

# Compensation Report

## 1. PHILOSOPHY

EFG International Group seeks to recruit and retain individuals who have the intellect, energy and entrepreneurial spirit to deal effectively with complex problems in a fast-changing and challenging environment. To accomplish these goals, EFG International Group uses a mixture of the three main components of compensation for the remuneration of its members of the Board of Directors and its entire staff: fixed remuneration, also called base salary; variable compensation, whether in the form of cash or non-cash award such as restricted stock units (hereafter called “RSUs”); and benefits, or non-financial rewards. Fixed and variable compensations are critical components of the remuneration, which is why we take into account an individual’s knowledge, skills, and abilities as it relates to the requirements of a position.

EFGI International Group continuously evaluates and benchmarks its compensation data to ensure they remain both competitive and equitable. Such review is based on the following key principles:

- Competitiveness to external and internal benchmarks;
- Business needs and performance, organisational culture and relevant regulatory requirements;
- Annual remuneration reviews follow the financial year in order to ensure affordability and to maintain capital requirements;
- Alignment with the performance review cycle ensuring that appropriate behaviors and performance contribution are recognized and rewarded while applying discretionary penalties regarding any conduct issues.

## 2. REGULATIONS

According to the Ordinance against Excessive Compensation in Listed Companies (hereafter called “Ordinance”) and the Articles of Association\*, the Board of Directors has the non-transferable and inalienable duty to issue on an annual basis a written Compensation Report (articles 5 and 13 of the Ordinance; article 28 paragraph 2 section 7 of the Articles of Association). EFG International (or “the Company”) has already issued a Compensation Report in previous years and herewith continues this tradition. In line with the requirements of the Ordinance (article 17), our statutory auditors, PricewaterhouseCoopers Ltd, have reviewed whether the Compensation Report complies with the law and the Ordinance (see their report on page 86).

\* See [www.efginternational.com/Articles\\_of\\_Association.pdf](http://www.efginternational.com/Articles_of_Association.pdf)

### 3. METHODOLOGY

Besides the implementation of the requirements of the Ordinance (information pursuant to the articles 14–16 of the Ordinance), EFG International has already implemented in 2011 the principles of the FINMA Circular 2010/1, which defines minimum standards for remuneration schemes applicable to financial institutions. These standards have been transposed into a comprehensive internal Group Remuneration Policy and include:

- Categorization of employees and governing bodies in accordance with their risk profile; defined categories are:
  - (a) Members of the Board of Directors of EFG International and its subsidiaries
  - (b) Chief Executive Officer (“CEO”) and other members of the Executive Committee of EFG International
  - (c) Region Heads/Regional CEOs
  - (d) Senior Executives (Local Business Heads/Heads of Private Banking/Global Function Heads)
  - (e) Key Executives (defined according to criteria laid down from time to time by the Remuneration and Nomination Committee) including Material Risk Takers (“MRTs”) as defined by local regulations
  - (f) Control Functions (Audit, Compliance, Risk and Human Resources)
  - (g) Client Relationship Officers (“CROs”)
  - (h) Other staff than CROs and Senior or Key Executives and Control Functions
- Remuneration of each category aligned with business strategy and risk profile;
- Performance-related remuneration based on a combination of the performance of the individual concerned, the performance of their business and, where applicable, the overall results of the organisation;
- Transparent remuneration scheme for CROs designed in a way that any negative contribution directly results in a reduction of the variable remuneration elements;
- Share-based deferred payment mechanisms for the members of the Executive Committee, Region Heads, Senior Executives and Key Executives as well as some Control Functions identified as “higher risk” job categories over a minimum period.

The compensation of the members of the Board of Directors and the Executive Committee complies with the Ordinance and the FINMA Circular 2010/1.

For information on staff costs, please refer to page 149 (note 13 to the consolidated financial statements).

#### 4. RESPONSIBILITIES

The Remuneration and Nomination Committee currently consists of the following members of the Board of Directors who were individually elected by the Annual General Meeting (“AGM”) 2016 for a term of office of one year until the conclusion of the AGM 2017:

- Niccolò H. Burki (Chairman);
- John A. Williamson;
- Emmanuel L. Bussetil;
- Périclès Petalas;
- Erwin R. Caduff.

According to article 30 paragraph 2 of the Articles of Association\* and in application of the Ordinance, the Remuneration and Nomination Committee has the following specific tasks and responsibilities in relation to the compensation of the Board of Directors and the Executive Committee:

- To establish the compensation strategy for the Company, to approve the compensation and to make recommendations to the Board of Directors with regard to certain compensation matters, in particular to review, on behalf of the Board of Directors and within the limits set by the general meeting of shareholders, the amount of compensation to be paid to the members of the Board of Directors and the members of the Executive Committee;
- To annually review, and make a recommendation to the Board of Directors regarding the form and amount of the compensation of the members of the Board of Directors and any additional compensation to be paid for service as Chairman and Vice-Chairman of the Board of Directors, for service on Board-delegated committees and for service as a Chairman of Board-delegated committees;
- To annually (a) review and assess the corporate goals and objectives upon which the compensation of the CEO and the other members of the Executive Committee is based and (b) evaluate the performance of the CEO and the other members of the Executive Committee in light of these goals and objectives;
- After the evaluation of the CEO’s performance, to make a recommendation to the Board of Directors of appropriate compensation levels for the CEO;
- To annually review the amount of compensation of the other members of the Executive Committee and make a recommendation to the Board of Directors regarding the appropriate level of their compensation as to (a) the annual base salary, (b) the annual variable compensation, (c) the long-term compensation component and (d) any special or supplemental benefits.

In addition, and in accordance with the Organizational and Management Regulations\*\*, the Group Remuneration Policy and the Terms of Reference of the Remuneration and Nomination Committee, the Remuneration and Nomination Committee has, among others, the following additional responsibilities and competencies:

- It ensures that EFG International and its subsidiaries maintain and observe an up-to-date procedure whereby the provisions of the FINMA Circular 2010/1 are implemented and observed;
- It ensures that annual salary increases and all discretionary variable compensation amounts are within the overall budget and guidelines approved by the Board of Directors and the general meeting of shareholders, if applicable;

\* See [www.efginternational.com/Articles\\_of\\_Association.pdf](http://www.efginternational.com/Articles_of_Association.pdf)

\*\* See [www.efginternational.com/Organizational\\_and\\_Management\\_Regulations.pdf](http://www.efginternational.com/Organizational_and_Management_Regulations.pdf)

- It ensures that the policy on variable compensation and other variable elements of employee remuneration is not in conflict with client interests, shareholder interest or FINMA Circular 2010/1;
- It decides on the contractual arrangements of the members and the Chairman of the Board of Directors, the CEO and other members of the Executive Committee of EFG International which have to be all in line with the Articles of Association as well as the Ordinance, and it further decides on the contractual arrangements of other Key Executives, including those of the Company's subsidiaries, as appropriate;
- It approves all salary increases to other staff members, with the exception of those resulting from existing contractual conditions, in cases where the increase places the person into the Key Executive group;
- It sets the rules for staff loans, in particular for those loans made against shares of EFG International and the thresholds above which any staff loan is to be submitted to the Remuneration and Nomination Committee for approval;
- It decides on the granting of loans and credits to members of the Board of Directors and related parties thereof as well as members of the Executive Committee and Regional CEOs (for loans and credits exceeding CHF 500,000);
- It decides on EFG International's contribution to pension and social institutions for the Swiss entities and their branches;
- It reviews the overall annual salary, annual increases and variable compensation as proposed by the management for all other staff of EFG International and its subsidiaries;
- It is informed by the CEO each year, in the context of the yearly compensation review, of a recommendation of RSUs receivers. The Remuneration and Nomination Committee shall consider the recommendations and, at its absolute discretion, determine the size of options or RSUs for each receiver, if any.

## 5. PRINCIPLES

### 5.1 Members of the Board of Directors

#### 5.1.1 Fixed compensation

The fixed compensation of the members of the Board of Directors, subject to the approval by the general meeting of shareholders, consists of a fixed base fee paid in cash depending on the function in the Board of Directors, the number of committee activities and the function in the committees. For further details see article 32 of the Articles of Association\*.

The Board of Directors proposes to the AGM 2017 to amend the Articles of Association in order to allow that the fixed compensation of the members of the Board of Directors must not necessarily be paid in cash but may also be awarded in equity or equity linked instruments (e.g. RSUs).

#### 5.1.2 Variable compensation

The variable compensation to members of the Board of Directors, subject to the approval by the general meeting of shareholders, is paid in cash and/or awarded in equities or equity linked instruments (e.g. RSUs). For further details see articles 32 and 35a of the Articles of Association\*.

\* See [www.efginternational.com/Articles\\_of\\_Association.pdf](http://www.efginternational.com/Articles_of_Association.pdf)

### **5.1.3 Compensation for advisory services**

Subject to the approval by the general meeting of shareholders, members of the Board of Directors may receive additional market standard compensation in cash for advisory services not related to their function as member of the Board of Directors rendered to the Company and/or direct or indirect subsidiaries of the Company. No such compensation for advisory services was paid in 2016.

## **5.2 Members of the Executive Committee**

### **5.2.1 Fixed compensation**

The fixed compensation of the members of the Executive Committee, subject to the approval by the general meeting of shareholders, consists of a fixed compensation paid in cash. For further details see article 33 of the Articles of Association\*.

### **5.2.2 Variable compensation**

The award of variable compensation to the members of the Executive Committee is within the discretion of the Remuneration and Nomination Committee and subject to the approval by the general meeting of shareholders. The Remuneration and Nomination Committee considers a number of quantitative and qualitative elements to award variable compensation, such as profitability and share price evolution of the Company, the relation between variable compensation and key performance indicators, the risk profile of the Company and the individual performance of the members of the Executive Committee during the year. The Remuneration and Nomination Committee approves targets and maximum award levels for each member of the Executive Committee taking into account position, responsibilities and tasks. The variable compensation is payable in cash and a certain percentage is awarded in the form of options and/or RSUs relating to shares of EFG International under the employee equity incentive plan (see section 6.2 hereafter). The minimum percentage awarded in the form of options and/or RSUs cannot be below 50% (as defined in the Articles of Association\*) and is determined annually by the Remuneration and Nomination Committee, the current applicable minimum is 60%. For further details see articles 33 and 35 of the Articles of Association\*.

## **5.3 Other categories of staff**

### **5.3.1 Fixed compensation**

Fixed remuneration to other staff than members of the Board of Directors and Executive Committee is determined in line with the level of education, the degree of seniority, the level of expertise and skills required, the scope of the role, job experience and the relevant business sector and region.

In Switzerland, and in most other countries where reliable data is available, fixed remuneration is also linked to a professional annual remuneration survey conducted in the banking sector.

EFG International uses the performance reviews and market benchmarks on an individual basis to review whether a salary increase is necessary or strongly advised for talent retention. There are countries in which legislation imposes a general minimum salary increase (e.g. legal indexation of salaries), whereas any extra increases would still then follow group wide procedures. Whilst salary surveys are used to help establish the appropriate remuneration for most members of staff they are rarely used at the highest level of management since an insufficient number of organisations with the same level of international complexity render comparison difficult.

\* See [www.efginternational.com/Articles\\_of\\_Association.pdf](http://www.efginternational.com/Articles_of_Association.pdf)

All staff salaries are subject to review on a yearly basis, first by local management and Human Resources, then by the Regional CEO, the EFG International CEO together with the Global Head of Human Resources and finally by the Remuneration and Nomination Committee.

Exceptional increases may occur during the year; above certain limits defined in the Group Remuneration Policy they need Remuneration and Nomination Committee approval before commitment.

### **5.3.2 Variable compensation**

Variable remuneration to other staff members than members of the Board of Directors and Executive Committee – and except CROs (see section 5.4 hereafter); some asset managers and certain Regional Business Heads – is discretionary and is determined by their individual performance (annual assessment), the performance of their business line and the performance of the organisation. The relative importance of each level of the performance criteria is determined beforehand and balanced to take into account the position or responsibilities held by the staff member, defined by job category. The proportion of the variable remuneration that may be deferred will depend on the impact the job category can have on the risk profile of the organisation and the responsibilities and tasks performed. The minimum deferral period for “higher risk” job categories is three years.

Variable compensation can be awarded in the form of cash, deferred cash or deferred equity.

Determination of the overall annual variable remuneration pool for other staff members is a combination of bottom up (starting at single staff level following the annual individual assessment) and top down (evaluating performance of local or region business) approach. A framework is in place to ensure critical appraisal of proposals by Regional CEOs, the EFG International CEO and the Remuneration and Nomination Committee.

The variable compensation review is carried out annually. There is a strong emphasis on the personal contribution when determining the discretionary variable compensation for staff with a modest income. For Key Executives, there is a much stronger emphasis on corporate performance, in particular profitability, with a corresponding diminution of the impact of personal contribution.

For Key Executives, the Remuneration and Nomination Committee considers a number of quantitative and qualitative elements such as the performance, both in profitability and stock price evolution, of EFG International through the year, the relation between variable compensation and key performance indicators, and the risk profile of the institution and the individual performance of Key Executives. Poor performance of the EFG International Group can result in a significant reduction, or even elimination, of the discretionary variable compensation for Key Executives.

Staff contravening internal regulations or regulatory or legal requirements in particular and/or significantly raising the organisation’s risk exposure shall have their variable compensation reduced or eliminated.

Exceptional variable awards may occur during the year; above a certain minimum they need Remuneration and Nomination Committee approval before commitment.

## 5.4 Client Relationship Officers

### 5.4.1 Fixed compensation

EFG International generally only hires experienced bankers as CROs with previous business development experience in this role. Fixed remuneration of CROs is defined at hiring in line with their historic remuneration package and may be reviewed from time to time to ensure correlation with market practices.

### 5.4.2 Variable compensation

Variable compensation is contractual and formulaic (percentage of the business booked by the CRO). Booked business reflects the true net financial contribution of each CRO and does not “prepay” any future expected revenues. It includes all revenues and related costs attributable to them. Bona fide operating errors leading to losses are debited from the CRO’s booked business and impact their variable remuneration. Losses arising from repetitive operating errors, serious mistakes, non-respect of internal and external regulations or law directly reduce their variable remuneration. CROs with a variable compensation over or equivalent to CHF 50,000 are required to take a mandatory 25% of their variable compensation in the form of RSUs.

## 5.5 Employees in control functions

The remuneration level of employees in control functions is deemed to enable the employment of qualified and experienced personnel. The mix of fixed and variable remuneration for control function personnel is weighted in favour of fixed remuneration; variable part is based on function-specific objectives and is not determined by the individual financial performance of the business area they monitor.

## 6. SPECIFIC MECHANISMS OR INSTRUMENTS FOR VARIABLE COMPENSATION

Summary of current applicable rules:

<b>Category</b>	<b>Current deferral rules</b>
CEO and other members of the Executive Committee	Minimum 60% in RSUs
Region Heads / Local Business Heads	Minimum 50% in RSUs
CROs with a variable compensation over CHF 50,000	Minimum 25% in RSUs
Other employees with a variable compensation over CHF 50,000	Progressive deferral: Minimum of 10% up to a maximum of 25%

### 6.1 Deferral obligations

The Group Remuneration Policy imposes deferral obligations on certain staff including members of the Executive Committee, Region Heads, Local Business Heads and any other Senior Executives defined with a risk profile justifying deferral. The Remuneration and Nomination Committee and local management can also impose a level of deferral on all staff at their discretion.



## **6.2 Employee Equity Incentive Plan**

The EFG International Group has adopted an equity incentive plan for employees and executive officers of EFG International and its subsidiaries on 20 September 2005 (the “Employee Equity Incentive Plan”) in order to strengthen the EFG International Group’s ability to furnish incentives for members of the Executive Committee and other key employees and to increase long-term shareholder value by improving operations and profitability. The Employee Equity Incentive Plan has been reviewed and amended in 2015 and will cover any options granted during the financial years 2005 to 2016 and which last up to the point in time that all options and RSUs granted under the Employee Equity Incentive Plan have either been exercised or have expired. Some subsidiaries have implemented local variations to the Employee Equity Incentive Plan.

The CEO identifies and recommends to the Remuneration and Nomination Committee annually all persons who are eligible to participate in the Employee Equity Incentive Plan. The Remuneration and Nomination Committee then considers the recommendation and, at its absolute discretion, determines within the limits of the Articles of Association\* and the approval by the general meeting of shareholders (only regarding members of the Board of Directors and the Executive Committee; see below sections 7.1 and 7.2) the level of equity incentives to be granted to each eligible person.

Until vested, the options and/or RSUs are subject to claw-back or forfeiture. Claw-back arises in the event of proven fraudulent behaviour or if decisions or actions taken in the reference year of the variable award subsequently cause the organisation to be impacted by losses. This is reflected in the employment contract or other documentation enacted with the employee at the time of the variable compensation award. The options and/or RSUs are also subject to forfeiture on the resignation of the employee or termination for cause.

The Remuneration and Nomination Committee may exceptionally decide to grant accelerated vesting to leavers depending on the circumstances of the departure, subject to applicable law.

## **6.3 Other compensation**

Other compensation for members of the Board of Directors and the Executive Committee are subject to the mandatory rules of the Ordinance. Sign-on payments, guaranteed compensation, severance payments or any other special remuneration packages for staff other than the members of the Board of Directors or the Executive Committee are subject to clearly established rules and are made only in exceptional cases; above certain minima such proposals must be submitted to the Remuneration and Nomination Committee for approval before commitment.

# **7. IMPLEMENTATION OF COMPENSATION PRINCIPLES**

## **7.1 Members of the Board of Directors**

The compensation of those members of the Board of Directors who receive compensation is determined by the Remuneration and Nomination Committee and is subject to the approval by the general meeting of shareholders (see articles 17 and 18 of the Articles of Association\*). The fixed compensation of the members of the Board of Directors is approved prospectively for the terms of office until the closure of the next AGM.

No variable compensation for members of the Board of Directors related to the business year 2016 will be proposed to the AGM 2017.

\* See [www.efginternational.com/Articles\\_of\\_Association.pdf](http://www.efginternational.com/Articles_of_Association.pdf)

Details of the compensation paid to the members of the Board of Directors in 2015 and 2016 can be found on pages 82–85.

No agreement with members of the Board of Directors foresees a sign-on or a severance payment.

## **7.2 Members of the Executive Committee**

The compensation of the members of the Executive Committee is determined annually by the Remuneration and Nomination Committee and subject to the approval by the general meeting of shareholders (see articles 17 and 18 of the Articles of Association\*). The fixed compensation of members of the Executive Committee is approved prospectively for the current business year and the variable compensation retrospectively (awarded in the current business year based on the performance in the business year preceding the AGM).

The following elements of compensation are applied at the level of the Executive Committee:

- Fixed compensation in cash;
- Variable compensation defined annually (including Employee Equity Incentive Plan);
- Social charges.

Subject to the approval by the general meeting of shareholders, variable compensation for members of the Executive Committee is determined entirely within the discretion of the Remuneration and Nomination Committee based upon recommendations of the CEO (except in relation to his own variable compensation). The Remuneration and Nomination Committee has defined a minimum of 60% of the variable remuneration of the members of the Executive Committee to be taken in the form of RSUs and deferred over a period of minimum three years with progressive vesting. On an exceptional basis the Remuneration and Nomination Committee may approve modifications of this rule for specific events, subject to mandatory law.

Variable Compensation shall be awarded on the basis of an assessment of individual performance and the performance of EFG International as a whole. Factors discussed by the Remuneration and Nomination Committee include personal performance, subordinates' performance, sound management, budget control, and the realization of defined objectives, realization of last minute projects/objectives and any other contributions to the benefit of EFG International.

The variable component of compensation to members of the Executive Committee amounted from 0% to 139% of the annualized fixed component, averaging at 49.3%. The average variable component to annualized total compensation is 25.7%, of which average deferral for a member of the Executive Committee is 100%.

The Remuneration and Nomination Committee may exceptionally decide to grant accelerated vesting to leavers depending on the circumstances of the departure, subject to applicable law.

Details of the compensation paid to the members of the Executive Committee in 2016 and 2015 can be found on pages 82–85.

No employment contract with members of the Executive Committee foresees a sign-on or a severance payment.

\* See [www.efginternational.com/Articles\\_of\\_Association.pdf](http://www.efginternational.com/Articles_of_Association.pdf)

### 7.3 Senior Management Forum

The senior management forum (“the Forum”) meets on a regular basis and provides a discussion forum for global business topics and challenges. The Forum includes the members of the Executive Committee and their direct reports, Regional CEOs and Senior Executives. The Forum counted 79 members for 2016.

The compensation of the members of the Forum is determined as for all staff and is reviewed annually by the Remuneration and Nomination Committee. The same elements of compensation as for the Executive Committee apply to the Forum (see section 5.2 above). It should be noted that the members of the Forum do not receive additional compensation for their membership in the Forum.

The deferral requirements imposed on the Forum members vary in view of their business activity and risk profile. Regional CEOs and Local Business Heads are subject to a minimum of 50% deferral of their variable compensation. The senior management in control and operational functions has a minimum deferral of 25% with an average deferral of 34.0%.

The variable component of pay to members of the Forum amounted from 0% to 398% of the annualised fixed component, averaging at 50.7%. The average variable component to annualised total compensation is 22.9%, of which average deferral for a Forum member is 47.4%.

#### Compensation of Senior Management Forum

Compensation year ended 2016

	Fixed compensation (1)	Variable compensation (2)		Other compen- sation	Social charges (4)	Total 2016
	Cash CHF	Cash bonus CHF	Share options (3) CHF	CHF	CHF	CHF
<b>Senior Management Forum</b>						
<b>Total</b>	<b>26,700,424</b>	<b>7,929,377</b>	<b>9,035,796</b>	<b>242,789</b>	<b>4,313,721</b>	<b>48,222,107</b>
Average	337,980	100,372	114,377	3,073	54,604	610,406

#### Notes

- 1) Including employees’ contributions for social charges.
- 2) Including the amounts of the members of the Executive Committee, subject to approval by the shareholders at the AGM 2017.
- 3) The amount represents the value of equity incentives granted in 2017 based on the performance in the previous year to members of the Senior Management Forum. For specific valuation of the Employee Equity Incentive Plans, refer to note 54 of the consolidated financial statements.
- 4) Including employer pension contributions.

## 8. LOANS AND CREDITS

The Articles of Association\* provide for granting loans and credits at market conditions or generally applicable employee conditions to the members of the Board of Directors and the Executive Committee.

It is specified that such loans and credits shall not exceed a maximum of CHF 3,000,000 for unsecured loans and credits as well as CHF 20,000,000 for secured loans and credits per member of the Board of Directors and the Executive Committee (see article 36a paragraph 1 of the Articles of Association\*). In 2016 there were no additional/new loans and credits granted.

The Remuneration and Nomination Committee decides on the granting of loans and credits to members of the Board of Directors and their related parties as well as members of the Executive Committee and Regional CEOs (for loans and credits exceeding CHF 500,000). All other loans and credits to members of the Executive Committee and Regional CEOs, not falling under the competences of the Remuneration and Nomination Committee, are dealt with by the approval body of EFG International ("the Approval Body"). The Approval Body comprises three members of the Executive Committee and, as a backup, the Head of the Credit Department. Details on pre-existing loans and credits granted to members of the Board of Directors and the Executive Committee can be found on page 85.

## 9. EXTERNAL ADVICE

EFG International uses local market surveys where available and external consultants when necessary.

\* See [www.efginternational.com/Articles\\_of\\_Association.pdf](http://www.efginternational.com/Articles_of_Association.pdf)

## 10. COMPENSATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

(i) Compensation year ended 2016 (audited)

	Fixed	Variable		Other	Social	Total
	compensation (1)	compensation (2)		compensation	charges	
	Cash	Cash bonus	Share options			
	CHF	CHF	(3) CHF	CHF	CHF	CHF
<b>Board of Directors</b>						
John A. Williamson, Chairman (5)	1,209,335				194,224	1,403,559
Niccolò H. Burki, Vice-Chairman	276,668				15,739	292,407
Susanne Brandenberger, member	160,001				34,580	194,581
Emmanuel L. Bussetil, member (6)						–
Erwin R. Caduff, member	150,001				8,068	158,069
Robert Y. Chiu, member*	41,667				2,184	43,851
Michael N. Higgin, member**	300,919				23,099	324,018
Roberto Isolani, member*** (6)						–
Steven M. Jacobs, member*** (6)						–
Spiro J. Latsis, member (6)						–
Périclès Petalas, member (6)						–
Bernd-A. von Maltzan, member	150,001				8,068	158,069
Daniel Zuberbühler, member	130,000				6,855	136,855
<b>Total Board of Directors</b>	<b>2,418,592</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>292,817</b>	<b>2,711,409</b>
<b>Executive Committee</b>						
<b>Total Executive Committee**** (7)</b>	<b>7,219,723</b>	<b>–</b>	<b>4,360,504</b>	<b>75,098</b>	<b>1,124,866</b>	<b>12,780,191</b>
of which highest paid:						
Joachim H. Straehle, CEO	1,600,007		700,000		192,741	2,492,748

\* Left in April 2016

\*\* Includes UK subsidiary Board of Directors' fees

\*\*\* Joined in October 2016

\*\*\*\* Including members of the Executive Committee who joined and left in 2016

### Notes

- Including employees' contributions for social charges.
- Subject to approval by the shareholders at the AGM 2017.
- The amount represents the value of RSUs to be granted in 2017. For specific valuation of the Employee Equity Incentive Plans, refer to note 54 of the consolidated financial statements.
- Employer social charges of the Executive Committee of CHF 1,124,866 include an amount of CHF 465,279 of pension contributions.
- This member of the Board of Directors received a fixed compensation based on his former compensation package as CEO of EFG International for the first four months of 2016 (until AGM 2016).
- No compensation has been paid to this member of the Board of Directors.
- The AGM 2016 has approved a maximum aggregate fixed compensation for all members of the Executive Committee for the business year 2016 of CHF 11,600,000. The table above shows that the total fixed compensation paid to the members of the Executive Committee in 2016 has not exceeded that amount.

No compensation has been granted to related parties of members of the Board of Directors and the Executive Committee.

Members of the Board of Directors and the Executive Committee benefit from the same preferential conditions for banking transactions executed in-house (EFG Bank AG) that are available to all employees of the EFG International Group.

(ii) *Board of Directors' Compensation approved at the AGM 2016*

The table above shows the compensation of the individual members of the Board of Directors for the business year 2016 as they are calculated for the Financial Statements 2016. Since the shareholders have approved at the AGM 2016 a maximum aggregate fixed compensation for all members of the Board of Directors for their term of office from AGM 2016 to AGM 2017 of CHF 4,200,000 the table below shows that the total fixed compensation paid to the members of the Board of Directors for such term of office has not exceeded the amount approved by the shareholders.

	Fixed compensation (1)		From AGM 2016
	Cash CHF	Social charges CHF	to AGM 2017 Total CHF
<b>Board of Directors</b>			
John A. Williamson, Chairman	1,000,000	98,487	1,098,487
Niccolò H. Burki, Vice-Chairman	220,000	12,936	232,936
Susanne Brandenberger, member	205,000	44,239	249,239
Emmanuel L. Bussetil, member (2)			–
Erwin R. Caduff, member	150,000	8,068	158,068
Michael N. Higgin, member*	334,668	24,963	359,631
Roberto Isolani, member** (2)			–
Steven M. Jacobs, member** (2)			–
Spiro J. Latsis, member (2)			–
Périclès Petalas, member (2)			–
Bernd-A. von Maltzan, member***	246,434	8,068	254,502
Daniel Zuberbühler, member	125,000	6,656	131,656
<b>Total Board of Directors</b>	<b>2,281,102</b>	<b>203,417</b>	<b>2,484,519</b>

\* Includes UK subsidiary Board of Directors' fees

\*\* Joined in October 2016

\*\*\* Includes Luxembourg subsidiaries Board of Directors' fees

Notes

- 1) Including employees' contributions for social charges.
- 2) No compensation has been paid to this member of the Board of Directors.

No compensation has been granted to related parties of members of the Board of Directors and the Executive Committee.

Members of the Board of Directors and the Executive Committee benefit from the same preferential conditions for banking transactions executed in-house (EFG Bank AG) that are available to all employees of the EFG International Group.

(iii) Compensation year ended 2015 (audited)

	Fixed compensation (1)		Variable compensation (2)		Other compensation (3)	Social charges (4)	Total 2015
	Cash CHF	Cash bonus CHF	Share options (3) CHF	CHF			
<b>Board of Directors</b>							
Niccolò H. Burki, Chairman	406,748					23,942	430,690
John A. Williamson, Vice-Chairman (5)**	1,116,644					109,975	1,226,619
Susanne Brandenberger, member**	37,500					8,096	45,596
Emmanuel L. Bussetil, member (6)							–
Erwin R. Caduff, member	141,668					10,080	151,748
Robert Y. Chiu, member	125,002		963,213			6,581	1,094,796
Michael N. Higgin, member***	309,308					23,071	332,379
Spiro J. Latsis, member (6)							–
Périclès Petalas, member (6)							–
Bernd-A. von Maltzan, member	150,000					8,101	158,101
Daniel Zuberbühler, member	135,002					7,189	142,191
Jean Pierre Cuoni*	220,000					13,368	233,368
Hugh N. Matthews*	166,666					9,370	176,036
<b>Total Board of Directors</b>	<b>2,808,538</b>	<b>–</b>	<b>963,213</b>	<b>–</b>	<b>–</b>	<b>219,773</b>	<b>3,991,524</b>

**Executive Committee**

<b>Total Executive Committee</b>	<b>7,860,408</b>	<b>2,853,733</b>	<b>3,755,600</b>	<b>54,603</b>	<b>1,226,868</b>	<b>15,751,212</b>
of which highest paid:						
James T.H. Lee, Head of Investment & Wealth Solutions	1,107,829	450,400	675,600	41,160	164,635	2,439,624

\* Left in 2015

\*\* Joined in 2015

\*\*\* Includes UK subsidiary Board of Directors' fees

Notes

- 1) Including employees' contributions for social charges.
- 2) Approved by the shareholders at the annual general meeting 2016.
- 3) The amount represents the value of RSUs granted in 2016. For specific valuation of the Employee Equity Incentive Plans, refer to note 54 of the consolidated financial statements.
- 4) Employer social charges of the Executive Committee of CHF 1,226,868 includes an amount of CHF 410,672 of pension contributions.
- 5) This member of the Board of Directors receives a variable compensation related to his former position as CEO of EFG International until 24 April 2015, approved by the shareholders at the annual general meeting 2016, for a total amount of CHF 1,400,000 (CHF 560,000 in cash and CHF 840,000 in RSUs). These amounts are included in the total reported for Executive Committee members.
- 6) No compensation has been paid to this member of the Board of Directors.

No compensation has been granted to related parties of members of the Board of Directors and the Executive Committee.

Members of the Board of Directors and the Executive Committee benefit from the same preferential conditions for banking transactions executed in-house (EFG Bank AG) that are available to all employees of the EFG International Group.

## 11. LOANS AND CREDITS TO THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE (AUDITED)

### Loans and credits

The following pre-existing loans and credits granted by subsidiaries to members of the Board of Directors and the Executive Committee are outstanding at the end of the year. These loans and credits were granted before the Ordinance entered into force on 1 January 2014.

	2016 CHF	2015 CHF
<b>Board of Directors</b>		
John A. Williamson, Chairman		445,284
<b>Total Board of Directors</b>	<b>–</b>	<b>445,284</b>
<b>Executive Committee</b>		
Maurizio Moranzoni, Head of Global Markets (highest amount granted to an individual member of the Executive Committee)*	2,633,224	
Other members of the Executive Committee**	<b>5,147,663</b>	536,435
<b>Total Executive Committee</b>	<b>7,780,887</b>	<b>536,435</b>

\* Member of the Executive Committee since October 2016

\*\* Amounts drawn within the pre-existing credit limits. Including members of the Executive Committee who joined in June 2016 and October 2016

The variation in the loans and credits reported for the members of the Executive Committee in 2015 and 2016 is essentially due to the arrival of the new members who joined the Executive Committee in 2016.

No loans or credits were granted to related parties of members of the Board of Directors and Executive Committee by EFG International and its subsidiaries.



## AUDITOR'S REPORT

Report of the statutory auditor  
to the General Meeting of  
EFG International AG  
Zurich

### REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING ON THE COMPENSATION REPORT 2016

We have audited the Compensation Report of EFG International AG for the year ended 31 December 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled “audited” on pages 82 to 85 of the Compensation report.

#### **Board of Directors' responsibility**

The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the accompanying Compensation Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Compensation Report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Compensation Report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Compensation Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the Compensation Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinion**

In our opinion, the Compensation Report of EFG International AG for the year ended 31 December 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers Ltd



Christophe Kratzer  
Audit expert  
Auditor in charge



Thomas Romer  
Audit expert

Geneva, 14 March 2017

