exercise Number shall be void and of no effect.

(ii) Maximum number of Warrants exercisable (in the case of American Style Warrants)

In the case of American Style Warrants, if the Paying Agent determines that the number of Warrants being exercised on any Exercise Date other than the Expiration Date exceeds the maximum exercise number as specified in the Final Termsheet (the "**Maximum Exercise Number**"), the Issuer may deem the Exercise Date for the first Maximum Exercise Number of such Warrants to be such day and the Exercise Date for each additional Maximum Exercise Number of such Warrants to be each of the succeeding Business Days until all such Warrants have been attributed with an Exercise Date, provided, however, that the deemed Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where the number of Warrants exercised on any Exercise Date exceeds the Maximum Exercise Number, the order of settlement shall be chronological, i.e., in the order of receipt of the relevant Exercise Notices. The Issuer may, at any time, in its sole and absolute discretion (*billiges Ermessen)*, accept more Warrants than the Maximum Exercise Number for exercise on any Exercise Date.

7.2 Automatic Exercise

The Final Termsheet may specify that Warrants be automatically exercised on the Expiration Date. Then:

(i) the Investor will not need to deliver an Exercise Notice or to take any other action, unless otherwise specified in the Final Termsheet; and

(ii) Warrants shall automatically be exercised on the Expiration Date if the Redemption Amount is a positive amount.

Warrants automatically exercised only allow for the payment of the Redemption Amount.

7.3 Exercise Notice

Save in the case of automatic exercise of the Warrants on the Expiration Date, Warrants may only be exercised by an Investor on such day(s) as provided in General Terms and Conditions 5.1 by delivery of a duly completed and signed Exercise Notice to the Paying Agent not later than 12:00 noon (Zurich time) on the relevant Exercise Date or Expiration Date, as the case may be (for Underlying listed in Asia the next following Business Day will be treated as the Exercise Date). If the duly completed Exercise Notice is received by the Paying Agent (i) on a Business Day after 12:00 noon (Zurich time), (ii) on a day which is not a Business Day, then such Exercise Notice shall be deemed to have been received on the next following Business Day (for Underlying listed in Asia the second following Business Day will apply), which Business Day shall be the Exercise Date, subject to such Business Day being not later than the Expiration Date.

Any Exercise Notice received by the Paying Agent on any Exercise Date, which is not duly completed, shall be deemed to be null and void, and a new duly completed Exercise Notice must be submitted if exercise of the Investors is still desired.

If the Final Termsheet specifies that the Warrants will not be exercised automatically on the Expiration Date, any Warrant which has not been exercised and with respect to which an Exercise Notice has not been duly completed, delivered and received in the manner set out in these General Terms and Conditions 7 at or before 12:00 noon (Zurich time) on the Expiration Date shall become null and void.

7.4 Form of Exercise Notice

The Exercise Notice shall be in the form as may from time to time be agreed by the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent), and must:

(a) specify the name and address of the Investor in respect of the Warrants being exercised;

(b) specify the number of Warrants of the relevant Series being exercised by the Investor (which must not be less than the Minimum Exercise Number);

(c) specify the number of the account at the relevant Clearing System to be debited with the Warrants being exercised and irrevocably instruct, or, as the case may be, confirm that the Securities Account Holder has irrevocably instructed, the relevant Clearing System to debit the Securities Account Holder's account with the Warrants being exercised and credit the same to the account of the Paying Agent;

(d) specify the number of the account at the relevant Clearing System to be credited with the Redemption Amount for the Warrants being exercised; or, as the case may be, specify the number of the account with the relevant Clearing System to be credited with the relevant

Shares or the delivery details for such Shares;

(e) include an irrevocable undertaking to the Issuer and the Paying Agent, acting on the Issuer's behalf, to pay any applicable taxes and duties due by reason of exercise of the relevant Warrants, and an authority to the Issuer and the Paying Agent and, in case of unlisted Warrants, the relevant Clearing System (if other than SIS) to deduct an amount in respect thereof from any Redemption Amount due to such Investor or otherwise (on, or at any time after, the Redemption Date) and to debit a specified account of the Investor with an amount in respect thereof;

(f) certify that the Investor is not a U.S. Person and that the Warrants are not being exercised on behalf of a U.S. Person; and

(g) specify such other details as the relevant Final Termsheet may require.

7.5 Determination

Upon receipt of an Exercise Notice from an Investor, the Paying Agent shall review each Exercise Notice received in order to ensure that it has been duly completed and that all requirements for a valid exercise of the Warrants have been complied with.

If, in the determination of the Paying Agent:

(a) the Exercise Notice is incomplete or not in proper form; or

(b) sufficient Warrants or sufficient funds equal to any applicable taxes and duties and the aggregate Strike Level (if any) are not available in the specified account(s) with the relevant Clearing System on the Exercise Date;

that Exercise Notice will be treated as null and void and a new duly completed Exercise Notice must be submitted if exercise of the Investor's Warrants is still desired.

Any determination by the Paying Agent as to any of the matters set out in these General Terms and Conditions 7.5 shall, in the absence of manifest error or wilful misconduct, be conclusive and binding upon the Issuer, the Investor and the beneficial owner of the Warrants exercised.

7.6 Election by the Issuer in the case of Delivery of Underlying or cash settlement Warrants related to a Share

In the case of Warrants related to a Share in respect of which the Final Termsheet provides that the Issuer can elect Cash Settlement or Delivery of Underlying, the Issuer shall notify the Paying Agent of its choice of delivering or acquiring Shares or paying the corresponding Redemption Amount (if the Redemption Amount is a positive amount) not later than 10:00 a.m. (Zurich time) on the second Business Day following the Exercise Date, and the Paying Agent shall cause the same to be notified to the relevant Clearing System and/or the relevant Securities Account Holder accordingly.

7.7 Effect of Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the relevant Investor to exercise the Warrants in accordance with these General Terms and Conditions and, in the case of delivery of the Underlying (for the Call Warrants related to a Share), in case of a Call Warrant to pay an amount equal to the Strike Level multiplied by the number of Shares to which the Warrants being exercised relate (the "**Requisite Amount**") or in case of a Put Warrant to deliver the Shares to which the Warrants being exercised relate and in any case the taxes and duties to the Paying Agent (for the benefit of the Issuer), should the Issuer elect Delivery of the Underlying.

7.8 Cash Settlement

(i) Determination and Notification of the Redemption Amount

The Calculation Agent shall, on the next Business Day following the Final Fixing Date, determine, in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice, the Redemption Amount (if any) to be paid in respect of the Warrants being exercised.

(ii) Cash Settlement on the Redemption Date

Prior to the Redemption Date, the Issuer shall, in respect of the Warrants being exercised, transfer (or cause to be transferred) the Redemption Amount to the Paying Agent, for value on the Redemption Date, and on the Redemption Date the Paying Agent shall, subject to the Warrants being exercised having been transferred and to the payment of the related taxes and duties, if any, having been received, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

7.9 Delivery of Underlying

(i) Delivery of Underlying on the Redemption Date

In respect of Call Warrants which have been exercised and in respect of which the Issuer has elected Delivery of Underlying in accordance with General Terms and Conditions 7.6, subject to the payment of the Requisite Amount (plus any applicable taxes and duties, if any) from the relevant account of the Investor to the relevant account of the Paying Agent (in favour of the Issuer), the Issuer shall, prior to the Redemption Date, deliver or procure the delivery of the relevant number of Shares in respect of each Warrant to the Paying Agent for credit to the account of the Investor specified in the relevant Exercise Notice on the Redemption Date. The Issuer shall be entitled, if it so elects, to divide any Shares to be transferred into such number of lots of such size as it desires to facilitate its delivery obligations.

In respect of Put Warrants which have been exercised and in respect of which the Issuer has elected Delivery of Underlying in accordance with General Terms and Conditions 7.6, subject to the delivery of the relevant number of Shares in respect of each Warrant to the

Paying Agent for credit to the account of the Issuer, the Issuer shall, prior to the Redemption Date, transfer (or cause to be transferred) the Requisite Amount (less any applicable taxes and duties, if any) to the Paying Agent, for value on the Redemption Date, and on the Redemption Date the Paying Agent shall, subject to the relevant number of Shares having been transferred, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

(ii) Settlement Disruption

If a Settlement Disruption has occurred and is continuing on the last day of the Delivery Period, the Issuer shall in respect of the Warrants being exercised, in lieu of delivering the number of Shares to which these Warrants relate, pay as soon as commercially possible the Redemption Amount and, for the calculation of the Redemption Amount, the Final Fixing Date shall be determined by the Calculation Agent its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice.

Such Redemption Amount shall be determined on the basis of the Fair Market Value of the Share on such Final Fixing Date. The Issuer shall pay the corresponding Redemption Amount (if any) to the Investor as soon as commercially possible in accordance with established market practice.

(iii) Fractions of Shares

No fraction of Share will be transferred by the Issuer and, accordingly, payment to the Investor shall be made by the Issuer in lieu of such fraction of Share calculated by reference to the Redemption Amount.

Warrants exercised at the same time by the same Investor will not be aggregated for the purpose of determining the number of Shares to which such Warrants relate.

7.10 Dividends

These General Terms and Conditions 7.10 is applicable only in relation to Warrants related to a Share and to Warrants related to a Basket of Shares.

In the case of any exercised Warrants, in the event that the relevant Company has declared a dividend in respect of its Shares and the first date on which such Shares are quoted ex-dividend on the Related Exchange falls after the relevant Exercise Date but (a) in the case of Cash Settlement, on or prior to the relevant Final Fixing Date (except where the Final Fixing Date is the Exercise Date) or (b) in the case of Delivery of Underlying, on or prior to the Redemption Date, then, as the case may be:

(i) in the case of Cash Settlement, the Redemption Amount related to such Share shall be increased by a cash amount equal to such dividends attributable to such Share less the amount equal to the value of any related tax credit(s); or

(ii) in the case of Delivery of Underlying for Call Warrants related to a Share, the Investor will be entitled to receive a cash amount equal to such dividends attributable to the number of Shares to which such Warrants relate on the relevant Redemption Date less the amount equal to the value of any related tax credit(s).

All Shares delivered upon exercise of the Warrants shall be fully-paid up Shares and shall entitle the holders thereof to participate in full in all dividends and other distributions paid or made on the Shares after the delivery thereof.

8. REDEMPTION OF STRUCTURED PRODUCTS

These General Terms and Conditions 8 are applicable only in relation to Structured Products.

8.1 Minimum and maximum number of Structured Products redeemable

(i) Minimum number of Structured Products redeemable

The minimum number of Structured Products redeemable by any Investor on any Redemption Date will be specified in the Final Termsheet. Any Redemption Notice which purports to redeem Structured Products in an amount less than the relevant Minimum Trading Lot shall be null and void and of no effect.

(ii) Maximum number of Structured Products redeemable (in the case of Open-end Products redeemable on an Early Redemption Date)

In the case of Structured Products redeemable on an Early Redemption Date, if the Paying Agent determines that the number of Structured Products being redeemed on any Redemption Date exceeds the maximum redemption number as specified in the Final Termsheet (the "**Maximum Redemption Number**"), the Issuer may deem the Redemption Date for the first Maximum Redemption Number of such Structured Products to be such day and the Redemption Date for each additional Maximum Redemption Number of such Structured Products to be each of the succeeding Business Days until all such Structured Products have been attributed with a Redemption Date, provided, however, that the deemed Redemption Date for any such Structured Products which would thereby fall after the Redemption Date shall fall on the Redemption Date. In any case where the number of Structured Products redeemed on any day exceeds the Maximum Redemption Number, the order of settlement shall be chronological, i.e. in the order of receipt of the relevant Redemption Notices. The Issuer may, at any time, in its sole and absolute discretion (*billiges Ermessen*), accept more Structured Products than the Maximum Redemption Number for redemption on any Redemption Date.

8.2 Automatic Redemption

Unless previously redeemed, purchased and/or cancelled Fixed-end Products will be redeemed automatically on the Redemption Date, and the settlement will be cash settlement or cash settlement or Delivery of Underlying at the option of the Issuer as specified in the Final Termsheet.

In relation to Fixed-end Products which are automatically redeemed on the Redemption Date the Investor will not need to deliver a Redemption Notice or to take any other action, unless otherwise specified in the Final Termsheet.

8.3 Redemption Notice

If so specified in the Final Termsheet Products may be redeemed by an Investor at such time and on such day(s) as provided in General Terms and Conditions 5.2 by delivery of a duly completed and signed Redemption Notice to the Paying Agent not later than 12:00 noon (Zurich time) on any Exchange Business Day during the Exercise Period. Such Exchange Business Day and in case of Products on an Underlying listed in Asia the next following Exchange Business Day, will be treated as the Final Fixing Date, subject to any Market Disruption Event.

Any Redemption Notice received by the Paying Agent, which is not duly completed, shall be deemed to be null and void and a new duly completed Redemption Notice must be submitted if redemption of the Investors Products is still desired.

8.4 Form of Redemption Notice

The Redemption Notice shall be in the form as may from time to time be agreed by the Issuer and the Paying Agent (and which is available at the specified office of the Paying Agent) and must:

(a) specify the name and address of the Investor in respect of the Structured Products being redeemed;

(b) specify the number of Structured Products of the relevant Series being redeemed by the Investor (which must not be less than the Minimum Trading Lot);

(c) specify the number of the account at the relevant Clearing System to be debited with the Structured Products being redeemed and irrevocably instruct, or, as the case may be, confirm that the Securities Account Holder has irrevocably instructed, the relevant Clearing System to debit the Securities Account Holder's account with the Structured Products being redeemed and credit the same to the account of the Paying Agent;

(d) specify the number of the account at the relevant Clearing System to be credited with the Redemption Amount for the Structured Products being redeemed; or, as the case may be, specify the number of the account with the relevant Clearing System to be credited with the relevant shares or the delivery details for such shares;

(e) include an irrevocable undertaking to the Issuer and the Paying Agent, acting on the Issuer's behalf, to pay any applicable taxes and duties due by reason of redemption of the relevant Structured Products, and an authority to the Issuer and the Paying Agent and, in case of unlisted Structured Products, the relevant Clearing System (if other than SIS) to deduct an amount in respect thereof from any Redemption Amount due to such Investor or otherwise (on, or at any time after, the Redemption Date) and to debit a specified account of the Investor with an amount or amounts in respect thereof;

(f) certify that the Investor is not a U.S. Person and that the Structured Products are not being exercised on behalf of a U.S. Person; and

(g) specify such other details as the relevant Final Termsheet may require.

8.5 Determination

Upon receipt of a Redemption Notice from an Investor, the Paying Agent shall review each Redemption Notice received in order to ensure that it has been duly completed and that all requirements for a valid redemption of the Structured Products have been complied with.

If, in the determination of the Paying Agent:

(a) the Redemption Notice is incomplete or not in proper form; or

(b) sufficient Structured Products or sufficient funds equal to any applicable taxes and duties are not available in the specified account(s) with the relevant Clearing System on the Redemption Date;

that Redemption Notice will be treated as null and void and a new duly completed Redemption Notice must be submitted if redemption of the Investor's Structured Products is still desired.

Any determination by the Paying Agent as to any of the matters set out in these General Terms and Conditions 8.5 shall, in the absence of manifest error or wilful misconduct, be conclusive and binding upon the Issuer, the Investor and the beneficial owner of the Structured Products redeemed.

8.6 Determination of Settlement

(i) Election by the Issuer in the case of Delivery of Underlying or cash settlement of Structured Products related to a Share

In the case of Structured Products related to a Share in respect of which the Final Termsheet provides that the Issuer can elect to deliver the number of Shares to which the Structured Products being redeemed relate or to pay the Redemption Amount, the Issuer shall notify the Paying Agent of its choice of delivering Shares or paying the corresponding Redemption Amount, if any, not later than 10:00 a.m. (Zurich time) on the **tenth** Business Day prior to the Final Fixing Date and the Paying Agent shall cause the same to be notified to the relevant Clearing System and/or the relevant Securities Account Holder accordingly.

8.7 Effect of Redemption Notice

Delivery of a Redemption Notice shall constitute an irrevocable election and undertaking by the relevant Investor to redeem the Structured Products in accordance with these General Terms and Conditions.

8.8 Termination of open-end Products by Issuer

In the case of open-end Products the Issuer may, on any Early Redemption Date specified as such in the Final Termsheet, call the Structured Products by announcing the exercise of its termination right in accordance with General Terms and Conditions 18 (Notices).

8.9 Cash Settlement

(i) Determination and Notification of the Redemption Amount

The Calculation Agent shall determine as soon as commercially possible, in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice, the Redemption Amount (if any) to be paid in respect of the Structured Products being redeemed.

(ii) Cash Settlement on the Redemption Date

Prior to the Redemption Date, the Issuer shall, in respect of the Structured Products being redeemed, transfer (or cause to be transferred) the Redemption Amount to the Paying Agent, for value on the Redemption Date, and on the Redemption Date the Paying Agent shall, subject to the Structured Products being redeemed having been transferred and to the payment of the related taxes and duties, if any, having been received, cause an account of the Investor to be credited with such amount for value on the Redemption Date.

8.10 Delivery of Underlying (for Structured Products related to a Share)

(i) Delivery of Underlying on the Redemption Date

In respect of Structured Products which have been redeemed and in respect of which Delivery of Underlying applies according to General Terms and Conditions 8.6, the Issuer shall, prior to the Redemption Date, deliver or procure the delivery of the relevant number of Shares in respect of each Structured Product to the Paying Agent for credit to the account of the Investor specified in the relevant Redemption Notice on the Redemption Date. The Issuer shall be entitled, if it so elects, to divide any Shares to be transferred into such number of lots of such size as it desires to facilitate its delivery obligations.

(ii) Settlement Disruption

fIf a Settlement Disruption has occurred and is continuing on the last day of the Delivery Period, the Issuer shall in respect of the Structured Products redeemed, in lieu of delivering the number of Shares to which these Structured Products relate, pay as soon as commercially possible the Redemption Amount and, for the calculation of the Redemption Amount, the Final Fixing Date shall be decided by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice.

Such Redemption Amount shall be determined on the basis of the Fair Market Value of the Share on the Final Fixing Date decided by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice. The Issuer shall pay the corresponding Redemption Amount (if any) to the Investor as soon as commercially possible in accordance with established market practice.

(iii) Fractions of Shares

No fraction of Share will be transferred by the Issuer and, accordingly, payment to the Investor shall be made by the Issuer in lieu of such fraction of Share calculated by reference to the Redemption Amount.

Structured Products redeemed at the same time by the same Investor will not be aggregated for the purpose of determining the number of Shares to which such Structured Products relate.

8.11 Dividends

These General Terms and Conditions 8.11 are applicable only in relation to Structured Products related to a Share and to Structured Products related to a Basket of Shares.

In the case of any Structured Products redeemed, in the event that the relevant Company has declared a dividend in respect of its Shares and the first date on which such Shares are quoted ex-dividend on the Exchange falls after the relevant Redemption Date but (a) in the case of cash settlement, on or prior to the relevant Final Fixing Date (except where the Final Fixing Date is the Redemption Date) or (b) in the case of Delivery of Underlying, on or prior to the Redemption Date, then, as the case may be:

(i) in the case of cash settlement, the Redemption Amount related to such Share shall be increased by a cash amount equal to such dividends attributable to such Share less the amount equal to the value of any related tax credit(s); or

(ii) in the case of Delivery of Underlying for Structured Products related to a Share, the Investor will be entitled to receive a cash amount equal to such dividends attributable to the number of Shares to which such Structured Products relate on the relevant Redemption Date less the amount equal to the value of any related tax credit(s).

All Shares delivered upon redemption of the Structured Products shall be fully-paid up Shares and shall entitle the holders thereof to participate in full in all dividends and other distributions paid or made on the Shares after the delivery thereof.

9. MARKET DISRUPTION - RIGHTS ON A MARKET DISRUPTION

9.1 For Products related to a Share and a Basket of Shares

These General Terms and Conditions 9.1 are applicable only in relation to Products related to a Share and Products related to a Basket of Shares.

(a) Market Disruption Event

For the purpose of these General Terms and Condition 9 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means, in respect of a Share but is not limited to, (i) the suspension or material limitation of trading of the Share on the Related

Exchange or (ii) the suspension or material limitation of trading of options or futures on such Share on the Futures and Options Exchange, for any reason whatsoever.

For the purposes of this definition (1) a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Related Exchange and (2) a limitation on trading imposed during the course of a day by reason of movements in price otherwise exceeding levels permitted by the Related Exchange and/or the relevant Futures and Options Exchange will constitute a Market Disruption Event.

(b) Rights on a Market Disruption Event

If, in the sole opinion of the Calculation Agent, a Market Disruption Event has occurred and is continuing on the Final Fixing Date, then such Final Fixing Date shall be postponed to the next following Exchange Business Day on which there is no such Market Disruption Event. If, in the sole opinion of the Calculation Agent, a Market Disruption Event is continuing, the relevant Final Fixing Date will be determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*.

The Fair Market Value of the Share shall then be determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice.

In the case of Products relating to a Basket of Shares, the Final Fixing Date for each Share which is not affected by the Market Disruption Event shall be the originally designated Final Fixing Date and the Final Fixing Date for each Share which is affected shall be determined as provided above.

9.2 For Products related to an Index and a Basket of Indices

These General Terms and Conditions 9.2 are applicable only in relation to Products related to an Index and Products related to a Basket of Indices.

(a) Market Disruption Event

For the purpose of these General Terms and Conditions 9.2 and unless otherwise specified in the Final Termsheet, "**Market Disruption Event**" means, in respect of an Index, but is not limited to the occurrence or existence on any Final Fixing Date of the following events:

(i) a suspension or a limitation is imposed on trading in a material number or percentage of the stocks from time to time comprising the component stocks of an Index or a limitation on prices for such stocks, it being specified that such number or percentage can be determined in the Final Termsheet and that in the absence of such determination a suspension or limitation of trading in 20 percent or more of that Index capitalization (other than limitations on hours in the conditions provided below) shall be deemed to constitute a Market Disruption Event;

(ii) a suspension or a limitation is imposed (inter alia by reason of movements in prices exceeding the permitted levels) on trading in any futures or options contracts related to an Index which are traded on the Futures and Options Exchange (except if the Calculation Agent determines that such suspension or limitation shall not constitute a Market Disruption Event).

(b) Rights on the occurrence of a Market Disruption Event

If the Calculation Agent determines in its sole and absolute discretion (*billiges Ermessen)* that a Market Disruption Event has occurred and is continuing on any Final Fixing Date then the relevant Final Fixing Date shall be postponed until the next following Exchange Business Day.

If a Market Disruption Event is continuing, the relevant Final Fixing Date and the value for that Index shall then be determined for such date by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice.

In the case of Products relating to a Basket of Indices, the Final Fixing Date for each Index which is not affected by the Market Disruption Event shall be the originally designated Final Fixing Date and the Final Fixing Date for each Index which is affected shall be determined as provided above.

9.3 Rights on the occurrence of a Market Disruption Event for Products relating to any other Underlying

If, in the sole opinion of the Calculation Agent, a Market Disruption Event has occurred and is continuing on the Final Fixing Date, then such Final Fixing Date shall be postponed to the next following Exchange Business Day on which there is no such Market Disruption Event. If, in the sole opinion of the Calculation Agent, a Market Disruption Event is continuing, the relevant Final Fixing Date will be determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*.

10. ADJUSTMENTS FOR SECURITIES RELATED TO A SHARE AND A BASKET OF SHARES

These General Terms and Conditions 10 are applicable only in relation to Products related to a Share and Products related to a Basket of Shares.

10.1 Adjustments

The Calculation Agent shall, acting in a commercially reasonable manner and in accordance with established market practice, determine whether or not at any time a potential adjustment event has occurred, being an event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares (the "**Potential Adjustment Event**") and where it determines such an event has occurred, the Calculation Agent will, acting in a commercially reasonable manner and in accordance with established market practice determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Share or Basket of Shares and, if so, will make such adjustment as it in its sole and absolute discretion (*billiges*

Ermessen) and in accordance with established market practice considers appropriate, if any, to the Strike Level, the Barrier, the formula for the Redemption Amount and/or the Redemption Amount and/or the Redemption Amount set out in the Final Termsheet, the number of Underlyings to which each Product relates, the number of shares comprised in a Basket, the amount, the number of or type of shares or other securities which may be delivered in respect of such Products and/or any other adjustment and, in any case, any other variable relevant to the exercise, redemption, settlement or payment terms of the relevant Products as the Calculation Agent determines, in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice, to be appropriate to account for that diluting or concentrative effect and shall determine, in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice, the effective date(s) of such adjustment(s).

10.2 Merger Event

(a) Following the occurrence of any Merger Event, the Issuer will, in its sole and absolute discretion but in accordance with established market practice, determine whether or not the relevant Products shall continue.

(b) If the Issuer determines that the relevant Products shall continue, the Calculation Agent may make such adjustment as it, in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice, considers appropriate, if any, to the Strike Level, the Barrier, the formula for the Redemption Amount and/or the Redemption Amount set out in the Final Termsheet, the number of Underlyings to which each Product relates, the number of Shares comprised in a Basket, the amount, the number of or type of shares or other securities which may be delivered under such Products and, in any case, any other variable relevant to the exercise, redemption, settlement, or payment terms of the relevant Products and/or any other adjustment which change or adjustment shall be effective as soon as practical after the date upon which all, or substantially all, holders of the Shares (other than, in the case of a takeover, Shares owned or controlled by the offeror) become bound to transfer the Shares held by them.

(c) If the Issuer determines that the relevant Products shall be terminated, then the relevant Products shall cease to be exercisable or redeemable as of the Merger Date, (or, in the case of any Products which have been exercised or redeemed but remain unsettled, the entitlements of the respective Investors to receive Shares or the Redemption Amount, as the case may be, pursuant to such exercise or redemption shall cease) and the Issuer's obligations under the Products shall be satisfied in full upon payment of the Merger Event Redemption Amount (as defined below).

(d) For the purposes hereof:

"**Merger Event**" means in respect of any relevant Shares, as determined by the Calculation Agent, acting in a commercially reasonable manner and in accordance with established market practice, any:

(1) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent. or more of such Shares outstanding;

(2) consolidation, amalgamation or merger of the Company with or into another entity (other than a consolidation, amalgamation or merger in which such Company is the continuing entity and which results in a reclassification or change of less than 20 per cent. of the outstanding Shares); or

(3) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer 20 per cent. or more of such Shares (other than such Shares owned or controlled by the offeror);

in each case if the Merger Date is on or before the Expiration Date.

"**Merger Event Redemption Amount**" means an amount which the Calculation Agent, in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice, determines is the Fair Market Value to the Investor with terms that would preserve for the Investor the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Investor would have been entitled under the relevant Product after that date but for the occurrence of the Merger Event.

"**Merger Date**" means, in respect of a Merger Event, the date upon which holders of the requisite number of Shares to constitute a Merger Event have agreed to or have irrevocably become obliged to transfer their Shares.

10.3 Nationalisation and Insolvency

(a) If the Calculation Agent, acting in a commercially reasonable manner and in accordance with established market practice, determines that:

(i) all the Shares or all the assets or substantially all the assets of the Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity ("**Nationalisation**"); or

(ii) by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Company (1) all the Shares are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the Shares become legally prohibited from transferring them ("**Insolvency**"),

then the Issuer may determine, in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice, that the relevant Products shall be terminated as of the Announcement Date and it shall pay an amount which the Calculation Agent, in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice, determines is the Fair Market Value to the Investor with terms that would preserve for the Investor the economic equivalent of any payment or delivery (assuming satisfaction of each applicable condition precedent) to which the Investor would have been entitled under the relevant Product after that date but for the occurrence of such Nationalisation or Insolvency, in which event the Product shall cease to be exercisable or redeemable (or, in the case of any Products which have been exercised or redeemed, the entitlements of the respective Investors to receive Shares or payment of the Redemption Amount, as the case may be, pursuant to such exercise or redemption, shall cease) and the Issuer's obligations under the Products shall be satisfied in full upon payment of such amount.

(b) For the purposes hereof, **"Announcement Date"** means, as determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice: (i) in respect of a Nationalisation, the date of the first public announcement of a firm intention, to nationalise (whether or not amended or on the terms originally announced) that leads to the Nationalisation; and (ii) in respect of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency.

10.4 Other events

In the case of events other than those described in these General Terms and Conditions 10 which in the sole opinion of the Calculation Agent have an effect equivalent to that of such events, the rules described in these General Terms and Conditions 10 shall apply *mutatis mutandis.*

10.5 Notices of Adjustment

The Issuer shall give notice to the Investors in accordance with General Terms and Conditions 18 (Notices) of any modification in the Conditions of the Products under these General Terms and Conditions 10.

11. ADJUSTMENTS FOR SECURITIES RELATED TO AN INDEX OR A BASKET OF INDICES

These General Terms and Conditions 11 are applicable only in relation to Products related to an Index and Products related to a Basket of Indices.

11.1 Third Party calculates an Index

In the event that an Index is not calculated by the agreed relevant party (the "**Relevant Party**") but is calculated by another entity which is the successor to the Relevant Party acceptable to the Issuer (the "**Index Third Party**"), the Index Third Party may be substituted to the Relevant Party for the calculation of such Index.

The same provisions will apply in the event that the Index Third Party ceases calculation of that Index but is replaced by another Index Third Party under the same conditions.

In the case of Products relating to a Basket of Indices, the above provisions shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

11.2 Third Party announces an Index

In the event that an Index is not announced by the agreed relevant party (the "**Announcing Party**") but is announced by another entity which is the successor to the Announcing Party acceptable to the Issuer (the "**Announcing Third Party**"), the Announcing Third Party may be substituted to the Announcing Party for the announcement of such Index.

The same provisions will apply in the event that the Announcing Third Party ceases announcement of that Index but is replaced by another Announcing Third Party under the same conditions.

In the case of Products relating to a Basket of Indices, the above provisions shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

11.3 Modification of calculation or replacement of an Index

In the event that the Relevant Party or the Index Third Party substantially modifies the formula or the method of calculation of an Index or in any other way materially modifies an Index in the event, among others, of changes in constituent stocks or their capitalization, or in the event that the Relevant Party, the Index Third Party, if any, or any competent market authority replaces an Index by a new index to be substituted to that Index, the Issuer may:

(i) either replace (subject to a favourable opinion of an independent expert designated by the Calculation Agent) that Index by the Index so modified or by the substitute index (as the case may be) multiplied, if need be, by a linking coefficient allowing to ensure continuity in the evolution of the underlying index. In such event, the modified Index or the substitute index (as the case may be) and if need be, the linking coefficient, as well as the opinion of the independent expert, will be notified to the Investors in accordance with General Terms and Conditions 18 (Notices) within the ten Business Days period following the date of modification or substitution of that Index; or,

(ii) apply the provisions of General Terms and Conditions 11.4.

In the case of Products relating to a Basket of Indices, the provisions of paragraph 11.3(i) above shall only apply to the relevant Indices and shall not affect the provisions applicable to the Indices which are not affected.

11.4 Cessation of calculation of an Index

If, for any reason, on or prior to any Final Fixing Date the Relevant Party or the Index Third Party should cease permanently calculation and announcement of an Index and should not provide for a substitute index, or such substitute index cannot, for any reason, replace that Index, then the Issuer shall:

(i) in the case of Products related to an Index, terminate its obligations under the Products and pay to each Investor in respect of the Products held by it an amount representing the fair market value of such Products (the "**Fair Market Value**"). The Fair Market Value will be determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*, but in accordance with established market practice.

The Fair Market Value so determined will be notified to the Investors in accordance with General Terms and Conditions 18 (Notices) within the seven Business Days period following the date of determination of the Fair Market Value.

The amount representing the Fair Market Value will be paid to the Investors as soon as practicable within the ten-Business-Day period following the date of determination of the Fair Market Value. For the avoidance of doubt, it is specified that, further to the payment of such Fair Market Value, no other amount shall be due to the Investors.

(ii) in the case of Products related to a Basket of Indices, at its option, either:

(1) use in substitution for such Index (the "**Non Retained Index**"), the other Indices included in the Basket of Indices to which such Products relate, *pro rata* their respective value and weight in the Basket of Indices (the "**Retained Index(ices)**"). Such substitution shall take effect as soon as possible after such change or failure. In such case, the value of the Non Retained Index shall be expressed as a number or fraction of a number of the Retained Index(ices) *pro rata* their respective value and weight in the Basket of Indices; or

(2) terminate its obligations under the Products and pay to each Investor in respect of the Products held by it an amount representing the fair market value of such Warrants or Structured Products (the "**Fair Market Value**"). The Fair Market Value will be determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen),* but in accordance with established market practice.

The Fair Market Value so determined will be notified to the Investors in accordance with General Terms and Conditions 18 (Notices) within the seven Business Days period following the date of determination of the Fair Market Value.

The amount representing the Fair Market Value will be paid to the Investors as soon as practicable following the date of determination of the Fair Market Value. For the avoidance of doubt, it is specified that, further to the payment of such Fair Market Value, no other amount shall be due to the Investors.

In the case of events other than those described in these General Terns and Conditions 11 which in the sole opinion of the Calculation Agent have an effect equivalent to that of such events, the rules described in these General Terms and Conditions 11 shall apply mutatis mutandis.

12. POSTPONEMENT OF FINAL FIXING DATE ON THE OCCURRENCE OF A FOREIGN EXCHANGE DISRUPTION EVENT

If the Calculation Agent determines that on a Final Fixing Date an FX Disruption Event (as defined below) has occurred and is continuing, the date for determination of the FX Rate (as defined below) shall be postponed until the first Business Day on which such FX Disruption Event ceases to exist (the "**FX Establishment Date**") and the Final Fixing Date in respect of the Products shall be postponed to the Business Day which falls the same number of Business Days after the FX Establishment Date as the Final Fixing Date was originally scheduled to be after the Final Fixing Date (the "**Postponed Final Fixing Date**").

If an FX Disruption Event (as defined below) has occurred and is continuing on the Postponed Final Fixing Date (including any Final Fixing Date postponed due to a prior FX Disruption Event), then the Postponed Final Fixing Date shall be further postponed until the first Business Day following the date on which such FX Disruption Event ceases to exist. For the avoidance of doubt, if an FX Disruption Event coincides with a Market Disruption Event or a Settlement Disruption, as the case may be, the provisions of these General Terms and Conditions 12 shall take effect only after such postponements or adjustments have been made as a result of such Market Disruption Event or Settlement Disruption Event in accordance with General Terms and Conditions 8 and, notwithstanding the provisions of General Terms and Conditions 8, the Issuer's payment obligation of the Redemption Amount shall continue to be postponed in accordance with the provisions of these General Terms and Conditions 12.

For the purposes of these General Terms and Conditions 12:

"**FX Disruption Event**" means the occurrence of an event that makes it impossible through legal channels for the Issuer or its affiliates to either:

(i) convert the Relevant Currency into the Settlement Currency, or

(ii) deliver the Settlement Currency from accounts within the Relevant Country to accounts outside such jurisdiction, or

(iii) deliver the Relevant Currency between accounts within the Relevant Country to a person that is a non-resident of that jurisdiction;

"**FX Rate**" means, unless otherwise specified in the relevant Final Termsheet, the exchange rate (determined by the Calculation Agent in good faith and in a commercially reasonable manner) for the sale of Relevant Currency for Settlement Currency on the Final Fixing Date or other date on which such exchange rate falls to be determined in accordance with the provisions of these General Terms and Conditions 12 expressed as a number of units of Relevant Currency per unit of Settlement Currency.

13. TERMINATION AND CANCELLATION DUE TO ILLEGALITY, ILLIQUIDITY OR IMPOSSIBILITY

The Issuer shall have the right to terminate the Products of any Tranche of any Series if it shall have determined that the Underlying of the relevant Tranche of Products has ceased to be liquid or that compliance by the Issuer with the Conditions shall have become unlawful or impossible in whole or in part, in particular as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, order, underlying markets or directive of any governmental, administrative, legislative or judicial authority or power or controlling authority or of the relevant competent market authorities. In such circumstances, the Issuer shall, however, pay to each Investor in respect of the Products of any such Tranche of any such Series held by it an amount determined by the Calculation Agent in its sole and absolute discretion (billiges Ermessen"), but in accordance with established market practice, as representing the Fair Market Value of such Products of such Tranche immediately prior to such termination (ignoring such illegality or impossibility). Payment will be made as soon as possible in such manner as shall be notified to the Investors in accordance with General Terms and Conditions 18 (Notices).

If the Issuer determines that the performance of its obligations under the Products or that any arrangements made to hedge the Issuer's obligations have become illegal in whole or in part for any reason, the Issuer may cancel the Products by providing notice to Investors in accordance with General Terms and Conditions 18 (Notices).

If the Issuer cancels the Products then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Investor in respect of each Product held by a Investor. The amount shall be the fair market value of a Product less the costs incurred by the Issuer when unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion (*billiges Ermessen)*. Payments will be made in such manner as will be notified to the Investors in accordance with General Terms and Conditions 18 (Notices).

14. TAXATION/TAX CALL

Each Investor shall assume and be responsible for any and all taxes, duties, fees and charges imposed on or levied against (or which could be imposed on or levied against) such Investor in any jurisdiction or by any governmental or regulatory authority.

The Issuer and the Paying Agent shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to the Investor such amount as is necessary for the payment of any such taxes, duties, fees and/or charges.

In any case where any governmental or regulatory authority imposes on the Issuer the obligation to pay any such taxes, duties, fees and/or charges the Investor shall promptly reimburse the Issuer.

The Issuer may redeem all Products in case any present or future taxes, duties or governmental charges would be imposed by any jurisdiction in which the Issuer is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction. The Issuer shall as soon as practicable notify the Investors of such redemption in accordance with General Terms and Conditions 18 (Notices). For purposes of this Section 14 the Calculation Agent shall determine such Redemption Amount in its sole discretion at fair market value. The amount representing the fair market value will be paid to the Investors as soon as practicable following the date of determination of the fair market value.

15. TRADING OF THE PRODUCTS

The Minimum Trading Lot (or an integral multiple thereof) of Products for trading of such Products will be specified in the Final Termsheet.

16. AGENTS

16.1 Paying Agent

The Paying Agent will be specified in the Final Termsheet.

The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint another paying agent provided that (i), so long as any Products are outstanding, it will maintain a Paying Agent (ii), so long as there are Products listed on the SWX there will be a Paying Agent with a specified office in Switzerland and (iii) no Paying Agent authorised to make any payment or delivery may be located in, or acting from, the United States or its possessions. Notice of any such termination of appointment or appointment and of any change in the specified office of the Paying Agent will be given to the Investors in accordance with General Terms and

Conditions 18 (Notices).

The Paying Agent is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

Any determinations, decisions and calculations by the Paying Agent shall (save in the case of manifest error or wilful misconduct) be final and binding on the Issuer and the Investors.

The Issuer may at any time vary or terminate the appointment of the Paying Agent. It shall give notice to the Investors in accordance with General Terms and Conditions 18 (Notices) of any modification in the appointment of the Paying Agent.

16.2 Calculation Agent

The Calculation Agent will be specified in the Final Termsheet.

The Calculation Agent does not act as agent for the Investors and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Investors.

All calculations, decisions and determinations made by the Calculation Agent shall (save in the case of manifest error or wilful misconduct) be final and binding on the Issuer, the Paying Agent and the Investors.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party, as it deems appropriate.

The Issuer may at any time vary or terminate the appointment of the Calculation Agent. It shall give notice to the Investors in accordance with General Terms and Conditions 18 (Notices) of any modification in the appointment of the Calculation Agent.

16.3 Liability

Neither the Issuer, nor the Calculation Agent nor the Paying Agent shall have any responsibility for any errors or omissions caused by slight negligence in the calculation of any amount or with respect to any other determination or decisions required to be made by it under the Conditions.

17. PURCHASE BY THE ISSUER

The Issuer or any of its affiliates may at any time purchase Products of any issue at any price in the open market or otherwise. Such Products may, at the option of the Issuer or, as the case may be, the relevant affiliate, be held, resold or cancelled or otherwise dealt with. No Product that has been exercised or purchased and cancelled may be re-issued.

18. NOTICES

The listing notice and all other notices to Investors of listed Products will be published in accordance with the regulations of the SWX Swiss Exchange on the website of the SWX Swiss Exchange in German and French language, if permitted and/or required by the applicable rules and regulations of the SWX Swiss Exchange. If the applicable rules and regulations of the SWX

Swiss Exchange do not permit publication of notices on its website only, the listing notice will be published in German and French language in two major daily or weekly Swiss newspapers and all other notices will be published in German and/or French language in one major daily or weekly newspaper in Switzerland or on the website www.efgfp.com if permitted by the rules and regulations of the SWX Swiss Exchange.

Notices to Investors of non listed Products may be published, as specified in the applicable Final Termsheet, in newspapers, on a website or otherwise.

19. LOSSES

In no event shall the Issuer have any liability for indirect, incidental, consequential or other damages (whether or not it may have been advised of the possibility of such damages) other than interest until the date of payment on sums not paid when due in respect of any Products or assets not delivered when due. Investors are entitled to damages only and are not entitled to the remedy of specific performance in respect of a Product.

20. SEVERANCE AND MODIFICATION OF GENERAL TERMS AND CONDITIONS

In the event any term or condition is, or becomes invalid, the validity of the remaining terms and conditions shall in no manner be affected thereby.

The Issuer shall be entitled to amend without the consent of the Investors any term or condition for the purpose of a) correcting a manifest error or b) clarifying any uncertainty, or correcting or supplementing the provisions herein in such manner as the Issuer deems necessary or desirable, provided that the Investor does not incur significant financial loss as a consequence thereof.

However, the Issuer shall at all times be entitled to amend any terms or conditions where, and to the extent, the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities.

21. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Investors to create and issue further Products, such further Products being assimilated to the Products of any issue, provided that the terms of such Products should provide for such assimilation.

22. PRESCRIPTION

Claims for payment in respect of the Products shall be barred by the statute of limitations in accordance with applicable Swiss law, unless made within 10 years from the relevant Redemption Date, and with respect interest, unless made within 5 years from the relevant payment date, and no claims shall be made thereafter.

23. SUBSTITUTION

The Issuer may at any time and from time to time, without the consent of the Investors, substitute for itself as obligor under the Products any affiliate, branch, subsidiary or holding company of the Issuer (the "**New Issuer**") provided that the New Issuer shall assume all obligations that the Issuer owes to the Investors under or in relation to the Products and the Guarantee of the Guarantor is still in force.

If such substitution occurs, then any reference in the Product Documentation to the Issuer shall be construed as a reference to the New Issuer. Any substitution will be promptly notified to the Investors in accordance with General Terms and Conditions 18 (Notices). In connection with any exercise by the Issuer of the right of substitution, the Issuer shall not be obliged to carry any consequences suffered by individual Investors as a result of the exercise of such right and, accordingly, no Investor shall be entitled to claim from the Issuer any indemnification or repayment with respect of any consequence.

24. SELLING RESTRICTIONS

No action has been or will be taken by the Issuers or the Lead Manager that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, resales, or deliveries of any Products or distribution of any offering material relating to any Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer and/or the Guarantor and/or the Lead Manager.

25. DISCOUNTS AND REIMBURSEMENTS BY THE ISSUER AND RELATED CONFLICTS OF INTERESTS OF FINANCIAL INSTITUTIONS / REMUNERATION RECEIVED BY THE ISSUER AND/OR THE LEAD MANAGER FROM THIRD PARTIES

Depending on the circumstances, the Issuer and/or the Lead Manager may sell the Products to banks, securities dealers, and other financial institutions (together the "**FI**"), who buy the Products for purposes of, or with a view to, on-sale such Products to their clients (i) at a discount of a) up to 2% p.a. to the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. to the Issue Price ("**Significant Fees**") or c) more than 3.5% p.a. to the Issue Price ("**Substantial Fees**") (as may be determined in the Final Termsheet), or (ii) at the Issue Price but reimburses an amount of a) up to 2% p.a. of the Issue Price ("**Relevant Fees**"), b) up to 3.5% p.a. of the Issue Price ("**Significant Fees**") or c) more than 3.5% p.a. of the Issue Price ("**Substantial Fees**") (as may be determined in the Final Termsheet) to the FI, meaning that if and to the extent such discount or reimbursement, on the basis of statutory law, would have to be forwarded by the FI to the Investor, each Investor hereby takes note and unconditionally accepts that the FI may retain and keep such discount or reimbursement. Potential Investors should be aware that such discounts and reimbursements may, depending on the circumstances, cause potential conflicts of interests at the FI; FI are obliged, however, to implement organizational measures designed to prevent that such potential conflicts of interest may adversely affect the interests of their clients. Further information is available from the Issuer, the Lead Manager or the FI.

The Issuer and/or the Lead Manager may receive remuneration, discounts, and/or soft-commissions (the "**Retrocessions**") in the range of up to 2% per annum from third parties, in particular from the issuers, managers or lead managers of financial products or indexes that serve as Underlyings. If and to the extent such Retrocessions, on the basis of statutory law, would have to be credited to the Product or forwarded to the Investor, each Investor hereby takes note and unconditionally accepts that the Issuer and/or the Lead Manager may retain and keep such Retrocessions. Potential Investors should be aware that such Retrocessions may cause potential conflicts of interests at the Issuer and/or the Lead Manager and that there are organizational measures in place, designed to prevent that such potential conflicts of interest adversely affect the interests of the Investors. Further information is available from the Issuer, the Lead Manager, or the FI.

26. GOVERNING LAW

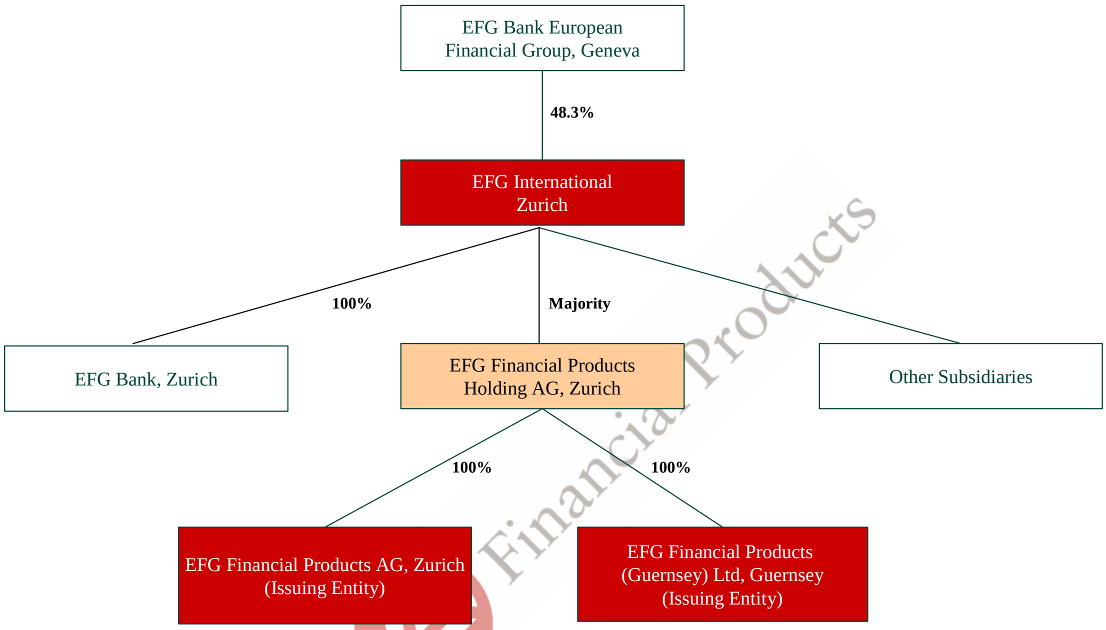
The Products are governed by and shall be construed in accordance with Swiss law (without reference to the principles of conflicts of law).

In relation to any proceedings in respect of the Products, the Issuers irrevocably submits to the jurisdiction of the Commercial Court of the Canton of Zurich *(Handelsgericht des Kantons Zürich)*, place of jurisdiction being Zurich with the right of appeal to the Swiss Federal Supreme Court in Lausanne where the law permits, and waives any objection to proceedings in such courts whether on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Investors and shall not limit the right of any of them to take proceedings in any court of competent jurisdiction nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

ORGANISATIONAL CHART OF EFG GROUP

The Issuers, EFG Financial Products AG ("**EFGFP AG**") and EFG Financial Products (Guernsey) Ltd. ("**EFGFP LTD.**") are fully owned subsidiaries of EFG Financial Products Holding AG, which is majority owned by EFG International. EFG International's principal shareholder is EFG Bank European Financial Group ("**EFG Group**"). The below table provides a summary group chart.

EFG Financial Products Group: Organization Chart



EFG FINANCIAL PRODUCTS AG

INCORPORATION AND DURATION

EFGFP AG was incorporated and registered in Zurich, Switzerland on 24 September 2007 as a stock corporation (*Aktiengesellschaft* or *Société Anonyme*) under article 620 et seq. of the Swiss Code of Obligations for an unlimited duration. As from that day, EFGFP AG is registered in the Commercial Register of the Canton of Zurich, Switzerland, under the number CH-020.3.031.478-9.

The founders of EFGFP AG were EFG International ("**EFGI**") and Messrs. Jan Schoch and Sandro Dorigo.

REGISTERED OFFICE

The registered office of EFGFP AG is at Brandschenkestrasse 90, 8002 Zurich, Switzerland and the telephone number is +41 58 800 1000.

STATUTORY AUDITORS

PricewaterhouseCoopers SA, Avenue Giuseppe-Motta 50, CH-1211 Geneva.

PURPOSE

According to Article 2 of the Articles of Association of EFGFP AG (unofficial translation from the German original):

> "The purpose of the company is the structuring, issuance, and distribution of financial products such as structured products and derivatives for own account and for the account of third parties and the market making for such financial products, and the commercial dealing in securities for its own account in connection therewith. The company may take interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The company has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing.
>
> The company has the power to acquire, mortgage and sell real estate properties, both in Switzerland and abroad."

SHARE CAPITAL

As at the date hereof, the share capital of EFGFP AG amounts to CHF 5'000'000 divided into 5'000 registered shares with a face value of CHF 1,000 each; the shares are fully paid-up.

The share capital is held in its entirety by EFG Financial Products Holding AG. As of the date of this Programme, EFG Financial Products Holding AG is wholly owned by EFGI, whereby it is anticipated that employees of EFGFP AG, EFGFP LTD. and EFG Financial Products Holding AG will in due course acquire shares of EFG Financial Products Holding AG, it being understood that EFG Financial Products Holding AG will be majority owned by EFGI.

REGULATORY STATUS

EFGFP AG operates under a securities and broker dealer license granted by the SFBC on December 12 2007.

BUSINESS

EFGFP AG's business includes the provision of various financial services including, but not limited to, the structuring, issuing, and distribution of Warrants and Structured Products. EFGFP AG intends to distribute Products by way of direct sales and indirect distribution to professional and non-professional clients. EFGFP AG does not own real estate and does not depend on patents or licenses (save as for the securities and broker dealer license mentioned herein).

BUSINESS OUTLOOK

EFGFP AG starts activities in December 2007 when EFG FP AG (and EFGFP LTD) begins issuing its own listed Products on the SWX Swiss Exchange. The roll-out of Products, with Products on different Underlyings, is planned to take place over the coming 12 months. EFGFP AG (together with its sister company EFGFP LTD) aims to offer its clients a broad range of Products.

RECENT DEVELOPMENTS

The business description contained herein is accurate at the date of this Programme.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors is responsible for the management of EFGFP AG's business.

Under Swiss company law, the board of directors has the following non-transferable and inalienable duties: (i) ultimately manage the company and issue necessary directives; (ii) determine the organisational structure of the company; (iii) appoint and dismiss the persons entrusted with management and representation; (iv) ultimately supervise the persons entrusted with company management; (v) organise the accounting system, the financial controls and financial planning; (vi) draw up the annual report and prepare for the general meeting and execute its decisions; and (vii) notify the competent court in the case of over-indebtedness of the company.

The Board of Directors currently comprises three members (including the Chairman) all of whom are non-executive directors.

The following table lists the Board of Directors of EFGFP and their significant activities outside of the EFGFP Group.

Name	**Office**	**Significant outside activities**
James Tak Him Lee	Chairman	Deputy Chief Executive Officer, EFG International and member of the Board of various Group Companies; Board member CMA Global Hedge PCC Ltd, Guernsey.
Lawrence D. Howell	Director	Chief Executive Officer, EFG International and member of the Board of various Group Companies and various other entities;
Eftychia Fischer-Iatrou	Director	Chief Risk Officer, EFG International and member of the Board of various Group Companies

Executive Committee

Subject to the organisational regulations of the board of directors and mandatory law, the Board of Directors of EFGFP AG has delegated EFGFP AG 's operational management to the executive committee. The executive committee currently comprises of three executive officers.

Name	**Position held**	**Significant outside activities**
Jan Urs Schoch	Head of Distribution & Financial Engineering	None
Michael Hartweg	Head of Trading & Structuring	None
Sandro Dorigo	Head of Operations & Distribution Platform	None

The business address of the directors and executive officers of EFGFP AG is Brandschenkestrasse 90, 8002 Zurich, Switzerland.

EFG FINANCIAL PRODUCTS (GUERNSEY) LTD.

INCORPORATION AND DURATION

EFG FINANCIAL PRODUCTS (GUERNSEY) LTD. was incorporated as a limited liability company under the laws of Guernsey in Greffe, Guernsey, on November 16, 2007 for an unlimited duration. EFGFP LTD. is registered on the Records of the Island of Guernsey under Certificate of Registration number 48057.

The founder shareholders of EFGFP LTD. were First Ovalap Limited, St. Peter Port, Guernsey; and Second Ovalap Limited, St. Peter Port, Guernsey.

REGISTERED OFFICE

The registered office of EFGFP LTD. is at EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4PR, Channel Islands, and the telephone number is +44 1481 730 859.

STATUTORY AUDITORS

Pricewaterhouse Coopers, CI LLP, PO Box 321, National Westminster House, Le Truchot, St. Peter Port, Guernsey, GY1 4ND.

PURPOSE AND BUSINESS

According to Article 3 of the Memorandum of Association of EFGFP LTD., the objects for which EFGFP LTD. is established are:

1. to issue, promote and distribute unsecured debt and similar securities, including, but without limitation, certificates, notes, bonds or other derivative instruments and warrants, deriving their value from any underlying asset class, and to apply the proceeds of such issues for general corporate purposes of EFGFP LTD.;

2. to advance, deposit or lend money, securities and property to or with such persons and on such terms as may seem expedient; to discount, buy, sell and deal in bills, notes, warrants, coupons and other negotiable or transferable securities or documents;

3. to guarantee or become liable for the payment of money or the performance of any obligations, and generally to transact all kinds of guarantee business; also to transact all kinds of trust and agency business;

4. to carry on business as a general commercial company; and

5. to do all such other things as EFGFP LTD. may think incidental to or connected with any of the above objects or conductive to their attainment or otherwise likely in any respect to be advantageous to EFGFP LTD.

SHARE CAPITAL

As at the date hereof, the share capital of EFGFP LTD. amounts to CHF 5'000'000 divided into 5'000'000 shares with a face value of CHF 1.00 each; the shares are fully paid-up.

The share capital is held in its entirety by EFG Financial Products Holding AG.

BUSINESS OUTLOOK

EFGFP LTD starts activities in December 2007 when EFG FP LTD (and EFGFP AG) begins issuing its own listed Products on the SWX Swiss Exchange. The roll-out of Products, with Products on different Underlyings, is planned to take place over the coming 12 months. EFGFP LTD (together with its sister company EFGFP AG) aims to offer its clients a broad range of Products.

RECENT DEVELOPMENTS

The business description contained herein is accurate at the date of this Programme.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors is responsible for the management of EFGFP LTD.'s business.

The Board of Directors currently comprises three members (including the Chairman) all of whom are nonexecutive directors.

Name	Office	Significant outside activities
James Tak Him Lee	Chairman	*please see the information provided regarding EFGFP AG above*
David Gerard Gardner	Director	Managing Director EFG Offshore Limited and EFG Private Bank (Channel Islands) Limited; Board member EFG Private Bank Limited, EFG Trust Company Limited, EFG Fund Administration Limited, Stapleford Insurance Company Limited, and various other EFG Group Companies, client companies and funds
Christopher Paul Rowe	Director	Executive Director and Board member EFG Private Bank (Channel Islands) Ltd; Director of various EFG Group companies and EFG client related entities; Branch manager EFG Bank SA, Guernsey Branch

Executive Committee

Subject to the organisational regulations of the board of directors and mandatory law, the Board of Directors of EFGFP LTD. has delegated EFGFP LTD.'s operational management to the General Manager. The executive committee currently comprises one executive officer.

Name	Position held	Significant outside activities
Lukas Ruflin	General Manager	Until the end of 2007: Deputy Chief Financial Officer and member of the executive committee of EFG International Director of EFG Private Bank Limited, London; member of the Board of various Group Companies

The business address of the directors and executive officers of EFGFP LTD. is EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4NN.

INTRODUCTION OF THE GUARANTOR

EFG INTERNATIONAL[1]

INTRODUCTIONS

EFG International ("**EFGI**") was incorporated on 8 September 2005 in Switzerland with registration number CH-020.3.028.719-1 for an unlimited duration under Swiss law as a stock corporation (*Aktiengesellschaft*) with its registered office located at Bahnhofstrasse 12, 8001 Zurich, Switzerland. The telephone number of EFGI is +41 44 226 1717.

As at the date hereof, the outstanding share capital of EFGI amounts to CHF 73,335,000, divided into 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 providing for issuance of up to 4,565,000 registered shares with a face value of CHF 0.50 each.

As at the date hereof, the issued and outstanding participation capital of EFGI amounts to CHF 6,000,000 (six million Swiss Francs), divided into 400,000 registered Class B participation certificates with a face value of CHF 15 per certificate. The Class B participation certificates are all fully paid up. EFGI's board of directors is authorised until 28 April 2008 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 Class D registered participation certificates, which shall be fully paid in, with a face value of CHF 30 per certificate. Partial increases are permissible. Also, EFGI's board of directors is authorised until 28 April 2008 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 Class E registered participation certificates, which shall be fully paid in, with a face value of CHF 15 per certificate. Partial increases are permissible.

The registered shares are traded on the main segment of the SWX Swiss Stock Exchange (security number 002226822; ISIN CH0022268228, symbol EFGN).

EFGI and its consolidated subsidiaries (the "**Group**") is a leading global private banking group offering private banking and asset management services, primarily to high net worth individuals but also to institutional Investors. The Group's products and services include investment advisory services, in-house investment products, including funds, structured notes, margin loans and brokerage and trading services, as well as ancillary services, including time deposits and fiduciary placements, current accounts, custody services, foreign exchange execution services and trust services.

As of 30 June 2007 the Group had 1,645 employees worldwide and had total assets of CHF 16,930 million and shareholders equity of CHF 2,437 million. For the year ended 31 December 2006 the Group reported operating income of CHF 634.4 million and net profit of CHF 230 million. For the six months ended 30 June 2007, the Group reported operating income of CHF 446.6 million and net profit of CHF 158 million.

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

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1 A copy of EFGI's articles of association setting out the full details of the authorised share and participation capital can be ordered free of charge from EFG International, Bahnhofstrasse 12, 8001 Zurich.

(together, AUM) grew from CHF 22.1 billion at 31 December 2004 to CHF 47.3 billion at 31 December 2005, to CHF 69.8 billion at 31 December 2006 and to CHF 85.4 billion at 30 June 2007.

Article 2 of EFGI's articles of association dated 28 April 2006 set out the objects of EFGI. Article 2 states that the purpose of EFGI is to hold direct and/or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance, and that EFGI has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing.

The consolidated BIS tier 1 capital ratios for the Group as of 30 June 2007 was 22.8 per cent.

SUMMARY FINANCIAL INFORMATION

The table below sets out certain selected financial information relating to EFGI which has been extracted without material adjustment from the 2006 audited consolidated financial statements of EFGI and the 2007 Half-Year Report.

Selected Financial Information for 2005, 2006 and Half-Year 2007

	As of 31 December 2005	**As of 31 December 2006**	**As of 30 June 2007**
		(in CHF million)	
Selected Income Statement Items			
Operating Income	338.4	634.4	446.6
Profit before Tax...	138.1	260.2	183.1
Net Profit	120.9	230.0	158.0
Selected Balance Sheet Items			
Total Assets...	10,827	15,888	16,930
Shareholders' Equity	2,082	2,305	2,437
Market Capitalisation	5,133	6,739	8,272

BUSINESS OVERVIEW

EFGI is a holding company for a Swiss bank and other subsidiaries specialising in private banking and asset management. The Group's clients are both private individuals and institutional investors.

The Group's private banking business is centered around Client Relationship Officers (CROs) who work under its brand, supervision and responsibility, but manage clients on their own and have broad discretion in serving the Group's clients and in selecting suitable investment products and services for their clients' portfolios, albeit within its compliance, risk management, product approval and control framework. Subject to compliance with these legal, regulatory, product and internal risk management requirements, the Group's CROs can provide private banking and asset management services to a client in any location. The Group imposes no internal geographic or customer segment restrictions and the Group's management does not re-allocate clients among CROs without mutual agreement.

The Group hires CROs with relevant private banking experience or, in markets where the growth of private banking is relatively recent, an equivalent depth of professional experience. As a result the Group has assembled a group of talented, client-focused private bankers with a proven track record of building profitable private client relationships.

Each CRO operates as a separate profit centre or is part of a larger profit centre at his or her discretion and is paid a competitive base salary that corresponds to typical base salaries paid in the private bank market plus a contractually agreed bonus amounting to 15-20 per cent. of his or her "net contribution" (the difference between revenues attributable to the CRO and the direct costs attributable to the CRO).

The Group closely monitors the performance of its CROs, from both a financial and a compliance and risk management point of view, and expects them to meet certain defined performance thresholds. Credit decisions are taken by an independent credit committee.

Product Areas

The Group offers clients a range of investment advisory services, in-house investment products, margin loans and brokerage and trading services, as well as ancillary services, including time deposits and fiduciary placements, custody services and trust services. The Group offers both in-house products and products developed by other banks. The Group's in-house products include structured products, conventional funds and hedge funds.

Investment Advisory Services

Clients handled by the Group's CROs have both discretionary and non-discretionary portfolios. Discretionary accounts are usually managed by the Group's centralised portfolio management service department. The substantial majority of its AUM are in non-discretionary portfolios. The AUM in nondiscretionary portfolios are analysed and monitored by the Group's CROs, who provide tailor-made investment advice to clients, who make the ultimate investment decisions.

The Group advises its clients on individual equity and debt securities, as well as conventional funds, hedge funds and structured investment products. CROs have the discretion to recommend both in-house and third party investment products to clients, and do not receive non-market financial incentives to refer clients to inhouse products nor do they have any sales targets or budgets. In order to ensure that CROs recommend suitable third party products, a global list of approved third party products is maintained. CROs may recommend any of these products to clients and may request that management approve new products if they believe those products are well-suited to a particular client's or group of clients' needs.

Structured Products

The Group offers clients a selection of structured products. These products are often developed because of the needs of a particular client and, if the products are successful, may be offered to other clients. Structured products are typically notes containing embedded derivatives with specified risk and return characteristics. Structured products offered by the Group may be linked to equities, interest rates, foreign exchange rates, commodities, credit and other underlying rates or prices. These products (including their derivative elements) are issued by large third party financial institutions or by entities of the EFGFP Group in accordance with this Programme.

Funds

The Group offers a number of its own funds, including funds managed by C.M. Advisors Ltd such as conventional funds, hedge funds and funds of hedge funds. Some of these funds focus on particular types of investments, such as bonds, cash or stocks, or industries, such as healthcare. Most of the Group's funds utilise a multi-manager approach which capitalises on the collective expertise of its fund managers.

Margin Loans

Virtually all the Group's lending is on a secured basis. The Group offer clients loans secured by pledges over diversified collateral portfolios consisting of primarily investment-grade bonds, equities, cash, insurance policies, hedge funds and real estate properties.

The Group had not suffered any loan losses since its inception, other than in relation to loans which were acquired as part of an acquisition and for which a provision was made at the time of the acquisition.

Brokerage and Trading Services

The Group has a nearly 24-hour trading capability five days a week in major financial markets due to the Group's global presence. This allows the Group to offer its clients efficient execution of trades. Trading operations are based in Geneva with supplemental operations in Hong Kong, London, Miami, Monaco, Stockholm and Zurich. The Group's trading activities are focused on executing trades for clients.

Ancillary Services

The Group offers clients a full range of services which are ancillary to its core investment advisory services, including time deposits and fiduciary placements and foreign exchange trading as well as custody services and trust services.

Time Deposits and Fiduciary Placements

The Group offers clients time deposits and fiduciary placements, each of which provide clients with relatively low-risk interest earning investments.

Time deposits are deposits with one of the Group's banking subsidiaries that can be withdrawn only upon maturity. Fiduciary placements are interest-bearing deposits placed outside Switzerland and deposited in the name of a Swiss depositary bank for a fee, but held on a fiduciary basis for a client. Clients bear all the risks and benefits of the placement in order to avoid Swiss withholding tax on deposit interest.

Custody Services

The Group offers clients securities' custody services which complement the Group's other services. The Group generates safekeeping fees in respect of securities that it helds on behalf of clients. Also, the general fees for managing discretionary portfolios include a safekeeping fee for custody services. The Group also offers custody services for securities in portfolios that are managed by third party advisors or clients.

Trust Services

The Group offer its clients a range of trust services. The Group helps its clients to establish a number of different types of trusts and related structures and provide services of trust administration. The Group also acts as corporate trustee on behalf of clients and instruct other service providers.

PRINCIPAL SHAREHOLDERS

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

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

Dividends

In 2007, EFG International paid a dividend of CHF 0.30 per ordinary share to holders of its ordinary registered shares for the financial year ending 31 December 2006. No dividends were declared in respect of previous years.

Board of Directors and Executive Management

The names, business addresses and functions in EFGI of EFGI's directors and executive management and their principal outside activities (if any) of significance to EFGI are as follows.

Board of directors

The Board of Directors is responsible for the management of EFGI's business.

Under Swiss company law, the board of directors has the following non-transferable and inalienable duties: (i) ultimately manage EFGI and issue necessary directives; (ii) determine the organisational structure of EFGI; (iii) appoint and dismiss the persons entrusted with management and representation; (iv) ultimately supervise the persons entrusted with company management; (v) organise the accounting system, the financial controls and financial planning; (vi) draw up the annual report and prepare for the general meeting and execute its decisions; and (vii) notify the competent court in the case of over-indebtedness of the company.

The Board of Directors currently comprises six members (including the Chairman) all of whom are non-executive directors.

The table below lists the members of the Board of Directors of EFG International and their significant activities outside of the Group.

Name	Office	Significant outside activities
Jean Pierre Cuoni	Chairman	Member of the Board, EFG Bank European Financial Group
Emmanuel L. Bussetil	Director	Group Finance Executive, EFG Bank European Financial Group
		Member of the Board of various Latsis Group subsidiaries
Spiro J. Latsis	Director	Chairman of the Board, EFG Bank European Financial Group
		Member of the Board of various subsidiaries of EFG Group
		Chairman, Paneuropean Oil and Industrial Holdings SA
		Various other positions including Member of the Board of Governors of the London School of Economics
Hugh N. Matthews	Director	Member of the Board, EFG Bank European Financial Group
Hans Niederer	Director	Partner, Niederer Kraft & Frey, Attorneys at-law
		Member of the Board of various companies
Pericles Petalas	Director	Chief Executive Officer, EFG Bank European Financial Group

Member of the Board of various subsidiaries of EFG Group

Executive Committee

Subject to the organisational regulations of the board of directors and mandatory law, the Board of Directors of EFGI has delegated EFGI's operational management and that of the Group to the chief executive officer (CEO) and the executive committee. The executive committee currently comprises seven executive officers.

The following table lists the members of the EFG International Executive Committee and their significant activities outside of the Group.

Name	**Position held**	**Significant outside activities**
Lawrence D. Howell	Chief Executive Officer	Board member of various Group Companies and various other entities;
James T. H. Lee	Deputy Chief Executive Officer	Board member CMA Global Hedge PCC Limited, Guernsey
Rudy van den Steen	Chief Financial Officer	None
Ian Cookson		None
Lukas Ruflin	Deputy Chief Financial Officer	None
Eftychia Fischer	Chief Risk Officer	None
Fred Link	Group General Counsel	Board member Mentice AB, Gothenburg, Sweden
Keith Gapp	Head of Strategic Marketing & Communications	None
Erik Stroet	Chief Operating Officer	None

The business address of the directors and executive officers of EFGI is Bahnhofstrasse 12, 8001 Zurich, Switzerland.

There are no potential conflicts of interest between the duties to EFGI of its directors and members of its executive management and their private interests or other duties.

The internal organisational structure is laid down in the internal regulations of EFGI. The Board of Directors meets as often as business requires, but at least four times a year, normally once every quarter. Members of the Executive Committee, managerial staff and external advisors may be called upon to attend a Board meeting. In order to make a binding decision, a simple majority of the Board of Directors must be present.

The Board of Directors takes decisions on the basis of an absolute majority of present members. In the event of a tie, the Chairman does not have a casting vote.

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

The Board of Directors has established an audit committee, a risk committee, a remuneration and an acquisition 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 2006, the audit committee met six times.

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

Risk committee

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

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

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

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 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 is comprised 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.

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

Acquisitions committee

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

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

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

CORPORATE GOVERNANCE

As a publicly-listed Swiss company, EFGI is subject to the Directive on Information relating to Corporate Governance and its Annexes and Commentary, published by the SWX Swiss Exchange.

REGULATION AND SUPERVISION IN SWITZERLAND

At the holding company level, EFGI does not conduct banking, broker-dealer or other regulated operations, so it does not have a banking, broker-dealer or other regulatory licence. It is not therefore subject to Swiss banking and broker-dealer regulations. However, it holds controlling investments in a number of banks and other financial institutions in Switzerland and abroad. Because many of its subsidiaries are subject to banking regulations, EFGI is subject to consolidated supervision by the SFBC.

EFG Group and its subsidiaries also has controlling interests in an international bank that operates principally in Greece and South-Eastern Europe, and provides retail, wholesale and investment banking and other connected services. As a result, the EFG Group is subject to consolidated group regulation and supervision (top level consolidated supervision).

In addition to supervision by the SFBC at the two group levels, the operations throughout the world of the EFG Group are regulated and supervised by the financial authorities, including central banks, financial services authorities, banking agencies, securities agencies and self-regulatory organisations, in the jurisdictions in which any of the subsidiaries was incorporated and/or has offices, branches or subsidiaries.

The main sources of Swiss financial services regulation are the Swiss Federal Act on Banks and Savings Banks of November 8, 1934 as amended (the Swiss Banking Act) and its Implementation Ordinance of May 17, 1972 as amended (the Swiss Banking Ordinance), the Stock Exchanges and Securities Trading Act of March 24, 1995 as amended (SESTA) and its Implementation Ordinance of December 2, 1996 (SESTO), the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 as amended (the CISA) and its Implementation Ordinance of 22 November 2006 (the CISO), the ordinances, guidelines and circulars issued by the SFBC (SFBC Circulars) and in the Swiss Federal Act regarding the Swiss National Bank of October 3, 2003 (the Swiss National Bank Act). Further regulation exists in the form of guidelines and circulars issued by recognised self-regulatory bodies such as the Swiss Bankers' Association (the Swiss Bankers' Association Guidelines), compliance with which has been made mandatory by the SFBC.

The SFBC is responsible for the continuing supervision of the banking and financial system, including banks and securities dealers. Among other powers, the SFBC has the power to grant and withdraw banking and securities dealing licences, enforce the Swiss Banking Act and SESTA and issue further regulatory requirements through SFBC Circulars. The SFBC is independent from the Swiss National Bank, which is responsible for Swiss monetary policy.

Some of EFGI's Swiss-incorporated subsidiaries are also subject to regulation on an individual basis. EFG Bank is regulated as a Swiss bank and a securities-dealer. SIF Swiss Investment Funds SA, Geneva holds a licence authorising it to act as an administration and management company for Swiss investment funds and as a representative for foreign investment funds licensed for public distribution in Switzerland. All licences were granted by the SFBC.

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 the Group. As part of this risk supervision framework, the Group 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 the Group and controlled by management in an effective and consistent manner.

The Group'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. The Group is exposed to limited market risk. The Group is also exposed to operational and reputational risks and a small amount of liquidity risk. EFG International's management has implemented procedures complying with the risk policies and procedures of the EFG Group. Ultimate responsibility for the supervision of risk management lies with EFG International's Board of Directors, which has delegated certain functions to its Risk Committee, which sets policies and risk appetite in collaboration with the EFG Group Risk Committee (the GRC) and Group Risk Unit as well as the risk committees of certain subsidiaries.

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

Risk Management Organisation

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

The Board has delegated responsibilities for Risk Management as follows:

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

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

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

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

To qualify as collateral for a margin loan, a client's securities portfolio must be well diversified with differing margins applied depending on the type of risk profile and liquidity of the security. Additional margins are applied if the loan and the collateral are not in the same currency or diversification criteria are not fully met.

Mortgages booked at EFG Private Bank Ltd, London are related predominantly to properties in prime London locations.

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

The credit departments of the Group'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.

The Group'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 the Group's loan book is of high quality. Consequently, an overwhelming majority of the Group's credit exposures are rated within the top three categories.

Credit Risks related to Financial Institutions

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

Limits for exposure to counterparties are granted based upon internal analysis. Up to a certain absolute size or ceiling, depending on each counterparty's Fitch ratings and on its total equity, the limits are set by the EFGI 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.

The Group 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.

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

The Group'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.

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. In the course of structuring products and investments for its clients, the Group engages in limited trading in stocks, indices, interest rates and their derivatives. Risks are measured and controlled using Value at Risk ("VaR"), stress tests and other measures. 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 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 the Group's business, 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 the Group's 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 self-developed internal model, which has been implemented on an EFG Group wide bases, takes into account relevant market risk takers and units.

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

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

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

Daily risk reports are made which review compliance with nominal limits and stop loss limits.

Currency Risk

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

Liquidity Risk

The Group 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. The Group 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.

The Group's customer deposit base, its capital and reserves position and its conservative gapping policy when funding customer loans ensures that the Group runs only a small liquidity risk.

Operational Risk

EFG International's executive management monitors the risk of loss resulting from failures in business processes, systems and people, or from external sources, through a comprehensive internal reporting system, which aims to enable the organisation to oversee and maintain the standards of all transactions. In addition, operational risk is limited by means of, inter alia, organisational measures, automation, internal control and security systems, written procedures, legal documentation and loss mitigation techniques as well as a respective business continuity plan under the responsibility of management. Generally, operational losses have been small. Monthly reports include details of all operational issues. In addition, the management information system produces daily reports with details of the transactions of all CROs, which are closely monitored in order to detect any large or unusual transactions. Furthermore, all securities purchases are executed through central trading desks and are reviewed by traders as to size and quality of securities. The company's IT system provides an immediate duplicate of all transactions, ensuring a backup system is continuously available off-site. Operations are also audited by EFG Group's internal auditors and external auditors, as well as by EFG International 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 the Group'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 the Group may, inter alia, arise from service delivered to clients that is substandard, as well as the Group's involvement with politically exposed persons, persons with a public profile or those associated with high risk activities. The Group 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, the Group operates strict due diligence procedures for the acceptance of new clients. In addition, the Group closely monitors transactions on an ongoing basis and investigates any transaction activity that is unusual and is deemed suspicious.

RECENT DEVELOPMENTS SINCE 30 JUNE 2007

In July, EFG Private Bank Limited, the London-based subsidiary of EFG International, expanded its Channel Islands presence, after its subsidiary EFG Private Bank (Channel Islands) Limited received approval from the Jersey Financial Services Commission to offer banking services in Jersey. The new operation in Jersey complements the established banking operation in Guernsey of EFG Private Bank (Channel Islands) Limited, and operates alongside EFG Private Bank (Channel Islands) Limited’s existing Jersey subsidiary, EFG Offshore Limited (“EFG Offshore”).

In August, EFG Private Bank Limited, the London-based subsidiary of EFG International, agreed to acquire UK-based independent wealth manager Ashby London Financial Services Ltd. This transaction was completed in October 2007. Based in Wolverhampton, Ashby London provides fee-based independent advice to individuals and businesses, covering investments, tax planning, pensions and employee benefits. It advises on clients’ assets of over £150m on behalf of around 2,000 clients, and has 36 employees, of which 10 are involved directly in client relationships.

In October, EFG International announced its intention to establish a new business, EFG Financial Products. This will comprise a Swiss securities dealer (subject to regulatory approval) and a Guernsey issuing entity. It is expected that the business will be fully operational effective December 2007. A minority stake in the business is held by its employees. This business will differ from existing activities relating to structured investment products in that it will involve issuing instruments in its own name, with a strong orientation towards listed products. These will be open to the market at large, not just to existing clients. EFG Financial Products will derive competitive differentiation based on experienced individuals in all aspects of structured products and derivatives; a leading edge technology platform; and price competitiveness. Initially, it will provide structured product solutions to the Swiss market, encompassing private and institutional clients. The new business venture now has around 50 employees, with an average of more than ten years’ relevant industry experience.

In October, EFG International completed the acquisition of Toronto-based Bull Wealth Management Group Inc. The transaction was announced in June 2007.

Bull Wealth Management is an independent investment management firm serving Canadian & international high net worth individuals and institutions. It handles clients’ Assets under Management of circa CHF 1.5 billion, with eight employees (of whom three are Client Relationship Officers). The business was founded in 2000 by James Bull, who, along with his core team, remains fully involved. He also becomes Vice-Chairman of EFG Investment (Canada) Ltd, working closely with Steve Mackey, CEO Canada, to drive forward ambitious expansion plans in the Canadian wealth management market.

In December, EFG International agreed to acquire Marble Bar Asset Management LLP (MBAM), a leading UK-based alternative asset manager. EFG International's sister company, Eurobank EFG, is participating by way of a minority stake of 9.99%. Completion is expected in early 2008, subject to regulatory approvals. MBAM is an investment manager specialising in long/short equity strategies, serving institutional clients as well as ultra-high-net-worth individuals. Clients' Assets under Management are circa $4.4 billion (CHF 4.9 billion). Its investment strategy is to achieve relatively low volatility and low correlation to equity markets, through low-leverage funds, a high level of diversification, and with a targeted performance in the range 12-15% net of fees. MBAM funds have consistently performed among the industry leaders on a risk-adjusted basis. Established in 2002, MBAM has two founding partners - Hilton Nathanson, CIO and Gilad Hayeem, CEO - who are part of a seven-person senior management team and have an investment track record dating back to 1998. Overall, MBAM has 70 employees, the majority of whom are based in London. The founding partners, senior management team and other key personnel will remain in place.

This transaction involves an initial consideration of $517 million in cash. Of this, the amount due to MBAM partners and staff of circa $400m, net of tax, is to be invested in MBAM's funds with a staggered lock-up for a period of six years. Expected future payments are in the range $300 million - $800 million (from the amount due to MBAM partners and staff, 30% is to be invested in EFG International shares), subject to performance over a six year period. There is also conditional provision for long-term equity incentivisation for key partners, involving an equity stake of up to 20%. The terms of the transaction are in keeping with EFG International's publicly stated acquisition criteria, in this case a price-earnings ratio of less than 10.

GUARANTEE OF EFG INTERNATIONAL

Guarantee Agreement

(the "Guarantee")

entered into as of 12 December, 2007

effective as of 12 December, 2007

by and between

EFG INTERNATIONAL

being a stock corporation with limited liability, duly organized and existing under the laws of Switzerland whose registered head office is situated at Bahnhofstrasse 12, 8001 Zurich, Switzerland,

(the "**Guarantor**")

of the one part

and

EFG FINANCIAL PRODUCTS AG

being a stock corporation with limited liability, duly organized and existing under the laws of Switzerland whose registered head office is situated at, Brandschenkestrasse 90, 8002 Zürich, Switzerland

(the "**Lead Manager**")

of the other part

and

EFG FINANCIAL PRODUCTS (GUERNSEY) LTD.

being a stock corporation with limited liability, duly organized and existing under the laws of Guernsey whose registered head office is situated at EFG House, St Julian's Avenue, St Peter Port, Guernsey, GY1 4PR, Channel Islands,

of the other part

WHEREAS

(A) EFG Financial Products AG and EFG Financial Products (Guernsey) Ltd. (each an "**Issuer**" and together the "**Issuers**") may from time to time issue warrants and structured products in securitized or uncertificated form (the "**Products**") under the terms of their Derivative Programme dated 12 December 2007, as amended from time to time (the "**Programme**") and as supplemented by the relevant final terms of each Product (the "**Final Termsheet**", together with the Programme the "**Product Documentation**").

(B) The Guarantor has determined to execute this Guarantee (within the meaning of Article 111 of the Swiss Code of Obligations) for the payment of the Redemption Amount or any other cash settlement amount, or, as the case may be, to deliver the Underlying, in cases of an Issuer's failure to deliver the Underlying or make payment of the Redemption Amount or any other cash settlement amount in respect of any Product from time to time issued by an Issuer for the benefit of the Investor.

The Guarantor hereby agrees as follows:

1. The Guarantor hereby unconditionally and, subject to the provisions in this Guarantee, irrevocably guarantees to the Lead Manager acting on behalf of each Investor, irrespective of the validity and enforceability of the Product Documentation, and waiving all rights of objection and defense arising from the Product Documentation to which the Issuers are entitled (provided that the Guarantor shall retain its own rights of objection and defense arising from the Programme and the Product Documentation as regards its function as a Guarantor and the Guarantee), the Issuers' obligations in accordance with the terms and conditions of the Programme and the respective Products, as the case may be (the "**Guaranteed Obligations**"), except that the Guarantor is not obliged to settle physically. In the case of Cash Settlement, the Guarantor is obliged to make the cash payment of the Redemption Amount or any other cash settlement amount specifically defined in the relevant Final Termsheet. In the case of Delivery of Underlying according to the Final Termsheet, however, the Guarantor is not obliged to physically deliver any Underlying but may elect, irrespective of the provisions in the Final Termsheet, in its absolute and full discretion, Cash Settlement or Delivery of Underlying.

2. The Guarantor may not assign its rights nor delegate its obligations under this Guarantee in whole or in part, except for an assignment and delegation of all of the Guarantor's rights and obligations hereunder to another entity in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law, or otherwise. Upon any such delegation and assumption of delegations, the Guarantor shall be relieved of and be fully discharged from all obligations hereunder.

3. This Guarantee shall be valid for any present or future Product issued by the Issuers under the Programme dated 12 December, 2007, as amended from time to time, such Products being further specified in the relevant Final Termsheet. This Guarantee may be terminated by the Guarantor upon thirty calendar days' written notice to the Lead Manager, provided that this Guarantee shall remain in full force and effect with respect to Guaranteed Obligations incurred by the Issuers as a result of Products issued prior to the date on which the Lead Manager received such notice of termination.

4. This Guarantee shall be governed by and construed in accordance with Swiss law. Disputes arising from this Guarantee shall fall within the jurisdiction of the ordinary courts of the canton of Zurich, venue being Zurich 1, with the right of appeal to the Swiss Federal Court in Lausanne where the law permits.

THUS DONE AND SIGNED in two originals in Zurich as of 12 December, 2007

effective as of 12 December, 2007

EFG INTERNATIONAL

By: ______________________

EFG FINANCIAL PRODUCTS AG

By: ______________________

EFG FINANCIAL PRODUCTS (GUERNSEY) LTD

By: _______________________

OFFERING AND SALE

Set out below are the forms of selling restrictions that will apply in respect of Products issued under the Programme unless otherwise amended, supplemented or modified in any particular Final Termsheet.

SELLING RESTRICTIONS

General

No action has been or will be taken by the relevant Issuer, the Guarantor or the Lead Manager that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, resales or deliveries of any Products or distribution of any offering material relating to any Products may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuers and/or the Guarantor and/or the Lead Manager.

The Lead Manager will, unless prohibited by applicable law, furnish to each person to whom it offers or sells Products a copy of the Programme Documentation as then amended or supplemented. The Lead Manager is not authorised to give any information or to make any representation not contained in the Programme in connection with the offer and sale of Products to which the Programme relates.

With regard to each issue of Products, additional selling restrictions may be set out in the applicable Final Termsheet.

Switzerland

Any Final Termsheet of Products which are to be sold in a private placement may not be distributed, copied, published or otherwise made public.

Any Products publicly offered may only be distributed in accordance with the provisions of the Federal Act on Collective Investment Schemes ("**CISA**") and the Ordinance on Collective Investment Schemes ("**CISO**").

United States

Neither the Products nor the Guarantee have been or will be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons. The Products may not be legally or beneficially owned by U.S. Persons at any time. Each holder and each beneficial owner of a Product, as a condition to purchasing such Product or any beneficial interest therein, will be deemed to represent on purchase that neither it nor any person for whose account or benefit the Products are being purchased is (i) located in the United States, (ii) is a U.S. Person or (iii) was solicited to purchase the Products while present in the United States. Each holder and each beneficial owner of a Product will be deemed on purchase to agree not to offer, sell, deliver, pledge or otherwise transfer any of the Products at any time, directly or indirectly in the United States or to, or for the benefit or account or, any U.S. Person. Terms used in this paragraph have the meaning give to them by Regulation S.

United Kingdom

All applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") must be complied with in respect of anything done in relation to any Products in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by any person in connection with the issue or sale of any Products may only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") the Lead Manager will not make an offer of Products to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Products to the public in that Relevant Member State:

(a) in the period beginning on the date of publication of a prospectus in relation to those Products which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, and ending on the date which is 12 months after the date of such publication;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, all as shown in its last annual or consolidated accounts; or

(d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "offer of Products to the public" in relation to any Products in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Products to be offered so as to enable an Investor to decide to purchase or subscribe the Products, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Guernsey

EFG Financial Products (Guernsey) Ltd has obtained consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinances, 1959 to 1989 to raise up to raise up to GBP 2 billion (or currency equivalent) by the issue of Products. In giving such consent, neither the Guernsey Financial Services Commission nor the Policy Council of the States of Guernsey accept any responsibility for the financial soundness of EFG

Financial Products (Guernsey) Ltd or for the correctness of any of the statements made or the opinions expressed in this document.

Neither this document nor any Products offered pursuant to this document may be offered to members of the public in Guernsey. Circulation of this document and any termsheet relating to any Product within Guernsey is restricted to persons or entities that are themselves licensed by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Laws, the Banking Supervision (Bailiwick of Guernsey) Law, the Insurance Business (Bailiwick of Guernsey) Law or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law.

Italy

The offering of the Products has not been registered pursuant to Italian securities, legislation and, accordingly, the Lead Manager represents and agrees that it has not offered or sold, and will not offer or sell, any Products in the Republic of Italy in a solicitation to the public, and that sales of the Products by the Lead Manager in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

The Lead Manager represents and agrees that it will not offer, sell or delivery any Products or distribute copies of the Programme or any other document relating to the Products in the Republic of Italy except:

(i) to "Professional Investors", as defined in Article 31.2 of CONSOB Regulation No. 11522 of 1st July 1998 ("**Regulation No. 11522**"), as amended, pursuant to Articles 30.2 and 100 of Legislative Decree No. 58 of 24th February 1998 ("**Decree No. 58**"); or

(ii) in any other circumstances where an express exemption from compliance with the solicitation restrictions provided by Decree No. 58 of CONSOB Regulation No. 11971 of 14th May 1999, as amended, applies.

Any such offer, sale or delivery of Products or distribution of copies of the Programme or any other document relating to the Products in the Republic of Italy must be:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1st September 1993 ("**Decree No. 385**"), Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations;

(b) in compliance with Article 129 of Decree No. 385 and the implementing instructions of the Bank of Italy (Instruzioni di Vigilanza della Banca d'Italia), pursuant to which the issue, offer, trading or placement of securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption applies, depending inter alia, on the aggregate amount and the characteristics of the Products issued, offered, traded or placed in Italy; and

(c) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB (Commissione Nazionale per la Società e la Borsa) or the Bank of Italy.

TAXATION

1. General

Purchasers of Products may be required to pay stamp taxes and other taxes and/or charges in connection with the Products. Prospective purchasers of Products should be aware that transactions involving the Products, any purchase or disposal of or other dealings in a Product, the abandonment of a Product, and any transaction involved in the exercise and settlement or, as the case may be, redemption of a Product, may have tax consequences in any jurisdiction (including, but not limited to, possible liabilities to stamp duties, transfer and registration taxes). Such tax consequences may depend, amongst other things, upon the status of the potential purchaser of a Product. Purchasers of Products should consult their own tax advisers about the tax implications of purchasing and holding a Product, any transaction involving a Product, and any transaction involved in the exercise and settlement or, as the case may be, redemption of a Product.

2. Swiss Taxation

Investors and Prospective Investors are advised to consult with their tax advisers with respect to the Swiss tax consequences of the purchase, ownership, disposition, lapse or exercise or redemption of a Product in light of their particular circumstances.

2.1 Stamp Taxes

Neither the issue of Products nor the trade of Products which classify as pure derivatives for tax purposes are normally subject to Issue Stamp Tax and Swiss Securities Transfer Tax even if an Issuer resident in Switzerland issues the Products. Exemptions to these rules apply to Products which, due to specific features, are considered (debt) financing instruments, share-like or fund-like products for purposes of Swiss tax law. If upon the exercise or redemption of a Product an underlying security is delivered to the Investors, the transfer of the underlying security may be subject to Swiss Securities Transfer Tax (i) of up to 0.15% in the case of an underlying security which has been issued by a Swiss resident issuer or (ii) of up to 0.3% in the case of an underlying security which has been issued by an issuer resident abroad, provided in both cases that a Swiss securities dealer (*Effektenhändler*), as defined in art. 13 para. 3 of the Swiss Federal Act on Stamp Duties (*Bundesgesetz über die Stempelabgaben*), is a party to the Products transaction or acts as an intermediary thereto. Certain exemptions may, *inter alia*, apply with regard to institutional Investors such as mutual funds, life insurance companies and social security institutions.

2.2 Swiss Withholding Tax

Products issued by a foreign resident issuer are not subject to Swiss withholding tax.

Payments or credit of (deemed) interest or dividends on a Product issued by a Swiss resident issuer may be subject to Swiss federal withholding tax at a rate of 35%. This may apply likewise to payments or credits of yield from Products which classify for tax purposes as fundlike products. Any such payments made on Products issued by a foreign issuer may also be subject to the Swiss federal withholding tax if such Products are guaranteed by a Swiss resident guarantor. According to a ruling obtained from the Swiss federal tax administration, subject to certain conditions being met, the payments made on Products issued by EFGFP LTD and guaranteed by Guarantor will not be subject to the Swiss withholding tax.

The Investor who is resident in Switzerland may be entitled to a full refund of or a full tax credit for the Swiss federal withholding tax, subject to conditions being met.

A non Swiss resident Investor may be able to claim a full or partial refund of the Swiss federal withholding tax if such a Investor is entitled to claim the benefits with regard to such a payment of a double taxation treaty between Switzerland and his or her country of residence.

2.3 Income Taxation of Products Held by Individuals as Part of Private Property

Gains or losses realised upon a sale or other disposition by Swiss resident individuals holding a Product as part of their private property (private capital gains or losses) are as a rule not subject to income taxation or are not deductible from taxable income respectively. Capital gains may, however, be subject to income taxation, if a Product or a distinguishable part thereof qualifies as a bond where the predominant part of the annual yield is paid in a one time payment (*überwiegende Einmalverzinsung*). Losses arising from predominant one time interest paying bonds may be deducted from gains from similar instruments in the same tax period.

Income derived from a Product which is neither a private capital gain, as set out above, nor a repayment of paid in capital (or face value in case of shares) is generally subject to tax. This applies, *inter alia*, to any issuance discount, repayment premium, other guaranteed payments (besides repayment of capital) or any combination thereof. Payments or credits received by an Investor because of dividends, interest etc. of the Underlying may be subject to income tax for such Investor. This may apply likewise to payments or credits derived from underlying funds.

2.4 Income Taxation of Warrants and Structured Products Held by Swiss Resident Entities or Individuals as Part of Business Property

Income of any kind realised from and losses incurred for business reasons on Products as part of the business property of individuals (including deemed securities dealers due to frequent dealing, debt financing and similar criteria [*Wertschriftenhändler*]) or entities resident in Switzerland are subject to personal income tax or corporate income tax respectively as a part of the overall net income.

2.5 Wealth Taxation of Products Held by Swiss Resident Individuals

Market value of Products may be subject to wealth tax levied on overall net wealth of Swiss resident individuals, regardless of whether the instruments are held as part of the private or business property.

2.6 Savings Directive

On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland adopts measures equivalent to those of the European Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments (see section 8 titled "*EU Savings Tax Directive*" below). The agreement came into force as of 1 July 2005.

On the basis of this agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid by a paying agent (as defined in Article 6 of the Agreement of 26 October 2004) within Switzerland to an individual resident in an EU member state. The withholding tax is withheld at a rate of 15% for the first three years beginning with 1 July 2005, 20% for the next three years and 35% thereafter, with the option of such an individual to have the paying agent and Switzerland provide to the tax authorities of the Member State details of the payments in lieu of the withholding. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding, if any, provided that certain conditions are met.

3. Guernsey Taxation

Investors and prospective investors who are resident in Guernsey are advised to consult with their own tax advisers with respect to the Guernsey tax consequences of the purchase, ownership, disposition, lapse or exercise or redemption of a Product in the light of their particular circumstances.

3.1 Stamp Taxes

No stamp duty or document duty will be levied or charged in Guernsey upon the issue of Products or upon the transfer, sale or redemption of Products.

3.2 Guernsey Withholding Tax

EFG Financial Products (Guernsey) Ltd will, with effect from 1st January 2008, be deemed to be resident in Guernsey for the purposes of Guernsey income tax. EFG Financial Products (Guernsey) Ltd will, however, qualify for a zero rate of income tax on its taxable profits.

3.3 Payments of Interest and Redemption Proceeds

Payments of interest and the payment of capital proceeds arising upon the redemption or repurchase of Products to non-Guernsey residents will not be subject to Guernsey withholding tax.

3.4 Capital Taxes

Guernsey does not levy capital taxes upon any gains made by non-Guernsey resident investors on securities or debt instruments issued by Guernsey companies.

3.5 Savings Directive

NOTWITHSTANDING THAT GUERNSEY IS NOT FORMALLY PART OF THE EUROPEAN COMMUNITY, NEVERTHELESS, IN JUNE 2004, THE EUROPEAN COMMUNITY AND GUERNSEY ENTERED INTO AN AGREEMENT ON THE TAXATION OF SAVINGS INCOME PURSUANT TO WHICH GUERNSEY HAS ADOPTED MEASURES WHEREBY SAVINGS INCOME IN THE FORM OF INTEREST PAYMENTS (FALLING WITHIN THE DEFINITION CONTAINED IN THE EU SAVINGS DIRECTIVE) WILL BE SUBJECT TO A RETENTION TAX CURRENTLY AT THE RATE OF 15% PER ANNUM, UNLESS THE EU RESIDENT INDIVIDUAL AUTHORISES DISCLOSURE OF SUCH PAYMENT THROUGH THE GUERNSEY INCOME TAX AUTHORITIES TO THE RELEVANT FISCAL AUTHORITIES IN THE DOMESTIC JURISDICTION OF THAT EU RESIDENT. THE APPLICATION OF THESE MEASURES, HOWEVER, DEPENDS UPON THE FACT THAT THE PAYING AGENT IS RESIDENT IN GUERNSEY. IN CIRCUMSTANCES WHERE THE PAYING AGENT IN RESPECT OF

ANY PRODUCT IS NOT RESIDENT IN GUERNSEY, THEN SUCH GUERNSEY MEASURES WILL NOT APPLY. IT IS THE INTENTION OF THE ISSUER TO USE THE SERVICES OF PAYING AGENTS THAT ARE NOT RESIDENT IN GUERNSEY.

GENERAL INFORMATION

AUTHORISATION

The annual update of the Programme and the issuance of Products under the Programme have been duly authorised by the Board of Directors of EFG Financial Products AG pursuant to a resolution dated as of December 12, 2007 and by the Board of Directors of EFG Financial Products (Guernsey) Ltd. pursuant to a resolution dated as of December 12, 2007. The execution and delivery of the Master Guarantees were authorised by resolutions adopted by the Board of Directors of the Guarantor as of December 4, 2007 in respect of each of the Issuers.

LISTING

The SWX Swiss Exchange has approved the Programme as of December 14, 2007.

CLEARING SYSTEMS

The Products have been accepted for clearing through SIS SegaInterSettle AG. If the Products of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Termsheet.

AUDITORS

The consolidated financial statements for the years ended December 31, 2005 and December 31, 2006 of the Guarantor have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been reported upon without qualification for the Guarantor by PricewaterhouseCoopers, certified public accountants, which has its principal place of business at Avenue Giuseppe-Motta 50, CH-1211 Geneva.

SIGNIFICANT CHANGE

Save as disclosed herein there has been no significant change in the financial or trading position of EFG Financial Products AG and of EFG Financial Products (Guernsey) Ltd., since its incorporation. There has been no significant change in the financial or trading position of the Guarantor and its subsidiaries (taken as a whole) since June 30, 2007 except as disclosed herein.

TREND INFORMATION

Save as disclosed herein none of the Issuers or the Guarantor are aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on their respective prospects during the current financial year.

LEGAL, ADMINISTRATIVE, AND ARBITRATION PROCEEDINGS

Save as disclosed herein (including in any information incorporated by reference herein) neither the Guarantor nor any of its subsidiaries (including the Issuers EFG Financial Products AG and EFG Financial Products (Guernsey) Ltd. is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Programme, a significant effect on the financial position or prospects of the Guarantor and its subsidiaries (taken as a whole) nor, so far as the Guarantor, EFG Financial Products AG or EFG Financial Products (Guernsey) Ltd. are aware, are any such proceedings pending or threatened.

USE OF PROCEEDS

Each Issuer intends to use the net proceeds from each issue of Products for general purposes and for hedging the obligations created by the issuance of the Products.

ANNEX I

ANNUAL FINANCIAL STATEMENTS OF THE GUARANTOR FOR THE YEAR ENDED DECEMBER 31, 2006

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

EFG INTERNATIONAL CONSOLIDATED ENTITIES

	Note	Year ended 31 December 2006 CHF '000	Year ended 31 December 2005 CHF '000
Interest and discount income		531,482	184,416
Interest expense		(359,367)	(93,496)
Net interest income	5	**172,115**	90,920
Banking fee and commission income		479,002	236,541
Banking fee and commission expense		(72,723)	(27,570)
Net banking fee and commission income	6	**406,279**	208,971
Dividend income		176	66
Net trading income	7	53,644	38,398
Gains less losses from other securities		768	9
Other operating income		1,456	45
Net other income		**56,044**	38,518
Operating income		**634,438**	338,409
Operating expenses	8	**(374,200)**	(200,337)
Profit before tax		**260,238**	138,072
Income tax expense	10	(30,257)	(17,178)
Net profit for the period		**229,981**	120,894
		CHF	CHF
Basic earnings per ordinary share	42	**1.39**	0.72
Diluted earnings per ordinary share	42	**1.39**	0.72

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

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2006

EFG INTERNATIONAL CONSOLIDATED ENTITIES

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

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

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

EFG INTERNATIONAL CONSOLIDATED ENTITIES

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

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

EFG INTERNATIONAL CONSOLIDATED ENTITIES

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

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

1. GENERAL INFORMATION

EFG International and its subsidiaries (hereinafter collectively referred to as "The Group") are a leading global private banking group, offering private banking and asset management services. The Group's principal places of business are in the Bahamas, Bermuda, Buenos-Aires, the Channel Islands, Dubai, Finland, Gibraltar, Hong Kong, Liechtenstein, Luxembourg, Miami, Monaco, New York, Singapore, Sweden, Switzerland, Taiwan and the United Kingdom. In Switzerland the Group's offices are located in Zurich, Geneva, Sion, Martigny, Verbier and Crans-Montana. Across the whole Group, the number of employees at December 31, 2006 was 1,477 (December 31, 2005: 1,053).

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Consolidation

(i) Subsidiaries

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

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

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

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

(ii) Associates

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

(c) Foreign currencies

(i) Functional and presentation currency

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

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

(i) Transactions and balances

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

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

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

(d) Derivative financial instruments and hedging

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

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

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

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

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

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

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

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

(iii) Net investment hedge

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

(iv) Derivatives that do not qualify for hedge accounting

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

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

e) Offsetting financial instruments

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

(f) Income statement

(i) Interest income and expenses

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

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

(ii) Fees and commissions

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

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

(g) Property, plant and equipment

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

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

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

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

(h) Intangible assets

(i) Goodwill

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

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

(ii) Other intangible assets - Non compete agreements

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

(iii) Other intangible assets - Client Relationships

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

(iv) Other intangible assets - Trademarks

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

(v) Other intangible assets - Computer software

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

(i) Financial Assets

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

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

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity

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

(iv) Available-for-sale

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

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

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

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

(j) Impairment of financial assets

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

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

financial asset because of financial difficulties; or

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

(i) Assets carried at amortised cost

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

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

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

(ii) Available-for-sale assets

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

(k) Debt securities in issue & Other borrowed funds

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

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

(l) Leases

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

(m) Deferred income tax

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

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

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

(n) Employee benefits

(i) Pension obligations

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

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

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

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

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

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

(ii) Short-term employee benefits

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

(iii) Share based compensation

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

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

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

(o) Related party transactions

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

(p) Provisions

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

(q) Segmental reporting

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

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

(r) Share Capital

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

(i) Share issue costs

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

(ii) Dividends on ordinary shares

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

(s) Fiduciary activities

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

(t) Cash and cash equivalents

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

(u) Comparatives

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

(a) Estimated impairment of goodwill

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

(b) Fair value of financial instruments

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

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

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

(d) Income taxes

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

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

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

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

4.2 Operational Risk

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

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

4.3 Compliance and Legal risk

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

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

4.4 Reputational Risk

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

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

4.5 Credit Risk

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

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

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

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

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

4.6 Market risk

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

4.7 Foreign exchange Market risk

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

4.8 Equity Market risk

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

4.9 Commodities Market risk

The Group has no significant exposure to commodity price risk.

4.10 Liquidity risk

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

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

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

4.11 Cash flow and fair value interest rate risk

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

4.12 Outsourcing risk

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

5. NET INTEREST INCOME

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

6. NET BANKING FEE AND COMMISSION INCOME

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

7. NET TRADING INCOME

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

8. OPERATING EXPENSES

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

9. STAFF COSTS

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

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

10. INCOME TAX EXPENSE

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

11. DEFERRED INCOME TAXES

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

Deferred income tax assets and liabilities comprise the following:

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

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

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

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

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

Deferred tax liabilities:

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

11. DEFERRED INCOME TAXES (CONTINUED)

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

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

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

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

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

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

13. CASH AND BALANCES WITH CENTRAL BANKS

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

14. CASH AND CASH EQUIVALENTS

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

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

15. TREASURY BILLS AND OTHER ELIGIBLE BILLS

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

16. DUE FROM OTHER BANKS

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

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

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

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

18. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

19. LOANS AND ADVANCES TO CUSTOMERS

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

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

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

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

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

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

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

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

21. COLLATERAL FOR LOANS

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

22. INVESTMENT SECURITIES

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

The movement in the account is as follows:

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

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

22. INVESTMENT SECURITIES (CONTINUED)

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

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

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

The movement in the account is as follows:

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

23. SHARES IN SUBSIDIARY UNDERTAKINGS

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

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

All the subsidiaries above are 100% held.

24. INTANGIBLE ASSETS

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

24. INTANGIBLE ASSETS (CONTINUED)

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

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

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

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

Increase in acquisition related intangibles 2006

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

C.M. Advisors Limited

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

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

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

24. INTANGIBLE ASSETS (CONTINUED)

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

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

Derivatives Structured Asset Management unit ("DSAM")

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

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

Harris Allday

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

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

24. INTANGIBLE ASSETS (CONTINUED)

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

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

Banque Monégasque de Gestion

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

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

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

24. INTANGIBLE ASSETS (CONTINUED)

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

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

Impairment tests

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

24. INTANGIBLE ASSETS (CONTINUED)

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

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

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

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

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

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

25. PROPERTY, PLANT AND EQUIPMENT

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

26. OTHER ASSETS

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

27. DUE TO OTHER BANKS

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

28. DUE TO CUSTOMERS

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

29. DEBT SECURITIES IN ISSUE AND OTHER BORROWED FUNDS

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

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

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

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

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

30. OTHER LIABILITIES

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

31. RETIREMENT BENEFIT OBLIGATIONS

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

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

The movement in the defined benefit obligation is as follows:

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

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

	31 December 2006 Total CHF '000	31 December 2005 Total CHF '000
Fair value of the plan assets at the beginning of the year	**119,694**	103,434
Employee's contributions	5,627	5,984
Employer's contributions	7,812	5,946
Benefit payments	1,246	(5,387)
Expected return on plan assets	5,274	4,003
Actuarial gain for the year	1,434	5,714
Pension transfers	3,262	
Fair value of the plan assets at the end of the year	**144,349**	119,694

Amounts recognised in the Balance sheet include:

	31 December 2006 Total CHF '000	31 December 2005 Total CHF '000
Present value of funded obligations	149,965	126,055
Fair value of plan assets	(144,349)	(119,694)
	5,616	6,361
Unrecognised actuarial loss	(4,569)	(972)
Net liability recognised in balance sheet (included in other liabilities - note 30)	**1,047**	5,389

31. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	31 December 2006 Total CHF '000	31 December 2005 Total CHF '000
Movement in net liability:		
Net liability at the beginning of the year	**5,389**	7,801
Net periodic pension cost	3,470	3,534
Employer's contributions	(7,812)	(5,946)
Net liability at the end of the year	**1,047**	5,389
Movement in unrecognised actuarial loss:		
Net unrecognised actuarial loss at the beginning of the year	**972**	4,831
Actuarial loss for the year arising on defined benefit obligation	5,031	1,855
Actuarial gain arising on the plan assets	(1,434)	(5,714)
Net unrecognised actuarial loss at the end of the year	**4,569**	972
Movement recognised in the Income statement:		
Service cost	4,583	4,474
Interest cost	3,993	3,063
Expected return on plan assets	(5,274)	(4,003)
Cost of transfers	168	
Net periodic pension cost (note 9)	**3,470**	3,534
Asset allocation		
Debt instruments	58.7%	58.5%
Equity instruments	22.0%	25.7%
Cash	11.7%	9.8%
Real estate	6.1%	4.4%
Other	1.5%	1.6%
	100.0%	100.0%

31. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The principal annual actuarial assumptions used were as follows:

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

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

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

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

32. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

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

Share capital	With voting right CHF '000	Without voting right CHF '000	Treasury shares Registered shares CHF '000	Treasury shares Bons de Participation A CHF '000	Treasury shares Bons de Participation B CHF '000	Net CHF '000
At 1 January 2005	53,610	7,675		(2,120)		59,165
Issuance of Bons de Participation “B”		1,125				1,125
Purchase of registered shares			(1,410)			(1,410)
Sale of Bons de Participation “A”				710		710
Purchase of EFG Fiduciary certificates (*)					(72)	(72)
Sale of registered shares			1,410			1,410
Cancellation of Bons de Participation “A”				1,410		1,410
Demerger effects	(53,610)	(8,800)				(62,410)
Creation of EFG International	53,610	7,390				61,000
Free exchange	(53,610)	(7,390)				(61,000)
Issuance of Bons de Participation “B”		6,000				6,000
Issuance of shares	73,335					73,335
At 31 December 2005	73,335	6,000	-	-	(72)	79,263
No changes in 2006						-
At 31 December 2006	**73,335**	**6,000**	**-**	**-**	**(72)**	**79,263**

Share premium	With voting right CHF '000	Without voting right CHF '000	Treasury shares Registered shares CHF '000	Treasury shares Bons de Participation A CHF '000	Treasury shares Bons de Participation B CHF '000	Net CHF '000
At 1 January 2005	53,790	486,757		11,497		552,044
Issuance of Bons de Participation “B”		113,519				113,519
Purchase of registered shares			(26,090)			(26,090)
Sale of Bons de Participation “A”				10,100		10,100
Purchase of EFG Fiduciary certificates (*)					(7,223)	(7,223)
Sales of registered shares			24,718			24,718
Cancellation of Bons de Participation “A”				(1,410)		(1,410)
Demerger effects	(53,790)	(628,807)				(682,597)
Creation of EFG International		30,500				30,500
Issuance of shares	1,324,709					1,324,709
At 31 December 2005	1,324,709	1,969	(1,372)	20,187	(7,223)	1,338,270
No changes in 2006						-
At 31 December 2006	**1,324,709**	**1,969**	**(1,372)**	**20,187**	**(7,223)**	**1,338,270**

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

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

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

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

33. OTHER RESERVES

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

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

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

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

35. CONTINGENT LIABILITIES AND COMMITMENTS

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

Legal proceedings

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

36. FIDUCIARY TRANSACTIONS

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

37. SEGMENTAL REPORTING

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

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

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

37. SEGMENTAL REPORTING (CONTINUED)

Business segmentation

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

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

38. CURRENCY RISK

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

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

38. CURRENCY RISK (CONTINUED)

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

39. INTEREST RATE RISK

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

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

39. INTEREST RATE RISK (CONTINUED)

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

40. MATURITY OF ASSETS AND LIABILITIES

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

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

40. MATURITY OF ASSETS AND LIABILITIES (CONTINUED)

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

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

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

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

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

42. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

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

Basic earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares owned by the Group. For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by an estimated, pro-forma accrued preference dividend. The latter has been computed by assuming a dividend rate from 1st January 2006 until 30 April 2006 of 3.788%, a rate of 4.386% from 30 April 2006 until 30 October 2006 and a rate of 4.315% thereafter, excluding the average number of EFG Fiduciary Certificates owned by the Group. It should be noted that this calculation assumes that dividends covering the full year will be approved. Should this not be the case, the basic earnings per ordinary share would be CHF 1.42 for the period.

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

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

43. DIVIDEND PER SHARE

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

44. RELATED PARTY TRANSACTIONS

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

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

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

Key management compensation (including directors)

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

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

45. STOCK OPTION PLAN

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

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

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

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

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

46. INFORMATION RELATING TO THE EFG FIDUCIARY CERTIFICATES IN CIRCULATION

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

47. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

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

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

Assets under Administration are trust assets administered by the Group.

48. POST BALANCE SHEET EVENTS

Business acquisitions

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

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

Other

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

49. BOARD OF DIRECTORS

The Board of Directors of EFG International is the following:

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

50. SWISS BANKING LAW REQUIREMENTS

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

(a) Financial investments

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

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

(b) Fair value option

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

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

(c) Derivative financial instruments

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

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

(d) Goodwill and Intangible Assets

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

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

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

(e) Extraordinary income and expense

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

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

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

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

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

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

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

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

PricewaterhouseCoopers SA

J.C. Pernollet
Auditor in charge

C. Kratzer

Geneva, March 30, 2007

PARENT COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

EFG International, Zurich

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

EFG INTERNATIONAL, ZURICH

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

BALANCE SHEET AS AT 31 DECEMBER 2006

EFG INTERNATIONAL, ZURICH

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

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

1. CONTINGENT LIABILITIES

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

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

– There are no such assets.

3. OFF-BALANCE SHEET OBLIGATIONS RELATING TO LEASING CONTRACTS

– There are no such obligations.

4. FIRE INSURANCE VALUE OF TANGIBLE FIXED ASSETS

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

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

– There are no such liabilities.

6. BONDS ISSUED

– There are no such liabilities.

7. PRINCIPAL PARTICIPATIONS

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

8. RELEASE OF UNDISCLOSED RESERVES

– There are no undisclosed reserves.

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

– There was no such revaluation.

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

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

11. SHARE CAPITAL

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

12. SIGNIFICANT SHAREHOLDERS

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

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

13. INCOME FROM SUBSIDIARIES

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

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

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

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

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

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

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

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

PricewaterhouseCoopers SA

J.C. Pernollet

C. Kratzer

Auditor in charge

Geneva, March 30, 2007

ANNEX II

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SEMI ANNUAL PERIOD ENDED JUNE 30, 2007

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	Half year ended 30 June 2007 CHF '000	Half year ended 31 December 2006 CHF '000	Half year ended 30 June 2006 CHF '000
Interest and discount income		370,112	325,393	206,089
Interest expense		(261,089)	(231,138)	(128,229)
Net interest income	4	**109,023**	94,255	77,860
Banking fee and commission income		373,784	263,863	215,139
Banking fee and commission expense		(71,789)	(41,284)	(31,439)
Net banking fee and commission income	5	**301,995**	222,579	183,700
Dividend income			176	
Net trading income	6	32,179	27,415	26,229
Gains less losses from other securities		34	49	719
Other operating income		3,332	1,396	60
Net other income		**35,545**	29,036	27,008
Operating income		**446,563**	345,870	288,568
Operating expenses	7	**(263,422)**	(200,276)	(173,924)
Profit before tax		**183,141**	145,594	114,644
Income tax expense	8	(25,118)	(16,309)	(13,948)
Net profit for the period		**158,023**	129,285	100,696

	Note	CHF	CHF	CHF
Basic earnings per ordinary share	14	**0.98**	0.79	0.60
Diluted earnings per ordinary share	14	**0.98**	0.79	0.60

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2007

EFG INTERNATIONAL

	Note	30 June 2007 CHF '000	31 December 2006 CHF '000
Assets			
Cash and balances with central banks		36,815	43,540
Treasury bills and other eligible bills		742,361	826,956
Due from other banks		4,187,841	5,343,267
Other financial assets at fair-value-through-profit-or-loss		54,878	8,775
Derivative financial instruments		118,680	117,584
Loans and advances to customers		7,698,601	6,146,041
Investment securities			
Held-to-maturity		564,236	548,987
Available-for-sale		1,992,101	1,761,791
Intangible assets	9	1,190,554	909,887
Property, plant and equipment		38,415	34,745
Deferred income tax assets		9,010	7,204
Other assets		296,970	139,645
Total assets		**16,930,462**	15,888,422
Liabilities			
Due to other banks		858,336	675,278
Derivative financial instruments		114,288	110,922
Due to customers		12,504,367	11,993,888
Debt securities in issue		158,017	153,390
Financial liabilities at fair value		12,502	-
Current income tax liabilities		37,155	17,962
Deferred income tax liabilities		26,954	16,811
Other liabilities		781,865	615,657
Total liabilities		**14,493,484**	13,583,908
Equity			
Share capital		79,263	79,263
Share premium		1,338,270	1,338,270
Other reserves and retained earnings		1,019,445	886,981
Total shareholders' equity		**2,436,978**	2,304,514
Total equity and liabilities		**16,930,462**	15,888,422

The notes on pages 18 to 24 form an integral part of these condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Half year ended 30 June 2007 CHF '000	Half year ended 30 June 2006 CHF '000
Net cash flows from operating activities	(943,921)	1,036,286
Net cash flows from investing activities	(377,650)	(633,035)
Net cash flows from financing activities	(58,116)	(71,423)
Net change in cash and cash equivalents	(1,379,687)	331,828
Cash and cash equivalents at beginning of period	6,157,745	4,217,803
Net change in cash and cash equivalents	(1,379,687)	331,828
Cash and cash equivalents	**4,778,058**	4,549,631

Cash and cash equivalents

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

Cash and balances with central banks	36,815	81,058
Treasury bills and other eligible bills	598,367	446,952
Due from other banks	4,142,876	4,013,138
Trading securities		8,483
Cash and cash equivalents	**4,778,058**	4,549,631

The notes on pages 18 to 24 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 2007

EFG INTERNATIONAL

Attributable to equity holders of the Group	Share capital CHF '000	Share premium CHF '000	Other reserves CHF '000	Retained earnings CHF '000	Total CHF '000
Balance at 1 January 2006	79,263	1,338,270	544,137	120,682	2,082,352
Preference dividend paid/payable			(24,652)		(24,652)
Employee stock option plan			608		608
Currency translation differences			(13,592)		(13,592)
Others			(2,680)		(2,680)
Profit for the period				100,696	100,696
Balance at 30 June 2006	79,263	1,338,270	503,821	221,378	2,142,732
Employee stock option plan			1,144		1,144
Currency translation differences			(28,387)		(28,387)
Others			66,135	(6,395)	59,740
Profit for the period				129,285	129,285
Balance at 31 December 2006	79,263	1,338,270	542,713	344,268	2,304,514
Ordinary dividend paid			(44,001)		(44,001)
Preference dividend paid			(14,115)		(14,115)
Subsidiary merger cost			(531)		(531)
Employee stock option plan			3,872		3,872
Currency translation differences			(18,259)		(18,259)
Others			50,355	(2,880)	47,475
Profit for the period				158,023	158,023
Balance at 30 June 2007	**79,263**	**1,338,270**	**520,034**	**499,411**	**2,436,978**

The notes on pages 18 to 24 form an integral part of these condensed consolidated interim 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 parent company is EFG International, which is a limited liability company and is incorporated and domiciled in Switzerland.

This condensed consolidated interim financial information was approved for issue on 27 July 2007.

2. ACCOUNTING POLICIES AND VALUATION PRINCIPLES

This condensed consolidated interim financial information was produced in accordance with International Accounting Standard 34, and was prepared on the basis of the accounting policies and valuation principles valid as of 31 December 2006.

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

3. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	30 June 2007 CHF million	31 December 2006 CHF million	30 June 2006 CHF million
Character of client assets			
Third party funds	**15,606**	10,667	8,153
Equities	**13,629**	11,032	5,733
Deposits	**12,504**	11,994	9,084
Bonds	**8,118**	7,983	7,113
Loans	**7,699**	6,146	5,282
Structured notes	**7,598**	6,316	6,632
Fiduciary deposits	**6,525**	5,470	4,244
EFG International locked-up shares	**5,548**	4,595	3,517
EFG funds	**4,869**	3,690	3,014
Other	**3,269**	1,909	1,061
Total Assets under Management	**85,365**	69,802	53,833
Total Assets under Administration	**7,810**	7,375	6,655
Total Assets under Management and under Administration	**93,175**	77,177	60,488

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

Assets under Administration are trust assets administered by the Group.

4. NET INTEREST INCOME

	Half year ended 30 June 2007 CHF '000	Half year ended 31 December 2006 CHF '000	Half year ended 30 June 2006 CHF '000
Interest and discount income			
Banks and customers	318,405	278,609	176,836
Trading securities	276	523	8
Other securities	51,431	46,261	29,245
Total interest and discount income	**370,112**	325,393	206,089
Interest expense			
Banks and customers	(257,241)	(228,618)	(124,499)
Debt securities in issue	(3,848)	(2,520)	(3,730)
Total interest expense	**(261,089)**	(231,138)	(128,229)
Net interest income	**109,023**	94,255	77,860

5. NET BANKING FEE AND COMMISSION INCOME

Commission income on lending activities	1,274	1,644	1,659
Commission income from securities and investment activities	337,291	240,116	174,207
Commission income from other services	35,219	22,103	39,273
Commission expenses	(71,789)	(41,284)	(31,439)
Net banking fee and commission income	**301,995**	222,579	183,700

6. NET TRADING INCOME

Equities and interest rate instruments	8,356	3,270	3,712
Foreign exchange	23,823	24,145	22,517
Net trading income	**32,179**	27,415	26,229

7. OPERATING EXPENSES

	Half year ended 30 June 2007 CHF '000	Half year ended 31 December 2006 CHF '000	Half year ended 30 June 2006 CHF '000
Staff costs	(178,690)	(140,157)	(118,171)
Professional services	(9,509)	(3,660)	(6,555)
Advertising and marketing	(1,364)	(747)	(1,460)
Administrative expenses	(32,503)	(22,938)	(24,601)
Operating lease rentals	(12,817)	(11,439)	(8,125)
Depreciation of property, plant and equipment	(4,336)	(3,199)	(2,752)
Amortisation of intangible assets - computer software and licences	(1,548)	(2,689)	(2,167)
Amortisation of intangible assets - other intangible assets	(12,924)	(6,596)	(4,553)
Other	(9,731)	(8,851)	(5,540)
Operating expenses	**(263,422)**	(200,276)	(173,924)

8. INCOME TAX EXPENSE

Current tax	(23,576)	(15,139)	(8,109)
Deferred tax	(1,542)	(1,170)	(5,839)
Total tax charge	**(25,118)**	(16,309)	(13,948)

9. INTANGIBLE ASSETS

Computer software and licences	7,521	6,959
Intangible assets	210,596	152,033
Goodwill	972,437	750,895
Total Intangible assets	**1,190,554**	909,887

PRS GROUP

On 30 March 2007, the Group acquired 100% of the issued share capital of the PRS Group. PRS Group has been a leader in hedge fund investing since 1987, offers a broad range of family office type of private banking services, as well as discretionary asset management services and has five CROs and assets under management of approximately CHF 3.0 billion. The transaction gave rise to goodwill of CHF 83.3 million and to the recognition of Intangible assets for CHF 52.9 million. The Intangible assets are amortised over 5 to 22 year periods depending on their nature. The fair value of net assets acquired was not material. For the three month period ending 30 June 2007, the acquired company contributed a net profit of CHF 5.4 million before amortisation of intangible assets linked to the acquisition (CHF 4.6 million after amortisation).

If the acquisition had occurred on 1 January 2007, rather than the actual closing date of 30 March 2007, the net revenue contribution would have been CHF 14.7 million and the net profit contribution would have been CHF 7.6 million before amortisation of intangible assets linked to the acquisition.

QUESADA KAPITALFÖRVALTNING AB

On 20 April 2007, the Group announced the acquisition of 100% of the issued share capital of the Stockholm-based Quesada Kapitalförvaltning AB with an effective date of 1 January 2007. The transaction gave rise to intangible assets and goodwill of CHF 72.4 million. The fair value of net assets acquired was not material. For the six month period ending 30 June 2007, the acquired company contributed a net profit of CHF 6.4 million before amortisation of intangible assets linked to the acquisition (CHF 5.7 million after amortisation).

10. 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.

GEOGRAPHICAL SEGMENTS

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

	Europe Cross-Border CHF '000	Europe Onshore CHF '000	Asia CHF '000	The Americas CHF '000	Elimination CHF '000	Total CHF '000
For the six months ended 30 June 2007						
Segment revenue from external customers	258,436	141,874	46,636	28,876	(29,258)	446,564
Segment profit from operations	113,323	48,735	15,430	5,653		183,141
Profit before tax						183,141
Income tax expense						(25,118)
Net profit after tax						**158,023**
As at 30 June 2007						
Segment assets	13,908,006	7,677,960	3,688,219	390,195	(8,733,918)	**16,930,462**
Segment liabilities	10,990,570	6,085,665	3,674,807	348,366	(6,605,924)	**14,493,484**
For the six months ended 31 December 2006						
Segment revenue from external customers	216,419	115,537	39,262	19,647	(44,995)	345,870
Segment profit from operations	93,614	43,274	8,030	676		145,594
Profit before tax						145,594
Income tax expense						(16,309)
Net profit after tax						129,285
As at 31 December 2006						
Segment assets	13,325,239	4,826,477	3,282,354	269,568	(5,815,216)	15,888,422
Segment liabilities	9,694,790	4,290,672	3,269,948	248,090	(3,919,592)	13,583,908
For the six months ended 30 June 2006						
Segment revenue from external customers	179,052	82,490	26,169	12,932	(12,075)	288,568
Segment profit from operations	76,340	29,844	8,796	(336)		114,644
Profit before tax						114,644
Income tax expense						(13,948)
Net profit after tax						100,696
As at 30 June 2006						
Segment assets	9,672,086	5,307,597	2,754,566	253,318	(5,429,265)	12,558,302
Segment liabilities	7,031,120	4,080,765	2,746,507	230,749	(3,673,571)	10,415,570

10. SEGMENTAL REPORTING (CONTINUED)

BUSINESS SEGMENTATION

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

	Private Banking CHF '000	Funds of Hedge Funds Management CHF '000	Elimination CHF '000	Total CHF '000
For the six months ended 30 June 2007				
Segment revenue from external customers	406,812	40,337	(586)	446,563
Cost to acquire intangible assets	(4,524)	(8,400)		(12,924)
Segment profit before tax	156,145	27,582	(586)	183,141
Income tax expense				(25,118)
Net profit after tax				**158,023**
Segment assets	16,585,596	344,866		16,930,462
Segment liabilities	14,260,132	233,352		14,493,484
For the six months ended 31 December 2006				
Segment revenue from external customers	312,488	33,930	(548)	345,870
Cost to acquire intangible assets	(2,550)	(4,046)		(6,596)
Segment profit before tax	125,810	20,436	(652)	145,594
Income tax expense				(16,309)
Net profit after tax				129,285
Segment assets	15,546,690	341,732		15,888,422
Segment liabilities	13,377,110	206,798		13,583,908
For the six months ended 30 June 2006				
Segment revenue from external customers	270,902	17,666		288,568
Cost to acquire intangible assets	(1,368)	(3,185)		(4,553)
Segment profit before tax	97,900	16,744		114,644
Income tax expense				(13,948)
Net profit after tax				100,696
Segment assets	12,292,235	266,067		12,558,302
Segment liabilities	10,289,430	126,140		10,415,570

11. CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2007 CHF '000	31 December 2006 CHF '000
Contingent liabilities		
Guarantees		
Guarantees issued in favour of third parties	**362,459**	596,186
Commitments		
Irrevocable commitments	**555,033**	486,022
	917,492	1,082,208

12. 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.

13. DIVIDEND PER SHARE

At the Annual General Meeting on 27 April 2007, a dividend in respect of 2006 of CHF 0.30 per share amounting to a total of CHF 44.0 million was approved and was paid on 2 May 2007.

14. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2007 CHF '000	Half year ended 31 December 2006 CHF '000	Half year ended 30 June 2006 CHF '000
Basic earnings per ordinary share			
Net profit for the period	**158,023**	129,285	100,696
Estimated, pro-forma accrued preference dividend	**14,338**	13,651	12,309
Net profit for the period attributable to ordinary shareholders	**143,685**	115,634	88,387
Weighted average number of ordinary shares			
Number of shares:	**146,670,000**	146,670,000	146,670,000
	CHF	CHF	CHF
Basic earnings per ordinary share	**0.98**	0.79	0.60

Basic earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares owned by the Group. For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by an estimated, pro-forma accrued preference dividend. The latter has been computed by assuming a dividend rate from 1st January 2007 until 30 April 2007 of 4.315% and a rate of 4.705% from 30 April 2007 until 30 June 2007, excluding the average number of EFG Fiduciary Certificates owned by the Group.

14. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE (CONTINUED)

	Half year ended 30 June 2007 CHF '000	Half year ended 31 December 2006 CHF '000	Half year ended 30 June 2006 CHF '000
Diluted earnings per ordinary share			
Net profit for the period	**158,023**	129,285	100,696
Estimated, pro-forma accrued preference dividend	**14,338**	13,651	12,309
Net profit for the period attributable to ordinary shareholders	**143,685**	115,634	88,387
Diluted-weighted average number of ordinary shares			
Number of shares:	**147,364,656**	146,875,905	146,816,211
	CHF	CHF	CHF
Diluted earnings per ordinary share	**0.98**	0.79	0.60

Pursuant to its employee stock option plan, EFG International granted on 23 February 2007 options to purchase 2,298,746 shares of EFG International. These options, combined with the options granted in 2006, have the effect to increase the diluted-weighted average number of ordinary shares of EFG International by 694,656 shares to 147,364,656 shares.

15. STOCK OPTION PLAN

EFG International granted 2,296,746 options on 23 February 2007. There are two classes of options having an 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 Option was estimated to be CHF 15.00 and of each At-the-money Option 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 expense recorded in the income statement spreads the cost of the grant equally over the vesting period. Assumptions are made concerning forfeiture rates, which are 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 granted options in the income statement for the period ended 30 June 2007 was CHF 3.87 million. No options were exercised or lapsed in the 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.

16. POST BALANCE SHEET EVENTS

The Group announced on 20 June 2007 that it had reached an agreement to acquire Bull Wealth Management Group Inc. from the founder, John Bull. Bull Wealth Management Group Inc. is a Toronto-based investment-consulting firm offering investment management consulting and family office services to Canadian high net worth individuals and institutions. Through the acquisition, clients' Assets under Management will increase by approximately CHF 1.5 billion and the number of CROs by 3. The closing of the transaction is subject to certain conditions precedent and is expected in the 3rd Quarter of 2007.

17. BOARD OF DIRECTORS

The Board of Directors of EFG International is as follows:

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

Responsibility

Each Issuer and the Guarantor accepts responsibility for the information contained in this Programme. Each Issuer and the Guarantor declare that the information contained in this Programme is, to the best of their knowledge, in accordance with facts and contains no omission likely to affect its import.

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