

Half-Year Report

2019

EFG International is a global private banking group offering private banking and asset management services and is headquartered in Zurich. Its registered shares (EFGN) are listed on the SIX Swiss Exchange. In 2017, EFG International completed the integration of BSI, a Lugano-based bank with a long-standing tradition of Swiss private banking and a broad international network. EFG International's largest shareholders are EFG Bank European Financial Group (43.5% stake) and BTG Pactual (29.3%).

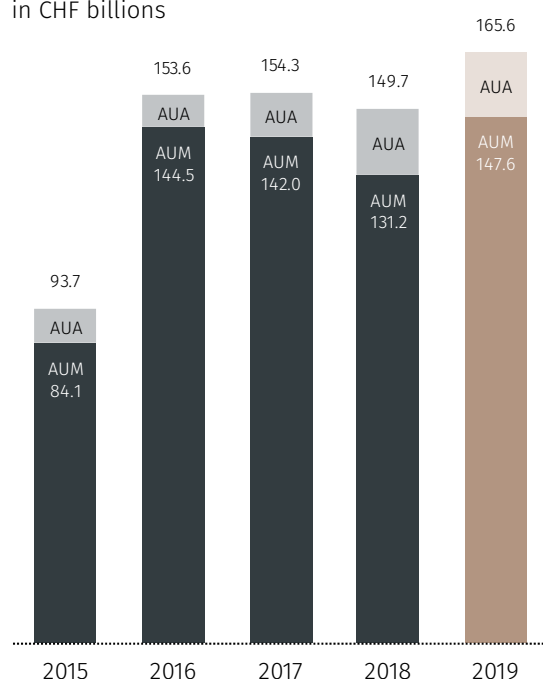
As a leading Swiss private bank, EFG International has a presence in major financial centres and growth markets. It has strong roots in Switzerland, with Zurich, Geneva and Lugano serving as key hubs for the governance and operation of the bank. EFG International operates in around 40 locations worldwide, with a network spanning Europe, Asia Pacific, the Americas and the Middle East.

EFG International is a financial partner that offers security and solidity. An entrepreneurial spirit has shaped the bank since it was established in 1995, enabling it to develop hands-on solutions and to build long-lasting client relationships.

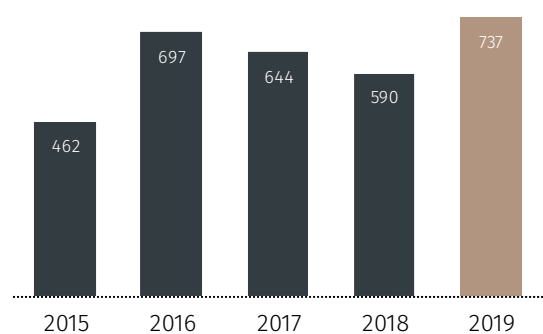
EFG International Performance Evolution

AUM and AUA

in CHF billions

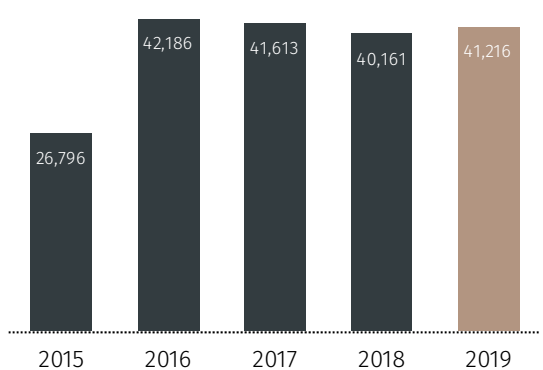


Client Relationship Officers (CROs)



Total balance sheet

in CHF millions



EFG International Financial Highlights

in CHF millions

30 June 2019

Income

| | |
|---|-------|
| IFRS net profit attributable to equity holders | 31.5 |
| IFRS net profit attributable to ordinary shareholders | 31.4 |
| Underlying net profit* | 75.6 |
| Operating income | 555.8 |
| Cost/income ratio* | 85.2% |

Balance sheet

| | |
|----------------------|----------|
| Total assets | 41,216.3 |
| Shareholders' equity | 1,608.3 |

Market capitalisation

| | |
|---|---------|
| Share price (in CHF) | 6.76 |
| Market capitalisation (ordinary shares) | 1,982.0 |

Regulatory capital

| | |
|--|---------|
| Total regulatory capital | 2,097.7 |
| Total capital ratio (Swiss GAAP Basel III, fully applied) | 21.0% |

Ratings

| | long term | outlook |
|---------|-----------|---------|
| Moody's | A3 | Stable |
| Fitch | A | Stable |

Personnel

| | |
|-------------------------------------|-------|
| Total number of CROs | 737 |
| Total number of employees (FTE's)** | 3,195 |

Listing

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

Ticker symbols

| | |
|-----------|---------|
| Reuters | EFGN.S |
| Bloomberg | EFGN SW |

* Excluding impact of non-underlying items

** Excluding FTE's on notice period or in social plan (as of 30 June 2019)

Entrepreneurial thinking.
Private banking.

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Chair and CEO statement

John A. Williamson, Giorgio Pradelli

Dear shareholders and clients,

The beginning of 2019 marked an important milestone in the strategic positioning of our bank. Following the completion of the BSI integration by end-2017 and the subsequent optimisation of the combined business during the course of 2018, we presented our new strategic plan for 2019 to 2022 to the market and investors in March 2019. Our strategy thereby focuses on achieving profitable growth, building on our strong value proposition and distinctive CRO model, coupled with effective capital deployment.

In particular, we have identified three main areas of focus to drive the growth of our business in 2019 and beyond. First, we are implementing regional initiatives in selected markets, with a particular emphasis on stabilising our Swiss home market and on actively growing in markets with attractive growth opportunities – particularly in Asia Pacific and Continental Europe. Second, we are hiring experienced new CRO teams and further increasing the efficiency of our current teams to support organic growth – leveraging on our comprehensive in-house Investment Solutions expertise. And finally, we are investing selectively in acquisitions in key markets.

Executing on our 2022 strategic plan

We have launched a number of important initiatives in 2019 to support the delivery of our strategy.

As announced on 13 March 2019, we acquired a majority stake in the Australian financial services provider Shaw and Partners. With this transaction, which closed on 30 April 2019, we have significantly expanded our coverage of the Asia Pacific region and gained immediate access to the Australian market – one of the most attractive and fastest-growing wealth management markets worldwide. We believe that Shaw and Partners' well established domestic business, combined with EFG's strong international product offering, will allow both of our companies to leverage compelling growth opportunities in this key region.

We have also launched a number of targeted regional initiatives in selected markets. This includes the relaunch of our domestic Italian business from our Milan branch in March and the expansion of our international footprint with the opening of a new advisory branch in Lisbon that is expected to be fully operational by 01 September 2019. We are focusing on capturing significant growth opportunities in the Portuguese and Southern European markets by harnessing our strong local knowhow and capabilities. We are also planning on further strengthening our presence in

the Middle East with the launch of a branch in the United Arab Emirates.

Another area of focus is the Independent Asset Manager (IAM) segment, which is of particular importance for our Swiss business. We are enhancing our global coverage of this segment by expanding our IAM services to include a comprehensive multicustody platform developed in partnership with AM-One AG, a subsidiary of the innovative software solutions provider Expersoft Systems AG. The platform is due to be launched in September 2019.

Underscoring the importance of our CROs in driving future growth, we have increased our focus on hiring experienced CRO teams, while further enhancing the productivity of our existing teams. In the first half of 2019, we hired, approved or signed 94 new CROs, compared to 39 hires for the full year 2018. This makes the first six months of 2019 EFG's strongest half year ever in CRO hiring and the outlook remains positive for the rest of the year. At end-June 2019, the number of CROs was 737. This includes 150 CROs from Shaw and Partners and reflects a significant increase from 590 at the end of 2018. In terms of CRO productivity, we further enhanced our performance management and increased the average portfolio size per existing CRO. In addition, we improved the advisory and discretionary mandate penetration to 42% (47% including Shaw and Partners), leveraging on our Investment Solutions capabilities.

Reporting basis

With the BSI integration and subsequent business optimisation processes now completed, we discontinued the concept of AuM attrition and underlying net new assets in our reporting with effect from the end of 2018. Going forward, we will only report net new assets as a total figure and EFG's underlying performance only excludes the impact of the life insurance portfolio, legal costs and provisions relating to previously disclosed legacy matters, and BSI intangible amortisation. Furthermore, EFG's financials for the first half of 2019 include two months of Shaw and Partners' results, since it was consolidated on 30 April 2019.

Significantly increased Assets under Management

During the first half of 2019, revenue-generating Assets under Management grew significantly to CHF 147.6 billion, up 12.4% from CHF 131.2 billion at end-2018. This increase largely reflected the acquisition of the majority stake in Shaw and Partners, with Assets under Management of approximately CHF 11.6 billion, as well as positive market impacts and net asset inflows.

Chair and CEO statement

Overall, we saw an encouraging trend in the development of net new assets. We reported slightly positive net new assets of CHF 0.3 billion, reflecting a slow first quarter followed by a strong rebound in the second quarter. During the period, positive inflows from the UK and Continental Europe were largely offset by outflows in Asia Pacific and Latin America, which saw deleveraging due to investor uncertainty in view of geopolitical tensions and market volatility. Overall, outflows slowed significantly and strategic stabilisation efforts in the Switzerland & Italy Region started to gain traction.

Solid underlying profitability supported by continued cost management

In the first six months of the year, we achieved solid underlying profitability of CHF 75.6 million¹. This reflects slightly lower operating income in view of the challenging revenue environment and higher underlying expenses due to investments in growth initiatives. Taking into account also the impact of legacy issues such as the life insurance portfolio, which adversely impacted profitability by CHF 27.7 million, we reported an IFRS net profit of CHF 31.5 million² for the first half of 2019. This compares to CHF 46.4 million and CHF 23.9 million in the first half and second half of 2018, respectively.

Underlying operating income was CHF 575.9 million, up from CHF 560.5 million in the second half of 2018 and down from CHF 604.6 million in the first half of 2018. This reduction primarily reflects a continued slow-down in client activity due to ongoing investor uncertainty. The underlying revenue margin was 83 basis points for the first half of 2019, broadly in line with previous year's levels.

We continued to exercise strict cost discipline during the first half of the year, while at the same time investing in growth initiatives. We continued to realise targeted cost synergies while seeing a slight increasing in underlying operating expenses due to costs relating to the acquisition of Shaw and Partners and CRO hiring efforts. In the first half of 2019, underlying operating expenses were CHF 492.0 million, compared to CHF 482.6 million and CHF 483.6 million for the first half and second half of 2018, respectively. By end-June 2019, we achieved cumulative pre-tax cost synergies of CHF 207 million and are on track to meet our pre-tax cost synergy target of CHF 240 million at

end-2019. The slight increase in underlying expenses was also reflected in the underlying cost/income ratio of 85.2% for the first half of 2019, which was slightly higher than last year's levels.

Continued strong capital and liquidity position

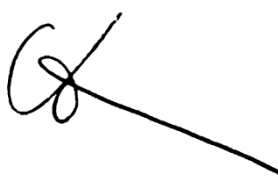
At the end of the first half of 2019, EFG's Swiss GAAP Common Equity Ratio (CET1) was 17.0 %, compared to 17.6% at end-2018, primarily reflecting the acquisition of Shaw and Partners. Overall, the Total Capital Ratio was at 21.0% at the end of June 2019, compared to 21.6% at end-2018. EFG has a strong and liquid balance sheet, with a Liquidity Coverage Ratio of 171% and a Loan/Deposit Ratio of 50% at the end of June 2019.

2019: Setting our business on course for growth

In the second half of 2019, we will continue to execute on our 2022 strategic plan – prioritising the generation of targeted growth in key markets, while maintaining strict cost discipline and realising synergies. We aim to drive further profitability and to increase the overall operating leverage of our business.

EFG has a clear strategy and value proposition: We want to be a leading Swiss private bank that is renowned for its unique client approach. We are taking the necessary steps to realise the strategic goals we defined for 2022, while continuing to deliver exceptional service and advice to our clients around the globe.

We would like to thank our clients, shareholders and employees for their continued trust and support.



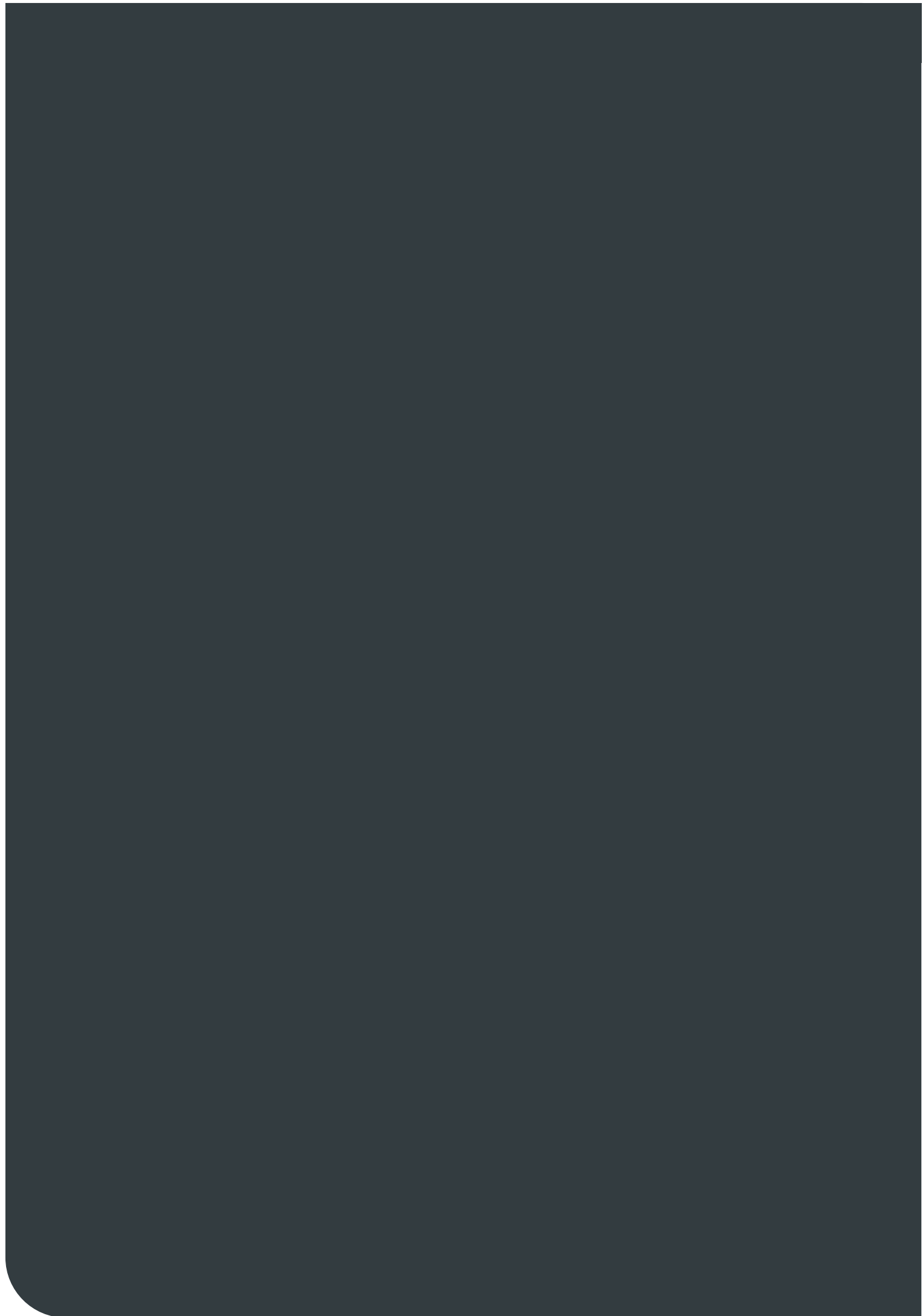
John A. Williamson,
Chair of the Board



Giorgio Pradelli,
Chief Executive Officer

1 This figure excludes the following items: CHF (27.7) million negative impact from the life insurance portfolio, CHF (3.5) million acquisition related intangible amortisation charge and CHF (12.9) million of legacy legal costs and provisions.

2 Attributable to equity holders



EFG International
Condensed Consolidated Interim
Financial Statements

for the six months ended 30 June 2019

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Condensed consolidated interim income statement for the six months ended 30 June 2019

| | Note | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|---|------|---|---|---|
| Interest and discount income | | 355.7 | 341.4 | 306.9 |
| Interest expense | | (186.4) | (157.8) | (129.2) |
| Net interest income | 8 | 169.3 | 183.6 | 177.7 |
| Banking fee and commission income | | 326.7 | 332.5 | 349.3 |
| Banking fee and commission expense | | (52.0) | (63.0) | (54.2) |
| Net banking fee and commission income | 9 | 274.7 | 269.5 | 295.1 |
| Dividend income | 10 | 7.1 | 0.3 | 4.8 |
| Net trading income and foreign exchange gains less losses | 11 | 73.8 | 71.0 | 94.7 |
| Fair value gains less losses on financial instruments measured at fair value | 12 | 13.9 | 44.1 | (19.6) |
| Gains less losses on disposal of financial assets at fair value through other comprehensive income | 13 | 10.9 | 1.5 | 0.5 |
| Other operating income | | 6.1 | 5.2 | 17.2 |
| Net other income | | 111.8 | 122.1 | 97.6 |
| Operating income | | 555.8 | 575.2 | 570.4 |
| Operating expenses | 15 | (503.6) | (532.3) | (532.0) |
| Provisions | 22 | (9.6) | (3.7) | 19.5 |
| Loss allowance expense | 14 | (0.6) | (7.0) | (9.9) |
| Profit before tax | | 42.0 | 32.2 | 48.0 |
| Income tax expense | 17 | (9.3) | (6.7) | (0.4) |
| Net profit for the period | | 32.7 | 25.5 | 47.6 |
| Net profit for the period attributable to: | | | | |
| Net profit attributable to equity holders of the Group | | 31.5 | 23.9 | 46.4 |
| Net profit attributable to non-controlling interests | | 1.2 | 1.6 | 1.2 |
| | | 32.7 | 25.5 | 47.6 |

| | Note | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|------------------------------------|------|---|---|---|
| Earnings per ordinary share | | CHF | CHF | CHF |
| Basic | 27 | 0.11 | 0.08 | 0.16 |
| Diluted | 28 | 0.10 | 0.08 | 0.15 |

The notes on pages 18 to 52 form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim statement of comprehensive income for the six months ended 30 June 2019

| Note | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|---|---|---|---|
| Net profit for the period | 32.7 | 25.5 | 47.6 |
| Other comprehensive income: | | | |
| Items that may be reclassified subsequently to the income statement: | | | |
| Net loss on hedge of investments in foreign operations, with no tax effect | (1.4) | (3.0) | (0.9) |
| Currency translation differences, with no tax effect | (12.3) | (45.7) | (15.8) |
| Net gains / (losses) on investments in debt instruments measured at fair value through other comprehensive income | 18.1 | (1.6) | (4.0) |
| Items that will not be reclassified to the income statement: | | | |
| Retirement benefit gains / (losses) | 20.6 | (17.5) | 15.4 |
| Tax effect on changes in value of retirement benefits | (4.7) | 4.0 | (3.5) |
| Other comprehensive income for the period, net of tax | 20.3 | (63.8) | (8.8) |
| Total comprehensive income for the period | 53.0 | (38.3) | 38.8 |
| Total comprehensive income for the period attributable to: | | | |
| Equity holders of the Group | 52.9 | (38.4) | 37.6 |
| Non-controlling interests | 0.1 | 0.1 | 1.2 |
| | 53.0 | (38.3) | 38.8 |

The notes on pages 18 to 52 form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim balance sheet at 30 June 2019

| | Note | 30 June 2019 CHF millions | 31 December 2018 CHF millions |
|---|------|------------------------------|----------------------------------|
| Assets | | | |
| Cash and balances with central banks | | 9,307.5 | 7,141.9 |
| Treasury bills and other eligible bills | | 960.6 | 1,199.1 |
| Due from other banks | | 3,252.0 | 3,205.6 |
| Derivative financial instruments | | 891.1 | 1,219.6 |
| Financial assets at fair value through profit and loss | | 2,133.0 | 2,040.9 |
| Financial assets at fair value through other comprehensive income | | 5,568.8 | 5,806.1 |
| Loans and advances to customers | 19 | 18,087.6 | 18,809.5 |
| Property, plant and equipment | | 348.2 | 202.1 |
| Intangible assets | | 257.0 | 200.6 |
| Deferred income tax assets | | 111.8 | 117.5 |
| Other assets | | 298.7 | 217.6 |
| Total assets | | 41,216.3 | 40,160.5 |
| Liabilities | | | |
| Due to other banks | | 504.6 | 302.8 |
| Due to customers | | 31,313.7 | 30,065.5 |
| Derivative financial instruments | | 977.0 | 1,213.9 |
| Financial liabilities designated at fair value | | 550.2 | 584.2 |
| Financial liabilities at amortised cost | | 4,992.2 | 5,204.8 |
| Current income tax liabilities | | 8.3 | 12.5 |
| Deferred income tax liabilities | | 29.2 | 19.7 |
| Provisions | 22 | 132.7 | 135.6 |
| Other liabilities | | 667.7 | 568.8 |
| Subordinated loans | 21 | 390.8 | 396.6 |
| Total liabilities | | 39,566.4 | 38,504.4 |
| Equity | | | |
| Share capital | 24 | 146.9 | 145.1 |
| Share premium | | 1,876.8 | 1,876.8 |
| Other reserves | | 240.6 | 206.4 |
| Retained earnings | | (656.0) | (600.6) |
| Total shareholders' equity | | 1,608.3 | 1,627.7 |
| Non-controlling interests | | 41.6 | 28.4 |
| Total equity | | 1,649.9 | 1,656.1 |
| Total equity and liabilities | | 41,216.3 | 40,160.5 |

The notes on pages 18 to 52 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 2019

| CHF millions | Attributable to owners of the Group | | | | Total shareholders equity | Non-controlling interests | Total equity |
|---|-------------------------------------|----------------|----------------|-------------------|---------------------------|---------------------------|----------------|
| | Share capital | Share premium | Other reserves | Retained earnings | | | |
| Balance at 31 December 2017 | 145.1 | 1,904.8 | 248.4 | (598.4) | 1,699.9 | 27.1 | 1,727.0 |
| Net profit for the period | | | | 46.4 | 46.4 | 1.2 | 47.6 |
| Net loss on hedge of investments in foreign operations, with no tax effect | | | (0.9) | | (0.9) | | (0.9) |
| Currency translation difference, net of tax | | | (15.3) | | (15.3) | (0.5) | (15.8) |
| Net loss on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect | | | (4.0) | | (4.0) | | (4.0) |
| Retirement benefit gains | | | 15.4 | | 15.4 | | 15.4 |
| Tax effect on retirement benefits | | | (3.5) | | (3.5) | | (3.5) |
| Total comprehensive income for the period | - | - | (8.3) | 46.4 | 38.1 | 0.7 | 38.8 |
| Dividend paid on ordinary shares | | | | (72.4) | (72.4) | | (72.4) |
| Dividend paid on Bons de Participation | | | | (0.1) | (0.1) | | (0.1) |
| Other | | | | | - | (1.2) | (1.2) |
| Employee equity incentive plans amortisation | | | 14.2 | | 14.2 | | 14.2 |
| Employee equity incentive plans exercised | 1.2 | | | | 1.2 | | 1.2 |
| Balance at 30 June 2018 | 146.3 | 1,904.8 | 254.3 | (624.5) | 1,680.9 | 26.6 | 1,707.5 |

The notes on pages 18 to 52 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 2019 continued

| CHF millions | Attributable to owners of the Group | | | | Total shareholders equity | Non- controlling interests | Total equity |
|---|-------------------------------------|------------------|-------------------|----------------------|---------------------------------|----------------------------------|----------------|
| | Share capital | Share premium | Other reserves | Retained earnings | | | |
| Balance at 01 July 2018 | 146.3 | 1,904.8 | 254.3 | (624.5) | 1,680.9 | 26.6 | 1,707.5 |
| Net profit for the period | | | | 23.9 | 23.9 | 1.6 | 25.5 |
| Net loss on hedge of investments in foreign operations, with no tax effect | | | (3.0) | | (3.0) | | (3.0) |
| Currency translation difference, net of tax | | | (44.7) | | (44.7) | (1.0) | (45.7) |
| Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect | | | (1.6) | | (1.6) | | (1.6) |
| Retirement benefit losses | | | (17.5) | | (17.5) | | (17.5) |
| Tax effect on retirement benefit losses | | | 4.0 | | 4.0 | | 4.0 |
| Total comprehensive income for the period | - | - | (62.8) | 23.9 | (38.9) | 0.6 | (38.3) |
| Ordinary shares repurchased | (2.1) | (28.0) | | | (30.1) | | (30.1) |
| Employee equity incentive plans amortisation | | | 17.0 | | 17.0 | | 17.0 |
| Other | | | | | - | 1.2 | 1.2 |
| Employee equity incentive plans exercised | 0.9 | | (2.1) | | (1.2) | | (1.2) |
| Balance at 31 December 2018 | 145.1 | 1,876.8 | 206.4 | (600.6) | 1,627.7 | 28.4 | 1,656.1 |

The notes on pages 18 to 52 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 2019 continued

| CHF millions | Attributable to owners of the Group | | | | | Total Shareholder's equity | Non-controlling interests | Total equity |
|---|-------------------------------------|----------------|----------------|-------------------|--|----------------------------|---------------------------|----------------|
| | Share capital | Share premium | Other reserves | Retained earnings | | | | |
| Balance at 31 December 2018 | 145.1 | 1,876.8 | 206.4 | (600.6) | | 1,627.7 | 28.4 | 1,656.1 |
| Impact of IFRS 16 adoption (note 3) | | | | (0.1) | | (0.1) | | (0.1) |
| Restated balance at 01 January 2019 | 145.1 | 1,876.8 | 206.4 | (600.7) | | 1,627.6 | 28.4 | 1,656.0 |
| Net profit for the period | | | | 31.5 | | 31.5 | 1.2 | 32.7 |
| Net loss on hedge of investments in foreign operations, with no tax effect | | | (1.4) | | | (1.4) | | (1.4) |
| Currency translation difference, net of tax | | | (11.2) | | | (11.2) | (1.1) | (12.3) |
| Net gain on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect | | | | 18.1 | | 18.1 | | 18.1 |
| Retirement benefit gains | | | | 20.6 | | 20.6 | | 20.6 |
| Tax effect on retirement benefit gains | | | (4.7) | | | (4.7) | | (4.7) |
| Total comprehensive income for the period | - | - | 21.4 | 31.5 | | 52.9 | 0.1 | 53.0 |
| Dividend paid on ordinary shares | | | | (86.7) | | (86.7) | | (86.7) |
| Dividend paid on Bons de Participation | | | | (0.1) | | (0.1) | | (0.1) |
| Dividend paid to non-controlling interests | | | | | | - | (1.0) | (1.0) |
| Transactions with non-controlling interests | | | | | | - | 0.3 | 0.3 |
| Acquisition of subsidiary | | | | | | - | 13.8 | 13.8 |
| Ordinary shares repurchased | (1.0) | (12.5) | | | | (13.5) | | (13.5) |
| New shares issued | 0.8 | 12.5 | | | | 13.3 | | 13.3 |
| Employee equity incentive plans amortisation | | | | 14.8 | | 14.8 | | 14.8 |
| Employee equity incentive plans exercised | 2.0 | | (2.0) | | | - | | - |
| Balance at 30 June 2019 | 146.9 | 1,876.8 | 240.6 | (656.0) | | 1,608.3 | 41.6 | 1,649.9 |

The notes on pages 18 to 52 form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim cash flow statement for the six months ended 30 June 2019

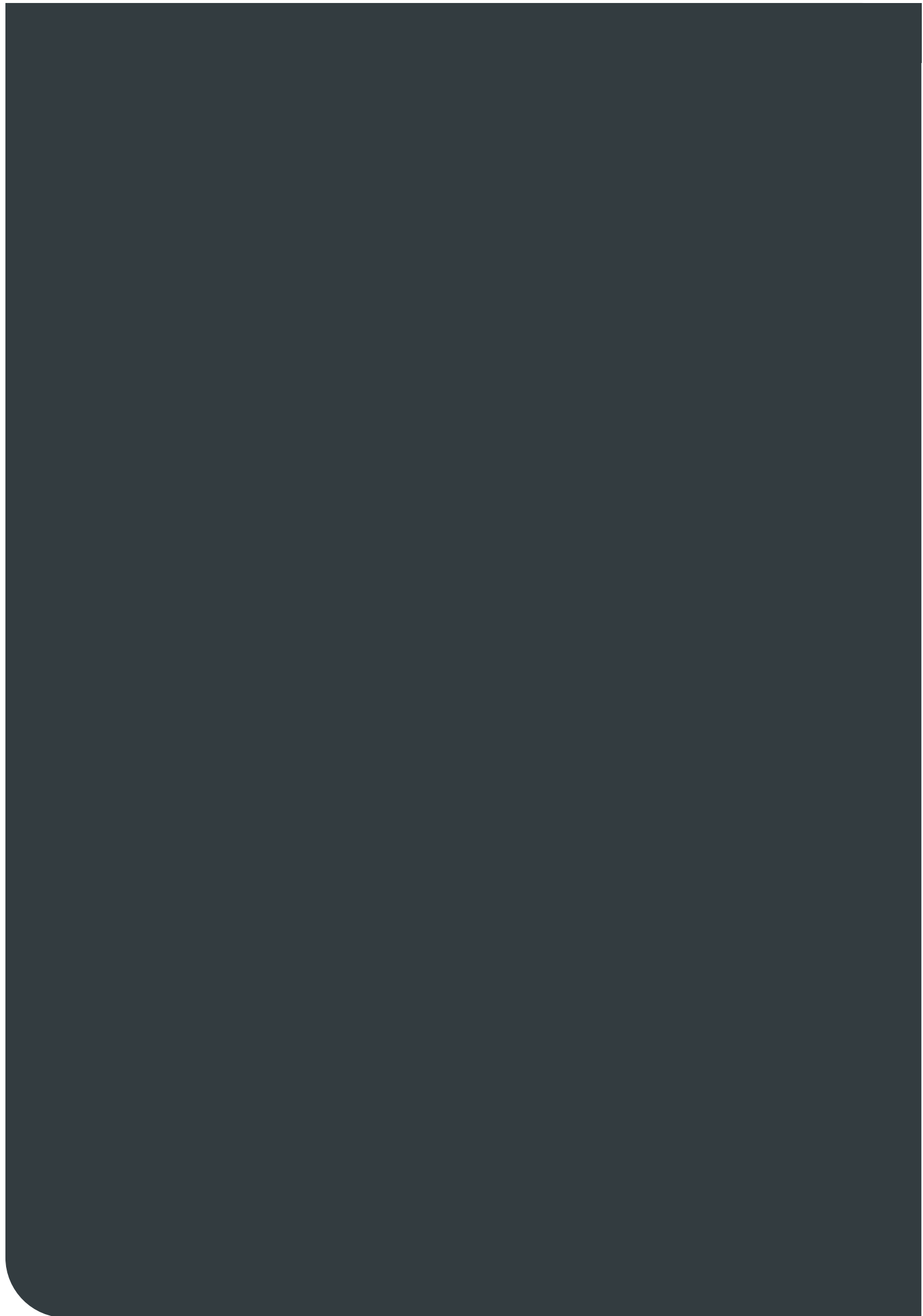
| | Half-year ended 30 June 2019 CHF millions | Half-year ended 30 June 2018 CHF millions |
|--|---|---|
| Cash flows from operating activities | (12.2) | 3.3 |
| Changes in operating assets and liabilities | 1,766.5 | (518.3) |
| Net cash flows used in investing activities | 1.1 | (26.9) |
| Net cash flows from financing activities | (75.2) | 78.0 |
| Effect of exchange rate changes on cash and cash equivalents | (71.1) | 131.5 |
| Net change in cash and cash equivalents | 1,609.1 | (332.4) |
| Cash and cash equivalents at beginning of period | 11,174.2 | 13,071.9 |
| Net change in cash and cash equivalents | 1,609.1 | (332.4) |
| Cash and cash equivalents | 12,783.3 | 12,739.5 |

Cash and cash equivalents

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

| | 30 June 2019 CHF millions | 30 June 2018 CHF millions |
|---|------------------------------|------------------------------|
| Cash and balances with central banks | 9,307.5 | 9,168.5 |
| Treasury bills and other eligible bills | 857.0 | 1,125.1 |
| Due from other banks – at sight | 1,697.9 | 1,580.9 |
| Due from other banks – at term | 920.9 | 865 |
| Cash and cash equivalents | 12,783.3 | 12,739.5 |

The notes on pages 18 to 52 form an integral part of these condensed consolidated interim financial statements



Notes to the condensed consolidated interim financial statements

1. General information

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

These unaudited consolidated interim financial statements were approved for issue by the Board of Directors on 23 July 2019.

2. Accounting policies and valuation principles

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

These condensed consolidated interim financial statements are unaudited and should be read in conjunction with the audited financial statements included in the Group’s consolidated financial statements for the year ended 31 December 2018. The impact of seasonality on these condensed consolidated interim financial statements is not considered as material.

These condensed consolidated interim financial statements are presented in accordance with IAS 34 Interim Financial Reporting. In preparing the interim financial statements, the same accounting policies, methods of computation and presentation have been applied as in the consolidated financial statements for the year ended 31 December 2018.

The Group has applied IFRS 16 Leases, effective from 01 January 2019 (refer to note 3).

The preparation of interim 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. The process also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those

estimates. Further information about critical estimates and judgements are presented in note 3 of the consolidated financial statements for the year ended 31 December 2018.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key estimates were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

A summary of any standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group are included in note 2 of the consolidated financial statements for the year ended 31 December 2018.

These condensed consolidated interim financial statements are available in English only.

3. Change in accounting policies

The Group has adopted IFRS 16 Leases, effective from 01 January 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the transitional provisions in the standard. The reclassifications and the adjustments arising from the new rules are recognised in the opening balance sheet on 01 January 2019.

Until 31 December 2018, the Group applied IAS 17 and leases of property, plant and equipment were classified as operating leases. Payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

Liabilities

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. These lease liabilities are now measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as of 01 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities at 01 January 2019 was 0.40%.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable under residual value guarantees

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- payments of penalties for terminating the lease, if the lease term reflects exercising that option, and management intend to terminate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Assets

From 01 January 2019, leases are recognised as a right-of-use asset at the date at which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs
- Restoration costs

Income statement

Each lease payment is allocated between the lease liability and related finance cost. The finance cost is charged to the

income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the assets useful life and the lease term on a straight-line basis.

Impact on adoption

This change in accounting policy affected property, plant and equipment (increase by CHF 171.5 million) and other liabilities (increase by CHF 171.6 million) in the balance sheet on 01 January 2019. The net impact on retained earnings on 01 January 2019 was a decrease of CHF 0.1 million.

Implementation

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The lease liabilities as at 01 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

| | CHF millions |
|---|--------------|
| Operating lease commitments disclosed as at 31 December 2018 | 173.9 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 173.2 |
| (Less): short-term leases recognised on a straight-line basis as expense | (1.6) |
| (Less): low-value leases recognised on a straight-line basis as expense | 0.0 |
| Lease liability recognised as at 01 January 2019 | 171.6 |

4. Financial risk assessment and management

The Group acknowledges that carrying out business in the banking and financial services industry entails risks, i.e. that events may occur which impact the Group's ability to deliver on its objectives. The Group believes that the proper management of risks is critical for the continued success of EFG International.

A summary of the Group's approach to risk management, risk governance, and risk appetite are included in the note 4 of the 2018 Annual Report. There have been no significant changes in the Group's financial risk management objectives and policies in the six months ending 30 June 2019.

5. Credit risk

Credit risk refers to the possibility that a financial loss will occur as a result of a borrower's or counterparty's deteriorating creditworthiness and/or inability to meet its financial obligations. The Group's primary credit exposures relate to loans collateralised by securities portfolios and by mortgages, and to highly rated financial institutions, sovereigns and corporates.

There were no purchased credit impaired balances during the reporting period, nor were the terms of contracts modified.

The table below summarises the carrying values and expected credit loss allowance by stage of those financial assets that were measured at amortised cost (or at fair value through other comprehensive income) as of 30 June 2019:

| | Total carrying value CHF millions | ECL staging | | | ECL allowance included in carrying values CHF millions |
|---|--------------------------------------|-------------|--------------|-------------|---|
| | | Stage 1 | Stage 2 | Stage 3 | |
| 30 June 2019 | | | | | |
| Cash and balances with central banks | 9,307.5 | | | | |
| Treasury bills and other eligible bills | 960.6 | | | | |
| Due from other banks | 3,252.0 | 0.1 | | | 0.1 |
| Mortgage loans | 5,901.1 | 0.6 | 1.0 | 4.9 | 6.5 |
| Lombard and other loans | 12,186.5 | 0.6 | 104.3 | 93.9 | 198.8 |
| Financial assets at fair value through other comprehensive income | 5,568.8 | 0.5 | | | 0.5 |
| Total on-balance sheet assets as at | | | | | |
| 30 June 2019 | 37,176.5 | 1.8 | 105.3 | 98.8 | 205.9 |
| Loan commitments | 471.1 | 0.1 | | | 0.1 |
| Financial guarantees | 430.6 | 0.1 | 0.4 | 0.1 | 0.6 |
| Total | 38,078.2 | 2.0 | 105.7 | 98.9 | 206.6 |

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The following table summarises the carrying values, credit grades, expected credit loss allowance by stage and fair values of collateral of those financial assets that were

measured at amortised cost (or at fair value through other comprehensive income) as of 31 December 2018:

| 31 December 2018 | Total carrying value CHF millions | ECL staging | | | ECL allowance included in carrying values CHF millions |
|---|--------------------------------------|-------------|--------------|-------------|---|
| | | Stage 1 | Stage 2 | Stage 3 | |
| Cash and balances with central banks | 7,141.9 | | | | |
| Treasury bills and other eligible bills | 1,199.1 | | | | |
| Due from other banks | 3,205.6 | 0.1 | | | 0.1 |
| Mortgage loans | 6,178.4 | 0.4 | 0.4 | 3.9 | 4.7 |
| Lombard and other loans | 12,631.1 | 1.5 | 112.3 | 94.0 | 207.8 |
| Financial assets at fair value through other comprehensive income | 5,806.1 | 0.4 | | | 0.4 |
| Total on-balance sheet assets as at | | | | | |
| 31 December 2018 | 36,162.2 | 2.4 | 112.7 | 97.9 | 213.0 |
| Loan commitments | 199.1 | 0.1 | | | 0.1 |
| Financial guarantees | 767.8 | 0.2 | 0.7 | 1.9 | 2.8 |
| Total | 37,129.1 | 2.7 | 113.4 | 99.8 | 215.9 |

Loans and advances to customers comprise the following:

| | | 30 June 2019 CHF millions | 31 December 2018 CHF millions |
|--|----------------|------------------------------|----------------------------------|
| (i) Mortgage loans | Gross | 5,907.6 | 6,183.1 |
| | Loss allowance | (6.5) | (4.7) |
| (ii) Lombard loans | Gross | 11,839.8 | 11,946.1 |
| | Loss allowance | (190.7) | (189.6) |
| (iii) Other loans | Gross | 545.5 | 892.8 |
| | Loss allowance | (8.1) | (18.2) |
| Total loans and advances to customers | | 18,087.6 | 18,809.5 |

5.1 Mortgage loans

The tables below present the aggregate changes in gross carrying values and loss allowances for mortgage loans:

| Gross carrying value of mortgage loans | Stage 1 CHF millions | Stage 2 CHF millions | Stage 3 CHF millions | CHF millions |
|---|-------------------------|-------------------------|-------------------------|------------------|
| Gross carrying value as at | | | | |
| 01 January 2019 | 5,687.8 | 350.1 | 145.2 | 6,183.1 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | (233.2) | 233.2 | | - |
| Transfer from Stage 1 to Stage 3 | (61.2) | | 61.2 | - |
| Transfer from Stage 2 to Stage 3 | | (28.1) | 28.1 | - |
| Transfer from Stage 3 to Stage 2 | | 36.2 | (36.2) | - |
| Transfer from Stage 2 to Stage 1 | 159.6 | (159.6) | | - |
| Financial assets derecognised during the period other than write-offs | (1,114.9) | (62.6) | (16.5) | (1,194.0) |
| New financial assets originated | 972.2 | | | 972.2 |
| Changes in interest accrual | (0.1) | 0.2 | 0.5 | 0.6 |
| FX and other movements | (49.6) | (3.2) | (1.5) | (54.3) |
| Gross carrying value as at 30 June 2019 | 5,360.6 | 366.2 | 180.8 | 5,907.6 |

| Loss allowance on mortgage loans | Stage 1 12-month ECL CHF millions | Stage 2 lifetime ECL CHF millions | Stage 3 lifetime ECL CHF millions | Total CHF millions |
|---|--|--|--|-----------------------|
| Loss allowance as at 01 January 2019 | 0.4 | 0.4 | 3.9 | 4.7 |
| Movements with P&L impact | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | | | | - |
| Transfer from Stage 1 to Stage 3 | | | | - |
| Transfer from Stage 2 to Stage 1 | 0.1 | (0.1) | | - |
| New financial assets originated or purchased | 0.1 | | | 0.1 |
| Changes in PD/LGDs/EADs | | 0.3 | 1.4 | 1.7 |
| FX and other movements | | | | - |
| Total net P&L charge during the period | 0.2 | 0.2 | 1.4 | 1.8 |
| Other movements with no P&L impact | | | | |
| Transfers: | | | | |
| Transfer from Stage 2 to Stage 3 | | | | - |
| Transfer from Stage 3 to Stage 2 | | 0.4 | (0.4) | - |
| Loss allowance as at 30 June 2019 | 0.6 | 1.0 | 4.9 | 6.5 |

There were no purchased credit impaired balances during the reporting period, nor were the terms of contracts modified. In addition, no amounts were written off in the period.

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5.2 Lombard loans

The table below presents the aggregate changes in gross carrying values and loss allowances for lombard loans:

| Gross carrying value of lombard loans | Stage 1 CHF millions | Stage 2 CHF millions | Stage 3 CHF millions | CHF millions |
|---|--|--|--|-------------------------------|
| Gross carrying value as at | | | | |
| 01 January 2019 | 11,136.0 | 599.4 | 210.7 | 11,946.1 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | (70.2) | 70.2 | | - |
| Transfer from Stage 1 to Stage 3 | (4.5) | | 4.5 | - |
| Transfer from Stage 2 to Stage 1 | 172.7 | (172.7) | | - |
| Financial assets derecognised during the period other than write-offs | (2,205.1) | (45.5) | (0.1) | (2,250.7) |
| New financial assets originated or purchased | 2,231.2 | | | 2,231.2 |
| Changes in interest accrual | (1.9) | (0.2) | | (2.1) |
| FX and other movements | (79.3) | (3.6) | (1.8) | (84.7) |
| Gross carrying value as at 30 June 2019 | 11,178.9 | 447.6 | 213.3 | 11,839.8 |
| Loss allowance on lombard loans | Stage 1 12-month ECL CHF millions | Stage 2 lifetime ECL CHF millions | Stage 3 lifetime ECL CHF millions | Total CHF millions |
| Loss allowance as at 01 January 2019 | 1.2 | 109.4 | 79.0 | 189.6 |
| Movements with P&L impact | | | | |
| Transfers: | | | | |
| Transfer from Stage 2 to Stage 1 | 0.8 | (0.8) | | - |
| New financial assets originated or purchased | | | | - |
| Changes in PD/LGDs/EADs | (1.6) | (5.5) | 9.8 | 2.7 |
| FX and other movements | | (0.9) | (0.7) | (1.6) |
| Total net P&L charge during the period | (0.8) | (7.2) | 9.1 | 1.1 |
| Other movements with no P&L impact | | | | |
| Transfers: | | | | - |
| Loss allowance as at 30 June 2019 | 0.4 | 102.2 | 88.1 | 190.7 |

There were no purchased credit impaired balances during the reporting period, nor were the terms of contracts modified. In addition, no amounts were written off in the period.

Stage 1 lombard loans

Lombard loans are collateralised by portfolios of securities and excluding the five largest individual expected credit

losses result in an ECL percentage of the related loans of 0.10%.

Stage 2 lombard loans

Included in the Stage 2 lombard loan gross exposure is an exposure of CHF 327.8 million (2018: CHF 337.8 million) and an expected credit loss of CHF 101.7 million (2018: CHF 107.8 million) for loans made by EFG International Group to third-party funds

in Sweden, collateralised by the assets of these funds. The equity investors in these funds contributed circa SEK 1.3 billion to acquire assets which mainly comprise of life insurance policies, issued by US life insurance companies. The third-party funds pay a periodic premium to the life insurance companies to keep the policy valid and in turn rely on the loan facility provided by the EFG International Group to make these premium payments. The average age of the underlying policy holders is currently 92 years, the average life expectancy is just over 2 years and the combined net death benefit is CHF 530.7 million (2018: CHF 577.7 million).

Whilst the loans are still performing, due to the extensions in life expectancies and the increases in cost of insurance that the US life insurance industry has encountered over the last few years, the EFG International Group considers that these loans have experienced a significant increase in credit risk (relative to the date when the loans were originally drawn down, as required by IFRS 9).

As a result, these loans are classified as Stage 2 loans and EFG International Group is required to provide for lifetime expected credit losses on them. The Group concluded that these loans met the SPPI requirements, as the initial loan to value was approximately 60% when originated and due to the level of equity that the investors of the funds had initially invested.

Determination of this ECL required EFG International Group to use actuarial models to determine the potential cash flows that the funds will experience, and thus the valuation of the collateral. The sensitivities to the funds collateral values is determined using a discounted cash flow valuation technique for the determination of the ECL, which makes use of market-observable and non-market-observable inputs. The inputs incorporate:

- Actuarially based assumptions on life expectancy
- Premium estimates
- Risk adjustments
- Interest rate curves or discount factors

The methodology applied for the determination of the ECL of these exposures is the same as the one applied for the calculation of the fair value in EFG International Group's proprietary investments in life insurance policies.

The LGD of these loans will be dependent on certain financial risks that the funds are exposed to, which primarily include:

- Potential increases in the cost of insurance charges
- Longevity risk (see note 9 of 2018 Annual Report)

Stage 3 lombard loans

Included in Stage 3 lombard loans is a gross exposure including accrued interest of USD 199.0 million (2018: USD 197.0 million) that EFG Bank AG disbursed in 2007 and on which an expected credit loss of CHF 86.1 million (2018: CHF 76.3 million) has been calculated.

EFG International Group is party to multi-jurisdictional legal proceedings relating to a client relationship with a Taiwanese insurance company, including arbitration proceedings in Taiwan. EFG International Group has extended a loan of USD 193.8 million (excluding interest) to an affiliate of the insurance company, which was placed into receivership in 2014. The loan is secured by the assets of another affiliate of the insurance company, domiciled in Singapore that was placed into receivership. The former ultimate beneficial owner and chairman of the insurance company (who has been found guilty in Taiwan of various criminal offenses related to the misappropriation of company funds, including the proceeds of the bank loan) also gave EFG International Group a personal indemnity covering the loan. The overall relationship with the insurance company included accounts held at EFG in Hong Kong, Singapore and Switzerland.

In January 2018, an arbitration tribunal in Taiwan concluded that the transaction was invalid under the law of Taiwan as a result of the insurance company's non-compliance with Taiwanese insurance regulations. Based on that reasoning, the tribunal required EFG International Group to return the USD 193.8 million in assets held by the affiliate of the insurance company and used as collateral for the loan, plus interest.

EFG International Group fundamentally disagrees with the tribunal's reasoning and the result. It is vigorously challenging in court the validity of the award and is currently resisting an attempt in Hong Kong to enforce it, which will be considered by the Hong Kong courts in 2020. Moreover, the tribunal did not opine on the validity of the pledge of the loan collateral under the governing laws of Singapore. EFG International Group had already commenced legal proceedings to confirm the validity of the pledge of the loan collateral in Singapore, which are now progressing.

The Group has assessed a multitude of potential outcomes in regards to the recoverability of this loan and has recorded the discounted probability-weighted impairment arising from these scenarios as the ECL. EFG International Group has recorded a provision of equal amount in its Swiss GAAP financial statements, which form the basis of the EFG International Group's regulatory capital adequacy reporting.

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5.3 Other loans

The following table presents the aggregate changes in gross carrying values and loss allowances for other loans (which include commercial loans, loans to public entities, unsecured overdrafts):

| Gross carrying value of other loans | Stage 1 CHF millions | Stage 2 CHF millions | Stage 3 CHF millions | CHF millions |
|---|-------------------------|-------------------------|-------------------------|----------------|
| Gross carrying value as at 01 January 2019 | 740.9 | 86.1 | 65.8 | 892.8 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | (15.7) | 15.7 | | - |
| Transfer from Stage 1 to Stage 3 | (1.6) | | 1.6 | - |
| Transfer from Stage 3 to Stage 2 | | 0.9 | (0.9) | - |
| Transfer from Stage 2 to Stage 1 | 7.7 | (7.7) | | - |
| Financial assets derecognised during the period other than write-offs | (601.4) | (63.6) | (37.2) | (702.2) |
| New financial assets originated or purchased | 364.8 | | | 364.8 |
| Write-offs | | | (9.2) | (9.2) |
| FX and other movements | (0.3) | (0.2) | (0.2) | (0.7) |
| Gross carrying value as at 30 June 2019 | 494.4 | 31.2 | 19.9 | 545.5 |

| Loss allowance on other loans | Stage 1 12-month ECL CHF millions | Stage 2 lifetime ECL CHF millions | Stage 3 lifetime ECL CHF millions | Total CHF millions |
|---|--|--|--|-----------------------|
| Loss allowance as at 01 January 2019 | 0.3 | 2.9 | 15.0 | 18.2 |
| Movements with P&L impact | | | | |
| Transfers: | | | | |
| Transfer from Stage 2 to Stage 1 | 0.1 | (0.1) | | - |
| New financial assets originated or purchased | 0.1 | | | 0.1 |
| Changes in PD/LGDs/EADs | (0.2) | (0.8) | (0.1) | (1.1) |
| Unwind of discount | (0.1) | (0.1) | | (0.2) |
| Total net P&L charge during the period | (0.1) | (1.0) | (0.1) | (1.2) |
| Other movements with no P&L impact | | | | |
| Transfers: | | | | |
| Transfer from Stage 3 to Stage 2 | | 0.2 | (0.2) | - |
| Write-offs | | | (8.9) | (8.9) |
| Loss allowance as at 30 June 2019 | 0.2 | 2.1 | 5.8 | 8.1 |

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified. Loans of CHF 8.9 million have been written off in the period.

6. Valuation of financial assets and liabilities

6.1 Financial assets and liabilities measured at fair value

(a) Fair value hierarchy

IFRS 13 requires classification of financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between levels in the current period.

| | 30 June 2019 | | | Total CHF millions |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
| | Level 1 CHF millions | Level 2 CHF millions | Level 3 CHF millions | |
| Derivative financial instruments (assets): | | | | |
| Currency derivatives | | 235.4 | | 235.4 |
| Interest rate derivatives | | 24.1 | | 24.1 |
| Equity derivatives | | 531.0 | | 531.0 |
| Other derivatives | | 43.2 | | 43.2 |
| Life insurance related | | | 57.4 | 57.4 |
| Total derivatives assets | – | 833.7 | 57.4 | 891.1 |
| Financial assets at fair value through profit and loss: | | | | |
| Debt | 696.6 | 466.7 | | 1,163.3 |
| Equity | 10.4 | 1.9 | 98.2 | 110.5 |
| Commodities | | 76.9 | | 76.9 |
| Life insurance related | | | 763.9 | 763.9 |
| Structured products and investment funds | | 18.4 | | 18.4 |
| Total financial assets at fair value through profit and loss | 707.0 | 563.9 | 862.1 | 2,133.0 |
| Total assets measured at fair value through profit and loss | 707.0 | 1,397.6 | 919.5 | 3,024.1 |
| Financial assets at fair value through other comprehensive income: | | | | |
| Debt | 5,561.1 | | | 5,561.1 |
| Equity | | 7.7 | | 7.7 |
| Total financial assets measured at fair value through other comprehensive income | 5,561.1 | 7.7 | | 5,568.8 |
| Total assets measured at fair value | 6,268.1 | 1,405.3 | 919.5 | 8,592.9 |

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| | 30 June 2019 | | | |
|---|----------------|----------------|---------------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | CHF millions | CHF millions | CHF millions | CHF millions |
| Derivative financial instruments (liabilities): | | | | |
| Currency derivatives | | (273.2) | | (273.2) |
| Interest rate derivatives | | (69.2) | | (69.2) |
| Equity derivatives | | (592.8) | | (592.8) |
| Other derivatives | | (41.8) | | (41.8) |
| Total derivatives liabilities | | (977.0) | | (977.0) |
| Financial liabilities designated at fair value: | | | | |
| Equity | (0.4) | (0.1) | (37.4) ¹ | (37.9) |
| Debt | (311.3) | (2.4) | | (313.7) |
| Life insurance related | | | (198.6) | (198.6) |
| Total financial liabilities designated at fair value | (311.7) | (2.5) | (236.0) | (550.2) |
| Total liabilities measured at fair value | (311.7) | (979.5) | (236.0) | (1,527.2) |
| Assets less liabilities measured at fair value | 5,956.4 | 425.8 | 683.5 | 7,065.7 |

¹ Level 3 equity related financial liabilities designated at fair value of CHF 37.4 million (31 December 2018 : CHF 38.0 million) comprise put options held by non-controlling interests with valuations based on contractual terms and therefore are not dependent on internal assumptions on inputs, but are classified as Level 3 due to the absence of quoted prices or observable inputs.

Movement in Level 3 assets

| | Derivative financial instruments CHF millions | Financial assets measured at fair value through profit and loss CHF millions | Total assets in Level 3 CHF millions |
|---|---|---|---|
| At 01 January 2019 | 57.3 | 803.3 | 860.6 |
| Total gains or losses in the income statement – | | | |
| Net gain from changes in fair value | 2.2 | 16.0 | 18.2 |
| Purchases/premiums paid | 1.3 | 64.7 | 66.0 |
| Disposals/premiums received | (3.0) | (15.4) | (18.4) |
| Exchange differences | (0.4) | (6.5) | (6.9) |
| At 30 June 2019 | 57.4 | 862.1 | 919.5 |
| Change in unrealised gains or losses for the period included in the income statement for assets held at the end of the reporting period | 2.2 | 16.0 | 18.2 |

| | Liabilities in Level 3 | |
|--|--|--|
| | Financial liabilities designated at fair value CHF millions | Total liabilities in Level 3 CHF millions |
| At 01 January 2019 | (228.0) | (228.0) |
| Total gains or losses in the income statement – | | |
| Net loss from change in fair value | (5.9) | (5.9) |
| Purchases/premiums paid | (6.5) | (6.5) |
| Disposals/premiums received | 2.2 | 2.2 |
| Exchange differences | 2.2 | 2.2 |
| At 30 June 2019 | – | (236.0) |
| Change in unrealised gains or losses for the period included in the income statement for liabilities held at the end of the reporting period | (5.9) | (5.9) |

(b) Fair value methodology used for Level 3 instruments – valuation technique

Valuation governance

The Group's model governance is outlined in a model vetting policy, which describes the Group's model risk governance framework, model validation approach and the model validation process.

A significant part of the independent price verification process is the estimation of the accuracy of modelling methods and input assumptions, which return fair value estimates derived from valuation techniques. As part of the model governance framework, the benchmarking of fair value estimates is performed against external sources and recalibration performed on a continuous basis against changes in fair value versus expectations. Fair value measurements are compared with observed prices and

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market levels, for the specific instrument to be valued whenever possible.

As a result of the above and in order to align with independent market information and accounting standards, valuation adjustments may be made to the business's fair value estimate.

Valuation techniques

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

- Recent arm's-length market transactions between knowledgeable, willing parties (if available)
- Reference to the current fair value of another instrument (that is substantially the same)
- Discounted cash flow analysis
- Option pricing model

| Valuation techniques | | 30 June 2019 | 31 December 2018 |
|---|---|---------------------|------------------|
| Discounted cash flow analysis | | CHF millions | CHF millions |
| Balance sheet line item | Products | | |
| Financial assets at fair value through profit and loss | Equities | 98.2 | 82.8 |
| Financial liabilities designated at fair value | Liability to purchase non-controlling interests | (37.4) | (38.0) |
| Valuation techniques | | | |
| Discounted cash flow analysis and life expectancies (non-market-observable inputs) | | | |
| Balance sheet line item | Products | | |
| Derivatives | Synthetic life insurance policies | 57.4 | 57.3 |
| Financial assets at fair value through profit and loss | Physical life insurance policies | 763.9 | 720.5 |
| Financial liabilities designated at fair value | Synthetic life insurance policies | (198.6) | (190.0) |
| Total | | 683.5 | 632.6 |

The Group values certain financial instruments at fair value, using models which rely on inputs to the models that are not based on observable market data (unobservable inputs). These financial instruments are classified as Level 3. Below is a summary of the valuation techniques and unobservable inputs to the valuations of these Level 3 financial instruments that significantly affect the value, and describe the interrelationship between observable inputs and how they affect the valuation.

(i) Life insurance policies

The Group uses a discounted cash flow valuation technique for the valuation of physical and synthetic life settlement policies and related financial instruments. The approach makes use of market-observable and non-market-observable inputs. See note 31 of the 2018 annual report for further details.

(ii) Equities

Equities comprise primarily the holding in SIX Group for CHF 75.7 million (2018: CHF 63.6 million) and Aduno Group for CHF 14.0 million (2018: CHF 13.5 million).

The participation in SIX Group is based on a valuation, using the expected net asset value of SIX Group at the end of June 2019, which the Group understands would be the basis for any sale or purchase between SIX Group shareholders. As SIX Group has not yet published its financial statements for June 2019 at the time of preparing these financial statements, the Group has made an estimate of the net asset value. To estimate the net asset value as of 30 June 2019, the Group uses the published SIX Group year-end net asset value and adds a projected profit for the period to June 2019, net of dividends paid. The net asset value of SIX Group has increased relative to the estimated net asset value, and as a result the EFG International Group has recorded a gain of CHF 12.1 million (2018: CHF 22.8 million) as the asset is recorded at fair value through the profit and loss.

The sensitivity to the valuation of this asset is primarily linked to the changes in the net asset value of SIX Group, and the gain/loss taken through profit and loss for a 10% higher and 10% lower net profits would be CHF 0.1 million gain or CHF (0.1) million loss on this position classified as fair value through profit and loss.

The participation in Aduno Group is based on a valuation using the expected net asset value of Aduno Group at the end of June 2019, and as a result the EFG International Group has recorded a gain of CHF 0.4 million (2018: CHF 10.7 million) in the profit and loss as the asset is recorded at fair value through the profit and loss.

(iii) Put option over non-controlling interests – liability to purchase non-controlling interests

The put options of the minority shareholders of Asesores y Gestores Financieros SA give rise to a financial liability designated at fair value of CHF 37.4 million (2018: CHF 38.0 million) that corresponds to the estimated discounted repurchase amount.

The put options valuation methodology has been contractually agreed upon with the minority shareholders and is based on unobservable but objective accounting information related to the Continuing Valuation Methodology (CVM). The actual CVM calculated as of 30 June 2019 is sensitive to the profits of Asesores y Gestores Financieros SA. A 10% increase in profits would increase the value of the put options by CHF 4.7 million, resulting in a loss through the income statement as the liability is classified as a financial liability at fair value through profit and loss.

Put options held by non-controlling interests have valuations primarily based on contractual terms and depend on internal assumptions only to a limited extent and are classified as Level 3.

(c) Life insurance related assets fair value

The Group holds the following life insurance related financial assets and liabilities:

| IFRS 9 Classification | 31 December 2018 Number of insureds | 30 June 2019 Number of insureds | 30 June 2019 Average age Years | 30 June 2019 Average life expectancy Years | 30 June 2019 Net death benefits CHF millions | 30 June 2019 Fair value CHF millions |
|--|--|---------------------------------------|--------------------------------------|---|---|--|
| Financial assets at fair value through profit and loss | 205 | 198 | 89.1 | 5.4 | 1,687.3 | 763.9 |
| Derivative financial instruments | 94 | 91 | 89.7 | 7.7 | 99.9 | 57.4 |
| Financial liabilities designated at fair value | (72) | (65) | (87.7) | (5.6) | (318.4) | (198.6) |
| Total * | 227 | | | | 1,468.8 | 622.7 |

* Unique insured individuals

These life insurance policies are issued by US life insurance companies. Upon the insured individual (US-based) having deceased, the life insurance company pays a lump sum death benefit to the Group. The Group pays a periodic premium to the life insurance company to keep the policy valid. If the Group did not pay this premium, the insurance policy would lapse, and then the Group would not receive the death benefit.

The key risks that the Group is exposed to (and which impact the fair value) include the following:

- Longevity
- Changes in the premium streams (cost of insurance)
- Counterparty credit risk
- Interest rate risk

The Group values these financial assets and liabilities at fair value using internal probabilistic models. As the market for life settlement policies is private and fragmented, the models rely on inputs to the models that are not based

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on observable market data (unobservable inputs), and assumptions are made in determining relevant risk adjustments. These financial instruments are classified as Level 3.

The fair value is calculated using cash flows market participants would expect, based on information provided by independent parties specialised in calculating future cost of insurance charges for life insurance policies and adjusted to account for uncertainties.

The determination of the fair value for this portfolio is a critical process, and therefore the Group reviews these estimates on a periodic basis and relies on expert actuaries and legal advisors in order to minimise risks surrounding the assumptions related to the life expectancy and cost of insurance estimates.

The Group is exposed indirectly to similar risks to these mentioned above through loans of CHF 344.0 million that the Group has advanced to funds which have invested in life insurance policies. See note 5(ii) on lombard loans for a summary of the loans and the related expected credit loss allowance of CHF 101.7 million that has been recognised.

The determination of the fair value of these financial assets and liabilities requires management judgement on the below valuation inputs:

(i) Longevity assumptions

The assumptions on life expectancy are based on the Valuation Basic Table (VBT) last published by the Society of Actuaries in 2015 and adjusted by external life settlement underwriters and actuaries to reflect the individual medical characteristics of the referenced insureds. Premium estimates are based on cost of insurance estimates, which are provided by independent parties specialised and experienced in the field of premium calculations for life settlement policies. The Group conducts a regular in-depth review of such providers to ensure high quality standards and reliability of the forecasts.

(ii) Premium streams and cost of insurance

The determination of the estimated cash flows included in the valuation of the life insurance for the fair value estimate of these assets under IFRS 13 is considered to be a critical accounting judgement for the Group, due to the lack of observable readily available information and the complexity of the determination of these assumptions.

The Group uses management's best estimate considering historic information and relying on specialised opinions and

information from external service providers about trends and market developments. Management also considers that the outcome of disputes involving significant increases in premiums observed in the US market will affect the expected premiums payable.

The determination of the appropriate level of increase of cost of insurance in the underlying policies is one of the most important assumptions applied by management in the valuation model. Increases in cost of insurance consider the aging of the insured persons and increases in pricing levels of premiums imposed by certain carriers that issued these policies. The majority of life insurance policies have increasing annual premiums payable. In certain instances, additional increases have been announced by the insurance companies. The Group considers these increases in cost of insurance to be unjustified and has challenged their implementation in US courts.

The outcome of disputes involving significant increases in premiums observed in the US market affecting the life insurance policies in the portfolio are taken into account. In these cases, management has, in line with market participants, set their own best estimates taking into account the factors outlined above and the relevant contracts. As the ultimate resolution of these legal actions is significant for the Group, it relies on actuaries to set the cost of insurance assumptions.

The Group will also take legal actions against other carriers that have indicated that they will increase premiums. The Group believes that it will prevail in these claims, however legal proceedings are inherently unpredictable and the actual future outcome might materially differ from the Group's expectations.

(iii) Counterparty credit risk

This is the risk of default of the insurance carrier. Credit risk is taken into account through applying a notching based probability of default approach that takes the credit rating assigned by a recognised agency into consideration as starting point. The Group is of the view that US life insurance carriers are operating in a highly regulated environment, which would ensure that the rights of the beneficiary under a life insurance policy remain protected and claims under such policies rank among the most senior liabilities.

(iv) Interest rate risk

The risk adjusted cash flows have been discounted at the term matching linearly interpolated market swap curve.

Sensitivities

The sensitivity to the fair value of the Group's life insurance related assets and liabilities held at fair value are included below:

| Life settlement sensitivities | | Discount factor | | Longevity | | Premium estimates | |
|--|--------------------|-----------------|---------------|-------------|---------------|-------------------|---------------|
| | | -1% | +1% | -3 months | +3 months | -5% | +5% |
| | | CHF | CHF | CHF | CHF | CHF | CHF |
| | | millions | millions | millions | millions | millions | millions |
| Balance sheet line item | | | | | | | |
| Financial assets at fair value through profit and loss | Physical policies | 58.3 | (52.2) | 37.5 | (36.5) | 36.4 | (36.4) |
| Derivative financial instruments | Synthetic policies | 2.4 | (2.2) | (0.1) | 0.0 | | |
| Financial liabilities designated at fair value | Synthetic policies | (12.5) | 11.4 | (4.6) | 4.6 | | |
| Profit and loss sensitivity | | 48.2 | (43.0) | 32.8 | (31.9) | 36.4 | (36.4) |

The assumptions related to premiums and cost of insurance take the market participants' view on the merits of the ongoing legal cases of the Group and other plaintiffs into account. Assuming the full premium increases were used by a market participant, the valuation would decrease by CHF 108.0 million (31 December 2018: CHF 106.4 million).

The impact of counterparty credit risk for a two-notch downgrade would be a CHF 4.7 million (31 December 2018: CHF 4.5 million) decrease in fair value.

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(d) Offsetting

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

| | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the balance sheet | Net amounts of recognised financial assets presented in the balance sheet | Related amounts not set off in the balance sheet | | Net exposure |
|----------------------------------|--|--|---|--|-----------------|--------------|
| | | | | Financial assets subject to netting agreements | Cash collateral | |
| As at 30 June 2019 | | | | | | |
| Derivative financial instruments | 893.4 | (2.3) | 891.1 | (278.9) | (484.1) | 128.1 |
| FVTPL – Life insurance policies | 162.4 | | 162.4 | (162.4) | | |
| Total financial assets | 1,055.8 | (2.3) | 1,053.5 | (441.3) | (484.1) | 128.1 |

| | Gross amounts of recognised financial liabilities | Gross amounts of recognised financial assets set off in the balance sheet | Net amounts of recognised financial liabilities presented in the balance sheet | Related amounts not set off in the balance sheet | | Net exposure |
|------------------------------------|---|---|--|---|-----------------|--------------|
| | | | | Financial liabilities subject to netting agreements | Cash collateral | |
| As at 30 June 2019 | | | | | | |
| Derivative financial instruments | 979.3 | (2.3) | 977.0 | (221.5) | (484.3) | 271.2 |
| FVTPL – Synthetic life insurance | 198.6 | | 198.6 | (162.4) | (167.3) | |
| Total financial liabilities | 1,177.9 | (2.3) | 1,175.6 | (383.9) | (651.6) | 271.2 |

6.2 Financial assets and liabilities measured at amortised cost

The following table summarises the carrying values and fair values of those financial assets and liabilities that were measured at amortised cost as of 30 June 2019:

| | Note | Carrying value CHF millions | Fair value CHF millions | Difference CHF millions |
|--|-------|--------------------------------|----------------------------|----------------------------|
| 30 June 2019 | | | | |
| Financial assets | | | | |
| Due from other banks | (i) | 3,252.0 | 3,252.0 | – |
| Loans and advances to customers | (ii) | 18,087.6 | 18,465.7 | 378.1 |
| | | 21,339.6 | 21,717.7 | 378.1 |
| Financial liabilities | | | | |
| Due to other banks | (iii) | 504.6 | 504.6 | – |
| Due to customers | (iii) | 31,313.7 | 31,306.9 | (6.8) |
| Subordinated loans | (iv) | 390.8 | 396.7 | 5.9 |
| Financial liabilities at amortised cost | (v) | 4,992.2 | 5,001.7 | 9.5 |
| | | 37,201.3 | 37,209.9 | 8.6 |
| Net assets and liabilities not measured at fair value | | (15,861.7) | (15,492.2) | 369.5 |

(i) Due from other banks

Due from other banks includes interbank placements and items in the course of collection. The fair value of floating rate placements, overnight deposits and term deposits with a maturity of less than 90 days is assumed to be their carrying amount, as the effect of discounting is not significant. The fair values are within Level 2 of the fair value hierarchy.

(ii) Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received up to the next interest reset date. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within Level 2 of the fair value hierarchy.

(iii) Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the

amount repayable on demand. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within Level 2 of the fair value hierarchy.

(iv) Subordinated loans

The estimated fair value of the subordinated loans is based on the quoted market prices for these listed securities. Determined fair values are within Level 2 of the fair value hierarchy.

(v) Financial liabilities at amortised cost

The value of structured products sold to clients is reflected on an accrual basis for the debt host (and on a fair value for the embedded derivative). The fair value of the debt host is based on the discounted amount of estimated future cash flows expected to be paid up to the date of maturity of the instrument. Expected cash flows are discounted at current market rates to determine fair value. The fair values are within Level 2 of the fair value hierarchy.

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7. Assets under management and assets under administration

| | 30 June 2019 CHF millions | 31 December 2018 CHF millions | 30 June 2018 CHF millions |
|---|------------------------------|----------------------------------|------------------------------|
| Character of client assets | | | |
| Equities | 41,770 | 26,854 | 30,974 |
| Deposits | 33,396 | 31,026 | 34,641 |
| Bonds | 34,349 | 32,333 | 33,176 |
| Loans | 18,883 | 18,726 | 18,934 |
| Structured notes | 4,371 | 4,035 | 4,588 |
| Hedge funds/Fund of hedge funds | 2,953 | 3,281 | 4,446 |
| Fiduciary deposits | 1,229 | 1,431 | 1,472 |
| Other | 10,613 | 13,543 | 14,504 |
| Total Revenue Generating Assets under Management | 147,564 | 131,229 | 142,735 |
| Total Assets under Administration | 18,042 | 18,479 | 16,139 |
| Total Assets under Management and Administration | 165,606 | 149,708 | 158,874 |

Assets under Administration are trust assets administered by the Group. The Group has CHF 5,752 million (2018: CHF 7,680 million) of Assets under Custody not included in the above.

The Group calculates Total Revenue Generating Assets under Management (AUM) as the total market value of the assets and liabilities that the Group manages on behalf of clients. AuM include all assets and liabilities managed by or deposited with the Group on which the Group earns revenue. Assets under Custody excluded from AuM, are assets deposited with the Group held solely for safekeeping/ custody purposes, and for which the Group does not offer advice on how the assets should be invested. AUM includes lombard loans and mortgages, though does not include the real estate that is security for the mortgage.

When AUM is subject to more than one level of asset management services, double counting arises within the total AUM. Each such separate discretionary or advisory service provides additional benefits to the respective client and generates additional revenue to the Group. Double counts primarily include the self-managed collective investment schemes and structured products issued by Group companies which are also included in customer portfolios and already included in AUM.

On an annual basis the Group discloses in its Annual Report Assets under management according to the Guidelines of the Swiss Financial Market Supervisory Authority (FINMA) governing financial statement reporting.

8. Net interest income

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|---|---|---|---|
| Banks and customers | 279.9 | 276.5 | 244.2 |
| Financial assets at fair value through other comprehensive income | 66.8 | 56.5 | 56.2 |
| Treasury bills and other eligible bills | 9.0 | 8.4 | 6.5 |
| Total interest and discount income | 355.7 | 341.4 | 306.9 |
| Banks and customers | (140.0) | (117.4) | (94.3) |
| Financial liabilities at amortised cost | (35.9) | (30.9) | (24.2) |
| Subordinated loans | (10.5) | (9.5) | (10.7) |
| Total interest expense | (186.4) | (157.8) | (129.2) |
| Net interest income | 169.3 | 183.6 | 177.7 |

Total interest expense on banks and customers including negative interest on Swiss francs and Euro deposits placed by the Group at the Swiss National Bank and the European Central Bank amounts to CHF 16.5 million in the half-year ended 30 June 2019 (2018: CHF 31.1 million).

Included in financial liabilities at amortised cost is CHF (0.3) million of interest expense on lease liabilities following the adoption of IFRS 16 (see note 3).

9. Net banking fee and commission income

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|---|---|---|---|
| Advisory and management fees | 163.4 | 168.1 | 168.8 |
| Brokerage fees | 77.6 | 64.1 | 86.4 |
| Commission and fee income on other services | 85.7 | 100.3 | 94.1 |
| Banking fee and commission income | 326.7 | 332.5 | 349.3 |
| Commission and fee expenses on other services | (52.0) | (63.0) | (54.2) |
| Banking fee and commission expense | (52.0) | (63.0) | (54.2) |
| Net banking fee and commission income | 274.7 | 269.5 | 295.1 |

Fee and commission income and expenses are presented net when the Group is considered to act as an agent.

CHF 22.9 million of brokerage, custody and retrocession fees paid in an agency capacity have been set off against fee income from 01 January 2019 to 30 June 2019 (CHF 24.7 million and CHF 29.2 million for the half-year ended December 2018 and June 2018, respectively).

Advisory and management fees are primarily earned over time. Brokerage fees are earned on a transaction basis. Commission and fee income on other services are primarily earned on a transaction basis.

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10. Dividend income

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|--|---|---|---|
| Financial assets at fair value through profit and loss | 7.1 | 0.3 | 4.8 |
| Dividend income | 7.1 | 0.3 | 4.8 |

11. Net trading income and foreign exchange gains less losses

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|--|---|---|---|
| Result of currency and precious metal operations | 71.9 | 77.1 | 101.6 |
| Derivatives - client option premiums | 2.1 | (6.8) | (6.4) |
| Other trading operations | (0.2) | 0.7 | (0.5) |
| Net trading income and foreign exchange gains less losses | 73.8 | 71.0 | 94.7 |

Result of currency and precious metal operations are primarily earned on a transaction basis. Derivative premiums are earned on a transaction basis and amortised over the life of the contract.

12. Fair value gains less losses on financial instruments measured at fair value

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|---|---|---|---|
| Financial instruments measured at fair value | | | |
| Equity securities | 11.2 | 24.9 | 18.6 |
| Life insurance securities | 13.0 | 29.0 | (33.3) |
| Other | (10.3) | (9.8) | (4.9) |
| Fair value gains less losses on financial instruments measured at fair value | 13.9 | 44.1 | (19.6) |

13. Gains less losses on disposal of financial assets at fair value through other comprehensive income

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|---|---|---|---|
| Debt securities | 10.9 | 1.5 | 0.5 |
| Gains less losses on disposal of financial assets at fair value through other comprehensive income | 10.9 | 1.5 | 0.5 |

14. Loss allowances expense

The below table summarises the impact on the income statement for the half-year ended 30 June 2019:

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|-------------------------------------|---|---|---|
| Change in loss allowance | (0.6) | (7.0) | (9.9) |
| Total loss allowance expense | (0.6) | (7.0) | (9.9) |

15. Operating expenses

| | Note | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|--|------|---|---|---|
| Staff costs | 16 | (357.8) | (352.9) | (355.4) |
| Professional services | | (24.1) | (38.3) | (45.3) |
| Advertising and marketing | | (6.4) | (6.9) | (6.7) |
| Administrative expenses | | (41.2) | (47.9) | (45.7) |
| Operating lease rentals | | (0.9) | (25.1) | (23.3) |
| Depreciation of property, plant and equipment | | (9.3) | (12.4) | (11.4) |
| Depreciation of right-of-use assets ¹ | | (20.3) | | |
| Amortisation of intangible assets: | | | | |
| Computer software and licences | | (5.6) | (4.3) | (4.3) |
| Other intangible assets | | (5.5) | (5.0) | (5.0) |
| Legal and litigation expenses | | (12.0) | (15.3) | (13.1) |
| Other | | (20.5) | (24.2) | (21.8) |
| Operating expenses | | (503.6) | (532.3) | (532.0) |

¹ The reclassification of CHF 20.3 million between operating lease rentals and depreciation of right-of-use assets is due to the adoption of IFRS 16 effective from 01 January 2019 (see note 3).

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16. Staff costs

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|-----------------------------------|---|---|---|
| Wages, salaries and staff bonuses | (280.7) | (275.6) | (281.5) |
| Social security costs | (23.6) | (21.2) | (23.7) |
| Pension costs | (18.3) | (16.1) | (21.3) |
| Employee equity incentive plans | (14.8) | (17.0) | (14.2) |
| Other | (20.4) | (23.0) | (14.7) |
| Staff costs | (357.8) | (352.9) | (355.4) |

As at 30 June 2019, the number of full time equivalent employees (FTE's) of the Group was 3,357 (2018: 3,275) and the average for the period was 3,299. The FTE's not in their notice period at 30 June 2019 was 3,195 (2018: 3,153).

17. Income tax

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|---------------------------------------|---|---|---|
| Current tax expense | (7.1) | (4.6) | (6.0) |
| Deferred income tax (expenses) / gain | (2.2) | (2.1) | 5.6 |
| Income tax expense | (9.3) | (6.7) | (0.4) |

18. Business combination

The 30 April 2019 the Group announced the completion of the acquisition of 51% of the Australian financial service provider Shaw & Partners.

The total purchase consideration of AUD 60.7 million comprised of the following:

- Cash consideration of AUD 21.3 million
- Consideration in shares of AUD 14.0 million
- Deferred consideration of up to AUD 25.4 million

The net identifiable assets acquired amount to AUD 39.0 million including tangible assets of AUD 10.6 million, intangible assets of AUD 28.4 million net of deferred tax liabilities. The resulting goodwill of CHF 29.3 million (AUD 40.7 million) is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

19. Loans and advances to customers

| | 30 June 2019 CHF millions | 31 December 2018 CHF millions |
|--|------------------------------|----------------------------------|
| Mortgages | 5,907.6 | 6,183.1 |
| Lombard loans | 11,839.8 | 11,946.1 |
| Other loans | 545.5 | 892.8 |
| Gross loans and advances | 18,292.9 | 19,022.0 |
| Less: Loss allowance | (205.3) | (212.5) |
| Loans and advances to customers | 18,087.6 | 18,809.5 |

The other loans include CHF 160.1 million (2018: CHF 195.4 million) of loans made with no collateral and CHF 114.1 million (2018: CHF 103.4 million) of loans where the collateral value is

below the value of the loan. The uncollateralised portion of these loans is classified as unsecured; however, they are within the approved unsecured lending limits for the customers.

20. Loss allowances on loans and advances to customers

| | Half-year end 30 June 2019 CHF millions | Half-year end 31 December 2018 CHF millions | Half-year end 30 June 2018 CHF millions |
|--|---|---|---|
| At beginning of period | 212.5 | 207.4 | 192.6 |
| Loss allowance increased through profit and loss | 0.6 | 7.0 | 9.9 |
| Utilisation of provision | (8.6) | 1.7 | |
| Foreign exchange and other movements | 0.8 | (3.6) | 4.9 |
| At end of period | 205.3 | 212.5 | 207.4 |

21. Subordinated loans

| | Weighted average interest rate % | Due dates | 30 June 2019 CHF millions | 31 December 2018 CHF millions |
|---|----------------------------------|------------|------------------------------|----------------------------------|
| Subordinated loans – issuers | | | | |
| EFG International (Guernsey) Ltd – USD 400,000,000 | 5.00% p.a. | March 2027 | 390.8 | 396.6 |
| Total subordinated loans | | | 390.8 | 396.6 |

Subordinated loans are presented net of unamortised discount on issuance of CHF 2.0 million (31 December 2018: CHF 2.1 million).

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The movement in the account is as follows:

| | CHF millions |
|---------------------------|--------------|
| At 01 January 2019 | 396.6 |
| Accrued interest | |
| Exchange differences | (5.8) |
| At 30 June 2019 | 390.8 |

22. Provisions

| | Provision for credit default risks CHF millions | Provision for litigation risks CHF millions | Provision for restructuring CHF millions | Other provisions CHF millions | Total CHF millions |
|--|---|---|--|----------------------------------|-----------------------|
| At 1 January 2019 | 2.8 | 24.3 | 3.6 | 104.9 | 135.6 |
| Decrease in provisions recognised in the income statement – loss allowance | (2.1) | | | | (2.1) |
| Reclassification from other liabilities | | | | 6.4 | 6.4 |
| Increase in provisions recognised in the income statement | | 5.4 | | 7.1 | 12.5 |
| Release of provisions recognised in the income statement | | (2.3) | | (0.6) | (2.9) |
| Provisions used during the period | | (14.2) | (2.1) | | (16.3) |
| Exchange differences | | 0.1 | | (0.6) | (0.5) |
| At 30 June 2019 | 0.7 | 13.3 | 1.5 | 117.2 | 132.7 |
| Expected payment within 12 months | | 7.3 | 1.5 | 12.0 | 20.8 |
| Expected payment thereafter | 0.7 | 6.0 | | 105.2 | 111.9 |
| | 0.7 | 13.3 | 1.5 | 117.2 | 132.7 |

Provision for credit default risks

This relates to the expected credit losses under IFRS 9. The Group calculates expected credit losses on off-balance sheet positions primarily related to guarantees. These losses are not expected to arise in the next 12 months.

Provision for litigation risks

The Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The Group establishes provisions for current and 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 reliably estimated.

A provision of CHF 6.0 million relates to several client claims, following the discovery of irregularities in the

management of clients' accounts by a former employee. The overall position is unlikely to be resolved within a year.

Other provisions of CHF 7.3 million remain for various small litigation cases which are expected to be settled within a year.

Provision for restructuring

In certain locations where EFG International Group and the former BSI Group had a booking centre, the operations have been integrated. As a result, certain announced restructurings are taking place to integrate two businesses in one location and the Group has provisions of CHF 1.4 million related to these announced restructurings. These are expected to be utilised within a year.

Other provisions

The BSI Group took a provision of CHF 95.0 million for disgorgement of profits levied by FINMA on the BSI Group with regard to the investigations into 1MDB, arising from activities that occurred between 2011 and April 2015. The former BSI Group appealed FINMA's decision prior to the acquisition and suspended the payment of the disgorgement of profits. With the acquisition of the BSI Group, the provision was maintained for the existing amount of CHF 95.0 million. The overall position is unlikely to be resolved within a year.

A provision of CHF 10.2 million relates to a potential success fee payable on a litigation matter. The position is unlikely to be resolved within a year.

A provision of CHF 9.5 million (2018: CHF 5.2 million) has been created, where initial analysis indicates that there may have been fraudulent activity by an ex-CRO. An internal investigation has discovered several possible frauds resulting in the possibility of client claims against the Group. Proceedings and investigations are ongoing. In addition, the Group has been made aware that additional claims of approximately USD 9.5 million may arise, against which the Group is not able to assess the potential loss (see contingent liabilities). The Group is assessing the legal and factual merits of all these claims. The overall position is likely to be resolved within a year.

Other provisions of CHF 2.5 million remain for various other potential cash outflows which are expected to be settled within a year.

23. Contingent liabilities

The Group has differentiated the contingent liabilities into three categories as follows:

- a) Group does not expect a material cash outflow
- b) Group cannot reliably measure the obligation
- c) Group cannot reliably measure the obligation, however any obligation arising would be offset by indemnification received

(a) Group does not expect a material cash outflow

The following contingent liabilities that management is aware of relate to legal proceedings which could have a material effect on the Group. However, based on presently available information and assessments, the Group currently does not expect that any of these contingent liabilities will result in material provisions or other liabilities.

The Group is engaged in certain litigation proceedings mentioned below and is vigorously defending the cases. The Group believes it has strong defences to the claims. The Group does not expect the ultimate resolution of any of the below mentioned proceedings to which the Group is party to have a significantly adverse effect on its financial position.

- i) Several entities in EFG International Group have been named as defendants in lawsuits by the liquidators of Fairfield Sentry Ltd. and Fairfield Sigma Ltd. in the US Bankruptcy Court for the Southern District of New York and in the High Court of Justice of the British Virgin Islands, asserting that redemption payments received by the Group entities on behalf of clients should be returned to Fairfield Sentry Ltd. and Fairfield Sigma Ltd. The amount claimed is uncertain, but the Group believes the amount claimed is approximately USD 217 million. After dismissal of the British Virgin Islands lawsuits in 2017, New York claims were additionally dismissed by a decision of the Bankruptcy Court in 2018, though certain claims remained. The parties are currently involved in lodging appeals from the Bankruptcy Court's decision, as well as seeking to amend their pleadings. The Group maintains its vigorous defence of the lawsuits and believes itself to have strong defences to the claims.
- ii) The Trustee of Bernard L. Madoff Investment Securities LLC (BLMIS) has filed a complaint in the US Bankruptcy Court for the Southern District of New York (SDNY) asserting that redemption payments totalling USD 411 million allegedly received by certain Group entities on behalf of clients through Fairfield and Kingate feeder funds should be returned to BLMIS. This action includes the redemptions claimed by the Fairfield liquidators (see previous paragraph). The claims against the Group were dismissed in 2018 by the District Court in New York based on jurisdictional and international comity grounds. On 25 February 2019, however, the Court of Appeals for the Second Circuit issued an opinion reversing the decision of the District Court which had dismissed the claims made against the Group. The Group is seeking review of the Second Circuit's decision before the Supreme Court of the United States. Notwithstanding the decision of the Second Circuit, the Group believes itself to have strong defences to the claims and maintains its vigorous defence of the lawsuits.
- iii) The Group is engaged in litigation proceedings initiated by a client claiming that he has been misled insofar as he thought that his investments were capital protected, that the agreed investment strategy has not been followed and that unauthorised transactions were

Notes to the condensed consolidated interim financial statements

performed. The amount claimed is approximately EUR 49 million plus interest. The Group is vigorously defending the cases and believes it has strong defences to the claims.

- iv) Various claims have been made against the Group in several jurisdictions for approximately USD 28 million, which the Group is vigorously defending. These proceedings relate to alleged mismanagement practices by a party unrelated to the Group, who was a former investment manager of a fund for which the Group acted as the administrator and custodian. In addition, the Group is being sued by the investors in the fund and the fund itself for approximately USD 9 million on the grounds of various alleged breaches. In response, the Group has filed a claim against the investment manager. The Group strongly believes that there has been no wrongdoing on its part and that it has strong defences to the claims.
- v) The Group has been named as a co-defendant in litigation brought against certain individuals who have allegedly diverted approximately CAD 127 million from their employer for their own benefit. The plaintiffs allege that an employee of the Group acted on behalf of the alleged fraudsters and executed numerous potentially fraudulent transactions while being fully aware of the wrong doings, and by doing so participated in causing damage to the plaintiffs. The plaintiffs also claim approximately CAD 13 million as compensation for reputational damage. On 19 February 2019, the Superior Court of Quebec dismissed the plaintiffs' claims on jurisdictional grounds. The plaintiffs have appealed. The Group is vigorously defending the case and believes it has strong defences to the claims.
- vi) The liquidator of an investment company has brought a claim against the Group in the Commercial Court of Paris. The liquidator alleges that the Group is liable for processing a specific transfer of USD 50 million. A first judgement was favourable to the Group, and the liquidator appealed. The Group is vigorously defending the claim and believes it has strong defences to the claim.
- vii) An Irish family (not a client of the Group) sued several unrelated defendants in 2017, claiming they refused to return monies in the amount of EUR 6.9 million. In February 2018, the Group and several other parties were joined to these primary proceedings as a third party by one of the defendants. The allegation seems to be misrepresentation, negligent misstatement, breach of duty, negligence and unjust enrichment. The Group is vigorously defending against these claims and believes it has strong defences to the claims.

(b) Group cannot reliably measure the obligation

The following contingent liabilities that management is aware of, could have a material effect on the Group. However, based on presently available information and assessments, the Group is not able to reliably measure the possible obligation.

- i) In 2016, the Group had two accounts in the name of an institutional client. This institutional client was designated by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury as Specially Designated Nationals on account of assisting drug trafficking groups in money laundering. When an issue was raised as to whether the Group violated OFAC sanctions after the client's OFAC designation because of subsequent transactions and interactions between US persons at the Group and the institutional client, the Group promptly initiated an internal investigation. The Group's internal investigation has concluded and the Group is actively cooperating with OFAC on the matter.
- ii) The Group has launched an investigation into possible fraudulent activities by a former employee. Certain claims have been provided for, whilst investigations are ongoing related to additional potential claims of approximately USD 9.5 million. The Group is assessing the legal and factual merits of these claims, however currently there is no reliable estimate of the potential loss on these potential claims.

(c) Group cannot reliably measure the obligation, however any obligation arising would be offset by indemnification received

The following contingent liabilities (that arose through the acquisition of BSI) that management is aware of, could have a material effect on the Group. However, based on presently available information and assessments, the Group is not able reliably to measure the possible obligation. The Group is entitled to indemnification against losses that may arise from these matters listed below from the seller of the former BSI Group.

- i) The US Department of Justice (DoJ) and the Office of the Attorney General in Switzerland are currently conducting criminal investigations into money-laundering allegations involving 1Malaysia Development Berhad (1MDB), a sovereign wealth fund owned by the government of Malaysia. Certain 1MDB-related accounts were opened and maintained by the BSI Group pre-acquisition by the EFG International Group, and are currently under review. DoJ has issued requests for assistance to the Swiss authorities in obtaining information on some of the 1MDB-related accounts. The

- US and Swiss authorities are also investigating whether the Group complied with their anti-money laundering obligations in connection with the 1MDB-related accounts. The Group is cooperating fully with the Swiss and US authorities in these ongoing investigations.
- ii) The BSI Group participated in Category 2 of the DoJ Program for Swiss Banks and entered into a Non-Prosecution Agreement (NPA) with DoJ in March 2015 in connection with its US cross-border business. The NPA ran for a term of four years and obliged the Group to provide cooperation to DoJ in connection with the underlying conduct and accounts for the duration of that term. The Group provided additional information, documents, and data in response to DoJ's post-NPA requests. The NPA expired on 31 March 2019 and except for limited post-NPA cooperation which the Group has agreed to provide, the matter can be reasonably considered as concluded, without any further penalties or other financial consequences for the Group.
 - iii) In 2015, the US Attorney's Office for the Eastern District of New York and the Office of the Attorney General in Switzerland initiated criminal investigations into bribery and money laundering allegations involving officials of Fédération Internationale de Football Association (FIFA) and its member associations and related parties. Certain FIFA-related accounts were opened and maintained by the Group and they are currently under review. The US Department of Justice has issued requests for assistance to the Swiss authorities in obtaining information for some of the FIFA-related accounts. The US and Swiss authorities are also investigating whether the Group complied with their anti-money laundering obligations in connection with the FIFA-related accounts. The Group is cooperating fully with the US authorities in the ongoing investigations.
 - iv) The Group (through the acquisition of BSI) was the counterparty in a shareholder agreement, where the Group sold their holding in a company that was also a supplier of services to the Group. The buyer of the shareholding has brought a claim for losses of CHF 90 million allegedly suffered as a result of the Group terminating its contract with that supplier. On 12 June 2019, the Zurich Commercial Court rendered a judgement dismissing the claim in its entirety, however the supplier has appealed.
 - v) A client has brought legal claims against the Group for CHF 54 million in purported actual and consequential damages, alleging that the Group did not manage the account in accordance with the mandate. The Group is vigorously defending against these claims and believes it has strong defences to the claims.
 - vi) EFG International Group (through the acquisition of BSI) is the defendant in two civil proceedings pending before the Court of Torre Annunziata, arising from its role as a trustee of certain trusts associated with three families who owned an Italian shipping company which was declared bankrupt in 2012, allegedly causing aggregate losses to approximately 13,000 bondholders through the issuance of approximately EUR 1 billion of bonds that did not comply with applicable laws. In 2014, members of the families involved were convicted for embezzlement and fraud in Italy. The claimants in the civil proceedings claim that the Group was aware of the embezzlement scheme and the Group, in its capacity as trustee of these trusts, would be liable for damages and disgorgement of assets and profits should it be found to have committed any wrongdoing. The Group is vigorously defending and believes it has strong defences to the claims.

24. Share capital

In the period, share capital increased by a net 3,527,338 shares arising from:

- 1,569,743 shares issued to the sellers of Shaw & Partners (see note 18)
- 974,624 shares issued following the exercise of equity incentive plans from conditional share capital
- 3,139,760 treasury shares allocated to employees following the exercise of equity incentive plans
- With a reduction due to the acquisition of 2,156,789 treasury shares

The issued nominal share capital of EFG International AG amounts to CHF 146,599,417 divided into 293,198,833 registered shares with a nominal value of CHF 0.50 each.

25. Employee equity incentive plans

In the period, the Group has granted 5,133,913 restricted stock units, which have a vesting period of one, two and three years. The different classes have earliest exercise dates varying from three to five years from the grant date and ending seven years from the grant date.

In addition, the Group has granted 3,120,331 long-term incentive plan units, which have a vesting period of three, four and five years. The different classes have earliest exercise dates varying from three to five years from the grant date and ending seven years from the grant date.

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26. Dividends

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|--|---|---|---|
| Dividends on ordinary shares | | | |
| CHF 0.25 per share related to 2017 paid in 2018 | | | 72.4 |
| CHF 0.30 per share related to 2018 paid in 2019 | 86.7 | | |
| | 86.7 | | 72.4 |
| Dividends on Bons de Participation | | | |
| For the period 31 October 2017 to 30 April 2018 at 1.138% | | | 0.1 |
| For the period 01 May 2018 to 30 October 2018 at 1.262% | | 0.1 | |
| For the period 01 November 2018 to 30 April 2019 at 1.267% | 0.1 | | |
| | 0.1 | 0.1 | 0.1 |

27. Basic earnings per ordinary share

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|--|---|---|---|
| Net profit for the period attributable to owners of the Group | 31.5 | 23.9 | 46.4 |
| Estimated dividend on Bons de Participation | (0.1) | (0.1) | (0.1) |
| Net profit for the period attributable to ordinary shareholders | 31.4 | 23.8 | 46.3 |
| Weighted average number of ordinary shares (000s of shares) | 287,827 | 290,677 | 292,070 |
| Basic earnings per ordinary share (CHF) | 0.11 | 0.08 | 0.16 |

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 amounting to 4,957,363 (31 December 2018: 978,029 and 30 June 2018: 43,386).

For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by an estimated accrued dividend on the Bons de Participation. The latter has been computed by using a dividend rate from 01 January 2019 until 30 April 2019 of 1.267% and from 01 May 2019 until 30 June 2019 at a rate of 0.791%.

28. Diluted earnings per ordinary share

| | Half-year ended 30 June 2019 CHF millions | Half-year ended 31 December 2018 CHF millions | Half-year ended 30 June 2018 CHF millions |
|--|---|---|---|
| Net profit for the year attributable to owners of the Group | 31.5 | 23.9 | 46.4 |
| Estimated dividend on Bons de Participation | (0.1) | (0.1) | (0.1) |
| Net profit for the year attributable to ordinary shareholders | 31.4 | 23.8 | 46.3 |
| Diluted-weighted average number of ordinary shares (000s of shares) | 301,723 | 305,258 | 306,435 |
| Diluted earnings per ordinary share (CHF) | 0.10 | 0.08 | 0.15 |

In the period pursuant to its employee equity incentive plans, the Group issued in 2019 restricted stock units related to 8,254,244 (2018: 5,470,063) shares.

In addition, the Group will issue up to 554,834 shares to the sellers of Shaw & Partners as part of the deferred consideration arrangements.

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilutive impact of potential unissued shares. These restricted stock units have the effect to increase the diluted-weighted average number of ordinary shares of EFG International in periods when the Group has profits attributable to ordinary shareholders.

The expense allocation between segments follows a basis using a combination of directly attributable costs, and allocated costs using appropriate allocation keys (Assets under Management, FTE's, Client Relationship Officers, revenues or other drivers as applicable).

29. Segmental reporting

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

The primary split is between the Private Banking and Wealth Management business, the Investment Solutions business, Global Markets & Treasury, and an aggregation of other activity. The Private Banking and Wealth Management business is managed on a regional basis and is split into:

- Switzerland & Italy
- Continental Europe
- Americas
- United Kingdom
- Asia Pacific

Notes to the condensed consolidated interim financial statements

| CHF millions | Private Banking and Wealth Management | | | |
|---|---------------------------------------|--------------------|------------|----------------|
| | Switzerland & Italy | Continental Europe | Americas | United Kingdom |
| Half-year ended 30 June 2019 | | | | |
| Segment revenue | 148.8 | 88.1 | 57.0 | 75.0 |
| Segment expenses | (131.0) | (78.4) | (51.7) | (65.8) |
| Tangible assets and software depreciation | (7.5) | (5.7) | (2.8) | (2.3) |
| Total operating margin | 10.3 | 4.0 | 2.5 | 6.9 |
| Cost to acquire intangible assets and impairment of intangible assets | | (0.9) | | |
| Provisions | (3.5) | 1.1 | | |
| Loss allowance expense | | | | |
| Segment profit/(loss) before tax | 6.8 | 4.2 | 2.5 | 6.9 |
| Income tax (expense)/gain | (0.8) | (0.5) | (0.3) | (0.9) |
| Profit for the period | 6.0 | 3.7 | 2.2 | 6.0 |
| Assets under management | 42,646 | 31,753 | 15,376 | 20,012 |
| Employees (FTE's) | 396 | 363 | 158 | 189 |

| CHF millions | Private Banking and Wealth Management | | | |
|---|---------------------------------------|--------------------|------------|----------------|
| | Switzerland & Italy | Continental Europe | Americas | United Kingdom |
| Half-year ended 31 December 2018 | | | | |
| Segment revenue | 155.1 | 97.1 | 58.8 | 79.4 |
| Segment expenses | (150.3) | (90.6) | (52.2) | (59.9) |
| Tangible assets and software depreciation | (4.0) | (3.4) | (1.5) | (2.1) |
| Total operating margin | 0.8 | 3.1 | 5.1 | 17.4 |
| Cost to acquire intangible assets and impairment of intangible assets | | (0.6) | (0.3) | |
| Provisions | | (0.9) | (0.2) | (1.7) |
| Loss allowance expense | (0.1) | (0.3) | (0.2) | 3.9 |
| Segment profit/(loss) before tax | 0.7 | 1.3 | 4.4 | 19.6 |
| Income tax (expense)/gain | 0.6 | (1.8) | 0.9 | (3.4) |
| Profit for the period | 1.3 | (0.5) | 5.3 | 16.2 |
| Assets under management | 41,077 | 30,878 | 15,218 | 18,771 |
| Employees (FTE's) | 405 | 365 | 169 | 196 |

| | | Investment Solutions | Global Markets & Treasury | Corporate Overheads | Eliminations | Total |
|--------------|-------------|----------------------|---------------------------|---------------------|--------------|-------------|
| Asia Pacific | Total | | | | | |
| 64.4 | 433.3 | 53.3 | 89.3 | (20.1) | | 555.8 |
| (59.4) | (386.3) | (44.9) | (24.3) | (7.4) | | (462.9) |
| (4.7) | (23.0) | (2.2) | (10.0) | | | (35.2) |
| 0.3 | 24.0 | 6.2 | 55.0 | (27.5) | - | 57.7 |
| (0.7) | (1.6) | | (0.4) | (3.5) | | (5.5) |
| (4.3) | (6.7) | | (0.3) | (2.6) | | (9.6) |
| | - | | 9.9 | (10.5) | | (0.6) |
| (4.7) | 15.7 | 6.2 | 64.2 | (44.1) | - | 42.0 |
| 0.5 | (2.0) | (0.7) | (7.4) | 0.8 | | (9.3) |
| (4.2) | 13.7 | 5.5 | 56.8 | (43.3) | - | 32.7 |
| 29,994 | 139,781 | 37,518 | | 850 | (30,585) | 147,564 |
| 298 | 1,404 | 275 | 97 | 1,419 | | 3,195 |

| | | Investment Solutions | Global Markets & Treasury | Corporate Overheads | Eliminations | Total |
|--------------|-------------|----------------------|---------------------------|---------------------|--------------|-------------|
| Asia Pacific | Total | | | | | |
| 64.7 | 455.1 | 49.9 | 49.4 | 20.8 | | 575.2 |
| (58.7) | (411.7) | (51.3) | (18.2) | (28.7) | | (509.9) |
| (1.7) | (12.7) | (0.5) | (1.1) | (2.4) | | (16.7) |
| 4.3 | 30.7 | (1.9) | 30.1 | (10.3) | - | 48.6 |
| (0.3) | (1.2) | | | (4.5) | | (5.7) |
| (6.2) | (9.0) | | | 5.3 | | (3.7) |
| 1.5 | 4.8 | | 9.3 | (21.1) | | (7.0) |
| (0.7) | 25.3 | (1.9) | 39.4 | (30.6) | - | 32.2 |
| 2.7 | (1.0) | (0.6) | | (5.1) | | (6.7) |
| 2.0 | 24.3 | (2.5) | 39.4 | (35.7) | - | 25.5 |
| 18,424 | 124,368 | 34,744 | - | 358 | (28,241) | 131,229 |
| 206 | 1,341 | 272 | 93 | 1,447 | | 3,153 |

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| CHF millions | Private Banking and Wealth Management | | | |
|---|---------------------------------------|--------------------|------------|----------------|
| | Switzerland & Italy | Continental Europe | Americas | United Kingdom |
| Half-year ended 30 June 2018 | | | | |
| Segment revenue | 155.4 | 101.8 | 62.4 | 68.3 |
| Segment expenses | (120.1) | (86.4) | (55.2) | (61.2) |
| Tangible assets and software depreciation | (3.7) | (3.3) | (1.4) | (1.7) |
| Total operating margin | 31.6 | 12.1 | 5.8 | 5.4 |
| Cost to acquire intangible assets and impairment of intangible assets | | (0.5) | 0.3 | |
| Provisions | 0.3 | 0.4 | | |
| Loss allowance expense | (0.2) | 0.6 | (0.2) | 0.2 |
| Segment profit/(loss) before tax | 31.7 | 12.6 | 5.9 | 5.6 |
| Income tax (expense)/gain | | (1.8) | 0.6 | (1.4) |
| Profit for the period | 31.7 | 10.8 | 6.5 | 4.2 |
| Assets under management | 44,600 | 33,326 | 17,189 | 19,526 |
| Employees (FTE's) | 417 | 355 | 178 | 197 |

| | | Investment Solutions | Global Markets & Treasury | Corporate Overheads | Eliminations | Total | | |
|--|--------------|----------------------|---------------------------|---------------------|--------------|---------------|-------------|-------------|
| | Asia Pacific | | | | | | | |
| | Total | | | | | | | |
| | | 76.9 | 464.8 | 49.4 | 86.0 | (29.8) | 570.4 | |
| | | (54.3) | (377.2) | (46.7) | (24.8) | (62.6) | (511.3) | |
| | | (1.9) | (12.0) | (0.4) | (2.0) | (1.3) | (15.7) | |
| | | 20.7 | 75.6 | 2.3 | 59.2 | (93.7) | - | 43.4 |
| | | (0.3) | (0.5) | | | (4.5) | (5.0) | |
| | | | 0.7 | | | 18.8 | 19.5 | |
| | | (1.0) | (0.6) | | (9.3) | | (9.9) | |
| | | 19.4 | 75.2 | 2.3 | 49.9 | (79.4) | 48.0 | |
| | | (1.2) | (3.8) | (0.9) | | 4.3 | (0.4) | |
| | | 18.2 | 71.4 | 1.4 | 49.9 | (75.1) | - | 47.6 |
| | | 20,410 | 135,051 | 37,148 | - | 1,216 | (30,680) | 142,735 |
| | | 207 | 1,354 | 294 | 102 | 1,571 | | 3,321 |

30. Off-balance sheet items

| | 30 June 2019 CHF millions | 31 December 2018 CHF millions |
|--|------------------------------|----------------------------------|
| Guarantees issued in favour of third parties | 430.6 | 767.8 |
| Irrevocable commitments | 471.1 | 199.1 |
| Operating lease commitments* | 0.7 | 173.9 |
| Total | 902.4 | 1,140.8 |

* The Group has adopted IFRS 16, effective from 01 January 2019. The remaining operating lease commitments are low value or short-term leases recognised on a straight-line basis as expense

31. Related party transactions

A number of banking transactions are entered into with related parties. These include loans, deposits, derivatives and provision of services. The total assets positions with related parties amounted to CHF 8.0 million at the end of June 2019 (December 2018: CHF 39.2 million).

The total revenue received from related parties amounted to CHF 5.2 million in the period (year ended 31 December 2018: CHF 5.2 million) and expenses of CHF 0.2 million in the period (2018: CHF 2.7 million).

No provisions have been recognised in respect of loans given to related parties (2018: nil).

32. Post balance sheet events

None.

Notes to the condensed consolidated interim financial statements

33. Board of Directors

The Board of Directors of EFG International AG comprises:

| | |
|------------------------|------------------------|
| John A. Williamson* | Chair |
| Niccolò H. Burki* | Vice-Chair |
| Susanne Brandenberger* | |
| Emmanuel L. Bussetil | |
| Michael Higgin* | Resigned 26 April 2019 |
| Roberto Isolani | |
| Steven M. Jacobs | |
| Spiro J. Latsis | |
| John S. Latsis | |
| Pericles Petalas | |
| Stuart M. Robertson* | |
| Fong Seng Tee* | Resigned 26 April 2019 |
| Bernd-A. von Maltzan* | |
| Daniel Zuberbühler* | Resigned 26 April 2019 |

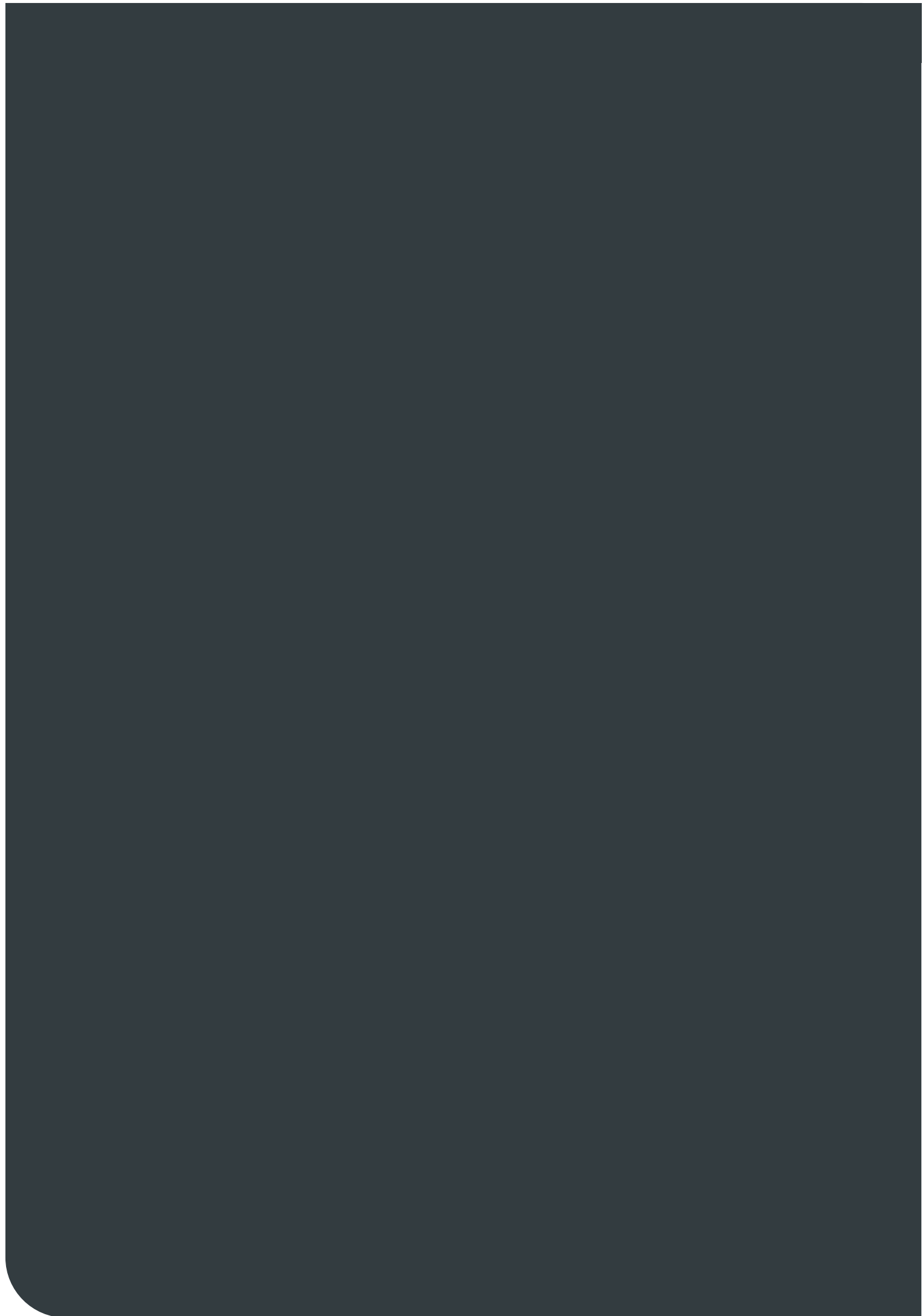
* independent directors

Forward looking statements

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