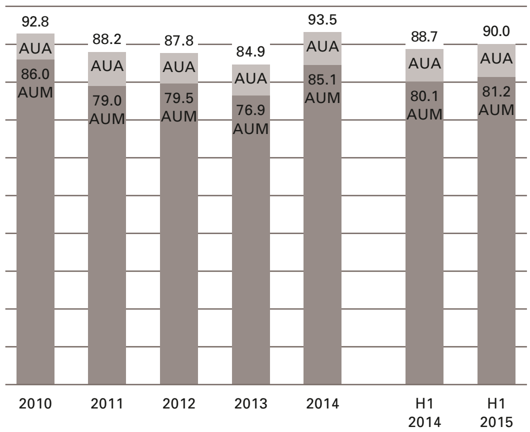
EFG International

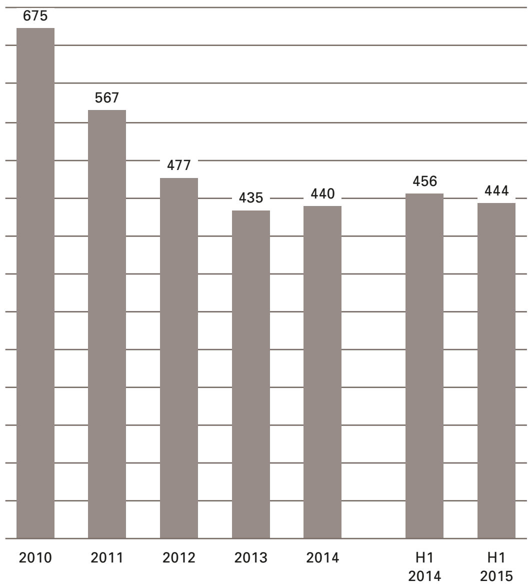
HALF YEAR REPORT 2015

AUM and AUA

in CHF billions

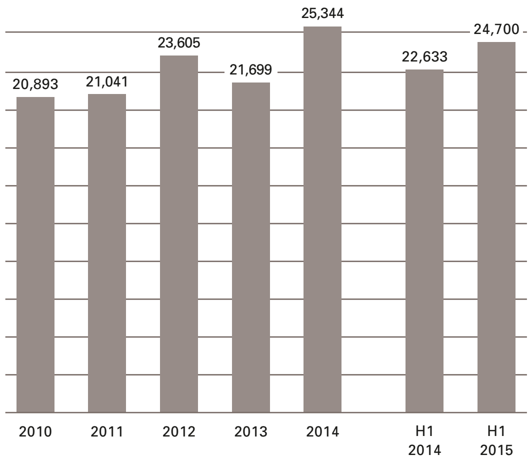


Client Relationship Officers (CROs)



Total Balance Sheet

in CHF millions



EFG INTERNATIONAL CONSOLIDATED FINANCIAL HIGHLIGHTS

in CHF millions		30 June 2015
Income		
Operating income		353.0
Profit before tax		58.6
Underlying net profit		51.0
Cost/income Ratio		83.3%
Balance Sheet		
Total Assets		24,700
Shareholders' Equity		1,132
Market Capitalisation		
Share Price (in CHF)		13.25
Market Capitalisation (ordinary shares)		2,011
BIS Capital (Basel III, fully applied, EU)		
Total BIS Capital		1,093
Total BIS Capital Ratio		17.8%
Ratings	**long term**	**outlook**
Moody's	A1	Negative
Fitch	A	Stable
Personnel		
Total number of CROs		444
Total number of employees		2,136
Listing		
Listing at the SIX Swiss Exchange, Switzerland; ISIN: CH0022268228		
Ticker Symbols		
Reuters		EFGN.S
Bloomberg		EFGN SW

International practitioners
of the craft of private banking

CONTENTS

SHAREHOLDER'S LETTER

Niccolò H. Burki, Chairman of the Board
Joachim H. Straehle, Chief Executive Officer

Dear shareholders, dear clients,

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.

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.

REVIEW OF BUSINESS

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

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:

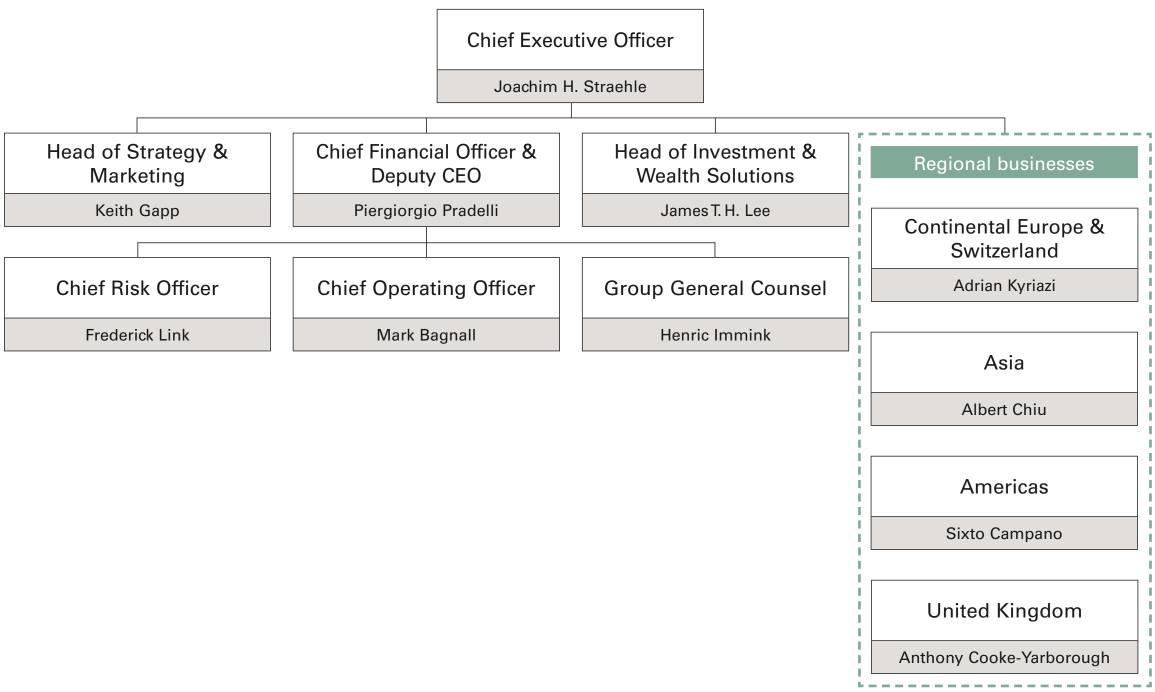
- Existing CROs have a crucial role to play in terms of growing the business, and EFG International needs to return to a situation where all CROs made a meaningful contribution to net new asset generation. The organisational changes being implemented are designed to ensure more practical support and 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, with effect from August 2015. 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 new Management Board is shown below.



LOOKING AHEAD

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.

EFG International will provide an update on business performance in early November 2015.

Niccolò H. Burki,
Chairman of the Board

Joachim H. Straehle,
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Interest and discount income		**203.3**	235.7	222.6
Interest expense		**(103.1)**	(114.5)	(96.6)
Net interest income	5	**100.2**	121.2	126.0
Banking fee and commission income		**238.9**	248.7	229.0
Banking fee and commission expense		**(48.4)**	(49.7)	(46.7)
Net banking fee and commission income	6	**190.5**	199.0	182.3
Dividend income	7	**1.8**		1.1
Net trading income	8	**46.9**	39.0	30.8
Net loss from financial instruments measured at fair value	9	**(1.4)**	(0.1)	(2.9)
Gains less losses on disposal of available-for-sale investment securities	10	**14.0**	13.9	4.3
Other operating income		**1.0**	0.7	1.3
Net other income		**62.3**	53.5	34.6
Operating income		**353.0**	373.7	342.9
Operating expenses	11	**(296.0)**	(298.3)	(276.7)
Other provisions	15	**1.5**	(0.4)	(63.7)
Reversal of impairment / (impairment) on loans and advances to customers		**0.1**	0.5	(0.2)
Reversal of impairment on financial assets held-to-maturity			2.5	
Profit before tax		**58.6**	78.0	2.3
Income tax expense	13	**(9.1)**	(10.5)	(7.2)
Net profit / (loss) for the period		**49.5**	67.5	(4.9)
Net profit / (loss) for the period attributable to:				
Net profit / (loss) attributable to equity holders of the Group		48.0	67.4	(6.0)
Net profit attributable to non-controlling interests		1.5	0.1	1.1
		49.5	67.5	(4.9)
Earnings per ordinary share		CHF	CHF	CHF
Basic	19	**0.32**	0.45	(0.04)
Diluted	20	**0.31**	0.44	(0.04)

The notes on pages 19 to 44 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 2015

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Net profit / (loss) for the period	**49.5**	67.5	(4.9)
Items that may be reclassified subsequently to the Income Statement:			
Net (loss) / gain on hedge of investments in foreign operations, with no tax effect	(15.8)	11.2	5.9
Currency translation differences, with no tax effect	(24.3)	11.7	9.4
Fair value gains on available-for-sale investment securities, before tax	4.8	5.1	22.4
Tax effect on available-for-sale investment securities	1.2	(0.8)	(0.3)
Transfer to the Income Statement of realised available-for-sale investment securities reserve, before tax	(14.0)	(13.9)	(4.3)
Items that will not be reclassified to the Income Statement:			
Defined benefit costs	(13.7)	(21.4)	(8.0)
Comprehensive income for the period, net of tax	**(61.8)**	(8.1)	25.1
Total comprehensive income for the period	**(12.3)**	59.4	20.2
Total comprehensive income for the period attributable to:			
Owners of the Group	(11.3)	59.2	19.2
Non-controlling interests	(1.0)	0.2	1.0
	(12.3)	59.4	20.2

The notes on pages 19 to 44 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2015

	Note	30 June 2015 CHF millions	31 December 2014 CHF millions
Assets			
Cash and balances with central banks		3,273.1	2,855.3
Treasury bills and other eligible bills		685.2	626.0
Due from other banks		2,449.8	2,108.8
Loans and advances to customers		11,909.2	13,031.1
Derivative financial instruments		460.9	569.5
Financial assets at fair value:			
Trading assets		61.1	105.6
Designated at inception		300.8	329.7
Investment securities:			
Available-for-sale		3,963.1	4,093.5
Held-to-maturity		1,101.2	1,159.1
Intangible assets		260.7	274.9
Property, plant and equipment		19.2	21.1
Deferred income tax assets		29.9	32.8
Other assets		185.5	136.7
Total assets		**24,699.7**	25,344.1
Liabilities			
Due to other banks		579.1	466.0
Due to customers		18,222.9	18,564.5
Subordinated loans	14	232.2	246.3
Derivative financial instruments		502.3	661.1
Financial liabilities designated at fair value		335.0	369.2
Other financial liabilities		2,987.1	3,030.7
Debt issued	14	389.8	411.1
Current income tax liabilities		4.5	6.0
Deferred income tax liabilities		34.7	35.4
Provisions	15	26.3	38.0
Other liabilities		253.7	340.7
Total liabilities		**23,567.6**	24,169.0
Equity			
Share capital	16	76.0	75.5
Share premium		1,245.7	1,243.8
Other reserves		(127.1)	(72.5)
Retained earnings		(80.3)	(90.5)
		1,114.3	1,156.3
Non-controlling interests		17.8	18.8
Total shareholders' equity		**1,132.1**	1,175.1
Total equity and liabilities		**24,699.7**	25,344.1

The notes on pages 19 to 44 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 2015

	Attributable to equity holders of the Group					Non-controlling interests	Total Equity
	Share capital CHF millions	Share premium CHF millions	Other reserves CHF millions	Retained earnings CHF millions	Total CHF millions	CHF millions	CHF millions
Balance at 1 January 2014	**74.0**	**1,238.4**	**(49.1)**	**(161.6)**	**1,101.7**	**4.8**	**1,106.5**
Net loss for the period				(6.0)	(6.0)	1.1	(4.9)
Currency translation differences, net of tax			15.4		15.4	(0.1)	15.3
Changes in available-for-sale investment securities reserve, net of tax			17.8		17.8		17.8
Defined benefit costs			(8.0)		(8.0)		(8.0)
Total Comprehensive Income for the period	–	–	25.2	(6.0)	19.2	1.0	20.2
Dividend paid on ordinary shares				(29.7)	(29.7)		(29.7)
Dividend paid on Bons de Participation				(0.2)	(0.2)		(0.2)
Ordinary shares sold		1.1			1.1		1.1
Ordinary shares repurchased		(0.6)			(0.6)		(0.6)
Employee equity incentive plans amortisation			6.4		6.4		6.4
Employee equity incentive plans exercised	1.2	3.8	(1.2)		3.8		3.8
Non controlling-interest put option			(5.8)		(5.8)		(5.8)
Increase in non-controlling interests					–	12.8	12.8
Balance at 30 June 2014	**75.2**	**1,242.7**	**(24.5)**	**(197.5)**	**1,095.9**	**18.6**	**1,114.5**
Net profit for the period				67.4	67.4	0.1	67.5
Currency translation differences, net of tax			22.8		22.8	0.1	22.9
Changes in available-for-sale investment securities reserve, net of tax			(9.6)		(9.6)		(9.6)
Defined benefit costs			(21.4)		(21.4)		(21.4)
Total Comprehensive Income for the period	–	–	(8.2)	67.4	59.2	0.2	59.4
Dividend paid on Bons de Participation				(0.2)	(0.2)		(0.2)
Ordinary shares sold	0.1	0.6			0.7		0.7
Ordinary shares repurchased		(0.2)			(0.2)		(0.2)
Employee equity incentive plans amortisation			4.1		4.1		4.1
Employee equity incentive plans exercised	0.2	0.7	(0.2)		0.7		0.7
Transfer to retained earnings on lapse of employee equity incentive plans			(28.2)	28.2	–		–
Non-controlling interest put option			(15.5)		(15.5)		(15.5)
Contribution by non-controlling interests into equity of subsidiary				11.6	11.6		11.6
Balance at 31 December 2014	**75.5**	**1,243.8**	**(72.5)**	**(90.5)**	**1,156.3**	**18.8**	**1,175.1**

The notes on pages 19 to 44 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 2015

	Attributable to equity holders of the Group					Non-controlling interests	Total Equity
	Share capital CHF millions	**Share premium** CHF millions	**Other reserves** CHF millions	**Retained earnings** CHF millions	**Total** CHF millions	CHF millions	CHF millions
Balance at 31 December 2014	**75.5**	**1,243.8**	**(72.5)**	**(90.5)**	**1,156.3**	**18.8**	**1,175.1**
Net profit for the period				48.0	48.0	1.5	49.5
Currency translation differences, net of tax			(37.6)		(37.6)	(2.5)	(40.1)
Changes in available-for-sale investment securities reserve, net of tax			(8.0)		(8.0)		(8.0)
Defined benefit costs			(13.7)		(13.7)		(13.7)
Total Comprehensive Income for the period	–	–	(59.3)	48.0	(11.3)	(1.0)	(12.3)
Dividend paid on ordinary shares				(37.7)	(37.7)		(37.7)
Dividend paid on Bons de Participation				(0.1)	(0.1)		(0.1)
Ordinary shares sold		0.4			0.4		0.4
Ordinary shares repurchased		(0.2)			(0.2)		(0.2)
Employee equity incentive plans amortisation			5.2		5.2		5.2
Employee equity incentive plans exercised	0.5	1.7	(0.5)		1.7		1.7
Balance at 30 June 2015	**76.0**	**1,245.7**	**(127.1)**	**(80.3)**	**1,114.3**	**17.8**	**1,132.1**

The notes on pages 19 to 44 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Half year ended 30 June 2015 CHF millions	Half year ended 30 June 2014 CHF millions
Net cash flows from operating activities	**15.5**	6.7
Net changes in operating assets and liabilities	**692.7**	(976.5)
Net cash flows (used in) / from investing activities	**(67.7)**	345.3
Net cash flows (used in) / from financing activities	**(30.2)**	668.8
Effect of exchange rate changes on cash and cash equivalents	**45.7**	(18.1)
Net change in cash and cash equivalents	**656.0**	26.2
Cash and cash equivalents at beginning of period	**5,313.3**	3,066.8
Net change in cash and cash equivalents	**656.0**	26.2
Cash and cash equivalents	**5,969.3**	3,093.0

Cash and cash equivalents

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

	30 June 2015 CHF millions	30 June 2014 CHF millions
Cash and balances with central banks	**3,273.1**	1,092.4
Treasury bills and other eligible bills	**373.8**	320.5
Due from other banks – At sight	**1,473.7**	1,038.4
Due from other banks – At term	**848.7**	641.7
Cash and cash equivalents	**5,969.3**	3,093.0

The notes on pages 19 to 44 form an integral part of these condensed consolidated interim financial statements.

1. GENERAL INFORMATION

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

This condensed consolidated interim financial information was approved for issue on 28 July 2015.

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 presented in accordance with IAS 34 *'Interim Financial Reporting'.* In preparing the interim financial statements, the same accounting principles, measurement basis and key assumptions are applied as in the consolidated financial statements for the year ended 31 December 2014. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2014.

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 2014.

These condensed consolidated interim financial statements are available in English only. Year-end financial statements are available in English, French and German; however the English version prevails.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

A summary of 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 2014.

3. FINANCIAL RISK ASSESSMENT AND MANAGEMENT

The Group's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk.
The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for 2014. There have been no significant changes in the risk management organisation or in the risk management policies since 31 December 2014.

3.1 CREDIT RISK

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

3.2 MARKET RISK

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

The Group engages in trading of securities, derivatives, structured products, currencies, precious metals and commodities on behalf of its clients. This business is conducted primarily out of dealing rooms in Hong Kong, Geneva, London, Cayman and Miami.

The Group does not engage in proprietary trading in securities other than its holding of fixed income securities and life insurance policies in its banking book. The Group maintains small proprietary positions in foreign exchange instruments, and as a result, the related market risk exposures are low, and the sensitivities would be immaterial.

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

3.2.1 Assets and liabilities measured at fair value

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 recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 30 June 2015, the Group held the following classes of financial instruments measured at fair value:

	30 June 2015 Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions	Total CHF millions
Derivative financial instruments (assets):					
Currency derivatives		89.0		89.0	
Interest rate derivatives	0.2	20.0		20.2	
Equity derivatives		280.9		280.9	
Other derivatives		14.1		14.1	
Life Insurance related			56.7	56.7	
Total derivatives assets					**460.9**
Financial assets at fair value – Trading assets:					
Debt	61.1			61.1	
Total trading assets					**61.1**
Financial assets at fair value – Designated at inception:					
Life Insurance related			300.8	300.8	
Total financial assets designated at inception					**300.8**
Investment securities: Available-for-sale:					
Equity			27.6	27.6	
Debt	3,272.5	623.9		3,896.4	
Life Insurance related			39.1	39.1	
Total investment securities available-for-sale					**3,963.1**
Total assets measured at fair value	**3,333.8**	**1,027.9**	**424.2**	**4,785.9**	**4,785.9**
Derivative financial instruments (liabilities):					
Currency derivatives		109.6		109.6	
Interest rate derivatives	0.1	88.9		89.0	
Equity derivatives		290.9		290.9	
Other derivatives		12.8		12.8	
Total derivatives liabilities					**502.3**
Financial liabilities designated at fair value:					
Equity			33.7 *	33.7	
Life Insurance related			301.3	301.3	
Total financial liabilities designated at fair value					**335.0**
Total liabilities measured at fair value	**0.1**	**502.2**	**335.0**	**837.3**	**837.3**
Assets less liabilities measured at fair value	**3,333.7**	**525.7**	**89.2**	**3,948.6**	**3,948.6**

* *Level 3 equity related financial liabilities designated at fair value of CHF 33.7 million comprises put options held by non-controlling interests with valuations based on contractual terms and therefore is not dependent on internal assumptions on inputs, but is classified as Level 3 due to the absence of quoted prices or observable inputs.*

During the six-month period ended 30 June 2015, there were no transfers between Levels.

Movements in Level 3 assets:

	Derivative financial instruments CHF millions	Financial assets designated at inception CHF millions	Investment securities Available-for-sale CHF millions	Total Assets in Level 3 CHF millions
At 1 January 2015	**56.1**	**329.7**	**70.1**	**455.9**
Total gains or losses				
in the Income Statement – Interest and discount income		24.9	2.0	26.9
in the Income Statement – Net trading income	3.2			3.2
in the Income Statement – Net loss from financial instruments designated at fair value		(46.0)		(46.0)
in the Statement of Comprehensive Income			(5.4)	(5.4)
Purchases / Premiums paid	0.9	18.7	2.8	22.4
Disposals / Premiums received		(6.7)		(6.7)
Exchange differences	(3.5)	(19.8)	(2.8)	(26.1)
At 30 June 2015	**56.7**	**300.8**	**66.7**	**424.2**
Total gains or (losses) for the period included in the Income Statement for assets held at the end of the reporting period	3.2	(21.1)	2.0	(15.9)

Movements in Level 3 liabilities:

	Financial liabilities designated at fair value CHF millions	Total Liabilities in Level 3 CHF millions
At 1 January 2015	**369.2**	**369.2**
Total gains or losses		
in the Income Statement – Interest and discount income	25.7	25.7
in the Income Statement – Net gain from financial instruments designated at fair value	(41.6)	(41.6)
Purchases / Premiums paid	16.5	16.5
Disposals / Premiums received	(9.7)	(9.7)
Exchange differences	(25.1)	(25.1)
At 30 June 2015	**335.0**	**335.0**
Total (gains) or losses for the period included in the Income Statement for liabilities held at the end of the reporting period	(15.9)	(15.9)

3.2.2 Assets and liabilities not measured at fair value

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's balance sheet at their fair value. Changes in credit risk related to the Group are not reflected in the table below.

	Note	Carrying value CHF millions	Fair Value CHF millions	Difference CHF millions
30 June 2015				
Financial Assets				
Due from other banks	i)	2,449.8	2,449.9	0.1
Loans and advances to customers	ii)	11,909.2	12,069.3	160.1
Investment securities – Held-to-maturity – Life Insurance related	iii)	768.4	507.8	(260.6)
Investment securities – Held-to-maturity – Debt	iv)	332.8	310.7	(22.1)
		15,460.2	**15,337.7**	**(122.5)**
Financial Liabilities				
Due to other banks	v)	579.1	577.3	1.8
Due to customers	vi)	18,222.9	18,221.8	1.1
Other financial liabilities	vii)	2,987.1	3,000.8	(13.7)
Subordinated loans	viii)	232.2	256.6	(24.4)
Debt issued	ix)	389.8	389.8	–
		22,411.1	**22,446.3**	**(35.2)**
Net financial instruments not measured at fair value		**(6,950.9)**	**(7,108.6)**	**(157.7)**

i) Due from other banks
Due from other banks includes inter-bank 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) Investment securities – Held-to-maturity – Life Insurance related
The fair value for held-to-maturity assets related to the life insurance portfolio is calculated using expected cash flows, which have been adjusted downwards to reflect actual versus expected mortality experience in the life settlement industry. These adjusted cash flows have been discounted at an Internal Rate of Return ("IRR") of 12.3%. This IRR is equivalent to an IRR of 16.0% using unadjusted cash flows (2014: 16.0%). The carrying value is derived from an acquisition value (based on an IRR at acquisition of 10.7%), premiums paid and an interest accrual on life insurance policies at year end. The overall yield of the investment (accrual and amortized death benefits of previously matured life insurance policies) is 2.0% (2014: 3.4%). The fair values are within level 3 of the fair value hierarchy. The methodology to determine the fair value of the life insurance portfolio is as described at note 3.2.4.

iv) Investment securities – Held-to-maturity – Debt

Fair value for held-to-maturity assets is calculated using expected cash flows discounted at current market rates, based on estimates using quoted market prices for securities with similar credit, maturity and yield characteristics. Determined fair values are within level 2 of the fair value hierarchy.

v) & vi) 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.

vii) Other financial liabilities

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 3 of the fair value hierarchy.

viii) Subordinated loans

The estimated fair value of the subordinated loans is based on the quoted market prices for these listed securities.

ix) Debt Issued

The estimated fair value of the debt issued is based on the quoted market prices for these listed securities.

3.2.3 Deferred day-1 profit or loss

The table reflects financial instruments for which fair value is determined using valuation models where not all inputs are market-observable. Such financial instruments are initially recognised in the Group's Financial Statements at their transaction price, although the values obtained from the relevant valuation model on day-1 may differ. The table shows the aggregate difference yet to be recognised in the Income Statement at the beginning and at the end of the period.

	30 June 2015 CHF millions	31 December 2014 CHF millions	30 June 2014 CHF millions
At beginning of period	1.3	1.4	1.5
Recognised in the Income Statement	(0.2)	(0.1)	(0.1)
At end of period	1.1	1.3	1.4

3.2.4 Valuation techniques

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, benchmarking the fair value estimates is performed against external sources and recalibration is performed on a continuous basis against changes in fair value versus expectations. Fair value measurements are compared with observed prices and 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

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily of quoted bonds and equity.

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

i) Quoted market prices or dealer quotes for similar instruments;
ii) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
iii) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
iv) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Fair value methodology used for Level 3 instruments – valuation technique

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

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

		30 June 2015 CHF millions	31 December 2014 CHF millions
Valuation techniques			
Discounted cash flow analysis	**Products**		
Available-for-sale – Equity securities	Equities in stock exchanges and clearing houses	27.2	28.7
Available-for-sale – Equity securities	Private equity funds	0.4	0.4
Financial liabilities designated at fair value	Liability to purchase non-controlling interests	(33.7)	(38.7)
Discounted cash flow analysis and life expectancies (non-market observable inputs)			
Derivatives	Synthetic life settlement policies	56.7	56.2
Financial assets at fair value	Physical life settlement policies	30.0	30.9
Financial assets at fair value	Physical life settlement policies*	270.8	298.8
Available-for-sale	Physical life settlement policies	39.1	40.9
Financial liabilities designated at fair value	Synthetic life settlement policies*	(301.3)	(330.5)
Total		**89.2**	86.7

* *Assets valued at CHF 270.8 million (2014: CHF 298.8 million) and similarly valued liabilities are linked and thus a change in value in one would be mostly reflected in the other.*

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.

a) Life settlement policies

The Group uses a discounted cash flow valuation technique using non-market observable inputs for the valuation of physical and synthetic life settlement policies and related financial instruments. These incorporate:

– actuarially based assumptions on life expectancy, including changes in the market perception of changes in life expectancies that may arise (i.e. excluding actual changes in life expectancy based on actuarial evidence).
– premium estimates and
– market yield / discount factors – Internal rate of return (“IRR”).

The assumptions on life expectancy are based on the Valuation Basic Tables (“VBT”) published by the Society of Actuaries and adjusted by external life settlement providers and actuaries to reflect the individual characteristics of a life settlement policy. 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 indepth review of such providers to ensure high quality standards and reliability of the forecasts. The IRR reflects the expected return an investor in a life settlement policy would expect to receive by buying a life settlement policy on the market and holding it until maturity. The market for life settlement policies is currently very illiquid and hence this IRR is unobservable in the current market, and as a result, assumptions are made in determining the relevant IRR.

The sensitivity to the Group's valuation of physical and synthetic life settlement policies and related financial instruments is included below:

		IRR		Life Expectancy		Premium Estimates	
Life settlement policies sensitivity		–1% CHF millions	+1% CHF millions	–3 months CHF millions	+3 months CHF millions	–5% CHF millions	+5% CHF millions
Derivatives	Synthetic policies	3.3	(3.0)	0.1	(0.1)		
Financial assets at fair value	Physical policies	12.4	(11.5)	19.4	(19.0)	9.0	(9.0)
Available-for-sale	Physical policies	1.3	(1.2)	2.0	(2.0)	1.3	(1.3)
Financial liabilities designated at fair value	Synthetic policies	(12.8)	11.9	(17.0)	16.6		
Held-to-Maturity (note 3.2.2)	Physical policies	20.3	(18.8)	31.4	(30.6)	16.9	(16.9)

The Group is currently re-assessing the non-market observable inputs to the model for the valuation of physical and synthetic life settlement policies. The Valuation Basic Tables issued by the Society of Actuaries, which are the basis for life expectancy inputs to the valuation model, are being updated by the Society of Actuaries, and the Group is reviewing the impact of this change. It cannot be excluded that the impact will be to extend the life expectancies, and thus lower the model valuation (if all other inputs are unchanged).

By way of illustration of the above, a 12 month extension in life expectancies would result in:
– a decrease in value of derivatives by CHF (0.8) million
– a decrease in financial instruments at fair value through the Income Statement of CHF (76.2) million,
– a decrease in financial liabilities at fair value through the Income Statement of CHF 65.9 million,
– a decrease in value of CHF (9.0) million on available-for-sale financial instruments through the Statement of Comprehensive Income, and
– a decrease in the fair value of held-to-maturity financial instruments of CHF (117.9) million (for fair value see note 3.2.2).

Similarly, by way of illustration, a 18 month extension in life expectancies would result in:
– a decrease in value of derivatives by CHF (1.4) million
– a decrease in financial instruments at fair value through the Income Statement of CHF (110.9) million,
– a decrease in financial liabilities at fair value through the Income Statement of CHF 95.6 million,
– a decrease in value of CHF (13.3) million on available-for-sale financial instruments through the Statement of Comprehensive Income, and
– a decrease in the fair value of held-to-maturity financial instruments of CHF (172.2) million (for fair value see note 3.2.2).

b) Equity in stock exchanges and clearing houses

The participation in SIX Group is based on a valuation using the expected net asset value of SIX Group at the end of June 2015 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 June financial statements at the time of preparing these Interim financial statements, the Group has made an estimate of the net asset value using unobservable data, being the estimated SIX Group half-year net profit as of June 2015. The sensitivity to this valuation is that the gain/loss taken through Comprehensive Income for a 30% higher and 30% lower 6 month 2015 estimated profit would be CHF 0.5 million gain or CHF (0.4) million loss on this position classified as available-for-sale.

c) 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 33.7 million that corresponds to the estimated discounted repurchase amount, which was deducted from shareholders' equity when the put options were created.

The put options valuation methodology has been contractually agreed upon with the minority shareholders and is based on unobservable but objective accounting information (the Continuing Valuation Methodology – "CVM"). This valuation methodology takes into account three relevant accounting measures: EBITDA, Net revenues and Normalised Net Assets. The CVM shall contractually never be lower than the fixed price of EUR 31.8 million, which should be paid to minority shareholder upon the exercise of the put. The actual CVM calculated as per end of June is below the contractual CVM and thus the current sensitivity of the put options is considered to be zero, hence no sensitivity to this currently exists.

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

3.2.5 Offsetting

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

As at 30 June 2015	Gross amounts of recognised financial assets CHF millions	Gross amounts of recognised financial liabilities set off in the balance sheet CHF millions	Net amounts of recognised financial assets presented in the balance sheet CHF millions	Related amounts not set off in balance sheet: Financial liabilities subject to netting agreements CHF millions	Related amounts not set off in balance sheet: Cash collateral received CHF millions	Net exposure CHF millions
Derivatives	492.8	(31.9)	460.9	(113.3)	(263.4)	84.2
Life settlement policies – Designated at fair value at inception	270.8		270.8	(270.8)		–
Total financial assets	**763.6**	**(31.9)**	**731.7**	**(384.1)**	**(263.4)**	**84.2**

As at 30 June 2015	Gross amounts of recognised financial liabilities CHF millions	Gross amounts of recognised financial assets set off in the balance sheet CHF millions	Net amounts of recognised financial liabilities presented in the balance sheet CHF millions	Related amounts not set off in balance sheet: Financial assets subject to netting agreements CHF millions	Related amounts not set off in balance sheet: Cash collateral paid CHF millions	Net exposure CHF millions
Derivatives	534.2	(31.9)	502.3	(113.3)	(150.6)	238.4
Life settlement policies - Designated at fair value at inception	(301.3)		(301.3)	(270.8)	(102.9)	–
Total financial liabilities	**232.9**	**(31.9)**	**201.0**	**(384.1)**	**(253.5)**	**238.4**

The Group is netting down legs of identified CDS where the counterparty, the maturities and the currency are matched and where the Group has a legal enforceable right to settle net with the counterparty, and where operationally the settlement is made on a net basis.

At the end of June 2015 derivative financial instruments valued at CHF 33.2 million have been netted with derivative financial instruments with a negative value of CHF 31.9 million for a net presentation of derivative financial instruments as an asset with a value of CHF 1.3 million.

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for the net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party; or bankruptcy.

3.3 LIQUIDITY RISK

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

In comparison to 31 December 2014, there are no material changes in the liquidity profile of the Group.

4. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	30 June 2015 CHF millions	31 December 2014 CHF millions	30 June 2014 CHF millions
Character of client assets			
Equities	**21,775**	21,957	20,878
Deposits	**20,325**	20,728	18,553
Bonds	**15,595**	16,778	15,813
Loans	**11,909**	13,128	12,924
Structured notes	**2,343**	2,499	2,473
Hedge funds / Funds of Hedge funds	**3,369**	3,800	3,402
Fiduciary deposits	**639**	745	1,419
EFG International shares	**1,041**	912	814
Other	**4,241**	4,561	4,684
Total Assets under Management	**81,237**	85,108	80,960
Total Assets under Administration	**8,726**	8,368	7,761
Total	**89,963**	93,476	88,721

5. NET INTEREST INCOME

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Interest and discount income			
Banks and customers	**151.9**	170.1	156.1
Financial assets designated at fair value	**24.9**	25.2	24.3
Available-for-sale investment securities	**17.4**	21.9	23.6
Held-to-maturity*	**8.1**	13.4	14.0
Treasury bills and other eligible bills	**1.0**	0.9	0.5
Total interest and discount income	**203.3**	231.5	218.5
Interest expense			
Banks and customers	**(55.8)**	(59.1)	(46.6)
Financial liabilities	**(36.5)**	(39.2)	(37.3)
Subordinated loans	**(8.3)**	(9.4)	(8.1)
Debt issued	**(2.5)**	(2.6)	(0.5)
Total interest expense	**(103.1)**	(110.3)	(92.5)
Net interest income	**100.2**	121.2	126.0

** Net of amortisation of available-for-sale equity reserve, related to the life insurance policies transferred from available-for-sale, of CHF (5.3) million (CHF (5.2) million for half year ended 31 December 2014 and 30 June 2014 respectively.*

6. NET BANKING FEE AND COMMISSION INCOME

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Advisory and Management fees	**114.8**	115.6	98.9
Brokerage fees	**78.5**	87.2	89.5
Commission and fee income on other services	**45.6**	45.9	40.6
Banking fee and commission income	**238.9**	248.7	229.0
Commission and fee expenses on other services	**(48.4)**	(49.7)	(46.7)
Banking fee and commission expense	**(48.4)**	(49.7)	(46.7)
Net banking fee and commission income	**190.5**	199.0	182.3

7. DIVIDEND INCOME

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Available-for-sale investment securities	1.8		1.1
Dividend income	**1.8**	–	1.1

8. NET TRADING INCOME

Net trading income of CHF 46.9 million (CHF 39.0 million for half year ended 31 December 2014 and CHF 30.8 million for 30 June 2014 respectively) comprised results from foreign exchange transactions and results on revaluation of assets and liabilities denominated in other currencies.

9. NET LOSS FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Financial instruments measured at fair value			
Equity securities	1.2	0.6	0.1
Debt securities		(0.6)	(0.7)
Derivative financial instruments	1.2	5.5	0.9
Life settlement securities	(4.0)	(5.6)	(2.8)
Inefficiency on fair value hedges	0.2		(0.4)
Net loss from financial instruments measured at fair value	**(1.4)**	(0.1)	(2.9)

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Inefficiency on fair value hedges			
Net gains / (losses) on hedging instruments	60.1	(54.8)	(54.4)
Net (losses) / gains on hedged items attributable to the hedged risk	(59.9)	54.8	54.0
Net gains / (losses) representing ineffective portions of fair value hedges	**0.2**	–	(0.4)

10. GAINS LESS LOSSES FROM DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENT SECURITIES

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Transfer from the Statement of Comprehensive Income			
Debt securities	**14.0**	14.0	5.0
Life insurance securities		(0.1)	(0.7)
Gains less losses from available for sale investment securities	**14.0**	13.9	4.3

11. OPERATING EXPENSES

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Staff costs (note 12)	**(216.8)**	(214.2)	(204.6)
Professional services	**(9.6)**	(10.1)	(7.4)
Advertising and marketing	**(5.6)**	(5.2)	(5.3)
Administrative expenses	**(24.0)**	(27.2)	(24.4)
Operating lease rentals	**(14.0)**	(13.5)	(13.3)
Depreciation of property, plant and equipment	**(2.9)**	(3.9)	(3.9)
Amortisation of intangible assets:			
Computer software and licences	**(1.7)**	(1.9)	(1.6)
Other intangible assets	**(2.1)**	(1.8)	(1.7)
Legal and litigation expenses	**(8.3)**	(9.7)	(3.1)
Other	**(11.0)**	(10.8)	(11.4)
Operating expenses	**(296.0)**	(298.3)	(276.7)

12. STAFF COSTS

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Wages, salaries and staff bonuses	**(179.0)**	(177.9)	(167.3)
Social security costs	**(12.8)**	(12.5)	(13.0)
Pension costs	**(9.4)**	(8.6)	(7.8)
Employee Equity Incentive Plans	**(5.2)**	(4.1)	(6.4)
Other	**(10.4)**	(11.1)	(10.1)
Staff costs	**(216.8)**	(214.2)	(204.6)

13. INCOME TAX EXPENSE

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Current tax expense	**(7.9)**	(7.3)	(6.7)
Deferred tax expense	**(1.2)**	(3.2)	(0.5)
Income tax expense	**(9.1)**	(10.5)	(7.2)

14. SUBORDINATED LOANS AND DEBT ISSUED

	Weighted average interest rate %	Due dates	**30 June 2015 CHF millions**	31 December 2014 CHF millions
Subordinated loans – issuers				
EFG International (Guernsey) Ltd – EUR 66,425,000	8.00% p.a.	January 2022	**49.5**	59.4
EFG Funding (Guernsey) Ltd – CHF 180,000,000	4.75% p.a.	January 2023	**182.7**	186.9
Total subordinated loans			**232.2**	246.3

Notes are presented net of unamortised discount on issuance of CHF 22.0 million.

Debt issued - issuers				
Chestnut Financing PLC – GBP 266,300,000	1.28% p.a.	August 2017	**389.8**	411.1
Total			**389.8**	411.1

The debt issued by Chestnut Financing PLC is secured by a portfolio of mortgages over properties in the United Kingdom with a book value of CHF 530.6 million.

15. PROVISIONS

	Provisions for litigation risks CHF millions	Provisions for restructuring CHF millions	Other provisions CHF millions	Total CHF millions
At 1 January 2015	7.0	0.6	30.4	38.0
Increase in provisions recognised in the Income Statement	2.8			2.8
Release of provisions recognised in the Income Statement			(4.3)	(4.3)
Provisions used during the year		(0.2)	(9.2)	(9.4)
Exchange differences	(0.6)	(0.1)	(0.1)	(0.8)
At 30 June 2015	**9.2**	**0.3**	**16.8**	**26.3**
Expected payment within 12 months	9.2	0.3	16.8	26.3
Expected payment thereafter				–
	9.2	**0.3**	**16.8**	**26.3**

Provision for litigation risks

Includes CHF 9.2 million of provisions for various small litigation cases which are expected to be settled within a year.

Provision for restructuring

The Group is liquidating the businesses in France. The remaining provision of CHF 0.3 million relates to the residual closure costs.

Other provisions

Other provisions of CHF 16.8 million comprise primarily the following:

i. A provision of CHF 11.5 million related to the US Department of Justice's ("DOJ") Program for Swiss banks ("DOJ Program "). In December 2013 it was announced that EFG Bank AG (the “Bank”) would take part in the DOJ Program for Swiss banks as a Category 2 bank with the objective of negotiating a non-prosecution agreement with the DOJ. Participation in the DOJ Program is in keeping with the recommendations of the Swiss authorities. Banks seeking non-prosecution agreements must provide the DOJ with information on how the Bank’s US business was structured, operated and supervised, and the total number of US related accounts open from 1 August 2008 and their highest dollar value. In addition, upon execution of the non-prosecution agreement, the Bank will be required to provide the DOJ with additional information on each US related account closed since 1 August 2008. The Bank will have to pay penalties on behalf of US clients for whom the Bank fails to demonstrate that such assets are not undeclared or that another penalty reduction factor applies, for example accounts disclosed through the IRS Offshore Voluntary Disclosure Program. The Bank has provided for the residual estimated costs of outside legal counsel and other external advisers of CHF 1.5 million and the estimated cost of the penalty of CHF 10.0 million. The matter is expected to be settled in the next three months.

ii. A provision of CHF 5.3 million for potential UK client claims. This is expected to be settled within a year.

16. SHARE CAPITAL

In the period, Share Capital increased by CHF 0.5 million, related to the 1,101,378 shares issued following the exercise of equity incentive plans from conditional share capital.

17. EMPLOYEE EQUITY INCENTIVE PLANS

In the period the Group has granted 2,332,048 restricted stock units with one third vesting annually. There are two classes, one with one third exercisable annually and the other after 3 years.

18. DIVIDEND PER SHARE

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Dividends on ordinary shares			
CHF 0.25 per share related to 2014 paid in 2015	37.7		
CHF 0.20 per share related to 2013 paid in 2014			29.7
	37.7	–	29.7
Dividends on Bons de Participation			
For the period 1 November 2014 to 30 April 2015 at 1.349%	0.1		
For the period 1 May 2014 to 30 October 2014 at 2.005%		0.2	
For the period 1 November 2013 to 30 April 2014 at 2.376%			0.2
	0.1	0.2	0.2

19. BASIC EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Net profit / (loss) for the period	48.0	67.4	(6.0)
Estimated pro-forma dividend on Bons de Participation	(0.1)	(0.2)	(0.1)
Net profit / (loss) for the period attributable to ordinary shareholders	**47.9**	67.2	(6.1)
Weighted average number of ordinary shares – *000’s of shares*	151,683	150,412	150,604
Basic earnings per ordinary share in CHF	**0.32**	0.45	(0.04)

Basic earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares owned by the Group amounting to 114,057. For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by an estimated, pro-forma accrued dividend on the Bons de Participation. The latter has been computed by using a dividend rate from 1st January 2015 until 30 April 2015 of 1.349% and 0.712% from 1 May 2015 until 30 June 2015.

20. DILUTED EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2015 CHF millions	Half year ended 31 December 2014 CHF millions	Half year ended 30 June 2014 CHF millions
Net profit / (loss) for the period	48.0	67.4	(6.0)
Estimated pro-forma dividend on Bons de Participation	(0.1)	(0.2)	(0.1)
Net profit / (loss) for the period attributable to ordinary shareholders	**47.9**	67.2	(6.1)
Diluted-weighted average number of ordinary shares – *000's of shares*	154,965	153,960	150,604
Diluted earnings per ordinary share in CHF	**0.31**	0.44	(0.04)

In the period, pursuant to its employee equity incentive plans, the Group issued in 2015 restricted stock units related to 2,332,048 shares, which increased the diluted-weighted average number of ordinary shares at 30 June 2015 by 3,282,112 shares to 154,964,867 shares.

21. 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 the Wealth Management business and the Investment (previously called Asset Management) and Wealth Solutions business.

The Private Banking and Wealth Management business is managed on a regional basis and is split into Continental Europe, Switzerland, Americas, United Kingdom and Asia. The Investment Solutions segment includes the business in all locations as it operates on a global basis. The basis for expense allocation between segments follows the arm's length principle.

The Corporate Centre is responsible for managing the Life settlement related investments, certain investment portfolios, funding costs (including funding costs from structured products issuances), global brand related marketing and Swiss back-office and IT functions used on a global basis.

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

	Private Banking and Wealth Management						Investment Solutions	Wealth Solutions	Corporate Overheads	Eliminations	Total
CHF millions	Switzerland	Continental Europe	Americas	United Kingdom	Asia	Total					
Half year ended 30 June 2015											
Segment revenue	71.3	56.9	50.4	85.0	60.5	324.1	71.8	9.3	12.7	(64.9)	353.0
Segment expenses	(58.3)	(42.4)	(41.5)	(55.6)	(44.6)	(242.4)	(23.6)	(7.7)	(28.3)	12.7	(289.3)
Tangible assets and software depreciation	(0.3)	(0.8)	(0.5)	(0.4)	(0.7)	(2.7)	(0.1)	(0.2)	(1.6)		(4.6)
Total Operating margin	**12.7**	**13.7**	**8.4**	**29.0**	**15.2**	**79.0**	**48.1**	**1.4**	**(17.2)**	**(52.2)**	**59.1**
Cost to acquire intangible assets and impairment of intangible assets		(0.4)	(0.3)	(0.8)	(0.6)	(2.1)					(2.1)
Other provisions			(1.8)	3.3		1.5					1.5
Impairment on loans and advances to customers	0.1					0.1					0.1
Segment profit / (loss) before tax	**12.8**	**13.3**	**6.3**	**31.5**	**14.6**	**78.5**	**48.1**	**1.4**	**(17.2)**	**(52.2)**	**58.6**
Income tax (expense) / gain	(0.7)	(0.9)	0.2	(2.9)	(2.1)	(6.4)	(1.8)	(0.1)	(0.8)		(9.1)
Profit / (loss) for the period	**12.1**	**12.4**	**6.5**	**28.6**	**12.5**	**72.1**	**46.3**	**1.3**	**(18.0)**	**(52.2)**	**49.5**
Assets under management	14,117	15,482	11,757	19,307	15,985	76,648	11,610		1,461	(8,482)	81,237
Employees	331	304	301	417	363	1,716	132	111	181	(4)	2,136

	Private Banking and Wealth Management						**Investment Solutions**	**Wealth Solutions**	**Corporate Overheads**	**Eliminations**	**Total**
CHF millions	Switzerland	Continental Europe	Americas	United Kingdom	Asia	Total					
Half year ended 31 December 2014											
Segment revenue	85.5	60.4	54.5	89.8	64.4	354.6	70.2	8.5	3.6	(63.2)	373.7
Segment expenses	(62.2)	(45.1)	(40.6)	(58.5)	(46.7)	(253.1)	(22.3)	(7.6)	(19.8)	12.3	(290.5)
Tangible assets and software depreciation	(0.5)	(0.7)	(0.5)	(0.6)	(0.9)	(3.2)	–	(0.4)	(2.4)		(6.0)
Total Operating margin	**22.8**	**14.6**	**13.4**	**30.7**	**16.8**	**98.3**	**47.9**	**0.5**	**(18.6)**	**(50.9)**	**77.2**
Cost to acquire intangible assets and impairment of intangible assets	(0.1)	(0.6)	(0.3)	(0.8)	–	(1.8)					(1.8)
Other provisions	0.9		(0.6)	(0.7)	–	(0.4)					(0.4)
Reversal of impairment on financial assets held-to-maturity						–			2.5		2.5
Reversal of impairment on loans and advances to customers	0.3		0.2		–	0.5					0.5
Segment profit / (loss) before tax	**23.9**	**14.0**	**12.7**	**29.2**	**16.8**	**96.6**	**47.9**	**0.5**	**(16.1)**	**(50.9)**	**78.0**
Income tax (expense) / gain	(0.7)	(2.1)	–	(1.8)	(2.6)	(7.2)	(1.8)		(1.5)		(10.5)
Profit / (loss) for the period	**23.2**	**11.9**	**12.7**	**27.4**	**14.2**	**89.4**	**46.1**	**0.5**	**(17.6)**	**(50.9)**	**67.5**
Assets under management	15,101	15,726	12,693	19,729	17,538	80,787	12,237		1,062	(8,978)	85,108
Employees	324	274	288	406	364	1,656	119	106	183	(5)	2,059

	Private Banking and Wealth Management						Investment Solutions	Wealth Solutions	Corporate Overheads	Eliminations	Total
CHF millions	Switzerland	Continental Europe	Americas	United Kingdom	Asia	Total					
Half year ended 30 June 2014											
Segment revenue	82.9	60.1	52.3	81.0	52.2	328.5	55.9	7.7	1.4	(50.6)	342.9
Segment expenses	(64.7)	(41.8)	(39.2)	(50.1)	(35.0)	(230.8)	(22.2)	(7.5)	(19.8)	10.6	(269.7)
Tangible assets and software depreciation	(0.8)	(0.5)	(0.5)	(0.5)	(0.8)	(3.1)	(0.1)		(2.1)		(5.3)
Total Operating margin	**17.4**	**17.8**	**12.6**	**30.4**	**16.4**	**94.6**	**33.6**	**0.2**	**(20.5)**	**(40.0)**	**67.9**
Cost to acquire intangible assets and impairment of intangible assets		(0.6)	(0.2)	(0.9)		(1.7)					(1.7)
Other provisions	(26.3)		(1.8)			(28.1)			(35.6)		(63.7)
Impairment on loans and advances to customers	(0.2)					(0.2)					(0.2)
Segment profit / (loss) before tax	**(9.1)**	**17.2**	**10.6**	**29.5**	**16.4**	**64.6**	**33.6**	**0.2**	**(56.1)**	**(40.0)**	**2.3**
Income tax (expense) / gain	(0.5)	0.1	(0.8)	(2.3)	(1.9)	(5.4)	(0.7)	(0.1)	(1.0)		(7.2)
(Loss) / profit for the period	**(9.6)**	**17.3**	**9.8**	**27.2**	**14.5**	**59.2**	**32.9**	**0.1**	**(57.1)**	**(40.0)**	**(4.9)**
Assets under management	15,620	15,101	11,484	18,905	16,024	77,134	10,786		949	(7,909)	80,960
Employees	327	270	282	403	377	1,659	117	105	181	(4)	2,058

22. OFF-BALANCE SHEET ITEMS

	30 June 2015 CHF millions	31 December 2014 CHF millions
Guarantees issued in favour of third parties	**254.9**	258.3
Irrevocable commitments	**156.2**	168.7
Operating lease commitments	**106.5**	133.3
Total	**517.6**	560.3

23. CONTINGENT LIABILITIES

The Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The Group establishes provisions (see note 15) for current and threatened pending legal proceedings if management is of the opinion that the Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated.

The following contingent liabilities that management is aware of are related to legal proceedings which could have a material effect on the Group. However, based on current available information and advice received it is not expected 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 the 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 160 million. The Group entities have obtained a complete and final dismissal of the lawsuits in the British Virgin Islands. They keep vigorously defending the lawsuits in New York and believe they 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 asserting that redemption payments totaling USD 355 million allegedly received by certain Group entities on behalf of clients through Fairfield and Kingate feeder funds should be returned to BLMIS. This action includes the redemptions claimed by the Fairfield liquidators (see previous paragraph). The Group entities are vigorously defending the cases and believe they have strong defences to the claims.

(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 unauthorized transactions were performed. The amount claimed is approximately CHF 57 million plus interest. The Group entities are vigorously defending the cases and believe they have strong defences to the claims.

(iv) The Group is engaged in litigation proceedings initiated by a former employee who claims on grounds of a series of agreements CHF 16.1 million plus interest. The Group entities are vigorously defending the cases and believe they have strong defences to the claims.

(v) Various claims have been made against the Group in several jurisdictions and in several currencies in the sum equivalent to approximately USD 39.6 million, which the Group is vigorously defending. The Group has not yet been officially served with regards to the most recent claim. In the same context, the Group has itself instigated claims for a total amount equivalent to USD 5.2 million. 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 an amount estimated to USD 8.7 million on the grounds of various alleged breaches. The Group strongly believes that there has been no wrongdoing on its part and that it has strong defences to the claims.

(vi) The Group has been recently named as a co-defendant in a 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 emloyee of the Group acted on behalf of the alleged fraudsters and executed numerous potentially fraudulent transactions while being fully aware of the wrongdoings, and by doing so participated in causing damage to the plaintiffs. The Group is vigorously defending the case and believes it has strong defences to the claims.

(vii) The Group is defending itself against a recently brought civil claim by a client who alleges that due to the breach of duties in providing investment management services by the Group, he suffered losses on one of his accounts ranging from USD 2.3 million to USD 10.6 million. The Group is vigorously defending the case and believes it has strong defences to the claims.

In addition to the foregoing contingent liabilities related to litigation, there is one further matter which could, but is not currently expected to, have a material effect on the Group.

The Group has advanced loans for approximately USD 194 million for which the Group was granted security over a portfolio of financial collateral by a pledger, whose parent company has been put into receivership. The receiver has raised legal issues as to the validity and enforceability of the security and the loans. The Group has informed the competent regulatory authorities and fully cooperates with them in connection with their ongoing review of the matter. The Group considers the loans fully collateralized and thus fully recoverable and has not made a provision. In addition, the bank has the personal covenant of a UHNWI client.

24. RELATED PARTY TRANSACTIONS

Banking transactions are entered into with related parties. These include loans, deposits and provision of services. The total assets positions with related parties amounted to CHF 2.8 million at the end of June 2015 (December 2014: CHF 4.3 million).

No provisions have been recognised in respect of loans given to related parties (2014: nil).

25. POST BALANCE SHEET EVENTS – SIGNIFICANT EVENTS AND TRANSACTIONS

There are no post balance sheet events.

26. BOARD OF DIRECTORS

The Board of Directors of EFG International AG comprises:

Niccolo H. Burki*	Chairman (appointed on 24 April 2015)
Jean Pierre Cuoni*	Former Chairman (resigned on 24 April 2015)
John A. Williamson	Vice-chairman (appointed on 24 April 2015)
Hugh Napier Matthews*	Former Vice-chairman (resigned on 24 April 2015)
Emmanuel L. Bussetil	
Erwin Richard Caduff*	
Robert Y. Chiu	
Michael N. Higgin*	
Spiro J. Latsis	
Pericles Petalas	
Bernd-A. von Maltzan*	
Daniel Zuberbühler*	

* independent directors.

FORWARD LOOKING STATEMENTS

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This Half Year 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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