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Media Release

EFG International reports first-half 2017 results

BSI integration process well on track for completion by end-2017

Zurich, 26 July 2017

- First-half 2017 results reflect strong progress in BSI integration process; solid underlying profitability and revenue-generating AuM of CHF 138.4 billion at the end of the first half 2017

- Legal integration of all BSI entities worldwide completed as planned; on track to achieve the pre-tax cost synergies of CHF 50 million targeted for 2017, and good visibility to achieve approximately three quarters of the additional CHF 130 million pre-tax cost synergies targeted for 2018 already in Q1; Swiss IT migration expected for completion by end-2017 as the last step in the integration process

- Underlying net profit[1] of CHF 74.5 million versus CHF 38.1 million in the first half 2016; IFRS net profit of CHF 19.2 million versus CHF 22.3 million a year earlier

- Overall net asset outflows of CHF (5.5) billion in the first half 2017; AuM attrition[2] of CHF (6.0) billion, due to de-risking of the business in line with accelerated pace of BSI integration; in the second quarter, AuM attrition was approx. 30% lower than in the first quarter; excluding AuM attrition, underlying net new assets turned positive to CHF 1.8 billion in the second quarter, after CHF (1.3) billion in the first quarter

- Continued strong capital and liquidity position, with a Swiss GAAP Common Equity Ratio (CET1) of 17.7%, Total Capital Ratio of 22.8% and Liquidity Coverage Ratio of 211%

- Further strengthening of EFG's corporate governance in view of the enlarged business: Vittorio Ferrario, in his current role as Group Chief Compliance Officer, appointed member of the Executive Committee effective 1 August 2017; Thomas A. Mueller appointed member of the Executive Committee and Chief Risk Officer effective 1 January 2018; current Chief Risk Officer Reto Kunz to take over a new position focusing on the development of EFG International's credit capabilities and supporting the CEO in strategic projects

Joachim H. Straehle, CEO of EFG International: "Thanks to efficient collaboration throughout the combined bank, we have almost completed the BSI integration and simultaneously achieved solid underlying profitability in the first half of 2017. After the positive trends over the last few months, we are confident that the acquired business will further stabilise during the second-half of the year. As the integration process now comes to a close with the Swiss IT migration as the last step, we will be able to fully focus management attention on driving profitable growth going forward, leveraging EFG's enhanced position as one of the largest Swiss private banks."

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[1] Excluding non-recurring items, integration costs, BSI related intangible amortisation and life insurance.
[2] Defined as exit of non-target market clients and structures (decision of EFG), AuM of departing CROs, voluntary disclosure programmes and related to Milan and Como branch.

Overview of first-half 2017 key results

	1H 2017	1H 2016*	2H 2016**
Underlying recurring net profit*, CHF m	74.5	38.1	44.2
IFRS net profit, CHF m	19.2	22.3	203.0
Operating income, CHF m	608.9	341.7	380.3
Underlying operating income***, CHF m	621.5	342.5	420.2
Underlying revenue margin***, in bps	88	84	85
Net new assets, CHF bn	(5.5)	(0.1)	(5.3)
Revenue-generating AuM, CHF bn	138.4	80.6	144.5
AuM attrition, CHF bn	(6.0)	NA	(3.4)
Underlying NNA (excl. AuM attrition), CHF bn	0.5	(0.1)	(1.9)
Annualised underlying NNA growth (excl. AuM attrition)	0.7%	-0.1%	-2.4%
Underlying operating expenses***, CHF m	522.7	292.5	351.2
Underlying cost/income ratio***	84.0%	84.9%	82.9%
Client Relationship Officers (CROs)	671	424	697
Number of employees (FTEs)	3,404	2,056	3,572
Total capital ratio****	22.8%	21.6%	20.0%
CET 1 capital ratio****	17.7%	17.6%	18.2%
Return on shareholders' equity (annualised)	7.5%	7.1%	8.3%
Return on tangible equity (annualised)	8.1%	9.3%	9.7%

* EFG standalone

** Includes 6 months of EFG and 2 months of BSI (as of closing on 31 October 2016)

*** *Underlying – excluding impact of non-recurring items, integration costs, BSI related intangible amortisation and contribution of life insurance*

**** *Swiss GAAP Basel III, fully applied – including impact from agreement regarding final BSI purchase price announced 17 July 2017*

Legal integration of all BSI entities completed

EFG has completed the legal integration of all BSI entities worldwide by mid-2017 as planned and at an accelerated pace. The integration took place on a market-by-market basis and was carried out within eight months. The process started with the integration in Singapore in November 2016, after the BSI acquisition had been closed, and was completed with the integration in Monaco on 30 June 2017.

The combined business is now operating solely under the EFG name. The renewed EFG brand was launched in April 2017, following the legal integration of BSI's Swiss business, and has since been rolled out in all markets.

The IT migration of all international booking centres has also been completed. The last step in the integration process will be the Swiss IT migration, for which preparations are well on track, and the migration to EFG's in-house platform is expected to be completed by the end of 2017.

On track to achieve targeted synergies

As previously announced, EFG is targeting total annual pre-tax cost synergies of approximately CHF 240 million to be fully realised in 2019. The Group is well on track to achieve the synergy target of CHF 50 million for 2017. Furthermore, EFG has good visibility to achieve approximately three quarters of the additional CHF 130 million synergies targeted for 2018 already during the first quarter, following the completion of the Swiss IT migration expected at the end of 2017.

Solid underlying profitability in the first half of 2017

The Group posted underlying operating income of CHF 621.5 million for the first half of 2017, compared to CHF 626.6 million for the second half of 2016 on a combined basis (EFG including six months of BSI), and CHF 684.0 million (combined) for the first half of 2016. Underlying net commissions and net interest income amounted to CHF 314.4 million and CHF 161.7 million, respectively, reflecting the lower average Assets under Management base compared to the second half of 2016 (combined). Underlying net other income increased to CHF 145.4 million, primarily due to a derivatives valuation gain of CHF 20.3 million. EFG's underlying revenue margin was 88 basis points (85 basis points excluding the valuation gain, in line with EFG's target), compared to 85 basis points in the second half and 84 basis points in the first half of 2016.

Underlying operating expenses amounted to CHF 522.7 million in the first half of 2017, down 2% from CHF 530.7 million (combined) in the second half and down 7% from CHF 564.2 million (combined) in the first half of 2016. This improvement reflects the advanced BSI integration process, the decrease in FTEs and the continued cost reduction efforts. Underlying personnel expenses were CHF 350.2 million in the first half of 2017, almost flat compared to the second half and down 8% compared to the first half of 2016, on a combined basis. Underlying other operating expenses were CHF 172.5 million in the first half of 2017, a reduction of 5% (combined) versus the second half and of 7% (combined) versus the first half of 2016. EFG's underlying cost/income ratio decreased to 84.0% from 84.2% (combined) in the second half of 2016.

Underlying recurring net profit was CHF 74.5 million for the first half of 2017, versus CHF 38.1 million for EFG standalone in the first half and CHF 44.2 million for EFG including two months of BSI in the second half of 2016. This excludes the following non-recurring items in the first half of 2017:

- CHF (32.7) million of costs relating to the integration of BSI
- CHF (14.3) million negative contribution from life insurance
- CHF (3.9) million BSI intangible amortisation charge[3]
- CHF (4.8) million of exceptional legal costs
- CHF 0.4 million other positive contributions

As a result, EFG reported IFRS net profit of CHF 19.2 million in the first half of 2017, versus CHF 22.3 million a year earlier and CHF 203.0 million in the second half of 2016.

[3] CHF 3.9 million amortisation of CHF 110.0 million BSI acquisition-related intangible assets.

Continued strong capital and liquidity position

EFG continued to strengthen its capital position in the first half of 2017, mainly through the placement of USD 400 million of Tier 2 notes in the first quarter. The Swiss GAAP Common Equity Ratio (CET1) stood at 17.7% at the end of the first half of 2017 versus 18.2% at end-2016, and the Total Capital Ratio was 22.8%, up from 20.0% at end-2016. The capital ratios include an impact of 1.2 percentage points from the agreement between EFG and BTG Pactual regarding the final BSI purchase price, as announced on 17 July 2017. This remains subject to final fair value adjustments in relation to the assets and liabilities of BSI until the end of October 2017. EFG is considering an early adoption of IFRS 9 for year-end 2017 purposes, with no impact on EFG's regulatory capital position under Swiss GAAP.

EFG has a strong and liquid balance sheet, with a Liquidity Coverage Ratio of 211% and a Loan/Deposit Ratio of 50% at the end of the first half of 2017.

On 22 May 2017, Moody's affirmed EFG International's A3 long-term issuer ratings and changed the outlook to stable from negative, underlining the strength of EFG's balance sheet.

Deceleration of AuM attrition; positive trend in underlying net new assets

Overall, EFG recorded net asset outflows of CHF (5.5) billion for the first half of 2017.

This included slightly higher than expected AuM attrition of CHF (6.0) billion, which was mainly attributable to the de-risking of the business in line with the accelerated pace of the integration process, as well as outflows related to the BSI offices in Milan and Como after the notification by Banca d'Italia announced on 5 May 2017. However, during the second quarter of 2017, AuM attrition slowed down by approximately 30% to CHF (2.5) billion, compared to CHF (3.5) billion in the first quarter, reflecting the gradual completion of the legal integration of BSI by mid-2017. For the remainder of 2017, additional AuM attrition is estimated to amount to approximately CHF (2-3) billion, which is expected to be compensated by organic growth and the announced acquisition of UBI Banca International (Luxembourg) S.A. due to close before year-end. No further AuM attrition is expected from 2018 onwards.

Excluding AuM attrition, EFG saw marginally positive underlying net new assets of CHF 0.5 billion for the first half of 2017, with an improvement to CHF 1.8 billion in underlying net asset inflows in the second quarter (representing 5% annualised growth), after underlying net outflows of CHF (1.3) billion in the first quarter.

Revenue-generating Assets under Management were CHF 138.4 billion at the end of the first half of 2017, versus CHF 144.5 billion at end-2016. This decrease reflects negative currency effects of CHF (3.1) billion, positive market effects of CHF 4.0 billion, a negative effect from acquisitions and disposals of CHF (1.5) billion, AuM attrition of CHF (6.0) billion, and slightly positive underlying net new assets of CHF 0.5 billion in the first half of 2017.

CRO development

The number of Client Relationship Officers (CROs) declined from 697 at end-2016 to 671 at the end of the first half of 2017, reflecting the integration process as well as ongoing performance management efforts. During the first six months of 2017, 44 new CROs were hired in selected key markets. Average Assets under Management per CRO (excluding CROs newly hired during the first half of 2017) stood at CHF 214 million, compared with CHF 212 million in 2016 and well above the level of CHF 180 million in 2015.

Update on life insurance

With regard to the previously announced claims, which EFG has filed in a US court against AXA, Transamerica and Lincoln to challenge the implementation of premium increases relating to policies in its held-to-maturity life insurance portfolio, a motion to dismiss EFG's claim in the case of Transamerica has been rejected, in line with EFG's expectations. All legal proceedings are ongoing.

Strengthening of EFG's corporate governance

In view of the enlarged business, EFG International is further strengthening its Executive Committee structure. Subject to FINMA approval, Vittorio Ferrario, in his current role as Group Chief Compliance Officer, has been appointed a new member of the Executive Committee effective 1 August 2017, reporting to the CEO. Vittorio Ferrario joined EFG in May 2014. He previously held senior compliance and management positions at Unigestion and Goldman Sachs in Switzerland, and at PwC in Europe and Asia. This appointment underlines EFG's continued commitment to its strong compliance and regulatory framework.

Furthermore, and subject to FINMA approval, Thomas A. Mueller has been appointed a new member of the Executive Committee and Chief Risk Officer with responsibilities for Risk, Legal and Regulatory Affairs effective 1 January 2018, reporting to the CEO. Thomas A. Mueller is currently CEO of BSI SA and was previously an Executive Committee member of various listed and private financial institutions, with significant experience in both risk management and finance. He will succeed the current Chief Risk Officer Reto Kunz, who developed a new risk framework in the current integration phase. Reto Kunz will take over a new position focusing on the development of EFG International's credit capabilities and supporting the CEO in strategic projects.

Outlook

In the second half of 2017, EFG will concentrate on completing the BSI integration with the Swiss IT migration as well as realising the targeted cost synergies. As the integration process comes to a close, EFG will be able fully to refocus its management attention on the business and on growing its asset base, supported by the renewed EFG brand for the combined bank. EFG will also continue to selectively hire high-quality CROs and teams in key markets, in line with its growth strategy for the enhanced platform and cost efficiency targets. Following the completion of the integration process, the ambition of the Group is to further shape a strong entrepreneurial culture and to deliver enhanced profitable growth building on its position as a top-tier Swiss private bank.

Confirmation of medium-term targets

EFG International is confirming its previously communicated medium-term targets for the enlarged business, which will apply once the integration of the BSI is completed:

- Net new assets: continually grow revenue-generating Assets under Management with a target annualised growth rate averaging 3% to 6% (excluding the effects of market and FX movements);

- Cost/income ratio: target a cost/income ratio of below 70% (excluding integration and restructuring costs relating to the acquisition);

- Revenue margin: achieve an annual revenue margin of at least 85 basis points.

Half-Year Report 2017

This media release and the results presentation are available at www.efginternational.com, and the complete Half-Year Report 2017 can be downloaded as a pdf under this link.

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About EFG International

EFG International is a global private banking group offering private banking and asset management services and is headquartered in Zurich. EFG International's group of private banking businesses operates in around 40 locations worldwide. Its registered shares (EFGN) are listed on the SIX Swiss Exchange.

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Nothing contained herein is, or shall be relied on as, a promise or representation concerning the future performance of EFG and its subsidiaries, including BSI group. The integration of BSI may not realise the full benefits of the contemplated transaction, including the expected synergies, cost savings or growth opportunities within the anticipated time frame or at all.

Presentation of first-half 2017 results

Wednesday, 26 July 2017, 9.30 a.m. CEST
Metropol, Fraumünsterstrasse 12, 8001 Zurich

Joachim H. Straehle, Chief Executive Officer, and Giorgio Pradelli, Deputy Chief Executive Officer & Chief Financial Officer, of EFG International will present and discuss the results at a meeting for analysts, investors and media representatives.

You will be able to join us for the presentation at Metropol, via telephone conference or by webcast.

Telephone conference dial-in numbers

Switzerland: +41 58 310 50 00
UK: +44 203 059 58 62

Please call before the start of the presentation and ask for 'EFG International Half-Year 2017 Results'.

Webcast

A results webcast will be available from 9.30 a.m. CEST at: www.efginternational.com

Presentation slides and press release

The presentation slides and press release will be available from 7.00 a.m. CEST on Wednesday, 26 July 2017 at: www.efginternational.com (Investor Relations / Investor Presentations).

Playback of telephone conference

A digital playback of the telephone conference will be available one hour after the conference call for 48 hours under the following numbers:

Switzerland: +41 91 612 43 30
UK: +44 207 108 62 33

Please enter the conference ID 16868 followed by the # sign.

Playback of results webcast

A playback of the results webcast will be available around three hours after the event at: www.efginternational.com

Financials

Key figures as at 30 June 2017 (unaudited)

(in CHF million unless otherwise stated)	**30 June 2017**	**31 December 2016**	**30 June 2016**	Change vs. 31 December 2016	Change vs. 30 June 2016
Clients Assets under management (AUM)	**138,409**	144,514	80,580	-4%	72%
AUM excluding shares of EFG International	**138,409**	144,514	80,580	-4%	72%
Assets under administration	**10,295**	9,036	9,454	14%	9%
Number of Client Relationship Officers	**671**	697	424	-4%	58%
Number of Employees (FTE's)	**3,404**	3,572	2,056	-5%	66%

Consolidated Income Statement as at 30 June 2017 (unaudited)

(in CHF millions)	**Half-year ended 30 June 2017**	**Restated Half-year ended 31 December 2016**	**Half-year ended 30 June 2016**	Change vs 2H16	Change vs 1H16
Interest and discount income	281.0	227.8	209.4	23%	34%
Interest expense	(126.7)	(133.2)	(107.1)	-5%	18%
Net interest income	**154.3**	**94.6**	**102.3**	**63%**	**51%**
Banking fee and commission income	383.2	271.1	208.5	41%	84%
Banking fee and commission expense	(68.1)	(50.4)	(33.8)	35%	101%
Net banking fee and commission income	**315.1**	**220.7**	**174.7**	**43%**	**80%**
Dividend income	2.1		1.9	nm	11%
Net trading income and foreign exchange gains less losses	110.8	69.7	58.5	59%	89%
Net gain / (loss) from financial instruments measured at fair value	13.8	(8.1)		-270%	nm
Gains less losses on disposal of available-for-sale investment securities	2.5	1.1	0.6	127%	317%
Other operating income	10.3	2.3	3.7	348%	178%
Net other income	**139.5**	**65.0**	**64.7**	**115%**	**116%**
Operating income	**608.9**	**380.3**	**341.7**	**60%**	**78%**
Operating expenses	(566.1)	(391.8)	(298.6)	44%	90%
Bargain gain on business acquisitions		416.8		nm	nm
Impairment on goodwill and other intangibles		(199.5)		nm	nm
Other provisions	(0.1)	(11.4)	(8.9)	-99%	-99%
Impairment on loans and advances to customers	(16.9)	(3.4)	(0.4)	397%	4125%
Profit before tax	25.8	191.0	33.8	-86%	-24%
Income tax (expense) / gain	(5.2)	13.1	(9.9)	-140%	-47%
Net profit for the period	**20.6**	**204.1**	**23.9**	**-90%**	**-14%**
Net profit for the period attributable to:					
Net profit attributable to equity holders of the Group	19.2	203.0	22.3		
Net profit attributable to non-controlling interests	1.4	1.1	1.6		
	20.6	**204.1**	**23.9**		

Financials (cont.)

Consolidated Balance Sheet as at 30 June 2017

(in CHF millions)	**30 June 2017**	**31 December 2016**	**Variation**
ASSETS			
Cash and balances with central banks	9,161.0	8,887.5	3%
Treasury bills and other eligible bills	1,743.5	1,945.6	-10%
Due from other banks	3,983.1	2,923.8	36%
Loans and advances to customers	18,226.9	18,878.3	-3%
Derivative financial instruments	673.8	831.2	-19%
Financial assets at fair value :			
- Trading assets	695.2	734.3	-5%
- Designated at inception	407.2	456.0	-11%
Investment securities :			
- Available-for-sale	5,027.4	5,437.3	-8%
- Held-to-maturity	1,159.4	1,198.3	-3%
Intangible assets	198.8	191.7	4%
Property, plant and equipment	260.6	253.7	3%
Deferred income tax assets	104.1	89.9	16%
Other assets	381.3	358.6	6%
	42,022.3	**42,186.2**	**0%**
LIABILITIES			
Due to other banks	1,597.4	427.6	274%
Due to customers	30,979.9	32,746.9	-5%
Derivative financial instruments	728.7	777.1	-6%
Financial liabilities designated at fair value	619.2	654.4	-5%
Other financial liabilities	4,196.9	3,828.5	10%
Debt issued	331.4	334.4	-1%
Current income tax liabilities	17.9	19.2	-7%
Deferred income tax liabilities	12.8	10.8	19%
Provisions	187.6	199.3	-6%
Other liabilities	654.2	798.6	-18%
Subordinated loans	570.5	265.3	115%
	39,896.5	**40,062.1**	**0%**
EQUITY			
Share capital	144.8	143.9	1%
Share premium	1,910.8	1,910.8	0%
Other reserves	(63.2)	(115.3)	-45%
Retained earnings	78.1	130.9	-40%
	2,070.5	2,070.3	0%
Additional equity components	31.2	31.2	0%
Non-controlling interests	24.1	22.6	7%
Total equity	**2,125.8**	**2,124.1**	0%