U.S. Department of Justice

Tax Division

Washington, D.C. 20530

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2014200698

November 20, 2015

William A. Burck
Tomislav A. Joksimovic
Quinn Emanuel Urquhart & Sullivan LLP
777 6th Street NW, 11th Floor
Washington, D.C. 20001

Re: EFG Bank AG and EFG Bank European Financial Group SA, Geneva
DOJ Swiss Bank Program – Category 2
Non-Prosecution Agreement

Dear Mr. Burck:

EFG Bank European Financial Group SA, Geneva ("EFG Group") and EFG Bank AG ("EFG Bank") (collectively "EFG") submitted a joint Letter of Intent on December 31, 2013, to participate in Category 2 of the Department of Justice's Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks, as announced on August 29, 2013 (hereafter "Swiss Bank Program"). This Non-Prosecution Agreement ("Agreement") is entered into based on the representations of EFG in its joint Letter of Intent and information provided by EFG pursuant to the terms of the Swiss Bank Program. The Swiss Bank Program is incorporated by reference herein in its entirety in this Agreement.[1] Any violation by EFG Group or EFG Bank of the Swiss Bank Program will constitute a breach of this Agreement. EFG Group and EFG Bank are separate legal entities that participated jointly in the Swiss Bank Program. They are severally bound by the obligations of this Agreement and severally liable for any individual breach of this Agreement.

On the understandings specified below, the Department of Justice will not prosecute EFG for any tax-related offenses under Titles 18 or 26, United States Code, or for any monetary transaction offenses under Title 31, United States Code, Sections 5314 and 5322, in connection with undeclared U.S. Related Accounts held by EFG during the Applicable Period (the "conduct"). EFG admits, accepts, and acknowledges responsibility for the conduct set forth in the Statement of Facts attached hereto as Exhibit A and agrees not to make any public statement contradicting the Statement of Facts. This Agreement does not provide any protection against

[1] Capitalized terms shall have the meaning ascribed to them in the Swiss Bank Program.

prosecution for any offenses except as set forth above, and applies only to EFG and does not apply to any other entities or to any individuals. EFG expressly understands that the protections provided under this Agreement shall not apply to any acquirer or successor entity unless and until such acquirer or successor formally adopts and executes this Agreement. EFG enters into this Agreement pursuant to the authority granted by the Boards of Directors of EFG Group and EFG Bank in the form of a joint Declaration of the Boards (a copy of which is attached hereto as Exhibit B).

In recognition of the conduct described in this Agreement and in accordance with the terms of the Swiss Bank Program, EFG agrees to pay the sum of $29,988,000 as a penalty to the Department of Justice ("the Department"). This shall be paid directly to the United States within seven (7) days of the execution of this Agreement pursuant to payment instructions provided to EFG. This payment is in lieu of restitution, forfeiture, or criminal fine against EFG for the conduct described in this Agreement. The Department will take no further action to collect any additional criminal penalty from EFG with respect to the conduct described in this Agreement, unless the Tax Division determines EFG has materially violated the terms of this Agreement or the Swiss Bank Program as described on pages 5-6 below. EFG acknowledges that this penalty payment is a final payment and no portion of the payment will be refunded or returned under any circumstance, including a determination by the Tax Division that EFG has violated any provision of this Agreement. EFG agrees that it shall not file any petitions for remission, restoration, or any other assertion of ownership or request for return relating to the penalty amount or the calculation thereof, or file any other action or motion, or make any request or claim whatsoever, seeking to collaterally attack the payment or calculation of the penalty. EFG agrees that it shall not assist any others in filing any such claims, petitions, actions, or motions. EFG further agrees that no portion of the penalty that EFG has agreed to pay to the Department under the terms of this Agreement will serve as a basis for EFG to claim, assert, or apply for, either directly or indirectly, any tax deduction, any tax credit, or any other offset against any U.S. federal, state, or local tax or taxable income.

The Department enters into this Agreement based, in part, on the following Swiss Bank Program factors:

(a) EFG's timely, voluntary, and thorough disclosure of its conduct, including:

- how its cross-border business for U.S. Related Accounts was structured, operated, and supervised (including internal reporting and other communications with and among management);
- the name and function of the individuals who structured, operated, or supervised the cross-border business for U.S. Related Accounts during the Applicable Period;
- how EFG attracted and serviced account holders; and
- an in-person presentation and documentation, properly translated, supporting the disclosure of the above information and other information that was requested by the Tax Division;

(b) EFG's cooperation with the Tax Division, including conducting an internal investigation and making presentations to the Tax Division on the status and findings of the internal investigation;

(c) EFG's production of information about its U.S. Related Accounts, including:

- the total number of U.S. Related Accounts and the maximum dollar value, in the aggregate, of the U.S. Related Accounts that (i) existed on August 1, 2008; (ii) were opened between August 1, 2008, and February 28, 2009; and (iii) were opened after February 28, 2009;

- the total number of accounts that were closed during the Applicable Period; and

- upon execution of the Agreement, as to each account that was closed during the Applicable Period, (i) the maximum value, in dollars, of each account, during the Applicable Period; (ii) the number of U.S. persons or entities affiliated or potentially affiliated with each account, and further noting the nature of the relationship to the account of each such U.S. person or entity or potential U.S. person or entity (e.g., a financial interest, beneficial interest, ownership, or signature authority, whether directly or indirectly, or other authority); (iii) whether it was held in the name of an individual or an entity; (iv) whether it held U.S. securities at any time during the Applicable Period; (v) the name and function of any relationship manager, client advisor, asset manager, financial advisor, trustee, fiduciary, nominee, attorney, accountant, or other individual or entity functioning in a similar capacity known by EFG to be affiliated with said account at any time during the Applicable Period; and (vi) information concerning the transfer of funds into and out of the account during the Applicable Period, including (a) whether funds were deposited or withdrawn in cash; (b) whether funds were transferred through an intermediary (including but not limited to an asset manager, financial advisor, trustee, fiduciary, nominee, attorney, accountant, or other third party functioning in a similar capacity) and the name and function of any such intermediary; (c) identification of any financial institution and domicile of any financial institution that transferred funds into or received funds from the account; and (d) identification of any country to or from which funds were transferred; and

(d) EFG's retention of a qualified independent examiner who has verified the information EFG disclosed pursuant to Part II.D.2 of the Swiss Bank Program.

Under the terms of this Agreement, EFG shall: (a) commit no U.S. federal offenses; and (b) truthfully and completely disclose, and continue to disclose during the term of this Agreement, consistent with applicable law and regulations, all material information described in Part II.D.1 of the Swiss Bank Program that is not protected by a valid claim of privilege or work product with respect to the activities of EFG, those of its parent company and its affiliates, and its officers, directors, employees, agents, consultants, and others, which information can be used for any purpose, except as otherwise limited in this Agreement.

Notwithstanding the term of this Agreement, EFG shall also, subject to applicable laws or regulations: (a) cooperate fully with the Department, the Internal Revenue Service, and any other federal law enforcement agency designated by the Department regarding all matters related to the conduct described in this Agreement; (b) provide all necessary information and assist the United States with the drafting of treaty requests seeking account information of U.S. Related Accounts, whether open or closed, and collect and maintain all records that are potentially responsive to such treaty requests in order to facilitate a prompt response; (c) assist the Department or any designated federal law enforcement agency in any investigation, prosecution, or civil proceeding arising out of or related to the conduct covered by this Agreement by providing logistical and technical support for any meeting, interview, federal grand jury proceeding, or any federal trial or other federal court proceeding; (d) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, director, employee, agent, or consultant of EFG at any meeting or interview or before a federal grand jury or at any federal trial or other federal court proceeding regarding matters arising out of or related to the conduct covered by this Agreement; (e) provide testimony of a competent witness as needed to enable the Department and any designated federal law enforcement agency to use the information and evidence obtained pursuant to EFG's participation in the Swiss Bank Program; (f) provide the Department, upon request, consistent with applicable law and regulations, all information, documents, records, or other tangible evidence not protected by a valid claim of privilege or work product regarding matters arising out of or related to the conduct covered by this Agreement about which the Department or any designated federal law enforcement agency inquires, including the translation of significant documents at the expense of EFG; and (g) provide to any state law enforcement agency such assistance as may reasonably be requested in order to establish the basis for admission into evidence of documents already in the possession of such state law enforcement agency in connection with any state civil or criminal tax proceedings brought by such state law enforcement agency against an individual arising out of or related to the conduct described in this Agreement.

EFG further agrees to undertake the following:

1. EFG agrees, to the extent it has not provided complete transaction information pursuant to Part II.D.2.b.vi of the Swiss Bank Program, and set forth in subparagraph (c) on page 3 of this Agreement because the Tax Division has agreed to specific dollar threshold limitations for the initial production, EFG will promptly provide the entirety of the transaction information upon request of the Tax Division.

2. EFG agrees to close as soon as practicable, and in no event later than two years from the date of this Agreement, any and all accounts of recalcitrant account holders, as defined in Section 1471(d)(6) of the Internal Revenue Code; has implemented, or will implement, procedures to prevent its employees from assisting recalcitrant account holders to engage in acts of further concealment in connection with closing any account or transferring any funds; and will not open any U.S. Related Accounts except on conditions that ensure that the account will be declared to the United States and will be subject to disclosure by EFG.

3. EFG agrees to use best efforts to close as soon as practicable, and in no event later than the four-year term of this Agreement, any and all U.S. Related Accounts classified as "dormant" in accordance with applicable laws, regulations and guidelines, and will provide periodic reporting upon request of the Tax Division if unable to close any dormant accounts within that time period. EFG will only provide banking or securities services in connection with any such "dormant" account to the extent that such services are required pursuant to applicable laws, regulations and guidelines. If at any point contact with the account holder(s) (or other person(s) with authority over the account) is re-established, EFG will promptly proceed to follow the procedures described above in paragraph 2.

4. EFG agrees to retain all records relating to its U.S. cross-border business, including records relating to all U.S. Related Accounts closed during the Applicable Period, for a period of ten (10) years from the termination date of the this Agreement.

With respect to any information, testimony, documents, records or other tangible evidence provided to the Tax Division pursuant to this Agreement, the Tax Division provides notice that it may, subject to applicable law and regulations, disclose such information or materials to other domestic governmental authorities for purposes of law enforcement or regulatory action as the Tax Division, in its sole discretion, shall deem appropriate.

EFG's obligations under this Agreement shall continue for a period of four (4) years from the date this Agreement is fully executed. EFG, however, shall cooperate fully with the Department in any and all matters relating to the conduct described in this Agreement, until the date on which all civil or criminal examinations, investigations, or proceedings, including all appeals, are concluded, whether those examinations, investigations, or proceedings are concluded within the four-year term of this Agreement.

It is understood that if the Tax Division determines, in its sole discretion, that: (a) EFG committed any U.S. federal offenses during the term of this Agreement; (b) EFG or any of its representatives have given materially false, incomplete, or misleading testimony or information; (c) the misconduct extended beyond that described in the Statement of Facts or disclosed to the Tax Division pursuant to Part II.D.1 of the Swiss Bank Program; or (d) EFG has otherwise materially violated any provision of this Agreement or the terms of the Swiss Bank Program, then (i) EFG shall thereafter be subject to prosecution and any applicable penalty, including restitution, forfeiture, or criminal fine, for any federal offense of which the Department has knowledge, including perjury and obstruction of justice; (ii) all statements made by EFG's representatives to the Tax Division or other designated law enforcement agents, including but not limited to the appended Statement of Facts, any testimony given by EFG's representatives before a grand jury or other tribunal whether prior to or subsequent to the signing of this Agreement, and any leads therefrom, and any documents provided to the Department, the Internal Revenue Service, or designated law enforcement authority by EFG shall be admissible in evidence in any criminal proceeding brought against EFG and relied upon as evidence to support any penalty on EFG; and (iii) EFG shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or documents or any leads therefrom should be suppressed.

Determination of whether EFG has breached this Agreement and whether to pursue prosecution of EFG shall be in the Tax Division's sole discretion. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, EFG, will be imputed to EFG for the purpose of determining whether EFG has materially violated any provision of this Agreement shall be in the sole discretion of the Tax Division.

In the event that the Tax Division determines that EFG has breached this Agreement, the Tax Division agrees to provide EFG with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, EFG may respond to the Tax Division in writing to explain the nature and circumstances of such breach, as well as the actions that EFG has taken to address and remediate the situation, which explanation the Tax Division shall consider in determining whether to pursue prosecution of EFG.

In addition, any prosecution for any offense referred to on page 1 of this Agreement that is not time-barred by the applicable statute of limitations on the date of the announcement of the Swiss Bank Program (August 29, 2013) may be commenced against EFG, notwithstanding the expiration of the statute of limitations between such date and the commencement of such prosecution. For any such prosecutions, EFG waives any defenses premised upon the expiration of the statute of limitations, as well as any constitutional, statutory, or other claim concerning pre-indictment delay and agrees that such waiver is knowing, voluntary, and in express reliance upon the advice of EFG's counsel.

It is understood that the terms of this Agreement do not bind any other federal, state, or local prosecuting authorities other than the Department. If requested by EFG, the Tax Division will, however, bring the cooperation of EFG to the attention of such other prosecuting offices or regulatory agencies.

It is further understood that this Agreement and the Statement of Facts attached hereto may be disclosed to the public by the Department and EFG consistent with Part V.B of the Swiss Bank Program.

This Agreement supersedes all prior understandings, promises and/or conditions between the Department and EFG. No additional promises, agreements, and conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by both parties.

[Signatures to Follow on Next Page]

CAROLINE D. CIRAOLO
Acting Assistant Attorney General
Tax Division

12/3/2015
DATE

THOMAS J. SAWYER
Senior Counsel for International Tax Matters

3 December 2015
DATE

KIMBERLIE E. DODD
Trial Attorney

12/3/2015
DATE

AGREED AND CONSENTED TO:
EFG BANK EUROPEAN FINANCIAL GROUP SA, GENEVA

By:
PERICLES-PAUL PETALAS
Chief Executive Officer

1 December 2015
DATE

By:
ERIC BERTSCHY
Chief Financial Officer and Deputy CEO

1 December 2015
DATE

AGREED AND CONSENTED TO:
EFG BANK AG

By:
PIERGIORGIO PRADELLI
Chief Financial Officer and Deputy CEO

1. DECEMBER 2015
DATE

By:
HENRIC IMMINK
General Counsel

2-12-2015
DATE

[Signatures Continue on Next Page]

APPROVED:

WILLIAM A. BURCK
Quinn Emanuel Urquhart & Sullivan LLP

December 1, 2015
DATE

TOMISLAV A. JOKSIMOVIC
Quinn Emanuel Urquhart & Sullivan LLP

December 1, 2015
DATE

J DeBoth

JEAN-YVES DE BOTH
Schellenberg Wittmer Ltd.

1 December 2015
DATE

EXHIBIT A TO EFG BANK AG
AND EFG BANK EUROPEAN FINANCIAL GROUP SA, GENEVA
NON-PROSECUTION AGREEMENT

STATEMENT OF FACTS

INTRODUCTION

1. EFG Bank European Financial Group SA, Geneva ("EFG Group") is a holding company and Swiss bank based in Geneva, Switzerland, performing predominantly administrative tasks associated with a holding bank and ancillary private banking services for a limited clientele. It is the 54 percent direct and controlling shareholder of EFG International AG ("EFGI"), which is a holding company. EFG Group is 100 percent owned by European Financial Group EFG (Luxembourg) SA.

2. EFG Bank AG ("EFG Bank") is the main Swiss private banking subsidiary of the holding company EFGI. EFG Bank is headquartered in Zurich and has another Swiss office in Geneva. It also has representative offices and branches in Asia and the Americas. In 2003, EFG Bank acquired the Geneva-based bank Banque Édouard Constant ("BEC").

3. EFGI, the holding company, was established in 2005. EFGI offers private banking and asset management services in around 30 locations worldwide and is headquartered in Zurich, Switzerland. EFGI is primarily owned by the interests of the Latsis family, and EFGI's stock is publicly traded on the SIX Swiss Stock Exchange. Of EFGI's approximately 30 subsidiaries, representative offices, and branches worldwide, only EFG Bank is participating in Category 2[1] of the Swiss Bank Program.

4. The EFG International Group is an international private banking group that, led by two private bankers from International Bank #1 and International Bank #2, was formed in 1995 with the acquisitions of the right to operate from the Zurich office of the Banque de Dépôts and the Swiss operations of the Royal Bank of Scotland (acquired in 1997).

5. Unless otherwise specifically noted herein, EFG Group, EFG Bank, and their Switzerland-based operations will be collectively referred to as "EFG" or the "Bank." While EFG Group and EFG Bank are participating jointly in Category 2 of the Swiss Bank Program, these two EFG banks are separate legal entities with distinct management and board control.

6. As of December 2014, EFGI and EFG Group collectively held assets under management totaling approximately $85 billion, approximately $16 billion of which were managed by EFG in Switzerland. Assets under management are diversified globally with approximately 19 percent under EFG in Switzerland, but when assets booked in Switzerland by other EFG locations are included, the assets under management are

[1] Capitalized terms not otherwise defined in this Statement of Facts have the meanings set forth in the Program for Non-Prosecution or Non-Target Letters for Swiss Banks, issued on August 29, 2013 (the "Swiss Bank Program").

approximately $23 billion and the percentage rises to approximately 27 percent. EFG employs approximately 500 people in Switzerland, and since August 2008, clients with a U.S. nexus held a peak of approximately four percent of the assets booked in Switzerland.

U.S. INCOME TAX AND REPORTING OBLIGATIONS

7. U.S. citizens, resident aliens, and legal permanent residents have an obligation to report all income earned from foreign bank accounts on their tax returns and to pay the taxes due on that income. For the tax year 1976 forward, U.S. citizens, resident aliens, and legal permanent residents had an obligation to report to the Internal Revenue Service ("IRS") on the Schedule B of a U.S. Individual Income Tax Return, Form 1040, whether that individual had a financial interest in, or signature authority over, a financial account in a foreign country in a particular year by checking "Yes" or "No" in the appropriate box and identifying the country where the account was maintained.

8. Since 1970, U.S. citizens, resident aliens, and legal permanent residents who have had a financial interest in, or signature authority over, one or more financial accounts in a foreign country with an aggregate value of more than $10,000 at any time during a particular year have been required to file with the Department of the Treasury a Report of Foreign Bank and Financial Accounts, FinCEN Form 114, formerly known as Form TD F 90-22.1 (the "FBAR"). The FBAR for the applicable year was due on June 30 of the following year.

9. Since 1935, Switzerland has maintained criminal laws that ensure the secrecy of client relationships at Swiss banks. While Swiss law permits the exchange of information in response to administrative requests made pursuant to a tax treaty with the United States and certain legal requests in cases of tax fraud, Swiss law otherwise prohibits the disclosure of identifying information without client authorization. Because of the secrecy guarantee that they created, these Swiss criminal provisions have historically enabled U.S. clients to conceal their Swiss bank accounts from U.S. authorities.

10. In or about 2008, Swiss bank UBS AG ("UBS") publicly announced that it was the target of a criminal investigation by the Internal Revenue Service and the United States Department of Justice and that it would be exiting and no longer accepting certain U.S. clients. On February 18, 2009, the Department of Justice and UBS filed a deferred prosecution agreement in the Southern District of Florida in which UBS admitted that its cross-border banking business used Swiss privacy law to aid and assist U.S. clients in opening and maintaining undeclared assets and income from the IRS. Since UBS, several other Swiss banks have publicly announced that they were or are the targets of similar criminal investigations and that they would likewise be exiting and not accepting certain U.S. clients (UBS and the other targeted Swiss banks are collectively referred to as "Category 1 banks"). These cases have been closely monitored by banks operating in Switzerland, including EFG, since at least August of 2008.

11. EFG began assessing its U.S. client business and risks at least as early as June 2008 following a May 2008 press release related to a former UBS banker and a Liechtenstein-based banker being charged by the U.S. Department of Justice. An estimate provided by a member of management of EFG Bank ("Manager #1"), to the Chief Executive Officer of EFG Bank on June 20, 2008 identified "1,200 accounts where there is a US person (resident, citizen or both) involved as an account holder, beneficial owner, settlor, trustee or signer" with approximately 2.3 billion Swiss francs in assets under management and noted that approximately 10% of those assets were managed by one particular EFG Bank private banker.

EFG SUBVERTED ITS QUALIFIED INTERMEDIARY AGREEMENT

12. In 2001, EFG entered into a Qualified Intermediary Agreement ("QI Agreement") with the IRS. The Qualified Intermediary regime provided a comprehensive framework for U.S. information reporting and tax withholding by a non-U.S. financial institution with respect to U.S. securities. The QI Agreement was designed to help ensure that, with respect to U.S. securities held in an account at the bank, non-U.S. persons were subject to the proper U.S. withholding tax rates and that U.S. persons holding U.S. securities were properly paying U.S. tax.

13. The QI Agreement took account of the fact that EFG, like other Swiss banks, was prohibited by Swiss law from disclosing the identity of an account holder. In general, if an account holder wanted to trade in U.S. securities and avoid mandatory U.S. tax withholding, the agreement required EFG to obtain the consent of the account holder to disclose the client's identity to the IRS. The QI Agreement required EFG to obtain IRS Forms W-9 and to undertake IRS Form 1099 reporting for new and existing U.S. clients engaged in U.S. securities transactions.

14. Notwithstanding this requirement, EFG chose to continue to service U.S. clients without disclosing their identity to the IRS and without considering the impact of U.S. criminal law on that decision.

15. EFG believed it could continue to accept and service U.S. account holders, even if it knew or had reason to believe they were engaged in tax evasion so long as it complied with the QI Agreement, which in the Bank's view did not apply to account holders who were not trading in U.S.-based securities or to accounts that were nominally structured in the name of a non-U.S.-based entity.

    a. For example, when asked in July 2007 whether an account should be considered a U.S. account if the new corporate account is in the name of a Panama company that was in reality beneficially owned by a U.S. resident, Manager #1 advised that the "account is non-us [sic] for withholding tax QI purposes."

    b. Manager #1 was asked in March 2008 by an EFG Bank private banker what could be offered to a U.S. couple residing in Mississippi who wanted to open two accounts for $1 million each, and the response given by Manager #1 was: "[i]f

they're declared, they can open in their name and sign W9. If not, suggest they use a pic [private investment company]."

16. In 2008, the Bank began to reassess its obligations under the QI Agreement and gradually strengthened its U.S. cross-border policies. Until June 2013, however, EFG requested but did not require all of its U.S. clients to provide a signed IRS Form W-9 and to confirm whether their accounts were disclosed to the IRS.

17. As a consequence of EFG entering into a QI Agreement with the IRS, certain EFG private bankers and supervising employees allowed some U.S. clients to create and open accounts in the name of sham offshore entities and insurance wrappers. In connection with some of these accounts, certain EFG employees accepted and included in EFG's account records IRS Forms W-8BEN (or EFG's substitute forms) provided by the directors of the offshore companies that falsely represented under penalty of perjury that such companies were the beneficial owners, for U.S. federal income tax purposes, of the assets in the accounts. These false Forms W-8BEN were obtained at the same time as the Swiss Forms A that accurately and truthfully represented the true beneficial owners of the assets in the accounts.

18. While EFG technically complied with its QI Agreement by undertaking IRS Form 1099 reporting for U.S. clients with accounts held in their own individual names that were engaged in U.S. securities transactions, certain EFG private bankers and others assisted U.S. clients in executing forms that directed EFG not to acquire U.S. securities in their accounts. The purpose of such forms was to avoid EFG having to disclose the identities of U.S. clients to the IRS under its QI Agreement.

19. When one member of EFG's management inquired of another management member in February 2009 about the extent of Form 1099 reporting that had been done in connection with U.S. clients, he noted that: "[a]t the end of each year, we (EFG) are responsible for reporting all the income, dividends, capital gains and losses relating to these clients according to their social security number which is listed on the W-9 form. We are supposed to report this to the IRS and also to the client so that they can include it on their income tax forms. This is why we began asking for the W-9 forms last year. Are you confirming that we aren't doing this?" The concerned member of management was then informed that interest "earned on fiduciaries for example are not US reportable incomes and therefore do not appear on the 1099." In response to that statement and in the continued discussion, the concerned member of management said that he was talking about "DECLARED AND UNDECLARED ACCOUNTS" and that "[t]here is no question that our responsibilities were not fulfilled under the QI agreement." The concerned member of management concluded by stating that "[t]his has to do with EFG reporting to the IRS world-wide income earned by our US clients, which it seems, from all of the below, has not been done..."

20. In September of 2009, a member of EFG Bank's management discussing the Bank's decision to require Forms W-9 from its U.S. clients said that "[t]he intention of the Bank is to cover its back with the IRS, but when clients remitted their W9, I was told that [EFG

private bankers] comforted clients by telling them that the Bank will not declare anything systematically to the IRS."

21. As a result of the Bank's actions, prior to August 1, 2008 and thereafter, U.S. taxpayers were able to continue depositing funds into accounts at EFG because of the nature of Swiss banking secrecy laws. EFG was aware that some of its U.S. clients wanted to conceal their accounts from U.S. authorities, and EFG assisted some of those U.S. clients in the concealment of their accounts.

22. Although it was subject to a QI Agreement, EFG violated the terms of the Qualified Intermediary Agreement by failing to fully comply with both its withholding and reporting obligations to the IRS, thus enabling U.S. account holders to avoid reporting their accounts to the U.S. authorities.

EFG'S U.S. CROSS-BORDER BUSINESS

23. In the Applicable Period, EFG held a total of 919 U.S. Related Accounts, which included both declared and undeclared accounts, with an aggregate peak of approximately $1.58 billion in assets under management. All of these 919 U.S Related Accounts had U.S. account holders or U.S. beneficial owners. As of August 1, 2008, EFG had 579 U.S. Related Accounts, with an aggregate peak asset value of approximately $1.01 billion.[2] During the Applicable Period, the Bank opened 340 additional U.S. Related Accounts, with an aggregate peak asset value of approximately $570 million.

24. Of EFG's 919 U.S. Related Accounts, approximately 12 percent with an aggregate peak value of approximately $293 million held U.S. securities and were timely disclosed to the Internal Revenue Service through Form 1099 reporting.

25. Through its managers, employees and/or others, EFG knew or had reason to know that some U.S. taxpayers who had opened and maintained accounts at the Bank were not complying with their U.S. income tax and reporting obligations.

26. Until 2013, EFG conducted a U.S. cross-border banking business that aided and assisted certain of its U.S. clients in opening and maintaining undeclared accounts in Switzerland and concealing the assets and income they held in these accounts from the U.S. government.

27. EFG offered a variety of traditional Swiss banking services that it knew could assist, and did in fact assist, U.S. clients in the concealment of assets and income from the IRS. One such service was hold mail, where the Bank would hold all correspondence for a particular client at the Bank, rather than send the correspondence to the client. Before July 2014, EFG only charged for this service if the client did not collect the mail periodically, and since July 2014, the Bank charges an annual fee for hold mail service.

[2] Of the 919 U.S. Related Accounts, EFG acquired 233 in its 2003 merger with BEC, which is approximately 25 percent of its total U.S. Related Account population.

More than one-third of EFG's U.S. Related Accounts (approximately 350 accounts), including both declared and undeclared U.S. clients, used hold mail services.

28. EFG also offered code name or numbered account services. Upon request of the client, the Bank would allow the account holder to replace his or her identity with a code name or number on bank statements and other documentation sent to the client. In one instance in January 2012, a member of EFG Bank's management approved the issuance of anonymous tax statements to a U.S. taxpayer client, and the Bank then issued the statements to the client in an anonymous format without any indication of the Bank, the account name, or the account number. These services helped U.S. clients to eliminate the paper trail associated with the undeclared assets and income they held at EFG in Switzerland. By accepting and maintaining such accounts, the Bank assisted some U.S. taxpayers in evading their U.S. tax obligations.

29. Among other things, EFG specifically:

- Opened and maintained at least 15 accounts (with an aggregate peak asset value of approximately $29 million) belonging to U.S. taxpayers who had left other banks being investigated by the U.S. Department of Justice without ensuring that each such account was compliant with U.S. tax law from their inception at EFG. These accounts were referred variously by a lawyer, external asset managers, and a private banker who had a prior relationship with the client. Ten of these accounts provided a signed Form W-9 at account opening; five did not. Four of the five accounts opened without a signed Form W-9 were structured accounts. Some of these U.S. taxpayers have since participated in an IRS Offshore Voluntary Disclosure Program or Initiative;
- Maintained at least 134 U.S. Related Accounts (with an aggregate peak asset value of approximately $598 million) that held U.S. securities but for which the Bank did not provide 1099 reporting;
- Accepted instructions in connection with at least 17 U.S. Related Accounts (with an aggregate peak asset value of approximately $21 million) not to invest in U.S. securities and not to disclose the names of U.S. clients to U.S. tax authorities, including the IRS;
- Entered into numbered account agreements for at least 155 U.S. Related Accounts (with an aggregate peak asset value of approximately $172 million), even though the Bank knew, or had reason to know, that a portion of these accounts were or may have been undeclared;
- Arranged for the issuance of credit, debit, or travel cards to the beneficial owner(s) of some U.S. Related Accounts. During the Applicable Period, EFG offered travel cash cards to its clients, including U.S. persons. A client could instruct the Bank by telephone, mail, or e-mail to load up to 100,000 Swiss francs, U.S. dollars, or euros onto a travel cash card from his EFG bank account per year. A client could then use the card for purchases or remit unused balances back to his EFG account. In some cases, EFG provided these cards without the U.S.

client's name on the cards in order to hide the client's identity. Use of these cards by U.S. persons facilitated their access to or use of undeclared funds on deposit at the Bank;

- Processed wire transfers or issued checks in amounts of less than $10,000 that were drawn on accounts of U.S. taxpayers or structures, in at least one case (with a peak value of approximately $6 million), even though the Bank knew, or had reason to know, that the withdrawals were made to avoid triggering scrutiny under the United States currency transaction reporting requirements;
- Processed significant cash withdrawals for at least $2.8 million, 2.4 million Swiss francs, 600,000 Euros, and 40,000 British Pounds in relation to at least 27 U.S. Related Accounts at or around the time the clients' accounts were closed, even though EFG knew, or had reason to know, that some of the accounts contained undeclared assets;
- Held statements and other mail relating to at least 15 undeclared U.S. Related Accounts for which the account holder or beneficial owner was located in the United States, rather than send the documents to the U.S. taxpayers in the United States, thus causing documents reflecting the existence of at least 15 undeclared accounts to remain outside the United States;
- Opened and maintained at least 190 undeclared accounts in the names of sham structures that were beneficially owned by U.S. taxpayers, while knowing, or having reason to know that, these structures were used by U.S. clients to help conceal their identities from the IRS; and
- Knowingly accepted IRS forms from clients that falsely stated under penalties of perjury that the sham entities beneficially owned the assets in the undeclared accounts.

30. The Bank's business model was based on allowing its private bankers (referred to as "client relationship officers") to develop their own client portfolios, including which clients to serve and where and how to serve them, which for some client relationship officers included U.S. clients. EFG's senior management did not strategically prioritize the U.S. cross-border business or implement mandates to grow the business. EFG did not maintain a U.S. desk or other unit with a particular focus on U.S. clients. Nor did the Bank pursue or acquire a significant number of U.S. clients from UBS or Category 1 banks after 2008; however, as discussed above, EFG did open and maintain at least 15 such U.S. Related Accounts.

31. EFG's compensation model for its private bankers was and is one of entrepreneurial risk where the private banker's compensation is derived primarily from the revenue of their own business. An EFG private banker's total compensation is a base salary plus a net contribution participation (profit share); there are no discretionary bonuses, nor target driven bonuses. EFG private bankers do not have sales or new net money targets, and there are no regional desks or an institutionalized focus on particular markets or clients. Additionally, EFG private bankers have substantial discretion to determine the pricing for Bank services, and they can freely decide the level of fees chargeable to their clients,

including custody fees, transactional fees, management fees, and loan fees within a broad range provided by the Bank. EFG applies a fixed amount for each transaction to the private banker's profit center, and any fees charged in excess of that fixed amount accrue to the private banker.

32. EFG's private bankers served as the primary contact for U.S. clients with accounts at EFG. Approximately 65 private bankers were responsible for managing at least one U.S. client account since August 2008. For one particular private banker, U.S. clients comprised 86 percent of that banker's client portfolio at the end of 2008.[3] For the majority of these private bankers, U.S. clients comprised a relatively small percentage of their total client book of business. A subset of these private bankers assisted or otherwise facilitated some U.S. individual taxpayers in establishing and maintaining undeclared accounts in a manner designed to conceal the U.S. taxpayers' ownership or beneficial interest in the accounts. Private bankers were responsible for opening and managing client accounts at EFG, but, after March of 2011, the Bank also required new U.S. client accounts to be approved by senior management to ensure compliance with its U.S. client policies. The Bank acquired U.S. client accounts predominantly from client and third-party referrals.

33. EFG's private bankers typically communicated via telephone, business email, and mail (when hold mail services were declined by the client) with certain of their clients in the United States. At least four EFG private bankers, however, did use personal email or coded language to correspond with undeclared U.S. clients. For example, a June 2009 email message was sent to an undeclared U.S. client from an EFG Bank private banker with the only content being a subject line that read "[ ] mail fish up 20%."

34. The Bank maintained one uniform travel policy for all private bankers prior to July 2008 regardless of destination that only required prior notification to the department head (approval was not required for travel but it was required for all business expense reimbursements). Certain EFG Bank private bankers based in Switzerland traveled to the United States approximately two to three times per year until July 2008. The purpose of these visits was to maintain existing relationships with U.S. clients and to meet with prospective clients, including clients introduced by third-party providers based in the United States, some of whom were undeclared. In July 2008, EFG adopted restrictions regarding business travel to the United States for its private bankers that required pre-approval from the department head.

35. At least 72 business trips to the United States took place in connection with seven EFG Bank private bankers between 2005 and 2013, and approximately 75% of the client meetings in the United States were conducted by three EFG Bank private bankers. These three private bankers met with a total of 20 clients in the United States, at least 13 of whom were undeclared. These meetings took place in California, Massachusetts, New York, Florida, Georgia, Ohio, Arizona, Illinois, Connecticut, Pennsylvania, Wisconsin,

[3] The private banker with the next largest percentage had approximately 31% (approximately $24 million in assets under management) of his/her total client book of business comprised of U.S. client business at the end of 2008.

Washington, Nevada, Texas, New Mexico, Oklahoma, Rhode Island, and Washington, D.C.

36. One EFG Bank private banker had an established third-party client referral model for U.S. clients that involved two lawyers in the United States, one U.S. accountant, and one Swiss fiduciary company. At least one member of the Bank's senior management approved and supported this private banker's relationship with one of the two U.S. lawyers. This same U.S. lawyer asked the EFG private banker not to travel into the United States with a computer and requested that they communicate about U.S. taxpayer clients through faxes rather than email. The EFG private banker responded, "[R]ight – next travel I travel will take no computer with me – I will then buy me one at BestBuy and leave it there for use when I am travelling. So I never will cary [sic] a computer over the border." This EFG private banker traveled frequently to the United States and approximately 86% (approximately $228 million) of his total assets under management were held in 102 U.S. Related Accounts at the end of 2008. Of these 102 U.S. Related Accounts, 41 were held in the name of a sham entity (with a peak value of approximately $58 million). At least three members of the Bank's senior management knew that this EFG private banker was focusing on U.S. clients, and this knowledge included the approval of new account openings for U.S. clients without requiring a Form W-9 and the approval of this private banker's frequent U.S. travel.

37. EFG maintained and serviced at least 122 U.S. Related Accounts managed by external asset managers, with an approximate value of at least $310 million during the Applicable Period. While EFG did pay a finder's fee or commission to some of the external asset managers, the fee or commission remained the same regardless of the client's nationality. The fee was generally calculated as a percentage of the assets under management referred to the Bank. The ten external asset managers with the largest number of U.S. Related Accounts managed at least 85 U.S. Related Accounts, and the fiduciary company with the largest concentration of U.S. clients at the Bank predominately provided services for non-U.S. clients at the Bank. This fiduciary company provided services for at least 37 U.S. Related Accounts. Additionally, this particular fiduciary company did not receive any type of financial recognition for referrals from the Bank, and it did not receive business introducer fees. This fiduciary company was the same Swiss fiduciary company involved in the EFG Bank private banker's third-party client referral model for U.S. clients.

38. 530 of EFG's 919 U.S. Related Accounts were closed by the Bank between August 1, 2008 and July 31, 2014, and the majorities of the assets in those accounts were variously transferred to another Swiss bank, to another account at EFG, to the United States, or were withdrawn in cash. Certain accounts were closed in such a way that EFG assisted its U.S. clients in continuing to conceal the assets and income they held at EFG in Switzerland from the IRS. With respect to assets transferred to accounts in countries other than the United States and Switzerland upon account closure, significant amounts were transferred to the Bahamas, Bermuda, the British Virgin Islands, the Cayman Islands, Cyprus, Guernsey, Israel, Liechtenstein, Luxembourg, Hong Kong, Monaco, Panama, Singapore, and the United Arab Emirates.

a. For example, at least $12,680,000 was transferred to Bermuda in connection with the closure of at least three U.S. Related Accounts;

b. At least $12,460,000 was transferred to Guernsey in connection with the closure of at least two U.S. Related Accounts;

c. At least $25,200,000 was transferred to Liechtenstein in connection with the closure of at least 14 U.S. Related Accounts;

d. At least $12,260,000 was transferred to Monaco in connection with the closure of at least five U.S. Related Accounts;

e. At least $25,000,000 was transferred to Luxembourg in connection with the closure of at least 13 U.S. Related Accounts; and

f. At least $33,550,000 was transferred to Hong Kong in connection with the closure of at least 22 U.S. Related Accounts.

THE USE BY U.S. CLIENTS OF SHAM ENTITIES AND INSURANCE PRODUCTS

39. As discussed above, EFG serviced some U.S. clients who structured their accounts so that they appeared as if they were held by a non-U.S. legal structure, such as an offshore corporation or trust, which aided and abetted the clients' ability to conceal their undeclared accounts from the IRS. At least 189 of EFG's U.S. Related Accounts (approximately 20 percent) after August 2008 were held in the name of offshore structures beneficially owned by U.S. taxpayers who failed to declare these accounts.

40. Of the approximately 560 accounts maintained for U.S. taxpayers in the names of structures, at least 114 structured accounts were U.S. domiciled entities. Those 114 accounts comprised an aggregate peak value of approximately $223 million in assets under management.

41. Approximately 446 structured accounts were non-U.S. domiciled entities, such as an offshore corporation or trust, which aided and abetted the clients' ability to conceal their undeclared accounts from the IRS. In certain instances, EFG assisted with or was involved in establishing the entities. Those 446 accounts comprised an aggregate peak value of approximately $1.4 billion.

42. While the Bank did not provide direct structuring services to U.S. clients, EFG private bankers and members of EFG's management suggested the use of structures for the Bank's U.S. clients and provided referrals to third-party service providers. External trust companies created and administered offshore structures incorporated or based in offshore locations such as the British Virgin Islands, Panama, and Liechtenstein for certain of the Bank's U.S. clients. EFG Bank did provide direct assistance with the establishment of an offshore structure in connection with one U.S. Related Account (with a peak value of approximately $3 million) held by a Panama-registered entity created in June 2005 with

three beneficial owners, one of whom was a U.S. person. The EFG Bank private banker for this account provided administrative assistance in setting up the structure, and the account was serviced by the Bank until it was closed in 2013.

43. Because Swiss law requires EFG to identify the true beneficial owner of structures on a document called a Form A, it knew that these were U.S. client accounts. Nonetheless, for certain U.S. client accounts, EFG private bankers and other employees suggested, accepted, and included in EFG account records IRS Forms W-8BEN (or EFG substitute forms) provided by the directors of the offshore companies that falsely represented under penalty of perjury that such companies were the beneficial owners, for U.S. federal income tax purposes, of the assets in those EFG accounts. As a result, EFG knew and maintained in its files Swiss Forms A that directly contradicted the false IRS Forms W-8BEN with respect to the beneficial ownership of the account. This aided and assisted some of these U.S. clients in concealing these assets and income from the IRS.

44. EFG also serviced certain U.S. clients with undeclared accounts held in the names of insurance companies and not the actual beneficial owner of the funds (known colloquially as an "insurance wrapper"). Insurance wrappers were marketed by third-party providers in the wake of the UBS investigation as a means of disguising the beneficial ownership of U.S. clients. These particular accounts were all held in the name of insurance providers. By the operation of Swiss bank secrecy laws, the U.S. client's ownership would not be disclosed to U.S. authorities, including the IRS. Additionally, some of these insurance wrappers invested in U.S. securities, and the U.S. person did not declare the insurance investment to the U.S. government.

45. During the Applicable Period, the Bank held at least 58 accounts for U.S. taxpayers in the names of insurance companies that were in reality insurance wrappers. Those 58 accounts comprised approximately $206 million in assets under management.

ADDITIONAL METHODS AND MEANS OF CONCEALMENT

46. For certain undeclared U.S. client accounts, the Bank assisted U.S. clients in repatriating offshore funds by providing pre-paid travel cash cards linked to their undeclared accounts. These cards, which were issued without the U.S. client's name on the card, allowed clients to withdraw funds remotely or pay for goods and services without a paper trail back to their undeclared accounts in Switzerland. At least four undeclared U.S. client accounts were issued these cards, and those accounts held at least $2.4 million in assets under management.

47. For at least 9 undeclared U.S. client accounts held through offshore entities related to an insurance product, the Bank assisted in repatriating money back to the United States through nominee non-U.S. bank accounts. This aided the U.S. clients in disguising the nature and ownership of the money being transferred from Switzerland into the United States and, in turn, assisted them in concealing the assets and income they held at EFG in Switzerland from the IRS. Those accounts held approximately $16 million in assets under management.

48. EFG also assisted other U.S. clients with the repatriation of undeclared assets by:

    a. Processing wire transfers totaling approximately $42.3 million for at least 62 undeclared U.S. Related Accounts;

    b. Servicing 26 undeclared U.S. Related Accounts with credit cards that were used in connection with the repatriation of undeclared assets;

    c. Issuing traveler checks for at least five undeclared U.S. Related Accounts; and

    d. Personally delivering cash to at least one U.S. client in the United States.

49. At least seven EFG private bankers met with U.S. clients outside of the United States to provide banking services and investment advice related to their accounts, which included undeclared accounts.

50. The Bank opened and maintained at least 64 U.S. client accounts as non-U.S. client accounts despite indications that the client was actually a U.S. person.

51. Also, the Bank, including senior management in certain instances, assisted U.S. clients with retaining undeclared assets at EFG and allowed at least 30 undeclared U.S. clients whose accounts were being closed to transfer their assets to non-U.S. accounts at EFG, including accounts held by relatives. At least 20 account holders transferred funds to new non-U.S. accounts, and at least 10 account holders transferred funds to existing non-U.S. accounts at the Bank. The maximum assets under management for these accounts totaled approximately $18.5 million, and the majority of these U.S. clients were serviced by four EFG private bankers. The undeclared U.S. clients of at least four such accounts kept a power of attorney over the account after the assets were transferred to the non-U.S. account. This enabled these undeclared U.S. clients to continue avoiding their U.S. reporting obligations.

52. EFG opened, serviced, and profited from accounts for U.S. clients with the knowledge that some were likely not complying with these obligations. Due in part to the assistance of EFG and certain of its personnel, and with the knowledge that Swiss banking secrecy laws would prevent EFG from disclosing their identities to the IRS absent any client or statutory authorization, some U.S. clients of EFG filed false and fraudulent U.S. Individual Income Tax Returns, Forms 1040, that failed to report their respective interest in their undeclared EFG accounts and the related income. Some U.S. clients of EFG also failed to file and otherwise report their undeclared EFG accounts on FBARs.

53. EFG was aware that U.S. taxpayers had a legal duty to report to the IRS and pay taxes on the basis of all their income, including income earned in accounts that the U.S. taxpayers maintained at EFG. Despite being aware of this legal duty, the Bank opened, serviced, and profited from accounts for U.S. clients who EFG knew or had reason to know were not complying with their U.S. income tax obligations.

COMPLIANCE POLICY CHANGES AND MITIGATING FACTORS

54. Prior to August of 2008, EFG's management did not institute written or other formal policies concerning U.S. client accounts despite the fact that members of EFG Bank's and EFGI's senior management, including the Chief Executive Officer of EFGI at the time, were American lawyers and previously worked for an international bank based in the United States ("International Bank #1"), as did many of the private bankers. In light of their prior employment, these individuals were aware of the risks associated with U.S. Related Accounts. In the wake of the Department of Justice's criminal investigation into UBS's U.S. cross-border business, however, EFG began to focus on the risks of servicing U.S. clients.

55. In July of 2008, EFG issued a directive requiring (1) new U.S. account holders to provide a Form W-9 to open their accounts; (2) existing U.S. account holders to close their accounts if they failed to provide a Form W-9; and (3) a Form W-9 for U.S. irrevocable trusts, and any revocable trusts with a U.S. settlor; and (4) approval by senior management for any business travel to the United States. It also required a third-party opinion confirming tax compliance for foreign corporate entities with U.S. beneficial owners. However, the Bank initially limited this requirement to confirmations that Bank employees did not provide tax or structuring services to U.S. beneficial owners of foreign entities. Additionally, in some instances, senior management of EFG made a distinction between U.S. clients residing in the U.S. and those residing outside the U.S. and did not force non-resident citizens to close their accounts. As a result, this directive nonetheless allowed the Bank to maintain and open undeclared accounts for foreign entities with U.S. beneficial owners, and EFG actually experienced an increase in the number of foreign entity accounts with U.S. beneficial owners.

    a. For example, a member of EFG Bank's management was asked the following question in response to the issuance of the directive: "If a client (US person) does not want to sign a W9 or if for a non-US company where the BO is a US person does not want to supply us with an independent tax opinion, what will be our position?" The response provided by the member of EFG Bank's management was that: "if a client doesn't want to sign then the account has to be closed. The client can however seek tax advice and perhaps there is another way of structuring their assets so that they are not in their personal name." The response then addressed the tax opinion requirement and noted that "[t]his is simply something that [the CEO of EFG Bank] wants to show that the client has received the advice from someone outside of EFG."

56. Beginning in April 2011, the Bank implemented increasingly restrictive and effective measures concerning its U.S. cross-border business. In April 2011, the Bank adopted a directive requiring approval by the Bank's Management Committee for the opening of any new U.S. account, prohibiting all business travel to the U.S., and prohibiting any assistance with "creating such structures with the aim of evading taxes." A few months later, in early 2012, the Bank began requesting independent confirmations of tax compliance from U.S. beneficial owners of foreign entity accounts rather than merely

obtaining a confirmation that EFG employees did not provide tax or structuring services. Finally, in June 2013, the Bank issued a new directive requiring every U.S. client to provide (1) a Form W-9; (2) confirmation from a reputable U.S. adviser that all funds have been declared; and (3) an authorization to disclose all account information to the Internal Revenue Service.

57. EFG experienced a significant transitional phase from 2010 through 2011 that included the compliance policy changes discussed above, as well as changes in the senior management of EFG Bank at the positions of Chief Compliance Officer (June 2010), Chief Financial Officer (October 2010), and Chief Executive Officer (January 2010 and January 2011).

58. Between August 1, 2008 and November 2015, EFG closed 631 of its 919 U.S. Related Accounts. As of November 2015, the Bank still is servicing 288 accounts out of its 919 U.S. Related Accounts.

59. The Bank has cooperated with the Department of Justice and provided timely and comprehensive information to the U.S. Government about its cross-border business with U.S. Related Accounts. Specifically, the Bank, with the assistance of U.S. and Swiss counsel, forensic investigators, and in compliance with Swiss privacy law, has:

    a. Conducted an internal investigation that included but is not limited to: (1) interviews of key private bankers, members of management, and external asset managers; (2) reviews of client account files and correspondence; (3) analysis of relevant management policies; and (4) email searches;

    b. Provided information concerning numerous U.S. client accounts held at EFG in Switzerland since August of 2008 sufficient to make treaty requests to the Swiss competent authority for certain U.S. client account records;

    c. Described in detail the structure of its U.S. cross-border business that included but is not limited to: (1) the policies that contributed to the misconduct committed by certain private bankers, their supervisors, and members of management; and (2) the names of senior management and legal and compliance officials, in compliance with Swiss laws;

    d. Provided detailed information concerning the operation of its U.S. cross-border business that included but is not limited to: (1) misconduct committed by EFG; (2) names of those private bankers who serviced U.S. clients; and (3) names of those members of management who supervised private bankers servicing U.S. clients, including those private bankers who committed misconduct;

    e. Provided responsive, specific, and actionable information to the Department of Justice concerning associated persons, entities, and areas of concern for use in other ongoing and potential Department of Justice investigations; and

f. Facilitated or offered to facilitate the cooperation of bank employees willing to provide information to the Department of Justice concerning EFG-related matters.

60. Following EFG's efforts, at least 118 of its U.S. Related Accounts have thus far entered into an IRS Voluntary Disclosure Program or Initiative. Moreover, the Bank has obtained waivers of Swiss bank secrecy for approximately 65 percent of its U.S. Related Accounts and has provided customer names for those accounts to the U.S. government.

JOINT DECLARATION OF THE BOARDS OF DIRECTORS OF EFG BANK AG AND EFG BANK EUROPEAN FINANCIAL GROUP SA

Date: 1 December 2015

WHEREAS, the Boards of Directors (the "Boards") of EFG Bank AG and of EFG Bank European Financial Group SA (collectively the "Banks") decided in December 2013 to participate in the Program for Non-Prosecution Agreements or Non-Target Letters for Swiss Banks, dated 29 August 2013 (the "US Program");

WHEREAS, the Banks submitted on 31 December 2013 a Letter of Intent to the US Department of Justice ("DOJ") indicating their intention to participate in Category 2 of the US Program;

WHEREAS, in the Joint Statement between the DOJ and the Swiss Federal Department of Finance, Swiss banks have been encouraged by both the Swiss Government and the Swiss Financial Market Supervisory Authority ("FINMA") to participate in the US Program;

WHEREAS, the DOJ on 20 November 2015 proposed to the Banks a non-prosecution agreement (the "NPA") in connection with their participation in Category 2 of the US Program;

WHEREAS, the Banks' outside US and Swiss counsels have advised the Boards of the consequences of entering into the NPA and the rights and obligations thereunder; and

WHEREAS, the managements of the Banks sought the authorization from their respective Board to execute the NPA on behalf of each Bank and to take such other and further actions as may be necessary or appropriate to fulfill any further obligations in connection with their participation in Category 2 of the US Program and under the NPA as executed.

Per written communications, the Boards of EFG Bank AG and of EFG Bank European Financial Group SA have separately **RESOLVED** by way of circulation that:

1. The Boards had fully reviewed the NPA attached hereto, including the Statement of Facts attached as Exhibit A to the NPA;

2. Each of the Boards has voted unanimously to enter into the NPA and for EFG Bank AG to make a payment of USD 29,988,000 to the DOJ in connection with the NPA;

3. Both Piergiorgio Pradelli, Chief Financial Officer and Deputy CEO, and Henric Immink, General Counsel, are authorized jointly to execute the NPA on behalf of EFG Bank AG (the "Authorized Signatories of EFG Bank AG") substantially in such form as reviewed by the Board of EFG Bank AG with such non-material changes as the Authorized Signatories of EFG Bank AG may approve;

4. Both Périclès-Paul Petalas, Chief Executive Officer, and Eric Bertschy, Chief Financial Officer and Deputy CEO, are authorized jointly to execute the NPA on behalf of EFG Bank European Financial Group SA (the "Authorized Signatories of EFG Bank European Financial Group SA") substantially in such form as reviewed by the Board of EFG Bank European Financial Group SA with such non-material changes as the Authorized Signatories of EFG Bank European Financial Group SA may approve;

5. William A. Burck and Tomislav A. Joksimovic, Quinn Emanuel Urquhart & Sullivan, LLP, US counsels to the Banks, and Jean-Yves De Both, Schellenberg Wittmer Ltd, Swiss counsel to the Banks, are hereby authorized to sign the NPA as additional signatories (the "Additional Signatories");

6. The Boards have authorized, empowered and directed the Authorized Signatories of EFG Bank AG and of EFG Bank European Financial Group SA or their delegates to take, on behalf of the Banks, any and all actions as may be necessary or appropriate, and to approve and execute the forms, terms or provisions of any agreement or other document, as may be necessary or appropriate to carry out and effectuate the purpose and intent of the foregoing resolutions, including to effectuate the NPA and the fulfillment of the Banks' obligations thereunder; and

7. All of the actions of the Authorized Signatories (or their delegates) and the Additional Signatories which have or will be taken in connection with the Banks' participation in category 2 of the US Program and the NPA have been ratified, confirmed, approved and adopted as actions on behalf of the Banks.

The Board members signing below acknowledge the separate resolutions executed by way of circulation on 1 December 2015 by the Board of Directors of EFG Bank AG and on 1 December 2015 by the Board of Directors of EFG Bank European Financial Group SA.

Nico H. Burki
Chairman of the Board of Directors
EFG Bank AG

John A. Williamson
Vice-Chairman of the Board of Directors
EFG Bank AG

Alain B. Lévy
Member of the Board of Directors
EFG Bank European Financial Group SA

Patrick de Figueiredo
Member of the Board of Directors
EFG Bank European Financial Group SA