EFG INTERNATIONAL
INTERIM MANAGEMENT REPORT 2015

DESCRIPTION OF BUSINESS

EFG International AG and its subsidiaries (hereinafter collectively referred to as "the Group") are a leading global private banking group, offering private banking and asset management services. The Group operates in approximately 30 locations worldwide, with circa 2,000 employees. The Group's parent company is EFG International AG, which is a limited liability company and is incorporated and domiciled in Switzerland and listed on the SIX Swiss Exchange. EFG International AG is a member of EFG Group.

FINANCIAL SUMMARY

For the first six months of 2015 (H1 2015):

Net profit

– IFRS net profit was CHF 48.0 million, compared with CHF (6.0) million for the same period last year.

– Underlying net profit was CHF 51.0 million, compared with CHF 57.7 million a year earlier, as a result of exiting certain non-strategic lending business and a weak end to the second quarter due to external factors.

Operating income & expenses

– Operating income was CHF 353.0 million, up 3% from a year earlier.

– The revenue margin was 87 bps in the first half, compared with 88 bps in the first half of last year.

– Operating expenses increased 7% year-on-year to CHF 296.0 million, reflecting investments in growth.

– The cost-income ratio was 83.3% in the first half of 2015 (80.2% in the first half of 2014).

Capital position

– The Basel III BIS-EU Capital Ratio stood at 17.8%, on account of higher risk weighted assets due to regulatory changes.

Revenue-generating Assets under Management

– Revenue-generating Assets under Management were CHF 80.2 billion, down from CHF 84.2 billion at end-2014, due to a combination of lower lending and the strong

Swiss franc. Net new assets were CHF (0.3) billion, compared with CHF 2.7 billion a year earlier.

IMPORTANT EVENTS DURING THE FIRST SIX MONTHS AND, WHERE APPROPRIATE, THEIR IMPACT ON FINANCIAL STATEMENTS

Performance below expectations during first half - constrained by a number of factors

During the first half of 2015, EFG International did not build on the strong progress achieved in 2014 (particularly during the second half) as it had anticipated. This reflects a number of factors. The policy decision to exit certain non-strategic lending business was extended, addressing situations where lending was not sufficiently part of an overall private banking relationship and / or pricing was inadequate. In addition, pronounced economic and market uncertainty in the Eurozone, Brazil and China had an impact on client activity levels, particularly in the latter part of the period: consequently, the second quarter was weaker than the first.

EFG International's operating income was CHF 353.0 million during the first half of 2015, up 3% on a year earlier. The revenue margin was 87 bps, down from 90 bps during the second half of 2014 and from 88 bps a year earlier. However, it remains comfortably above EFG International’s minimum of 84 bps.

IFRS net profit was CHF 48.0 million, compared with CHF (6.0) million during the first half of 2014. Underlying net profit was CHF 51.0 million, down from CHF 57.7 million a year earlier, after excluding exceptional legal and professional charges of CHF 4.0 million. Operating expenses were CHF 296.0 million, up 7% on a year earlier (up 6% excluding exceptional legal and professional charges), reflecting investments in growth, but down 1% compared with the second half of 2014. The cost-income ratio stood at 83.3%, up from 80.2% for the same period last year.

Revenue-generating Assets under Management were CHF 80.2 billion, down from CHF 84.2 billion at the end of 2014 but flat compared with a year earlier. This reflects FX and market effects of CHF (3.7) billion and net new assets of CHF (0.3) billion.

On a Basel III (fully applied) basis, EFG International’s BIS-EU Capital Ratio stood at 17.8%, reflecting higher risk-weighted assets due to regulatory changes. The Common Equity Ratio (CET1) stood at 13.9%, versus 14.2% at the end of last year. EFG International maintains a strong and liquid balance sheet, with a liquidity coverage ratio of 325% and a loan/deposit ratio of 56%.

Net new assets below target range

Net new assets were CHF (0.3) billion in the first half of 2015, down from CHF 2.7 billion a year earlier. Both the UK and Continental Europe generated net new assets within EFG International’s target range; in Switzerland, net new assets were neutral, an encouraging improvement on previous quarters; however, Asia and the Americas disappointed. This partly reflects EFG International’s decision, announced when reporting its annual results, to adopt a more selective approach in relation to lending. This was designed to ensure that loans were aligned with EFG International’s lending strategy, both in terms of pricing covering liquidity and capital costs and the overall composition of a client's business with EFG International. This process is now largely complete, enabling EFG International’s focus to return to generating new business. A number of growth initiatives have taken longer than expected to come on stream, but should do so during the second half of this year. A marked improvement in net new assets is therefore anticipated for the second half, and EFG International remains fully committed to delivering net new asset growth within its target range of 5-10%.

Improvement in CRO hiring and set to strengthen further

The number of CROs stood at 444 at end-June 2015, up from 440 at end-2014, with 36 hires during the period. Furthermore these headline numbers do not convey the strength of net hiring. There was a reduction of 10 CROs in Luxembourg, who decided to start their own business, working closely with EFG Bank (Luxembourg) S.A. In addition, there were a further 24 CROs contracted to join during the second half, and the pipeline remains strong. A number of recent senior hires should help to ensure this positive trend continues.

A change of leadership – strategic continuity, and drawing a line under outstanding issues

Effective 24 April 2015, Joachim H. Straehle took over from John Williamson as Chief Executive Officer of EFG International. John Williamson became Vice Chairman and will be proposed as Chairman at next year's Annual General Meeting. Niccolò H. Burki was appointed as Chairman for the coming year. The rationale was to introduce a fresh perspective, while preserving an important element of continuity.

EFG International's broad strategy of being a leading independent pure-play private bank remains unchanged. Over the past four years, significant progress has been made in terms of resetting the business. There remain just a few outstanding issues to be addressed, to enable everyone's energies to be channelled towards delivering controlled, profitable growth:

- EFG International expects to reach a settlement in relation to the US Tax Programme in the near future. It believes the provisions already made are adequate.

- Regarding life insurance, a re-underwriting project is underway and will be completed by year-end. EFG International cannot exclude an extension of life expectation estimates, which might have a negative P&L or valuation impact.

- EFG International intends to continue with a proactive approach to capital management, and to continually adjust its capital composition to evolving regulatory frameworks. Its intention is to convert as much as possible of its existing Tier 2 capital into Additional Tier 1 as soon as market conditions are conducive.

Costs must be reduced and rigorous cost and performance management applied

EFG International is committed to getting its cost-income ratio down to below 75%, and to delivering operating leverage on an ongoing basis. The need to reduce costs, and to further tighten cost management, has been highlighted by performance in the first half.

EFG International is undertaking a review of marginally profitable offices, booking centres and operating processes – and indeed the scope of this has been extended in light of recent performance. The following steps are to be taken:

- Decisions will be taken shortly regarding marginally profitable offices, as well as a number of booking centres, with a view to reducing costs and, just as important, complexity.

- Functional heads have been made responsible for their functions (including IT, operations, compliance and risk management) on a global basis, to ensure both quality and cost efficiency. This should also help to ensure that regional business heads have more time to focus on developing business and driving performance.

- Improving the efficiency of administrative support delivered to CROs.

- All parts of the business have been tasked to take a comprehensive look at their cost base, and to deliver savings across the board.

As a result of these measures, combined with rigorous ongoing cost control (and with costs to be managed proactively in relation to profitability), EFG International is looking to attain a cost-income ratio of no more than 75% as a business priority.

Growth must be delivered

EFG International remains committed to delivering growth from existing businesses and new growth initiatives. There is no shortage of the latter, and a key focus of leadership will be on executing these. Key areas include:

- Existing CROs have a crucial role to play in terms of growing the business, and EFG International needs to return to a situation where all CROs made a meaningful contribution to net new asset generation. The organisational changes being implemented are designed to ensure more practical support and more effective performance management.

- New CRO hires bode well for the second half and future years, with the quality of individuals consistent with EFG International's focus on high calibre individuals and particularly teams. The pipeline remains strong and, as mentioned earlier, a number of recent senior hires should help to ensure this trend continues.

- Significant scope exists to broaden and deepen relations with clients. There will be a major focus on capitalising on the investments already made in developing a comprehensive integrated solutions platform, encompassing wealth structuring, wealth solutions and credit. Capabilities in relation to UHNWIs continue to be upgraded. Following one-off adjustments to the lending portfolio, EFG International will now continue lending as a balanced (and sufficiently remunerative) part of an all-round private banking relationship.

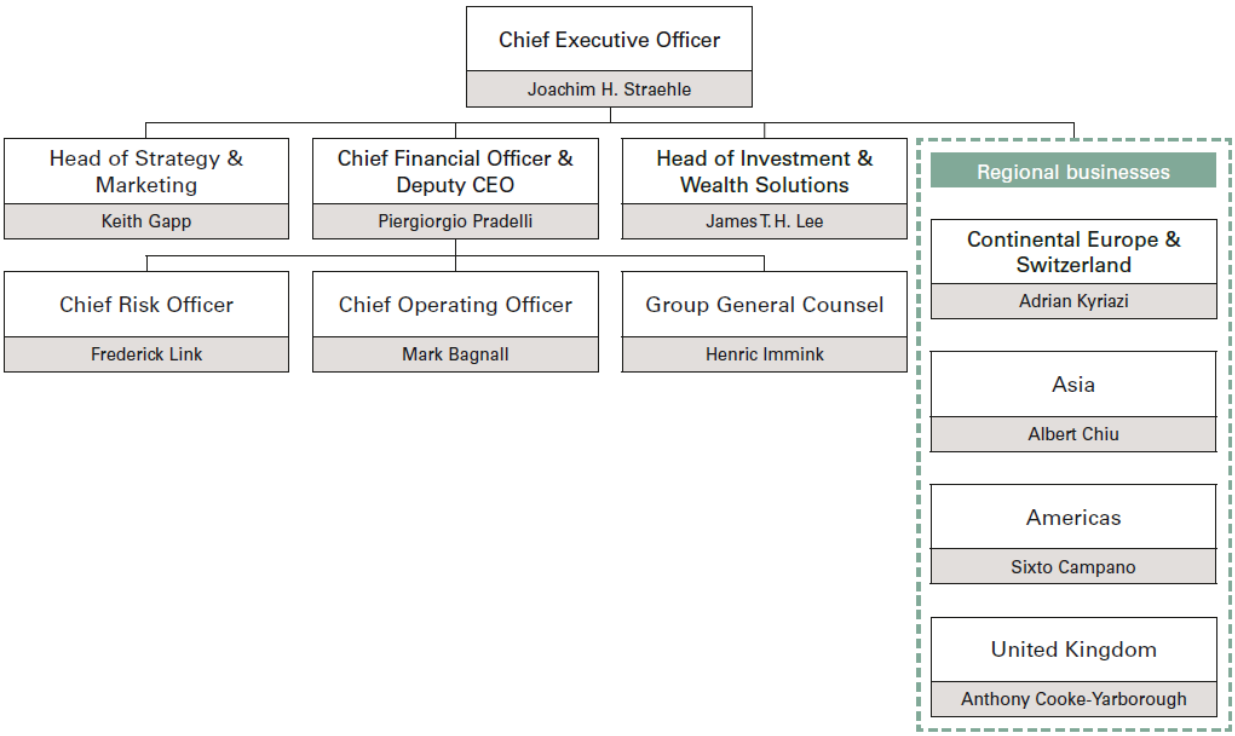
- CEE capabilities continue to be upgraded (for example, a team of three CROs serving Polish clients joined EFG International in May). The same applies to the Eastern Mediterranean, including Israel. The new representative office in Athens, opened in August 2014, is performing in line with expectations. The new operation in Cyprus has just become operational.

- Plans to establish an onshore business in Chile are progressing, and the business should be operational during the second half of the year. Good progress has also been made in relation to hiring in both Uruguay and Colombia.

As the new CEO, Joachim H. Straehle is committed to ensuring that new growth initiatives are well executed and deliver in line with expectations, as well as generally looking to accelerate growth from existing businesses and CROs. There will also be a particular emphasis on regions where there is felt to be significant upside potential for EFG International, including Asia and the Middle East.

Reorganising executive governance to ensure a stronger client and performance focus

EFG International's existing two tier structure, comprising an Executive Committee and Global Business Committee, will be combined into a Management Board. It will include regional business heads who were not formerly members of the Executive Committee. This is designed to ensure a more collective and performance-orientated approach, with a stronger focus on performance management. The composition of the new Management Board is shown below.



DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

Committed to delivering medium-term targets; need to step up performance

EFG International is a pure-play private bank, operating in an attractive market, with a distinctive business model and a number of strengths that should provide competitive differentiation. However, the acid test is superior performance, which EFG International did not deliver in the first half of 2015. Too much should not be read into just a few months' performance, but EFG International recognises that it is imperative to return to the path of controlled, profitable growth.

As its new CEO, Joachim H. Straehle is committed to restoring strong forward momentum, and ensuring that 2015 represents just a transitional pause in terms of underlying business progress. Steps are being taken to enhance executive governance; to strengthen performance management of both existing businesses and new initiatives; to simplify the business; to reset the cost base; to ensure the utmost vigilance in controlling costs going forward; and, crucially, to deliver on existing growth initiatives while supplementing them with new ones in a few key markets. Overall, leadership is committed to ensuring that these combine to deliver a significant up-lift in business performance.

Joachim H. Straehle is confident that EFG International should be able to significantly increase profit over the medium term and is looking to accelerate development to get to CHF 100 billion in Assets under Management as quickly as possible. EFG International remains committed to its stated medium-term objectives:

- Net new assets in the range 5-10% per annum.

- A cost-income ratio of no more than 75%.

- Maintain capital strength, with an objective of high teens for the Basel III BIS Capital Ratio and low teens for the Common Equity Ratio (CET 1).

- Revenue margin to be a minimum of 84bps.

- As a result, delivering strong double-digit growth in profit and a double-digit return on shareholders' equity.

However, in terms of general risks and uncertainties facing the business:

– EFG International's performance, in common with the private banking industry as whole, continues to be affected by challenging conditions. Economic, market and business conditions will continue to have a significant bearing on the rate of progress.

– EFG International will also seek to continue to attract top talent. As mentioned, there has been a return to net CRO hiring and the focus remains on high quality individuals and, in particular, teams.

Specific risk considerations

The EFG International Board of Directors determines the overall risk appetite for EFG International and has delegated such responsibilities to various risk committees who have as their main objective the minimizing of risks as follows:

a) Credit risk: Credit risk arises principally from the Group's lending activities to its clients. However as EFG International's primary credit exposures relate to loans collateralized by security portfolios and by mortgages, credit risk exposure is comparatively low. EFG International is also exposed to credit risk related to financial institutions. Management of such exposure is based on a system of counterparty limits coordinated at the EFGI Group level, subject to country limits.

b) Market Risk: EFG International is exposed to fluctuations in interest rates, exchange rates, share prices and commodity prices. Market risk derives from trading in treasury and investment market products for which prices are fixed daily, as well as from more traditional banking business, such as loans. In the case of foreign exchange, EFG Bank maintains proprietary positions in linear foreign exchange measured against overnight and Value at Risk (VaR) limits. Adherence to all limits is monitored independently by the Global Risk Management Division, under the direct supervision of the Chief Risk Officer.

c) Funding and Liquidity Risk: EFG International manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to clients, both in demand for loans and repayment of deposits, and to satisfy the company's own cash flow needs within all of its business entities. The global upheaval in the financial markets that started over four years ago continues to be marked by instability and volatility impacting upon market and investor confidence primarily characterized by a reduction in liquidity. However, our client deposit base, our capital and reserves position and our conservative gapping position when funding client loans ensure that EFG International runs only limited liquidity and funding risks.

d) Legal and Regulatory Risk: EFG International is subject to stringent regulation of all its businesses including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in Switzerland and the other markets where it operates. Future changes in regulation, fiscal or other policies in Switzerland and globally are unpredictable and beyond the control of EFG International and could have a future impact on its businesses.

e) Operational & Reputation Risk: EFGI acknowledges that carrying out business in the banking and financial services industry entails risks, including operational and reputation risks. In this respect, the EFGI Group aims at mitigating significant operational and reputation risks it may inherently run to a level it considers appropriate and commensurate with its size, structure, and nature of complexity of its service/product offerings, thus adequately protecting its assets and its shareholders' interest while optimizing its risk/reward ratio. While the primary responsibility for managing operational/reputation risks lies with the EFGI business entities, the development, implementation and oversight of an integrated 'Operational Risk Management Framework' as well as a 'Reputation Risk Policy Framework' form part of the EFGI Group objectives to manage, oversee and mitigate these risks.

SUMMARY

EFG International a well-placed business that should be capable of delivering strong double-digit growth over the long term. Leadership is keen to get to CHF 100 billion in AuM as quickly as possible. However, strengths are only meaningful if they are converted into results, and this was not the case during the first half. Leadership is confident this is not an accurate reflection of what the underlying business is capable of – portfolio adjustments on the lending side, external factors, and inevitable distractions conspired to depress performance. The underlying business has to do significantly better. Organisational changes have been made to ensure that people are focusing on the right things; the business needs to be more rigorous on the cost side; performance management needs to be more robust; and it must walk the talk in delivering growth. Leadership is absolutely committed to delivering strong, profitable growth and ensuring that EFG International delivers on its full potential. The latter means EFG International being among the leading private banks when it comes to growth in both AuM and profits.

FORWARD LOOKING STATEMENTS

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

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