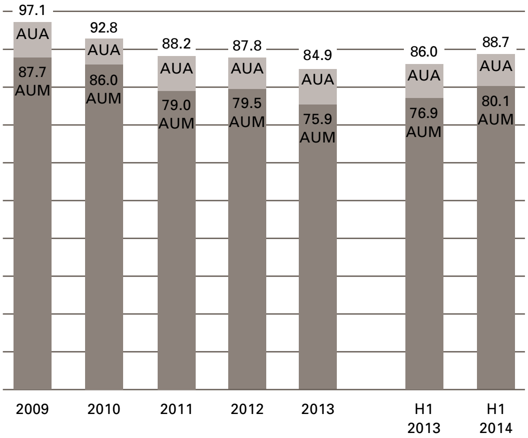
EFG International

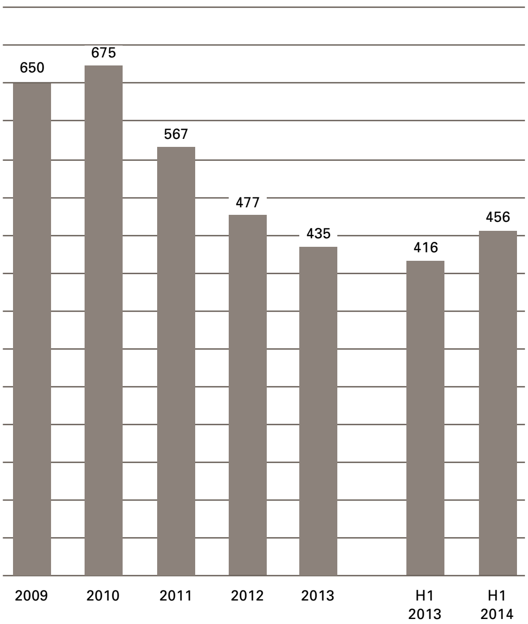
HALF YEAR REPORT 2014

AUM and AUA

in CHF billions

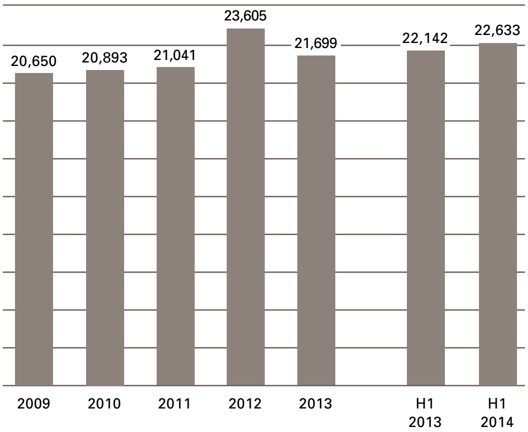


Client Relationship Officers (CROs)



Total Balance Sheet

in CHF millions



EFG INTERNATIONAL CONSOLIDATED FINANCIAL HIGHLIGHTS

in CHF millions	30 June 2014
Income	
Operating income	342.9
Profit before tax	2.3
Net loss attributable to Group shareholders	(6.0)
Net loss attributable to equity shareholders	(6.1)
Cost/income Ratio	80.2%
Balance Sheet	
Total Assets	22,633
Shareholders' Equity	1,115
Market Capitalisation	
Share Price (in CHF)	10.35
Market Capitalisation (ordinary shares)	1,557
BIS Capital (Basel III fully phased in)	
Total BIS Capital	1,055
Total BIS Capital Ratio	18.7%

Ratings	**long term**	**outlook**
Moody's	A3	Stable
Fitch	A	Stable

Personnel	
Total number of CROs	456
Total number of employees	2,058

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

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SHAREHOLDER'S LETTER

Jean Pierre Cuoni, Chairman of the Board
John Williamson, Chief Executive Officer

Dear shareholders, dear clients,

The first half saw notable improvements in a number of areas, including net new assets, although reported profit was adversely impacted by exceptional legal and regulatory expenses. We are redoubling our efforts to control operating expenses, while still financing growth initiatives – essential so that growth can flow through to the bottom-line. We are confident EFG International can deliver strong double-digit profit growth from this point on, and key forward indicators are certainly encouraging – the revenue margin is robust, CRO hiring is strong, and net new asset generation is comfortably back within EFG International's target range. We are committed to delivering growth and a step-change in performance, and this continues to be evidenced by the number, range and quickening pace of growth-related initiatives.

FINANCIAL SUMMARY

For the first six months of 2014 (H1 2014):

Net profit

- EFG International made an IFRS net loss attributable to shareholders of CHF 6.0 million, as a result of non-recurring legal charges and provisions. These included CHF 30.0 million in relation to the US Tax Programme.
- Underlying net profit attributable to ordinary shareholders was CHF 57.6 million, compared with CHF 60.3 million a year earlier.

Operating income & expenses

- Operating income was CHF 342.9 million, up 4% from a year earlier.
- Operating expenses were CHF CHF 276.7 million, up 4% year-on-year, principally reflecting the cost of growth initiatives.
- The cost-income ratio stood at 80.2%, compared with 79.8% for the same period last year.
- The revenue margin stood at 88 bps, up from 87 bps a year earlier (against a target of 84 bps).

Capital position

- The Basel III BIS Capital Ratio stood at 18.7% at end June 2014, up from 18.0% at end-2013.

Revenue-generating Assets under Management

- Revenue-generating Assets under Management were CHF 80.1 billion, compared with CHF 75.9 billion at end-2013. This reflects FX and market effects of CHF 1.6 billion and net new assets of CHF 2.7 billion.

REVIEW OF BUSINESS

Operating income and revenue margin resilient notwithstanding challenging conditions; reported profit significantly impacted by legal charges and provisions

Although there have been some encouraging signs in terms of economic growth and market performance, confidence remains fragile on account of market and geo-political uncertainty. This has acted as a brake on revenues and profits, as has the prevailing low interest rate environment. Notwithstanding this, operating income was up 4% at CHF 342.9 million compared with a year earlier.

The revenue margin is proving resilient, and stood at 88 bps during the first half of 2014 – in line with the second half of last year, and up from 87 bps year-on-year – comfortably above EFG International's target of 84 bps.

Reported profit in the first half was adversely affected by exceptional legal charges and provisions, resulting in a net IFRS loss of CHF 6.0 million attributable to shareholders. Underlying net profit attributable to ordinary shareholders was CHF 57.6 million after excluding the following non-recurring items:

- CHF 33.7 million in litigation related charges and provisions, including CHF 26.3 million relating to the outcome of a longstanding legal action in Switzerland as announced in April. After two unexpected legal decisions in the past year, EFG International has reassessed its litigation strategy, based on second opinions from external law firms. Based on their findings, it was deemed prudent to set aside a further CHF 7.4 million in relation to ongoing litigation.
- CHF 30.0 million in relation to the US Tax Programme, made up of CHF 8.6 million in legal and professional expenses and CHF 21.4 million as a provision in respect of the cost of the final penalty that may be payable. EFG International is in advanced discussions and the provision represents its best estimate of the likely outcome.
- CHF 0.1 million relating to the Bons de Participation dividend.

This compares with an underlying net profit attributable to ordinary shareholders of CHF 60.3 million in the first half of 2013, principally reflecting the cost of growth-related initiatives. Operating expenses were CHF 276.7 million, up 4% from CHF 265.9 million in the first half of 2013, with the increase mostly accounted for by CRO hiring and further investment in the investment and wealth solutions platform. The cost-income ratio stood at 80.2%, compared with 79.8% for the same period last year (but down from 83.1% in the second half of 2013).

Revenue-generating Assets under Management were CHF 80.1 billion, compared with CHF 75.9 billion at end-2013. This reflects FX and market effects of CHF 1.6 billion and net new assets of CHF 2.7 billion.

On a Basel III (fully applied) basis, EFG International's BIS Capital Ratio stood at 18.7%, compared with 18.0% at end-2013. The Common Equity Ratio (CET 1) stood at 14.1%, up from 13.5%.

Further improvement in core business profitability and therefore earnings quality; most regional private banking businesses making good progress

Core private banking operating revenues increased by 5% during the first half of 2014 compared with a year earlier, and profit contribution increased by 26%.

Continental Europe delivered a particularly strong performance during the first half of 2014, with operating income up 29% and profit contribution up 44% year-on-year. In the UK, operating income and profit contribution rose 9% and 19% respectively. Operating income rose 4% in the Americas, although profit contribution was down slightly. However, excluding the Caribbean, the rest of the Americas delivered strong double-digit growth in both operating income and profit contribution. The Switzerland business continued to be impacted by challenging conditions, with operating income up 2%. Notwithstanding a good performance in terms of net new assets, Asia made a weak start to the year in terms of operating income and profit contribution, a reflection of client caution, and the resulting lower levels of activity, as well as the weaker US dollar. However, while the first quarter was particularly slow, activity improved strongly during the second quarter, and the expectation is that business performance will be significantly better in the second half of 2014.

Good progress in relation to net new assets – well within target range

Net new assets were CHF 2.7 billion in the first half of 2014, compared with CHF 1.9 billion a year earlier, and well up on the CHF 0.6 billion attained in the second-half of 2013. This represents annualised growth of 7%, well within EFG International's target range of 5–10%.

Apart from Switzerland, which experienced an outflow (2.9% annualised), the UK, Asia, and Continental Europe businesses all delivered double-digit growth. Furthermore, the Latin America business generated net new asset growth at an annualised rate of 8%, albeit the Americas overall was slightly negative due to the partial anticipated liquidation of a single large account in the Cayman Islands.

CRO hiring continues to strengthen

The hiring of CROs remains strong, continuing the improvement seen in the second half of 2013. The total number of CROs stood at 456 at the end of June 2014, up from 416 a year earlier and from 435 at end-2013.

Hiring was particularly strong in Asia (up 11) and Continental Europe (up 12). Switzerland was up three, the UK was flat, and the Americas was down seven as a result of four CROs in the Caribbean becoming independent (although continuing to custodise with EFG International) and a number of CROs retiring and not being replaced. The pipeline is strong, with 13 new CROs already contracted to join.

A wide range of initiatives reflecting an overriding focus on growth

EFG International is steadfastly committed to delivering growth, supported by a wide range of initiatives:

– CRO recruitment. The CRO pipeline remains strong, with a clear focus on high quality individuals and teams. There is a clear performance management focus on both existing and new CROs. As part of this, the performance criteria applied to CROs are being reinforced to ensure that CROs remain incentivised to grow, particularly at relatively low levels of contribution.

– In June 2014, EFG International appointed Adrian Kyriazi as Regional Business Head for Continental Europe and Switzerland. A proven business leader, formerly at Credit Suisse and

HSBC, he is well equipped to develop EFG International's Continental European and Swiss businesses in a coordinated fashion. In Switzerland, he is working closely with the two new Heads of Private Banking in Zurich and Geneva to attract new CROs and drive domestic and international growth.

- In Asia, Alvin Ma joined EFG International on 21 February 2014 as Head of Emerging Wealth, based in Hong Kong. Already he has recruited three senior CROs, with a further two in the pipeline.
- In January 2014, EFG International and Falcon Private Bank agreed on a referral of the latter's clients in Hong Kong. This process has been slightly slower than anticipated, with four CROs only moving across in June. The transfer of client relationships will now occur during the second half of 2014, with assets under management expected to be circa CHF 500 million.
- In Singapore, EFG International commenced operations as a wholesale bank during March 2014.
- To further enhance and coordinate its activities in the Global South Asian Diaspora, EFG International appointed Amrit Uppal as Managing Director, Head of Global South Asian Diaspora, effective June 2014. He has been joined by two senior CROs and further hires are in the pipeline.
- In Spain, AyG obtained a license in June to create a new bank, A&G Banca Privada, allowing it to broaden its core investment management and advisory offering to include a range of banking services. The group's security brokerage business will be merged with EFG's banking branch in Spain, with all services being provided under the A&G brand.
- Coverage of the Greek market was enhanced in March by the hiring of a team head in Luxembourg, with additional hires across a number of centres. EFG International has decided to establish a representative office in Athens, which will be opened during the second half of this year.
- EFG International is planning to establish a presence in Cyprus during the second half of 2014.
- In Colombia, EFG International hired, effective April 2014, Andres Gonzalez, formerly Head of Private Banking at Bancolombia, to help to drive growth, including the hiring of CROs.
- EFG International is planning to establish an onshore business in Chile, based on a team of proven individuals, as part of ambitious plans to grow in the Andean region.
- Capabilities relating to ultra high-net worth individuals (UHNWIs) continue to be upgraded. A dedicated UHNWI team has been recruited in Geneva and has made strong progress, as well as enhancing the range of specialist services available to this segment.
- EFG International continues to invest in its integrated solutions platform, encompassing wealth structuring, investment solutions and credit. In particular, it has increased the number of Investment Counsellors, providing direct support to CROs. Strong progress continues to be made in relation to investment solutions, with clients' assets under direct management standing at CHF 10.8 billion at end-June 2014, up 33% on a year earlier.
- The focus remains on organic growth but EFG International continues to look at acquisition opportunities where there is a shared appreciation of private banking, complementary cultures and capabilities, and scope for meaningful synergies.

Realigning the cost base in relation to revenues

EFG International remains committed to getting its cost-income ratio down to below 75%. A cornerstone of its strategy is the notion of delivering business growth, flowing through with minimal dilution to productivity and profits. While the focus will continue to be on growth, it is clear that costs need to be managed in a way that facilitates the operating leverage inherent in EFG International's strategy of controlled, profitable growth. This essentially means core operating costs will be reduced in order to finance growth initiatives, such as hiring CROs or entering new markets, where it is satisfied there is a compelling business case. This steadfast approach to costs will continue until such time as underlying business profitability is significantly higher than it is at present.

LOOKING AHEAD

Committed to delivering medium-term targets

The private banking opportunity is a significant and growing one, and EFG International is well placed to capitalise on this, even though external factors continue to constrain profitability: low interest rates on asset and liability management; fragile client sentiment causing activity levels to be subdued; and the impact of regulatory developments, which has been a significant time and resource commitment for both management and CROs. Reaching a settlement in relation to the US programme, which will hopefully be formalised shortly, will remove a major distraction and source of uncertainty.

EFG International's focus remains resolutely on growth, and encouraging progress was made during the first half of 2014 in relation to key forward indicators, namely CRO hiring and net new asset generation, now comfortably back within the target range. This bodes well for the future, as does a robust revenue margin. Taken together with the number, range and quickening pace of growth-related initiatives, EFG International is convinced that it is firmly on track to deliver strong double-digit growth for the foreseeable future. Core private banking profitability continues to improve, and EFG International is committed to controlling operating expenses so as to deliver a strong improvement in business performance while still financing growth-related initiatives.

Delivering an IFRS net profit of CHF 200 million in 2015 is no longer realistic – following the resetting phase, it has taken longer than anticipated to get the business moving forward again, and assistance from improved market conditions and rising interest rates has not been forthcoming. However, EFG International is now firmly back in a growth mode, and the next few years will be all about delivering a step-change in business performance.

EFG International reaffirms its other medium-term objectives:

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

– A reduced cost-income ratio – to below 75%.

– Continue to strengthen capital, 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 remain broadly at the level (84bps) prevailing at the time of the business review.

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

Jean Pierre Cuoni,
Chairman of the Board

John Williamson,
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Interest and discount income		**222.6**	213.1	204.1
Interest expense		**(96.6)**	(100.2)	(103.8)
Net interest income	5	**126.0**	112.9	100.3
Banking fee and commission income		**229.0**	216.3	213.0
Banking fee and commission expense		**(46.7)**	(36.1)	(49.9)
Net banking fee and commission income	6	**182.3**	180.2	163.1
Dividend income	7	**1.1**		3.5
Net trading income	8	**30.8**	36.5	38.0
Net (loss) / gain from financial instruments measured at fair value	9	**(2.9)**	2.5	5.3
Gains less losses on disposal of available-for-sale investment securities	10	**4.3**	2.5	8.1
Other operating income		**1.3**	1.3	11.8
Net other income		**34.6**	42.8	66.7
Operating income		**342.9**	335.9	330.1
Operating expenses	11	**(276.7)**	(281.3)	(265.9)
Impairment on loans and advances to customers		**(0.2)**	(1.2)	(0.2)
Litigation and other provisions	16	**(63.7)**	(23.7)	(10.0)
Gain on disposal of subsidiaries			0.5	
Profit before tax		**2.3**	30.2	54.0
Income tax expense	14	**(7.2)**	(2.0)	(6.2)
Net (loss) / profit for the period from continuing operations		**(4.9)**	28.2	47.8
Discontinued operations				
Profit for the period from discontinued operations	13		(0.4)	47.1
Net (loss) / profit for the period		**(4.9)**	27.8	94.9
Net (loss) / profit for the period attributable to:				
Net (loss) / profit attributable to equity holders of the Group		**(6.0)**	27.3	84.5
Net profit attributable to non-controlling interests		**1.1**	0.5	0.1
Net (loss) / profit attributable to non-controlling interests from discontinued operations				10.3
		(4.9)	27.8	94.9

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

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	Half year ended 30 June 2014	Half year ended 31 December 2013	Restated Half year ended 30 June 2013
Earnings per ordinary share		CHF	CHF	CHF
Basic				
From continuing operations		(0.04)	0.18	0.32
From discontinued operations				0.25
	21	**(0.04)**	0.18	0.57
Diluted				
From continuing operations		(0.04)	0.18	0.31
From discontinued operations				0.24
	22	**(0.04)**	0.18	0.55

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Half year ended 30 June 2013 CHF millions
Net (loss) / profit for the period	**(4.9)**	27.8	94.9
Comprehensive income			
Items that may be reclassified subsequently to the Income Statement:			
Net gain / (loss) on hedge of net investments in foreign operations, with no tax effect	5.9	(10.2)	6.9
Currency translation differences, with no tax effect	9.4	9.7	(6.6)
Fair value gains / (losses) on available-for-sale investment securities, before tax	22.4	4.6	(4.5)
Tax effect on changes in fair value of available-for-sale investment securities	(0.3)	(0.3)	1.1
Transfer to the Income Statement of realised available-for-sale investment securities reserve, with no tax effect	(4.3)	(2.5)	(8.1)
Items that will not be reclassified to the Income Statement:			
Defined benefit (costs)/gains	(8.0)	3.8	14.4
Comprehensive income for the period, net of tax	**25.1**	5.1	3.2
Total comprehensive income for the period	**20.2**	32.9	98.1
Total comprehensive income for the period attributable to:			
Equity holders of the Group	19.2	32.7	87.0
Non-controlling interests	1.0	0.2	11.1
	20.2	32.9	98.1

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 2014

	Note	30 June 2014 CHF millions	31 December 2013 CHF millions
Assets			
Cash and balances with central banks		**1,092.4**	848.9
Treasury bills and other eligible bills		**503.6**	631.2
Due from other banks		**2,118.0**	2,200.2
Loans and advances to customers		**12,758.8**	11,561.8
Derivative financial instruments		**388.1**	560.4
Financial assets at fair value:			
Trading assets		**104.5**	113.3
Designated at inception		**336.8**	349.8
Investment securities:			
Available-for-sale		**3,605.3**	3,844.5
Held-to-maturity		**1,094.1**	1,107.1
Intangible assets		**267.2**	266.9
Property, plant and equipment		**22.2**	22.5
Deferred income tax assets		**35.4**	36.3
Other assets		**306.8**	155.7
Total assets		**22,633.2**	21,698.6
Liabilities			
Due to other banks		**357.6**	290.1
Due to customers		**16,591.4**	16,443.8
Derivative financial instruments		**453.0**	544.9
Financial liabilities designated at fair value		**331.2**	310.7
Other financial liabilities		**2,791.4**	2,421.5
Debt issued	15	**403.9**	–
Subordinated loans	15	**238.1**	245.1
Current income tax liabilities		**4.6**	5.0
Deferred income tax liabilities		**34.7**	34.6
Provisions	16	**78.5**	26.8
Other liabilities		**234.3**	269.6
Total liabilities		**21,518.7**	20,592.1
Equity			
Share capital	17	**75.2**	74.0
Share premium		**1,242.7**	1,238.4
Other reserves		**(24.5)**	(49.1)
Retained earnings		**(197.5)**	(161.6)
		1,095.9	1,101.7
Non-controlling interests		**18.6**	4.8
Total shareholders' equity		**1,114.5**	1,106.5
Total equity and liabilities		**22,633.2**	21,698.6

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 2014

	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 2013	**77.2**	**1,239.0**	**119.9**	**(260.1)**	**1,176.0**	**100.3**	**1,276.3**
Net profit for the period				84.5	84.5	10.4	94.9
Currency translation differences, net of tax			0.1		0.1	0.2	0.3
Fair value gains on available-for-sale investment securities, net of tax			(11.5)		(11.5)		(11.5)
Defined benefit gains			13.9		13.9	0.5	14.4
Total Comprehensive Income for the period	–	–	2.5	84.5	87.0	11.1	98.1
Dividend paid on ordinary shares				(14.7)	(14.7)		(14.7)
Dividend paid on Bons de Participation				(1.7)	(1.7)		(1.7)
Employee equity incentive plans amortisation			6.4		6.4		6.4
Employee equity incentive plans exercised	0.4		(3.3)	3.3	0.4		0.4
Repurchase of Bons de Participation	(3.8)	(1.2)	(182.9)		(187.9)		(187.9)
Disposal of subsidiary			(4.6)		(4.6)	(104.7)	(109.3)
Balance at 30 June 2013	**73.8**	**1,237.8**	**(62.0)**	**(188.7)**	**1,060.9**	**6.7**	**1,067.6**
Net profit for the period				27.3	27.3	0.5	27.8
Currency translation differences, net of tax			(0.2)		(0.2)	(0.3)	(0.5)
Fair value gains / (losses) on available-for-sale investment securities, net of tax			1.8		1.8		1.8
Defined benefit gains			3.8		3.8		3.8
Total Comprehensive Income for the period	–	–	5.4	27.3	32.7	0.2	32.9
Dividend paid on Bons de Participation				(0.2)	(0.2)		(0.2)
Reduction in non-controlling interests					–	(1.9)	(1.9)
Ordinary shares sold		0.8			0.8		0.8
Ordinary shares repurchased		(0.2)			(0.2)		(0.2)
Employee equity incentive plans amortisation			5.6		5.6		5.6
Employee equity incentive plans exercised	0.2		2.4		2.6		2.6
Repurchase of Bons de Participation			(0.5)		(0.5)		(0.5)
Disposal of subsidiary					–	(0.2)	(0.2)
Balance at 31 December 2013	**74.0**	**1,238.4**	**(49.1)**	**(161.6)**	**1,101.7**	**4.8**	**1,106.5**

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 2014

	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
Fair value gains / (losses) on available-for-sale investment securities, 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**

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 2014

	Half year ended 30 June 2014 CHF millions	Half year ended 30 June 2013 CHF millions
Net cash flows from operating activities	6.7	19.7
Net changes in operating assets and liabilities	(976.5)	(214.9)
Net cash flows from / (used in) investing activities	345.3	(459.4)
Net cash flows from financing activities	668.8	494.9
Effect of exchange rate changes on cash and cash equivalents	(18.1)	41.0
Net change in cash and cash equivalents	**26.2**	(118.7)
Cash and cash equivalents at beginning of period	3,066.8	4,346.6
Net change in cash and cash equivalents	26.2	(118.7)
Cash and cash equivalents	**3,093.0**	4,227.9

Cash and cash equivalents

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

	30 June 2014 CHF millions	30 June 2013 CHF millions
Cash and balances with central banks	1,092.4	1,419.5
Treasury bills and other eligible bills	320.5	300.9
Due from other banks – At sight	1,038.4	1,207.9
Due from other banks – At term	641.7	1,299.6
Cash and cash equivalents	**3,093.0**	4,227.9

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 22 July 2014.

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 financial statements for the year ended 31 December 2013.

Where necessary, comparative figures have been adjusted to conform with 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 2013.

These condensed consolidated interim financial statements are unaudited and should be read in conjunction with the audited financial statements included in the Group's annual report for 2013.

The June 2013 Income Statement has been restated relative to the version presented for June 2013 to separately present the discontinued operations (see note 13) in line with the presentation of the consolidated financial statements for the year ended 31 December 2013.

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 revised standards considered in the preparation of these condensed consolidated interim financial statements include:

New and amended standards adopted by the Group:
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 annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The Group applied for the year ended 31 December 2013 for the first time, certain standards and amendments that required the restatement of previous interim financial statements. These include IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IAS 19 (Revised 2011) 'Employee Benefits', IFRS 12 'Disclosure of Interest in Other Entities', IFRS 13 'Fair Value Measurement' and amendments to IAS 1 'Presentation of Financial Statements'.

There are several new standards and amendments that apply for the first time in 2014 further presented below. These do not impact the annual consolidated financial statements of the Group or the condensed consolidated interim financial statements of the Group.

'Novation of Derivatives and Continuation of Hedge Accounting' (Amendments to IAS 39, 'Financial Instruments: Recognition and Measurement') provides relief from discontinuing hedge accounting when a derivative designated as a hedging instrument is novated to effect clearing with a central counterparty as a result of laws and regulations, provided certain criteria are met. Adoption of the amendments had no impact on these financial statements.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subject to significant levies so the impact on the Group is not material.

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

Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group:
– IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.
IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in the Statement of Comprehensive Income rather than in the Income Statement, unless this creates an accounting mismatch.
The amendments also provide relief from restating comparative information and require disclosures (in IFRS 7) to enable users of financial statements to understand the effect of beginning to apply IFRS 9.

In November 2013, IASB published an amendment to IFRS 9 'Financial Instruments' incorporating its new general hedge accounting model. By this new phase of the project, the standard becomes more principle based, ensures increased eligibility of hedging instruments and hedged items, amends the qualifying criteria for applying hedge accounting and requires increased disclosures.

In February 2014, the IASB tentatively decided to set the mandatory effective date of IFRS 9 to 1 January 2018. The Group is monitoring the developments in order to assess the impact on its financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Changes in presentation – Reported segments
Starting with January 2014, the Group introduced a new reporting segment for the Wealth Solutions business unit in order to enhance the relevance of the composition of the segmental information. Please refer to note 23 for more information. The Financial Products segment has been eliminated in the current period and is presented as discontinued in the comparatives further to its disposal. Prior period information was adjusted accordingly.

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 2013. There have been no significant changes in the risk management organisation or in the risk management policies since 31 December 2013.

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 (which are monitored on a daily basis), by mortgages, or to rated financial institutions.

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.

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 7 amended 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 2014, the Group held the following classes of financial instruments measured at fair value:

	30 June 2014				
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions	Total CHF millions
Derivative financial instruments (assets):					
Currency derivatives		58.2		58.2	
Interest rate derivatives		63.4		63.4	
Equity derivatives		214.8		214.8	
Other derivatives		4.2		4.2	
Life Insurance related			47.5	47.5	
Total derivatives assets					**388.1**
Financial assets at fair value – Trading assets:					
Equity	0.1			0.1	
Debt	104.4			104.4	
Total trading assets					**104.5**
Financial assets at fair value – Designated at inception:					
Equity	0.1			0.1	
Debt	37.8			37.8	
Life Insurance related			298.9	298.9	
Total financial assets designated at inception					**336.8**
Investment securities: Available-for-sale:					
Equity	5.0		25.5	30.5	
Debt	3,156.9	378.9		3,535.8	
Life Insurance related			39.0	39.0	
Total investment securities available-for-sale					**3,605.3**
Total assets measured at fair value	**3,304.3**	**719.5**	**410.9**	**4,434.7**	**4,434.7**
Derivative financial instruments (liabilities):					
Currency derivatives		61.0		61.0	
Interest rate derivatives		172.7		172.7	
Equity derivatives		216.9		216.9	
Other derivatives		2.4		2.4	
Total derivatives liabilities					**453.0**
Financial liabilities designated at fair value:					
Equity			35.2 *	35.2	
Life Insurance related			296.0	296.0	
Total financial liabilities designated at fair value					**331.2**
Total liabilities measured at fair value	**–**	**453.0**	**331.2**	**784.2**	**784.2**
Assets less liabilities measured at fair value	**3,304.3**	**266.5**	**79.7**	**3,650.5**	**3,650.5**

* *Level 3 equity related financial liabilities designated at fair value of CHF 35.2 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 2014, there were no transfers between Level 1 and Level 2 fair value measurements. Credit Default Swaps were transferred from Level 3 to Level 2 for CHF (1.5) million.

Movements of Level 3 instruments

	Assets in Level 3			
	Derivative financial instruments CHF millions	Designated at inception CHF millions	Available-for-sale CHF millions	Total Assets in Level 3 CHF millions
At 1 January 2014	**48.1**	**298.6**	**64.8**	**411.5**
Total gains or losses				
in the Income Statement – Interest and discount income		23.2	2.0	25.2
in the Income Statement – Net trading income	2.4			2.4
in the Income Statement – Net loss from financial instruments designated at fair value		(26.7)		(26.7)
in the Statement of Comprehensive Income			(3.7)	(3.7)
Purchases / Premiums paid	0.9	18.4	2.3	21.6
Disposals / Premiums received	(2.3)	(15.6)	(0.8)	(18.7)
Transfer between assets and liabilities		1.0		1.0
Transfer from Level 3 to Level 2	(1.5)			(1.5)
Exchange differences	(0.1)		(0.1)	(0.2)
At 30 June 2014	**47.5**	**298.9**	**64.5**	**410.9**
Total gains or losses for the period included in the Income Statement for assets held at the end of the reporting period	2.4	(3.5)	2.0	0.9

	Liabilities in Level 3	
	Financial liabilities designated at fair value CHF millions	Total Liabilities in Level 3 CHF millions
At 1 January 2014	**310.7**	**310.7**
Total gains or losses		
in the Income Statement – Interest and discount income	23.5	23.5
in the Income Statement – Net gain from financial instruments designated at fair value	(22.3)	(22.3)
Increase through shareholder's equity	17.0	17.0
Purchases / Premiums paid	16.7	16.7
Disposals / Premiums received	(15.0)	(15.0)
Transfer between assets and liabilities	1.0	1.0
Exchange differences	(0.4)	(0.4)
At 30 June 2014	**331.2**	**331.2**
Total gains or losses for the period included in the Income Statement for liabilities held at the end of the reporting period	1.2	1.2

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 2014				
Financial Assets				
Due from other banks	i)	2,118.0	2,123.6	5.6
Loans and advances to customers	ii)	12,758.8	12,839.2	80.4
Investment securities – Held-to-maturity – Life Insurance related	iii)	680.1	479.5	(200.6)
Investment securities – Held-to-maturity – Debt	iv)	414.0	381.5	(32.5)
		15,970.9	**15,823.8**	**(147.1)**
Financial Liabilities				
Due to other banks	v)	357.6	357.5	0.1
Due to customers	vi)	16,591.4	16,590.7	0.7
Other financial liabilities	vii)	2,791.4	2,800.7	(9.3)
Subordinated loans	viii)	238.1	274.0	(35.9)
Debt issued	ix)	403.9	403.9	–
		20,382.4	**20,426.8**	**(44.4)**
Net financial instruments not measured at fair value		**(4,411.5)**	**(4,603.0)**	**(191.5)**

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 carrying value is derived from an acquisition value, based on an Internal Rate of Return ("IRR") at acquisition of 10.7% and an accrual on an effective interest rate using a basis of 3.4% (2013: 4.4%) on life insurance policies outstanding at year end.

The fair value for held-to-maturity assets related to the life insurance portfolio is calculated using expected cash flows discounted using an IRR.

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 2014 CHF millions	31 December 2013 CHF millions	30 June 2013 CHF millions
At beginning of period	**1.5**	1.5	1.5
Recognised in the Income Statement	(0.1)		
At end of period	**1.4**	1.5	1.5

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, and
iv) Option pricing models.

		30 June 2014 CHF millions	31 December 2013 CHF millions
Valuation technique			
Discounted cash flow analysis	**Products**		
Derivatives	Credit default swaps		1.5
Available-for-sale – Equity securities	Equities in stock exchanges and clearing houses	**25.5**	25.6
Financial liabilities designated at fair value	Liability to purchase non-controlling interests	**(35.2)**	(18.2)
Discounted cash flow analysis and life expectancies (non-market observable inputs)			
Derivatives	Synthetic life settlement policies	**47.5**	46.6
Financial assets at fair value	Physical life settlement policies	**29.9**	29.6
Financial assets at fair value	Physical life settlement policies*	**269.0**	269.0
Available-for-sale	Physical life settlement policies	**39.0**	39.2
Financial liabilities designated at fair value	Synthetic life settlement policies*	**(296.0)**	(292.5)
Total		**79.7**	100.8

* *Assets valued at CHF 269.0 million (2013: CHF 269.0 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. The 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 Table ("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 in-depth 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 table below summarises the sensitivity to the Group's valuation of physical and synthetic life settlement policies and related financial instruments.

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 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	(2.9)	0.2	(0.2)		
Financial assets at fair value	Physical policies	11.5	(10.7)	17.4	(17.0)	8.4	(8.4)
Available-for-sale	Physical policies	1.3	(1.2)	2.0	(2.0)	1.2	(1.2)
Financial liabilities designated at fair value	Synthetic policies	(12.1)	11.2	(15.1)	14.7		

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 2014 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 2014. The sensitivity to this valuation is that the gain/loss taken through Comprehensive Income for a 30% higher and 30% lower 6 month 2014 estimated profit would be CHF 0.5 million gain or CHF (0.3) 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 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 a fixed amount, which sets the minimum price of the put options at CHF 35.2 million. 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 based on contractual terms and therefore are not dependent on internal assumptions on inputs. However, they are classified as Level 3 due to the absence of quoted prices or observable inputs.

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 2014	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	415.7	(27.6)	388.1	(289.0)	(2.2)	96.9
Life insurance policies – Designated at fair value at inception	269.0	–	269.0	(296.0)	–	–
Total financial assets	**684.7**	**(27.6)**	**657.1**	**(585.0)**	**(2.2)**	**96.9**

As at 30 June 2014	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	480.6	(27.6)	453.0	(284.3)	(101.0)	67.7
Life insurance policies - Designated at fair value at inception	296.0	–	296.0	(269.0)	(98.6)	–
Total financial liabilities	**776.6**	**(27.6)**	**749.0**	**(553.3)**	**(199.6)**	**67.7**

As at 31 December 2013	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	611.4	(51.0)	560.4	(274.5)	(10.1)	275.8
Life insurance policies - Designated at fair value at inception	269.0	–	269.0	(292.5)	–	–
Total financial assets	**880.4**	**(51.0)**	**829.4**	**(567.0)**	**(10.1)**	**275.8**

As at 31 December 2013	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 amount CHF millions
Derivatives	595.9	(51.0)	544.9	(295.5)	(118.2)	131.2
Life insurance policies - Designated at fair value at inception	292.5	–	292.5	(269.0)	(100.0)	–
Total financial liabilities	**888.4**	**(51.0)**	**837.4**	**(564.5)**	**(218.2)**	**131.2**

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 2014 derivative financial instruments valued at CHF 29.3 million have been netted with derivative financial instruments with a negative value of CHF 27.6 million for a net presentation of derivative financial instruments as an asset with a value of CHF 1.7 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 2013, there are no material changes in the liquidity profile of the Group.

4. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	30 June 2014 CHF millions	31 December 2013 CHF millions	30 June 2013 CHF millions
Character of client assets			
Equities	**20,878**	19,846	19,270
Deposits	**18,553**	18,397	18,784
Bonds	**15,813**	15,367	15,821
Loans	**12,924**	11,915	11,375
Structured notes	**2,473**	2,275	2,183
Hedge funds / Funds of Hedge funds	**3,402**	3,050	3,329
Fiduciary deposits	**1,419**	1,255	1,475
EFG International shares	**814**	1,002	904
Other	**4,684**	3,747	3,727
Total Assets under Management	**80,960**	76,854	76,868
Total Assets under Administration	**7,761**	8,074	9,157
Total	**88,721**	84,928	86,025

5. NET INTEREST INCOME

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Interest and discount income			
Banks and customers	**157.2**	151.3	135.8
Financial assets designated at fair value	**24.3**	27.9	27.6
Available-for-sale investment securities	**26.6**	18.9	23.1
Held-to-maturity investment securities*	**14.0**	14.6	17.1
Treasury bills and other eligible bills	**0.5**	0.4	0.5
Total interest and discount income	**222.6**	213.1	204.1
Interest expense			
Banks and customers	**(74.2)**	(77.7)	(78.2)
Financial liabilities	**(13.8)**	(13.4)	(18.2)
Subordinated loans	**(8.6)**	(9.1)	(7.4)
Total interest expense	**(96.6)**	(100.2)	(103.8)
Net interest income	**126.0**	112.9	100.3

** Net of amortisation of available-for-sale equity reserve, related to the life insurance policies transferred from available-for-sale, of CHF (5.2) million, CHF (5.2) million for half year ended 31 December 2013 and 30 June 2013 respectively.*

6. NET BANKING FEE AND COMMISSION INCOME

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Commission income	**229.0**	216.3	213.0
Commission expenses	**(46.7)**	(36.1)	(49.9)
Net banking fee and commission income	**182.3**	180.2	163.1

7. DIVIDEND INCOME

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Available-for-sale investment securities	**1.1**		3.5
Dividend income	**1.1**	–	3.5

8. NET TRADING INCOME

Net trading income of CHF 30.8 million (CHF 36.5 million for half year ended 31 December 2013 and CHF 38.0 million for 30 June 2013 respectively) comprised of results from foreign exchange transactions and results on revaluation of assets and liabilities denominated in other currencies.

9. NET (LOSS) / GAIN FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Half year ended 30 June 2013 CHF millions
Financial instruments measured at fair value			
Equity securities	**0.1**	(2.3)	2.0
Debt securities	**(0.7)**	2.3	1.8
Derivative financial instruments	**0.9**	3.3	2.6
Life insurance securities	**(2.8)**	(0.8)	(1.1)
Inefficiency on fair value hedges	**(0.4)**		
Net (loss) / gain from financial instuments measured at fair value	**(2.9)**	2.5	5.3

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Half year ended 30 June 2013 CHF millions
Inefficiency on fair value hedges			
Net (losses) / gains on hedging instruments	**(54.4)**	40.5	20.6
Net gains / (losses) on hedged items attributable to the hedged risk	**54.0**	(40.5)	(20.6)
Net losses representing ineffective portions of fair value hedges	**(0.4)**	–	–

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

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Half year ended 30 June 2013 CHF millions
Transfer from the Statement of Comprehensive Income			
Debt securities	**5.0**	5.0	8.1
Life insurance securities	**(0.7)**	(2.5)	
Gains less losses from available for sale investment securities	**4.3**	2.5	8.1

11. OPERATING EXPENSES

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Staff costs (note 12)	**(204.6)**	(199.2)	(197.0)
Professional services	**(7.4)**	(11.7)	(7.5)
Advertising and marketing	**(5.3)**	(5.0)	(4.4)
Administrative expenses	**(24.4)**	(25.5)	(23.7)
Operating lease rentals	**(13.3)**	(12.5)	(14.6)
Depreciation of property, plant and equipment	**(3.9)**	(3.9)	(3.9)
Amortisation of intangible assets:			
Computer software and licences	**(1.6)**	(1.5)	(1.8)
Other intangible assets	**(1.7)**	(2.0)	(2.5)
Legal and litigation expenses	**(3.1)**	(4.5)	(2.7)
Other	**(11.4)**	(15.5)	(7.8)
Operating expenses	**(276.7)**	(281.3)	(265.9)

12. STAFF COSTS

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Wages, salaries and staff bonuses	(167.3)	(163.1)	(162.8)
Social security costs	(13.0)	(11.6)	(10.5)
Pension costs	(7.8)	(7.9)	(8.5)
Employee Equity Incentive Plans	(6.4)	(5.6)	(6.4)
Other	(10.1)	(11.0)	(8.8)
Staff costs	**(204.6)**	(199.2)	(197.0)

13. DISCONTINUED OPERATIONS

The results of the discontinued operation included in the Income Statement are set out below. There were no discontinued businesses for the six months period ended 30 June 2014.

	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Profit for the period from discontinued operations		
Net interest expense		(0.8)
Net banking fee and commission income		53.7
Net other expense		(1.4)
Operating income	–	51.5
Operating expenses		(35.3)
Profit before tax	–	16.2
Attributable income tax expense		(3.3)
Profit after tax	–	12.9
Gain on disposal	(0.4)	34.2
Result for the period from discontinued operations (attributable to owners of the Group)	(0.4)	47.1
Net profit attributable to equity holders of the Group	(0.4)	36.8
Net profit attributable to non-controlling interests from discontinued operations		10.3
	(0.4)	47.1

The gain on disposal included above in the profit for the period comprises:

Gain on disposal of discontinued operations		
Consideration received		70.2
Transaction costs	(0.4)	(0.7)
Net assets disposed of		(140.2)
Non-controlling interests		104.9
Gain on disposal	(0.4)	34.2

14. INCOME TAX EXPENSE

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Current tax expense	**(6.7)**	(1.5)	(10.0)
Deferred tax (expense) / gain	**(0.5)**	(0.5)	3.8
Income tax expense	**(7.2)**	(2.0)	(6.2)

15. SUBORDINATED LOANS AND DEBT ISSUED

	Weighted average interest rate %	Due dates	30 June 2014 CHF millions	31 December 2013 CHF millions
Subordinated loans – issuers				
EFG International (Guernsey) Ltd – EUR 66,425,000	8.00% p.a.	January 2022	55.7	58.5
EFG Funding (Guernsey) Ltd – CHF 180,000,000	4.75% p.a.	January 2023	182.4	186.6
Total subordinated loans			**238.1**	**245.1**
Debt issued - issuers				
Chestnut Financing PLC – GBP 266,300,000	1.28% p.a.	November 2030	403.9	–
Total			**403.9**	**–**

16. PROVISIONS

	Provisions for litigation risks CHF millions	Provisions for restructuring CHF millions	Other provisions CHF millions	Total CHF millions
At 1 January 2014	2.2	1.5	23.1	26.8
Increase in provisions recognised in the Income Statement	33.7		30.0	63.7
Provisions used during the year	(1.9)	(0.6)	(9.5)	(12.0)
Exchange differences	(0.2)		0.2	–
At 30 June 2014	**33.8**	**0.9**	**43.8**	**78.5**
Expected payment within 12 months	33.8	0.9	43.8	78.5
Expected payment thereafter				–
	33.8	**0.9**	**43.8**	**78.5**

Provision for litigation risks

Provisions for litigation risks of CHF 33.8 million comprise primarily the following:

i. A provision of CHF 26.3 million related to proceedings in Switzerland linked to fraudulently approved contracts where claims have been brought against the Group. On 27 February 2014 the Court ruled against the Group on these claims. The Group continues to defend its position vigorously in the Court of Appeal, but the outcome remains uncertain. The amount has been settled in July.

ii. The residual CHF 7.5 million of provision for litigation at the end of June 2014 is for numerous small provisions which are expected to be settled within a year.

Provision for restructuring

The Group made the decision to close the businesses in France, Sweden and Gibraltar. These provisions relate to the closure costs of these entities which are part of the way through their closure programmes.

Other provisions

Other provisions of CHF 43.8 million comprise primarily the following:

i. A Provision of CHF 30.0 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 estimated costs of outside legal counsel, other external advisers of CHF 8.6 million and the estimated cost of the penalty of CHF 21.4 million. The matter is are expected to be settled within six months.

ii. A provision of CHF 8.0 million for an amount payable related to the withholding tax treaty between Switzerland and the UK. As the amount of undeclared assets held by UK citizens in Swiss banks and liable for the payment is substantially less than originally anticipated by the Swiss banking industry, the Swiss banks made up the shortfall. The asset pool was reduced by a high proportion of resident non-domiciled clients of Swiss banks with limited UK tax obligations. This is expected to be settled within a year.

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

17. SHARE CAPITAL

In the period Share Capital increased by CHF 1.2 million, related to the 2,514,526 shares issued following the exercise of equity incentive plans from conditional share capital.

18. EMPLOYEE EQUITY INCENTIVE PLANS

In the period the Group has granted 1,047,292 restricted stock units with one third vesting annually. There are two classes, one with a 3-year lock-up and another with a 5-year lock-up.

19. RETIREMENT BENEFIT OBLIGATIONS

The Group operates two plans which under IFRS are classified as defined benefit plans. These plans are in Switzerland ("the Switzerland plan") and the Channel Islands ("the Channel Islands plan"). The Switzerland plan is considered as defined benefit plan under IFRS due to a minimum guaranteed return in Swiss pension legislation, the Group having no obligation relative to this fund other than to provide the minimum guaranteed return.

The Group operates the Channel Islands plan which is not aggregated with the plan in Switzerland, due to its relative size. The disclosure below relates to the Switzerland plan.

	Present value of obligation CHF millions	Fair value of plan assets CHF millions	Total CHF millions
1 January 2014 Forecast	**185.6**	**(183.0)**	**2.6**
Current service cost	3.1		3.1
Interest expense / (income)	2.3	(2.3)	–
Scheme administration and insurance expenses	1.0		1.0
Past service cost resulting from plan changes			–
Net amount recognised in the Income Statement	**6.4**	**(2.3)**	**4.1**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense / (income)		(5.0)	(5.0)
Actuarial loss on defined benefit obligation	13.0		13.0
Net amount recognised in the Statement of Comprehensive Income	**13.0**	**(5.0)**	**8.0**
Plan participants contributions	2.8	(2.8)	–
Company contributions		(5.2)	(5.2)
Scheme administration and insurance expenses	(1.0)	1.0	–
Benefit payments	(6.5)	6.5	–
Total transactions with fund	**(4.7)**	**(0.5)**	**(5.2)**
30 June 2014	**200.3**	**(190.8)**	**9.5**

Significant actuarial assumptions	30 June 2014	31 December 2013	31 December 2012
Discount rate	2.00%	2.50%	2.40%

The actuarial assumptions underlying the above calculation remain unchanged from 31 December 2013 as published into the consolidated financial statements of the Group, except for the discount rate used which was reduced by 50bps to 2.0% to reflect the current market rate.

20. DIVIDEND PER SHARE

At the Annual General Meeting on 25 April 2014 a dividend in respect of 2013 of CHF 0.20 (2012: CHF 0.10) per share amounting to CHF 29.7 million (2012 paid in 2013: CHF14.7 million) was approved.

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Half year ended 30 June 2013 CHF millions
Dividends on ordinary shares			
CHF 0.20 per share related to 2013 paid in 2014	29.7		
CHF 0.10 per share related to 2012 paid in 2013			14.7
	29.7	–	14.7
Dividends on Bons de Participation			
For the period 1 November 2013 to 30 April 2014 at 2.376%	0.2		
For the period 1 May 2013 to 30 October 2013 at 1.815%		0.2	
For the period 1 November 2012 to 30 April 2013 at 2.096%			1.7
	0.2	0.2	1.7

21. BASIC EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Net (loss) / profit for the period from continuing operations	(6.0)	27.7	47.7
Estimated pro-forma dividend on Bons de Participation	(0.1)	(0.2)	(0.7)
Net (loss) / profit for the period from continuing operations attributable to ordinary shareholders	**(6.1)**	27.5	47.0
Net (loss) / profit for the period from discontinued operations attributable to ordinary shareholders		(0.4)	36.8
Net (loss) / profit for the period attributable to ordinary shareholders	**(6.1)**	27.1	83.8
Weighted average number of ordinary shares – *000's of shares*	150,604	148,041	147,211
Basic earnings per ordinary share (CHF)			
from continuing operations	(0.04)	0.18	0.32
from discontinued operations			0.25
Basic earnings per ordinary share in CHF	**(0.04)**	0.18	0.57

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 212,725. 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 2014 until 30 April 2014 of 2.376% and 2.005% from 1 May 2014 until 30 June 2014.

22. DILUTED EARNINGS PER ORDINARY SHARE

	Half year ended 30 June 2014 CHF millions	Half year ended 31 December 2013 CHF millions	Restated Half year ended 30 June 2013 CHF millions
Net (loss) / profit for the period from continuing operations	(6.0)	27.7	47.7
Estimated pro-forma dividend on Bons de Participation	(0.1)	(0.2)	(0.7)
Net (loss) / profit for the period from continuing operations attributable to ordinary shareholders	**(6.1)**	27.5	47.0
Net (loss) / profit for the period from discontinued operations attributable to ordinary shareholders		(0.4)	36.8
Net (loss) / profit for the period attributable to ordinary shareholders	**(6.1)**	27.1	83.8
Weighted average number of ordinary shares – *000's of shares*	**150,604**	152,615	152,537
Diluted earnings per ordinary share (CHF)			
from continuing operations	(0.04)	0.18	0.31
from discontinued operations			0.24
Diluted earnings per ordinary share in CHF	**(0.04)**	0.18	0.55

In the period, pursuant to its employee equity incentive plans, the Group issued in 2014 restricted stock units related to 1,047,292 shares. Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilutive impact of potential unissued shares. These restricted stock units have the effect to increase the diluted-weighted average number of ordinary shares of EFG International in periods when the Group has profits attributable to ordinary shareholders.

23. 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 Asset Management business.

The Private Banking and Wealth Management business is managed on a regional basis and is split into Continental Europe, Switzerland, America's, United Kingdom and Asia. In 2014, a reportable segment has been added for the newly created Wealth Solutions business unit. The comparatives have been restated to align with this change, and to reflect the change in responsibility for the Cayman and Bahamas business which has been aligned with the Americas (previously included in Switzerland).

The Asset Management segment includes EFG Asset Management 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 insurance policy 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. In addition, the Corporate Centre includes businesses that have been restructured and are being wound down.

	Private Banking and Wealth management						Asset Management	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

	Private Banking and Wealth management						Asset Manage-ment	Wealth Solu-tions	Cor-porate Over-heads	Elimi-nations *	Total
CHF millions	Switzerland	Continental Europe	Americas	United Kingdom	Asia	Total					
Half year ended 31 December 2013											
Segment revenue	79.5	52.3	48.4	73.5	62.0	315.7	42.3	9.9	4.5	(36.5)	335.9
Segment expenses	(61.8)	(39.6)	(39.2)	(47.2)	(42.4)	(230.2)	(18.1)	(8.1)	(25.1)	7.6	(273.9)
Tangible assets and software depreciation	(0.8)	(0.5)	(0.6)	(0.5)	(0.9)	(3.3)		(0.2)	(1.9)		(5.4)
Total Operating margin	**16.9**	**12.2**	**8.6**	**25.8**	**18.7**	**82.2**	**24.2**	**1.6**	**(22.5)**	**(28.9)**	**56.6**
Cost to acquire intangible assets and impairment of intangible assets	0.1	(0.7)	(0.6)	(0.8)		(2.0)					(2.0)
Gain on disposal of subsidiaries						–			0.5		0.5
Other provisions				(19.2)		(19.2)			(4.5)		(23.7)
Impairment on loans and advances to customers		(0.6)		(0.6)		(1.2)					(1.2)
Segment profit / (loss) before tax	**17.0**	**10.9**	**8.0**	**5.2**	**18.7**	**59.8**	**24.2**	**1.6**	**(26.5)**	**(28.9)**	**30.2**
Income tax (expense) / gain	1.5	(1.2)	(0.4)	2.6	(2.7)	(0.2)	(0.9)		(0.9)		(2.0)
Net profit for the period from continuing operations	**18.5**	**9.7**	**7.6**	**7.8**	**16.0**	**59.6**	**23.3**	**1.6**	**(27.4)**	**(28.9)**	**28.2**
Assets under management	15,610	13,878	11,330	17,806	14,867	73,491	8,240		1,141	(6,017)	76,855
Employees	318	236	291	387	361	1,593	108	102	189	(3)	1,989

(1) Discontinued operations include the Financial Products business disposed of during 2013. Please refer to note 13.

	Private Banking and Wealth management						Asset Management	Wealth Solutions	Corporate Overheads	Eliminations*	Total
CHF millions	Switzerland	Continental Europe	Americas	United Kingdom	Asia	Total					
Half year ended 30 June 2013 – Restated											
Segment revenue	81.5	46.6	50.2	74.6	58.2	311.1	38.1	7.5	6.4	(33.0)	330.1
Segment expenses	(61.8)	(33.7)	(37.6)	(46.0)	(39.6)	(218.7)	(16.9)	(6.3)	(23.5)	7.7	(257.7)
Tangible assets and software depreciation	(0.6)	(0.5)	(0.6)	(0.5)	(0.8)	(3.0)	(0.1)	(0.2)	(2.4)		(5.7)
Total Operating margin	**19.1**	**12.4**	**12.0**	**28.1**	**17.8**	**89.4**	**21.1**	**1.0**	**(19.5)**	**(25.3)**	**66.7**
Cost to acquire intangible assets and impairment of intangible assets	(0.3)	(0.5)	(0.7)	(0.9)		(2.4)			(0.1)		(2.5)
Other provisions						–			(10.0)		(10.0)
(Impairment) / reversal of impairment on loans and advances to customers	(0.6)			0.4		(0.2)			–		(0.2)
Segment profit / (loss) before tax	**18.2**	**11.9**	**11.3**	**27.6**	**17.8**	**86.8**	**21.1**	**1.0**	**(29.6)**	**(25.3)**	**54.0**
Income tax (expense) / gain	(0.8)	0.1	(0.6)	(4.7)	(2.7)	(8.7)	(0.5)		3.0		(6.2)
Net profit for the period from continuing operations	**17.4**	**12.0**	**10.7**	**22.9**	**15.1**	**78.1**	**20.6**	**1.0**	**(26.6)**	**(25.3)**	**47.8**
Assets under management	16,397	12,746	10,903	16,978	14,850	71,874	8,083		2,406	(5,495)	76,868
Employees	310	233	277	375	358	1,553	108	111	207	(2)	1,977

* *External revenues from clients have been recognised in both the Asset Management 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.*

24. OFF-BALANCE SHEET ITEMS

	30 June 2014 CHF millions	31 December 2013 CHF millions
Guarantees issued in favour of third parties	**285.5**	270.6
Irrevocable commitments	**240.6**	170.3
Operating lease commitments	**98.1**	103.3
Total	**624.2**	544.5

25. 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 16) 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 have been 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) Two Group entities are engaged in litigation proceedings initiated by the present trustee of a trust for which a Group entity previously acted as trustee. The trustee bases its claim on various legal arguments, mainly breach of trust, gross negligence and dishonest assistance. The amount claimed amounts to GBP 7 million. The concerned Group entities are vigorously defending the case and believe they have strong defences to the claims.

26. RELATED PARTY TRANSACTIONS

A number of 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 4.2 million at the end of June 2014 (December 2013: CHF 3.5 million).

No provisions have been recognised in respect of loans given to related parties (2013: Nil).

27. POST BALANCE SHEET EVENTS – SIGNIFICANT EVENTS AND TRANSACTIONS

There are no post balance sheet events.

28. BOARD OF DIRECTORS

The Board of Directors of EFG International AG comprises:

Jean Pierre Cuoni *	Chairman
Niccolo H. Burki *	
Emmanuel L. Bussetil	
Erwin Richard Caduff *	
Robert Y. Chiu	appointed on 25 April 2014
Michael N. Higgin *	
Spiro J. Latsis	
Hugh Napier Matthews *	Vice-chairman
Pericles Petalas	
Bernd-A. von Maltzan *	
Daniel Zuberbühler *	appointed on 25 April 2014

* 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.

CONTACTS

ADDRESS
EFG International AG
Bleicherweg 8
8001 ZURICH
Tel + 41 44 226 18 50
Fax + 41 44 226 18 55
www.efginternational.com

INVESTOR RELATIONS
Tel + 41 44 212 73 77
investorrelations@efginternational.com

MEDIA RELATIONS
Tel + 41 44 226 12 17
mediarelations@efginternational.com

DESIGN/REALISATION
Linkgroup, Zürich
www.linkgroup.ch