EFG International

ANNUAL REPORT 2015

EFG International is an international private banking and asset management group based in Zurich. It was founded on the back of a passionate conviction: clients of our industry expect and deserve more.

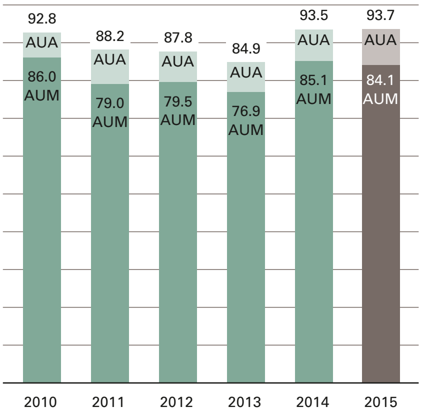
The essence of private banking is relationships; at EFG International, our role is to provide the conditions for these to flourish. Courtesy of an entrepreneurial business model, our business attracts professionals of the highest calibre, who enjoy the controlled freedom to operate in their clients' best interests.

EFG International's global family of private banking businesses operates in around 30 locations worldwide. The business benefits from the resources of EFG Bank European Financial Group, based in Geneva, which is EFG International's largest shareholder with 54%.

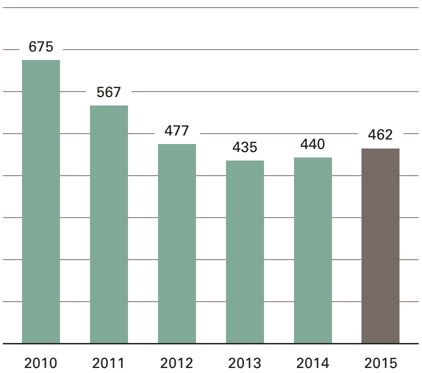
EFG INTERNATIONAL PERFORMANCE EVOLUTION

AUM and AUA

in CHF billions

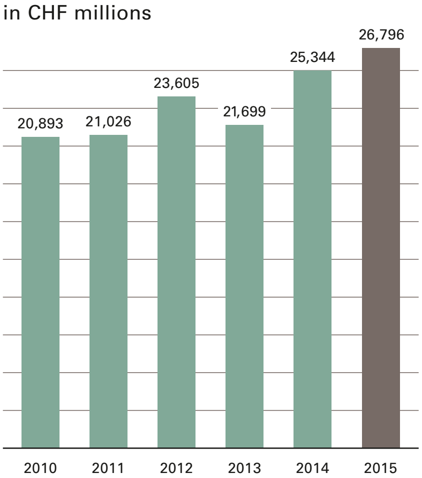


Client Relationship Officers (CROs)



Total Balance Sheet

in CHF millions



EFG INTERNATIONAL FINANCIAL HIGHLIGHTS

in CHF millions		31 December 2015
Income		
IFRS net profit		57.1
IFRS net profit attributable to ordinary shareholders		56.9
Underlying recurring net profit*		91.1
Operating income		696.7
Cost/income ratio		86.1%
Balance Sheet		
Total Assets		26,796
Shareholders, Equity		1,129
Market Capitalisation		
Share Price (in CHF)		10.55
Market Capitalisation (ordinary shares)		1,603
BIS Capital		
BIS Capital		1,040
BIS Capital Ratio (Basel III, fully applied)		16.8%
Ratings	**long term**	**outlook**
Moody's	A1	Negative
Fitch	A	Stable
Personnel		
Total number of CROs		462
Total number of employees		2,169
Listing		
Listing at the SIX Swiss Exchange, Switzerland; ISIN: CH0022268228		
Ticker Symbols		
Reuters		EFGN.S
Bloomberg		EFGN SW

* Excluding impact of non-recurring items.

International practitioners
of the craft of private banking

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CHAIRMAN'S LETTER

Niccolò H. Burki

Dear shareholders, dear clients,

There was no shortage of headwinds in 2015. We encountered considerable market volatility, with concerns relating to muted global economic growth, deflationary pressures and emerging markets. Naturally, this had a bearing on client confidence and activity levels. The continued low interest rate environment had a significant impact on revenues derived from asset and liability management activities. Furthermore, the revenues generated from the life insurance portfolios were particularly depressed. Non-recurring legal and professional charges and provisions were also a factor, particularly in the second half and notably in relation to formal settlement of the US Tax Programme.

Combined, these factors had an impact on EFG International's 2015 financial performance, as indicated in our November business update. IFRS net profit was CHF 57.1 million, compared with CHF 61.4 million a year earlier. Underlying recurring net profit was CHF 91.1 million, compared with CHF 131.0 million a year earlier, on operating income of CHF 696.7 million, compared to CHF 716.6 million. Revenue-generating Assets under Management increased by 3% on a constant currency basis to CHF 83.3 billion. The Basel III BIS-EU Capital Ratio was 16.8%.

This was not a performance in keeping with EFG International's many competitive strengths. I have no doubt, however, that the growth credentials of our business remain intact. There was a strong rebound in net new assets in the second half, with dynamic performances from Continental Europe, Switzerland and Asia. The UK achieved steady annual growth within range. The core private banking business remained stable, and grew revenues in the second half. A wide range of investments in growth started to have an impact across the business. These included a major Client Relationship Officer hiring programme drawing on EFG International's continued appeal among high quality individuals and teams. The productivity of Client Relationship Officers was further enhanced with more extensive support and robust performance management. At the same time, the need to control costs is a business imperative, and our cost reduction programme made good progress towards delivering savings equivalent to CHF 30 million by the end of 2016.

One of the strengths of EFG International has always been its ability to focus on the bigger picture. As a global private bank, we operate in an attractive market which is vast, growing, and where high net-worth-individuals often struggle to find the level of service they expect and deserve. Indeed, EFG International was founded on the belief that wealthy clients deserve better, and has grown by staying true to this ethos. However, heightened pressures – including a growing regulatory burden, operational complexity and evolving client requirements - continue to bear down on the industry. As a result, the benefits of strength, stability and scale have never been more important.

Against this backdrop, the planned combination of our business with BSI, announced at the time of our annual results, places EFG International at the forefront of the consolidation of Swiss private banking. This is a transformational step that will create a leading Swiss private bank with significant scale and global reach. The international footprints of our two businesses are highly complementary, notably in key growth markets, and we will have a meaningful presence in all major regions of Switzerland. Most important of all, however, I see a strong cultural fit between our businesses. We have a shared focus on private banking, with experienced and dedicated professionals intent on doing the right thing for clients. The contemplated combination of EFG International's dynamic, entrepreneurial business model with the Swiss banking pedigree of BSI offers powerful opportunities to grow the business. And when it comes to size, we should be able to offer the best of both worlds: sufficient scale and stability to compete in a fast-changing environment, combined with the intimacy and relationship-driven ethos that has always characterised both businesses.

Along with our leadership team, I look forward to working with my new colleagues as we take our business to the next exciting stage of its development. In the meantime, I would like to extend my thanks to all employees for their continued hard work and dedication.

Niccolò H. Burki,
Chairman of the Board

A modern, progressive private bank.

A Swiss pedigree and a
global presence. Located where
our clients need us.

LETTER FROM THE CEO

Joachim H. Straehle

In the year ended 31 December 2015, financial highlights for EFG International were as follows:

– IFRS net profit was CHF 57.1 million, compared with CHF 61.4 million a year earlier. Underlying recurring net profit was CHF 91.1 million, compared with CHF 131.0 million.

– Revenue-generating Assets under Management were CHF 83.3 billion, down from CHF 84.2 billion at end-2014, but up from CHF 80.2 billion at the end of the first half.

– Net new assets were CHF 2.4 billion (annual growth of 3%), compared with CHF 4.4 billion a year earlier.

– The number of CROs stood at 462 at end-2015, up 5% from 440 a year earlier.

REVIEW OF BUSINESS

Revenues stable in relation to core private banking business. Overall performance constrained by market environment and significant reduction in revenues from life insurance portfolio. Profit impacted by investments in growth and exceptional legal and professional charges and provisions

Performance in 2015 was constrained by a range of external factors, including economic and market uncertainty, negative currency effects and the continued low interest rate environment. Client activity levels were subdued, notably in emerging markets including Asia and Latin America, and lending volumes were impacted by the decision to exit certain non-strategic lending business.

Operating income and the revenue margin therefore remained below expectations, as indicated in the business update of 23 November 2015. During 2015, operating income was CHF 696.7 million, compared to CHF 716.6 million a year earlier. External factors had a significant impact on revenues derived from the life insurance portfolio, with a year-on-year net reduction of CHF (22.7) million. The underlying private banking business remained stable: core operating income was flat at CHF 640.7 million and grew by 3% in the second half. The revenue margin was 85 bps, compared with 89 bps a year earlier but above EFG International's minimum of 84 bps.

Reported profit was impacted by exceptional legal and professional charges and provisions, including in relation to the US Tax Programme, which were concentrated in the second half. This resulted in an IFRS net profit of CHF 57.1 million, compared with CHF 61.4 million for the same period last year. Underlying recurring net profit was CHF 91.1 million, compared with CHF 131.0 million a year earlier, after excluding the following non-recurring items:

– CHF 21.4 million in relation to the US Tax Programme. In December, EFG International reached a formal resolution with the US Department of Justice in connection with its participation in Category 2 of the US Tax Programme, agreeing a one-time payment of USD 29.9 million.

– CHF 6.8 million in net exceptional legal and professional charges relating to previously disclosed and other matters.

– CHF 3.6 million in relation to CRO acquisition costs.

– CHF 2.2 million in restructuring costs relating to the cost reduction programme.

Excluding the decreased contribution from the life insurance portfolio, underlying recurring net profit increased by 6% in the second half compared to the first.

Operating expenses increased 5% year-on-year to CHF 604.3 million. This was driven by a major CRO hiring programme – excluding the cost of new CRO hiring in 2015, the increase was limited to 3%. Additional investments in growth were made in relation to compliance and risk functions, the investment and wealth solutions platform, new offices in Cyprus and Chile, and upgrading to a banking license in Spain. Constraints on performance combined with investments in growth resulted in an increase in the cost-income ratio to 86.1% (2014: 79.8%). This is above EFG International's target ceiling of 75% and is being addressed by the cost reduction programme, as described below.

Revenue-generating Assets under Management were CHF 83.3 billion, down from CHF 84.2 billion at end-2014, but up from CHF 80.2 billion at the end of the first half. Excluding FX effects of CHF (3.4) billion, revenue-generating Assets under Management rose by 3% year-on-year. Market effects were CHF 0.1 billion and net new assets were CHF 2.4 billion. Despite negative currency effects, average revenue-generating Assets under Management increased by approximately 2% year-on-year to CHF 81.7 billion.

On a Basel III (fully applied) basis, EFG International's BIS-EU Capital Ratio stood at 16.8% compared to 18.7% a year earlier. This was driven by one-off impacts of higher risk-weighted assets due to regulatory changes (130 bps), as well as the US Tax Programme / other legal and litigation costs (50 bps), offsetting underlying capital generation of 190 bps. The Common Equity Ratio (CET1) stood at 12.8%, versus 14.2% at the end of 2014. EFG International maintains a strong and liquid balance sheet, with a liquidity coverage ratio of 224% and a loan/deposit ratio of 52%.

Positive net new asset growth; strong rebound in second half

Net new assets were CHF 2.4 billion (annual growth of 3%), compared with CHF 4.4 billion a year earlier. There was a strong rebound of CHF 2.7 billion in net new asset generation in the second half, equivalent to growth of 7% on an annualised basis, well within EFG International's target range of 5-10%. This represented the best half-year performance in net new assets (equalling the first half of 2014) since EFG International's business review in 2011.

Continental Europe delivered net new asset growth of 14%, with good performances from all countries and particularly strong growth in the second half. Switzerland continued its turnaround in the second half, with growth equivalent to 9% on an annualised basis. The UK achieved steady growth during the year of 5%. Asia experienced net outflows in 2015, partly as a result of the decision to exit certain non-strategic lending business. However, it recovered strongly in the second half with annualised growth of 5%. The Americas saw net outflows, reflecting negative market developments in Latin America.

A significant investment in hiring CROs, with a strong pipeline

The number of CROs stood at 462 at end-2015, up 5% from 440 a year earlier. This was the result of a major hiring programme, with the emphasis on senior individuals and teams. 102 CROs were recruited (66 in the second half), of which nearly a third are already profitable. This was offset by 80 CRO departures, the majority (51 established CROs and 19 hired since 2014) relating to more robust performance management or rationalisation. This figure also included 10 CROs in Luxembourg who decided to start their own business, collaborating closely with EFG Bank (Luxembourg). Consequently, average AUM per CRO (excluding those hired in 2015) increased to CHF 217 million in 2015, up from CHF 191 million a year earlier. The pipeline is strong, with a number of individuals already contracted to join in 2016.

Sources of uncertainty successfully removed, equipping business for next phase of development

As mentioned, formal resolution has been reached in relation to the US Tax Programme. EFG International believes the agreement reached is positive for the business and has removed a major source of uncertainty.

In relation to life insurance, a re-underwriting project announced at the half-year has been completed. At end-2015, the fair value of the held-to-maturity portfolio was CHF 566.4 million – as indicated in the business update of 23 November, this was up from CHF 507.8 million at end-June. The carrying value at end-2015 was CHF 815.7 million, with the difference of CHF 249.3 million down slightly compared to CHF 260.6 million at end-June 2015. As previously announced, income recognition will be lower going forward.

Strong focus on execution of cost reduction programme

EFG International recognises that it is imperative to reset its cost base. As described in the business update of 23 November, it has instigated a cost reduction programme targeting a reduction of circa 5%, or CHF 30 million, to be realised in full by the end of 2016. Associated one-off restructuring charges will be up to 50% of this amount. Measures identified include efficiency improvements and a reduction of 200 jobs. Solid progress has been made across a range of measures. As mentioned, under-performing CROs have been addressed, and a greater emphasis on team-working continues to improve the ratio of support staff to CROs. General cost reductions are being identified across central functions and regional businesses.

Committed to delivering growth from existing businesses and new initiatives

EFG International has a strong emphasis on execution in relation to its growth drivers. As described above, it continues to hire high quality CROs. It is also increasing the net new asset contribution of existing CROs through a range of initiatives including the provision of enhanced practical support; more active performance management; and further leveraging its investment and wealth solutions platform. EFG International continues to lend as part of an all-round private banking relationship, and during the year higher spreads achieved through repricing more than offset the decline in volume following a one-off adjustment to the portfolio.

CEE capabilities were upgraded comprehensively during the year, with senior appointments in Switzerland and the UK including a highly experienced Global Market Coordinator for CEE and Russia. The new advisory branch in Cyprus is operational and performing in line with expectations; along with Athens it reached break-even during the year. In relation to the new business in Chile, a high quality leadership team was appointed with a proven track record in the local market.

LOOKING AHEAD

Committed to delivering medium-term targets

The planned combination of the business with BSI, announced at the time of EFG International's 2015 annual results, will create a leading Swiss private bank with significant scale and global reach. The new entity will become the fifth largest private bank in Switzerland, with approximately CHF 170 billion in combined assets under management and 860 CROs. It will benefit from a presence in all major markets courtesy of strongly complementary geographic footprints, with a significant expansion in key growth markets including Asian and Latin America. Other sources of competitive differentiation will include a strong focus on private banking; an entrepreneurial business model; and a strong and loyal client base.

Subject to shareholder and regulatory approvals, completion of the transaction is expected during the fourth quarter of 2016. The combined business will have excellent growth opportunities and synergy potential. For shareholders, employees and clients alike, the future is exciting.

Joachim H. Straehle,
Chief Executive Officer

INTERNATIONAL PRESENCE

A global footprint

EFG International benefits from its geographical diversification, and long-standing commitment to onshore as well as international businesses. Regional operations are run by practitioners with long experience of their local markets. In this way, relationships with clients are rooted at ground level, while augmented by the full global resources of EFG International.


BIRMINGHAM
LONDON
GUERNSEY
JERSEY
LUXEMBOURG
ZURICH
GENEVA
LIECHTENSTEIN
MONACO
MADRID
ATHENS
CYPRUS
SHANGHAI
TAIPEI
HONG KONG
SINGAPORE
JAKARTA
Booking centres
Other offices
Birmingham region includes:
Bridgnorth, Ombersley,
Wolverhampton.

FINANCIAL REVIEW

Piergiorgio Pradelli
Deputy CEO & Chief Financial Officer

Revenue-generating Assets Under Management (AUM) ended the period at CHF 83.3 billion, 1% lower than in the previous year due to negative currency effects. Net new assets (NNA) rebounded strongly in the second half (CHF 2.7 billion, up 7% on an annualised basis), offsetting the negative performance in the first half (CHF 0.3 billion) which was induced by our policy decision to reduce non-strategic loans, in particular in Asia. Noteworthy is the positive AUM growth in Switzerland in the second half (+9% annualised rate) following the successful recruitment of experienced CROs. Profitability in 2015 was depressed by lower revenues from Asset and Liability Management (ALM), no revenue contribution from the life insurance portfolios, additional provision relating to the DoJ settlement and investment in new CROs. Liquidity conditions remain very strong with Liquidity Coverage Ratio at 224%. The BIS total capital ratio amounts to 16.8%.

FACTORS AFFECTING RESULTS OF OPERATIONS

IFRS profit attributable to owners of the Group at CHF 57.1 million was negatively impacted by the conclusion of the US Tax Programme, costing an additional CHF 21.4 million and CHF 11.1 million of exceptional legal and professional charges.

Revenue-generating Assets under Management decreased to CHF 83.3 billion from CHF 84.2 billion at end-2015, as a result of net new assets of CHF 2.4 billion being more than offset by the reduction from foreign exchange of CHF 3.4 billion. Average AUM increased 2% from CHF 80.4 billion in 2014 to CHF 81.7 billion.

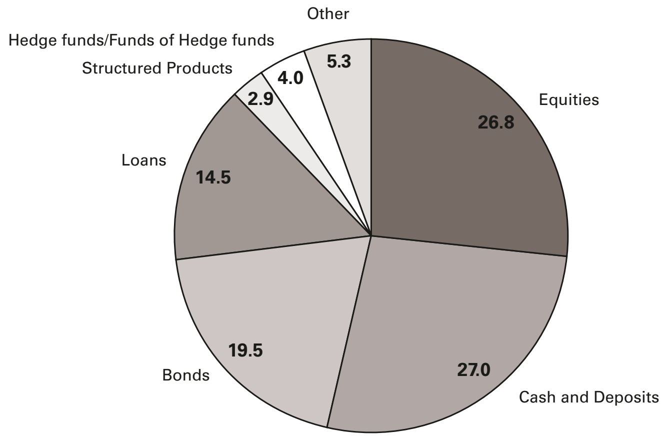
Net new asset growth at 3% was a story of two halves. In the first half, net new assets were negative at CHF (0.3) billion, due primarily to policy decisions to exit certain non-strategic lending business; in the second half, net new assets of CHF 2.7 billion, representing 7% annualised growth rate, were again in our targeted range of 5% to 10%.

AUM expressed in Swiss franc terms suffered due to the depreciation of the euro and pound sterling exchange rates over the year, following the decision of the Swiss National Bank to drop the “peg” between the euro and the Swiss franc in January 2015, resulting in a CHF (3.4) billion negative impact on AUM. The US dollar ended the year almost unchanged from the beginning rate, and thus had limited impact on AUMs.

We hired net 22 CROs in the period, although this reflects the net of two key initiatives launched in 2015. The first was to focus on hiring several CROs that had previous experience of successfully working together, and we recruited 102 CROs attracted by our entrepreneurial model. The second factor was much more stringent performance management of CROs. We focused on improving the productivity of CROs and their assistants as part of the cost saving initiatives announced in late 2015, an initiative that targets headcount reductions of 200 and realising annualised cost savings of CHF 30 million. So far we have reduced headcount by over 50.

AUM by category

in %



CONSOLIDATED FINANCIALS

Operating income was CHF 696.7 million, compared to CHF 716.6 million in 2014. The year-on-year decrease of 3% in operating income was primarily due to a lower contribution from Asset and Liability Management and from reduced commission flows particular from Latin American markets. The contribution from “pure” private banking remained flat year-on-year. Asset and Liability Management revenues were impacted by the low interest rate environment and from lower life insurance revenues, which decreased by CHF 22.7 million year-on-year.

Growth in operating income of 2% in Asia and 15% in the Investment and Wealth Solutions business was offset by a 6% decline in operating income in the Americas and a 1% decline in the UK business. A 2% decline in Continental Europe revenues was the result of lower euro exchange rates masking the solid growth this region has experienced in euro terms, where the growth is over 11%.

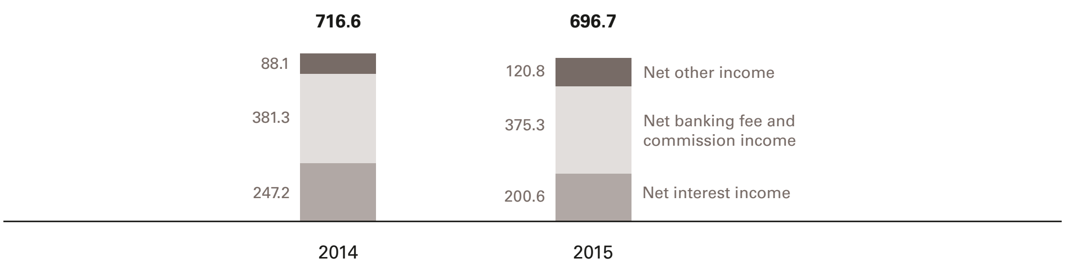
The overall return on AUM decreased to 85 bps in 2015, from 89 bps in the prior year, as revenues decreased by 3% and average AUM increased by 1%. The decline in return on AUM was influenced by the lower life insurance revenues and commission flows from emerging markets economies (particularly in the second half where volatility in the Brazilian and Chinese markets had significant negative impact).

Net interest income was CHF 200.6 million, a decrease of 19% or CHF 46.6 million year-on-year. However, this year net interest income and net other income need to be looked at together due to distortions created by the negative interest rate environment in both Swiss francs and euros. These rates created circa CHF 30 million of mis-match between the two categories. Net other income was CHF 120.8 million in 2015 compared to CHF 88.1 million in 2014 (+37%). Together these two captions represent a total of CHF 321.4 million for 2015 versus CHF 335.3 million in 2014, with a circa CHF 22.7 million decrease due to the lower life insurance yield; offset by a circa CHF 15 million increase from the lending book. The lending book yielded a higher year-on-year spread by about 15 basis points, partly offset by the average loan book decreasing by 2% year-on-year due to the decision made in the early part of 2015 to exit certain non-strategic lending.

Net commission income was CHF 375.3 million, down by CHF 6.0 million or 2% year-on-year. Commission income was about CHF 12 million down year-on-year in the Americas due to the lower transactional revenues influenced by the regional instability in the Latin American markets. Good performance in Europe, specifically in Spain and Monaco, resulted in higher revenues of EUR 11 million, but were negatively impacted by euro exchange rates, resulting in a net decrease of CHF 2.5 million year-on-year.

Operating income

in CHF millions



Operating expenses

Operating expenses were CHF 604.3 million, up CHF 29.3 million or 5% from 2014. This reflected an increase in personnel expenses of CHF 17.3 million, from CHF 418.8 million to CHF 436.1 million, of which CHF 13.4 million was linked to the acquisition of / investment in new CROs and CRO teams. Other operating expenses also increased by CHF 12 million reflecting incremental legal and regulatory costs, costs relating to the banking license in Spain, and setup costs for new ventures in Chile and Cyprus.

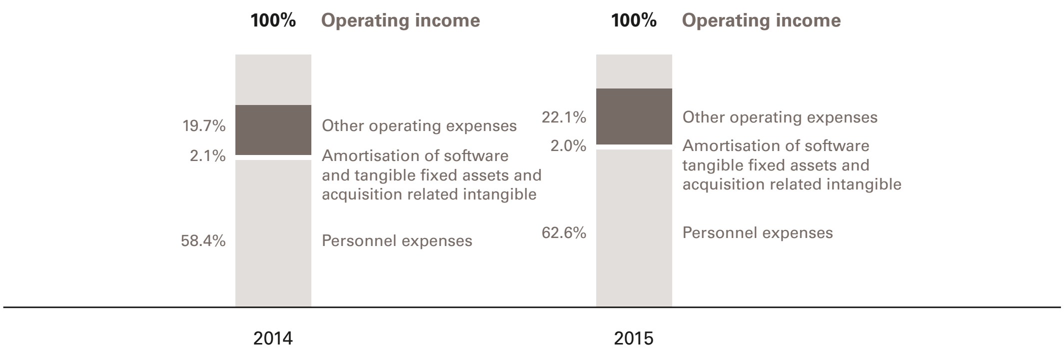
The cost-income ratio, which is the ratio of operating expenses (including amortisation expense of software and tangible fixed assets) to operating income, increased from 79.8% to 86.1% as a result of expensing the acquisition costs of the new CRO teams in the period, while the revenues from these teams in the first period after they join is negligible. We believe the economic value added of these new hires will in a short timeframe add significant shareholder value, and in combination with our cost savings initiatives will drive down our cost-income ratio to a more acceptable level.

Net provisions of CHF 20.0 million were made in the year, primarily to cover the incremental costs of settling the US Tax Programme of CHF 21.4 million.

The tax charge was CHF 13.1 million in 2015, compared to CHF 17.7 million a year earlier. The year-on-year variance of CHF 4.6 million is primarily due to deferred tax income of CHF 2.0 million recognised in 2015 versus a charge of CHF 3.7 million in 2014.

EFG International earned net revenues on the life settlement portfolio of CHF 0.1 million in 2015 (2014: CHF 22.8 million).

Operating expenses (including fixed assets depreciation and software amortisation) as a percentage of operating income



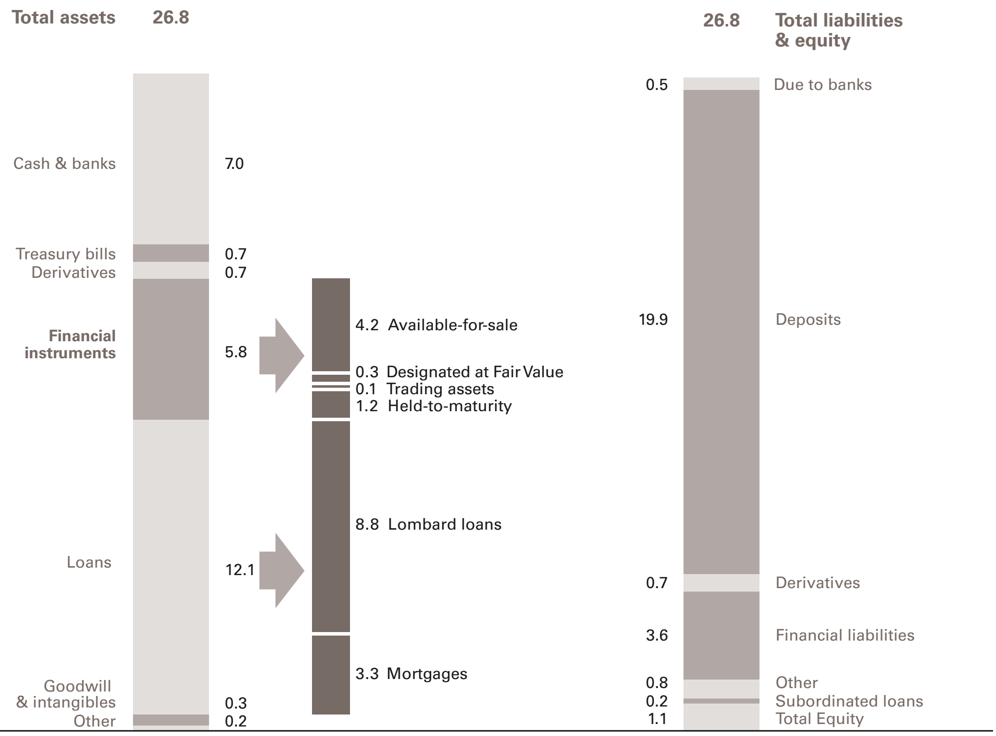
BALANCE SHEET

The consolidated balance sheet total increased to CHF 26.8 billion (2014: CHF 25.3 billion). Loans to customers decreased by 7% to CHF 12.1 billion, mainly due to the decision to exit certain non-strategic lending in the first half of the year. Lombard loans totalled CHF 8.8 billion and are almost entirely backed by collateral of diversified liquid/marketable securities and mortgages totalling CHF 3.3 billion.

Customer deposits increased by CHF 1.3 billion or 7% to CHF 19.9 billion. The majority of tangible assets remain callable or disposable within 3 months, with the exception of life settlement policies of CHF 0.8 billion and CHF 3.3 billion mortgages. EFG International has a very strong Liquidity Coverage Ratio (224%) and Net Stable Funding Ratio (164%). The Net Stable Funding Ratio seeks to calculate the proportion of long-term assets (longer than one year) which are funded by long term, stable funding.

Breakdown of balance sheet

in CHF billions



CAPITAL

Shareholders, equity totalled CHF 1.13 billion, down from CHF 1.18 billion disclosed at end-2014, with changes year-on-year primarily as a result of the following:

Increases from net profit attributable to Group and non-controlling shareholders of CHF 59.4 million.

Decreases from other factors as follows:

- CHF 37.7 million paid as ordinary dividend;
- CHF 33.3 million unrealised losses on available-for-sale securities;
- CHF 27.8 million defined benefit pension costs; and
- CHF 22.1 million currency translation differences.

At end-2015, the BIS Total Capital Ratio was 16.8% (18.7% a year earlier) on a Basel III fully applied basis, after including CHF 38.0 million anticipated ordinary 2015 dividend, to be approved by the 2015 Annual General Meeting in April 2016. Risk-weighted assets increased to CHF 6.2 billion as of 31 December 2015, up from CHF 5.8 billion (in 2014) mainly due to the risk-weighted assets arising from life insurance collateralised loans (CHF 0.3 billion) where the regulatory treatment changed.

The risk-weighted assets summary for 2015 and 2014 were the following (CHF billion):

	2014	2015
Credit Risk	4.2	**4.7**
Operational Risk	1.3	**1.2**
Market Risk, Settlement Risk, Non-Counterparty Related	0.3	**0.3**
Total BIS Risk Weighted Assets	**5.8**	**6.2**

Total Common Equity Tier 1 capital was CHF 794 million at 31 December 2015 (CHF 820 million a year earlier), including the anticipated 2015 ordinary dividend. The Common Equity Tier 1 (CET1) Ratio was 12.8% (2014: 14.2%). Total Tier 2 capital was CHF 231 million. Total BIS capital represented 3.9% (2014: 4.3%) of total assets net of intangibles, with the decrease primarily due to the increase in client deposits driving up cash and balances with central banks.

ORDINARY DIVIDEND

The payment of a dividend of CHF 0.25 per share, representing a dividend pay-out of approximately CHF 38.0 million, will be proposed to the Annual General Meeting scheduled for April 2016.

RATINGS

EFG International and EFG Bank are rated by the Fitch and Moody’s rating agencies.
The current ratings are:

EFG International
Fitch: Long-Term issuer default rating of A and Short-Term issuer default rating of F1.
Moody’s: Long-Term issuer rating of A1.

EFG Bank
Fitch: Long-Term issuer default rating of A and Short-Term issuer default rating of F1.
Moody’s: Long-Term Bank Deposit rating of Aa2 and the Short-Term Bank Deposit rating of P-1.

Resolute experts.

Single-minded focus, experience, passion: fuelling a business that does better by clients.

EFG INTERNATIONAL AG
BOARD AND MANAGEMENT

EXECUTIVE COMMITTEE EFG INTERNATIONAL AG

Joachim H. Straehle Chief Executive Officer
Piergiorgio Pradelli Deputy Chief Executive & Chief Financial Officer
Mark Bagnall Chief Operating Officer
Keith Gapp Head of Strategy and Marketing*
Henric Immink Group General Counsel**
Adrian Kyriazi Head of Continental Europe & Switzerland
James T.H. Lee Head of Investment Solutions
Frederick Link Chief Risk Officer

Sixto Campano CEO Americas***
Albert Chiu CEO, Asia***
Anthony Cooke-Yarborough CEO, UK***

* Stepped down as member of the Executive Committee effective as of 31 December 2015.
** Stepped down as Group General Counsel and member of the Executive Committee effective as of 31 December 2015.
*** Attendees of the Executive Committee.

BOARD OF DIRECTORS EFG INTERNATIONAL AG

Niccolò H. Burki Chairman
John A. Williamson Vice-Chairman
Susanne Brandenberger Member (elected 7 October 2015)
Emmanuel L. Bussetil Member
Erwin R. Caduff Member
Robert Y. Chiu Member
Michael N. Higgin Member
Spiro J. Latsis Member
Bernd-A. von Maltzan Member
Périclès Petalas Member
Daniel Zuberbühler Member

Members until 24 April 2015: Jean Pierre Cuoni, Hugh N. Matthews.
Honorary Chairman: Jean Pierre Cuoni (no function within the Board of Directors).

Main photo: EFG International Executive Committee as of 1 January 2016, including Peter Fischer, Head of Strategy.
Individual photos: attendees of EFG International's Executive Committee.

A question of chemistry.

People rely on people; individuals and their families rely on the guidance of our CROs.

“"...SPORTS IS MY FAVORITE HOBBY. WHEN I PLAY, I AM FEELING HAPPY. IT HELPS ME STAY FIT AND HEALTHY. ALSO I CAN BUILD GOOD RELATIONSHIPS WITH OTHERS AND MAKE FRIENDS.”

Saw Eh Khun Htoo,
17 year old boy
from Thamhin Refugee Camp

RIGHT TO PLAY

EFG International is proud to support Right To Play, a global organisation that uses the transformative power of play to educate and empower children facing adversity. Through sport and play-based programmes, Right To Play helps children affected by war, poverty and disease to build essential life skills and better futures. Worldwide it reaches more than 1 million children in close to 20 countries.

Thanks to donations from its employees, EFG gives targeted support to specific projects. Last year, it continued to support the Thailand Burmese Refugee Programme, which serves a community of some 110,000 people displaced from Burma/Myanmar. In 2015, Right To Play reached some 41,000 children in seven camps, providing regular sport and play activities to improve their physical, emotional and social well-being. In addition, monthly themed play days, special events, and sport tournaments were organised for the entire community.

Right To Play also places strong emphasis on equipping teachers and volunteers with the skills to help the next generation. In 2015, nearly 850 teachers from 62 schools in the refugee camps received training and mentoring support. The aim was to learn how to create a positive learning environment through child-centred and play-based teaching techniques, and the results have been highly encouraging. Schools have reported greater motivation among children to attend school; more respect and empathy towards teachers and peers; a more collaborative approach to working with other students; and an increased willingness to contribute to school activities.

Right To Play has a vision to create a healthier and safer world for children through the power of sport and play. Through a programme of innovative initiatives, it works to convert this vision into practical improvements in the lives of vulnerable young people. Its example continues to motivate us all.

RISK MANAGEMENT

The management of EFG International believes that the proper management of risks is critical for the continued success of EFG International AG and its subsidiaries (hereinafter collectively referred to as "The Group"). In this respect, EFG International has established a comprehensive risk supervision framework, also taking into consideration regulatory requirements in Switzerland and other applicable jurisdictions. As part of this risk supervision framework, EFG International has established policies and procedures in order to ensure that various categories of risk, such as credit, country, market, liquidity, operational, compliance, legal and reputational, can be identified and managed throughout the organisation in an effective and consistent manner.

EFG International's primary activities performed through its business units reflect the execution of client related activities, with the clients carrying the risk. Within the risk appetite framework agreed and approved by the Board of Directors and related Risk Committees, the Group also maintains "nostro" positions in a number of selected areas. Consequently, the Group takes limited credit, market and liquidity risks, with most credit risk being limited to margin loans and other secured exposures to clients as well as exposures to banks and financial institutions. EFG International is exposed to limited market risk which is mainly restricted to foreign exchange, interest rate gapping and life insurance settlement positions maintained within defined parameters. EFG International is also exposed to operational and reputational risks. Ultimate responsibility for the supervision of risk management lies with EFG International's Board of Directors, which defines the risk appetite of the organisation and sets policies. The Board of Directors has delegated certain supervision and approval functions to its Risk Committee and Audit Committee.

At the management level, the ultimate responsibility for the implementation of policies and compliance with procedures lies with the EFG International Executive Committee, the EFG International Management Risk Committee and the EFG International Executive Credit Committee. Independent assurance to the EFG International Board of Directors, Risk Committee, Audit Committee and Executive Committee on the implementation of and adherence to the Group's policies and procedures by the EFG International business entities, as well as the effectiveness of the organisation's risk management framework is provided by both internal and external auditors, or by other external providers when mandated.

RISK GOVERNANCE AND ORGANISATION

The EFG International Board of Directors determines the overall risk appetite for EFG International. The Board of Directors has delegated responsibilities for risk oversight activities as follows:

– The Risk Committee has responsibility for determining direction of risk profile and the organisation of risk supervision. The responsibility for the oversight of operational, compliance and legal risks, in particular, lies with the Audit Committee.

– The Executive Committee has responsibility for the implementation of, and compliance with, risk related policies, procedures and internal regulations which also include operational, legal and reputation risks.

– The Executive Committee has assigned responsibility for the implementation of its market risk policies to the Management Risk Committee. This Committee monitors market and liquidity risks, including compliance with policies and procedures, as well as exposures relative to limits.

- The Asset & Liability Committee is responsible for the management of the Group's consolidated balance sheet. In particular, it is responsible for the management of EFGI Market Risk exposure and liquidity, with control delegated to the EFGI Risk Committee and the Management Risk Committee.

- The Fiduciary and Suitability Committee is responsible for monitoring of the regulated Asset Management businesses within EFG International associated with the discretionary management of assets.

- The Executive Credit Committee has responsibility for the management of client credit risk, including insurance companies and corporate names.

- The Sub-Committee of the Executive Credit Committee has credit approval authorities delegated from the Risk Committee for correspondent banking-, broker- and custodian relationships and for counterparty credit risk for banks and financial institutions as well as country limits within approved guidelines and parameters.

- The Chief Risk Officer is responsible for the management and oversight of credit, market, liquidity and operational risks. In achieving this, further to the appointment of global risk officers within Risk Management responsible for each of these risks, he also collaborates with other central Group functions that also undertake risk oversight activities for their respective area of responsibility, such as the Chief Financial Officer, Chief Operating Officer, Global Head of Compliance and General Counsel. Each business region has its own designated Regional Risk Officer who is responsible for the oversight of risk management in the region and reports to local senior management and to the Group's Chief Risk Officer.

- The Chief Financial Officer is also responsible for the consolidated financial regulatory reporting, balance sheet and capital management, i.e. the maintenance of a sound capital adequacy ratio, global Compliance function and the relationship with regulators across the Group, and product approval and fiduciary review processes.

- The Chief Operating Officer is, among other, responsible for the oversight of IT security matters, operational integration of new businesses, business continuity management throughout the Group and the Group's insurance cover policies, as well as the Treasury Middle Office of EFG Bank AG in Switzerland.

- The Chief Compliance Officer heads the Compliance function and is responsible for providing efficient support to EFGI's managing bodies with regards to the management of regulatory and reputational risk. In addition, the Compliance function is also responsible for monitoring compliance with anti-money laundering/know-your-customer and cross-border activity rules, as well as adherence to product suitability, product selling restrictions and the Code of Conduct.

- The General Counsel is responsible for the management and oversight of legal risk, corporate tax matters and corporate governance processes.

The Fiduciary Oversight unit ensures through a network of Fiduciary and Suitability Committees that the holdings of discretionary and advisory portfolios managed or advised throughout the Group adhere to the mandate in place, to the Group Limits Directive and to the strategy that applies to the relevant model portfolio. These committees also ensure that whatever is purchased for clients is suitable for them, conforming to the Group's Suitability Directive. The same Fiduciary Oversight unit also ensures through a network of Local Product Committees that all products or securities sold to clients or bought for them have been through the appropriate approval process. Fiduciary and Suitability Committees and Local Product Committees report their findings respectively to the EFGI Fiduciary and Suitability Committee and the Group Product Committee, which in turn send their minutes to the Executive Committee and the Risk Committee.

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. Because EFG International's primary credit exposures relate to loans collateralized by security portfolios and by mortgages, or to financial institutions, credit risk exposure is comparatively low.

CREDIT RISKS RELATED TO CLIENTS

A basic feature of the credit approval process is a separation between the firm's business origination and credit risk management activities. Credit requests are initiated by Client Relationship Officers (CROs) and must be supported by Regional Business Heads.

The approval of loans and other exposures has been delegated, depending on certain defined risk and size parameters, to the credit departments of EFG International's business units, to local credit committees, to specific bank executives and management functions within the organisation and to the Executive Credit Committee of EFG International. The approval competencies for large exposures and exposures with increased risk profiles are centrally reviewed and approved or recommended in Switzerland, in compliance with local regulatory and legal requirements of the individual international business units. Regional Business Heads and CROs have credit approval competencies only within established limits and client collateral diversification parameters.

To qualify as collateral for a margin loan, a client's securities portfolio must be well diversified with differing margins applied depending on the type of risk profile and liquidity of the security. Additional margins are applied if the loan and the collateral are not in the same currency or diversification criteria are not fully met. Mortgages booked at EFG Private Bank Ltd, London are related predominantly to properties in prime London locations.

Management insists on thoroughly understanding the background and purpose of each loan, which is typically investment in securities, funds or investment related insurance policies, as well as the risks of the underlying collateral of each loan.

The credit departments of EFG International's business units monitor credit exposures against approved limits and pledged collateral. Most of the collateral is valued daily (but may be valued more frequently during periods of high market volatility). However, structured notes, hedge funds and some other mutual funds are valued monthly, whereas insurance policies are normally valued annually, mortgages less frequently.

EFG International's internal rating system assigns each credit exposure to one of ten rating categories. The rating process assesses the borrower's repayment ability and the value, quality, liquidity and diversification of the collateral securing the credit exposure. The credit policy and the nature of the loans ensure that EFG International's loan book is of high quality. Consequently, an overwhelming majority of EFG International's credit exposures are rated within the top three categories.

CREDIT RISKS RELATED TO FINANCIAL INSTITUTIONS, CORPORATES AND INSURANCE COMPANIES

Management of counterparty risk is based on a centralised process at the EFG International level. Internal credit reviews are regularly performed at counterparty and at counterparty group holding levels. For the Financial Institutions, depending of among others, counterparty's S&P rating, its total equity, the analysis of its financial strengths as well as the country where the counterparty is domiciled, a global risk appetite is proposed as well as limits which have to be approved by the Sub-Committee of the Executive Credit Committee. Approval competences for certain amounts and within predefined risk parameters have been delegated to individual members of the Sub-Committee. The bank has set out internal policies that define the principle for calculating counterparty risk on a range of products.

For the Insurance companies and selected corporates names, the Risk appetite is based on a predefined matrix which sets maximum limit criteria based on the companies, long-term ratings and consolidated net worth. The Risk appetite and the limits are approved by the Executive Credit Committee.

COUNTRY RISK

Country risk is defined as "the transfer and conversion risk that arises from cross-border transactions". Country risk also encompasses direct and indirect sovereign risk, the default risk of sovereigns or state entities acting as borrowers, guarantors or issuers.

EFG International measures country risk based on external country ratings, predominantly derived from information provided by the S&P rating agency.

Management of country risk is based on a centralised process at the EFG International level. Limits are set by the Sub-Committee of the Executive Credit Committee. Approval competences for certain amounts and within predefined risk parameters have been delegated to individual members of the Sub-Committee. The Sub-Committee monitors country risk exposures within these limits.

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 for which prices are fixed daily, as well as from more traditional banking business, such as loans.

EFG International engages in trading of securities, derivatives, foreign exchange, money market paper, and precious metals on behalf of its clients. This business is conducted out of dealing rooms in Geneva, Hong Kong, London, Miami and Zurich. EFG Bank maintains limited foreign exchange positions and interest rate exposure which are measured against overnight, stress test and Value at Risk (VaR) limits, subject to stop loss monitoring. Adherence to all limits is monitored independently by the Global Risk Management Division, responsible for managing, overseeing and coordinating the development and implementation of adequate risk measurement and risk management policies in the area of market risk and for monitoring of market risks throughout the Group.

MARKET RISK MEASUREMENT AND LIMITS IN TRADING

Market risk exposure is measured in several ways: nominal and VaR exposure, gap reports and sensitivity to stress tests. VaR is not used for regulatory reporting of risks. It is published internally, within the EFG Group, as an indication only. VaR is calculated using statistically expected changes in market parameters for a given holding period probability for a given confidence level. EFG Group's self-developed internal VaR model, which has been implemented on an EFG Group-wide basis taking into account relevant market risk takers and units.

The internal model is based on a historical approach and uses a 99% one-tailed confidence level. The VaR model is adjusted on an ongoing basis in response to developments in the financial markets and to changes in the Group's risk management needs. Where appropriate, if specific models are required, these are developed, tested and approved by the EFG International Quantitative Models Department within the Global Risk Management Division.

Risk parameters based on the VaR methodology are calculated by the EFG International Global Risk Management Division, which produces daily and monthly market risk reports.

These VaR computations are complemented by various stress tests to identify the potential impact of extreme market scenarios on the value of portfolios. These stress tests simulate both exceptional movements in prices or rates and drastic deteriorations in market correlations. They, along with nominal limits, sensitivity limits and stop losses, are the primary tools used for internal market risk management. Stress test results are calculated daily by the EFG Bank Market Risk Management Unit and reported to management.

In line with the FINMA circular 08/6 related to interest rate income, Net Interest Income (NII) sensitivity and Interest Earnings at Risk (IEAR) measurements have been implemented and outcomes are regularly reviewed against defined stress scenario limits.

Daily risk reports are produced which review compliance with nominal and sensitivity limits and stop loss limits. Detailed disclosures on market risk measures and exposures can be found in the Consolidated Financial Report.

CURRENCY RISK

Apart from the exposure to foreign currencies which relates to banking and trading activities performed within EFG International's subsidiary banks, and which are managed by the local treasury departments within pre-established risk parameters and limits, the Group is also exposed to foreign currency fluctuations because most of the subsidiary banks use local currencies as their reporting currencies.

ASSET/LIABILITY MANAGEMENT

EFG International applies a matched fund transfer pricing system that distinguishes between the margins earned by the customer business and the profits arising out of certain interest rate positions. The system is based on current market rates and is the basis for calculating the profitability of profit centers and products.

The Group's capital and deposit base has continued to provide a substantial excess of funding. Structural mismatches are reflected in the interest rate position of EFG International and the result of the maturity transformation is shown in net interest income.

LIQUIDITY RISK

EFG International manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits and to satisfy the Group's own cash flow needs within all of its business entities.

Funding operations aim to avoid concentrations in funding facilities. The pricing of assets and credit business is based on the current liquidity situation. EFG International also has a liquidity management process in place that includes liquidity contingency plans, encompassing repo borrowing and liquidation of marketable securities. Stress tests are undertaken monthly as part of the reporting requirements established within the EFG International Risk Guidelines.

Our customer deposit base, our capital and reserves position and our conservative gapping policy when funding customer loans ensure that EFG International runs only limited liquidity risks.

OPERATIONAL RISK

Operational risk is the risk of financial loss resulting from inadequate or failed internal processes, human errors or systems, or from external causes or a combination of the foregoing.

EFG International aims at mitigating significant operational risk it may inherently run to a level it considers appropriate and commensurate with its size, structure, nature and complexity of its service/product offerings, thus adequately protecting its assets and its shareholders, interests.

Organisational structure and governance

The Board of Directors and senior management of EFG International strive to set the operational risk culture through, among others, the definition of the overall operational risk appetite of the organisation (expressed in quantitative thresholds and qualitative statements), which is embedded in the organisation's risk management practices. The supervision of operational risk at the Board of Directors level is under the responsibility of the Audit Committee.

The primary responsibility for managing operational risk on a daily basis rests with the line managements of the various local business entities, which mitigate operational risk through the establishment of an adequate internal control system and strong risk culture.

At the EFG International risk management level, operational risk oversight and guidance, including the development of an operational risk management framework, are under the responsibility of the Operational Risk Management Function headed by the Global Head of Operational Risk Management. The Operational Risk Management Function works in collaboration with the Operational Risk Officers of the local business entities, the Regional Risk Officers within the Group as well as certain centralised Group functions that also undertake operational risk oversight for their respective area of responsibility, such as the Chief Financial Officer, Chief Operating Officer, Global Compliance, General Counsel and Fiduciary Oversight. The principal aim of the Operational Risk Management Function is to ensure that the Group has an appropriate operational risk management framework and program in place for identifying, assessing, mitigating, monitoring and reporting operational risk. The Global Head of Operational Risk Management reports to the EFG International Chief Risk Officer and Audit Committee.

Operational risk management framework

The operational risk management framework of EFG International codifies the Group's approach to identifying, assessing, mitigating, monitoring and reporting operational risk and also incorporates the standards defined by the Basel Committee for Banking Supervision. This framework comprises the philosophy, scope, definitions, operational risk boundaries, key operational risk areas, operational risk mitigation/transfer alternatives, approach for operational risk capital charge selected by the Group, principles for the management of operational risk, operational risk appetite, governance and organisation, role and responsibilities of the constituent parts of the governance structure, and operational risk management processes and tools. In respect of the latter, among the main processes and tools applied by the Operational Risk Management Function for the identification, assessment, monitoring and reporting of operational risk are: (i) assessment and monitoring of profile of key operational risks, (ii) monitoring of key risk indicators, (iii) collection, analysis and reporting of operational risk events and losses, (iv) consolidated operational risk reporting to the EFG International Chief Risk Officer, Executive Committee and Audit Committee, (v) follow-up of actions taken to remedy key operational risk-related control issues and (vi) establishment of an operational risk awareness program.

EFG International and its local business entities design and implement internal controls and monitoring mechanisms in order to mitigate key operational risks that the Group inherently runs in conducting its business, in areas such as front-office activities, trading and treasury, IT security and data confidentiality, product approval and selling practices, cross-border business activities, asset management, transaction processing, accounting and financial reporting, and regulatory compliance activities (e.g. cross-border, anti-money laundering, product suitability, etc.). At EFG International level, legal and compliance/regulatory risks in particular are closely monitored by the Group's General Counsel and Global Head of Compliance respectively.

EFG International continuously invests in business continuity management in order to ensure continuity of critical operations in the event of a major disruptive event. Business continuity management encompasses backup operating facilities and IT disaster recovery plans, which are in place throughout the Group and tested regularly.

Where appropriate, EFG International establishes operational risk transfer mechanisms; in particular, all entities of the Group are covered by insurance to hedge (subject to defined exclusions) potential low-frequency-high-impact events. EFG International administers centrally for all its subsidiaries three layers of insurance cover, being comprehensive crime insurance, professional indemnity insurance and Directors, and Officers, liability insurance. Other insurances such as general insurances are managed locally.

COMPLIANCE RISK

Regulatory and compliance risk is the risk of financial or reputational loss resulting from a breach of applicable laws and regulations or the departure from internal or external codes of conduct or market practice.

The Compliance function is responsible for ensuring EFG International's observance of applicable rules and regulations. In line with the development of the regulatory environment of the industry, EFG International continuously invests in personnel and technical resources to ensure adequate compliance coverage. A comprehensive framework of policies and regular specialised training sessions ensure that staff receive appropriate ongoing education and training in this area. For example, EFG Bank AG defined a set of standards governing the cross-border services it offers, as well as drawing up country-specific manuals for the major markets it serves. A mandatory staff training and education concept is in place to ensure observance of the standards and compliance with the country manuals and anti-money laundering guidelines. They are complemented by a tax compliance framework, the purpose of which is to prevent the unlawful acceptance of untaxed monies. Changes in the regulatory environment are monitored and directives and procedures are adapted as required. Global Compliance is centrally managed from Geneva with local compliance officers situated in nearly all of EFG International's booking centre subsidiaries around the world.

LEGAL RISK

The Legal department ensures that the legal risks are adequately managed and controlled and supervises outside counsel on a variety of legal matters.

Any change in the legal environment can constitute a challenge for the Group in its relations with the competent authorities, clients and counterparties both at Swiss and international level. The legal department is responsible for implementing internal rules and processes in order to control the Group's legal risks; for providing legal advice to the Group's management, front and back officers; and for managing litigations in which the Group is involved, as well as handling client complaints and assisting federal and local authorities in their criminal and administrative investigations.

REPUTATION RISK

EFG International considers its reputation to be among its most important assets and is committed to protecting it. Reputation risk for EFG International inherently arises from:

- potential non-compliance with increasingly complex regulatory requirements.
- its dealings with politically exposed persons or other clients with prominent public profiles.
- its involvement in transactions executed on behalf of clients other than standard investment products.
- potential major incidents in the area of IT security and data confidentiality.
- potential malfeasance by its employees.

EFG International manages these potential reputation risks through the establishment and monitoring of the risk appetite of the Board of Directors, its transaction reputation risk policy and established policies, control procedures and monitoring mechanisms in areas such as know-your-customer and anti-money laundering, IT security and data confidentiality, and staff selection and recruitment.

PARENT COMPANIES

PARENT COMPANIES

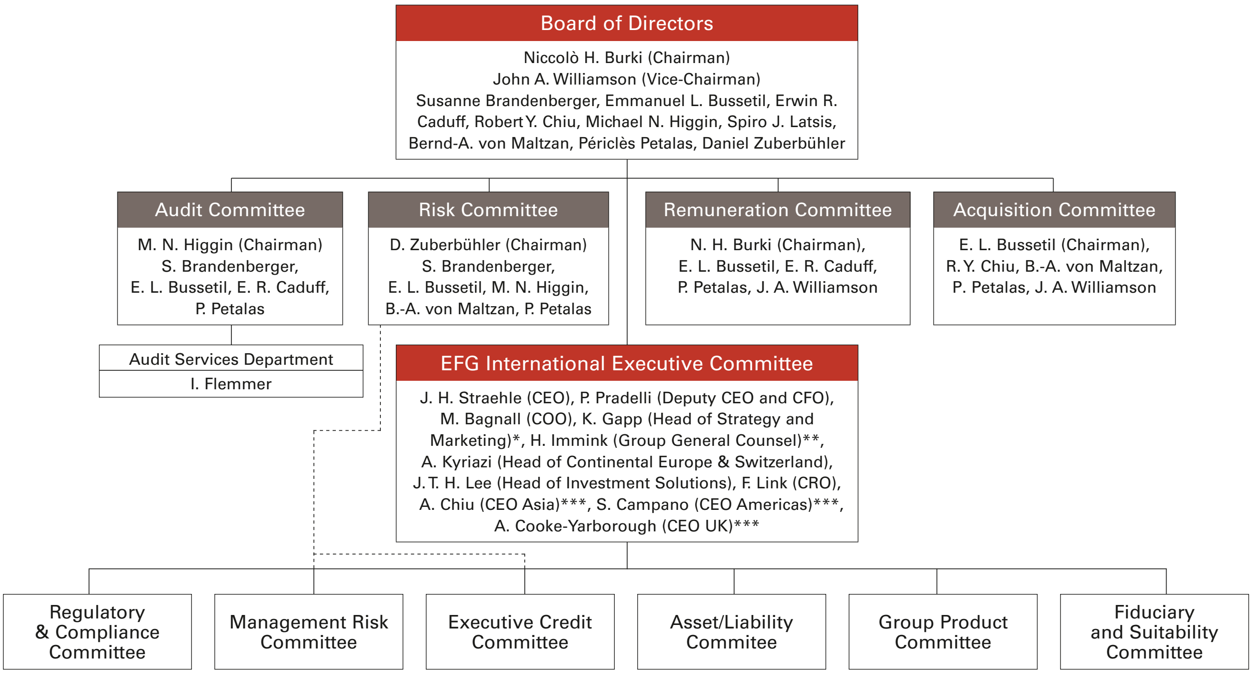
EFG International's largest shareholder is EFG Bank European Financial Group SA, the regulated parent company of the EFG Group based in Geneva, with 54%.

Details for EFG Group can be found at
www.efggroup.com

EFG Bank European Financial Group SA
24 Quai du Seujet
1211 Geneva 2
Switzerland

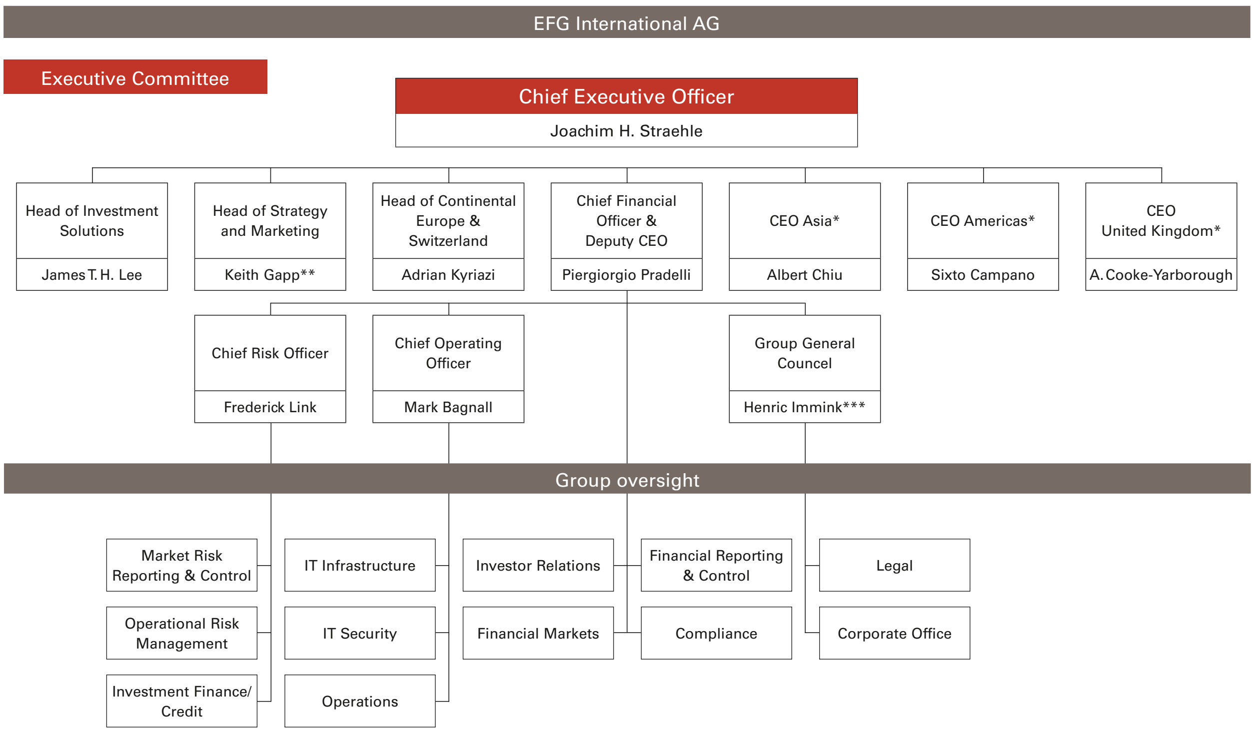
CORPORATE GOVERNANCE

EFG International AG Board and Committees



---- Reporting line to Risk Committee to ensure independence of various risk functions within EFG International Group
* Keith Gapp stepped down as member of the Executive Committee effective as of 31 December 2015
** Henric Immink stepped down as Group General Counsel and member of the Executive Committee effective as of 31 December 2015
*** Attendees of the Executive Committee

Management Structure



* Attendees of the Executive Committee
** Keith Gapp stepped down as member of EFG International's Executive Committee effective as of 31 December 2015
*** Henric Immink stepped down as Group General Counsel and member of the Executive Committee effective as of 31 December 2015

Good Corporate Governance is about ensuring that a company is managed efficiently and effectively in the interests of the stakeholders. EFG International AG (EFG International; the Company) is always aiming for good Corporate Governance based on leading national and international standards and strives continuously for developing the shareholders rights and representing their interests. It ensures transparency by properly disclosing Company information. This part of the annual report provides key information with regard to Corporate Governance practices within EFG International.

As a publicly listed Swiss company, EFG International is subject to and complies with the Directive on Information relating to Corporate Governance (Corporate Governance Directive) and its annex and commentary, issued by SIX Swiss Exchange AG (SIX). The information provided in this section adheres to the Corporate Governance Directive revised on 1 September 2014, with the guidelines and recommendations of the "Swiss Code of Best Practice for Corporate Governance" of the Swiss Business Federation "economiesuisse" entered into force on 1 October 2014 as well as its appendix 1, "Recommendation on compensation for Board of Directors and Executive Board", which address transparency with respect to the compensation of the members of the Board of Directors and the Executive Committee.

The Ordinance against Excessive Compensation in Listed Companies (Ordinance) entered into force on 1 January 2014. It has implications on corporate documents including the Articles of Association and the Organizational and Management Regulations as well as on the Company's Corporate Governance. In this context, EFG International carried out a comprehensive assessment of its Corporate Governance framework. Already in 2014, EFG International implemented almost all requirements of the Ordinance and reflected them in the Corporate Governance disclosures. Among others the requirement to provide the possibility of electronic voting had already been introduced at the Annual General Meeting (AGM) 2014. The outstanding elements required by the Ordinance and identified insights were fully implemented in 2015.

The following information corresponds to the situation as at 31 December 2015, unless indicated otherwise.

If information required by the Corporate Governance Directive is published in the notes to the financial statements or in the Compensation Report, a reference indicating the corresponding section of the notes or page number is given.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 Operational structure of EFG International

EFG International is a Zurich domiciled holding company, organized under the laws of Switzerland in accordance with Art. 620 et seq. of the Swiss Code of Obligations. It manages a global private banking and asset management group operating in around 30 locations worldwide. The EFG International Group (EFG International and its subsidiaries) is organized into seven business segments: Americas, Asia, United Kingdom, Continental Europe, Switzerland, Investment & Wealth Solutions and Corporate. Further information can be found in note 47 "Segmental Reporting" to the consolidated financial statements. The functional organization of EFG International is outlined on the previous page.

1.2 Group entities

The main consolidated entities are listed on page 160. Within EFG International Group only EFG International is a listed company:

– EFG International's registered shares are traded on the main standard of SIX in Zurich (security no. 002226822; ISIN CH0022268228, symbol EFGN). The Company's market capitalization was CHF 1,602,732,178.10 on 31 December 2015.

1.3 Significant shareholders

1,130 shareholders were recorded in EFG International's share register as of 31 December 2015 (i.e. shareholders with voting rights) representing 77.24% (previous year: 80.71%) of the total share capital issued. The shares of unregistered shareholders ('dispo') amounted to 22.76% (previous year: 19.29%).

The shareholding structure of EFG International is shown in the table below:

As of 31 December 2015	Number of registered shares	Percentage of voting rights
EFG Bank European Financial Group SA, Geneva[1]	82,545,117	54.33%
Oakmark International Small Cap Fund, Chicago[2]	4,725,000	3.11%
F&C Managers Limited, London[3]	4,543,441	2.99%
Wellington Management Group LLP, Boston MA[4]	4,525,552	2.98%
Other Shareholders	55,578,632	36.59%
Total[5]	151,917,742	100.00%

[1] EFG Bank European Financial Group SA is controlled by the Latsis Family through several intermediate parent companies.
[2] Based on reporting to SIX (on 22 September 2015); indirect Beneficial Owner is Harris Associates Investment Trust, Chicago.
[3] Based on reporting to SIX (on 21 August 2015); F&C Managers Limited is an indirect wholly owned subsidiary of Bank of Montreal.
[4] Based on reporting to SIX (on 26 August 2015)
[5] In 2015 the total number of registered shares increased by 1,222,308 due to the use of conditional capital (see section 2.2.2 below).

Ownership interests in companies domiciled in Switzerland whose shares are listed at least partly in Switzerland must be notified both to the issuer company and to the SIX when the holder's voting rights reach, increase above or fall below certain thresholds. These notification thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 33 ⅓%, 50% and 66 ⅔% of voting rights. The relevant details are set out in the Federal Act on Stock Exchanges and Securities Trading (SESTA) and in the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading (SESTO-FINMA).

For notifications received by EFG International in 2015 according to article 20 of the SESTA see the published reports on the Disclosure Office's publication platform of SIX (see https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=EFG INTER).

1.4 Lock-up agreements

Currently there are no lock-up agreements in place.

1.5 Cross-shareholdings

EFG International has not entered into any cross-shareholdings that exceed 5% of the capital shareholdings or voting rights on either side.

2. CAPITAL STRUCTURE

2.1 Capital

2.1.1 Share capital

The outstanding share capital amounts to CHF 75,958,871 consisting of 151,917,742 registered shares with a face value of CHF 0.50 each; the shares are fully paid-in. In context of the Employee Equity Incentive Plan EFG International Group has started in 2013 issuing its conditional share capital to provide registered shares for exercised options (including restricted stock units (RSUs)) to employees.

The authorized capital amounts to CHF 25,000,000 and the remaining conditional share capital amounts to CHF 11,408,629 at 31 December 2015 (more information can be found in section 2.2.2 below).

Further information on the share capital can be found in note 43 to the consolidated financial statements.

2.1.2 Participation capital

The outstanding participation capital of the company amounts to CHF 200,730 consisting of 13,382 non-voting preference Class B Bons de Participation with a nominal value of CHF 15 each. These Bons de Participation have been issued to Banque de Luxembourg as fiduciary in connection with the initial issue by Banque de Luxembourg of the EUR 400 million EFG Fiduciary Certificates on 14 November 2004 and 17 January 2005 (for details about the reduction of EFG International's participation capital in 2012 and 2013 see below section 2.3 Changes in capital structure).

The EFG Fiduciary Certificates are listed at the Luxembourg Stock Exchange (ISIN: XS0204324890).The preference rights attached to the Class B Bons de Participation consist of preferential dividend and liquidation rights, as mainly set out in article 13 of the Articles of Association (the document is available on the EFG International homepage: www.efginternational.com/auditors-regulations). The preferential dividend rights are expressed to remain at all times at the full discretion of the general meeting of shareholders.

2.2 Authorized and conditional capital in particular

2.2.1 Authorized capital

The Board of Directors is authorized, at any time until 25 April 2016, to increase the share capital by no more than CHF 25,000,000 by issuing no more than 50,000,000 fully paid-in registered shares with a face value of CHF 0.50 each. Increase by firm underwriting, partial increases as well as increases by way of conversion of own free reserves are permissible. The issue price, the starting date of the dividend entitlement and the type of contribution will be determined by the Board of Directors.

In addition, the Board of Directors is authorized to withdraw the preferred subscription rights of the shareholders and the participants and to allocate them to third parties for the financing of the acquisition of all or part of an enterprise or of an investment in another company, or for new investments purposes for EFG International at market conditions at the moment of the issuance, as well as, in particular, for direct or indirect fund raising purposes on the international capital markets.

2.2.2 Conditional capital

The share capital may be increased by no more than CHF 2,019,783 by issuing no more than 4,039,566 fully paid-in registered shares with a face value of CHF 0.50 each through the exercise of options (including existing or future RSUs) granted to officers and employees at all levels of EFG International Group. The preferential subscription rights of the shareholders and the participants are excluded in favor of the holders of the options (including RSUs). The conditions for the allocation and the exercise of the options are set by the Board of Directors. The shares may be issued at a price below the market price.

In 2015 EFG International issued a total of 1,222,308 registered shares with a face value CHF 0.50 at a total amount of CHF 611,154 for options (including RSUs) exercised by officers and employees of EFG International Group. Therefore, the remaining amount of approved conditional capital for options (including RSUs) to employees amounts to 2,817,258 shares with a face value of CHF 0.50 (CHF 1,408,629).

In addition, the share capital may be increased by no more than CHF 10,000,000 by issuing no more than 20,000,000 fully paid-in registered shares with a face value of CHF 0.50 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly issued convertible debentures, debentures with option rights or other financing instruments by the Company or one of its subsidiaries.

The preferential subscription rights of the shareholders and the participants are excluded in favor of the holders of conversion and/or option rights.

The Board of Directors may limit or withdraw the right of the shareholders and the participants to subscribe in priority to convertible debentures, debentures with option rights or similar financing instruments when they are issued, if

(a) an issue by firm underwriting by a consortium of banks with subsequent offering to the public without preferential subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions or the time plan of the issue; or

(b) financing instruments with conversion and/or option rights are issued in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or with participations or new investments of the Company.

If advance subscription rights are denied by the Board of Directors, the following shall apply:

(a) Conversion rights may be exercised only for up to 7 years; and option rights only for up to 4 years from the date of the respective issuance.

(b) The respective financing instruments must be issued at the relevant market conditions.

2.3 Changes in capital structure

Until 2012, there have been no changes in the capital structure of EFG International since the Initial Public Offering which took place in October 2005.

For changes in the participation capital in 2012 and 2013 please see sections 2.3.1 and 2.3.2 below.

In 2013 EFG International used its conditional capital and issued a total of 1,207,040 registered shares with a face value of CHF 0.50 at a total nominal amount of CHF 603,520 for options (including RSUs) exercised by officers and employees of EFG International and its subsidiaries.

In 2014 EFG International issued for the same purpose another 2,818,394 registered shares with a face value of CHF 0.50 at a total nominal amount of CHF 1,409,197 for options (including RSUs) exercised by employees of EFG International and its subsidiaries.

As mentioned above in section 2.2.2 in 2015 EFG International issued for the same purpose another 1,222,308 registered shares with a face value of CHF 0.50 at a total nominal amount of CHF 611,154 for options (including RSUs) exercised by employees of EFG International and its subsidiaries.

2.3.1 Basel III compliant Tier 2 Bond/Reduction of participation capital EFG International

On 30 November 2011 EFG International (Guernsey) Ltd, a wholly owned subsidiary of EFG International, offered to the holders of EUR 400,000,000 in principal amount of EFG Fiduciary Certificates the option of exchanging the EFG Fiduciary Certificates for Basel III compliant Tier 2 Notes issued by EFG International (Guernsey) Ltd. A total of 135,219 EFG Fiduciary Certificates, representing approximately 33.8% of the outstanding principal amount of EFG Fiduciary Certificates, were validly tendered and accepted for exchange by EFG International (Guernsey) Ltd. In exchange, EFG International (Guernsey) Ltd has issued EUR 67,604,000 in principal amount of Basel III compliant Tier 2 bonds on settlement of the exchange offer on 13 January 2012. The bonds have a maturity of 10 years and for the first 5 years pay an annual interest of 8%. The Tier 2 Bond is listed at the Luxembourg Stock Exchange (ISIN: XS0732522023).

The acquired 135,219 EFG Fiduciary Certificates have been cancelled and, consequently, the outstanding number of EFG Fiduciary Certificates has been reduced from 400,000 to 264,781 representing a total nominal amount of approximately EUR 265 million. Further to the cancellation of the above EFG Fiduciary Certificates, EFG International bought back 135,219 registered participation certificates of class B Bons de Participation with a face value of CHF 15 per certificate and at the 2012 AGM a corresponding reduction of the participation capital through cancellation of the bought-back registered participation certificates of class B was approved.

2.3.2 Cash tender offer EFG Fiduciary Certificates/Reduction of participation capital EFG International

On 12 December 2012 EFG Funding (Guernsey) Limited, a wholly owned subsidiary of EFG International, offered to the holders of the outstanding EUR 400,000,000 EFG Fiduciary Certificates of which EUR 264,781,000 in principal amount were outstanding, issued on a fiduciary basis by Banque de Luxembourg, to buy any and all of the EFG Fiduciary Certificates for cash and to approve by extraordinary resolutions, inter alia, the proposed amendments to the Conditions of the EFG Fiduciary Certificates. A total of 251,399 EFG Fiduciary Certificates, or EUR 251,399,000 of the principal amount of the outstanding EFG Fiduciary Certificates – representing 94.95% – were validly tendered and accepted by EFG Funding (Guernsey) Ltd. EFG Funding (Guernsey) Ltd's offer was conditional on the successful issuance of CHF Notes (in January 2013) qualifying as Tier 2 capital under Basel III and with the benefit of a subordinated guarantee from EFG International and on approval by extraordinary resolutions, inter alia, the proposed amendments to the Conditions of the EFG Fiduciary Certificates by the holders of the EFG Fiduciary Certificates.

With the successful issuance of the CHF Notes on 31 January 2013 (the Tier 2 Note is listed on SIX in Zurich; ISIN: CH0204819301) the 251,399 EFG Fiduciary Certificates have been acquired and cancelled. Consequently, the outstanding number of EFG Fiduciary Certificates has been reduced from 264,781 to 13,382 representing a total nominal amount of approximately EUR 13.4 million. Further to the cancellation of the above EFG Fiduciary Certificates, EFG International bought-back 251,399 registered participation certificates of class B Bons de Participation with a face value of CHF 15 per certificate and at the 2013 AGM a corresponding reduction of the participation capital through cancellation of the bought-back registered participation certificates of Class B was approved.

2.4 Shares and participation certificates

Shares

Number of shares as of 31 December 2015:

Registered shares of CHF 0.50 par value	151,917,742

All registered shares are fully paid-in and entitled to dividends. Each share carries one vote. There are no preferential rights or similar rights attached to the shares.

Participation certificates

Number of participation certificate as of 31 December 2015:

Preference Class B Bons de Participation of CHF 15 par value	13,382

All preference Class B Bons de Participation are entitled to preferential dividend and liquidation rights (see sections 2.1.2, 2.3.1 and 2.3.2 above). They do not confer voting rights.

2.5 Profit sharing certificates

There are no profit sharing certificates outstanding.

2.6 Limitations on transferability and nominee registrations

EFG International's shares are freely transferable, without any limitation, provided that the buyers expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by the SESTA. Transfers of intermediated shares, including the granting of security interests, are subject to the Federal Act on Intermediated Securities. The transfer of uncertificated shares is affected by a corresponding entry in the books of a bank or depositary institution following an assignment by the selling shareholder and notification of such assignment to the Company by the bank or depositary institution. The transferee must file a share registration form in order to be registered in the Company's share register as a shareholder with voting rights. Failing such registration, the transferee may not vote at or participate in any shareholders' meeting but may still receive dividends and other rights with financial value. The uncertificated shares may only be transferred with the assistance of the bank that administers the book entries of such shares for the account of the transferring shareholder. Further, shares may only be pledged to the bank that administers the book entries of such shares for the account of the pledging shareholder; in such case, the Company needs to be notified. According to the Articles of Association, a person having acquired shares will be recorded in the Company's share register as a shareholder with voting rights upon request. Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to evade the entry restriction are considered as one shareholder or nominee. The Board of Directors is authorized to issue regulations to implement the above provisions.

2.7 Convertible bonds and warrants/options

Apart from the amounts disclosed in note 52 to the consolidated financial statements EFG International has not issued any option rights.

3. BOARD OF DIRECTORS

3.1 Members of the Board of Directors

The Board of Directors currently comprises eleven members all of whom are non-executive directors. The Board of Directors of EFG Bank AG (EFG Bank) is composed of the same members as the Board of Directors of EFG International.

With the exception of Messrs. John A. Williamson (elected at the AGM 2015; see his biography on p. 51) and Robert Y. Chiu (elected at the AGM 2014; see his biography on p. 53), no member of the Board held a management position in EFG International or any of its subsidiaries over the last three years. No director (neither as individual nor as representative of a third party) has any significant business connection with EFG International or any of its subsidiaries.

Niccolò Herbert Burki is a Swiss citizen and was born in 1950. He was appointed a member of the Board of Directors of EFG International effective as of 26 April 2013 and Chairman effective as of 24 April 2015. He is also a member of the Board of of Directors of EFG Bank since 2013. Before establishing Burki Attorneys-at-Law in 1997, Mr. Burki was an attorney at Bär & Karrer in Zurich (1985–1997) where he became a partner as of 1989. Previously he was a tax lawyer with Arthur Andersen in Zurich (1980–1985). He holds various memberships including the Swiss Bar Association, International Bar Association and International Fiscal Association.

Mr. Burki graduated in economics and business administration at the University of St. Gallen and holds a doctorate in law from the University of Basel (1984). Mr. Burki is a certified Swiss tax expert (1984) and a Trust and Estate Practitioner. He was admitted to the Zurich bar in 1979.

Mr. Burki is currently Chairman of EFG International's Board-delegated Remuneration Committee.

John Alexander Williamson is a British citizen and was born in 1962. He was appointed Vice-Chairman of the Board of Directors of EFG International effective as of 24 April 2015. He was formerly the Chief Executive Officer (CEO) of EFG International, effective as of June 2011. Since April 2013 he was also CEO of EFG Bank and is a member of the Board of Directors of the latter since April 2015. He is also a member of the Board of Directors of EFG International's subsidiaries EFG Capital Holdings Corp, Miami, Asesores y Gestores Financieros SA, Madrid, A&G Banca Privada SA, Madrid and EFG Investment and Wealth Solutions Holding AG, Zurich. He was formerly the CEO of EFG Private Bank Ltd, London, EFG International's UK and Channel Islands business, from 2002–2011. During this time he transformed the business into one of the most significant contributors to EFG International performance, and oversaw the merger of EFG Private Bank Ltd with EFG International ahead of the latter going public.

John Williamson has spent the whole of his career in private banking. Before EFG Private Bank Ltd, he spent over 16 years with Coutts in a variety of senior roles, ending up as COO for Coutts Group. From 1997 to 1999, he worked in the USA, as director and COO, first in New York then in Miami. In other roles, he was responsible for strategy, performance and planning, and also had experience of marketing and credit. For two years, he was a Client Relationship Officer, serving French and Belgian clients.

Mr. Williamson is a member of the Board of Directors of the Association of Swiss Asset and Wealth Management Banks (VAV/ABG) in Zurich.

Mr. Williamson holds an MA in modern languages from St. Catharine's College, Cambridge.

Mr. Williamson joined EFG International's Board-delegated Acquisition and Remuneration Committees as a member, effective as of 24 April 2015.

Susanne Brandenberger is a Swiss citizen and was born in 1967. She was appointed a member of the Board of Directors of EFG International at the extraordinary general meeting held on 7 October 2015. She is a member of the Board of Directors of EFG Bank also since October 2015.

Prior to joining EFG International Mrs. Brandenberger was with Vontobel Group between 1999 and 2015 acting in various positions: Managing Director, Head Risk Control and a member of the Finance & Risk Management Team (2004–2015); Head of Market Risk & Credit Risk (2002–2004) and Head of Market Risk Control (1999–2002). She began her career at the Swiss Financial Market Supervisory Authority (FINMA), formerly the Swiss Federal Banking Commission, where from 1994–1999 she was responsible for building up and heading the Risk Management Unit as a new unit of the Banking Supervision Department.

Mrs. Brandenberger is a member of the Board of the association "insieme 21".

Mrs. Brandenberger holds a PhD from the Swiss Institute for Banking and Finance of the University of St. Gallen and a Master in Banking and Finance from the University of St. Gallen.

Mrs. Brandenberger joined EFG International's Board-delegated Risk and Audit Committees as a member, effective as of 7 October 2015.

Emmanuel Leonard Bussetil is a British citizen and was born in 1951. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005 and is a member of the Board of Directors of EFG Bank since 2001. Mr. Bussetil is a member of the Board of Directors of EFG International's subsidiary EFG Bank (Monaco). He is a member of the Board of European Financial Group EFG (Luxembourg) SA. He is also a member of the Board of SETE Holdings Sarl, Luxembourg and of Hellinikon Global I SA, Luxembourg. In addition, he is a non-executive director of Paneuropean Oil and Industrial Holdings SA, Luxembourg, of Consolidated Lamda Holdings SA, Luxembourg and of other principal commercial holding and operating companies controlled by Latsis Family Interests. He joined the Latsis group of companies in 1982 as Chief Internal Auditor. Prior to that he was an Audit Manager at Pricewaterhouse, in the UK, where he was employed from 1976 to 1982.

Mr. Bussetil received his GCSE A-Levels in Mathematics and Physics in 1970. He attended the Thames Polytechnic London, England and obtained his Higher National Diploma in Mathematics, Statistics & Computing in 1972. His professional training was undertaken as an Articled Clerk at Dolby Summerskill, Liverpool (1972–1973) and at Morland and Partners, Liverpool (1974–1976). He is a fellow of the Institute of Chartered Accountants of England and Wales.

Mr. Bussetil is currently member of EFG International's Board-delegated Audit, Risk and Remuneration Committees and Chairman of the Acquisition Committee.

Erwin Richard Caduff is a Swiss citizen and was born in 1950. Mr. Caduff was educated in Switzerland (commercial school and bank apprenticeship). He was appointed a member of the Board of Directors of EFG International effective as of 29 April 2009. He is a member of the Board of Directors of EFG Bank also since 2009.

After having spent many years in Singapore Mr. Caduff returned to Switzerland in 2013. From 2007 to 2013 he was the owner of E.R.C. Consultants & Partners Pte Ltd in Singapore, a company specialized in executive search for wealth management and management consulting. From 1998 to 2007 he worked for Deutsche Bank AG in Singapore and was a managing director and Regional Head of Private Wealth Management Asia Pacific. Prior to that, he worked for Banque Paribas in Singapore as Head of Private Banking for South East Asia (1997–1998) and for Banque Paribas (Suisse) S.A. as the Head of the Zurich Branch (1993–1997). Between 1990 and 1993 he was Chief Representative for Coutts & Co in Singapore after having spent 5 years with Citibank in Zurich and Singapore. The first 10 years of his professional career (1976–1986) he worked for Swiss Volksbank in Zurich and in Singapore.

Mr. Caduff is currently member of EFG International's Board-delegated Audit and Remuneration Committees.

Robert Yin Chiu is a Hong Kong citizen and was born in 1948. He was appointed a member of the Board of Directors of EFG International effective as of 25 April 2014. He is a member of the the Board of Directors of EFG Bank also since 2014. Since January 2014 he is non-executive Chairman, EFG Bank Asia, having formerly been its CEO (2000–2009) and executive Chairman (2009–2013). Prior to joining EFG, he was Managing Director and General Manager of Republic National Bank of New York (1993–2000), responsible for the bank's private banking business in the Asia-Pacific region. Before that, he was Global Head of Private Banking, Equitor Group of Standard Chartered Bank (1990–1992) and Head of Private Banking, Asia-Pacific Region (1987–1990), having started his career at Citibank. He is a member of the Board of the First American International Bank, New York, USA (member of the Audit Committee, Compensation Committee, ALCO (Asset-Liability Committee) and Investments Committee) and Chairman of the Advisory Board of Aktis Capital Advisory Limited, a company with offices in Hong Kong, Singapore and China that manages private equity funds with investments focused in China.

Mr. Chiu holds a Bachelor of Science from Columbia University and a Master of Business Administration from the University of Chicago.

Mr. Chiu is currently member of EFG International's Board-delegated Acquisition Committee.

Michael Norland Higgin is a British Citizen and was born in 1949. He was appointed a member of the Board of Directors of EFG International effective as of 27 April 2012. He is a member of the Board of Directors of EFG Bank since 2012 and a member of the Board of Directors of EFG International's subsidiary EFG Private Bank Ltd, London, effective as of March 2015. Mr. Higgin joined Coopers & Lybrand from university in 1972, qualifying as a chartered accountant in 1975. He worked as a partner and head of business unit (banking audit/assurance) with Coopers & Lybrand – subsequently Pricewaterhouse-Coopers – in Switzerland and London until his retirement in December 2009.

Mr. Higgin holds a Cambridge Bachelor of Arts (BA) degree and attended the senior executive program at Stanford University (CA) in 1996. He is a fellow of the Institute of Chartered Accountants in England and Wales. Mr. Higgin is trustee of the London Youth Support Trust and an independent member of DCMS, audit and risk committee (Department of Culture, Media and Sport of the UK government) and he was trustee and hon treasurer of the British School at Rome until 31 December 2015.

Mr. Higgin is currently Chairman of EFG International's Board-delegated Audit Committee and member of the Risk Committee.

Spiro J. Latsis is a Greek citizen born in 1946. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005. He is a non-executive member of the Board of Directors of EFG Bank since 1997. Mr. Latsis is member of the Board of Directors of EFG International's subsidiary EFG Bank (Monaco). Mr. Latsis has been a non-executive member of the Board of Directors of EFG Bank European Financial Group SA, Geneva since 1981 and has served as its Chairman since 1997. In addition, he is a non-executive director of European Financial Group EFG (Luxembourg) SA (since 2009; as Chairman). Mr. Latsis is Chairman of Paneuropean Oil and Industrial Holdings SA, Luxembourg and a non-executive Director of Consolidated Lamda Holdings SA, Luxembourg.

Mr. Latsis obtained his bachelor degree in Economics in 1968, a master degree in Logic and Scientific Method in 1970 and a doctorate in Philosophy in 1974, all from the London School of Economics. He is an honorary fellow and a member of the Court of Governors of the London School of Economics. He is also a member of the Board of Trustees of the Institute for Advanced Study at Princeton.

Freiherr Bernd-Albrecht von Maltzan is a German citizen and was born in 1949. He was appointed a member of the Board of Directors of EFG International effective as of 26 April 2013. He is a member of the Board of Directors of EFG Bank also since 2013. Mr. von Maltzan is a member of the Board of Directors of EFG International's subsidiaries EFG Investment (Luxembourg) SA, and EFG Bank (Luxembourg) SA, effective as of December 2015. Throughout his career with Deutsche Bank he held a variety of senior positions, including Global Head Trading & Sales DB Group in Frankfurt (1993–1995), Divisional Board Member and Global Head Private Banking in Frankfurt (1996–2002), followed by Divisional Board Member and Vice-Chairman Private Wealth Management in Frankfurt, from where he retired in 2012. Mr. von Maltzan is member of the Advisory Board of Würth-Group in Künzelsau, Germany; the Advisory Board of MANNGroup in Karlsruhe, Germany; the Supervisory Board of Sal. Oppenheim jr. & Cie, AG & Co KGaA, a 100% subsidiary of Deutsche Bank in Cologne, Germany; the Finance Committee of Fritz-Thyssen Stiftung (Foundation) in Cologne, Germany and member of the Finance Committee of G.u.I. Leifheit Stiftung (Foundation) in Nassau, Germany.

Mr. von Maltzan studied economics at the universities in Munich and Bonn and obtained a Doctorate in Business Administration (1978) from the University of Bonn.

Mr. von Maltzan is currently a member of EFG International's Board-delegated Risk and Acquisition Committees.

Périclès Petalas is a Swiss citizen and was born in 1943. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005. He is a member of the Board of Directors of EFG Bank since 1997. Since 1997, Mr. Petalas is the Chief Executive Officer of EFG Bank European Financial Group SA, Geneva, which is EFG International's parent company. He is also a non-executive director of European Financial Group EFG (Luxembourg) SA. Prior to his position at EFG Bank European Financial Group SA, Geneva, Mr. Petalas was Senior Vice President and General Secretary of Banque de Depots, Geneva. Previously, he worked for Union Bank of Switzerland in Zurich (1978–1980) and Petrola International, Athens (1977–1978).

Mr. Petalas obtained a diploma (1968) and a doctorate (1971) in Theoretical Physics, both at the Swiss Federal Institute of Technology in Zurich. He also received a post-graduate degree in Industrial and Management Engineering from the same institute in 1977.

Mr. Petalas is currently member of EFG International's Board-delegated Audit, Risk, Remuneration and Acquisition committees.

Daniel Zuberbühler is a Swiss citizen and was born in 1948. He was appointed a member of the Board of Directors of EFG International effective as of 25 April 2014. He is a member of the the Board of Directors of EFG Bank also since 2014. He was formerly acting as Senior Financial Consultant, Director, Audit Financial Services, KPMG Zurich (2012–2013). Previously, he was Vice-Chairman of the Board of Directors of FINMA, the Swiss Financial Market Supervisory Authority (2009–2011). Prior to this, he held a variety of senior roles in a long career with the Swiss Federal Banking Commission, including as CEO (1996–2008). He has been a member of numerous international committees, including the Basel Committee on Banking Supervision; the Financial Stability Board, Standing Committee on Supervisory and Regulatory Cooperation; International Organization of Securities Commissions, Technical Committee; and the Financial Action Task Force on Money Laundering.

Mr. Zuberbühler is a member of the Board of Directors of Banca Popolare di Sondrio (Suisse) SA in Lugano.

A qualified Berne attorney, Mr. Zuberbühler studied law at the University of Berne and business at the City of London Polytechnic.

Mr. Zuberbühler joined EFG International's Board-delegated Risk Committee as a member, effective as of 25 April 2014, and currently acts as Chairman ad interim since 24 April 2015.

Members of the Board of Directors of EFG International who did not put themselves up for re-election at the AGM 2015

Jean Pierre Cuoni was member of the Board of Directors of EFG International until the AGM on 24 April 2015, where he did not put himself forward for re-election. Mr. Cuoni is a Swiss citizen and was born in 1937. He was co-founder of EFG Bank and was Chairman of the Board of Directors of EFG Bank since 1997 until 24 April 2015. He was appointed Chairman of EFG International in 2005 at the time of the listing of the latter on the SIX. He has been a member of the Board of Directors of EFG Bank European Financial Group SA, Geneva, since 1995. Prior to these positions, Mr. Cuoni was Chief Executive Officer of Coutts and Co International (1990–1994) and Chief Executive Officer of Handelsbank NatWest, the Swiss subsidiary of NatWest (1988–1990). Beforehand, Mr. Cuoni spent 28 years with Citibank in New York, Paris, Geneva and Zurich. He was Citibank's Regional Head of Private Banking for Europe and Middle East/ Africa and Senior Officer (Country Corporate Officer) for Citicorp and Citibank in Switzerland. Mr. Cuoni was Senior Vice President of Citibank N.A. from 1981 to 1988 and Chairman of Citibank (Switzerland) SA, from 1982 to 1988.

Mr. Cuoni received his Federal Commercial Banking Diploma in 1957 and attended the Executive Development Programme at IMD in Lausanne in 1974. Mr. Cuoni was a member of the Board of the Swiss Bankers Association (1982–1993) and a member of its Executive Committee (1985–1993). He was Chairman of the Association of Foreign Banks in Switzerland (1986–1993) and member of the Board of the Association of Swiss Exchanges (1988–1992), as well as member of the Board of the Zurich Chamber of Commerce (1988–1996). From 1998 until 2004 he was vice President of the British Swiss Chamber of Commerce. From 1985 until 2009, Mr. Cuoni was also a member of the Investment Advisory Board of the International Labour Organisation (ILO) in Geneva.

Mr. Cuoni was a member of the Board of Right to Play International in Toronto, a charitable organization, from 2007 to 2015. He is still a non-executive Vice-Chairman of Right to Play Switzerland in Zurich. He remains involved with EFG International as an Honorary Chairman.

Hugh Napier Matthews was member of the Board of Directors of EFG International until the AGM on 24 April 2015, where he did not put himself forward for re-election.

Mr. Matthews is a Swiss and British citizen and was born in 1943. He was appointed a member of the Board of Directors of EFG International effective as of 8 September 2005 and Vice-Chairman since April 2012. He was a member of the Board of Directors of EFG Bank from 2003 until 24 April 2015.

Mr. Matthews has also been a member of the Board of Directors of EFG Bank European Financial Group SA, Geneva, since 2001. He is Chairman of its risk committee. He was also member of the Board of Directors of EFG Private Bank Ltd, London, until 2015. Before that, Mr. Matthews worked for Coutts Bank (Switzerland) (1996–2000), ultimately in the position of Chief Executive Officer, and for Coutts Group, London (1994–1996), since 1995 as Group Chief Operational Officer. Prior to 1995, Mr. Matthews was with Peat Marwick Mitchell and Co. working in London (1960–1969), Brussels, Los Angeles and New York (1969–1971) and Zurich (1971–1994).

Mr. Matthews was educated at The Leys School in Cambridge, before joining Peat Marwick Mitchell in 1960, qualifying as a chartered accountant in 1966.

3.2 External mandates and vested interests

Please refer to the information provided in each director’s biography in section 3.1 above, where the significant activities in governing and supervising bodies of important organisations, institutions and foundations are mentioned.

3.3 Provisions on the number of permitted external mandates in the Articles of Association

Rules pursuant to article 12 para. 1 point 1 of the Ordinance, the number of permitted external mandates of the members of the Board of Directors are outlined in article 37 of the Articles of Association. The members of the Board of Directors may each have up to 20 mandates of which a maximum of 5 may be in listed companies. No member of the Board of Directors exceeded the statutory admissible number of external mandates as of 31 December 2015.

3.4 Elections and terms of office

According to article 26 of the Articles of Association, the Board of Directors consists of at least five members, who are individually elected by the general meeting of shareholders for one-year terms with the possibility of being re-elected. Furthermore, there is no limit to the numbers of terms and the term of office ends at the closure of the next AGM. Please reference the biographies of the members of the Board of Directors in section 3.1 above for each initial date of election. The tenure of all the current members of the Board of Directors will expire at the closure of the AGM 2016, at which time the directors will be subject to re-election by the shareholders.

Since 2014, in application of the Ordinance, the general meeting of shareholders elects also the Chairman of the Board of Directors and all members of the Remuneration Committee individually and on an annual basis (see article 17 of the Articles of Association).

3.5 Internal organizational structure

The internal organizational structure is laid down in the Organizational and Management Regulations of EFG International (the document is available on the EFG International homepage: www.efginternational.com/auditors-regulations). The Board of Directors meets as often as business requires, but at least four times a year, normally once every quarter. Members of the Executive Committee, managerial staff and external advisors may be called upon to attend a Board meeting. In order to make a binding decision, a simple majority of the Board of Directors must be present. The Board of Directors takes decisions on the basis of an absolute majority of the members present. In the event of a tie, the Chairman does not have a casting vote. The composition of the Board and its committees is disclosed in the organigram on page 43 (EFG International Board and Committees).

The Board of Directors met eleven times in 2015. Ordinary meetings typically last half a day; see the details in the table below:

	12.02. 2015	24.02. 2015	22.04. 2015	23.04. 2015	24.04. 2015	13.05. 2015	27.07. 2015	28.07. 2015	08.09. 2015	07.10. 2015	09.11. 2015	01.12. 2015
N.H. Burki[1] (Chairman)	X	X	X	X	X	X	X	X	X	X	X	X
J. A. Williamson[2] (Vice-Chairman)	X	X	X	X	X	X	X	X	X	X	X	X
E.L. Bussetil	X	X	X	X	X	X	X	X	X	X	X	X
E.R. Caduff	X	X	X	X	X	X	X	X	X	X	X	X
R.Y. Chiu	E	X	E	X	X	E	X	X	E	X	X	X
M.N. Higgin	X	X	E	E	X	X	X	X	X	X	X	X
S.J. Latsis	X	E	E	X	X	X	X	X	E	X	E	X
B.-A. von Maltzan	X	X	X	X	X	X	X	X	X	X	X	X
P. Petalas	X	X	X	X	X	X	X	X	X	X	X	X
D. Zuberbühler	X	X	X	X	X	X	X	X	X	X	X	X
S. Brandenberger[3]											X	X
J.P. Cuoni[4]	X	X	X	X	X							
H.N. Matthews[4]	X	X	X	X	X							

"X" – in attendance, "E" – excused from attending.

1 Mr. Burki was elected Chairman of the Board of Directors at the AGM on 24 April 2015.

2 Mr. Williamson was elected Vice-Chairman of the Board of Directors at the AGM on 24 April 2015. Prior to that Mr. Williamson attended the meetings as CEO.

3 Mrs. Brandenberger was elected to the Board of Directors at the extraordinary general meeting on 7 October 2015.

4 Mr. Cuoni and Mr. Matthews were members of the Board of Directors until the AGM on 24 April 2015, where they did not put themselves forward for re-election.

The Board of Directors comprises the following independent members as per the definition of the FINMA Circular 08/24 Supervision and Internal Control Banks:

	Independent
N.H. Burki (Chairman)	X
J.A. Williamson (Vice-Chairman)	
S. Brandenberger	X
E.L. Bussetil	
E.R. Caduff	X
R.Y. Chiu	
M.N. Higgin	X
S.J. Latsis	
B.-A. von Maltzan	X
P. Petalas	
D. Zuberbühler	X

The Board of Directors has established an Audit Committee, a Risk Committee, a Remuneration Committee and an Acquisition Committee in line with the Organizational and Management Regulations:

Audit committee

The Audit Committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in fulfilling its oversight responsibilities of the EFG International Group with regard to:

(i) the financial and business reporting processes and tax matters,
(ii) the monitoring of compliance with laws, regulations and the internal Code of Conduct,
(iii) the monitoring of operational risk,
(iv) integrated internal control systems, and
(v) the internal and external audit processes.

The role of the Audit Committee is primarily supervisory and its decision making authority is limited to those areas which are ancillary to its supervisory role.

The Audit Committee comprises at least three Board members and its composition in 2015 was as follows: Messrs. M.N. Higgin (Chairman), E.L. Bussetil, E.R. Caduff, P. Petalas and Mrs. S. Brandenberger with effect as of 7 October 2015. Mr. N.H. Burki was elected member of the Audit Committee on 24 February 2015 on a temporary basis until 7 October 2015. Mr. H.N. Matthews stepped down from the Audit Committee with effect as of 24 April 2015.

The Audit Committee meets at least four times a year and as often as businesses requires, as well as for the review of the financial statements and related reports before these are approved by the Board of Directors. Ordinary meetings typically last three to four hours and are also attended by members of the executive management responsible for areas supervised by the Audit Committee. During 2015, the Audit Committee met six times, as shown in the table below:

	12.02.2015	23.02.2015	02.06.2015	27.07.2015	08.09.2015	10.11.2015
M.N. Higgin* (Chairman)	X	X	X	X	X	X
S. Brandenberger*[1]						X
N.H. Burki*[2]			X	X	X	
E.L. Bussetil	X	X	X	X	X	X
E.R. Caduff*	X	X	X	X	X	X
H.N. Matthews*[3]	X	X				
P. Petalas	X	X	X	X	X	X

"X" – in attendance, "E" – excused from attending.
* Independent director

1 Mrs S. Brandenberger was appointed member of the Audit Committee on 7 October 2015.
2 Mr. N.H. Burki was appointed member of the Audit Committee on 24 February 2015 on a temporary basis until 7 October 2015.
3 Mr. H.N. Matthews was member of the Board of Directors and the Board-delegated committees until 24 April 2015.

The minutes of the Audit Committee are reviewed by the Board of Directors at its ordinary meetings. In addition, the Chairman of the Audit Committee provides a verbal report to the Board of Directors at its meetings.

Risk Committee

The role of the Risk Committee is to monitor, in the name and on behalf of the Board, risks throughout the EFG International Group, in particular credit (clients, counterparties, bond investment portfolios, countries, large exposures), market and liquidity risks within the policy, framework, rules and limits set by the Board or by itself, with the exception of operational risks and matters relating to compliance, financial statements and tax, all of which are within the scope of the Audit Committee's mandate. It approves risk policies and limits in all areas over which the relevant internal directives have granted authority to the Risk Committee. It examines any situations or circumstances giving rise to a substantial credit, market or liquidity risk for the EFG International Group and has the authority to require the reduction of any position which it considers excessive.

The Risk Committee comprises at least three Board members and its composition in 2015 was as follows: Messrs. D. Zuberbühler (Chairman ad interim), E.L. Bussetil, M.N. Higgin, B.-A. von Maltzan, P. Petalas and as of 7 October 2015 Mrs. S. Brandenberger. Mr. H.N. Matthews stepped down from the Risk Committee with effect as of 24 April 2015.

The Risk Committee meets as often as business requires but at least four times a year. Ordinary meetings typically last three to four hours and are attended by members of the executive management responsible for risk management. During 2015, the Risk Committee met twelve times. See the details in the table below:

	02.02. 2015	23.02. 2015	24.04. 2015	02.06. 2015	12.06. 2015	14.07. 2015	03.09. 2015	08.09. 2015	23.09. 2015	10.11. 2015	11.11. 2015	21.12. 2015
D. Zuberbühler*[1] (Chairman)	X	X	X	X	X	X	X	X	X	X	X	X
E.L. Bussetil	X	X	X	X	X	X	X	X	X	X	E	X
S. Brandenberger*[2]										X	X	X
M.N. Higgin*	X	X	X	X	X	X	X	X	X	X	X	X
B.-A. von Maltzan*	X	X	X	X	X	X	X	X	X	X	X	X
H.N. Matthews*[3]	X	X	X									
P. Petalas	X	X	X	X	X	X	X	X	X	X	E	X

"X" – in attendance, "E" – excused from attending.
* Independent director

1 Mr. Zuberbühler was appointed Chairman ad interim of the Risk Committee on 24 April 2015.
2 Mrs. S. Brandenberger was appointed member of the Risk Committee on 7 October 2015.
3 Mr. H.N. Matthews was member of the Board of Directors and the Board-delegated committees, and was acting as Chairman of the Risk Committee, until 24 April 2015.

The minutes of the Risk Committee are reviewed by the full Board of Directors at its ordinary meetings. In addition, a verbal report from the Chairman of the Risk Committee is given to the Board of Directors at its meetings.

Remuneration Committee

The Remuneration Committee is established as a committee of the Board of Directors. Its primary function is to assist the Board of Directors in fulfilling its governance responsibilities by:

(i) Establishing the compensation strategy and the general remuneration policy of EFG International Group.
(ii) Reviewing annually the remuneration of members of the Board of Directors and the Executive Committee of EFG International and making a recommendation to the Board of Directors thereupon.
(iii) Approving annually the remuneration of all other staff of EFG International and of its subsidiaries.
(iv) Any other tasks conferred on it by the Board of Directors from time to time.

For more details about competences and responsibilities of the Remuneration Committee see also section 4 below respectively in the Compensation Report (p. 77) as well as article 30 of the Articles of Association and section 2.10 of the Organizational and Management Regulations (these documents are available on the EFG International homepage: www.efginternational.com/auditors-regulations).

From the AGM 2014 onwards the shareholders elect the members of the Remuneration Committee individually for a one-year term with the possibility of being re-elected (see article 17 Articles of Association).

The Remuneration Committee comprises of at least three Board members and its composition in 2015 was as follows: Messrs. N. H. Burki (Chairman), E. L. Bussetil, E. R. Caduff, P. Petalas and J. A. Williamson. Messrs. J. P. Cuoni and H. N. Matthews did not put themselves up for re-election at the AGM 2015.

The Remuneration Committee meets annually in the first quarter to review salary and bonus decisions as well as when necessary. Meetings typically last two hours and are attended by the CEO and the Global Head of Human Resources. During 2015, the Remuneration Committee met eight times. See the details in the table below:

	27.01. 2015	13.02. 2015	23.02. 2015	24.04. 2015	13.07. 2015	27.07. 2015	08.10. 2015	30.11. 2015
N. H. Burki (Chairman)*	X	X	X	X	X	X	X	X
E. L. Bussetil	X	X	X	X	X	X	X	X
E. R. Caduff*					X	X	X	X
J. P. Cuoni[1]*	X	X	X	X				
H. N. Matthews[1]*	X	X	X	X				
P. Petalas	X	X	X	E	X	X	X	E
J. A. Williamson[2]	X	X	X	X	X	X	X	X

"X" – in attendance, "E" – excused from attending.
* Independent director

1 Messrs. J. P. Cuoni and H. N. Matthews were member of the Board of Directors and the Board-delegated committees until 24 April 2015.
2 Mr. J. A. Williamson was elected member of the Remuneration Committee on 24 April 2015 by the AGM. Prior to his appointment Mr. J. A. Williamson attended the meetings as Chief Executive Officer.

The minutes of the Remuneration Committee are reviewed by the full Board of Directors at its meetings. In addition, a verbal report by the Chairman of the Remuneration Committee is given to the Board of Directors at its meetings.

Acquisition Committee

The Acquisition Committee is established as a Committee of the Board of Directors. Its primary function is to examine and approve or recommend to the Board all acquisitions of companies or businesses proposed by management in accordance with the acquisition policy approved by the Board. The Acquisition Committee has the authority to approve all investments with a purchase price below or equal to the threshold set in the acquisition policy (based on the Acquisition Committee's estimate at the time of acquisition in the case of transactions where the purchase price is defined in earn-out terms). Above this threshold, only the Board may approve acquisitions and the Acquisition Committee will submit a recommendation to the Board.

The Acquisition Committee comprises at least three Board members and its composition in 2015 was as follows: Messrs. E.L. Bussetil (Chairman), R.Y. Chiu, B.-A. von Maltzan, P. Petalas, and as of 24 April 2015 Mr. J.A. Williamson. Mr. E.R. Caduff stepped down from the Acquisition Committee with effect as of 24 April 2015.

The Acquisition Committee meets on an ad hoc basis throughout the year in order to review specific transactions or to receive an update from the CEO and Deputy CEO & Chief Financial Officer (CFO) regarding the status of negotiations with various acquisition targets. It also reviews and approves management proposals for divestments. Meetings vary in length from one to three hours and can be attended by members of the management or external advisors.

The minutes of the Acquisition Committee are reviewed by the full Board of Directors at its meetings. In addition, a verbal report from the Chairman of the Acquisition Committee is given to the Board of Directors at its meetings. The Acquisition Committee met five times during 2015. See the details in the table below:

	02.06.2015	28.07.2015	07.10.2015	01.12.2015	30.12.2015
E.L. Bussetil (Chairman)	X	X	X	X	X
R.Y. Chiu	X	X	X	X	E
B.-A. von Maltzan*	X	X	X	X	X
P. Petalas	E	E	X	X	X
J.A. Williamson[1]	X	X	X	X	X

" X" – in attendance, "E" – excused from attending
1 Mr. J. A. Williamson was appointed member of the Acquisition Committee on 24 April 2015.
* Independent director

3.6 Definition of areas of responsibility

The Board of Directors of EFG International is ultimately responsible for supervision of the management of EFG International. The Board of Directors sets the strategic direction of EFG International and monitors its implementation.

Details of the powers and responsibilities of the Board of Directors can be found in the Organizational and Management Regulations of EFG International, which is available at www.efginternational.com/auditors-regulations.

The Board of Directors has delegated the operational management of EFG International Group to the CEO and the Executive Committee. Members of the Executive Committee are appointed by the Board of Directors upon recommendation of the CEO. The executive officers, under the responsibility of the CEO and the control of the Board of Directors, manage the operations of the EFG International Group pursuant to applicable internal regulations and report thereon to the Board of Directors on a regular basis.

EFG International Executive Committee

The Executive Committee is responsible for the Company and the EFG International Group's overall strategy, within the respective parameters established by the Board of Directors, and is accountable for all operational and organizational matters as well as for the operating results. The Executive Committee is responsible for the day-to-day activities of the Company.

Consistent with direction given by the Board of Directors, the Executive Committee is responsible to implement business strategies, risk management systems, risk culture, processes and controls for managing the risks – both financial and non-financial – to which the Company and the EFG International Group is exposed and concerning which it is responsible for complying with laws, regulations and internal policies.

Details of the powers and responsibilities of the Executive Committee can be found in the Organizational and Management Regulations of EFG International, which is available at www.efginternational.com/auditors-regulations.

Organizational details of the Executive Committee can be found in section 4.1.

Information and control instruments vis-à-vis the Executive Committee

The Board of Directors supervises the management of EFG International through various meetings with management, including meetings of the Board and its committees. The CEO and Deputy CEO & CFO (and other members of the Executive Committee depending on the issues under review) attend the Board meetings during the year and are available to answer questions from the Board. The CEO provides a written report to the Board of Directors at each ordinary meeting summarizing developments in the business. The CEO is also readily available to answer questions from the Board. In addition, the CFO reports on the financial results to the Board of Directors at each ordinary meeting. Additional reporting to the Board includes financial reporting, business reporting, business proposals/approvals, staff matters, credit approvals, reports from the various Board-delegated committees, a report on claims and litigations and any other business matters.

Members of the management responsible for the finance and accounting function, including the CFO, attend Audit Committee meetings and are available to answer questions from the committee relating to the financial statements. Also, the Group Chief Compliance Officer attends Audit Committee meetings and is available to answer questions relating to compliance issues. The Chief Risk Officer (CRO) provides oversight of all major areas of risk within EFG International. The CRO also provides an update on the overall key risk aspects of EFG International at each regular meeting of the Board-delegated Risk Committee and provides an annual written risk assessment to the Audit Committee.

The members of management responsible for credit, market and bank and country risk management attend the Risk Management Committee meetings. See also the information about risk management in the section commencing page 30.

Internal audit services are provided to EFG International by the audit services department (ASD) which is governed by an Internal Audit Charter duly approved by the Audit Committee. In accordance with the Organizational and Management Regulations and the Internal Audit Charter the mission of internal audit is to support the Board of Directors in their statutory responsibility for ensuring that the operations of the EFG International Group are conducted according to the highest standards by providing an independent, objective assurance function and by advising on best practice. ASD provides copies of all internal audit reports to the external auditors, and maintains a dialogue with the external auditors to share risk issues arising from their respective audits. Through a systematic and disciplined approach, internal audit helps EFG International Group accomplish its objectives by evaluating the effectiveness of risk management, control and governance processes and making recommendations for improvement. To ensure independence, internal audit reports directly to the EFG International Audit Committee, which reports on its activities to the Board of Directors. The Chief Internal Auditor has, for the purpose of performing his duties, the right of unlimited access to all information, premises, resources and people necessary for the performance of internal audits.

4. EXECUTIVE COMMITTEE

4.1 Organization and functional responsibilities

The EFG International Group is organized as a single structure, reporting to the CEO respectively to the Deputy CEO. Please see also the organization chart 'Management Structure' on page 43.

The Executive Committee comprises at least four members. Various support, service or control units report either directly to the CEO or to a member of the Executive Committee.

The titles and brief functional descriptions for members of the Executive Committee are set forth as follows:

Chief Executive Officer

The CEO of EFG International is responsible to the Board of Directors for the overall management and performance of the EFG International Group. He manages the implementation and development of strategic and operational plans as approved by the Board of Directors. He represents the EFG International Group towards third parties and regulators and is co-responsible (together with the Board of Directors and the other senior executives) towards the FINMA for the prudent management and regulation-compliant operation of the organization.

Deputy Chief Executive Officer and Chief Financial Officer

The Deputy CEO has a direct reporting line to the CEO of EFG International, and supports the CEO with the day-to-day management of the EFG International Group. The Deputy CEO has oversight-responsibility for the activities of both the Group General Counsel and CRO, to ensure effective and efficient management of legal and risk. He also oversees the Group's IT & Operations function, with a view to ensuring optimal organizational performance and security practices.

The CFO is responsible for all financial, tax and regulatory matters of the EFG International Group as well as other business or control areas allocated to the position. He ensures transparent and timely financial reporting – for internal and regulatory purposes as well as public reporting – in line with legal and regulatory requirements and industry best practices.

He has the oversight of regulatory and business liquidity as well as capital management within the general regulations and guidelines set by FINMA, the Board of Directors and the Risk Committee. The CFO oversees the monitoring of business performance, strategic acquisitions, and the EFG International Group's relationship with rating agencies. He also has primary responsibility for the Investor Relations function. In addition, he is the designated Executive Committee member responsible for Compliance and fiduciary oversight and supervises the activities of Global Treasury, Financial Reporting and Financial Planning.

Chief Operating Officer

The Chief Operating Officer (COO) is responsible for the management, coordination, supervision, planning and control of the Operations and Technology activities of the EFG International Group. In addition, he is responsible for the evaluation and management of data security, IT and Operations components of operational risk.

Chief Risk Officer

The CRO monitors and assesses risk throughout the whole EFG International organization, encompassing market, counterparty, country, client credit, liquidity, operational and other risks. In this function, he also reports to the EFG International Risk Committee.

Group General Counsel

The Group General Counsel provides legal advice to the EFG International Group. In addition, he is responsible for corporate governance throughout the EFG International Group.

Head of Investment & Wealth Solutions and CEO Asset Management

The Head of Investment & Wealth Solutions is responsible for the EFG International Group's investment solutions activities (covering investment activities, discretionary, advisory and funds) integral to the private banking business as well as wealth solution activities (covering Private Client Trust services and Institutional Fund Administration services). As CEO Asset Management he is responsible for EFG International Group's asset management activities and services.

Head of Strategy and Marketing

The Head of Strategy and Marketing is responsible for the group's corporate strategy, marketing, branding and communication.

Regional Business Head of Continental Europe & Switzerland

The Regional Business Head of Continental Europe & Switzerland assumes regional business responsibility for Private Banking in Switzerland and Continental Europe.

The following functions will also be integrated into the Executive Committee (see also section 4.2 “Changes in the Executive Committee announced in 2015”):

Regional Business Head of United Kingdom

The Regional Business Head of United Kingdom assumes regional business responsibility for the Private Banking activities of EFG International Group in the United Kingdom and the Channel Islands.

Regional Business Head of Americas

The Regional Business Head of Americas has functional regional business responsibility for the wealth management activities of EFG International Group in the Americas, consisting mostly of Latin American clients.

Regional Business Head of Asia

The Regional Business Head of Asia assumes regional business responsibility for the Private Banking activities of EFG International Group in the Asia Pacific Region.

4.2 Members of the Executive Committee

Joachim H. Straehle is the CEO of EFG International and EFG Bank, effective as of April 2015. He is also a member of the Board of Directors of EFG International’s subsidiaries EFG Investment and Wealth Solutions Holding AG (as Chairman), Zurich and EFG Private Bank Ltd, London.

He was formerly Chief Executive Officer of J. Safra-Sarasin & Co. Ltd from 2006 to 2013. Prior to this, he was Head of Private Banking International at Credit Suisse from 2002 to 2006. Other senior roles at Credit Suisse, where he spent more than 20 years in total, included Regional Private Banking Head for the Middle East, Asia and Russia.

Joachim H. Straehle is a Swiss citizen and was born in 1958. He completed his initial banking training in Zurich; and is a graduate of the School of Management in Zurich and of the Executive Program for Overseas Bankers, Wharton School, University of Pennsylvania, Philadelphia, USA.

Piergiorgio Pradelli has been the CFO of EFG International Group and a member of the EFG International Executive Committee since June 2012. Since April 2013 he assumes the same function at EFG Bank. In this capacity, his responsibilities encompass the Group’s Compliance function and Global Treasury operation. In January 2014, Mr. Pradelli was designated Deputy CEO of EFG International and EFG Bank assuming additional oversight responsibilities for the Group’s IT & Operations, General Counsel and Risk functions.

He is also a member of the Board of Directors of EFG International’s subsidiaries EFG Private Bank Ltd, London, EFG Bank (Monaco), EFG International Finance (Luxembourg) Sarl and EFG Investment and Wealth Solutions Holding AG, Zurich.

Prior to his appointment as CFO and Deputy CEO, Mr. Pradelli was Head of International Operations at Eurobank Ergasias SA and member of the Executive Committee, from 2006 until 2012. Prior to this, he served as Deputy Finance Director in London for EFG Bank European Financial Group SA, from 2003 to 2006, participating in major EFG Bank European Financial Group SA restructuring and strategic initiatives.

Mr. Pradelli started his career at Deutsche Bank, working in a number of senior management positions including Head of Private & Business Banking in Italy, and Head of Business Development for the Private Clients and Asset Management Group in Frankfurt and London from 1991 until 2003.

Mr. Pradelli is an Italian citizen, was born in 1967, and has a degree in Economics and Business Administration from the University of Turin, Italy.

Frederick Link was appointed as CRO in July 2008. He served as Group General Counsel of EFG International from March 2006 until 31 December 2010. Since April 2013 he is also CRO of EFG International's wholly owned subsidiary EFG Bank AG, Zurich. As CRO he is responsible for risk assessment, management and controlling throughout the EFG International Group.

Prior to joining EFG International in March 2006, Mr. Link was with Allen & Overy LLP in London, where he represented financial institutions and corporate clients in relation to equity and debt capital markets offerings, mergers & acquisitions and in the regulatory and legal aspects of financial derivatives and other complex financial products.

Mr. Link is a US citizen and was born in 1975. He holds a Ph.D. in Economics from the Massachusetts Institute of Technology, a J.D. from Harvard Law School and an A.B. in Economics from the University of Michigan.

Henric Immink was appointed Group General Counsel and member of the Executive Committee of EFG International as of 1 January 2011; he stepped down from this function effective as of 31 December 2015. He joined EFG International in July 2010 as Senior Legal Counsel. Since April 2013 he was also General Counsel of EFG International's wholly owned subsidiary EFG Bank, Zurich.

Prior to joining EFG International, he was a partner at Python & Peter Attorneys-at-Law (2002–2010) in Geneva, a partner at Suter Attorneys-at-Law (1998–2001) in Geneva and a legal and tax advisor at PricewaterhouseCoopers (1995–1997) in Zurich.

He is a Swiss citizen and was born in 1965. He holds a Master of Law from the University of Geneva and he was admitted to the Geneva bar in 2004.

Mark Bagnall was appointed COO of EFG International and of its wholly owned Subsidiary EFG Bank, Zurich, effective as of 1 January 2011. He joined EFG International in December 2008 as Global Chief Technology Officer.

Prior to this, he worked from 2004 to 2008 at Merrill Lynch in London and Geneva, where he was Head of International Private Client & Wealth Management Technology, having previously held IT management roles in Capital Markets & Investment Banking in London & New York from 1998 to 2003. He started his career on the IT graduate program with British Petroleum in 1989, before moving to JP Morgan in 1994.

Mr. Bagnall was born in 1967 and is a UK citizen. He holds a BSc in Mathematics & Computer Science from Liverpool University.

James T. H. Lee was appointed Head of Investment Solutions of EFG International and of its wholly owned subsidiary EFG Bank, Zurich, effective as of April 2013. Since January 2014, he assumes in addition responsibility for Wealth Solutions. He is also CEO Asset Management (having been appointed in June 2009). He is also a member of the Board of Directors of EFG International's subsidiary EFG Wealth Solutions (Jersey) Ltd in Jersey and of various other EFG Asset Management subsidiaries.

Previously, he was the Deputy CEO of EFG International and EFG Bank (2003–2009). He joined EFG Bank in 2001 as an advisor and was appointed Head of Merchant Banking and Chairman of the credit committee and a member of the management in January 2002.

Prior to 2001, Mr. Lee worked for UBS on strategic and tactical acquisitions in the field of private banking (1999–2000), and was the Global Head of International Private Banking for Bank of America (1997–1998). Between 1973–1997 he held various positions at Citigroup in Corporate, Investment and Private Banking, including being responsible for the Private Bank's Ultra-High Net Worth business in Asia and for the Global Investment Advisory business of the Private Bank. In 2000, Mr. Lee acted as advisor to several start-up businesses active in the fields of e-commerce and healthcare and co-founded an e-commerce company in the UK to build portals for specific industries in which he no longer holds any interest.

Mr. Lee is a UK citizen and was born in 1948. He obtained a Bachelors of Science (Honours) degree in Electrical Engineering in 1970 and a Masters degree in Management Science and Operational Research, both from Imperial College, University of London.

Keith Gapp joined EFG International in July 2007 as Head of Strategic Marketing & Communications. He was appointed Head of Strategy & Marketing of EFG International and of its wholly owned subsidiary EFG Bank, Zurich, effective as of April 2013. He stepped down from this function effective as of 31 December 2015.

Previously (1999–2007), he was a co-founder and managing partner of GMQ, a strategic consulting boutique serving a blue chip client base of leading private banks/wealth managers in Europe, the Middle East and US. He was also co-author of leading industry journal The Wealth Partnership Review. Before founding these businesses, Mr. Gapp spent 13 years at Barclays Group. He held a variety of management roles, including Head of Premier International, and Head of Finance, Planning & Compliance, Barclays Offshore Services.

Mr. Gapp is a UK citizen, was born in 1964, and read Economics at King's College, Cambridge University.

Adrian Kyriazi was appointed Regional Business Head of Continental Europe & Switzerland and is member of the Executive Committee since July 2014 as well as of EFG Bank's Executive Committee in his function as Head of Private Banking Switzerland. He is also a member of the Board of Directors of EFG International's subsidiaries EFG Investment (Luxembourg) SA, EFG Bank (Luxembourg) SA, Asesores y Gestores Financieros SA, A&G Banca Privada SA and EFG Bank (Monaco).

Mr. Adrian Kyriazi was previously with Credit Suisse, where from 2010 to 2014 he was Managing Director, Market Group Head for Greece, CEE/Poland. Prior to that he spent nineteen years at HSBC in a variety of different roles, including: Managing Director, Private Banking and Co-CEO, HSBC Private Bank, Monaco; CEO of West Coast Region, USA, HSBC Private Bank; and CEO of Global Practices (encompassing wealth and tax advisory, corporate finance, and family office), HSBC Private Bank.

Mr. Adrian Kyriazi is a Greek citizen, was born in 1960, and holds a degree in law from Robinson College, Cambridge University.

Changes in the Executive Committee announced in 2015:

On **23 April 2015** EFG International announced the appointment of Mr. Joachim H. Straehle as new CEO, replacing John A. Williamson who was elected as new member of the Board of Directors at the AGM on 24 April 2015.

On **29 July 2015** EFG International announced its intention to have the Regional Business Heads of the UK, Asia and Americas regions integrated into the Executive Committee to ensure a more collective and performance-oriented approach with a stronger focus on performance management. These Regional Business Heads were formerly part of the Global Business Committee (GBC) which role was to assist the Executive Committee in assessing and validating business initiatives, key business aspects and priorities as well as in debating industry trends and issues. The three Regional Business Heads are currently attendees to the Executive Committee.

Summaries of the professional background of the three Regional Business Heads:

Anthony Cooke-Yarborough is a member of the Board of Directors and CEO of EFG Private Bank Ltd, London, EFG International's wholly owned subsidiary in United Kingdom. He is also a member of the Board of Directors of EFG International's subsidiaries EFG Private Bank (Channel Islands) Ltd, Jersey, EFG Wealth Solutions (Jersey) Ltd, Jersey, and EFG Asset Management (UK) Ltd, London.

Mr. Cooke-Yarborough joined EFG Private Bank Ltd in 2009 and served as Head of Private Banking until his appointment as CEO in June 2011. From 2005 until 2009 he served as Chief Executive of Mourant Private Wealth, Jersey. Prior to that he was Head of UK Private Banking and CEO of Barclays Private Bank Ltd (2002–2005) and from 1997 to 2002 served as Executive Director at Merrill Lynch International Bank, London, ultimately as Deputy Head of UK Private Client business. Mr. Cooke-Yarborough started his career at Lloyds Bank International in 1980 and held various senior management positions in the USA and Latin America, ultimately as Director, International Investments, Brazil.

Mr. Cooke-Yarborough is a British citizen, was born in 1956, and holds an MA in Economics of Cambridge University.

Sixto Campano is a member of the Board of Directors and CEO of EFG International's wholly owned subsidiary EFG Capital International Corp., a FINRA registered Broker-Dealer based in Miami. Mr. Campano is also CEO and Board member of EFG Asset Management (Americas) an SEC registered investment advisor.

Mr. Campano joined EFG Capital International in 2002 and is responsible for the principal activities of the company. Prior to joining EFG International he held a variety of senior management positions: between 2000–2002 he was CFO and Partner of First Foliage LLC; from 1995 to 2000 he opened and managed as Director a division of Refco Securities Inc (as joint venture with Hencorp Becstone & Co), focusing on trading and brokerage services of emerging markets securities to customers throughout Latin America; from 1988 to 1995 he founded and managed Hencorp Becstone & Co., a firm specializing in equity and fixed income brokerage, advisory, and institutional futures and commodities brokerage. He started his career in 1982 with First National Bank of Boston where he worked in a variety of positions in Boston and Miami, including international private banking.

Mr. Campano is a US citizen, born in 1960, and holds a Bachelor of Science in Business Administration (Finance) of the Boston College School of Management.

Albert Chiu is Chief Executive of EFG Bank's Asia Pacific Region.

Mr. Chiu joined EFG Bank in 2000 and helped establishing EFG Bank's Private Banking activities in Asia (with branches in Hong Kong and Singapore). Prior to joining EFG, Mr. Chiu was Treasury Manager at HSBC Bank USA Hong Kong Branch (1993–2000) and from 1987 until 1993 he worked for Citibank Hong Kong (Vice President).

Mr. Chiu is a Hong Kong citizen, born in 1965, and holds a Bachelor in Business Administration (Hon.) of the Chinese University of Hong Kong and completed the Advanced Management Program of Harvard Business School. He completed a Diploma course in the Sophia University in Japan.

On **18 December 2015** EFG International announced the departure of Messrs. Immink and Gapp who have stepped down from their role effective as of 31 December 2015. Mr. Peter Fischer has taken over from Mr. Gapp and was appointed Head of Strategy and a member of EFG International's Executive Committee effective as of 1 January 2016.

Summary of the professional background of the new Head of Strategy:

Peter Fischer was appointed Head of Strategy of EFG International AG, effective as of January 2016. In addition, Human Resources, Marketing & Communications and Special Projects are reporting to him.

Peter Fischer joined EFG International AG in June 2015 as Manager Special Projects. He has extensive professional experience in project and line management. He worked at Bank Sarasin & Cie and later Bank J. Safra Sarasin from 2000 until 2015, where he held a number of leadership positions including Chief of Staff & Corporate Development. Prior to that, Peter Fischer headed various front office and staff functions at Credit Suisse and UBS in Switzerland, Europe, Asia and the USA.

Mr. Fischer is a Swiss citizen and was born in 1958. He is a graduate of the Business School of Zurich (Economist KSZ).

4.3 External mandates and vested interests

There are no external mandates and vested interests of any members of the Executive Committee other than mentioned in the biographies above (see section 4.2 above).

4.4 Provisions on the number of permitted external mandates in the Articles of Association

Rules pursuant to article 12 para. 1 point 1 of the Ordinance on the number of permitted external mandates of the members of the Executive Committee are outlined in article 37 of the Articles of Association. The members of the Executive Committee may upon approval by the Board of Directors or the Remuneration Committee each have up to three mandates of which a maximum of one may be in a listed company. No member of the Executive Committee holds an external mandate as of 31 December 2015.

4.5 Management contracts

EFG International and its subsidiaries have not entered into management contracts with third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

In application of article 5 and 13 of the Ordinance, the Board of Directors issued a Compensation Report for the year ended 31 December 2015. The Compensation Report includes all compensation directly or indirectly paid to current members of the Board of Directors and of the Executive Committee, as well as any direct or indirect remuneration to former members of the Board of Directors and of the Executive Committee in connection with their prior functions. The Compensation Report also discloses the loans and credits granted directly or indirectly by the Company to the members of the Board of Director and the Executive Committee as well as loans, credits and remuneration to closely related parties thereof, which are not granted at market conditions.

Details can be found in the Compensation Report, presented separately on pages 76–92 of this annual report.

In addition to the aforementioned, further details on the compensation and compensation related elements granted to the members of the Board of Directors and of the Executive Committee can be found in the following provisions of the Articles of Association:

- Articles 17 and 18 of the Articles of Association defining the mechanism for the approval of the compensation of the Board of Directors and the Executive Committee by the general meeting of shareholders (for further details see pages 84 ff);
- Article 30 of the Articles of Association describing the authorities and the procedure of determining the form and amount of compensation for members of the Board of Directors and the Executive Committee (for further details see pages 78 ff);
- Article 32 and 33 of the Articles of Association determining the basic principles and elements of the compensation for members of the Board of Directors and the Executive Committee (for further details see pages 80 f);

- Article 34 of the Articles of Association determining the available additional amount for payments to members of the Executive Committee appointed after the vote-on-pay at the general meeting of shareholders;
- Article 35 of the Articles of Association on the principles applicable to performance-related variable compensation and to the allocation of equity securities or RSUs as part of the Company's shareholding programs for members of the Executive Committee (for further details see pages 81 and 84);
- Article 36 of the Articles of Association containing the rules on pension benefits not based on occupational pension schemes;
- Article 36a of the Articles of Association describes the principles for granting loans and credits to the members of the Board and the Executive Committee (for further details see page 87).

Details of the compensations paid to the members of the Board of Directors and the Executive Committee in 2015 and 2014 can be found on pages 88–90. With regard to shareholdings of the members of the Board of Directors and the Executive Committee, see the financial statements, note 21, page 205.

6. SHAREHOLDERS' RIGHTS OF PARTICIPATION

6.1 Voting-rights restriction and representation

Persons who acquired registered shares will, upon application, be entered in the share register without limitation as shareholders with voting power, provided they expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by SESTA (for details please refer to section 2.6 above).There are no voting right restrictions, no statutory group clauses and hence no rules on making exceptions.

Former employees, vested RSUs are exercised upon the last day of their employment and held in a mandatory depository account administered by the custodian appointed by EFG International. Such shares are blocked until the first day of the exercise period and do not entitle the former employee to voting rights pertaining to the shares or to any dividends, distributions made out of the reserves from capital contributions, reimbursements of capital etc.

Shareholders can exercise their voting rights either by themselves or appoint a third party authorized in writing or the independent proxy to vote on their behalf. Such representatives need not to be shareholders. All shareholders receive with the invitation to the general meeting a proxy appointment form for the appointment of the independent proxy and instruct him regarding each agenda item and additional ad-hoc motions.

Since 2014, EFG International offers to their shareholders the possibility to exercise their voting rights prior to the general meeting via the online platform of Smartprimes. Furthermore, from the AGM 2014 onwards the voting takes place in electronic form via a tele-voting device. The tele-voting devices allow a timely and accurate result delivery during the general meeting of shareholders.

6.2 Statutory quorums

No statutory quorums other than those defined by Swiss Corporate Law and the Swiss Federal Merger Act apply.

6.3 Convocation of the Annual General Meeting

The statutory rules on the convocation of the general meeting of shareholders correspond with legal provisions. Accordingly, the general meeting of shareholders is summoned at least 20 days before the date of the meeting by notice published in the Swiss Official Gazette of Commerce and by letter sent to the addresses of the shareholders entered in the share register.

6.4 Agenda

The Board of Directors announces the agenda. Shareholders representing shares with a nominal value of at least CHF one million may request that an item of business be placed on the agenda until 40 days at the latest before the date of the meeting. Such request must be in writing and must state the relevant motions.

6.5 Registrations in the share register

There is no statutory rule on the deadline for registering shareholders in connection with the attendance of the general meeting. However, for organizational reasons, no shareholders will be entered into the share register during the period beginning 15 days prior to a general meeting and ending immediately after the closing of the general meeting.

7. CHANGES OF CONTROL AND DEFENSE MEASURES

7.1 Duty to make an offer

EFG International has not taken any defense measures against take-over attempts. Therefore, there are no statutory rules on "opting up" and "opting out". The Articles of Association contain no provision which would rule out the obligation of an acquirer of shares exceeding the threshold of 33⅓% of the voting rights to proceed with a public purchase offer (opting out provision pursuant to Art. 22 para. 2 SESTA) or which would increase such threshold to 49% of the voting rights (opting up provision pursuant to Art. 32 para. 1 SESTA).

7.2 Clauses on changes of control

Options and RSUs granted to employees would become exercisable during the extended offer period granted by the offeror upon a mandatory or a voluntary tender offer that becomes unconditional according to the SESTA.

In the event that more than 90% of EFG International registered shares are acquired by a company listed at a recognized stock exchange, options or RSUs become exercisable or the outstanding options can be exchanged prior to the start of the exercise period by replacing the options or RSUs with options to acquire shares of the successor company (Successor Options) on terms and conditions which will result in such Successor Options being in all other material aspects identical to those that apply to options or RSUs.

8. AUDITORS

8.1 Duration of mandate and term of office of Head Auditor

PricewaterhouseCoopers SA (PwC), Geneva, were appointed as statutory auditors and group auditors of EFG International on 8 September 2005, when EFG International was incorporated. The shareholders must confirm the appointment of the auditors on an annual basis at the general meeting.

Mr. Christophe Kratzer took up office as lead audit partner on 24 April 2015. Mr. Thomas Romer, the Global Relationship Partner, co-signs the auditors' report for 2015.

8.2 Auditing fees

PwC received fees totaling CHF 4.4 million for the 2015 audits of EFG International and its subsidiaries.

8.3 Additional fees

For additional audit-related services covering topics such as accounting, control reporting as well as compliance, the EFG International Group paid PwC fees totaling CHF 0.6 million during the 2015 financial year.

For additional consulting-related services comprising legal, IT, tax and other project-related counseling, the EFG International Group paid PwC fees totaling CHF 0.6 million during the 2015 financial year.

8.4 Supervisory and control instruments vis-à-vis the auditors

The Audit Committee, on behalf of the Board of Directors, monitors the qualification, independence and performance of the EFG International Group auditors and their lead partners. The Audit Committee confers with the EFG International Group auditors about the effectiveness of the internal control systems in view of the risk profile of the EFG International Group.

The Audit Committee reviews the annual written statement submitted by the external auditors as to their independence. Mandates to the EFG International Group auditors for additional audit, audit-related and permitted non audit work are subject to preapproval by the Audit Committee.

The external auditors provide timely reports to the Audit Committee on critical accounting policies and practices used, on alternative treatments of financial information discussed with management, and other material written communication between external auditors and management.

The Audit Committee regularly meets with the lead partners of the external auditors, and at least four times per year. It also regularly meets with the Head of Chief Internal Audit. At least once per year, the Chairman of the Audit Committee discusses with the lead partners of PwC the audit work performed, the main findings and critical issues that arose during the audit.

The Chairman of the Audit Committee reports back to the Board of Directors about their contacts and discussions with the external auditors.

The external auditors have direct access to the Audit Committee at all times.

9. INFORMATION POLICY

EFG International regularly informs its shareholders and the public by means of annual and half-year reports, Compensation Reports, pillar III disclosures as well as press releases and presentations as needed. The documents are available, in electronic form at:
www.efginternational.com/financial-reporting
and
www.efginternational.com/press-releases
as well as in printed form upon request.

Interested parties can subscribe to the e-mail distribution service to receive free and timely notifications of potentially price-sensitive facts and media releases:
www.efginternational.com/newsalert

These releases are also published on the EFG International website at the same time as they are sent to the subscribers, and are available online for several years (www.efginternational.com/press-releases).

Additional corporate information, such as documents related to general meeting of shareholders, Articles of Association and Organizational and Management Regulations, can be found at
www.efginternational.com/context

Financial calendar
Important Dates:
29 April 2016: AGM 2016, Zurich
3 May 2016: Ex-dividend date
4 May 2016: Record date
6 May 2016: Dividend payment date
27 July 2016: Publication of half-year results 2016

The financial calendar of upcoming events relevant to shareholder, analysts, the media and other interested parties can be found on our investor relations homepage at
www.efginternational.com/investors

The company's notices are published in the Swiss Official Gazette of Commerce (SOGC).

Contact address can be found on the back cover.
www.efginternational.com

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COMPENSATION REPORT

1. PHILOSOPHY

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

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

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

2. REGULATIONS

During the last two years the shareholders of EFG International (or the Company) have adopted amendments to the Articles of Association required for the implementation of the Ordinance against Excessive Compensation in Listed Companies (hereafter called "Ordinance"). Subsequently, the Board of Directors and the Remuneration Committee have continued to implement the applicable elements of the Ordinance, to amend all documents, and to strengthen the corporate governance framework. For the first time the shareholders voted bindingly and separately on the compensation for members of the Board of Directors and the Executive Committee at the AGM 2015.

According to the Ordinance and the Articles of Association, the Board of Directors has the non-transferable and inalienable duty to issue on an annual basis a written Compensation Report (articles 5 and 13 of the Ordinance; article 28 paragraph 2 section 7 of the Articles of Association). EFG International has already issued a Compensation Report in previous years and herewith continues this tradition. In line with the requirements of the Ordinance, our statutory auditors, PricewaterhouseCoopers Ltd, have reviewed whether the Compensation Report complies with the law and the Ordinance (see their report on page 92).

3. METHODOLOGY

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

– Categorization of employees and governing bodies in accordance with their risk profile; defined categories are:

(a) Members of the Board of Directors of EFG International and its subsidiaries
(b) CEO and other members of the Executive Committee of EFG International
(c) Region Heads
(d) Senior Executives (Local Business Heads/Heads of Private Banking/ Global Function Heads)
(e) Key Executives (defined according to criteria laid down from time to time by the EFG International's Remuneration Committee) including Material Risk Takers (MRTs) as defined by local regulations
(f) Control Functions (Audit, Compliance, Risk and Human Resources)
(g) Client Relationship Officers (CROs)
(h) Other staff than CROs and Senior or Key Executives and Control Functions

– Remuneration of each category aligned with business strategy and risk profile;
– Performance-related remuneration based on a combination of the performance of the individual concerned, the performance of their business and, where applicable, the overall results of the organization;
– Transparent remuneration scheme for CROs designed in a way that any negative contribution directly results in a reduction of the variable remuneration elements;
– Share-based deferred payment mechanisms for the members of the Executive Committee, Region Heads, Senior Executives and Key Executives as well as some Control Functions identified as "higher risk" job categories over a minimum period.

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

For information on staff costs, please refer to page 147 (note 13 to the consolidated financial statements).

4. RESPONSIBILITIES

The Remuneration Committee currently consists of the following members of the Board of Directors who were individually elected by the AGM 2015 for a term of office of one year until the conclusion of the AGM 2016:

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

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

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

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

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

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

5. PRINCIPLES

5.1 Members of the Board of Directors

5.1.1 Fixed compensation

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

5.1.2 Variable compensation

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

5.1.3 Compensation for advisory services

Subject to the approval by the general meeting of shareholders, members of the Board of Directors may receive additional market standard compensation in cash for advisory services not related to their function as member of the Board of Directors rendered to the Company and/or direct or indirect subsidiaries of the Company. No such compensation for advisory services was paid in 2015.

5.2 Members of the Executive Committee

5.2.1 Fixed compensation

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

5.2.2 Variable compensation

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

5.3 Other categories of staff

5.3.1 Fixed compensation

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

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

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

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

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

5.3.2 Variable compensation

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

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

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

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

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

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

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

5.4 Client Relationship Officers

5.4.1 Fixed compensation

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

5.4.2 Variable compensation

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

5.5 Employees in control functions

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

6. SPECIFIC MECHANISMS OR INSTRUMENTS FOR VARIABLE COMPENSATION

Summary of current applicable rules:

Category	Current Deferral Rules
CEO and other members of the Executive Committee	Min 60% in RSUs
Region Heads	Min 50% in RSUs
CROs with a variable compensation over CHF 50,000	Min 25% in RSUs
Other employees with a variable compensation over CHF 50,000	Progressive deferral: Min 10% up to a max of 25%

6.1 Deferral obligations

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

6.2 Employee Equity Incentive Plan

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

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

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

The Remuneration Committee may exceptionally decide to grant accelerated vesting to leavers depending on the circumstances of the departure.

6.3 Other compensation

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

7. IMPLEMENTATION OF COMPENSATION PRINCIPLES

7.1 Members of the Board of Directors

The compensation of those members of the Board of Directors who receive compensation is determined by the Remuneration Committee and subject to the approval by the shareholders at the AGM (see articles 17 and 18 of the Articles of Association). It is a prospective approval of the fixed compensation for the terms of office until the closure of the next AGM.

Mr. Robert Chiu receives a variable compensation for his service as non-executive Chairman of EFG Bank Asia in 2015, subject to approval by the shareholders at the AGM in 2016. Details of the compensation paid to the members of the Board of Directors in 2015 and 2014 can be found on pages 88 ff.

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

7.2 Members of the Executive Committee

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

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

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

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

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

The variable component of pay to members of the Executive Committee amounted from 13.3% to 276.8% of the fixed component, averaging at 93.8%. The average variable component to total compensation is 39.5%, of which average deferral for an Executive Committee member is 64.3%.

The Remuneration Committee may exceptionally decide to grant accelerated vesting to leavers depending on the circumstances of the departure.

Details of the compensations paid to the members of the Executive Committee in 2015 and 2014 can be found on pages 88 and 90.

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

7.3 Senior Executive Forum

The Senior Executive Forum (the Forum) meets on a regular basis and provides a discussion forum for global business topics and challenges. The Forum includes the members of the Executive Committee and their direct reports, Regional CEOs and Senior Executives. The Forum counted 65 members for 2015.

The compensation of the members of the Forum is determined as for all staff and is reviewed annually by the Remuneration Committee. The same elements of compensation as for the Executive Committee apply to the Forum (see section 4.2 Executive Committee above). It should be noted that the members of the Forum do not receive additional compensation for their membership in the Forum.

The deferral requirements imposed on Forum members vary in view of their business activity and risk profile. Regional CEOs and Local Business Heads are subject to a minimum of 50% deferral of their variable compensation. The senior management in control and operational functions has a minimum deferral of 25% with an average deferral of 31.9%.

The variable component of pay to members of the Forum amounted from 0% to 900.0% of the fixed component, averaging at 104.3%. The average variable component to total compensation is 34.5%, of which average deferral for a Forum member is 36.6%.

Compensation of Senior Executive Forum

Compensation year ended 2015

	Fixed compensation (1)	*Variable compensation (2)*		*Other compensation*	*Social charges (4)*	2015 Total
	Cash	Cash bonus	Share options (3)			
	CHF	CHF	CHF	CHF	CHF	CHF
Senior Executive Forum						
Total	**26,251,927**	**13,362,164**	**11,488,010**	**827,907**	**3,597,831**	**55,527,839**
Average	403,876	205,572	176,739	12,737	55,351	854,275

Notes
1) Including employees, contributions for social charges.
2) Including the amounts of the members of the Executive Committee, subject to approval by the shareholders at the AGM 2016.
3) The amount represents the value of equity incentives granted in 2016 based on the performance in the previous year to members of the Senior Executive Forum.
For specific valuation of the Employee Equity Incentive Plans, refer to note 52 of the consolidated financial statements.
4) Including employer pension contributions.

8. LOANS AND CREDITS

After the Ordinance entered into force on 1 January 2014, no new loans and credits to the members of the Board of Directors and the Executive Committee were granted. The shareholders approved at the AGM 2015 an amendment of the Articles of Association for granting loans and credits at market conditions or generally applicable employee conditions to the members of the Board of Directors and the Executive Committee.

The Articles of Association provide for a maximum of CHF 3,000,000 for unsecured loans and credits as well as CHF 20,000,000 for secured loans and credits per member of the Board of Directors and the Executive Committee. In 2015 there were no additional/new loans and credits granted.

The Remuneration Committee decides on the granting of loans and credits to members of the Board of Directors and their related parties as well as members of the Executive Committee and Regional CEOs (for loans and credits exceeding CHF 500,000). All other loans and credits to members of the Executive Committee and Regional CEOs, not falling under the competences of the Remuneration Committee, are dealt with by the Approval Body of EFG International. The Approval Body comprises three members of the Executive Committee and, as a backup, the Head of the Credit Department. Details on pre-existing loans and credits granted to members of the Board of Directors and the Executive Committee can be found on page 91.

9. EXTERNAL ADVICE

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

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

(i) Compensation year ended 2015 (audited)

	Fixed compensation (1)	*Variable compensation (2)*		*Other compen-sation*	Social charges	Total
	Cash CHF	Cash bonus CHF	Share options (3) CHF	CHF	(4) CHF	*2015* CHF
Board of Directors						
Niccolò H. Burki, Chairman	406,748				23,942	430,690
John A. Williamson, Vice-Chairman (5)**	1,116,644				109,975	1,226,619
Susanne Brandenberger, member**	37,500				8,096	45,596
Emmanuel L. Bussetil, member (6)						–
Erwin R. Caduff, member	141,668				10,080	151,748
Robert Y. Chiu, member	125,002		963,213		6,581	1,094,796
Michael N. Higgin, member ***	309,308				23,071	332,379
Spiro J. Latsis, member (6)						–
Périclès Petalas, member (6)						–
Bernd-A. von Maltzan, member	150,000				8,101	158,101
Daniel Zuberbühler, member	135,002				7,189	142,191
Jean Pierre Cuoni*	220,000				13,368	233,368
Hugh N. Matthews*	166,666				9,370	176,036
Total Board of Directors	**2,808,538**	**–**	**963,213**	**–**	**219,773**	**3,991,524**
Executive Committee						
Total Executive Committee	**7,860,408**	**2,853,733**	**3,755,600**	**54,603**	**1,226,868**	**15,751,212**
of which highest paid: James T. H. Lee, Head of Investment & Wealth Solutions	1,107,829	450,400	675,600	41,160	164,635	2,439,624

* *Left in 2015*
** *Joined in 2015*
*** *Includes UK Board of Directors fees*

Notes
1) Including employees' contributions for social charges.
2) Subject to approval by the shareholders at the AGM 2016.
3) The amount represents the value of RSUs granted in 2016.
For specific valuation of the Employee Equity Incentive Plans, refer to note 52 of the consolidated financial statements.
4) Employer social charges of the Executive Committee of CHF 1,226,868 includes an amount of CHF 410,672 of pension contributions.

5) This member of the Board of Directors receives a variable compensation related to his former position as CEO of EFG International until 24 April 2015, subject to approval by the shareholders at the AGM 2016, for a total amount of CHF 1,400,000 (CHF 560,000 in cash and CHF 840,000 in RSUs). These amounts are included in the total reported for Executive Committee members.

6) No compensation has been paid to this member of the Board of Directors.

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

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

(ii) Board compensation approved at the AGM 2015

The table above shows the compensation of the individual members of the Board of Directors for the business year 2015 as they are calculated for the Financial Statements 2015. Since the shareholders have approved at the AGM 2015 a maximum aggregate fixed compensation for all members of the Board of Directors for their term of office from AGM 2015 to AGM 2016 of CHF 4,675,000 the table below shows that the total fixed compensation paid to the members of the Board of Directors for such term of office has not exceeded the amount approved by the shareholders.

	Fixed compensation (1) Cash CHF	Social charges CHF	From AGM 2015 to AGM 2016 Total CHF
Board of Directors			
Niccolò H. Burki, Chairman	500,004	29,386	529,390
John A. Williamson, Vice-Chairman	1,628,004	161,793	1,789,797
Susanne Brandenberger, member*	87,500	18,891	106,391
Emmanuel L. Bussetil, member (2)			–
Erwin R. Caduff, member	150,000	10,628	160,628
Robert Y. Chiu, member	125,000	6,580	131,580
Michael N. Higgin, member**	297,521	25,725	323,246
Spiro J. Latsis, member (2)			–
Périclès Petalas, member (2)			–
Bernd-A. von Maltzan, member	150,000	10,628	160,628
Daniel Zuberbühler, member	140,012	7,493	147,505
Total Board of Directors	**3,078,041**	**271,124**	**3,349,165**

** Joined in October 2015*
*** Includes UK Board of Directors fees*

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

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

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

(iii) Compensation year ended 2014 (audited)

	Fixed compensation (1)	*Variable compensation (2)*		*Other compen-sation*	Social charges	Total
	Cash CHF	Cash bonus CHF	Share options (3) CHF	CHF	(4) CHF	*2014* CHF
Board of Directors						
Jean Pierre Cuoni, Chairman	660,000				40,426	700,426
Hugh N. Matthews, Vice-Chairman	345,000				20,124	365,124
Niccolò H. Burki, member	236,258				16,423	252,681
Emmanuel L. Bussetil, member (5)						–
Erwin R. Caduff, member	125,004				9,040	134,044
Robert Y. Chiu, member**	93,753	741,805	741,805		4,976	1,582,339
Michael N. Higgin, member	265,004				17,176	282,180
Spiro J. Latsis, member (5)						–
Bernd-A. von Maltzan, member	150,000				8,801	158,801
Hans Niederer, member*	50,000				2,722	52,722
Périclès Petalas, member (5)						–
Daniel Zuberbühler, member**	93,753				4,976	98,729
Total Board of Directors	**2,018,772**	**741,805**	**741,805**	**–**	**124,664**	**3,627,046**
Executive Committee						
Total Executive Committee	**6,980,896**	**1,673,256**	**2,584,884**	**95,658**	**1,083,934**	**12,418,628**
of which highest paid: John A. Williamson, CEO	1,603,612	560,000	840,000	29,511	250,651	3,283,774

** Left in April 2014*
*** Joined in April 2014*

Notes

1) Including employees' contributions for social charges.
2) Subject to approval by the shareholders at the AGM 2015.
3) The amount represents the value of RSUs granted in 2015. For specific valuation of the Employee Equity Incentive Plan, refer to note 52 of the consolidated financial statements.
4) Employer social charges of the Executive Committee of CHF 1,083,934 includes an amount of CHF 369,329 of pension contributions.
5) No compensation has been paid to this member of the Board of Directors.

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

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

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

Loans and credits

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

	2015 CHF	2014 CHF
Board of Directors		
Emmanuel L. Bussetil, member		3,879
John A. Williamson, Vice-Chairman (1)*	445,284	
Robert Y. Chiu*, member		1,469,340
Total Board of Directors	**445,284**	1,473,219

Executive Committee	2015 CHF	2014 CHF
Mark Bagnall, COO (highest amount granted to an individual member of Executive Committee)*	533,478	500,000
John A. Williamson, CEO (highest amount granted to an individual member of Executive Committee for 2014)*		1,443,872
Other members of the Executive Committee**	2,957	180,791
Total Executive Committee	**536,435**	2,124,663

* *Fully collateralised loans*
** *Amounts drawn within the pre-existing credit limits*

Notes

1) Joined the Board of Directors in April 2015

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

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

Report of the statutory auditor to the general meeting on the Compensation Report 2015

We have audited the Compensation Report of EFG International AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled 'audited' on pages 88 to 91 of the Compensation report.

Board of Directors, Responsibility

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the Compensation Report of EFG International AG for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers Ltd

Christophe Kratzer	Thomas Romer
Audit expert	Audit expert
Auditor in charge	

Geneva, 21 February 2016

A private bank unlike any other.

Technical expertise.
Crafted into advice. Delivered one
relationship at a time.

EFG INTERNATIONAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Year ended 31 December 2015 CHF millions	Year ended 31 December 2014 CHF millions
Interest and discount income		413.6	458.3
Interest expense		(213.0)	(211.1)
Net interest income	5	**200.6**	**247.2**
Banking fee and commission income		452.2	477.7
Banking fee and commission expense		(76.9)	(96.4)
Net banking fee and commission income	6	**375.3**	**381.3**
Dividend income	7	6.5	1.1
Net trading income and foreign exchange gains less losses	8	104.3	69.8
Net loss from financial instruments measured at fair value	9	(6.4)	(3.0)
Gains less losses on disposal of available-for-sale investment securities	10	14.2	18.2
Other operating income		2.2	2.0
Net other income		**120.8**	**88.1**
Operating income		**696.7**	**716.6**
Operating expenses	12	(604.3)	(575.0)
Other provisions	39	(20.0)	(64.1)
Reversal of impairment on loans and advances to customers	11	0.1	0.3
Reversal of impairment on financial assets held-to-maturity	29		2.5
Profit before tax		**72.5**	**80.3**
Income tax expense	14	(13.1)	(17.7)
Net profit for the year		**59.4**	**62.6**
Net profit for the year attributable to:			
Net profit attributable to equity holders of the Group		57.1	61.4
Net profit attributable to non-controlling interests		2.3	1.2
		59.4	**62.6**

	Note	Year ended 31 December 2015 CHF	Year ended 31 December 2014 CHF
Earnings per ordinary share			
Basic	49	0.37	0.41
Diluted	49	0.36	0.40

The notes on pages 102 to 191 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Year ended 31 December 2015 CHF millions	Year ended 31 December 2014 CHF millions
Net profit for the year		**59.4**	**62.6**
Other Comprehensive (Loss)/Income			
Items that may be reclassified subsequently to the Income Statement:			
Net (loss)/gain on hedge of investments in foreign operations, with no tax effect		(10.1)	17.1
Currency translation differences, with no tax effect		(12.0)	21.1
Fair value (losses)/gains on available-for-sale investment securities, before tax	28	(20.8)	27.5
Tax effect on available-for-sale investment securities	28	1.7	(1.1)
Transfer to the Income Statement of realised available-for-sale investment securities reserve, before tax	28	(14.2)	(18.2)
Items that will not be reclassified to the Income Statement:			
Defined benefit costs	42	(27.8)	(29.4)
Other Comprehensive (Loss)/Income for the year, net of tax		**(83.2)**	**17.0**
Total Comprehensive (Loss)/Income for the year		**(23.8)**	**79.6**
Total Comprehensive (Loss)/Income for the year attributable to:			
Equity holders of the Group		(24.5)	78.4
Non-controlling interests		0.7	1.2
		(23.8)	**79.6**

The notes on pages 102 to 191 form an integral part of these consolidated financial statements

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015

	Note	31 December 2015 CHF millions	31 December 2014 CHF millions
Assets			
Cash and balances with central banks	17	**4,862.0**	2,855.3
Treasury bills and other eligible bills	19	**757.1**	626.0
Due from other banks	20	**2,168.5**	2,108.8
Loans and advances to customers	21	**12,061.6**	13,031.1
Derivative financial instruments	24	**735.4**	569.5
Financial assets at fair value:			
Trading assets	25	**58.6**	105.6
Designated at inception	26	**305.0**	329.7
Investment securities:			
Available-for-sale	27	**4,243.8**	4,093.5
Held-to-maturity	29	**1,162.2**	1,159.1
Intangible assets	31	**271.7**	274.9
Property, plant and equipment	32	**21.6**	21.1
Deferred income tax assets	15	**35.0**	32.8
Other assets	33	**113.9**	136.7
Total assets		**26,796.4**	**25,344.1**
Liabilities			
Due to other banks	34	**503.2**	466.0
Due to customers	35	**19,863.5**	18,564.5
Subordinated loans	36	**242.8**	246.3
Debt issued	36	**392.0**	411.1
Derivative financial instruments	24	**714.1**	661.1
Financial liabilities designated at fair value	37	**353.1**	369.2
Other financial liabilities	38	**3,237.9**	3,030.7
Current income tax liabilities		**4.9**	6.0
Deferred income tax liabilities	15	**35.1**	35.4
Provisions	39	**7.7**	38.0
Other liabilities	40	**313.1**	340.7
Total liabilities		**25,667.4**	**24,169.0**
Equity			
Share capital	43.1	**76.1**	75.5
Share premium	43.2	**1,245.9**	1,243.8
Other reserves	44	**(153.4)**	(72.5)
Retained earnings		**(59.1)**	(90.5)
		1,109.5	1,156.3
Non-controlling interests		**19.5**	18.8
Total equity		**1,129.0**	**1,175.1**
Total equity and liabilities		**26,796.4**	**25,344.1**

The notes on pages 102 to 191 form an integral part of these consolidated financial statements

	Note	*Attributable to equity holders of the group*						
	Note	Share capital CHF millions	Share premium CHF millions	Other reserves CHF millions	Retained earnings CHF millions	Total CHF millions	Non-controlling Interests CHF millions	Total Equity 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 profit for the year					61.4	61.4	1.2	62.6
Currency translation differences, net of tax				38.2		38.2		38.2
Fair value gains on available-for-sale investment securities, net of tax				8.2		8.2		8.2
Defined benefit costs				(29.4)		(29.4)		(29.4)
Total Comprehensive Income for the year		**–**	**–**	**17.0**	**61.4**	**78.4**	**1.2**	**79.6**
Dividend paid on ordinary shares	50				(29.7)	(29.7)		(29.7)
Dividend paid on Bons de Participation	50				(0.4)	(0.4)		(0.4)
Ordinary shares sold	43	0.1	1.7			1.8		1.8
Ordinary shares repurchased	43		(0.8)			(0.8)		(0.8)
Employee equity incentive plans amortisation	52			10.5		10.5		10.5
Employee equity incentive plans exercised		1.4	4.5	(1.4)		4.5		4.5
Transfer to retained earnings on lapse of employee equity incentive plans				(28.2)	28.2	–		–
Non controlling-interest put option	4.2.1 c			(21.3)		(21.3)		(21.3)
Contribution by non-controlling interests into equity of subsidiary					11.6	11.6	12.8	24.4
Balance at 31 December 2014		**75.5**	**1,243.8**	**(72.5)**	**(90.5)**	**1,156.3**	**18.8**	**1,175.1**

The notes on pages 102 to 191 form an integral part of these consolidated financial statements

	Note	Share capital CHF millions	Share premium CHF millions	Other reserves CHF millions	Retained earnings CHF millions	Total CHF millions	Non-controlling Interests CHF millions	Total Equity CHF millions
		Attributable to equity holders of the group						
Balance at 1 January 2015		**75.5**	**1,243.8**	**(72.5)**	**(90.5)**	**1,156.3**	**18.8**	**1,175.1**
Net profit for the year					57.1	57.1	2.3	59.4
Currency translation differences, net of tax				(20.5)		(20.5)	(1.6)	(22.1)
Fair value losses on available-for-sale investment securities, net of tax				(33.3)		(33.3)		(33.3)
Defined benefit costs				(27.8)		(27.8)		(27.8)
Total Comprehensive (Loss)/Income for the year		**–**	**–**	**(81.6)**	**57.1**	**(24.5)**	**0.7**	**(23.8)**
Dividend paid on ordinary shares	50				(37.7)	(37.7)		(37.7)
Dividend paid on Bons de Participation	50				(0.2)	(0.2)		(0.2)
Ordinary shares sold	43		0.6			0.6		0.6
Ordinary shares repurchased	43		(0.3)			(0.3)		(0.3)
Employee equity incentive plans amortisation	52			13.5		13.5		13.5
Employee equity incentive plans exercised		0.6	1.8	(0.6)		1.8		1.8
Transfer to retained earnings on lapse of employee equity incentive plans				(12.2)	12.2	–		–
Balance at 31 December 2015		**76.1**	**1,245.9**	**(153.4)**	**(59.1)**	**1,109.5**	**19.5**	**1,129.0**

The notes on pages 102 to 191 form an integral part of these consolidated financial statements

	Note	Year ended 31 December 2015 CHF millions	Year ended 31 December 2014 CHF millions
Cash flows from operating activities			
Interest received		405.9	405.9
Interest paid		(215.0)	(199.9)
Banking fee and commission received		450.3	474.9
Banking fee and commission paid		(77.6)	(99.1)
Dividend received	7	6.5	1.1
Net trading income		97.9	66.8
Other operating receipts		2.1	1.8
Staff costs paid		(399.7)	(381.5)
Other operating expenses paid		(144.1)	(133.4)
Income tax paid		(12.7)	(12.6)
Cash flows from operating activities before changes in operating assets and liabilities		**113.6**	**124.0**
Changes in operating assets and liabilities			
Net decrease/(increase) in treasury bills		42.9	(81.3)
Net (increase)/decrease in due from other banks		(277.6)	418.0
Net (increase)/decrease in derivative financial instruments		(102.5)	107.8
Net decrease/(increase) in loans and advances to customers		678.6	(1,029.2)
Net decrease in other assets		8.3	25.7
Net increase in due to other banks		35.9	168.8
Net increase in due to customers		1,697.7	1,582.6
Net decrease in other liabilities		(96.7)	(13.5)
Net cash flows from operating activities		**2,100.2**	**1,302.9**
Cash flows from investing activities			
Purchase of securities		(2,214.0)	(3,723.6)
Proceeds from sale of securities		1,893.7	3,915.3
Purchase of property, plant and equipment	32	(7.3)	(7.5)
Purchase of intangible assets	31	(13.2)	(7.6)
Proceeds from sale of property, plant and equipment			1.8
Net cash flows (used in)/from investing activities		**(340.8)**	**178.4**
Cash flows from financing activities			
Dividend paid on Bons de Participation	50	(0.2)	(0.4)
Dividend paid on ordinary shares	50	(37.7)	(29.7)
Capital contributions from minority shareholders			24.4
Cash received on employee share options exercised		1.9	5.0
Ordinary shares repurchased	43	(0.3)	(0.8)
Ordinary shares sold	43	0.6	1.8
Debt issued			392.0
Issuance of structured products		3,593.0	7,398.7
Redemption of structured products		(3,267.3)	(6,938.5)
Net cash flows from financing activities		**290.0**	**852.5**
Effect of exchange rate changes on cash and cash equivalents		**(86.6)**	**(87.3)**
Net change in cash and cash equivalents		**1,962.8**	**2,246.5**
Cash and cash equivalents at beginning of period	18	5,313.3	3,066.8
Net change in cash and cash equivalents		1,962.8	2,246.5
Cash and cash equivalents	**18**	**7,276.1**	**5,313.3**

The notes on pages 102 to 191 form an integral part of these consolidated 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, wealth management and asset management services. The Group's principal places of business are in Bahamas, Cayman, Channel Islands, Hong Kong, Liechtenstein, Luxembourg, Monaco, Singapore, Spain, Switzerland, Taiwan, the United Kingdom and the United States of America. Across the whole Group, the number of employees at 31 December 2015 was 2,169 (31 December 2014: 2,059).

EFG International AG is a limited liability company and is incorporated and domiciled in Switzerland. The Group is listed on the SIX Swiss Exchange with its registered office at Bleicherweg 8, 8022 Zurich. For details of significant shareholders, refer to note 13 of the Parent Company Financial Statements.

These consolidated financial statements were approved for issue by the Board of Directors on 21 February 2016.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements are for the year ended 31 December 2015. These financial statements have been prepared in accordance with those International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS Interpretations Committee") interpretations issued and effective, or issued and early adopted which are applicable for the year ended 31 December 2015. These consolidated financial statements are subject to the approval of the shareholders.

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, and of financial assets and financial liabilities (including derivative instruments) at fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The process also requires management to exercise its judgement in the process of applying the group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Further information about critical estimates and judgements are presented in note 3.

The Group's presentation currency is the Swiss franc ("CHF") being the functional currency of the parent Company and of its major operating subsidiary EFG Bank AG.

The consolidated financial statements are also available in French and German, however the English version prevails.

In the current year, the Group considered all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee effective for accounting periods beginning on 1 January 2015. These are as follows:

New and amended standards adopted by the Group:
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

There are several amendments that apply for the first time in 2015 further presented below. These did not have a significant impact on the consolidated financial statements of the Group:

- Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014).
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).

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:

- Amendment to IAS 16 'Property, Plant and Equipment' clarifies that a revenue-based depreciation method is not appropriate. The Group will apply this amendment for the financial reporting period commencing on 1 January 2016. It is not expected to have any impact on the Group's financial statements.

- Amendment to IAS 38 'Intangible Assets' clarifies that a revenue-based amortisation method is not appropriate (with the exception of limited circumstances when the presumption can be overcome). The Group will apply this amendment for the financial reporting period commencing on 1 January 2016. It is not expected to have any impact on the Group's financial statements.

- IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). The complete version of IFRS 9 replaces most of the guidance in IAS 39. Key features of the standard are:

  Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

  Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition. Only embedded derivatives in host contracts that are financial assets are no longer seperated from the financial assets. The accounting for embedded derivatives in non-financial host contracts remains unchanged from IAS 39.

  Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Hedge accounting requirements will be amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply IAS 39 to all hedges, because the standard currently does not address accounting for macro hedging.

The Group has performed a preliminary assessment on the impact of adopting IFRS 9. The adoption would result in measuring a significant portion of the currently held-to-maturity life settlement investments at fair value. Approximately 10% of the portfolio is expected to continue being measured at amortised cost due to embedded premium return features which limits the variability of the expected cash flow. The estimated impact of the IFRS adoption is to decrease the shareholders' equity by approximately CHF 210 million and increase interest income before tax by CHF 20 million per year. This impact is less than the CHF 249.3 million shown in note 4.2.2 as relates to only part of the portfolio as described above.

The Group does not expect the impact of the expected credit losses measured under the IFRS 9 requirements to be material.

– Amendment to IFRS 11 'Joint arrangements' includes the requirement for a joint operator to account for the assets, liabilities, revenues and expenses in relation to its involvement in a joint operation. The Group will apply this amendment for the financial reporting period commencing on 1 January 2016. It is not expected to have a material impact on the Group's financial statements.

– IFRS 15 'Revenue from Contracts with Customers', published in May 2014, determines how and when revenue is recognised and replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Group will apply this new standard for the financial reporting period commencing on 1 January 2018. The Group is currently assessing the impact on its financial statements.

– IFRS 16 'Leases', issued in January 2016 and effective for annual periods beginning on or after 1 January 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as the Group is required to recognise: a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is currently assessing 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.

(b) Consolidation

(i) Subsidiaries

Subsidiary undertakings are all entities (including structured entities) over which the Group, directly or indirectly, has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The Group applies the acquisition method of accounting to account for business combinations. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments or liabilities undertaken at the date of acquisition including those resulting from contingent consideration arrangements. Costs related to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interests. The excess of the cost of acquisition over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A listing of the Company's main subsidiaries is set out in note 30.

(ii) Non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in Income Statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other Comprehensive Income are reclassified to the Income Statement.

(iv) Put options over non-controlling interests

A wholly owned subsidiary of EFG International wrote a put option on shares in a subsidiary that is held by non-controlling interests. As the risks and rewards of the shares subject to the put option have not been transferred to the Group, the Group has adopted the double credit approach for balance sheet recognition. It has continued to recognise the non-controlling interest and separately recognised the put option as a liability by reclassification from Group equity. This financial liability is measured at management's best estimate of the redemption amount. Subsequent changes in the value of this liability are recorded in the Income Statement.

(v) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income is reclassified to the Income Statement where appropriate.

(c) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in CHF which is the Group's presentation currency, as the functional currency of the parent company and of its major operating subsidiary, EFG Bank AG. Assets and liabilities of foreign subsidiaries are translated using the closing exchange rate and Income Statement items at the average exchange rate for the period reported. All resulting exchange differences are recognised as a separate component of equity (currency translation adjustment) which are reflected in other reserves. Exchange differences arising from the retranslation of the net investment in foreign subsidiaries are taken to shareholders' equity until disposal of the net investment and then released to the Income Statement. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Year-end exchange rates and average exchange rates for translation of foreign denominated subsidiaries for the main currencies are as follows:

	2015 Closing rate	2015 Average rate	2014 Closing rate	2014 Average rate
USD	0.993	0.963	0.989	0.915
GBP	1.470	1.471	1.542	1.507
EUR	1.083	1.068	1.202	1.215

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the Income Statement, and other changes in carrying amount are recognised in Other Comprehensive Income.

(d) Derivative financial instruments and hedging

Derivative financial instruments are initially recognised in the balance sheet at fair value on the date on which the derivative contract is entered into, and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is derived from its comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging), or based on a valuation technique whose variables include only data from observable markets.

Certain derivatives embedded in other financial instruments, such as the option in a structured product, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Income Statement, unless the Group chooses to designate the hybrid contracts at fair value through profit and loss. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument; and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

i) hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments (fair value hedge)
ii) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge), or
iii) hedges of a net investment in a foreign operation (net investment hedge)

Hedge accounting is used for derivatives designated as such, provided certain criteria are met. The Group documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The Group will discontinue hedge accounting in the following scenarios:

– when the Group determines that a hedging instrument is not, or has ceased to be, highly effective as a hedge,
– when the derivative expires or is sold, terminated or exercised,
– when the hedged item matures, is sold or repaid; or
– when forecast transactions are no longer deemed highly probable.

Hedge ineffectiveness represents the amount by which:
– the changes in the fair value of the hedging instrument differ from changes in the fair value of the hedged item attributable to the hedged risk, or
– the changes in the present value of future cash flows of the hedging instrument exceed changes (or expected changes) in the present value of future cash flows of the hedged item.

Such ineffectiveness is recorded in current period earnings in net gain/(loss) from financial instruments measured at fair value. Interest income and expense on derivatives designated as hedging instruments in effective hedge relationships is included in net interest income.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the Income Statement over the period to maturity.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in Other Comprehensive Income are recycled to the Income Statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast transaction that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in Other Comprehensive Income; the gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Gains and losses accumulated in Other Comprehensive Income are included in the Income Statement when the foreign operation is disposed of.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement. The fair values of derivative instruments held for trading and hedging purposes are disclosed in note 24.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Such a right of set off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

i) in the normal course of business,
ii) the event of default and
iii) the event of insolvency or bankruptcy.

(f) Income Statement

(i) Interest income and expenses

Interest income and expenses are recognised in the Income Statement for all interest bearing instruments on an accrual basis, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and any other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Banking fees and commissions

Fees and commissions are generally recognised on an accrual basis. Fees and commissions relating to foreign exchange transactions, bank charges, brokerage activities and portfolio management are recognised, as applicable, on either a time-apportioned basis, at the transaction date or on completion of the underlying transaction.

Fees and commission arising from negotiating a transaction for a third party – such as the arrangement of the acquisition of shares or other securities, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognised when the performance criteria are fulfilled and the fee can be reliably measured.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are periodically reviewed for impairment, with any impairment charge being recognised immediately in the Income Statement.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:

– Leasehold improvements: 5–20 years
– Computer hardware: 3–5 years
– Furniture, equipment and motor vehicles: 3–10 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the Income Statement.

(h) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported under 'Intangible assets', while goodwill on acquisition of associates is included in 'Investments in associates'. The carrying amount of goodwill is reviewed at least annually. Where evidence of impairment exists, the carrying amount of goodwill is re-assessed and written down to recoverable amount (where recoverable amount is defined as the higher of the asset's fair value less costs to sell and value in use). Goodwill is allocated to cash generating units for the purpose of impairment testing (note 31.2). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets – Client Relationships

They are stated at estimated costs less accumulated amortisation calculated on a 4 to 13 year basis. The remaining life is reviewed periodically for reasonableness.

(iii) Other intangible assets – Trademarks

They are stated at estimated costs less accumulated amortisation calculated on a 10 to 14 year basis.

(iv) Other intangible assets – Non-compete agreements

They are stated at estimated costs less accumulated amortisation calculated on a 3 to 10 year basis (depending on contractual agreements).

(v) Other intangible assets – Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. It is periodically reviewed for impairment, with any impairment charge being recognised in the Income Statement. Amortisation is calculated using the straight-line method over a 3–10 year basis. The acquisition cost of software capitalised is on the basis of the cost to acquire and bring into use the specific software.

(i) Financial assets and liabilities

All financial assets are recorded on the day the transaction is undertaken, with the exception of deposits and loans, which are entered in the balance sheet on their respective value dates. Purchases and sales of financial assets at fair value, held-to-maturity and available-for-sale are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value, plus transaction costs for all financial assets not carried at fair value through the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the financial assets at fair value are included in the Income Statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in Other Comprehensive Income, until the financial asset is derecognised or impaired. At this time the cumulative gain or loss previously recognised in Other Comprehensive Income is recognised in the Income Statement. Interest calculated using the effective interest method, is recognised in the Income Statement. Dividends on available-for-sale equity instruments are recognised in the Income Statement when the entity's right to receive payment is established.

The fair value of quoted investments in active markets is based on current bid prices. If there is no active market for financial assets, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Life insurance policies are included as financial assets at fair value, available-for-sale and held-to-maturity. The Group uses a discounted cash flow valuation technique using non market observable inputs, which incorporates actuarially based assumptions on life expectancy to value life insurance policies.

Life insurance policies that are classified as held-to-maturity generate a return based on the expected future cash flows, included in Interest income and which increases the carrying value on the balance sheet. For policies transferred from available-for-sale, any available-for-sale equity reserve at the date of transfer is amortised into the Income Statement over the estimated remaining life of the life insurance policies. Any excess of death benefit compared to the carrying amount of an individual matured policy is amortised into the Income Statement over the remaining portion of the originally estimated life of the life insurance policies.

If objective evidence exists that a held-to-maturity investment is impaired, the impairment loss is measured as the difference between the asset's carrying value and the present value of the estimated future cash flows discounted using the original effective interest rate of the financial asset. The carrying amount of the asset is reduced accordingly and the loss is recognised in the Income Statement. Premiums paid are recognised as part of the cost of the investment and increase the carrying value on the balance sheet.

The Group classifies its financial assets in the following categories: at fair value; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedging instruments.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group upon initial recognition designates as at fair value, or those that the Group upon initial recognition designates as available-for-sale. Assets classified as loans and receivables arise when the Group provides money, goods or services directly to a debtor.

(iii) Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(iv) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

(v) Financial liabilities at fair value

A financial liability is classified in this category if acquired principally for the purpose of buying in the short term, or if so designated by management as a hedge for an asset, or as a hedge for the derivative component of a structured product.

(j) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or portfolio of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

a) significant financial difficulty of the issuer or obligor,

b) a breach of contract, such as a default or delinquency in interest or principal payments,

c) the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider,

d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation,

e) the disappearance of an active market for that financial asset because of financial difficulties; or

f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified within the individual financial assets in the portfolio, including:
– adverse changes in the payment status of borrowers in the portfolio; or– national or local economic conditions that correlate with defaults on the assets in the portfolio.

(i) Available-for-sale assets

The Group determines that available-for-sale investments are potentially impaired for:

– Equity investments when there has been a significant or prolonged decline in the fair value of the investments below their cost. In determining what is significant or prolonged, the Group's management exercises judgment. The Group evaluates among other factors, the normal volatility in valuation. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.
– Debt investments when indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement – is removed from Other Comprehensive Income and recognised in the Income Statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in the Income Statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Income Statement, the impairment loss is reversed through the Income Statement.

(ii) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost ocurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income Statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Income Statement.

(k) Debt securities in issue

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the Income Statement over the life of the borrowings using the effective interest method. If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of the liability and the consideration paid is included in gains less losses from other securities.

(l) Leases

The leases entered into by the Group are operating leases. The total payments made under operating leases are charged to the Income Statement on a straight-line basis over the life of the lease.

(m) Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax. The principal temporary differences arise from goodwill impairment, property, plant and equipment depreciation, pension and other retirement benefits obligations, and revaluation of certain financial assets and liabilities, including derivative instruments.

Deferred tax assets are only recognised to the extent that it is probable that they will crystallise in the future. Deferred tax relating to changes in fair values of available-for-sale investments, which is taken directly to the Statement of Other Comprehensive income, is charged or credited directly to Other Comprehensive Income and is subsequently recognised in the Income Statement together with the deferred gain or loss. Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

(n) Employee benefits

(i) Defined benefit obligations

The Group operates various pension schemes which are either defined contribution or defined benefit plans, depending on prevailing practice in each country. For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. This applies to most of the locations where the Group operates except for Switzerland.

A defined benefit plan is a pension plan that is not a defined contribution plan. The Switzerland pension plan in place is classified as a defined benefit plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
In Switzerland, the Group maintains a pension plan according to Swiss pension law. The Group's legal obligation, in respect of this plan, is merely to pay contributions at defined rates (defined contribution). However, this plan incorporates certain guarantees of minimum interest accumulation and conversion of capital to pension. As a result, this plan has been reported as a defined benefit pension plan for IFRS purposes.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used as reference of risk free rates. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income in the period in which they arise. Past-service costs are recognised immediately in Income Statement.

(ii) Short-term employee benefits

The Group recognises short-term compensated absences and approved bonuses as a liability and an expense.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options or restricted stock units is recognised as an expense over the vesting period for options or restricted stock units granted under the plan.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or restricted stock units granted, excluding the impact of any non-market vesting conditions (for example, profitability and revenue growth targets). Non-market vesting conditions are included in assumptions about the number of options and restricted stock units that are expected to become exercisable. The expense recognised during each period is the pro-rata amount of the fair value of options expected to become exercisable plus the impact of the revision of original estimates, if any, which is recognised in the Income Statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to the share capital (nominal value) and share premium when the options are exercised.

(o) Related party transactions

Related parties include associates, fellow subsidiaries, directors, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis.

(p) Provisions

Provisions are recognised when:

a) The Group has a present legal or constructive obligation as a result of past events;

b) It is probable that an outflow of economic benefits will be required to settle the obligation; and

c) Reliable estimates of the amount of the obligation can be made.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(q) Share Capital

Ordinary shares and non-voting Bons de Participation issued are classified as equity.

(i) Share issue costs

Incremental costs directly attributable to the issue of new shares or Bons de Participation are shown in equity as a deduction from the proceeds.

(ii) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

(iii) Treasury shares

Where the Group purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity, and classified as treasury shares until they are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(r) Fiduciary activities

Where the Group acts in a fiduciary capacity, such as nominee, trustee or agent, assets and income arising on fiduciary activities, together with related undertakings to return such assets to customers, are excluded from the financial statements. See note 46.

(s) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, short term deposits and other short-term highly liquid investments with original maturities of three months or less.

(t) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, the Group's management makes various judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities recognised in the financial statements in future periods. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of intangible assets

The Group tests at least annually whether goodwill has suffered impairment in accordance with the accounting policy stated in note 2 (h). The recoverable amounts of cash-generating units are the higher of the assets' value in use and fair value less costs of disposal which is determined on the basis of the best information available on the amount that could be obtained from the disposal of the assets in an arm's length transaction, after deduction of the costs of disposal. The value in use is determined by using a discounted cash-flow calculation based on the estimated future operating cash-flows of the asset. An impairment is recorded when the carrying amount exceeds the recoverable amount. For key assumptions used in value in use calculations and further information please refer to note 31.2.

(b) Fair value of financial instruments

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques (note 4.2.1). Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are validated before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Financial assets at fair value – Life insurance policies

The Group follows the guidance of IFRS13 on the valuation of unquoted designated at fair value life insurance policies (note 4.2.1). Given the illiquidity of the market for life insurance policies and the absence of market observable valuations for portfolios of similar characteristics, the Group has adopted an Income Approach (Method 1) to the valuation. This is a change from the Income Approach (Method 2) adopted in prior years, and the change is considered appropriate given the combination of the improved data the Group has obtained about life expectancies during 2015 and the related risks, the updated 2015 Valuation Basic Tables and the decreased market activity for this asset class. The Income Approach risk adjusts future cash flows and then discounts these using a risk free rate. The key risk adjustments made include longevity risk (including the risk of statistical volatility), credit risk, risk of change in cost of insurance, liquidity risk, reputational risk, operational risk and legal risk. The valuation is most sensitive to longevity risk and risk of change in cost of insurance (premium increase risk), and as a result the Group discloses sensitivities to these in note 4.2.1.

(d) Available-for-sale – Life insurance policies

The Group follows the guidance of IFRS13 on the valuation of unquoted available-for-sale life insurance policies. The Group uses a valuation method as described in (c) above.

(e) Impairment of other available-for-sale investments

The Group determines any impairment of available-for-sale investments through a two-step process. The Group first performs a review at each reporting date to determine whether there is objective evidence that impairment exists for a financial asset. If such evidence exists, the Group measures and records the impairment loss in the reporting period. The Group determines that available-for-sale investments are potentially impaired when there has been a significant or prolonged decline in the fair value of the investments below their cost. In determining what is significant or prolonged, the Group's management exercises judgment. The Group evaluates among other factors, the normal volatility in valuation. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(f) Held-to-maturity investments – Life insurance policies

The Group concluded that it is appropriate to classify certain life insurance policies as held-to-maturity for the reasons explained below and that these financial assets fall within the definition of IAS 39.9 related to held-to-maturity classification:

- Non-derivative financial asset: Life insurance policies are not treated as derivatives and are akin to fixed income instruments. A derivative typically involves only a percentage of the notional exposure being paid for and a leverage effect. However, the full value of the life insurance policies was paid when they were acquired and no leverage effect exists.
- Fixed or determinable payments: Cash flows relating to life insurance policies are the premium payments required to keep the policies in force and the death benefits receivable. The cash flow timing is determined by mortality assumptions derived from the standard mortality tables.
- Fixed maturity: No financial assets with indefinite lives can be classified as held-to-maturity. The life insurance policies have a prefixed event that determines the maturity of the instrument (i.e. the death of the insured which is estimated based on actuarial data).
- Intention and ability to hold to maturity: the Group concluded on recognition in 2010 that it had, and continues to have the intention and the ability to hold these life insurance policies until maturity.

(g) Held-to-maturity investments – Others

The Group follows the IAS 39 guidance on classifying non-derivative financial assets, with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. The Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity, it will be required to reclassify the entire category as available-for-sale. The investments would therefore be measured at fair value, not amortised cost.

(h) Income taxes

The Group is subject to income taxes in various jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The determination of whether an outflow is probable and the amount, which are assessed by Group management in conjunction with the Group's legal and other advisors requires the judgement of the Group's management.

(j) Retirement benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 42.

4. FINANCIAL RISK ASSESSMENT AND MANAGEMENT

The Group's activities are predominantly carried out on its clients' behalf, with the clients carrying the risk. As such, the Group takes limited credit risk, market risk and liquidity risk. Most credit risk is limited to interbank placements with rated financial institutions, investments in bonds of financial institutions, sovereign and corporate bodies, as well as mortgages, lombard loans, other secured loans and credit risk associated with the Group's holding of life insurance policies. Market risk is largely restricted to limited foreign exchange and interest rate gapping positions maintained by the Group. Ultimate responsibility for the supervision of risk management lies with EFG International's Board of Directors, which has delegated certain functions to its Risk Committee, which sets policies and risk appetite. Implementation of the Group's policies and compliance with procedures is the responsibility of the Executive Committee and its sub-committees for market risk and credit/counterparty risk.

The Board has delegated to the Risk Committee the responsibility to analyse the main risks the Group may be exposed to. These main risks are the credit, market and operational risk as detailed below. Monitoring of credit risk is based on the ratings, diversification and evolution; the one for the market risk is based on the average positions over the last year and on the calculation of VaR (including stress scenario analysis); the one for the operational risk on its inventory of the identified risks with an indication of their probability of occurrence and the potential financial impacts estimated. In addition, the Group has taken into account in its analysis the risk mitigation measures and the internal control framework (including the internal procedures). The Board has also focused its attention to the guarantee of a constant monitoring and evaluation of these risks, as well as the measurement of the potential impact of these risks on the financial statements. Based on this analysis, the Board has approved the Risk Policy.

4.1 Credit risk

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

4.1.1 Credit risk management

(a) Loans and advances

A basic feature of the credit approval process is a separation between the firm's business origination and credit risk management activities. Credit requests are initiated by Client Relationship Officers and must be supported by Regional Business Heads and are thereafter analysed and submitted to the competent credit approval bodies and processed by the credit departments.

The Executive Credit Committee of the Group has overall responsibility for the client credit business, including the implementation of credit policies and procedures defined by the Board of the Group. Certain duties, including monitoring of day-to-day operations, have been delegated to the various Credit Departments of the Group under the supervision of the Credit Department of EFG Bank AG. The approval of loans, ceilings and other exposures has been delegated, based on certain defined risk and size criteria, to senior members of the credit departments, certain credit committees of international units and to the Executive Credit Committee of the Group.

The approval of large and higher risk profile exposures is centralised in Switzerland, in compliance with local regulatory and legal requirements of the individual international business units.

Management insists on thoroughly understanding the background and purpose of each loan (which is typically for investment in securities, funds, investment related insurance policies or real estate) as well as the risks of the underlying collateral of each loan.

The Group's internal rating system assigns each client credit exposure to one of ten rating categories. The rating assesses the borrower's repayment ability and the value, quality, liquidity and diversification of the collateral securing the credit exposure. The credit policy and the nature of the loans ensure that the Group's loan book is of high quality. Consequently, an overwhelming majority of the Group's credit exposures are rated within the top 3 categories.

Group's internal ratings scale and comparison to external ratings:

Group's ratings	Rating	Description of grade	S&P's rating
1	Top	Secured by "cash collateral or equivalent" – good diversification	AAA
2	High	High Secured by "cash collateral or equivalent" – imperfect diversification	AA
3	Very good	Secured by "other collateral"	A
4	Good	Partly secured by "cash collateral or equivalent"	BBB
5	Acceptable	Unsecured but prime borrower	BB
6	Weak	Borrower situation/collateral value is deteriorating	B
7	Poor	Conditions of initial credit are no longer being met	CCC
8	Unacceptable	Interest is no longer being paid – collateral is being held	CC to C
9	Potential loss	Bank holds illiquid – uncollectible or no collateral	D
10	Loss	No collateral or uncollectible collateral	D

The ratings of a major rating agency (shown in the table above) are mapped to the Group's rating classes based on above internal definitions and on the long-term average default rates for each external grade. The Group uses the external ratings to benchmark its internal credit risk assessment.

(b) Debt securities and other bills

For debt securities and other bills, external rating such as S&P's rating or their equivalents, are used by the Group for managing the credit risk exposures.

4.1.2 Risk limit control and mitigation policies

To qualify as collateral for a margin loan, a client's securities portfolio must generally be well diversified with differing margins applied depending on the type of risk profile and liquidity of the security. Additional margins are applied if the loan and the collateral are not in the same currency or diversification criteria are not fully met. Approximately 80% of mortgages are originated by EFG Private Bank Ltd (in the UK) and its subsidiaries. These mortgages are related predominantly to residential properties in prime London locations.

Credit departments monitor credit exposures against approved limits and pledged collateral. If necessary, they initiate rectification steps. Most collateral is valued daily (but may be valued more frequently during periods of high market volatility). However, structured notes, certain mutual and hedge funds are valued monthly, whereas insurance policies are valued at least annually. UK mortgage valuations are reviewed annually and updated using statistical (indexation) methods.

Management of exposure to financial institutions is based on a system of counterparty limits coordinated at the Group level, subject to country limits. Limits for exposure to counterparties are granted based upon internal analysis. The limits are set and supervised by the Executive Credit Sub-Committee depending on each counterparty's S&P or Moody's ratings (with reference to individual and support ratings) and on the counterparties total equity. These limits are annually reported to the Risk Committee. Other specific control and mitigation measures are outlined below.

(a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for credit exposures. The Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:

– Charges over financial instruments such as debt securities and equities.
– Mortgages over residential and to a limited extent commercial properties;
– Assignment of guaranteed cash surrender value of life insurance policies.

(b) Derivatives

The Group maintains a strict monitoring of credit risk exposure induced by over-the-counter derivatives transactions versus dedicated limits granted. Credit risk exposure considers the current credit risk exposure through the mark-to-market of the transactions and the potential future exposure through dedicated add-on factors applied to the notional of the transactions. While being ignored in the computation of credit risk, EFGI Business units have signed mitigating agreements with its most important financial institutions counterparties; collateral paid or received being taken into consideration.

(c) Credit related commitments

Credit related commitments include the following:

– Guarantees, forward of risk and standby letters of credit – these carry the same credit risk as loans.
– Commitments to extend credit – these represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. The Group is potentially exposed to loss in an amount equal to the total unused commitments. However, commitments to extend credit are contingent upon customers maintaining specific credit standards.

For all of the above, the same standards apply regarding approval competences, collateral requirements and monitoring procedures as outlined under paragraph 4.1.1. a).

The guarantees and irrevocable lines of credit can be drawn by the customers only if the client has adequate collateral pledged with the Group. Should the guarantees and irrevocable lines of credit be drawn, the majority of the facilities would be rated by the Group with a rating of 1 to 3.

4.1.3 Exposure to credit risk

The following table compares a worst case scenario of credit risk exposure to the Group at 31 December 2015 and 2014, before and after collateral held or other credit enhancements. Equity related financial instruments are not included in the below analysis as they are not considered as subject to credit risk.

	Maximum exposure before collateral held or other credit enhancements		Exposure after collateral held or other credit enhancements	
	2015 CHF millions	2014 CHF millions	**2015 CHF millions**	2014 CHF millions
Cash and balances with central banks	**4,862.0**	2,855.3	**4,862.0**	2,855.3
Treasury bills and other eligible bills	**757.1**	626.0	**757.1**	626.0
Due from other banks	**2,168.5**	2,108.8	**1,734.0**	1,626.9
Loans and advances to customers				
Overdrafts, Lombard loans and term loans	**8,816.2**	9,423.9	**47.4**	113.5
Mortgages	**3,245.4**	3,607.2		
Derivative financial instruments	**735.4**	569.5	**135.3**	138.5
Financial assets at fair value:				
Trading Assets – Debt securities	**58.6**	105.6	**58.6**	105.6
Designated at inception – Debt securities	**305.0**	329.7	**27.2**	30.9
Investment securities – Debt securities	**5,377.4**	5,223.2	**5,377.4**	5,223.2
Other assets	**113.9**	136.7	**78.1**	136.7
On-balance sheet assets	**26,439.5**	**24,985.9**	**13,077.1**	**10,856.6**
Financial guarantees	**290.8**	258.3	**1.3**	1.3
Loan commitments, and other credit related guarantees	**104.0**	168.7	**22.3**	36.3
Off-balance sheet items	**394.8**	**427.0**	**23.6**	**37.6**
Total	**26,834.3**	**25,412.9**	**13,100.7**	**10,894.2**

See note 23 Collateral for loans and advances to customers which shows that collateralised loans comprised 99.5% (2014: 99.0%) of the total. Mortgages are 100% secured.

Exposure after collateral held or other credit enhancements by ratings

31 December 2015 based on S&P's ratings:

	AAA–AA CHF millions	A CHF millions	BBB–BB CHF millions	B–C CHF millions	Unrated CHF millions	Total CHF millions
Cash and balances with central banks	4,820.7		41.3			4,862.0
Treasury bills and other eligible bills	757.1					757.1
Due from other banks	315.4	658.5	108.0		652.1	1,734.0
Loans and advances to customers:						
Overdrafts, Lombard loans and term loans			45.4	2.0		47.4
Mortgages						–
Derivative financial instruments	41.4	39.1	2.2		52.6	135.3
Financial assets at fair value:						
Trading Assets – Debt securities		58.1	0.5			58.6
Designated at inception – Debt securities	24.6	2.2		0.4		27.2
Investment securities – Debt securities	4,252.7	853.6	181.9	54.7	34.5	5,377.4
Other assets					78.1	78.1
Total on-balance sheet assets 2015	**10,211.9**	**1,611.5**	**379.3**	**57.1**	**817.3**	**13,077.1**
Total on-balance sheet assets 2014	8,696.2	1,124.9	267.6	59.7	708.2	10,856.6
Financial guarantees					1.3	1.3
Loan commitments, and other credit related guarantees					22.3	22.3
Total off-balance sheet items 2015	**–**	**–**	**–**	**–**	**23.6**	**23.6**
Total off-balance sheet items 2014	–	–	–	–	37.6	37.6

Concentration of risks of financial assets with credit risk exposure

The Group manages the risk of concentration by monitoring and reviewing on a regular basis its large exposures.

As of 31 December 2015 the carrying value of the exposure of the ten largest borrowers was CHF 1,518.0 million (2014: CHF 1,864.0 million).

4.1.4 Loans and advances

Loans and advances are summarised as follows:

		31 December 2015 Loans and advances to customers CHF millions	31 December 2015 Due from other banks CHF millions	31 December 2014 Loans and advances to customers CHF millions	31 December 2014 Due from other banks CHF millions
Neither past due nor impaired	a)	11,810.1	2,168.5	13,002.3	2,108.8
Past due but not impaired	b)	251.5		28.8	
Impaired		6.7		7.3	
Gross		**12,068.3**	**2,168.5**	**13,038.4**	**2,108.8**
Less: allowance for impairment		(6.7)		(7.3)	
Net		**12,061.6**	**2,168.5**	**13,031.1**	**2,108.8**

The total impairment provision for loans and advances of CHF 6.7 million (2014: CHF 7.3 million) comprises specific provisions against individual loans. Note 22 relates to the impairment allowance for loans and advances to customers.

(a) Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group (refer to note 4.1.1 for definition of internal grades).

	Loans and advances to customers		
Grades	Overdrafts, Lombard and Term loans CHF millions	Mortgages CHF millions	Total CHF millions
31 December 2015			
Grade 1–2	6,220.0	394.0	6,614.0
Grade 3	2,143.6	2,232.5	4,376.1
Grade 4–5	234.2	540.7	774.9
Grade 6–7	19.3	21.0	40.3
Grade 8		0.3	0.3
Grade 9–10	4.5		4.5
	8,621.6	**3,188.5**	**11,810.1**
31 December 2014			
Grade 1–2	6,358.7	692.7	7,051.4
Grade 3	2,649.2	2,337.8	4,987.0
Grade 4–5	182.2	532.3	714.5
Grade 6–7	224.8	16.2	241.0
Grade 8			–
Grade 9–10	7.5	0.9	8.4
	9,422.4	**3,579.9**	**13,002.3**

(b) Loans and advances past due, but not impaired

Loans and advances less than 180 days past due, are not considered impaired unless other information is available to indicate the contrary. The gross amount of loans and advances to customers by class, that were past due but not impaired, were as follows:

	Overdrafts, Lombard and Term loans CHF millions	Mortgages CHF millions	Total CHF millions
31 December 2015			
Greater than 180 days, past due	193.0	49.7	242.7
Less than 180 days, past due	1.6	7.2	8.8
Total	**194.6**	**56.9**	**251.5**
Fair value of collateral	196.4	84.3	280.7
31 December 2014			
Greater than 180 days, past due	0.1	25.6	25.7
Less than 180 days, past due	0.5	2.6	3.1
Total	**0.6**	**28.2**	**28.8**
Fair value of collateral	–	42.8	42.8

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

4.1.5 Impairment and provisioning policies

The internal and external rating systems described in note 4.1.1 focus primarily on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that are expected at the balance sheet date based on objective evidence of impairment (see note 2 (j)).

All the impairment provisions come from the bottom grade. The table below shows the percentage of the Group's on balance sheet items relating to loans and advances to customers, and the associated impairment provision for each of the Group's internal grade descriptions:

Grade descriptions	2015 Loans and advances %	2015 Impairment provision %	2014 Loans and advances %	2014 Impairment provision %
Grade 1–2	54.8%		54.1%	
Grade 3	36.3%		38.3%	
Grade 4–5	6.4%		5.5%	
Grade 6–7	2.4%		2.0%	
Grade 8	0.0%		0.0%	
Grade 9–10	0.1%	100.0%	0.1%	100.0%
	100.0%	**100.0%**	**100.0%**	**100.0%**

The internal rating tool assists management to determine whether objective evidence of impairment exists, based on criteria set out by the Group including delinquency in contractual payments of principal or interest, breach of loan covenants or conditions, initiation of bankruptcy proceedings, deterioration in the value of collateral; and downgrading below investment grade level.

4.1.6 Debt securities, treasury bills, other eligible bills and investment securities

The table below presents an analysis of debt securities, treasury bills, other eligible bills and investment securities subject to credit risk, by rating agency designation at 31 December 2015, based on internal ratings:

	Treasury bills and other eligible bills CHF millions	Trading Assets CHF millions	Designated at inception CHF millions	Investment securities Available-for-sale CHF millions	Investment securities Held-to-maturity CHF millions	Total CHF millions
31 December 2015						
Grade 1–2	757.1		199.4	3,390.6	862.1	5,209.2
Grade 3		58.1	45.5	735.0	118.6	957.2
Grade 4–5		0.5	40.1	52.2	129.7	222.5
Grade 6			18.9	4.1	50.6	73.6
Unrated			1.1	33.3	1.2	35.6
Total	**757.1**	**58.6**	**305.0**	**4,215.2**	**1,162.2**	**6,498.1**
31 December 2014						
Grade 1–2	626.0		180.1	3,489.8	890.7	5,186.6
Grade 3		99.0	72.2	525.7	95.6	792.5
Grade 4–5		6.6	32.7	18.2	115.5	173.0
Grade 6			11.0	2.1	54.5	67.6
Unrated			33.7	28.3	2.8	64.8
Total	**626.0**	**105.6**	**329.7**	**4,064.1**	**1,159.1**	**6,284.5**

4.2 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.

As the Group's market risk exposures are low, sensitivities would be immaterial.

4.2.1 Assets and liabilities measured at fair value

(a) Fair value hierarchy

IFRS 13 requires classification of financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.
The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	31 December 2015				
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions	Total CHF millions
Derivative financial instruments (assets):					
Currency derivatives		156.2		156.2	
Interest rate derivatives	0.2	24.0		24.2	
Equity derivatives		430.7		430.7	
Other derivatives		62.1		62.1	
Life insurance related			62.2	62.2	
Total derivatives assets					**735.4**
Financial assets at fair value:					
Debt	58.6			58.6	
Total trading assets					**58.6**
Designated at inception:					
Life Insurance related			305.0	305.0	
Total financial assets designated at inception					**305.0**
Investment securities: Available-for-sale					
Equity	0.5		28.1	28.6	
Debt	3,283.1	896.6		4,179.7	
Life Insurance related			35.5	35.5	
Total investment securities available-for-sale					**4,243.8**
Total assets measured at fair value	**3,342.4**	**1,569.6**	**430.8**	**5,342.8**	**5,342.8**
Derivative financial instruments (liabilities):					
Currency derivatives		102.1		102.1	
Interest rate derivatives		92.4		92.4	
Equity derivatives		458.9		458.9	
Other derivatives		60.7		60.7	
Total derivatives liabilities					**714.1**
Financial liabilities designated at fair value:					
Equity			34.6*	34.6	
Life Insurance related			318.5	318.5	
Total financial liabilities designated at fair value					**353.1**
Total liabilities measured at fair value	**–**	**714.1**	**353.1**	**1,067.2**	**1,067.2**
Assets less liabilities measured at fair value	**3,342.4**	**855.5**	**77.7**	**4,275.6**	**4,275.6**

* *Level 3 equity related financial liabilities designated at fair value of CHF 34.6 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.*

	31 December 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		151.6		151.6	
Interest rate derivatives	0.1	40.1		40.2	
Equity derivatives		318.0		318.0	
Other derivatives		3.5		3.5	
Life insurance related			56.2	56.2	
Total derivatives assets					**569.5**
Financial assets at fair value:					
Debt	105.6			105.6	
Total trading assets					**105.6**
Designated at inception:					
Life Insurance related			329.7	329.7	
Total financial assets designated at inception					**329.7**
Investment securities: Available-for-sale					
Equity	0.3		29.1	29.4	
Debt	3,368.4	654.8		4,023.2	
Life Insurance related			40.9	40.9	
Total investment securities available-for-sale					**4,093.5**
Total assets measured at fair value	**3,474.4**	**1,168.0**	**455.9**	**5,098.3**	**5,098.3**
Derivative financial instruments (liabilities):					
Currency derivatives		109.0		109.0	
Interest rate derivatives	0.2	228.6		228.8	
Equity derivatives		321.4		321.4	
Other derivatives		1.9		1.9	
Total derivatives liabilities					**661.1**
Financial liabilities designated at fair value:					
Equity			38.7*	38.7	
Life Insurance related			330.5	330.5	
Total financial liabilities designated at fair value					**369.2**
Total liabilities measured at fair value	**0.2**	**660.9**	**369.2**	**1,030.3**	**1,030.3**
Assets less liabilities measured at fair value	**3,474.2**	**507.1**	**86.7**	**4,068.0**	**4,068.0**

* *Level 3 equity related financial liabilities designated at fair value of CHF 38.7 million comprises put options held by non-controlling interests with valuations based on contractual terms and therefore is not dependent on internal assumptions on inputs, but is classified as Level 3 due to the absence of quoted prices or observable inputs.*

(i) 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.

(ii) 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:
– Quoted market prices or dealer quotes for similar instruments;
– The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
– 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;
– Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(b) 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 2015	56.1	329.7	70.1	455.9
Total gains or losses				
in the Income Statement – Interest and discount income		51.4	3.8	55.2
in the Income Statement – Net trading income	5.1			5.1
in the Income Statement – Net loss from financial instruments designated at fair value		(99.5)		(99.5)
in Other Comprehensive Income			(13.1)	(13.1)
Purchases/Premiums paid	1.8	39.5	5.8	47.1
Disposals/Premiums received	(1.2)	(15.3)	(2.5)	(19.0)
Exchange differences	0.4	(0.8)	(0.5)	(0.9)
At 31 December 2015	**62.2**	**305.0**	**63.6**	**430.8**
Change in unrealised gains or losses for the period included in the Income Statement for assets held at the end of the reporting period	5.1	(48.1)	3.8	(39.2)

	Liabilities in Level 3	
	Financial liabilities designated at fair value CHF millions	Total Liabilities in Level 3 CHF millions
At 1 January 2015	369.2	369.2
Total gains or losses		
in the Income Statement – Interest and discount income	52.5	52.5
in the Income Statement – Net gain from financial instruments designated at fair value	(82.2)	(82.2)
Purchases/Premiums paid	(17.4)	(17.4)
Disposals/Premiums received	35.3	35.3
Exchange differences	(4.3)	(4.3)
At 31 December 2015	**353.1**	**353.1**
Change in unrealised gains or losses for the period included in the Income Statement for liabilities held at the end of the reporting period	(29.7)	(29.7)

	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		48.1	4.1	52.2
in the Income Statement – Net trading income	4.1			4.1
in the Income Statement – Net loss from financial instruments designated at fair value		(59.8)		(59.8)
in Other Comprehensive Income			(7.5)	(7.5)
Purchases/Premiums paid		34.9	6.0	40.9
Disposals/Premiums received		(25.8)	(0.9)	(26.7)
Transfer from Level 3 to Level 2	(1.5)			(1.5)
Exchange differences	5.4	33.7	3.6	42.7
At 31 December 2014	**56.1**	**329.7**	**70.1**	**455.9**
Change in unrealised gains or losses for the period included in the Income Statement for assets held at the end of the reporting period	4.1	(11.7)	4.1	(3.5)

	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	48.8	48.8
in the Income Statement – Net gain from financial instruments designated at fair value	(49.9)	(49.9)
Increase through shareholder’s equity*	21.3	21.3
Purchases/Premiums paid	30.8	30.8
Disposals/Premiums received	(25.2)	(25.2)
Exchange differences	32.7	32.7
At 31 December 2014	**369.2**	**369.2**
Change in unrealised gains or losses for the period included in the Income Statement for liabilities held at the end of the reporting period	(1.1)	(1.1)

* *In relation with put options held by non-controlling interests already issued.*

(c) Fair value methodology used for Level 3 instruments – valuation technique

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 values estimates is performed against external sources and recalibration 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

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

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

Valuation techniques		31 December 2015 CHF millions	31 December 2014 CHF millions
Discounted cash flow analysis	**Products**		
Available-for-sale – Equity securities	Equities in stock exchanges and clearing houses	27.8	28.7
Available-for-sale – Equity securities	Private equity funds	0.3	0.4
Financial liabilities designated at fair value	Liability to purchase non-controlling interests	(34.6)	(38.7)
Discounted cash flow analysis and life expectancies (non-market observable inputs)			
Derivatives	Synthetic life settlement policies	62.2	56.2
Financial assets at fair value	Physical life settlement policies	27.2	30.9
Financial assets at fair value	Physical life settlement policies*	277.8	298.8
Available-for-sale	Physical life settlement policies	35.5	40.9
Financial liabilities designated at fair value	Synthetic life settlement policies*	(318.5)	(330.5)
Total		**77.7**	**86.7**

* *Assets valued at CHF 277.8 million (2014: CHF 298.8 million) and similarly valued liabilities at CHF 318.5 million (2014: CHF 330.5 million) are linked and thus a change in value in one would be mostly reflected in the other.*

The Group values certain financial instruments at fair value using models which rely on inputs to the models that are not based on observable market data (unobservable inputs). These financial instruments are classified as Level 3. Below is a summary of the valuation techniques and unobservable inputs to the valuations of these Level 3 financial instruments that significantly affect the value, and describe the interrelationship between observable inputs and how they affect the valuation.

(i) Life settlement policies

The Group uses a discounted cash flow valuation technique for the valuation of physical and synthetic life settlement policies and related financial instruments. The approach makes use of market observable and non-market observable inputs. The inputs incorporate:
– actuarially based assumptions on life expectancy,
– premium estimates,
– risk adjustments, and
– interest rate curves or discount factors.
The assumptions on life expectancy are based on the Valuation Basic Table ("VBT") last published by the Society of Actuaries in 2015 and adjusted by external life settlement underwriter and actuaries to reflect the individual medical characteristics of the referenced insureds. 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 risk adjustments as well as the discount factors reflect the risk compensation (return) an investor in a life settlement policy would expect to receive by buying a life settlement policy. The market for life settlement policies is private and fragmented, hence the appropriate inputs are unobservable. As a result, assumptions are made in determining relevant risk adjustment.

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

		Discount Factor		Longevity		Premium Estimates	
		–1% CHF millions	+1% CHF millions	–3 months CHF millions	+3 months CHF millions	–5% CHF millions	+5% CHF millions
Life settlements sensitivity							
Derivatives	Synthetic policies	3.6	(3.2)		(0.1)		
Financial assets at fair value	Physical policies	14.0	(12.9)	21.3	(21.0)	10.1	(9.9)
Available-for-sale	Physical policies	2.7	(2.4)	2.3	(2.1)	2.1	(2.0)
Financial liabilities designated at fair value	Synthetic policies	(13.7)	12.7	(20.3)	20.5		

(ii) 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 December 2015 which the Group understands would be the basis for any sale or purchase between SIX Group shareholders. As SIX Group has not yet published its December financial statements at the time of preparing these consolidated financial statements, the Group has made an estimate of the net asset value using unobservable data, being the estimated SIX Group year-end net profit as of December 2015. The sensitivity to this valuation is that the gain/loss taken through Other Comprehensive Income for a 30% higher and 30% lower 12 month 2015 estimated profit would be CHF 0.5 million gain or CHF (0.4) million loss on this position classified as available-for-sale.

(iii) Put option over non-controlling interests – liability to purchase non-controlling interest

The put options of the minority shareholders of Asesores y Gestores Financieros SA give rise to a financial liability designated at fair value of CHF 34.6 million that corresponds to the estimated discounted repurchase amount, which was deducted from shareholders' equity when the put options were created. In 2014 there were additional put options written by the Group to the minority shareholders for an amount of CHF 21.3 million.

The put options valuation methodology has been contractually agreed upon with the minority shareholders and is based on unobservable but objective accounting information (the Continuing Valuation Methodology – "CVM"). This valuation methodology takes into account three relevant accounting measures: EBITDA, Net revenues and Normalised Net Assets. The CVM shall contractually never be lower than the fixed price of EUR 32.2 million, which should be paid to minority shareholder upon the exercise of the put. The actual CVM calculated as of 31 December 2015 is below the contractual CVM and thus the current sensitivity of the put options is considered to be zero (2014: nil), hence no sensitivity to this currently exists.

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

(d) Offsetting

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

As at 31 December 2015	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of recognised financial assets presented in the balance sheet	Related amounts not set off in the balance sheet: Financial liabilities subject to netting agreements	Related amounts not set off in the balance sheet: Cash collateral received	Net exposure
Derivatives	757.1	(21.7)	735.4	(115.1)	(485.0)	135.3
Life insurance policies – Designated at fair value at inception	277.8		277.8	(277.8)		–
Total financial assets	**1,034.9**	**(21.7)**	**1,013.2**	**(392.9)**	**(485.0)**	**135.3**

As at 31 December 2015	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of recognised financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet: Financial assets subject to netting agreements	Related amounts not set off in the balance sheet: Cash collateral paid	Net exposure
Derivatives	735.8	(21.7)	714.1	(115.1)	(130.8)	468.2
Life insurance policies – Designated at fair value at inception	318.5		318.5	(277.8)	(128.3)	–
Total financial liabilities	**1,054.3**	**(21.7)**	**1,032.6**	**(392.9)**	**(259.1)**	**468.2**

As at 31 December 2014	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of recognised financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		Net exposure
				Financial liabilities subject to netting agreements	Cash collateral received	
Derivatives	618.8	(49.3)	569.5	(152.8)	(313.7)	103.0
Life insurance policies – Designated at fair value at inception	298.8		298.8	(298.8)		–
Total financial assets	**917.6**	**(49.3)**	**868.3**	**(451.6)**	**(313.7)**	**103.0**

As at 31 December 2014	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of recognised financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		Net exposure
				Financial assets subject to netting agreements	Cash collateral paid	
Derivatives	710.4	(49.3)	661.1	(152.8)	(225.7)	282.6
Life insurance policies – Designated at fair value at inception	330.5		330.5	(298.8)	(109.6)	–
Total financial liabilities	**1,040.9**	**(49.3)**	**991.6**	**(451.6)**	**(335.3)**	**282.6**

The Group is netting down legs of identified credit default swaps 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 December 2015 derivative financial instruments valued at CHF 23.1 million have been netted with derivative financial instruments with a negative value of CHF 21.7 million for a net presentation of derivative financial instruments as an asset with a value of CHF 1.4 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.

4.2.2 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
31 December 2015				
Financial Assets				
Due from other banks	(i)	2,168.5	2,168.6	0.1
Loans and advances to customers	(ii)	12,061.6	12,223.5	161.9
Investment securities – Held-to-maturity – Life insurance related	(iii)	815.7	566.4	(249.3)
Investment securities – Held-to-maturity – Debt	(iv)	346,5	326.5	(20.0)
		15,392.3	**15,285.0**	**(107.3)**
Financial Liabilities				
Due to other banks	(v)	503.2	503.2	–
Due to customers	(vi)	19,863.5	19,863.1	0.4
Subordinated loans	(vii)	242.8	261.5	(18.7)
Debt issued	(viii)	392.0	392.0	–
Other financial liabilities	(ix)	3,237.9	3,262.3	(24.4)
		24,239.4	**24,282.1**	**(42.7)**
Net assets and liabilities not measured at fair value		**(8,847.1)**	**(8,997.1)**	**(150.0)**
31 December 2014				
Financial Assets				
Due from other banks	(i)	2,108.8	2,108.8	–
Loans and advances to customers	(ii)	13,031.1	13,123.3	92.2
Investment securities – Held-to-maturity – Life insurance related	(iii)	774.2	525.4	(248.8)
Investment securities – Held-to-maturity – Debt	(iv)	384.9	368.0	(16.9)
		16,299.0	**16,125.5**	**(173.5)**
Financial Liabilities				
Due to other banks	(v)	466	465.5	0.5
Due to customers	(vi)	18,564.5	18,561.5	3.0
Subordinated loans	(vii)	246.3	265.3	(19.0)
Debt issued	(viii)	411.1	411.1	–
Other financial liabilities	(ix)	3,030.7	3,037.6	(6.9)
		22,718.6	**22,741.0**	**(22.4)**
Net assets and liabilities not measured at fair value		**(6,419.6)**	**(6,615.5)**	**(195.9)**

(i) Due from other banks

Due from other banks includes inter-bank placements and items in the course of collection. The fair value of floating rate placements, overnight deposits and term deposits with a maturity of less than 90 days is assumed to be their carrying amount, as the effect of discounting is not significant. The fair values are within level 2 of the fair value hierarchy.

(ii) Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received up to the next interest reset date. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within level 2 of the fair value hierarchy.

(iii) Investment securities – Held-to-maturity – Life insurance related

The fair value for held-to-maturity assets related to the life insurance portfolio is calculated using expected cash flows. These risk adjusted cash flows have been discounted at the term matching linearly interpolated market swap curve (2014: expected cash flows, not risk adjusted, Internal Rate of Return of 12.33%). The carrying value is derived from an acquisition value (based on an IRR at acquisition of 10.7%), premiums paid and an accrual on life insurance policies at year end. The overall yield of the investment (accrual and amortized death benefits of previously matured life insurance policies) is 1.3% (2014: 3.4%). The fair values are within level 3 of the fair value hierarchy. The methodology to determine the fair value of the life insurance portfolio is as described at note 4.2.1 c).

(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) Subordinated loans

The estimated fair value of the subordinated loans is based on the quoted market prices for these listed securities. Determined fair values are within level 1 of the fair value hierarchy.

(viii) Debt issued

The estimated fair value of the debt issued is based on the quoted market prices for these listed securities. Determined fair values are within level 1 of the fair value hierarchy.

(ix) 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.

4.2.3 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 end of the period.

	2015 CHF millions	2014 CHF millions
At 1 January	1.3	1.5
Recognised in the Income Statement	(0.2)	(0.2)
At 31 December	**1.1**	**1.3**

4.2.4 Market risk measurement techniques

Market risk exposure is measured in several ways: nominal and VaR exposure, gap reports, sensitivity to risk factors and stress tests. VaR is not used for regulatory reporting of risks. It is used internally only, for control and management purposes. As part of the management of market risk, the Group may from time to time, undertake various hedging strategies (note 24). The Group enters into interest rate swaps to hedge the interest rate risk associated with the fixed rate bond assets as well as fixed rate liabilities.

The major measurement techniques used to measure and control market risk, are outlined below.

(a) Value at Risk

The Value at Risk (VaR) computation is a risk analysis tool designed statistically to estimate the maximum potential periodic loss from adverse movements in interest rates (excluding credit spreads), foreign currencies and equity prices, under normal market conditions. VaR is calculated using statistically expected changes in market parameters for a given holding period at a specified level of probability. The Group VaR methodology is based on a full revaluation historical VaR approach. The Group produces its VaR figures with an In-house tool using a 10-day holding period with a 201-day observation period.

The VaR computation does not purport to represent actual losses in fair value on earnings to be incurred by the Group, nor does it consider the effect of favorable changes in market rates. The Group cannot predict actual future movements in such market rates, and it does not claim that these VaR results are indicative of future movements in such market rates; or to be representative of any actual impact that future changes in market rates may have on the Group's future results ofoperations or financial position.

Daily risk reports review compliance with market risk limits. The following table presents VaR (as described above) for market risk, by risk type:

VaR by risk type	At 31 December	12 months to 31 December		
		Average	High	Low
	CHF millions	CHF millions	CHF millions	CHF millions
2015				
Interest rate risk	3.4	4.3	5.2	3.2
Currency risk	0.6	0.4	0.7	0.2
Equity price risk	0.6	0.5	0.6	0.5
VaR	**4.6**	**5.2**	**6.5**	**3.9**
2014				
Interest rate risk	3.2	3.8	5.7	2.7
Currency risk	0.2	0.3	0.4	0.1
Equity price risk	0.6	0.3	0.6	0.2
VaR	**4.0**	**4.4**	**6.7**	**3.0**

The Group considers interdependencies between the risk variables to be insignificant.

(b) Alternative sensitivity analysis

Alternative sensitivity analysis is performed on the following financial instruments, which are not covered by VaR:

i) Trading assets and designated at fair value through profit or loss, which includes life insurance policies, structured products and unquoted equities
ii) Available-for-sale – life insurance policies
iii) Financial liabilities – life insurance policies and liabilities to purchase non-controlling interests.

The sensitivity analysis calculates the impact from changes in equity prices, interest rates and life expectancies. The computation does not purport to represent actual gains and losses to be incurred by the Group. The Group cannot predict actual future movements in such market rates, and it does not claim that these results are indicative of future movements in such market rates; or to be representative of any actual impact that future changes in market rates may have on the Group's future results of operations or financial position.

The following risks exist for positions at 31 December 2015 for which i) VaR is not calculated above or ii) Sensitivity analysis is not presented in note 4.2.1 (c).

			Price Risk		
Category	Product	Impact from	Market value CHF millions	Income Statement CHF millions	Statement of Comprehensive Income CHF millions
31 December 2015					
Available-for-sale	Unquoted equities	30% lower profits	27.8		(0.4)
Available-for-sale	Private equity funds	30% lower profits	0.3		(0.1)
Financial liabilities at fair value	Liabilities to purchase non-controlling interests	20% increase in revenue	(34.6)		
31 December 2014					
Available-for-sale	Unquoted equities	30% lower profits	28.7		(0.4)
Available-for-sale	Private equity funds	30% lower profits	0.4		(0.1)
Financial liabilities at fair value	Liabilities to purchase non-controlling interests	20% increase in revenue	(38.7)		

(c) Stress tests

VaR calculations are complemented by various stress tests, which identify the potential impact of extreme market scenarios on portfolios values. These stress tests simulate both exceptional movements in prices or rates; and drastic deteriorations in market correlations. In addition to nominal limits and stop losses, they are the primary tools used by internal market risk management. Stress test results are calculated daily by the Market Risk Management Unit and reported to management.

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions.
The stress tests include:

i) Risk factor stress testing, where stress movements are applied to each risk category, and
ii) Ad hoc stress testing, which includes applying possible stress events to specific positions or regions.

Results of the stress tests are reviewed by senior management in each business unit, and by the Risk Committee of the Board. Stress testing is tailored to the business and typically uses scenario analysis.

(d) Earnings at risk

In line with the FINMA circular 08/6 related to interest rate income, Net Interest Income sensitivity (NII) and Interest Earnings at Risk (IEAR) measurements have been implemented and outcomes are regularly reviewed against defined stress scenario limits.

4.2.5 Interest rate risk

The Board sets limits for the interest repricing gap or mismatch; which is monitored by the Market Risk Management Unit. The table below summarises the Group's exposure to interest rate risk. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

31 December 2015	Up to 3 months CHF millions	3–12 months CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Non-interest bearing CHF millions	Total CHF millions
Assets						
Cash and balances with central banks	4,862.0					4,862.0
Treasury bills	687.7	69.4				757.1
Due from other banks	450.4	242.0			1,476.1	2,168.5
Loans and advances to customers	6,759.0	1,701.7	3,583.0	17.9		12,061.6
Derivative financial instruments	252.0	1.4	0.5	0.2	481.3	735.4
Financial assets at fair value:						
Trading Assets	57.5		1.1			58.6
Designated at inception				305.0		305.0
Investment securities:						
Available-for-sale	2,573.1	321.9	881.3	426.3	41.2	4,243.8
Held-to-maturity		1,162.2				1,162.2
Other assets					113.9	113.9
Total financial assets	**15,641.7**	**3,498.6**	**4,465.9**	**749.4**	**2,112.5**	**26,468.1**
Liabilities						
Due to other banks	229.7	15.0			258.5	503.2
Due to customers	8,563.4	889.9	213.4		10,196.8	19,863.5
Subordinated loans				242.8		242.8
Debt issued			392.0			392.0
Derivative financial instruments	198.9	4.3	0.1	0.1	510.7	714.1
Financial liabilities designated at fair value				318.5	34.6	353.1
Other financial liabilities	803.3	646.3	1,358.9	429.4		3,237.9
Provisions					7.7	7.7
Other liabilities					313.1	313.1
Total financial liabilities	**9,795.3**	**1,555.5**	**1,964.4**	**990.8**	**11,321.4**	**25,627.4**
On-balance-sheet interest repricing gap	5,846.4	1,943.1	2,501.5	(241.4)	(9,208.9)	840.7
Off-balance-sheet interest repricing gap	2,165.0	(99.7)	(1,582.8)	(482.5)		–
31 December 2014						
Total financial assets	**12,225.9**	**2,225.4**	**2,620.3**	**3,101.1**	**4,842.6**	**25,015.3**
Total financial liabilities	**8,430.8**	**1,446.5**	**1,678.4**	**1,000.1**	**11,571.8**	**24,127.6**
On-balance-sheet interest repricing gap	3,795.1	778.9	941.9	2,101.0	(6,729.2)	887.7
Off-balance-sheet interest repricing gap	2,495.5	(178.0)	(902.6)	(1,414.9)		–

Fair value interest rate risk hedges
The Group interest rate risk arises from long-term exposures to bonds. Holdings in bonds issued at fixed rates expose the Group to fair value interest rate risk. The Group enters into fixed-to-floating interest rate swaps to hedge the fair value interest rate risk arising where it has acquired fixed rate bonds. Interest rate swaps used for hedging purposes are disclosed in note 24.1.

For the sensitivity to changes in interest rate (internal rate of return) related to the Life Insurance portfolio see note 3(d).

4.2.6 Foreign exchange risk
The Group carries out foreign currency operations both for its clients, and for its own account. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments, in foreign operations. The overall net nominal positions per currency are monitored against overnight limits. In addition, 10 sliding days stop loss limits are in place for VaR stress test. Entities in the Group use derivative contracts, such as forward or option contracts primarily to offset customer transactions.

Apart from the exposure to foreign currencies which relates to banking and trading activities in subsidiary companies, the Group is also exposed to foreign currency fluctuations because most of the subsidiaries and branches of EFG Bank AG use local currencies as their reporting currencies. From time to time the Group may enter into currency hedging arrangements to reduce the effects of exchange rate fluctuations on its income.

The Group takes on limited exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure. See note 4.2.4 which reflects the Currency risk VaR.

4.3 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 customers, both in demand for loans and repayments of deposits, and to satisfy its own cash flow needs.

4.3.1 Liquidity risk management process
The Group attempts to avoid concentrations of its funding facilities. It observes its current liquidity situation and determines the pricing of its assets and credit business. The Group also has a liquidity management process in place that includes liquidity contingency plans. These contingency measures include the activation of repo transactions with prime counterparties, the liquidation of marketable securities and/or draw downs on lines of credit (Lombard facility) with the Swiss National Bank.

The Group complies with all regulatory requirements, including overnight liquidity limits in the various countries in which it operates banks. It reports its daily liquidity situation to management on an individual entity basis for its banking subsidiaries. Stress tests are undertaken monthly, or as necessary. Both the Group's capital, reserves position and conservative gapping policy ensure that the Group runs only a small liquidity risk when funding customer loans.

The Group's liquidity risk management process is carried out by the Financial Markets department and monitored by the Market Risk Management Unit. It includes:
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers
- Maintaining a portfolio of highly marketable assets that can easily be liquidated (repaid or sold) as protection against any unforeseen interruption to cash flow
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities, and the expected collection date of the financial assets (notes 4.3.3- 4.3.4).

Financial Markets also monitors unmatched medium-term assets and the usage of overdraft facilities.

4.3.2 Funding approach

Sources of liquidity are regularly reviewed by Financial Markets to maintain a wide diversification by currency, geography, provider, product and term.

4.3.3 Financial liabilities cash flows

The table below analyses the Group's financial liabilities by remaining contractual maturities, at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month CHF millions	1–3 months CHF millions	3–12 months CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2015						
Liabilities						
Due to other banks	486.9	1.4	15.0			503.3
Due to customers	17,428.3	1,484.6	879.0	84.9		19,876.8
Subordinated loans			13.5		229.3	242.8
Debt issued				392.0		392.0
Derivative financial instruments	9,738.3	3,821.0	1,603.6	27.7		15,190.6
Financial liabilities designated at fair value	34.6				318.5	353.1
Other financial liabilities	619.3	376.8	557.8	1,175.0	531.5	3,260.4
Provisions			7.7			7.7
Other liabilities	268.3	10.1	32.1	2.5	0.1	313.1
Total financial liabilities	**28,575.7**	**5,693.9**	**3,108.7**	**1,682.1**	**1,079.4**	**40,139.8**
Total off balance-sheet	**394.8**					**394.8**
31 December 2014						
Liabilities						
Due to other banks	228.7	236.6	1.0			466.3
Due to customers	14,690.8	1,717.6	2,076.0	93.4		18,577.8
Subordinated loans			14.1		232.2	246.3
Debt issued				411.1		411.1
Derivative financial instruments	8,520.2	2,074.8	1,706.9	51.4		12,353.3
Financial liabilities designated at fair value	38.7				330.5	369.2
Other financial liabilities	425.7	142.4	779.9	1,130.2	560.1	3,038.3
Provisions		8.0	30.0			38.0
Other liabilities	290.1	18.9	30.4	1.0	0.3	340.7
Total financial liabilities	**24,194.2**	**4,198.3**	**4,638.3**	**1,687.1**	**1,123.1**	**35,841.0**
Total off balance-sheet	**427.0**					**427.0**

For more detailed information on off-balance sheet exposures by maturity, refer to note 45.

4.3.4 Summary of Liquidity

The Group's central treasury manages the liquidity and financing risks on an integrated basis. The liquidity positions of the Group's entities are monitored and managed daily and exceed the regulatory minimum, as required by the Group's market risk framework and policy. Overall, the Group, through its business entities, enjoys a favourable funding base with stable and diversified customer deposits which provide the vast majority of the Group's total funding. Together with its capital resources, the surplus of stable customer deposits over loans to the Group's customers is placed with the given treasury units where the Group's funding and liquidity are managed to ensure this complies with the different local regulatory requirements. In addition, all entities operate within the Group's liquidity policies and guidelines.

4.3.5 Concentration risk

The Group monitors concentration risk through the following mechanisms:
– The overall level of market and credit exposures are tightly monitored by means of specific risk parameters and indicators approved by the Board of Directors and/or Board delegated Risk Committee and in line with the Group's overall committed level of risk appetite and avoidance of any concentration risk.
– These exposures and corresponding limits are proactively reviewed through Management Risk Committee and/or Board delegated Risk Committee to ensure full consideration is given to both market and liquidity conditions, the overall risk framework of the Group, and to avoid any possible concentration risk in light of changing market environments.

4.4 Capital Management

The Group's objectives when managing regulatory capital is to comply with the capital requirements set by regulators of the jurisdictions in which the Group entities operate and to safeguard the Group's ability to continue as a going concern.

Capital adequacy and the use of regulatory capital is continually monitored and reported by the Group's management, using the framework developed by the Bank for International Settlements ("BIS"). The regulatory capital requirement of the Group is ultimately determined by the rules implemented by the Swiss banking regulator, the Swiss Financial Market Supervisory Authority.

The Group's eligible capital comprises two tiers:
– Tier 1 capital: share capital (net of any book values of the treasury shares), non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of acquisition related intangible assets net of acquisition related liabilities is deducted in arriving at Tier 1 capital
– Tier 2 capital: subordinated loans, collective impairment allowances and unrealised gains arising on the fair valuation of security instruments held as available-for-sale

Risk-weighted assets are determined according to specified requirements which reflect the varying levels of risk attached to assets and off-balance sheet exposures, and include amounts in respect of credit risk, market risk, non-counterparty related risk, settlement risk and operational risk.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December 2015 and 2014. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

	Basel III Fully applied 31 December 2015 Unaudited CHF millions	Basel III Fully applied 31 December 2014 Unaudited CHF millions
Tier 1 capital		
Share capital	76.1	75.5
Share premium	1,245.9	1,243.8
Other reserves	(180.2)	(72.5)
Retained earnings	(32.3)	(90.5)
Non-controlling interests	19.5	18.8
IFRS: Total shareholders' equity	**1,129.0**	**1,175.1**
Less: Proposed dividend on Ordinary Shares (note 50)	(38.0)	(37.7)
Less: Accrual for estimated expected future dividend on Bons de Participation	(0.0)	(0.1)
Less: Available-for-sale investment securities revaluation reserve	(4.9)	(22.2)
Less: Goodwill (net of acquisition related liabilities) and intangibles (excluding software)	(228.7)	(239.5)
Less: Bons de Participation	(14.5)	(16.1)
Less: Other Basel III deductions	(48.8)	(40.0)
Common Equity Tier 1 (CET1)	**794.1**	**819.5**
Additional Tier 1 (AT1): Bons de Participation	14.5	16.1
Total qualifying Tier 1 capital	**808.6**	**835.6**
Tier 2 capital		
Subordinated loans	229.3	232.1
Available-for-sale investment securities revaluation reserve (45% weighted)	2.2	10.1
Total regulatory capital	**1,040.1**	**1,077.8**
Risk-weighted assets		
Credit risk including Settlement risk	4,652.5	4,226.3
Non-counterparty related risk	21.0	20.8
Market risk*	318.2	232.9
Operational risk*	1,208.0	1,285.1
Total risk-weighted assets	**6,199.7**	**5,765.1**

	31 December 2015 %	31 December 2014 %
Basel III – BIS CET1 Ratio (after deducting proposed dividend on Ordinary Shares)	**12.8**	**14.2**
Basel III – BIS Total Ratio (after deducting proposed dividend on Ordinary Shares)	**16.8**	**18.7**

* *Risk weighted figure calculated by taking 12.5 times the capital adequacy requirement.*

5. NET INTEREST INCOME

	31 December 2015 CHF millions	31 December 2014 CHF millions
Interest and discount income		
Banks and customers	311.5	328.3
Financial assets designated at fair value	51.6	49.5
Available-for-sale investment securities	36.6	51.7
Held-to-maturity investment securities*	10.2	27.4
Treasury bills and other eligible bills	3.7	1.4
Total interest and discount income	**413.6**	**458.3**
Interest expense		
Banks and customers**	(115.7)	(114.0)
Financial liabilities at fair value	(52.8)	(48.7)
Other financial liabilities	(22.6)	(27.8)
Subordinated loans	(16.7)	(17.5)
Debt issued	(5.2)	(3.1)
Total interest expense	**(213.0)**	**(211.1)**
Net interest income	**200.6**	**247.2**

* Net of amortisation of revaluation loss recorded in available-for-sale equity reserve, relating to the life insurance policies transferred from available-for-sale to held-to-maturity, of CHF (10.7) million (2014: CHF (10.4) million).

** Negative interest on Swiss Francs deposits placed at the Swiss National Bank amounts to CHF 16.3 million in the year ended 31 December 2015 (2014: CHF nil) and are disclosed as Interest expense due to Banks and customers.

Interest income accrued on impaired financial assets is CHF nil (2014: CHF nil).

6. NET BANKING FEE AND COMMISSION INCOME

	31 December 2015 CHF millions	31 December 2014 CHF millions
Advisory and Management fees	213.9	214.5
Brokerage fees	150.6	176.7
Commission and fee income on other services	87.7	86.5
Banking fee and commission income	**452.2**	**477.7**
Commission and fee expenses on other services	(76.9)	(96.4)
Banking fee and commission expense	**(76.9)**	**(96.4)**
Net banking fee and commission income	**375.3**	**381.3**

7. DIVIDEND INCOME

	31 December 2015 CHF millions	31 December 2014 CHF millions
Available-for-sale investment securities	6.5	1.1
Dividend income	**6.5**	**1.1**

8. NET TRADING INCOME AND FOREIGN EXCHANGE GAINS LESS LOSSES

Net trading income of CHF 104.3 million (2014: CHF 69.8 million) comprised of results from foreign exchange transactions and results on revaluation of assets and liabilities denominated in other currencies, including the mark to market of interest rate swaps and currency forwards and swaps.

9. NET LOSS FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

	31 December 2015 CHF millions	31 December 2014 CHF millions
Financial instruments measured at fair value		
Equity securities	1.9	0.7
Debt securities	0.1	(1.3)
Derivative financial instruments	6.6	6.4
Life insurance securities	(15.4)	(8.4)
Inefficiency on fair value hedges	0.4	(0.4)
Net loss from financial instruments measured at fair value	**(6.4)**	**(3.0)**

Inefficiency on fair value hedges		
Net gain/(loss) on hedging instruments	76.3	(109.2)
Net (loss)/gain on hedged items attributable to the hedged risk	(75.9)	108.8
Net gain/(loss) representing ineffective portions of fair value hedges	**0.4**	**(0.4)**

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

	31 December 2015 CHF millions	31 December 2014 CHF millions
Transfer from Other Comprehensive Income		
Debt securities	15.5	19.0
Life insurance securities	(1.3)	(0.8)
Gains less losses on disposal of available-for-sale investment securities	**14.2**	**18.2**

11. REVERSAL OF IMPAIRMENT ON LOANS AND ADVANCES TO CUSTOMERS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Impairment on loans and advances to customers		(0.2)
Reversal of impairment on loans and advances to customers	0.1	0.5
Reversal of impairment on loans and advances to customers (note 22)	**0.1**	**0.3**

12. OPERATING EXPENSES

	31 December 2015 CHF millions	31 December 2014 CHF millions
Staff costs (note 13)	(436.1)	(418.8)
Professional services	(20.9)	(17.5)
Advertising and marketing	(10.9)	(10.5)
Administrative expenses	(51.9)	(51.6)
Operating lease rentals	(29.1)	(26.8)
Depreciation of property, plant and equipment (note 32)	(6.1)	(7.8)
Amortisation of intangible assets		
Computer software and licences (note 31)	(3.8)	(3.5)
Other intangible assets (note 31)	(4.2)	(3.5)
Legal and litigation expenses	(18.2)	(12.8)
Other	(23.1)	(22.2)
Operating expenses	**(604.3)**	**(575.0)**

13. STAFF COSTS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Wages, salaries and staff bonuses	(354.9)	(345.2)
Social security costs	(26.6)	(25.5)
Pension costs		
Defined benefits (note 42)	(10.4)	(8.1)
Other net pension costs	(7.4)	(8.3)
Employee Equity Incentive Plans (note 52)	(13.5)	(10.5)
Other	(23.3)	(21.2)
Staff costs	**(436.1)**	**(418.8)**

As at 31 December 2015 the number of employees of the Group was 2,169 (2014: 2,059) and the average for the year was 2,133 (2014: 2,048).

14. INCOME TAX EXPENSE

	31 December 2015 CHF millions	31 December 2014 CHF millions
Current tax expense	(15.1)	(14.0)
Deferred income tax gain/(expense) (note 15)	2.0	(3.7)
Total income tax expense	**(13.1)**	**(17.7)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of the Group, as follows:

Operating profit before tax	72.5	80.3
Tax at the weighted average applicable rate of 17% (2014: 17%)	(12.3)	(13.7)
Tax effect of:		
Income not subject to tax	0.2	6.5
Different tax rates in different countries	2.9	0.3
Unrecognised tax loss carry forwards for the year	(7.6)	(10.9)
Regognition of previously unrecognised tax loss carry forwards	7.7	0.7
Impairment of deferred tax assets	(1.6)	
Other differences	(2.4)	(0.6)
Total income tax expense	**(13.1)**	**(17.7)**

The weighted average tax rate of 17% is based on the operating entities local tax rates relative to the taxable income in these jurisdictions.

15. DEFERRED INCOME TAXES

Deferred income taxes are calculated under the liability method on all temporary differences, using the expected effective local applicable rate. Deferred income tax assets and liabilities comprise the following:

	31 December 2015 CHF millions	31 December 2014 CHF millions
Deferred income tax assets	35.0	32.8
Deferred income tax liabilities	(35.1)	(35.4)
Net deferred income tax liabilities	**(0.1)**	**(2.6)**

The movement on the net deferred income tax account is as follows:

At 1 January	**(2.6)**	**1.7**
Deferred tax gain/(expense) for the period in the Income Statement	2.0	(3.7)
Available-for-sale adjustment through Other Comprehensive Income	1.7	(1.1)
Exchange differences	(1.2)	0.5
At 31 December	**(0.1)**	**(2.6)**

Deferred income tax assets and liabilities are attributable to the following items:

Tax losses carried forward	28.9	27.5
Differences between local tax rules and accounting standards	4.6	4.1
Employee equity incentive plans amortisation	1.5	1.2
Deferred income tax assets	**35.0**	**32.8**
Arising from acquisition of intangible assets	(26.4)	(26.4)
Valuation of financial assets not reflected in local tax accounts	(7.0)	(7.2)
Sundry differences between local tax rules and accounting standards	(1.7)	(1.8)
Deferred income tax liabilities	**(35.1)**	**(35.4)**
Net deferred income tax liabilities	**(0.2)**	**(2.6)**

The deferred income tax gain/(expense) in the Income Statement comprises the following temporary differences:

	31 December 2015 CHF millions	31 December 2014 CHF millions
Utilisation of tax losses carried forward	(2.5)	(2.9)
Creation of deferred tax assets	6.0	
Impairment of deferred tax assets	(1.6)	
Deferred tax liabilities related to intangible amortisation	(0.3)	(0.4)
Other temporary differences	0.4	(0.4)
Deferred income tax gain/(expense)	**2.0**	**(3.7)**

The Group has deferred tax assets related to tax losses carried forward of CHF 28.9 million as a result of subsidiaries with tax losses of CHF 215.5 million (2014: CHF 179.0 million) to carry forward against future taxable income. These tax losses will expire as summarised below:

	31 December 2015 CHF millions	Tax rate %	Carried Forward Losses CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years CHF millions
EFG International AG, Switzerland	12.5	7.83%	159.6	159.6		
EFG Bank (Luxembourg) S.A., Luxembourg*	15.1	29.22%	51.7			51.7
EFG Capital Holdings Corp.	1.3	31.00%	4.2			4.2
Total	**28.9**		**215.5**	**159.6**	**–**	**55.9**

The Group has unused tax losses for which no deferred tax asset is recognised as follows:

	31 December 2015 CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years no expiry CHF millions
EFG International AG, Switzerland	843.3	843.3		
EFG Bank AG, Switzerland	186.8	97.6	89.2	
EFG Bank (Luxembourg) S.A., Luxembourg*	144.3			144.3
Total	**1,174.4**	**940.9**	**89.2**	**144.3**

* *Taxed as single fiscal unity with EFG Investment (Luxembourg) SA.*

	31 December 2014 CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years no expiry CHF millions
EFG International AG, Switzerland	888.2	245.4	642.8	
EFG Bank AG, Switzerland	184.4		184.4	
EFG Bank (Luxembourg) S.A., Luxembourg*	100.7			100.7
Total	**1,173.3**	**245.4**	**827.2**	**100.7**

* *Taxed as single fiscal unity with EFG Investment (Luxembourg) SA.*

16. ANALYSIS OF SWISS AND FOREIGN INCOME AND EXPENSES FROM ORDINARY BANKING ACTIVITIES, AS PER THE OPERATING LOCATION

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2015			
Interest and discount income	136.1	277.5	413.6
Interest expense	(62.5)	(150.5)	(213.0)
Net interest income	**73.6**	**127.0**	**200.6**
Banking fee and commission income	100.3	351.9	452.2
Banking fee and commission expense	(21.3)	(55.6)	(76.9)
Net banking fee and commission income	**79.0**	**296.3**	**375.3**
Dividend income	6.5		6.5
Net trading income and foreign exchange gains less loss	33.3	71.0	104.3
Net (loss)/gain from financial instruments measured at fair value	(92.0)	85.6	(6.4)
Gains less losses on disposal of available-for-sale investment securities	(85.1)	99.3	14.2
Other operating income/(loss)	162.7	(160.5)	2.2
Net other income	**25.4**	**95.4**	**120.8**
Operating income	**178.0**	**518.7**	**696.7**
Operating expenses	(242.8)	(361.5)	(604.3)
Other provisions	(21.7)	1.7	(20.0)
Reversal of impairment on loans and advances to customers		0.1	0.1
Profit before tax	**(86.5)**	**159.0**	**72.5**
Income tax expense	0.4	(13.5)	(13.1)
Net profit for the year	**(86.1)**	**145.5**	**59.4**
Net profit for the period attributable to:			
Net profit attributable to equity holders of the Group	(86.1)	143.2	57.1
Net profit attributable to non-controlling interests		2.3	2.3
	(86.1)	**145.5**	**59.4**

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2014			
Interest and discount income	143.1	315.2	458.3
Interest expense	(52.2)	(158.9)	(211.1)
Net interest income	**90.9**	**156.3**	**247.2**
Banking fee and commission income	102.2	375.5	477.7
Banking fee and commission expense	(24.0)	(72.4)	(96.4)
Net banking fee and commission income	**78.2**	**303.1**	**381.3**
Dividend income	1.1		1.1
Net trading income and foreign exchange gains less losses	16.5	53.3	69.8
Net gain/(loss) from financial instruments measured at fair value	(6.5)	3.5	(3.0)
Gains less losses on disposal of available-for-sale investment securities	(47.5)	65.7	18.2
Other operating income/(loss)	115.1	(113.1)	2.0
Net other income	**78.7**	**9.4**	**88.1**
Operating income	**247.8**	**468.8**	**716.6**
Operating expenses	(230.2)	(344.8)	(575.0)
Other provisions	(55.4)	(8.7)	(64.1)
Gain on disposal of subsidiaries		2.5	2.5
Reversal of impairment on loans and advances to customers	0.1	0.2	0.3
Profit before tax	**(37.7)**	**118.0**	**80.3**
Income tax expense	(3.4)	(14.3)	(17.7)
Net profit for the year	**(41.1)**	**103.7**	**62.6**
Net profit for the period attributable to:			
Net profit attributable to equity holders of the Group	(41.1)	102.5	61.4
Net profit attributable to non-controlling interests		1.2	1.2
	(41.1)	**103.7**	**62.6**

17. CASH AND BALANCES WITH CENTRAL BANKS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Cash in hand	5.5	6.0
Balances with central banks	4,856.5	2,849.3
Cash and balances with central banks	**4,862.0**	**2,855.3**

18. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	31 December 2015 CHF millions	31 December 2014 CHF millions
Cash and balances with central banks	4,862.0	2,855.3
Treasury bills and other eligible bills	574.0	400.0
Due from other banks – At sight	1,457.1	1,553.7
Due from other banks – At term	383.0	504.3
Cash and cash equivalents with less than 90 days maturity	**7,276.1**	**5,313.3**

19. TREASURY BILLS AND OTHER ELIGIBLE BILLS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Treasury bills	757.1	626.0
Treasury bills and other eligible bills	**757.1**	**626.0**
Pledged treasury bills with central banks and clearing system companies.	–	–

20. DUE FROM OTHER BANKS

	31 December 2015 CHF millions	31 December 2014 CHF millions
At sight	1,457.1	1,553.7
At term – with maturity of less than 90 days	383.0	504.3
At term – with maturity of more than 90 days	328.4	50.8
Due from other banks	**2,168.5**	**2,108.8**
Pledged due from other banks	*443.1*	*378.0*

21. LOANS AND ADVANCES TO CUSTOMERS

	31 December 2015 CHF millions	31 December 2014 CHF millions
- Due from customers	8,821.2	9,429.4
- Mortgages	3,247.1	3,609.0
Gross loans and advances	**12,068.3**	**13,038.4**
Less: Provision for impairment losses (note 22)	(6.7)	(7.3)
Loans and advances to customers	**12,061.6**	**13,031.1**

Geographic sector risk concentrations within the Group's customer loan portfolio were as follows:

	31 December 2015		31 December 2014	
	CHF millions	%	CHF millions	%
Latin America and Caribbean	3,626.5	30.1%	3,625.5	27.8%
United Kingdom	2,612.1	21.7%	2,280.3	17.5%
Asia and Oceania	2,610.7	21.6%	3,021.1	23.2%
Europe (other)	1,952.9	16.2%	2,488.4	19.1%
Africa and Middle East	423.6	3.5%	470.0	3.6%
United States and Canada	390.8	3.2%	544.0	4.2%
Switzerland	315.6	2.6%	240.3	1.8%
Luxembourg	129.4	1.1%	361.5	2.8%
Total	**12,061.6**	**100.0%**	**13,031.1**	**100.0%**

This analysis is based on the client's place of residence and not necessarily on the domicile of the credit risk.

Mortgages with a value of CHF 531.3 million (2014: CHF 552.0 million) are pledged as collateral for a debt issuance by a Group company, Chestnut Financing PLC (see note 36).

22. PROVISION FOR IMPAIRMENT LOSSES ON LOANS AND ADVANCES TO CUSTOMERS

	2015 CHF millions	2014 CHF millions
At 1 January	**7.3**	**9.6**
Reversal of impairment on loans and advances to customers (note 11)	(0.1)	(0.3)
Utilisation of provision	(0.1)	(2.3)
Exchange differences	(0.4)	0.3
At 31 December	**6.7**	**7.3**

23. COLLATERAL FOR LOANS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Loans and advances to customers		
Mortgages	3,245.4	3,607.2
Secured by other collateral	8,768.8	9,310.4
Unsecured	47.4	113.5
Total loans and advances to customers	**12,061.6**	**13,031.1**
Off-balance sheet commitments		
Contingent liabilities secured by other collateral	371.2	389.4
Contingent liabilities unsecured	23.6	37.6
Total off-balance sheet commitments	**394.8**	**427.0**

The unsecured loans include CHF 34.0 million (2014: CHF 34.0 million) of loans made with no collateral and CHF 13.4 million (2014: CHF 79.5 million) of loans where the collateral value is below the value of the loan. The uncollateralised portion of these loans is classified as "unsecured"; however they are within the approved unsecured lending limits for the customers.

See note 4.1 for further details on collateral.

24. DERIVATIVE FINANCIAL INSTRUMENTS

24.1 Derivatives

The Group's credit risk represents the potential cost to replace the forward or swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities. Credit risk on index, interest rate and bond futures is negligible because futures contracts are collateralised by cash or marketable securities, and changes in their value are settled daily. The notional amounts of financial instruments provide a basis for comparison, but do not indicate the amount of future cash flows, or the current fair value of the underlying instruments. Accordingly, they do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, credit spreads or foreign exchange rates, relative to their terms. The fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The fair values of derivative instruments held are set out in the following table:

	31 December 2015			31 December 2014		
	Contract/ notional amount CHF millions	Fair values Assets CHF millions	Fair values Liabilities CHF millions	Contract/ notional amount CHF millions	Fair values Assets CHF millions	Fair values Liabilities CHF millions
Derivatives held for trading						
Currency and precious metal derivatives						
Forward contracts	3,502.8	37.2	23.2	4,146.5	43.7	26.4
Currency swaps	11,057.7	99.0	55.8	7,664.9	82.6	56.6
OTC currency options	4,281.4	20.0	23.1	2,584.1	25.3	26.0
	18,841.9	**156.2**	**102.1**	**14,395.5**	**151.6**	**109.0**
Interest rate derivatives						
Interest rate swaps	919.2	9.7	4.4	1,185.1	11.9	7.4
OTC interest rate options	121.5	12.2	14.1	226.3	25.4	27.2
Interest rate futures	64.8	0.2		0.5	0.1	0.2
	1,105.5	**22.1**	**18.5**	**1,411.9**	**37.4**	**34.8**
Other derivatives						
Equity options and index futures	2,391.4	430.7	458.9	2,267.3	318.0	321.4
Credit default swaps	326.7	60.9	59.5	196.4	2.0	0.4
Total return swaps	134.0	62.2		133.6	56.2	
Commodity options and futures	3.7	1.2	1.2	33.7	1.5	1.5
	2,855.8	**555.0**	**519.6**	2,631.0	**377.7**	**323.3**
Total derivative assets/liabilities held for trading	**22,803.2**	**733.3**	**640.2**	**18,438.4**	**566.7**	**467.1**
Derivatives held for hedging						
Derivatives designated as fair value hedges						
Interest rate swaps	2,250.1	2.1	73.9	2,607.0	2.8	194.0
Total derivative assets/liabilities held for hedging	**2,250.1**	**2.1**	**73.9**	**2,607.0**	**2.8**	**194.0**
Total derivative assets/liabilities	**25,053.3**	**735.4**	**714.1**	**21,045.4**	**569.5**	**661.1**

24.2 Hedging activities

The hedging practices and accounting treatment are disclosed in note 2(d).

Fair value hedges

The Group hedges its interest rate risk resulting from a potential decrease in the fair value of fixed rate bond assets or loans, by using interest rate swaps. The net fair value of these swaps at 31 December 2015 was negative CHF 71.8 million (2014: negative CHF 191.2 million).

25. FINANCIAL ASSETS AT FAIR VALUE – TRADING ASSETS

		31 December 2015 CHF millions	31 December 2014 CHF millions
Issued by non public issuers:	Banks	58.6	99.0
Issued by non public issuers:	Other		6.6
Total		**58.6**	**105.6**

The movement in the account is as follows:

At 1 January	**105.6**	**113.3**
Additions	0.1	9.2
Disposals (sale and redemption)	(49.0)	(19.5)
Accrued interest	0.1	0.5
Gains from changes in fair value	1.8	2.1
At 31 December	**58.6**	**105.6**

26. FINANCIAL ASSETS AT FAIR VALUE – DESIGNATED AT INCEPTION

		31 December 2015 CHF millions	31 December 2014 CHF millions
Issued by other issuers:	US life insurance companies*	277.8	298.8
Issued by other issuers:	US life insurance companies	27.2	30.9
Total		**305.0**	**329.7**
Life insurance policies securities	Unquoted – Discounted cash flow analysis*	277.8	298.8
Life insurance policies securities	Unquoted – Discounted cash flow analysis	27.2	30.9
Total		**305.0**	**329.7**
Pledged securities with central banks, clearing system companies or third party banks		*277.8*	*296.8*

The movement in the account is as follows:

At 1 January	**329.7**	**349.8**
Additions	39.5	34.9
Disposals (sale and redemption)	(15.3)	(77.0)
Accrued interests	51.4	48.0
Losses from changes in fair value	(99.5)	(59.7)
Exchange differences	(0.8)	33.7
At 31 December	**305.0**	**329.7**

* See note 37 Financial liabilities designated at fair value.

27. INVESTMENT SECURITIES – AVAILABLE-FOR-SALE

		31 December 2015 CHF millions	31 December 2014 CHF millions
Issued by public bodies:	Government	1,119.2	1,664.2
Issued by public bodies:	Other public sector	584.3	541.7
Issued by other issuers:	Banks	1,882.5	1,461.8
Issued by other issuers:	US life insurance companies	35.5	40.9
Issued by other issuers:	Other	622.3	384.9
Total		**4,243.8**	**4,093.5**
Debt securities:	Listed/Quoted	3,283.1	3,368.4
Debt securities:	Unquoted – Discounted cash flow analysis	896.6	654.8
Debt securities:	Unlisted		
Equity securities:	Listed/Quoted	0.5	0.3
Equity securities:	Unquoted – Other valuation Models	28.1	29.1
Life insurance related:	Unquoted – Discounted cash flow analysis	35.5	40.9
Total		**4,243.8**	**4,093.5**
Pledged securities with central banks, clearing system companies or third party banks		*232.0*	466.8

The movement in the account is as follows:

At 1 January	**4,093.5**	**3,844.5**
Additions	2,113.9	3,624.7
Disposals (sale and redemption)	(1,786.3)	(3,711.4)
Fair value (losses)/gains on available-for-sale investment securities	(84.5)	9.3
Transfer to the income statement of realised available-for-sale investment securities	14.2	18.2
Change in accrued interest	(5.5)	8.8
Exchange differences	(101.5)	299.4
At 31 December	**4,243.8**	**4,093.5**

The Group has pledged Financial Investment Securities as collateral for CHF 131.7 million (2014: CHF 358.9 million). This is related to the Group's role as collateral provider in relation to structured products issued by a subsidiary, where the holders of the structured products assume a default risk that varies according to the creditworthiness of the issuer. The insolvency of the issuer may result in a total loss for the investor. In order to minimise this risk, SIX Swiss Exchange offers a service for the collateralisation of structured products, and the Group has pledged assets to SIX Swiss Exchange.

28. INVESTMENT SECURITIES – AVAILABLE-FOR-SALE EQUITY RESERVE

Other Comprehensive Income – revaluation of available-for-sale investment securities:
Gains and losses arising from the changes in the fair value of available-for-sale investment securities are recognised in a revaluation reserve for available-for-sale financial assets in Other Comprehensive Income (note 44).

The movement of the reserve is as follows:

	31 December 2015 CHF millions	31 December 2014 CHF millions
At 1 January	**(78.2)**	**(86.4)**
Fair value (losses)/gains on available-for-sale investment securities, before tax	(20.8)	27.5
Transfer to the Income Statement of realised available-for-sale investment securities reserve, before tax	(14.2)	(18.2)
Tax effect on available-for-sale investment securities	1.7	(1.1)
At 31 December	**(111.5)**	**(78.2)**

29. INVESTMENT SECURITIES – HELD-TO-MATURITY

		31 December 2015 CHF millions	31 December 2014 CHF millions
Issued by public bodies:	Government	43.3	48.2
Issued by public bodies:	Other public sector	303.2	336.7
Issued by other issuers:	US Life insurance companies	815.7	774.2
Gross investment securities – Held-to-maturity		**1,162.2**	**1,159.1**
Impairment on financial assets held-to-maturity		–	–
Total		**1,162.2**	**1,159.1**

The movement in the account is as follows:

	2015 CHF millions	2014 CHF millions
At 1 January	**1,159.1**	**1,107.1**
Additions/premiums paid	60.5	54.8
Redemptions	(43.1)	(107.4)
Accrued interest	20.5	33.6
Reversal of impairment		2.5
Exchange differences	(34.8)	68.5
At 31 December	**1,162.2**	**1,159.1**
Pledged securities with central banks and clearing system companies.	–	–

30. SHARES IN SUBSIDIARY UNDERTAKINGS

The following is a listing of the Group's main subsidiaries at 31 December 2015:

Name	Line of business	Country of incorporation	% Ownership	% Non controlling interest		Share Capital (000s)
Main Subsidiaries						
EFG Bank AG, Zurich	Bank	Switzerland	100%	0%	CHF	162,410
EFG Bank (Monaco), Monaco	Bank	Monaco	100%	0%	EUR	37,048
EFG Bank&Trust (Bahamas) Ltd, Nassau	Bank	Bahamas	100%	0%	USD	32,000
EFG Bank von Ernst AG, Vaduz	Bank	Liechtenstein	100%	0%	CHF	25,000
EFG Bank (Luxembourg) S.A., Luxembourg	Bank	Luxembourg	100%	0%	EUR	28,000
EFG Private Bank Ltd, London	Bank	England&Wales	100%	0%	GBP	1,596
EFG Private Bank (Channel Island) Ltd	Bank	Guernsey	100%	0%	GBP	5,000
A&G Banca Privada S.A.	Bank	Spain	55.99%	44.01%	EUR	20,204
Asesores Y Gestores Financieros S.A., Madrid	Investment Advisory and holding	Spain	55.99%	44.01%	EUR	118
EFG Investment Services (Cayman) Ltd, George Town	Investment Advisory & Fund Administration	Cayman Islands	100%	0%	USD	–
EFG Investment Services Inc, Miami	Investment Advisory & Fund Administration	USA	100%	0%	USD	–
EFG Capital International Corp, Miami	Broker dealer	USA	100%	0%	USD	12,200
Chestnut Financing PLC	Finance Company	England&Wales	0%	100%	GBP	–
EFG Finance (Guernsey) Ltd, Guernsey	Finance Company	Guernsey	100%	0%	EUR	26
EFG Finance (Jersey) Ltd, Jersey	Finance Company	Jersey	100%	0%	CHF	3
EFG Funding (Guernsey) Ltd	Finance Company	Guernsey	100%	0%	CHF	–
EFG International (Guernsey) Ltd	Finance Company	Guernsey	100%	0%	EUR	1
EFG International Finance (Luxembourg) Sarl	Finance Company	Luxembourg	100%	0%	CHF	2,200
EFG International Finance (Guernsey)	Structured product issuance	Guernsey	100%	0%	CHF	5,000
EFG Investment 2 (UK) Ltd	Holding	England&Wales	90.01%	9.99%	USD	132,205
EFG Investment (Luxembourg) SA, Luxembourg	Holding	Luxembourg	100%	0%	EUR	579,803
EFG Investment and Wealth Solutions Holding AG, Zurich	Holding	Switzerland	100%	0%	CHF	600
LFS Investment VII AB, Stockholm	Investment Company	Sweden	10.7%	89.3%	SEK	100

The percentage shareholding of the main subsidiaries was unchanged from 2014.

LFS Investment VII AB is a subsidiary of the Group with only 10.7% ownership and voting rights. Management has assessed that the Group has control over this entity as it has power to make investment decisions. In addition, the entity's funding is dependent on the Group and therefore the Group is exposed to variable returns from the facilities granted.

Chestnut Financing PLC is an entity that is owned by a trust, however the Group is exposed to all the variable returns of the entity through the subordinated class of funding provided to the entity, and none to the non-controlling interests.

The Group uses other entities to manage assets on behalf of its customers. These entities are subject to an investment management agreement in which the Group acts as administrator only and is remunerated via a fixed fee. In some of these entities the Group is participating in the funding by providing loan facilities granted which are secured by way of fund assets. The Management has assessed that the Group has no effective power over these entities nor over the operations of the entity, as it is not the asset manager, and also it is not exposed materially to a variability of returns from these entities. Transactions made with these entities are done at arm's length and returns on facilities granted are subject to normal credit risk exposure.

The total non-controlling interest for the period is CHF 19.5 million of which CHF 18.3 million is in respect of 44.01% interest in Asesores Y Gestores Financieros S.A., CHF Nil in respect of 89.3% interest in LFS Investment VII AB and CHF 1.2 million in respect of 9.99% interest in EFG Investment 2 (UK) Ltd..

There are no significant restrictions on the parent company or its subsidiaries ability to access or use the assets and settle the liabilities of the Group, other than those that exist as a result of the subsidiaries being individually regulated banks.

The summarized information for Asesores Y Gestores Financieros S.A., which is the only non-controlling interest that is material for the Group is as follows:

	31 December 2015 CHF millions	31 December 2014 CHF millions
Summarised balance sheet		
Assets		
Cash and balances with central banks	41.3	14.6
Due from other banks	52.1	101.5
Loans and advances to customers	309.9	172.1
Investment securities: Available-for-sale	26.5	0.2
Intangible assets	3.7	3.6
Other assets	14.4	15.1
Liabilities		
Due to other banks	(284.8)	(188.1)
Due to customers	(106.6)	(61.4)
Other liabilities	(14.8)	(17.1)
Net assets	**41.7**	**40.5**
Summarised income statement		
Operating income	41.2	33.0
Operating expenses	(35.1)	(28.8)
Profit before tax	**6.1**	**4.2**
Taxes	(0.9)	(1.0)
Net profit for the year	**5.2**	**3.2**
Net profit for the year attributable to:		
Net profit attributable to equity holders of the Group	2.9	2.0
Net profit attributable to non-controlling interests	2.3	1.2
	5.2	**3.2**

	31 December 2015 CHF millions	31 December 2014 CHF millions
Summarised cash flows		
Net cash flows from operating activities	6.0	61.1
Net cash flows used in investing activities	(27.0)	2.4
Net cash flows from financing activities – from non controlling interests		24.4
Net cash flows from financing activities – other	(1.1)	(1.2)
Effect of exchange rate changes on cash and cash equivalents	(0.6)	(1.4)
Net change in cash and cash equivalents	**22.7**	**85.3**
Cash and cash equivalents at beginning of period	116.1	30.8
Net change in cash and cash equivalents	(22.7)	85.3
Cash and cash equivalents	**93.4**	**116.1**

Asesores Y Gestores Financieros S.A. did not pay any dividends in the year (2014: nil).

31. INTANGIBLE ASSETS

	Computer software and licences CHF millions	Other Intangible Assets CHF millions	Goodwill CHF millions	Total Intangible Assets CHF millions
At 1 January 2014				
Cost	43.4	190.0	604.2	837.6
Accumulated amortisation and impairment	(36.3)	(158.4)	(376.0)	(570.7)
Net book value	**7.1**	**31.6**	**228.2**	**266.9**
Year ended 31 December 2014				
Opening net book amount	7.1	31.6	228.2	266.9
Acquisition of computer software and licences	5.1			5.1
Acquisition of other intangible assets		2.5		2.5
Amortisation charge for the year – Computer software and licences (note 12)	(3.5)			(3.5)
Amortisation charge for the year – Other intangible assets (note 12)		(3.5)		(3.5)
Exchange differences	0.2	0.3	6.9	7.4
Closing net book value	**8.9**	**30.9**	**235.1**	**274.9**
At 31 December 2014				
Cost	45.8	192.8	608.0	846.6
Accumulated amortisation and impairment	(36.9)	(161.9)	(372.9)	(571.7)
Net book value	**8.9**	**30.9**	**235.1**	**274.9**

	Computer software and licences CHF millions	Other Intangible Assets CHF millions	Goodwill CHF millions	Total Intangible Assets CHF millions
Year ended 31 December 2015				
Opening net book amount	8.9	30.9	235.1	274.9
Acquisition of computer software and licences	12.0			12.0
Acquisition of other intangible assets		1.2		1.2
Amortisation charge for the year – Computer software and licences (note 12)	(3.8)			(3.8)
Amortisation charge for the year – Other intangible assets (note 12)		(4.2)		(4.2)
Exchange differences	(0.3)	(1.2)	(6.9)	(8.4)
Closing net book value	**16.8**	**26.7**	**228.2**	**271.7**
At 31 December 2015				
Cost	56.7	187.4	599.5	843.6
Accumulated amortisation and impairment	(39.9)	(160.7)	(371.3)	(571.9)
Net book value	**16.8**	**26.7**	**228.2**	**271.7**

The Group has acquired several legal entities and/or businesses since its inception. These business combinations have generally been made in order to achieve one or several of the following objectives: acquiring "client relationships", acquiring specific know-how or products, or setting up a permanent establishment in a given location. The accounting for these business combinations was dependent on the accounting standard in force at the time of the acquisition.

31.1 Impairment charge for the year

No impairment charges were recorded for the year ended 31 December 2015 and 31 December 2014.

31.2 Impairment tests

The Group's goodwill and intangible assets (together "Intangibles") acquired in business combinations are reviewed at least annually for impairment by comparing the recoverable amount of each cash generating unit ("CGU") to which Intangibles have been allocated a carrying value. On the basis of the impairment testing methodology described below, the Group concluded that the year-end 2015 balances of Intangibles allocated to all its cash generating units remain recoverable.

Where the carrying values have been compared to recoverable amounts using the "value in use" approach, the risk adjusted discount rates used are based on observable market long-term government bond yields (10 years) for the relevant currencies plus a risk premium of 5.0% to 5.9% (2014: 5.8% to 6.7%). The risk premiums were determined using capital asset pricing model and are based on capital market data as of the date of impairment test. A period of 5 years is used for all cash flow projections.

Where the carrying values have been compared to "fair value less costs to sell", the fair values have been calculated using two methodologies. Firstly, on the basis of the recoverable Net Asset Value and Intangibles using comparable market transactions (1.5% to 3% of Assets under Management). Secondly, calculations have been performed using a PE approach (range between 9.5 and 12.2 for 2015 and 12.0 and 14.0 for 2014) based on similar transactions for comparable listed companies. The revenue basis for the PE approach was based on expected future revenues.

The carrying amounts of goodwill and intangible assets at 31 December 2015 allocated to each cash generating unit are as follows:

Segment	Cash generating unit	Discount rate/ Growth rate	Period	Intangible Assets CHF millions	Goodwill CHF millions	Total CHF millions
Value in use						
United Kingdom	Harris Allday	7.85%/1.0%	5 years	15.6	35.8	51.4
Americas	PRS Group	8.26%/1.0%	5 years		36.8	36.8
Continental Europe	Asesores y Gestores Financieros SA	6.76%/2.0%	5 years	0.8	19.9	20.7
Fair value less costs to sell		P/E	AuM multiple			
Switzerland	Banque Edouard Constant	11.2	3.4%		76.3	76.3
Continental Europe	Banque Monégasque de Gestion	10.5	3.0%	2.9	20.9	23.8
Other						
Various	Other Cash Generating Units	Various*		7.4	38.5	45.9
Total carrying values				**26.7**	**228.2**	**254.9**

* *Discount rates for Value in use approach are between 4.9% and 8.3% (2014: 6.3% and 9.2%).*

The assessment for impairment of goodwill and intangibles of the Group considered the performance outlook of each cash generating unit and the underlying business operations, to determine whether the recoverable amount for these cash generating units covers its carrying amount. Based on the tests performed, the Group concluded that intangible assets and goodwill remained recoverable at 31 December 2015. Earnings are estimated based on current and future business initiatives and forecast results derived therefrom.

The table below shows the sensitivity to permanent declines in assets under management, which would have an impact on forecasted future profits. For sensitivity purposes the impact of a 20% and a 50% decline in forecasted profit before tax are presented.

Cash generating unit	Impairment impact of 20% decline in forecast profit CHF millions	Impairment impact of 50% decline in forecast profit CHF millions	Impairment impact of 100 bp increase in discount rate CHF millions	Required decline in forecast profit to equal carrying value CHF millions
Banque Edouard Constant	12.8	36.6	–	4%
Harris Allday	–	7.5	–	41%
PRS Group	1.1	14.5	–	17%
Banque Monégasque de Gestion	–	0.8	–	48%
Asesores y Gestores Financieros SA	–	–	–	74%

32. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings CHF millions	Leasehold improvements CHF millions	Furniture, equipment, motor vehicles CHF millions	Computer hardware CHF millions	Total CHF millions
At 1 January 2014					
Cost	3.8	37.8	19.4	40.2	101.2
Accumulated depreciation	(0.8)	(27.9)	(15.3)	(34.7)	(78.7)
Net book value	**3.0**	**9.9**	**4.1**	**5.5**	**22.5**
Year ended December 2014					
Opening net book amount	3.0	9.9	4.1	5.5	22.5
Additions		2.5	2.6	2.4	7.5
Depreciation charge for the year (note 12)	(0.1)	(3.2)	(1.2)	(3.3)	(7.8)
Disposal and write-offs		(0.2)	(1.2)	(0.4)	(1.8)
Exchange differences	0.1	0.4	0.1	0.1	0.7
Closing net book value	**3.0**	**9.4**	**4.4**	**4.3**	**21.1**
At 31 December 2014					
Cost	4.0	40.1	20.7	41.0	105.8
Accumulated depreciation	(1.0)	(30.7)	(16.3)	(36.7)	(84.7)
Net book value	**3.0**	**9.4**	**4.4**	**4.3**	**21.1**
Year ended December 2015					
Opening net book amount	3.0	9.4	4.4	4.3	21.1
Additions		2.4	1.3	3.6	7.3
Depreciation charge for the year (note 12)	(0.1)	(2.5)	(1.1)	(2.4)	(6.1)
Disposal and write-offs			(0.1)		(0.1)
Exchange differences	(0.1)	(0.2)	(0.2)	(0.1)	(0.6)
Closing net book value	**2.8**	**9.1**	**4.3**	**5.4**	**21.6**
At 31 December 2015					
Cost	3.8	41.9	21.8	43.4	110.9
Accumulated depreciation	(1.0)	(32.8)	(17.5)	(38.0)	(89.3)
Net book value	**2.8**	**9.1**	**4.3**	**5.4**	**21.6**

33. OTHER ASSETS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Prepaid expenses and accrued income	36.5	36.0
Settlement balances	35.8	34.8
Current income tax assets	1.8	5.4
Other assets	39.8	60.5
Other assets	**113.9**	**136.7**

Settlement balances of CHF 35.8 million (2014: CHF 34.8 million) reflect trade date versus settlement date accounting principle, which is applied on the issuance of structured products and is dependent on transactions executed over the year-end period.

34. DUE TO OTHER BANKS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Due to other banks at sight	287.8	261.8
Due to other banks at term	215.4	204.2
Due to other banks	**503.2**	**466.0**

35. DUE TO CUSTOMERS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Non interest bearing	10,196.8	10,470.6
Interest bearing	9,666.7	8,093.9
Due to customers	**19,863.5**	**18,564.5**

36. SUBORDINATED LOANS AND DEBT ISSUED

	Weighted average interest rate %	Due dates	31 December 2015 CHF millions	31 December 2014 CHF millions
Subordinated loans – issuers				
EFG International (Guernsey) Ltd – EUR 66,425,000	8.00% p.a.	January 2022	55.6	59.4
EFG Funding (Guernsey) Ltd – CHF 180,000,000	4.75% p.a.	January 2023	187.2	186.9
Total subordinated loans			**242.8**	**246.3**

Subordinated loans are presented net of unamortised discount on issuance of CHF 22.9 million (2014: CHF 29.3 million).

Debt issued – issuers				
Chestnut Financing PLC – GBP 266,300,000	1.28% p.a.	August 2017	392.0	411.1
Total debt issued			**392.0**	**411.1**

The debt issued by Chestnut Financing PLC is secured by a portfolio of mortgages over properties in the United Kingdom with a book value of CHF 531.3 million (2014: CHF 552.0 million).

37. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

		31 December 2015 CHF millions	31 December 2014 CHF millions
Synthetic life insurance	Unquoted – Discounted cash flow analysis	318.5	330.5
Equities securities (liabilities to purchase non-controlling interests)	Discounted cash flow analysis	34.6	38.7
Total Financial Liabilities designated at fair value		**353.1**	**369.2**

The movement in the account is as follows:

	31 December 2015 CHF millions	31 December 2014 CHF millions
At 1 January	**369.2**	**310.7**
Accrued interest	52.5	48.8
Additions	35.3	33.0
Disposals (sale and redemption)	(17.4)	(27.4)
Gains from changes in fair value	(82.2)	(49.9)
Exchange differences	(4.3)	32.7
Increase through shareholder's equity		21.3
At 31 December	**353.1**	**369.2**

Credit rating impact

Changes in the fair value of financial liabilities designated at fair value are attributable to changes in market risk factors. The credit rating of the Group had no material impact on the fair value changes of these liabilities.

Synthetic life insurance

The synthetic life insurance liability relates to a structured transaction which is economically hedging a portfolio of life insurance policies classified as financial assets at fair value of CHF 277.8 million (2014: CHF 298.8 million, see note 26).

Liability to purchase non-controlling shareholders interests

The non-controlling shareholders of Asesores y Gestores Financieros SA have the right to sell their shares to a wholly owned subsidiary of EFG International AG. This right applied from 1 January 2010 and that right expires on the occurrence of potential future events. According to IAS 32, these put options give rise to a financial liability that corresponds to the discounted repurchase amount. In 2014, the liability increased by reclassification from Group equity, when the non-controlling shareholders subscribed for additional capital in Asesores Y Gestores Financieros S.A.
As of 31 December 2015, the financial liability was valued at CHF 34.6 million (2014: CHF 38.7 million).

38. OTHER FINANCIAL LIABILITIES

	31 December 2015 CHF millions	31 December 2014 CHF millions
Structured products issued	3,237.9	3,030.7
Total other financial liabilities	**3,237.9**	**3,030.7**

39. PROVISIONS

	Provision for litigation risks CHF millions	Provision 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		31.3	65.0
Release of provisions recognised in the Income Statement	(0.9)			(0.9)
Provisions used during the year	(28.0)	(0.9)	(24.2)	(53.1)
Exchange differences			0.2	0.2
At 31 December 2014	**7.0**	**0.6**	**30.4**	**38.0**

	Provision for litigation risks CHF millions	Provision for restructuring CHF millions	Other provisions CHF millions	Total CHF millions
At 1 January 2015	7.0	0.6	30.4	38.0
Increase in provisions recognised in the Income Statement		2.2	25.1	27.3
Release of provisions recognised in the Income Statement	(0.1)	(0.1)	(7.1)	(7.3)
Provisions used during the year	(5.0)	(2.2)	(42.2)	(49.4)
Exchange differences	(0.1)	(0.2)	(0.6)	(0.9)
At 31 December 2015	**1.8**	**0.3**	**5.6**	**7.7**
Expected payment within 12 months	1.8	0.3	5.6	7.7
Expected payment thereafter				–
	1.8	**0.3**	**5.6**	**7.7**

Provision for litigation risks

Includes CHF 1.8 million of provisions for various small litigation cases which are expected to be settled within a year.

Provision for restructuring

(i) During the year the Group announced that it was reviewing the cost base and as a result of that decision, in certain locations the employment contracts of employees were terminated. The Group provided CHF 2.2 million for these announced restructurings, and paid these amounts in the year. The remaining provision is nil.

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

Other provisions

Other provisions of CHF 5.6 million comprise primarily the following:

(i) A provision of CHF 4.6 million for potential client claims. This is expected to be settled within a year.

(ii) A provision of CHF 1.0 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. In December, the Group reached a formal resolution with the DOJ and signed a non-prosecution agreement with the DOJ making a one-time payment of USD 29.988 million in December 2015. This is higher than the USD 10.8 million provided for in 2014, primarily as a result of certain clients taking actions inconsistent with the information they had provided to the Group. The Group has provided for the residual estimated costs of outside legal counsel and other external advisers of CHF 1.0 million.

(iii) At the December 2014 a provision existed for 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. This was settled during the year.

40. OTHER LIABILITIES

	31 December 2015 CHF millions	31 December 2014 CHF millions
Deferred income and accrued expenses	160.0	168.2
Settlement balances	60.9	91.6
Short term compensated absences	5.9	5.7
Retirement benefit obligations	57.2	30.4
Other liabilities	29.1	44.8
Total other liabilities	**313.1**	**340.7**

41. 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 39) for current and threatened pending legal proceedings if management is of the opinion that the Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated.

The following contingent liabilities that management is aware of are related to legal proceedings which could have a material effect on the Group. However, based on current available information and advice received it is not expected that any of these contingent liabilities will result in material provisions or other liabilities.

The Group is engaged in certain litigation proceedings mentioned below and is vigorously defending the cases. The Group believes it has strong defences to the claims. The Group does not expect the ultimate resolution of any of the below mentioned proceedings to which the Group is party to have a significantly adverse effect on its financial position.

(i) Several entities in the Group have been named as defendants in lawsuits by the liquidators of Fairfield Sentry Ltd. and Fairfield Sigma Ltd. in the US Bankruptcy Court for the Southern District of New York and in the High Court of Justice of the British Virgin Islands, asserting that redemption payments received by the Group entities on behalf of clients should be returned to Fairfield Sentry Ltd. and Fairfield Sigma Ltd. The amount claimed is uncertain, but the Group believes the amount claimed is approximately USD 160 million. The Group entities have obtained a complete and final dismissal of the lawsuits in the British Virgin Islands. They keep vigorously defending the lawsuits in New York and believe they have strong defences to the claims.

(ii) The Trustee of Bernard L, Madoff Investment Securities LLC (“BLMIS”) has filed a complaint in the US Bankruptcy Court for the Southern District of New York asserting that redemption payments totaling USD 355 million allegedly received by certain Group entities on behalf of clients through Fairfield and Kingate feeder funds should be returned to BLMIS. This action includes the redemptions claimed by the Fairfield liquidators (see previous paragraph). The Group entities are vigorously defending the cases and believe they have strong defences to the claims.

(iii) The Group is engaged in litigation proceedings initiated by a client claiming that he has been misled insofar as he thought that his investments were capital protected, that the agreed investment strategy has not been followed and that unauthorized transactions were performed. The amount claimed is approximately EUR 48 million plus interest. The Group entities are vigorously defending the cases and believe they have strong defences to the claims.

(iv) Various claims have been made against the Group in several jurisdictions for approximately USD 28 million, which the Group is vigorously defending. These proceedings relate to alleged mismanagement practices by a party unrelated to the Group, who was a former investment manager of a fund for which the Group acted as the administrator and custodian. In addition the Group is being sued by the investors in the fund and the fund itself for approximately USD 9 million on the grounds of various alleged breaches. In return the Group has filed a claim against the investment manager. The Group strongly believes that there has been no wrongdoing on its part and that it has strong defences to the claims.

(v) The Group has been recently named as a co-defendant in litigation brought against certain individuals who have allegedly diverted approximately CAD 127 million from their employer for their own benefit. The plaintiffs allege that an employee of the Group acted on behalf of the alleged fraudsters and executed numerous potentially fraudulent transactions while being fully aware of the wrongdoings, and by doing so participated in causing damage to the plaintiffs. The plaintiffs also claim approximately CAD 13 million as compensation for incurred reputational damage. The Group is vigorously defending the case and believes it has strong defences to the claims.

(vi) The Group is defending itself against a civil claim by a client who alleges that due to the breach of duties in providing investment management services by the Group, he suffered losses on one of his accounts ranging from USD 2 million to USD 11 million. The Group is vigorously defending the case and believes it has strong defences to the claims.

(vii) The claim for CHF 16.1 million plus interest initiated by a former employee on grounds of a series of agreements was settled by the Group during the year.

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

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

42. 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") for EFG Bank AG and in the Channel Islands ("the Channel Islands plan"). The Switzerland plan is considered as a defined benefit plans under IFRS due to a minimum guaranteed return in Swiss pension legislation, the Group having no obligation relative to these funds other than to provide the minimum guaranteed return.

The Group operates a defined benefit plan in the Channel Islands ("the Channel Islands plan") which is not aggregated with the plan in Switzerland, due to its relative size. The Channel Islands plan has funded obligations of CHF 4.3 million; the fair value of plan assets is CHF 4.9 million.

The Switzerland plan is a contribution based plans with guarantee, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Level of benefits is at minimum as required by the swiss law. Plan benefits are provided in case of retirement from service or on death or disability before retirement based on conversion rates established and reviewed regularly by the foundation. Pre-retirement death and disability benefits are covered by a Group insurance contract. When leaving the Group pre-retirement, the benefits vested according to the Swiss pension law will be transferred to the plan's participant's new pension scheme. Retirement benefits are based on the accumulation of defined contributions paid by employer and employees in individual accounts with interest. The plan provides limited guarantees of accumulated capital and interest.

The pension fund is organized as a registered Swiss employee welfare foundation, a separate legal entity and is administered by the board of the foundation and professional fund administrators appointed by the board of the foundation. Plan assets held in trusts are governed by local regulations and practice, as is the nature of the relationship between the Group and the foundation or its board. According to Swiss pension law, the responsibility for governance of the plans – including investment decisions and contribution schedules – lies jointly with the fund administrators and the board of the pension foundation. The board of the pension foundation must be composed of representatives of the company and plan participants in accordance with the plan's regulations.

The disclosures below relates to the Switzerland plan.

	31 December 2015 CHF millions	31 December 2014 CHF millions
Net amount recognised in the Balance Sheet		
Present value of funded obligation	293.2	238.9
Fair value of plan assets	236.0	208.5
Liability recognised in the Balance Sheet	**57.2**	**30.4**
Net amount recognised in the Balance Sheet at the beginning of year	**30.4**	**2.6**
Net amount recognised in the Income Statement (see note 13)	10.4	8.1
Net amount recognised in Other Comprehensive Income	27.8	29.4
Company contribution paid in year	(11.4)	(9.7)
Net amount recognised in the Balance Sheet at the end of year	**57.2**	**30.4**

	Present value of obligation CHF millions	Fair value of plan assets CHF millions	Total CHF millions
1 January 2015	**238.9**	**(208.5)**	**30.4**
Current service cost	9.4		9.4
Interest expense/(income)	3.2	(2.8)	0.4
Administrative costs and insurance premiums	0.6		0.6
Net amount recognised in the Income Statement	**13.2**	**(2.8)**	**10.4**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)		4.8	4.8
Actuarial loss on defined benefit obligation	23.0		23.0
Net amount recognised in Other Comprehensive Income	**23.0**	**4.8**	**27.8**
Plan participants contributions	5.7	(5.7)	–
Company contributions		(11.4)	(11.4)
Administrative costs and insurance premiums	(2.0)	2.0	–
Benefit payments	14.4	(14.4)	–
Total transactions with fund	**18.1**	**(29.5)**	**(11.4)**
31 December 2015	**293.2**	**(236.0)**	**57.2**

	Present value of obligation CHF millions	Fair value of plan assets CHF millions	Total CHF millions
1 January 2014	**185.6**	**(183.0)**	**2.6**
Current service cost	6.2		6.2
Interest expense/(income)	4.6	(4.6)	–
Administrative costs and insurance premiums	1.9		1.9
Net amount recognised in the income statement	**12.7**	**(4.6)**	**8.1**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)		(8.7)	(8.7)
Actuarial loss on defined benefit obligation	38.1		38.1
Net amount recognised in Other Comprehensive Income	**38.1**	**(8.7)**	**29.4**
Plan participants contributions	5.3	(5.3)	–
Company contributions		(9.7)	(9.7)
Administrative costs and insurance premiums	(1.9)	1.9	–
Benefit payments	(0.9)	0.9	–
Total transactions with fund	**2.5**	**(12.2)**	**(9.7)**
31 December 2014	**238.9**	**(208.5)**	**30.4**

	31 December 2015	31 December 2014	31 December 2013
Significant actuarial assumptions			
Discount rate	0.90%	1.35%	2.50%
Salary growth rate	1.00%	1.00%	1.00%
Pension growth rate	0.00%	0.00%	0.00%

Assumptions regarding future mortality	Years	Years	Years
Longevity at age 65 for current pensioners:			
male	21.5	21.4	21.3
female	24.0	23.9	23.8
Longevity at age 65 for future pensioners (aged 50):			
male	22.8	22.8	22.7
female	25.3	25.2	25.1

	Change in assumption	Impact of an increase in assumption on present value of obligation CHF millions	Impact of a decrease in assumption on present value of obligation CHF millions
2015 Sensitivity analysis			
Discount rate	0.10%	(4.8)	4.8
Salary growth rate	0.10%	0.6	(0.6)
Pension growth rate	0.10%	2.6	
Life expectancy	1 year	3.0	(3.0)

	Change in assumption	Impact of an increase in assumption on present value of obligation CHF millions	Impact of a decrease in assumption on present value of obligation CHF millions
2014 Sensitivity analysis			
Discount rate	0.10%	(3.7)	3.7
Salary growth rate	0.10%	0.5	(0.5)
Pension growth rate	0.10%	2.0	
Life expectancy	1 year	3.0	(3.0)

Actuarial assumptions of both financial and demographic nature are established as unbiased best estimates of future expectations. Assumptions are changed from time to time to reflect changes in the information available to use in formulating best estimates. There were no changes in the methodology used to determine assumptions used.

The assumptions regarding expected mortality rates are set based on advice, published statistics such as LPP2010 generational tables and experience. In particular in-service death and disability rates have been adjusted to correspond to recent EFG experience. The plan liability is calculated assuming that the pension conversion rate currently in effect will still be in effect for the next decade. Future changes to conversion rates, whereas probable, cannot be estimated and therefore are ignored.

Financial assumptions include the discount rate, the expected rate of salary growth and the expected rate of pensions increases. The discount rate is set based on consideration of the yields of high quality corporate debt of duration similar to that of the pension liabilities. Where availability of such data is limited, the company considers yields available on government bonds and allowing for credit spreads available in other deeper and more liquid markets for high quality corporate debt. The salary growth assumption is set based on the employer's expectation for inflation and market forces on salaries. The actuarial loss for the year of CHF 23.0 million includes CHF 19.5 million negative effect of financial assumptions, CHF 3.5 million negative effect of experience and no change in demographic assumptions.

The plan does not guarantee any pension increases although in the event that the plan developed a surplus according to Swiss pension law, then a discretionary pension adjustment could be possible. At the present time, projections for the plan development do not indicate any likelihood of surplus or a pension adjustment and so it is assumed that pensions are fixed.

The sensitivity of the valuation result to changes in assumptions is illustrated by introducing changes to one specific assumption at a time and comparing the result before and after the change. This is separately illustrated for changes in the discount rate and the expected rate of future salary increases. In practice there may be some correlation in changes of assumptions, and for the purposes of the valuation the effect is ignored.

The operation of the pension plan involves exposure to a range of risks most significant being presented further below. The impact of these risks is shared between the Group and the plan participants in case of negative effects. In situations where the pension fund will accumulate surplus assets after providing the target benefits, the board of the foundation may consider a distribution of the surplus to participants. No part of the surplus may be attributed to the Group.

(i) Investment risk.

Plan assets are invested to achieve a target return. The actual returns earned each year are likely to vary with a result higher or lower than the target. There is a risk that the long term average return may be higher or lower than the target. If the long term return is lower than the target then the fund will not have sufficient assets for plan benefits. The year on year variation in the return will generally be reflected directly in the defined benefit remeasurements.

A component of the return earned each year is derived from investment in bonds, and these bond returns are reflected in changes in the discount rate used to measure the defined benefit obligation. As a result benefit remeasurements through Other Comprehensive Income resulting from asset volatility may be reduced by changes in the related obligation resulting from changes in the discount rate.

(ii) Longevity risk.

The plan provides an annuity option to individuals on retirement. The annuity option is calculated using a conversion rate which is established by the foundation and reviewed periodically.

The conversion rate is calculated with an assumption for the target rate of return and the life expectancy of the pensioner. Historic experience is that life expectancy improved faster than actuarial tables predicted and so longevity risk tended to be "loss generating."

(iii) Interest volatility risk.

There is a substantial year-on-year liability volatility due to the volatility of the discount rate used in the model which is based on market yields on bonds of a specified type. The fund allocates a substantial proportion of assets to bonds, but the availability of bonds of duration and characteristics similar in nature to the discount rate is limited so that interest rate volatility risk cannot be eliminated. Interest rate volatility does not result in any effect on the Group performance but rather on the remeasurements recognised in Other Comprehensive Income.

(iv) Death and disability risk.

The number of cases of death and disability of active employees may fluctuate considerably from year to year. To mitigate the effect of this risk the foundation has contracted an insurance contract covering the cost of death and disability benefits arising in each year.

The foundation has established a written investment policy whereby the foundation periodically establishes an allocation strategy with target allocations and tactical ranges for the principal classes of investments (equity, fixed income, real estate and liquidity) which aims to maximize the returns on plan assets.

Plan assets are invested under mandates to a number of investment portfolio managers. Investment portfolio managers' performance is regularly evaluated against its established strategy. The actual return on plan assets was a loss of CHF 2.0 million in 2015 (2014: gain of CHF 13.3 million). The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

The plan assets do not include any shares of the EFGI Group or of any of its subsidiaries.

The asset allocation is as follows:

	Quoted CHF millions	Unquoted CHF millions	2015 Total CHF millions	2015 in %	2014 Total CHF millions	2014 in %
Cash and cash equivalents	22.3		22.3	9.4%	33.8	16.2%
Equity Instruments	95.1		95.1	40.3%	76	36.5%
Debt instruments	100.3		100.3	42.5%	75.9	36.4%
Other	18.3		18.3	7.8%	22.8	10.9%
Total plan assets at the end of the year	**236.0**	**–**	**236.0**	**100.0%**	**208.5**	**100.0%**

Plan assets of CHF 6.0 million (2014: CHF 5.4 million) have been pledged as collateral to third parties who have provided employees with mortgages for financing their main residence. The expected employer contributions to the post-employment benefit plan for the year ending 31 December 2016 are CHF 10.7 million. The weighted average duration of the defined benefit obligation is 17.3 years. The expected maturity analysis of undiscounted pension benefits is as follows:

	31 December 2015 CHF millions	31 December 2014 CHF millions
Expected maturity analysis of undiscounted pension benefits		
Less than a year	16.7	16.0
Between 1–2 years	12.9	10.7
Between 2–5 years	18.9	19.6
Over 5 years	294.2	242.4
Total	**342.7**	**288.7**

43. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

The following is an analysis of the movement of share capital and share premium. The par value of EFG International AG registered shares issued is CHF 0.50 (ordinary shares) and the par value of the Group's Bons de Participation (Preference shares) is CHF 15.00. All EFG International AG shares and Bons de Participation are fully paid.

43.1 Share capital

	Ordinary shares with voting rights CHF millions	Bons de Participation without voting rights CHF millions	Treasury shares Ordinary shares CHF millions	Treasury Shares Bons de Participation CHF millions	Net CHF millions
At 1 January 2014	**73.9**	**0.2**	**(0.1)**		**74.0**
Ordinary shares sold			0.1		0.1
Ordinary shares repurchased					–
Employee equity incentive plans exercised	1.4				1.4
At 31 December 2014	**75.3**	**0.2**	**–**	**–**	**75.5**
Ordinary shares sold					–
Ordinary shares repurchased					–
Employee equity incentive plans exercised	0.6				0.6
At 31 December 2015	**75.9**	**0.2**	**–**	**–**	**76.1**

43.2 Share premium

	Ordinary shares with voting rights CHF millions	Bons de Participation without voting rights CHF millions	Treasury shares Ordinary shares CHF millions	Treasury Shares Bons de Participation CHF millions	Net CHF millions
At 1 January 2013	**1,330.6**	**0.1**	**(92.3)**	**–**	**1,238.4**
Ordinary shares sold			1.7		1.7
Ordinary shares repurchased			(0.8)		(0.8)
Employee equity incentive plans exercised	4.5				4.5
At 31 December 2014	**1,335.1**	**0.1**	**(91.4)**	**–**	**1,243.8**
Ordinary shares sold			0.6		0.6
Ordinary shares repurchased			(0.3)		(0.3)
Employee equity incentive plans exercised	1.8				1.8
At 31 December 2015	**1,336.9**	**0.1**	**(91.1)**	**–**	**1,245.9**

43.3 Number of shares

The following is an analysis of the movement in the number of shares issued by the Group:

	Ordinary shares with voting right	Bons de Participation without voting right	Treasury Shares Ordinary Shares	Treasury Shares Bons de Participation	Net
Nominal	CHF 0.50	CHF 15.00	CHF 0.50	CHF 15.00	
At 1 January 2014	147,877,040	13,382	(210,487)	(750)	
Ordinary shares sold			168,759		
Ordinary shares repurchased			(78,976)		
Employee equity incentive plans exercised	2,818,394				
At 31 December 2014	**150,695,434**	**13,382**	**(120,704)**	**(750)**	
Ordinary shares sold			63,860		
Ordinary shares repurchased			(29,540)		
Employee equity incentive plans exercised	1,222,308				
At 31 December 2015	**151,917,742**	**13,382**	**(86,384)**	**(750)**	
Net share capital (CHF millions)	**75.9**	**0.2**	**–**	**–**	**76.1**

All transactions in EFG International AG shares were traded at market prices. The total number of treasury shares sold during 2015 is 63,860 (2014: 168,759) at an average price per share of CHF 10.50 (2014: CHF 10.74). The total number of treasury shares acquired during 2015 is 29,540 (2014: 78,976) and the average purchase price of these shares in the period was CHF 11.42 per share (2014: CHF 10.22).

At 31 December 2015 a total of 86,384 registered shares (2014: 120,704) and 750 (2014: 750) Bons de Participation were held by subsidiaries.

In 2015 a total of 1,222,308 (2014: 2,818,394) shares were issued related to employee equity incentive plans which included 241,036 options (2014: 1,005,547) with an average price of CHF 7.72 (2014: CHF 5.00) per share resulting in proceeds on issuance of CHF 1.9 million (2014: CHF 5.0 million).

Conditional share capital

The share capital may be increased by a maximum of CHF 1,408,629 (2014: CHF 1,019,783) by issuing up to 2,817,258 (2014: 2,039,566) fully paid up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to officers and employees at all levels. The preferential subscription rights of the shareholders and participants are excluded in favor of the holders of the option rights.

The share capital may be increased by a maximum of CHF 10,000,000 by issuing 20,000,000 fully paid up registered shares with a face value of CHF 0.50 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly issued convertible debentures with option rights or other financing instruments.
The preferential subscription rights of the shareholders and participants are excluded in favor of the holders of the conversion and/or option rights.

Authorised share capital

The Board of directors is authorised, at any time until 25 April 2016, to increase the share capital by a maximum of CHF 25,000,000 by issuing 50,000,000 fully paid up registered shares with a face value of CHF 0.50 each. Increases by firm underwriting, partial increases as well as increases by way of conversion of own free funds are permitted.

44. OTHER RESERVES

	IAS 39 equity CHF millions	Employee share option plan CHF millions	Other CHF millions	Total CHF millions
Balance at 1 January 2014	**(86.4)**	**100.7**	**(63.4)**	**(49.1)**
Employee equity incentive plans amortisation		10.5		10.5
Employee equity incentive plans exercised		(1.4)		(1.4)
Transfer to retained earnings on lapse of employee equity incentive plans		(28.2)		(28.2)
Fair value gains on available-for-sale investment securities, before tax	27.5			27.5
Transfer to the Income Statement of realised available-for-sale investment securities reserve, before tax	(18.2)			(18.2)
Tax effect on changes in fair value of available-for-sale investment securities	(1.1)			(1.1)
Defined benefit costs			(29.4)	(29.4)
Net gain on hedge of net investments in foreign operations, with no tax effect			17.1	17.1
Currency translation differences net of non-controlling interests			21.1	21.1
Non controlling-interest put option			(21.3)	(21.3)
At 31 December 2014	**(78.2)**	**81.6**	**(75.9)**	**(72.5)**
Balance at 1 January 2015	**(78.2)**	**81.6**	**(75.9)**	**(72.5)**
Employee equity incentive plans amortisation		13.5		13.5
Employee equity incentive plans exercised		(0.6)		(0.6)
Transfer to retained earnings on lapse of employee equity incentive plans		(12.2)		(12.2)
Fair value losses on available-for-sale investment securities, before tax	(20.8)			(20.8)
Transfer to the Income Statement of realised available-for-sale investment securities reserve, before tax	(14.2)			(14.2)
Tax effect on changes in fair value of available-for-sale investment securities	1.7			1.7
Defined benefit costs			(27.8)	(27.8)
Net loss on hedge of net investments in foreign operations, with no tax effect			(10.1)	(10.1)
Currency translation differences net of non-controlling interests			(10.4)	(10.4)
At 31 December 2015	**(111.5)**	**82.3**	**(124.2)**	**(153.4)**

45. OFF-BALANCE SHEET ITEMS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Guarantees issued in favour of third parties	290.8	258.3
Irrevocable commitments	104.0	168.7
Operating lease commitments	108.0	133.3
Total	**502.8**	**560.3**

The following table summarises the Group's off-balance sheet items by maturity:

	Not later than 1 year CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2015				
Guarantees issued in favour of third parties	164.4	57.1	69.3	290.8
Irrevocable commitments	39.8	64.1	0.1	104.0
Operating lease commitments	24.9	66.4	16.7	108.0
Total	**229.1**	**187.6**	**86.1**	**502.8**
31 December 2014				
Guarantees issued in favour of third parties	117.8	70.3	70.2	258.3
Irrevocable commitments	70.7	98.0		168.7
Operating lease commitments	27.7	77.4	28.2	133.3
Total	**216.2**	**245.7**	**98.4**	**560.3**

The financial guarantees maturities are based on the earliest contractual maturity date. The irrevocable commitments maturities are based on the dates on which loan commitments made to customers will cease to exist. Where a Group company is the lessee, the future minimum operating lease payments under non-cancellable operating leases are disclosed in the table above.

46. FIDUCIARY TRANSACTIONS

	31 December 2015 CHF millions	31 December 2014 CHF millions
Fiduciary transactions with third party banks	768.2	951.1
Loans and other fiduciary transactions	5.1	5.4
Total	**773.3**	**956.5**

47. SEGMENTAL REPORTING

The Group's segmental reporting is based on how internal management reviews the performance of the Group's operations. In 2015 certain costs and revenue items were transferred between business units. The comparatives have been restated to align with this change. The primary split is between the Private Banking and the Wealth Management business, and the Investment and Wealth Solutions business. The Private Banking and Wealth Management business is managed on a regional basis and is split into Continental Europe, Switzerland, Americas, United Kingdom and Asia. The Investment Solutions segment includes the business in all locations as it operates on a global basis. The basis for expense allocation between segments follows the arm's length principle. The Corporate Centre is responsible for managing the life settlement 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.

	Private Banking and Wealth management			
	Switzerland CHF millions	Continental Europe CHF millions	Americas CHF millions	United Kingdom CHF millions
At 31 December 2015				
Segment revenue	150.5	118.0	100.6	168.9
Segment expenses	(118.7)	(87.2)	(82.0)	(117.6)
Tangible assets and software depreciation	(1.2)	(1.6)	(1.1)	(1.0)
Total Operating margin	**30.6**	**29.2**	**17.5**	**50.3**
Cost to acquire intangible assets and impairment of intangible assets		(0.8)	(0.5)	(1.8)
Other provisions	(21.4)		(3.2)	5.1
Reversal of impairment on loans and advances to customers	0.1			
Reversal of impairment on financial assets held-to-maturity				
Segment profit/(loss) before tax	**9.3**	**28.4**	**13.8**	**53.6**
Income tax expense	(1.6)	(3.2)	(0.7)	(3.4)
Net profit for the year	**7.7**	**25.2**	**13.1**	**50.2**
Assets under management	14,998	17,564	11,632	19,536
Employees	353	323	282	442
At 31 December 2014				
Segment revenue	151.1	120.5	106.8	170.8
Segment expenses	(110.9)	(86.9)	(79.8)	(108.6)
Tangible assets and software depreciation	(1.3)	(1.2)	(1.0)	(1.1)
Total Operating margin	**38.9**	**32.4**	**26.0**	**61.1**
Cost to acquire intangible assets and impairment of intangible assets	(0.1)	(1.2)	(0.5)	(1.7)
Other provisions	(25.4)		(2.4)	(0.7)
Reversal of impairment on loans and advances to customers	0.1		0.2	
Reversal of impairment on financial assets held-to-maturity				
Segment profit/(loss) before tax	**13.5**	**31.2**	**23.3**	**58.7**
Income tax expense	(1.2)	(2.0)	(0.8)	(4.1)
Net profit for the year	**12.3**	**29.2**	**22.5**	**54.6**
Assets under management	14,834	15,726	12,693	19,729
Employees	324	274	288	406

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

		Investment Solutions	Wealth Solutions	Corporate Overheads	Eliminations	Total
Asia CHF millions	Total CHF millions	CHF millions	CHF millions	CHF millions	CHF millions	CHF millions
119.4	657.4	136.7	25.8	6.4	(129.6)	696.7
(90.0)	(495.5)	(47.9)	(18.0)	(52.9)	24.1	(590.2)
(1.0)	(5.9)	(0.1)	(0.5)	(3.4)		(9.9)
28.4	**156.0**	**88.7**	**7.3**	**(49.9)**	**(105.5)**	**96.6**
(1.1)	(4.2)					(4.2)
	(19.5)			(0.5)		(20.0)
	0.1					0.1
	–					–
27.3	**132.4**	**88.7**	**7.3**	**(50.4)**	**(105.5)**	**72.5**
(3.7)	(12.6)	(2.7)	(0.4)	2.6		(13.1)
23.6	**119.8**	**86.0**	**6.9**	**(47.8)**	**(105.5)**	**59.4**
16,214	79,944	11,788		1,268	(8,867)	84,133
354	1,754	152	118	179	(34)	2,169
116.6	665.8	126.1	24.4	22.3	(122.0)	716.6
(81.7)	(467.9)	(44.5)	(17.3)	(55.6)	25.1	(560.2)
(1.7)	(6.3)	(0.1)	(0.4)	(4.5)		(11.3)
33.2	**191.6**	**81.5**	**6.7**	**(37.8)**	**(96.9)**	**145.1**
	(3.5)					(3.5)
	(28.5)			(35.6)		(64.1)
	0.3					0.3
	–			2.5		2.5
33.2	**159.9**	**81.5**	**6.7**	**(70.9)**	**(96.9)**	**80.3**
(4.5)	(12.6)	(2.5)	(0.1)	(2.5)		(17.7)
28.7	**147.3**	**79.0**	**6.6**	**(73.4)**	**(96.9)**	**62.6**
17,538	80,520	12,237		1,329	(8,978)	85,108
364	1,656	137	121	183	(38)	2,059

48. ANALYSIS OF SWISS AND FOREIGN ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
31 December 2015			
Assets			
Cash and balances with central banks	4,000.2	861.8	4,862.0
Treasury bills and other eligible bills		757.1	757.1
Due from other banks	1,756.9	411.6	2,168.5
Loans and advances to customers	3,276.3	8,785.3	12,061.6
Derivative financial instruments	109.8	625.6	735.4
Financial assets at fair value:			
Trading Assets		58.6	58.6
Designated at inception		305.0	305.0
Investment securities:			
Available-for-sale	77.6	4,166.2	4,243.8
Held-to-maturity	43.3	1,118.9	1,162.2
Intangible assets	105.2	166.5	271.7
Property, plant and equipment	6.8	14.8	21.6
Deferred income tax assets	12.8	22.2	35.0
Other assets	22.5	91.4	113.9
Total assets	**9,411.4**	**17,385.0**	**26,796.4**
Liabilities			
Due to other banks	2,660.2	(2,157.0)	503.2
Due to customers	5,101.1	14,762.4	19,863.5
Subordinated loans		242.8	242.8
Debt issued		392.0	392.0
Derivative financial instruments	116.2	597.9	714.1
Financial liabilities designated at fair value		353.1	353.1
Other financial liabilities		3,237.9	3,237.9
Current income tax liabilities	0.8	4.1	4.9
Deferred income tax liabilities	28.5	6.6	35.1
Provisions	2.4	5.3	7.7
Other liabilities	121.1	192.0	313.1
Total liabilities	**8,030.3**	**17,637.1**	**25,667.4**
Equity			
Share capital	76.1		76.1
Share premium	1,245.9		1,245.9
Other reserves	675.7	(829.1)	(153.4)
Retained earnings	120.7	(179.8)	(59.1)
	2,118.4	**(1,008.9)**	**1,109.5**
Non-controlling interests		19.5	19.5
Total equity	**2,118.4**	**(989.4)**	**1,129.0**
Total equity and liabilities	**10,148.7**	**16,647.7**	**26,796.4**

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
31 December 2014			
Assets			
Cash and balances with central banks	1,969.1	886.2	2,855.3
Treasury bills and other eligible bills		626.0	626.0
Due from other banks	1,578.4	530.4	2,108.8
Loans and advances to customers	3,669.3	9,361.8	13,031.1
Derivative financial instruments	97.3	472.2	569.5
Financial assets at fair value:			
Trading Assets		105.6	105.6
Designated at inception		329.7	329.7
Investment securities:			
Available-for-sale	78.2	4,015.3	4,093.5
Held-to-maturity	48.1	1,111.0	1,159.1
Intangible assets	97.9	177.0	274.9
Property, plant and equipment	6.3	14.8	21.1
Deferred income tax assets	9.3	23.5	32.8
Other assets	32.5	104.2	136.7
Total assets	**7,586.4**	**17,757.7**	**25,344.1**
Liabilities			
Due to other banks	2,307.9	(1,841.9)	466.0
Due to customers	4,778.6	13,785.9	18,564.5
Subordinated loans		246.3	246.3
Debt issued		411.1	411.1
Derivative financial instruments	206.9	454.2	661.1
Financial liabilities designated at fair value		369.2	369.2
Other financial liabilities		3,030.7	3,030.7
Current income tax liabilities	0.9	5.1	6.0
Deferred income tax liabilities	28.8	6.6	35.4
Provisions	25.5	12.5	38.0
Other liabilities	93.4	247.3	340.7
Total liabilities	**7,442.0**	**16,727.0**	**24,169.0**
Equity			
Share capital	75.5		75.5
Share premium	1,243.8		1,243.8
Other reserves	723.9	(796.4)	(72.5)
Retained earnings	112.9	(203.4)	(90.5)
	2,156.1	**(999.8)**	**1,156.3**
Non-controlling interests		18.8	18.8
Total equity	**2,156.1**	**(981.0)**	**1,175.1**
Total equity and liabilities	**9,598.1**	**15,746.0**	**25,344.1**

49. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

49.1 Basic

	31 December 2015 CHF millions	31 December 2014 CHF millions
Net profit for the year	57.1	61.4
Estimated pro-forma dividend on Bons de Participation	(0.2)	(0.3)
Net profit for the year attributable to ordinary shareholders	**56.9**	**61.1**
Weighted average number of ordinary shares ('000s of shares)	151,824	150,508
Basic earnings per ordinary share (CHF)	**0.37**	**0.41**

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 year, excluding the average number of ordinary shares owned by the Group amounting to 93,730 (2014: 187,412). For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by an estimated, pro-forma accrued dividend on the Bons de Participation. The latter has been computed by using a dividend rate from 1st January 2015 until 30 April 2015 of 1.349%, 0.712% from 1 May 2015 until 30 October 2015 and a rate of 1.197% thereafter.

49.2 Diluted

	31 December 2015 CHF millions	31 December 2014 CHF millions
Net profit for the year attributable to owners of the Group	57.1	61.4
Estimated pro-forma dividend on Bons de Participation	(0.2)	(0.3)
Net profit for the year attributable to ordinary shareholders	**56.9**	**61.1**
Diluted-weighted average number of ordinary shares ('000s of shares)	156,004	153,928
Diluted earnings per ordinary share (CHF)	**0.36**	0.40

In the period Pursuant to its employee equity incentive plans, the Group issued in 2015 restricted stock units to purchase 2,221,579 (2014: 1,029,115) shares which increased the diluted-weighted average number of ordinary shares by 4,180,014 (2014: 3,044,984) shares to 156,004,026 (2014: 153,927,830) shares.

For information regarding the EFG International equity incentive plan, see note 52.

50. DIVIDENDS

Final dividends per share are not accounted for until they have been ratified at the Annual General Meeting in April. A dividend in respect of 2015 of CHF 0.25 (2014: CHF 0.25) per share amounting to approximately CHF 38.0 million (2014: CHF 37.7 million), net of dividends not payable on treasury shares is to be proposed. The financial statements for the year ended 31 December 2015 do not reflect this resolution, which will be accounted for in shareholders' equity as an appropriation of retained profits, in the year ending 31 December 2015, with no tax effect for the Group.

	At 31 December 2015 CHF millions	At 31 December 2014 CHF millions
Dividends on ordinary shares		
CHF 0.25 per share related to 2014 paid in 2015	37.7	
CHF 0.20 per share related to 2013 paid in 2014		29.7
	37.7	**29.7**
Dividends on Bons de Participation		
For the period 1 November 2013 to 30 April 2014 at 2.376%		0.2
For the period 1 May 2014 to 30 October 2014 at 2.005%		0.2
For the period 1 November 2014 to 30 April 2015 at 1.349%	0.1	
For the period 1 May 2015 to 30 October 2015 at 0.712%	0.1	
	0.2	**0.4**

51. RELATED PARTY TRANSACTIONS

51.1 Transactions

	Significant Shareholders CHF millions	EFG Group CHF millions	Key management personnel CHF millions
31 December 2015			
Assets			
Loans and advances to customers			0.9
Other assets		1.3	
Liabilities			
Due to other banks		18.9	
Derivatives		0.8	
Due to customers	15.3	1.4	7.7
Other liabilities		0.3	
Year ended 31 December 2015			
Commission income		2.5	0.2
Net other income		1.2	
Operating expenses		(1.4)	

	Significant Shareholders CHF millions	EFG Group CHF millions	Key management personnel CHF millions
31 December 2014			
Assets			
Derivatives		0.2	
Loans and advances to customers			3.6
Other assets		0.5	
Liabilities			
Due to other banks		2.5	
Derivatives		0.1	
Due to customers	3.4	1.6	20.1
Other liabilities		0.3	
Year ended 31 December 2014			
Commission income		1.0	0.3
Net other income		1.6	
Operating expenses		(1.4)	

A number of banking transactions are entered into with related parties. These include loans, deposits, derivative transactions and provision of services. The amounts Due from other banks reflect cash deposits, which like other third party amounts classified as Due from other Banks are unsecured.

Key management personnel comprise directors, key members of the management of the company and of its parent, as well as closely linked parties.

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

51.2 Key management compensation (including directors)

The compensation of members of the Executive Committee relating to the year 2015 comprised of cash compensation of CHF 7,860,408 (2014: CHF 6,980,896), pension contributions of CHF 410,672 (2014: CHF 369,329) and restricted stock units valued at approximately CHF 3,755,060 (2014: CHF 2,584,884). The compensation of the members of the Board of Directors relating to the year 2015 comprised of cash compensation of CHF 2,808,538 (2014: CHF 2,018,772), and pension contributions of CHF 39,757 (2014: nil).

For additional details required under Swiss Law (Swiss Code of Obligations art. 663b bis) see note 21 of the parent company financial statements on page 202.

52. EMPLOYEE EQUITY INCENTIVE PLANS

The EFG International Employee Equity Incentive Plan (the “Plan”) has different classes of options and restricted stock units, which have a vesting period of one, two and three years. The different classes have earliest exercise dates varying from three to five years from the grant date and ending seven years from the grant date.

The expense recorded in the Income Statement spreads the cost of the grants equally over the vesting period. Assumptions are made concerning the forfeiture rate which is adjusted during the vesting period so that at the end of the vesting period there is only a charge for vested amounts. Total expense related to the Plan in the Income Statement for the period ended 31 December 2015 was CHF 13.5 million (2014: CHF 10.5 million).

The Plan has been developed internally by the Group without the use of external consultants, although a service contract with an external company exists for the administration of the scheme.

The table below summarises the outstanding restricted stock units at 31 December 2015 which, when exercised, will each result in the issuance of one ordinary share:

Year granted	Type	Exercise price CHF	At beginning of year	Granted	Lapsed	Exercised	Outstanding
2008	In-the-money	24.00	488,148		488,148		–
2008	At-the-money	35.95	751,020		751,020		–
2008	Restricted stock units with 5 year lock-up	0	31,283		687	30,596	–
2009	In-the-money	5.00	194,522			150,000	44,522
2009	Restricted stock units with 3 year lock-up	0	54,572			44,239	10,333
2009	Restricted stock units with 5 year lock-up	0	12,636			12,636	–
2010	In-the-money	12.19	91,036			91,036	–
2010	Restricted stock units with 3 year lock-up	0	117,590			52,732	64,858
2010	Restricted stock units with 5 year lock-up	0	68,380			49,638	18,742
2011	Restricted stock units with 3 year lock-up	0	185,861			81,223	104,638
2011	Restricted stock units with 5 year lock-up	0	54,448			7,061	47,387
2012	Restricted stock units with 3 year lock-up	0	954,794		1,740	685,759	267,295
2012	Restricted stock units with 5 year lock-up	0	65,882		1,107	22,692	42,083
2013	Restricted stock units with 3 year lock-up	0	943,277		4,010	42,260	897,007
2013	Restricted stock units with 5 year lock-up	0	60,336		1,567	2,660	56,109
2014	Restricted stock units with 3 year lock-up	0	918,111		1,624	27,157	889,330
2014	Restricted stock units with 5 year lock-up	0	111,004		2,664	5,202	103,138
2015	Restricted stock units with 1/3 exercisable annually	0		1,169,710	25,356	13,150	1,131,204
2015	Restricted stock units with 3 year lock-up	0		1,162,338	55,356	16,607	1,090,375
			5,102,900	**2,332,048**	**1,333,279**	**1,334,648**	**4,767,021**

52.1 2015 incentive plan

EFG International granted 2,332,048 restricted stock units in 2015. There are two classes of restricted stock units. Both of the classes vest 1/3 every year over the next three years. One class has a 3-year lock-up restriction ("Restricted stock units with 3 year lock-up"), while the other class has no lock-up condition attached ("Restricted stock units with 1/3 exercisable annually"). The weighted average deemed value of each Restricted stock unit granted in 2015 is CHF 9.03. The values of the restricted stock units were determined using a model which takes into account the present value of the expected dividends during the period between the grant date and the earliest exercise date. The significant inputs into the model were the arithmetic average share price (closing) of the five consecutive business days following the earning announcement (CHF 11.29) and the discount determined by management (20%) and the expected life of the restricted stock units (12 to 36 months).

52.2 2016 incentive plan

EFG International will grant restricted stock units in March 2016 at prices to be determined based on the relevant valuation inputs on the date of issue.

53. INFORMATION RELATING TO THE EFG FIDUCIARY CERTIFICATES IN CIRCULATION

In connection with the EUR 400,000,000 EFG Fiduciary Certificates, which were issued by Banque de Luxembourg on a fiduciary basis, in its own name but at the sole risk and for the exclusive benefit of the holders of the EFG Fiduciary Certificates, Banque de Luxembourg acquired 400,000 Class B Bons de Participation issued by EFG International and 400,000 Class B Shares issued by EFG Finance (Guernsey) Limited. The proceeds of issue of the Class B Shares issued by EFG Finance (Guernsey) Limited were invested by EFG Finance (Guernsey) Limited in income generating assets. The sole eligibility criterion for investing the proceeds of issue of the Class B Shares is that the investments have an investment grade credit rating of at least BBB- from Standard & Poor's, or an equivalent credit rating from Moody's or Fitch.

In prior years, holders of EFG Fiduciary certificates with a notional value of EUR 386.6 million have sold their holdings back to the Group. Certificates with a notional value of EUR 13.4 million remain outstanding.

54. ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

	31 December 2015 CHF millions	31 December 2014 CHF millions
Character of client assets		
Equities	22,309	21,957
Deposits	21,876	20,728
Bonds	16,227	16,778
Loans	12,091	13,128
Structured notes	2,435	2,499
Hedge funds/Fund of hedge funds	3,325	3,800
Fiduciary deposits	599	745
EFG International shares	829	912
Other	4,442	4,561
Total Assets under Management	**84,133**	**85,108**
Total Assets under Administration	**9,605**	**8,368**
Total Assets under Management and Administration	**93,738**	**93,476**

Assets under Administration are trust assets administered by the Group.

	31 December 2015 CHF millions	31 December 2014 CHF millions
Assets under Management		
Character of assets under management:		
Assets in own administrated collective investment schemes	3,025	3,410
Assets with discretionary management agreements	14,082	13,783
Other assets under management	54,935	54,787
Total Assets under Management (including double counts)	**72,042**	**71,980**
Thereof double counts	*1,702*	*2,333*
Loans	12,091	13,128
Total Assets under Administration	9,605	8,368
Total Assets under Management and Administration	**93,738**	**93,476**
Net new asset inflows (including double counts)	**2,439**	**4,397**

Double counts primarily include the self-managed collective investment schemes and structured products issued by Group companies which are also included in customer portfolios and already included in assets under management.

Net new assets consist of new client acquisition, client departures and inflows or outflows attributable to existing clients (whether in cash or securities). In the year, loans and overdrafts decreased as a result of the net of new loans and repayments of CHF (655) million compared to a net increase in loans and overdrafts in the prior year of CHF 871 million. Interest and dividend income from assets under management, market or currency movements as well as fees and commissions are not included in net new assets. Effects resulting from any acquisition or disposal of Group companies are not included in net new assets.

55. POST BALANCE SHEET EVENTS

The Group has agreed to acquire BSI. If the transaction completes, the Group will become one of the largest private banks in Switzerland with approximately CHF 170 billion in revenue-generating assets under management. The consideration to be paid in cash and shares, corresponding to approximately CHF 1,328 million, is based on the Group's closing price on 19 February 2016.

As a result of the share consideration, BTG Pactual will become a shareholder with approximately 20%, while EFG European Financial Group will remain the largest shareholder with over 35%. The acquisition is subject to shareholder and regulatory approvals. Completion of the transaction is expected in fourth quarter 2016.

56. BOARD OF DIRECTORS

The Board of Directors of EFG International AG comprises:

Niccolò H. Burki*	Chariman (appointed on 24 April 2015)
Jean Pierre Cuoni*	Former Chairman (resigned on 24 April 2015)
John A. Williamson	Vice-Chairman (appointed on 24 April 2015)
Hugh Napier Matthews*	Former Vice-chairman (resigned on 24 April 2015)
Susanne Brandenberger*	Appointed on 7 October 2015
Emmanuel L. Bussetil	
Erwin Richard Caduff*	
Robert Yin Chiu	
Michael Higgin*	
Spiro J. Latsis	
Périclès Petalas	
Bernd-A. von Maltzan*	
Daniel Zuberbühler*	

** independent directors.*

57. SWISS BANKING LAW REQUIREMENTS

The Group is subject to consolidated supervision by Swiss Financial Markets Supervisory Authority. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS). Set out below are the deviations which would result if the provisions of the Banking Ordinance and the Guidelines of Swiss Financial Markets Supervisory Authority governing financial statement reporting, pursuant to Article 23 through Article 27 of Banking Federal Ordinance, were applied in the preparation of the consolidated financial statements of the Group.

(a) Financial investments

Under IFRS, available-for-sale financial investments are carried at fair value. Changes in the fair value of available-for-sale financial investments are recorded as increases or decreases to shareholders' equity (refer to consolidated Statement of Comprehensive Income) until an investment is sold, collected or otherwise disposed of, or until an investment is determined to be impaired. At the time an available-for-sale investment is determined to be impaired, the cumulative unrealized gain or loss previously recognised in Other Comprehensive Income is included in the Income Statement for the period. On disposal of an available-for-sale investment, the difference between the net disposal proceeds and carrying amount, including any previously recognised unrealised gain or loss arising from a change in fair value reported in Other Comprehensive Income, is included in the Income Statement for the period.

Under Swiss law, financial investments are carried at the lower of cost or market value. Positive and negative balance of market-related and/or credit worthiness-related value adjustments to financial investments valued according to the lower of cost or market value principle are included in the Income Statement as sundry ordinary income and sundry ordinary expenses respectively. Gains or losses on disposals are recognized in the Income Statement as income from the sale of financial investments.

(b) Fair value option

Under IFRS, the Group has two sub-categories of financial assets, those held for trading, and those designated as Fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Under Swiss law, this option is not available. Only the financial assets held for trading are reflected on the balance sheet at fair value. Hybrid instruments are bifurcated: the embedded derivative is marked to market through net trading income and the host contract is accounted for on an accrued cost basis. No own credit adjustments are booked for hybrid instruments. Generally, loans are accounted for at amortized cost less impairment, loan commitments stay off-balance sheet and fund investments are accounted for as financial investments.

(c) Derivative financial instruments

Under the specific rules of IAS 39, the majority of the Group's derivative financial instruments are classified as trading and reflected on the balance sheet at fair values. Changes in fair values are reflected in net trading income and replacement values are reported on a gross basis, unless certain restrictive requirements are met.

Under Swiss law, the Group's derivative instruments are recorded on Balance sheet at their market values (gross positive and negative replacement values). Replacement values are reported on a net basis provided the netting agreements are legally enforceable. Hedging transactions are valued using the same principles as those for the underlying transactions being hedged.

(d) Goodwill and intangible assets

Under both IFRS and under Swiss law, goodwill and intangible assets resulting from acquisitions and mergers are capitalized in the balance sheet.

Under IFRS, goodwill is not amortised but is tested for impairment at least annually and is carried at cost less accumulated impairment losses. Intangible assets are amortised on a systematic basis over their useful lives. In addition, intangible assets are tested for impairment when there is any indication that the asset may be impaired. Intangible assets are carried at cost less amortisation and accumulated impairment losses.

Under Swiss law, goodwill and intangible assets are amortised over the estimated economic life on a straight-line basis. The net carrying value of intangible assets is, in addition, reappraised annually, with any reduction to the net carrying value taken immediately as an expense in the Income Statement.

(e) Extraordinary income and expense

Under IFRS, items of income and expense shall not be classified as extraordinary items, in the Income Statement or the separate income statement (if presented), or in the notes.

Under Swiss law, income and expense items related to other accounting periods, as long as they are attributable to corrections or mistakes from previous periods, and/or not directly related with the core business activities of the enterprise (realised gains on sale of investments in associated undertakings or property, plant and equipment) are recorded as extraordinary income or expense.

(f) Discontinued operations

Under IFRS, assets and liabilities of an entity held-for-sale are separated from the ordinary balance sheet positions and reported in separate discontinued operations items. In addition, such assets and liabilities are remeasured at the lower of their carrying value or fair value less costs to sell.

Under Swiss law, these positions remain in the ordinary balance sheet positions until disposal and are not remeasured.

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

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of EFG International AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes (pages 96 to 191), for the year ended 31 December 2015.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial state-ments, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasona-bleness of accounting estimates made, as well as evaluating the overall presentation of the consolidat-ed financial statements. We believe that the audit evidence we have obtained is sufficient and appro-priate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (art. 728 CO and art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with art. 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Christophe Kratzer Audit expert Auditor in charge	Thomas Romer Audit expert

Geneva, 21 February 2016

PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

EFG International, Zurich

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

EFG INTERNATIONAL, ZURICH

	Note	Year ended 31 December 2015 CHF millions	Year ended 31 December 2014 CHF millions
Income			
Interest income from subsidiaries		24.6	14.5
Income from subsidiaries	14	40.2	40.3
Foreign exchange gain		–	5.9
Other income		0.1	0.2
Total income		**64.9**	**60.9**
Expenses			
Staff expenses		(12.0)	(11.5)
Operating expenses	15	(17.4)	(17.6)
Interest expenses paid to subsidiaries		(0.9)	(1.6)
Foreign exchange losses		(9.2)	–
Impairment of investments in subsidiaries	8	(0.8)	(7.8)
Increase in provision for guarantees	16	(23.7)	(8.9)
Total expenses		**(64.0)**	**(47.4)**
Net profit before tax		0.9	13.5
Tax expense		(0.9)	(0.8)
Net profit for the period		**0.0**	**12.7**

BALANCE SHEET AS AT 31 DECEMBER 2015

EFG INTERNATIONAL, ZURICH

	Note	Year ended 31 December 2015 CHF millions	Year ended 31 December 2014 CHF millions
Assets			
Due from subsidiaries		33.9	17.8
Other assets		9.1	2.6
Current assets		**43.0**	**20.4**
Investments in subsidiaries		733.2	732.0
Subordinated loans to subsidiaries		397.1	417.6
Non current assets		**1,130.3**	**1,149.6**
Total assets		**1,173.3**	**1,170.0**
Liabilities			
Due to subsidiaries		54.7	39.6
Accrued expenses and deferred income		8.9	7.4
Other liabilities		0.3	1.9
Current liabilities		**63.9**	**48.9**
Provisions	16	319.7	296.0
Total liabilities		**383.6**	**344.9**
Equity			
Share capital	12	75.9	75.3
Non-voting equity securities (Participation Certificates)	12	0.2	0.2
Legal reserves		1,704.2	1,740.2
of which Reserve from capital contributions		*1,703.3*	*1,739.2*
of which Reserve for own shares from capital contributions		*0.9*	1.0
Retained earnings	18	(990.6)	(1,003.3)
Net profit for the period		0.0	12.7
Total shareholders' equity		**789.7**	**825.1**
Total shareholders' equity and liabilities		**1,173.3**	**1,170.0**

1. GENERAL INFORMATION

EFG International AG is incorporated and domiciled in Switzerland. Its registered office is at Bleicherweg 8, 8022 Zurich.

2. ACCOUNTING POLICIES

The EFG International AG standalone financial statements are prepared in accordance with the principles of the Swiss Accounting Law (art. 957 to 963b of the Swiss Code of Obligations). The Swiss Accounting Law was revised in 2011 and became effective on 1 January 2013 with a transition period of two years, effective for annual periods beginning on or after 1 January 2015. As the Group is preparing its consolidated financial statements in accordance with IFRS, EFG International AG (standalone) is exempt from various disclosures in the standalone financial statements.

The standalone financial statements of EFG International AG are presented in CHF, its functional currency. Assets and liabilities denominated in foreign currencies are converted at rates of exchange prevailing at year end, which are presented in note 2c) of the consolidated financial statements on page 106.

Investments in subsidiaries

Investments in subsidiaries are equity interests and are directly held subsidiaries through which EFG International conducts its business on a global basis. They are measured individually and carried at historical cost less any impairments.

Provisions

Provisions are recognised when:
a) there is a present legal or constructive obligation as a result of past events;
b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
c) reliable estimates of the amount of the obligation can be made.

3. CONTINGENT LIABILITIES

EFG International AG has entered into several guarantee agreements mainly with subsidiaries which could theoretically lead to potential obligations of CHF 3,263 million (2014: CHF 2,628 million). Included in this amount is CHF 1,907 million (2014: CHF 2,038 million) related to structured products issued by a subsidiary company (which does not have a standalone credit rating) and are guaranteed by EFG International AG (which does have a credit rating). The risks related to these liabilities of the subsidiary are fully hedged by the subsidiary and are fully collateralised in the subsidiary by equal valued assets (primarily cash deposits).

4. BALANCE SHEET ASSETS WITH RETENTION OF TITLE TO SECURE OWN OBLIGATIONS

There are no such assets.

5. OFF-BALANCE SHEET OBLIGATIONS RELATING TO LEASING CONTRACTS

There are no such obligations.

6. LIABILITIES RELATING TO PENSION PLANS AND OTHER RETIREMENT BENEFIT OBLIGATIONS

There are no such liabilities.

7. BONDS ISSUED

There are no such liabilities.

8. PRINCIPAL PARTICIPATIONS

The company's principal participations are shown in the note 30, page 160, to the consolidated financial statements. In the current year the company impaired the carrying value of investments in subsidiaries by CHF 0.8 million (2014: CHF 7.8 million) where capital was invested in subsidiaries with net asset values below the carrying value of the subsidiaries. The existing carrying value is still below its original acquisition cost.

9. RELEASE OF UNDISCLOSED RESERVES

During the period, no undisclosed reserves were released (2014: nil).

10. REVALUATION OF LONG-TERM ASSETS TO HIGHER THAN COST

There was no such revaluation.

11. OWN SHARES HELD BY THE COMPANY AND BY GROUP COMPANIES

At 31 December 2015, 86,384 registered shares (2014: 120,704) and 750 (2014: 750) Bons de Participation "B" were held by subsidiaries. See note 43.3 of the consolidated financial statements on page 177.

12. SHARE CAPITAL

	31 December 2015 CHF millions	31 December 2014 CHF millions
151,917,742 (2014: 150,695,434) registered shares at the nominal value of CHF 0.50	75.9	75.3
13,382 (2014: 13,382) Bons de Participation "B" at the nominal value of CHF 15	0.2	0.2
Total share capital	**76.1**	**75.5**

Conditional share capital

The share capital may be increased by a maximum of CHF 1,408,629 (2014: CHF 1,019,783) by issuing up to 2,817,258 (2014: 2,039,566) fully paid up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to officers and employees at all levels of the company and its group companies. The preferential subscription rights of the shareholders and participants are excluded in favor of the holders of the option rights.

The share capital may be increased by a maximum of CHF 10,000,000 by issuing up to 20,000,000 fully paid up registered shares with a face value of CHF 0.50 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly issued convertible debentures with option rights or other financing instruments by the company or one of its group companies. The preferential subscription rights of the shareholders and participants are excluded in favor of the holders of the conversion and/or option rights.

Authorised share capital

The Board of Directors is authorised, at any time until 25 April 2016, to increase the share capital by a maximum of CHF 25,000,000 by issuing up to 50,000,000 fully paid up registered shares with a face value of CHF 0.50 each. Increases by firm underwriting, partial increases, as well as increases by way of conversion of own free funds are permitted.

13. SIGNIFICANT SHAREHOLDERS

The significant shareholders and groups of shareholders, whose participation exceed 5% of all voting rights are:

	31 December 2015 Shares	31 December 2015 Participation of %	31 December 2014 Shares	31 December 2014 Participation of %
EFG Bank European Financial Group SA	82,545,117	54.4%	82,545,117	54.8%

EFG Bank European Financial Group SA is controlled by the Latsis Family interests through several intermediate parent companies.

14. INCOME FROM SUBSIDIARIES

Income from subsidiaries consists of the following :

	31 December 2015 CHF millions	31 December 2014 CHF millions
Dividends	–	4.0
Royalties	13.8	14.0
Management service fees	3.0	3.5
Administrator fees	17.2	15.8
Other services	6.2	3.0
Total	**40.2**	**40.3**

15. OPERATING EXPENSES

Operating expenses consist of the following:

	31 December 2015 CHF millions	31 December 2014 CHF millions
Other operating expenses	(12.2)	(11.7)
Services provided by subsidiaries	(5.2)	(5.9)
Total	**(17.4)**	**(17.6)**

16. PROVISIONS FOR GUARANTEES

Guarantees of CHF 1,205.4 million were provided to subsidiaries (2014: CHF 492.6 million), related to loans to other Group companies. Based on the net realisable assets of these Group companies, a potential liability of CHF 319.7 million (2014: CHF 296.0 million) exists at year end, assuming the guarantees are called.

17. GENERAL LEGAL RESERVE

In 2015 a dividend distribution of CHF 37.7 million (2014: CHF 29.7 million) has been paid from the Reserve from capital contributions representing CHF 0.25 per registered share (2014: CHF 0.20 per registered share). The general legal reserve increased by CHF 1.7 million during the period due to the exercise of employee equity incentive plans on shares previously constituted through conditional capital (2014: CHF 4.5 million).

18. RETAINED EARNINGS

	31 December 2015 CHF millions	31 December 2014 CHF millions
At 1 January	(1,003.3)	(1,141.3)
Net result of prior period	12.7	138.0
Transfer from Reserve from capital contributions for dividend payment	37.7	29.7
Dividend paid	(37.7)	(29.7)
At 31 December	**(990.6)**	**(1,003.3)**

19. PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

The Board of Directors proposes, subject to the approval of the General Meeting of Shareholders, to carry forward the profit of the year of CHF 0.0 million as cumulative negative retained earnings and to proceed to a distribution to shareholders of CHF 0.25 per share, which will amount to a total distribution of CHF 38.0 million (excluding anticipated distribution not payable on the 25,615 shares held on 31 December 2015 by a subsidiary). The Board of Directors proposes to fully charge the proposed distribution for 2015 of CHF 0.25 per share to the balance sheet item “Reserve from capital contributions”. Subject to the adoption of this proposal by the General Meeting of Shareholders, such distribution will not be subject to the Swiss withholding tax.

20. RISK MANAGEMENT

See note 4 of consolidated financial statements on page 117.

21. COMPENSATION OF BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

(i) Compensation year ended 2015

	Fixed compensation (1)	*Variable compensation (2)*		*Other compensation*	Social charges	Total
	Cash	Cash bonus	Share options (3)		(4)	*2015*
	CHF	CHF	CHF	CHF	CHF	CHF
Board of Directors						
Niccolò H. Burki, Chairman	406,748				23,942	430,690
John A. Williamson, Vice-Chairman (5)**	1,116,644				109,975	1,226,619
Susanne Brandenberger**	37,500				8,096	45,596
Emmanuel L. Bussetil (6)						–
Erwin R. Caduff	141,668				10,080	151,748
Robert Y. Chiu	125,002		963,213		6,581	1,094,796
Michael N. Higgin***	309,308				23,071	332,379
Spiro J. Latsis (6)						–
Périclès Petalas (6)						–
Bernd-A. von Maltzan	150,000				8,101	158,101
Daniel Zuberbühler	135,002				7,189	142,191
Jean Pierre Cuoni*	220,000				13,368	233,368
Hugh N. Matthews*	166,666				9,370	176,036
Total Board of Directors	**2,808,538**	**–**	**963,213**	**–**	**219,773**	**3,991,524**
Executive Committee						
Total Executive Committee	**7,860,408**	**2,853,733**	**3,755,060**	**54,603**	**1,226,868**	**15,751,212**
of which highest paid: James T. H. Lee, Head of Investment & Wealth Solutions	1,107,829	450,400	675,600	41,160	164,635	2,439,624

* *Left in 2015*
** *Joined in 2015*
** *Includes UK Board of Directors Fees*

Notes
1) Including employees' contributions for social charges.
2) Subject to approval by the shareholders at the annual general meeting 2016.
3) The amount represents the value of RSUs granted in 2016.
For specific valuation of the Employee Equity Incentive Plans, refer to note 52 of the consolidated financial statements.
4) Employer social charges of the Executive Committee of CHF 1,226,868 includes an amount of CHF 410,672 of pension contributions.
5) This member of the Board of Directors receives a variable compensation related to his former position as CEO of EFG International until 24 April 2015, subject to approval by shareholder at the AGM 2016, for a total amount of CHF 1,400,000 (CHF 560,000 in cash and CHF 840,000 in RSUs). These amounts are included in the total reported for Executive Committee members.
6) No compensation has been paid to this member of the Board of Directors.

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

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

(ii) Compensation year ended 2014

	Fixed compensation (1)	*Variable compensation (2)*		*Other compensation*	Social charges	Total
	Cash	Cash bonus	Share options (3)		(4)	*2014*
	CHF	CHF	CHF	CHF	CHF	CHF
Board of Directors						
Jean Pierre Cuoni, Chairman	660,000				40,426	700,426
Niccolò H. Burki	236,258				16,423	252,681
Emmanuel L. Bussetil (5)						–
Erwin R. Caduff	125,004				9,040	134,044
Robert Y. Chiu	93,753	741,805	741,805		4,976	1,582,339
Michael N. Higgin	265,004				17,176	282,180
Spiro J. Latsis (5)						–
Bernd-A. von Maltzan	150,000				8,801	158,801
Hugh N. Matthews	345,000				20,124	365,124
Hans Niederer*	50,000				2,722	52,722
Périclès Petalas (5)						–
Daniel Zuberbühler**	93,753				4,976	98,729
Total Board of Directors	**2,018,772**	**741,805**	**741,805**	**–**	**124,664**	**3,627,046**
Executive Committee						
Total Executive Committee	**6,980,896**	**1,673,256**	**2,584,884**	**95,658**	**1,083,934**	**12,418,628**
of which highest paid:						
John Williamson, CEO	1,603,612	560,000	840,000	29,511	250,651	3,283,774

* *Left in April 2014*
** *Joined in April 2014*

Notes
1) Including employees' contributions for social charges.
2) Subject to approval by the shareholders at the annual general meeting 2015.
3) The amount represents the value of RSUs granted in 2015.
For specific valuation of the Employee Equity Incentive Plans, refer to note 54 of the consolidated financial statements.
4) Employer social charges of the Executive Committee of CHF 1,083,934 includes an amount of CHF 369,329 of pension contributions.
5) No compensation has been paid to this member of the Board of Directors.

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

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

(iii) Loans and credits

At 31 December 2015 the following loans and credits were granted by subsidiaries to members of the Board of Directors and the Executive Committee and are outstanding at the end of the year.

	2015 CHF	2014 CHF
Board of Directors		
Emmanuel L. Bussetil, member		3,879
John A. Williamson, Vice-Chairman (1)*	445,284	
Robert Y. Chiu*, member		1,469,340
Total Board of Directors	**445,284**	**1,473,219**
Executive Committee		
Mark Bagnall, COO (highest amount granted to an individual member of Executive Committee)*	533,478	500,000
John Williamson, CEO (highest amount granted to an individual member of the Executive Committee)*		1,443,872
Other members of the Executive Committee**	2,957	180,791
Total Executive Committee	**536,435**	**2,124,663**

* *Fully collateralised loans*
** *Amounts drawn within the pre-existing credit limits*

1) Joined the Board of Directors in April 2015.

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

(iv) Shareholdings

At 31 December 2015 the following shareholdings were held by the Board of Directors and the Executive Committee and closely linked parties.

	Shares 2015	Shares 2014	2015 Vested Share Options	2015 Granted Share Options	2014 Vested Share Options	2014 Granted Share Options
Board of Directors						
Niccolò H. Burki, Chairman						
John A. Williamson, Vice-Chairman*	221,368		71,969	158,082		
Susanne Brandenberger, member*						
Emmanuel L. Bussetil, member						
Erwin R. Caduff, member	11,500	11,500				
Michael N. Higgin, member						
Spiro J. Latsis, member***	82,545,117	82,545,117				
Bernd-A. von Maltzan, member						
Hans Niederer, member*						
Périclès Petalas, member						
Robert Y. Chiu, member**	1,136,661	1,636,661	103,301	156,528	134,067	133,632
Daniel Zuberbühler, member**						
Jean Pierre Cuoni***		5,018,779				
Hugh N. Matthews***		8,055				
Total Board of Directors	**83,914,646**	**89,220,112**	**175,270**	**314,610**	**134,067**	**133,632**
Executive Committee						
Total Executive Committee	**611,877**	**829,807**	**173,770**	**318,087**	**205,949**	**354,527**
Mark Bagnall						
Keith Gapp		18,651				
Adrian Kyriazi						
James TH Lee	572,944	556,869				
Giorgio Pradelli						
Frederick Link	38,933	32,919				
John Williamson***		221,368				
Henric Immink***						

* *Joined in 2015*
** *Total number of shares owned by the Latsis Family Interests*
*** *Left in 2015*

The members of the Executive Committee have been granted 318,087 share options and restricted stock units which are currently subject to vesting criteria (2014: 354,527 share options and restricted stock units). These would vest in the period 2016 to 2019.

22. POST BALANCE SHEET EVENTS

The Company has agreed to acquire BSI. If the transaction completes, the Group will become one of the largest private banks in Switzerland with approximately CHF 170 billion in revenue-generating assets under management. The consideration to be paid in cash and shares, corresponding to approximately CHF 1,328 million, is based on the Group's closing price on 19 February 2016.

As a result of the share consideration, BTG Pactual will become a shareholder with approximately 20%, while EFG European Financial Group will remain the largest shareholder with over 35%. The acquisition is subject to shareholder and regulatory approvals. Completion of the transaction is expected in fourth quarter 2016.

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

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of EFG International AG, which comprise the income statement, balance sheet and notes (pages 196 to 205), for the year ended 31 December 2015.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the account-ing policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Christophe Kratzer	Thomas Romer
Audit expert	Audit expert
Auditor in charge	

Geneva, 21 February 2016

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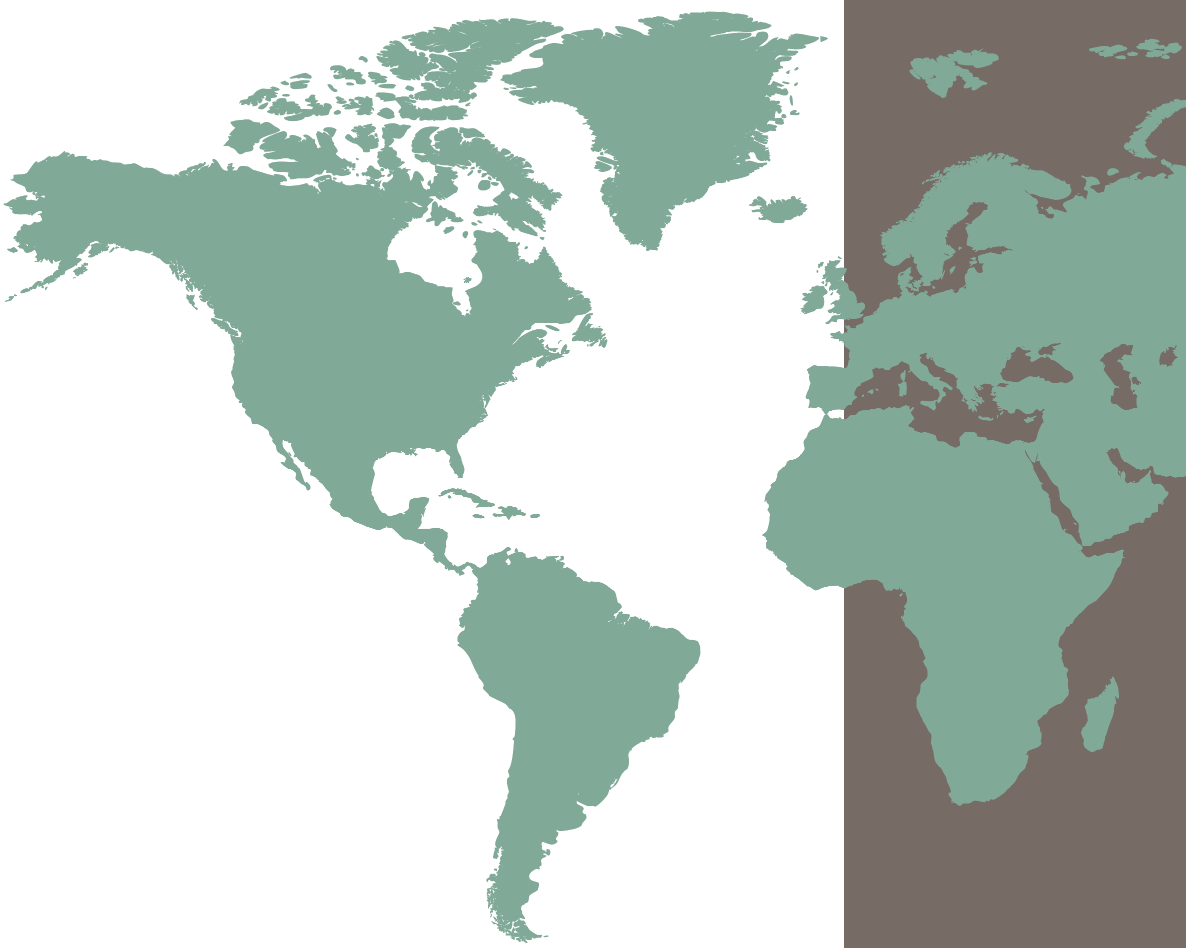

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