

# Half-year 2021 results presentation

21 July 2021  
Zurich



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# Key highlights

Giorgio Pradelli, Chief Executive Officer

# Strong profitability and business momentum in 1H21



## Business growth

Net new assets of

4.2bn  
+5.3%



## IFRS profit

106.5 mn

3x



## Quality of the business

- Investment led
- Operational leverage
- Rationalisation of global footprint
- De-risking legacy
- Organic capital generation



## 2022 strategic plan

On track



# Strong profitability and business momentum in 1H21

# 4.2bn

**Net new assets**

## Maintained strong growth momentum

- Annualised growth rate of 5.3%, well within target range
- High client activity and all-time high of Assets under Management of CHF 172.0 billion
- Investment led growth results in increased demand of high-value services; net commission income up 36% since 2019
- Targeted hiring of new CROs and CRO teams on track

# 3x

**IFRS net profit**

## Step change in profitability

- Delivering strong profitability while achieving significant growth
- IFRS net profit tripled to CHF 106.5 million
- Underlying net profit doubled to CHF 82.3 million

# Unlocking the full potential



## Further improved operating leverage

- Underlying revenues up by 5.3%; underlying operating expenses down by 4.0%
- Decisive and consistent actions to rationalise footprint of booking centres
- Operating leverage contributes to strong net capital generation



## Delivering on the 2022 strategic plan

- Business growth driving revenue generation
- Streamlining footprint and simplifying operational set-up
- Improved operational efficiency and disciplined cost management
- Successful management of legacy issues steady, efficient and effective resolution

# Financial performance

Dimitris Politis, Chief Financial Officer

# Presentation of financial performance

- The reconciliation of underlying net profit to IFRS results is included on slide 34: The only items excluded from underlying performance are the “*contribution of the life insurance portfolios*”, the “*legacy legal costs and provisions*” and the “*acquisition-related intangible amortisation*”



# Continued business growth and step change in profitability

## Executing on 2022 strategic plan

<b>Business development</b>	<ul style="list-style-type: none"> <li>▪ <b>NNA of CHF 4.2 bn</b>, annualised growth of 5.3%</li> <li>▪ <b>AuM up to 8.3% to CHF 172.0 bn</b>, strong NNA inflows, positive market and foreign exchange effects. Reflect deconsolidation of completed business exits (Personal &amp; Corporate banking business - Ticino, Oudart - Paris)</li> <li>▪ <b>36 CROs</b> have been hired, signed or approved</li> </ul>
<b>Profitability</b>	<ul style="list-style-type: none"> <li>▪ <b>Operating leverage (Revenues: +5%, Costs: -4%) drives strong profitability</b></li> <li>▪ <b>Underlying net profit of CHF 82.3 mn, doubled year on year</b> vs. CHF 37.7 mn in 1H20</li> <li>▪ <b>IFRS net profit of CHF 106.5 mn, tripled year on year</b> vs. CHF 34.8 mn in 1H20</li> </ul>
<b>Cost evolution</b>	<ul style="list-style-type: none"> <li>▪ <b>1H21 underlying cost-income ratio at 79.6%</b>, decreased by 7.7 ppts vs. 1H20</li> <li>▪ <b>Continuous and disciplined cost control</b>, with further cost optimisation actions in place</li> </ul>
<b>Legacy issues</b>	<ul style="list-style-type: none"> <li>▪ <b>Substantial de-risking of the legacy life insurance portfolio anticipated after reaching settlement in principle</b> with Transamerica* on disputed premium increases</li> </ul>
<b>Capital position</b>	<ul style="list-style-type: none"> <li>▪ <b>Underlying capital generation of 100 bps</b></li> <li>▪ Successfully placed USD 400 mn AT1 Notes in January 2021</li> <li>▪ <b>Strong capital position further improved - CET1 ratio of 16.5%, Total capital ratio of 22.2%</b></li> </ul>

# Financials summary

	1H21	1H20	1H19
Revenue-generating AuM, CHF bn	172.0	147.8	147.6
Net new assets, CHF bn	4.2	4.2	0.3
Net new asset growth (annualised)	5.3%	5.5%	0.5%
Operating income, CHF mn	629.3	563.7	555.8
Operating expense, CHF mn	475.9	497.2	503.6
Operating profit, CHF mn	153.4	66.5	52.2
IFRS net profit, CHF mn	106.5	34.8	31.5
Underlying operating income, CHF mn	584.3	554.8	575.9
Underlying operating expense, CHF mn	465.8	485.2	492.0
Underlying operating profit, CHF mn	118.5	69.6	83.9
Underlying net profit, CHF mn	82.3	37.7	75.6
Underlying revenue margin, in bps / excl. Shaw and Partners	71 / 75	76 / 79	83 / 84
Underlying cost-income ratio	79.6%	87.3%	85.2%
Return on shareholders' equity	9.3%	4.6%	9.2%
Return on tangible equity	10.8%	5.4%	10.8%
CROs / CROs excl. Shaw and Partners	751 / 545	791 / 601	737 / 587
Total FTEs* / Total FTEs* excl. Shaw and Partners	3,019 / 2,908	3,127 / 3,034	3,195 / 3,095
Total capital ratio**	22.2%	19.1%	21.0%
CET 1 capital ratio**	16.5%	15.3%	17.0%

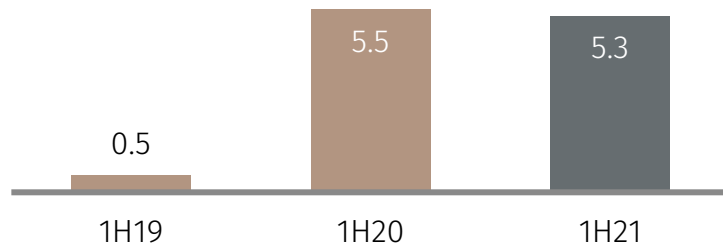
\* Excl. FTEs in notice period or in social plan (as of end of period)

\*\* Swiss GAAP Basel III, fully applied

# Continued business growth and step change in profitability

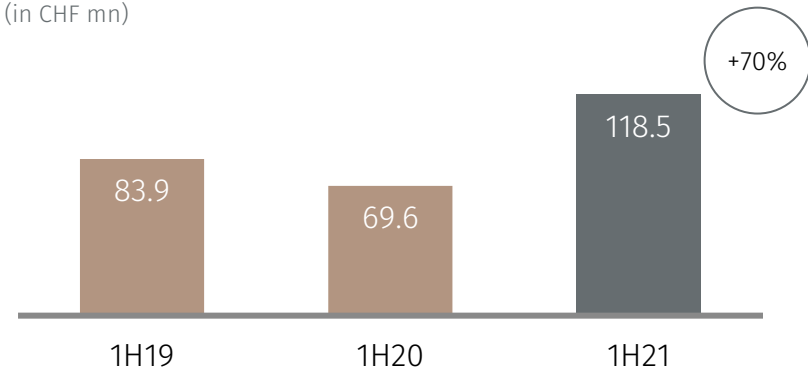
## NNA growth well within of target range

NNA growth annualised  
(in %)



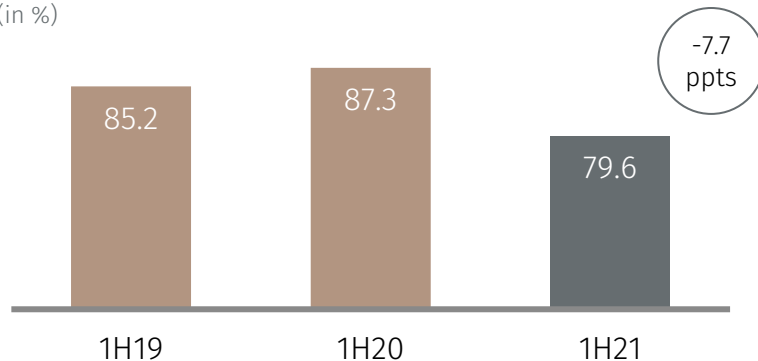
## Underlying operating profit up 70% vs. 1H20

Evolution of underlying operating profit (pre-tax)  
(in CHF mn)



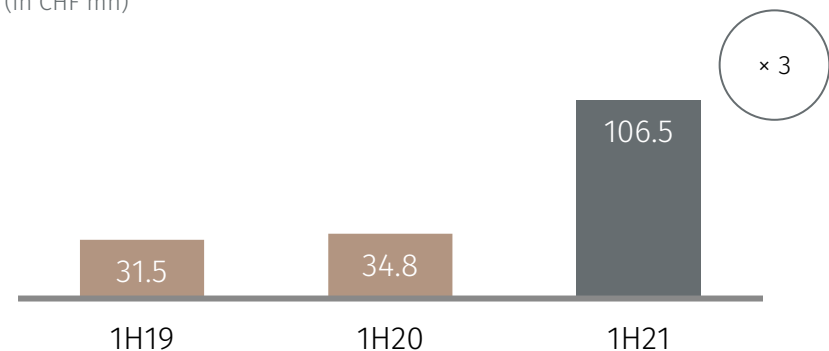
## Underlying CIR improved significantly vs. 1H20

Evolution underlying CIR  
(in %)



## IFRS profit tripled year on year

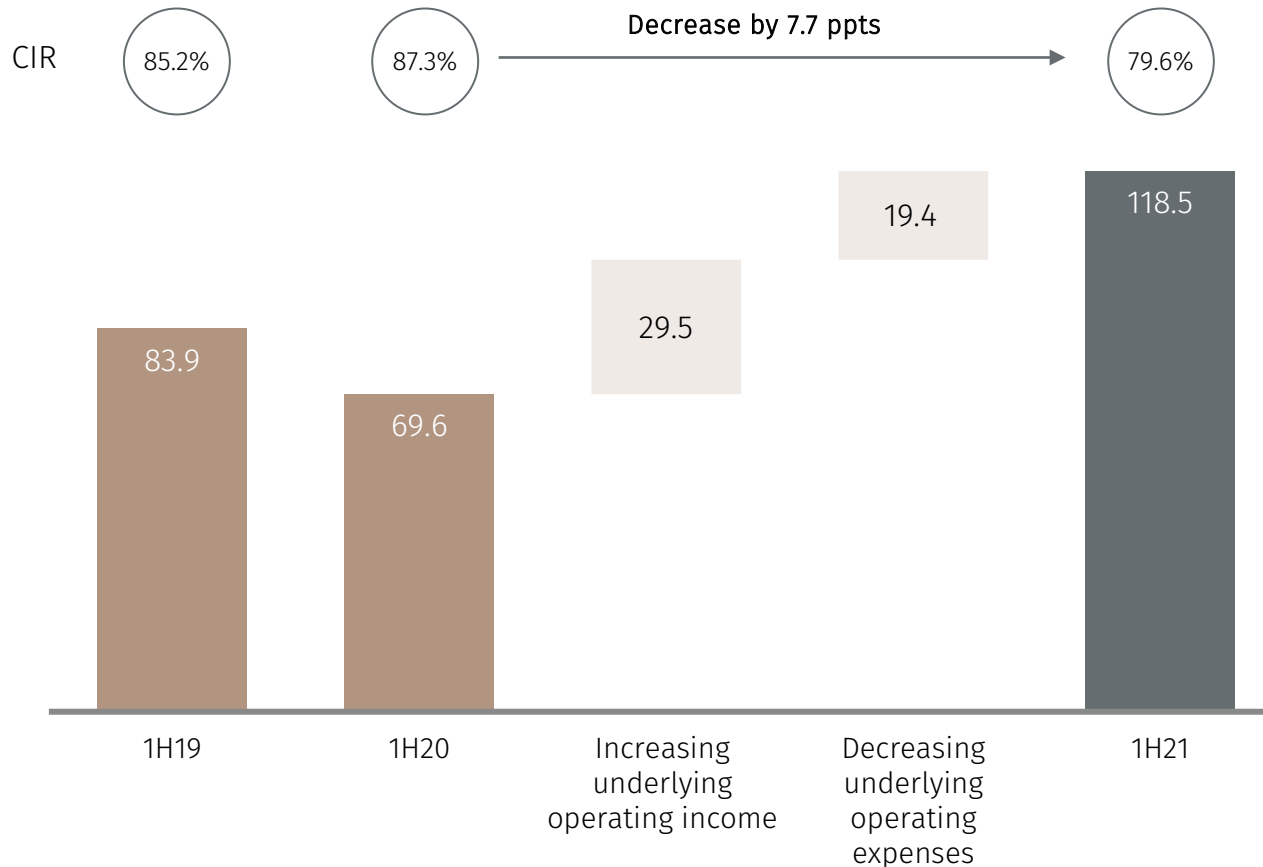
Evolution of IFRS net profit  
(in CHF mn)



# Operating leverage driving step change in profitability

## 1H21 underlying operating profit up 70% vs. 1H20; 1H21 cost-income ratio at 79.6%

Underlying operating profit evolution  
(in CHF mn)

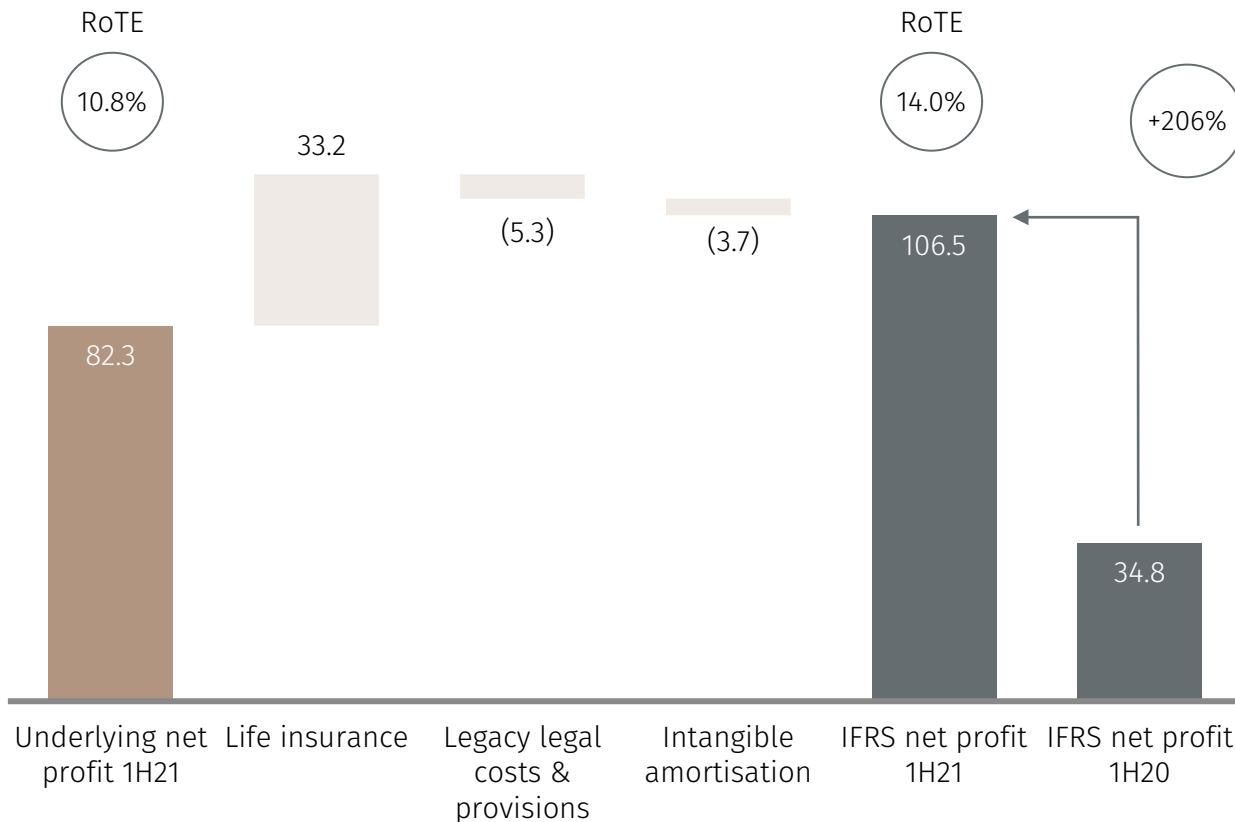


- 1H21 underlying operating profit up 70% vs. 1H20, driven by:
  - Overall revenue growth of 5.3%
  - Improving revenue quality:
    - Strong commission income compensates for lower net interest income
    - Higher revenue contribution from annuity business
  - Year-on-year underlying operating expense decrease of 4.0%, despite growing the business

# IFRS net profit tripled year on year

## Underlying profitability vs. IFRS net profit

Reconciliation of underlying net profit  
(in CHF mn)



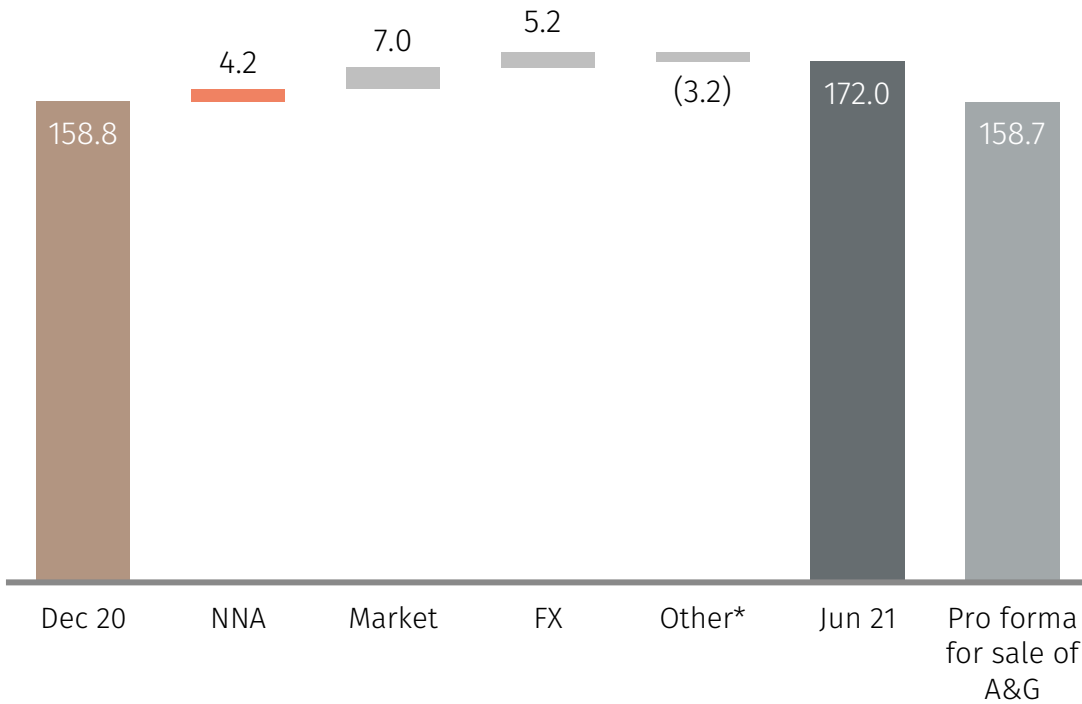
- Life insurance with a substantial positive contribution of CHF 33.2 mn
- Substantial de-risking of legacy life insurance portfolio anticipated after reaching settlement in principle with Transamerica on disputed premium increases
- Settlement in principle represents around half of the value of the premium increases disputed in courts
- Starting to realise life insurance embedded value

*Please refer to slides 40/41 in the Appendix for additional information*

# NNA grow at a rate of 5.3%

## NNA growth well within of target range

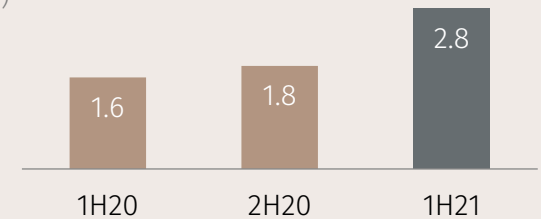
Revenue-generating AuM evolution  
(in CHF bn)



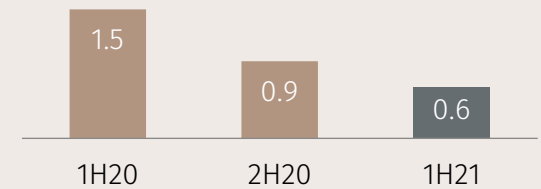
\* Divestment of Oudart (Paris, France) and Personal & Corporate banking business (Ticino, Switzerland)

## NNA growth across all three growth levers

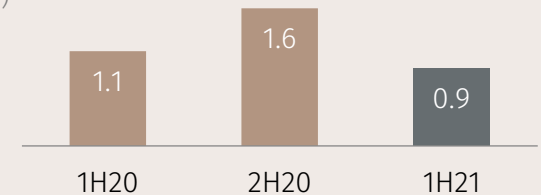
Existing CROs  
(in CHF bn)



New CROs<sup>1</sup>  
(in CHF bn)

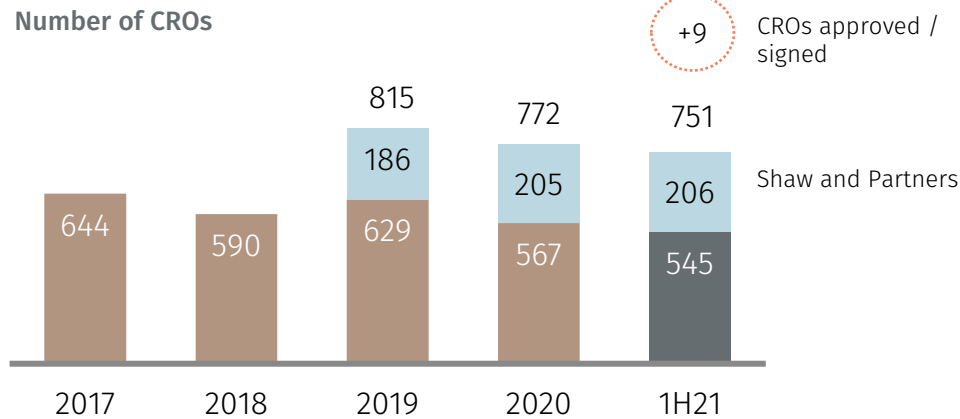


Business initiatives<sup>2</sup>  
(in CHF bn)



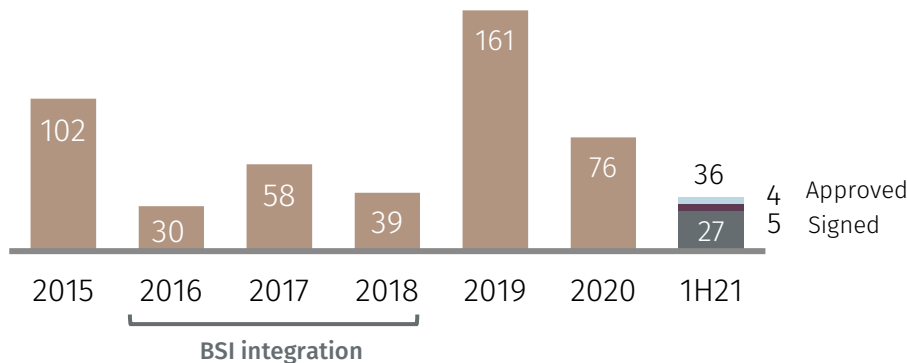
# Improving CRO scale and efficiency

## CRO hiring momentum

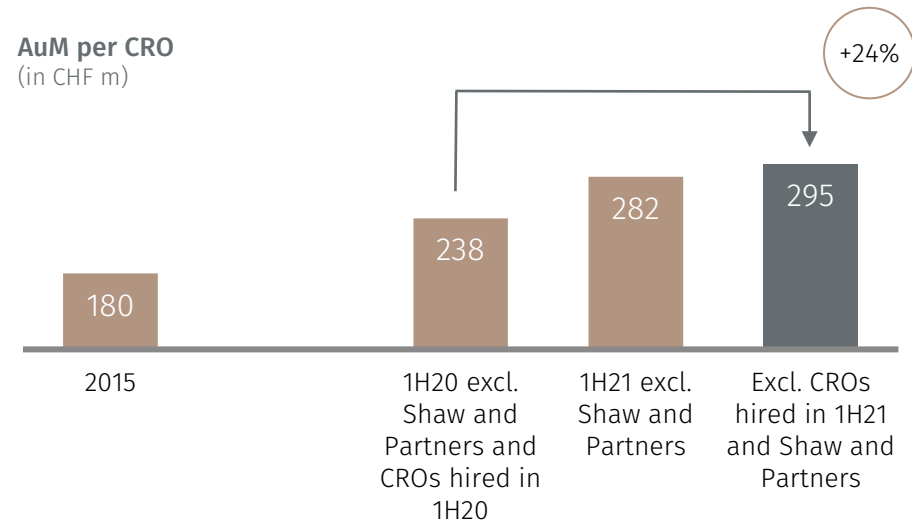


- 1H21 CRO hiring in line with guidance range (70-100 gross hires per annum)
- Net decrease in CROs of 22 (excl. Shaw and Partners) as a result of continued strict performance management (9 CROs) and divestment of Personal & Corporate banking business (Ticino) and Oudart (13 CROs in total)
- AuM per CRO (excl. Shaw and Partners and CROs hired in 1H21) increased by 24% to CHF 295 mn

## Number of new CROs

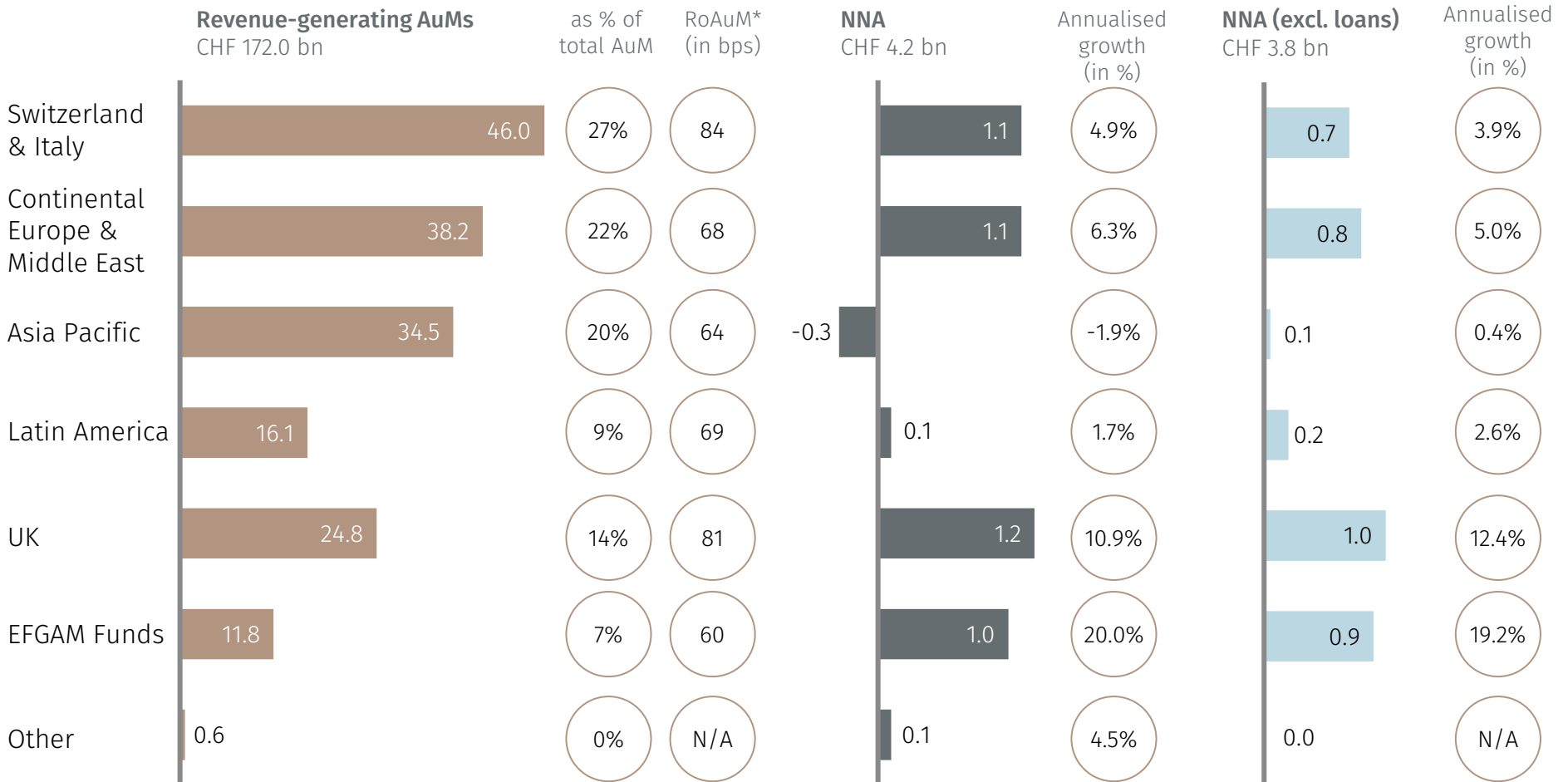


## AuM per CRO (in CHF m)



# Business development by region

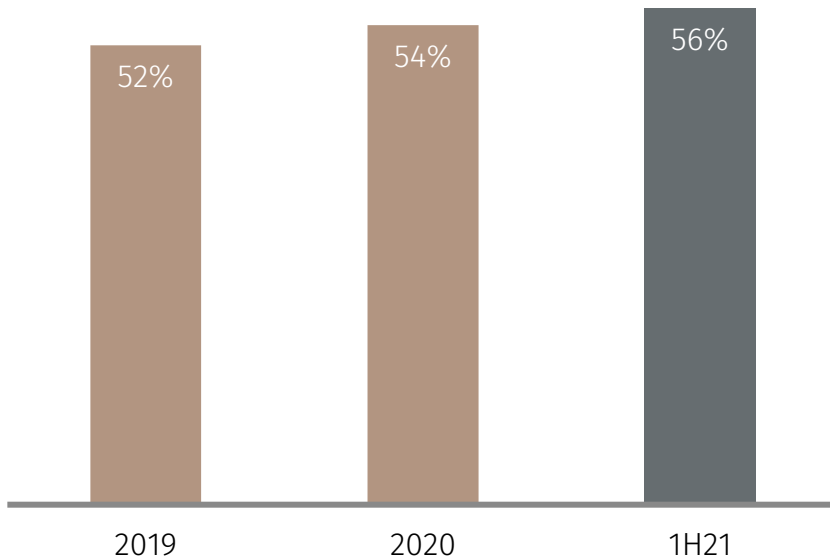
## Switzerland & Italy well within target range; Continental Europe and UK well above target range





# Continued positive trend in mandate penetration

## Evolution of advisory, discretionary mandates & funds (as % of AuM, excl. Loans & externally managed assets)

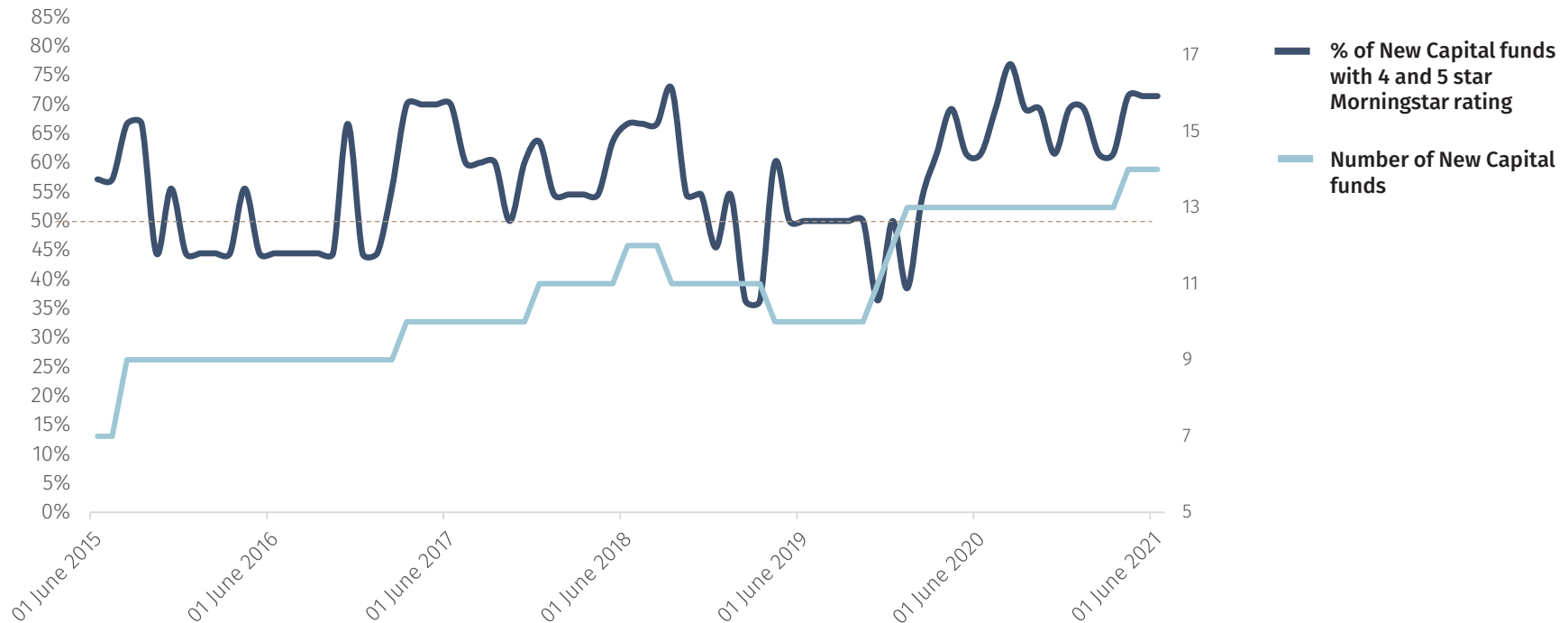


- Discretionary strategies continue to exhibit top quartile performance over 1, 3 and 5 years against peers<sup>1</sup>
- 71% of New Capital funds with top ratings of 4 or 5 stars by Morningstar<sup>2</sup>
- Mandate penetration on target for >60% of AuM (excl. loans & externally managed assets)
- Recent developments and upcoming initiatives
  - More than CHF 500 mn raised through thematic product launches focusing on ESG themes and disruptive trends
  - Dedicated ESG discretionary mandates and funds
  - Expansion and further enhancement of advisory offering and launch of alternatives offering

<sup>1</sup> Source: Asset Risk Consultants. Refers to GBP Conservative, Growth and Balanced. <sup>2</sup> Source: Morningstar, as at end June 2021. Includes only Irish UCITs funds.

## Consistent, top-quartile performance across the New Capital fund range

**71% of New Capital funds have 4 or 5 star Morningstar ratings even as fund range doubles in size**

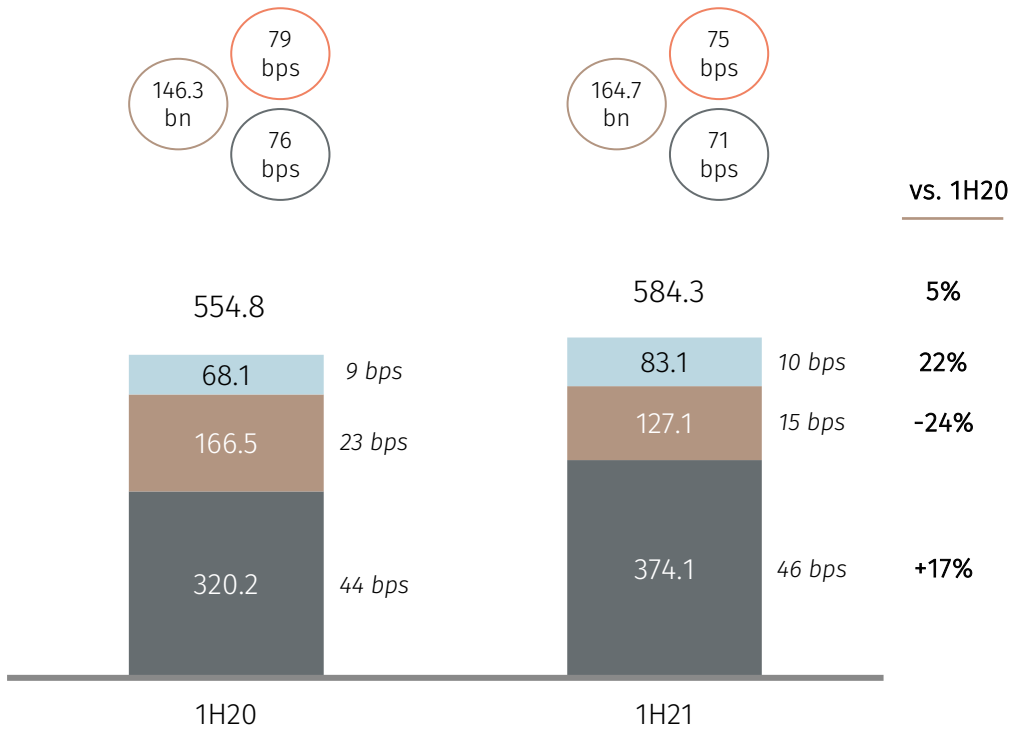


Source: EFGAM and Morningstar, as at end June 2021. Includes only Irish UCITs funds. Best rating per fund. For the star rating to be calculated, a fund needs to have a full 3 year performance history. Cash funds are not rated by Morningstar. The rating is a weighted average of the available three-, five-, and 10-year ratings. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star.

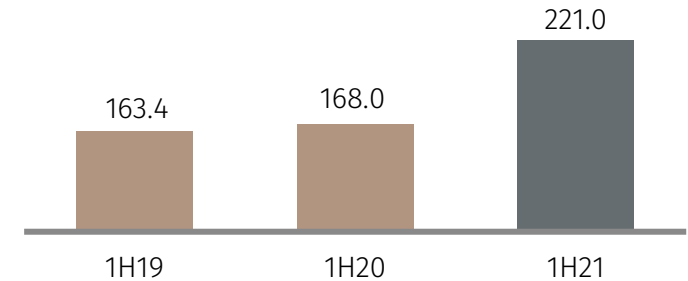
# Quality of revenues improves further

## Underlying operating income of CHF 584.3 mn, up 5.3% year on year

**Underlying operating income**  
(in CHF mn)



**Advisory and management fees (gross)**  
(in CHF mn)



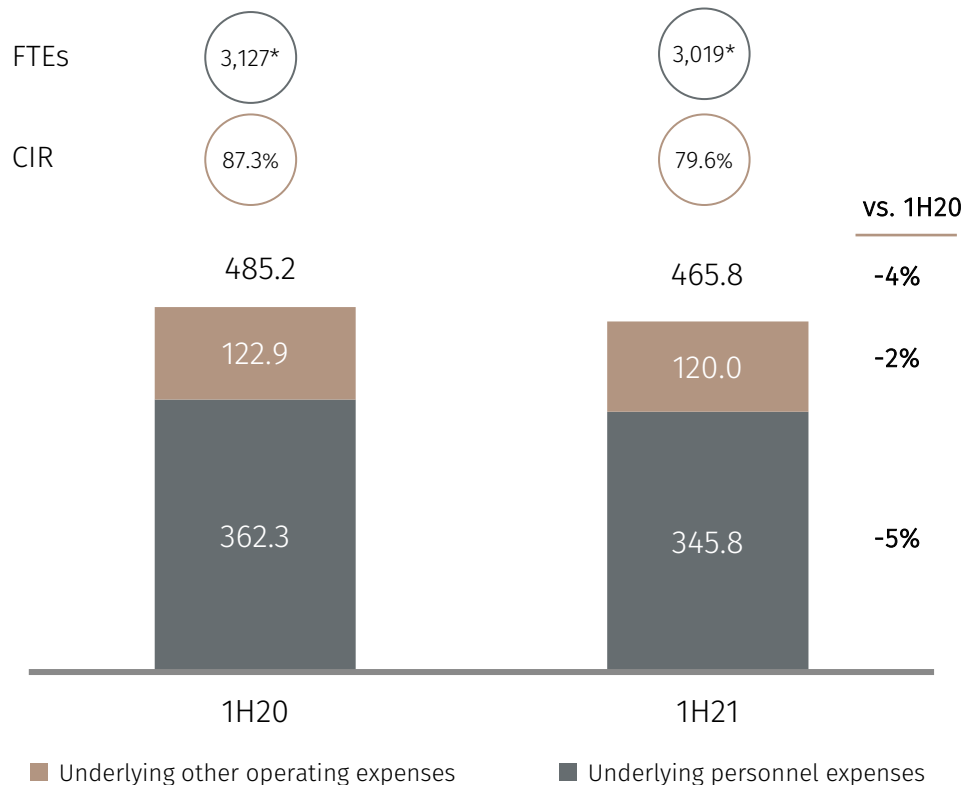
- **Net commission income increased by 17%** and now accounts for two-thirds of total revenues
- Improved penetration of high-value services drives increase in gross advisory and management fees
- Comparability information
  - Underlying RoAuM (excl. loans) at 81 bps

■ Underlying net other income  
■ Underlying net interest income  
■ Underlying net commission income  
○ Average revenue-generating AuM (in CHF bn)  
○ Underlying RoAuM (in bps)  
○ Underlying RoAuM (excl. Shaw and Partners) (in bps)

# Continuous and disciplined cost management

## Underlying operating expenses down 4.0% year on year

Underlying operating expenses  
(in CHF mn)



- Disciplined cost control while investing in growth opportunities and digital capabilities
- Optimisation of processes and systems for the eight core, off-shore private banking booking centers continuously yielding results
  - Increase in Straight Through Processing (STP) through automation
  - Centralisation

# Transforming EFG's international footprint

## Overview of core off-shore private banking booking centers and Shaw and Partners



### Project scope:

- Reduction of approx. 300 FTEs
- Reduction in costs: approx. CHF 70 mn
- Total AuM of approx. CHF 16 bn

- Project launched in late 2019 to address low margin, high cost-to-income booking centers
- Actions completed to-date
  - Chile (in 2020)
  - Personal & Corporate banking business (Ticino)
  - Oudart (France)
- Actions announced
  - Luxembourg fund management company
  - Transfer of Guernsey business
  - A&G (Spain) – expected in 1Q 2022

Expected  
in 2H 2021

# Balance sheet

## Strong and highly liquid Balance sheet

### Total assets:

CHF 41.8 bn

Cash & banks	10.9	
Treasury bills	1.1	
Derivatives	0.9	
Financial instruments	8.5	Fair value through OCI 6.4 Financial assets at fair value through P&L 2.0
Loans	19.1	CHF 13.0 bn secured by financial assets CHF 6.1 bn secured real estate financing
Goodwill & intangibles	0.2	
Other	1.1	

### Total liabilities & equity:

CHF 41.8 bn

Due to banks	0.6
Deposits	32.3
Derivatives	0.9
Other financial liabilities	4.9
Other	0.7
Subordinated loans	0.2
Total Equity	2.2

### ~50% of Balance sheet in liquid assets

- Loan-deposit ratio of 52.0%\*
- Liquidity coverage ratio (LCR) of 202%

### Life insurance exposures

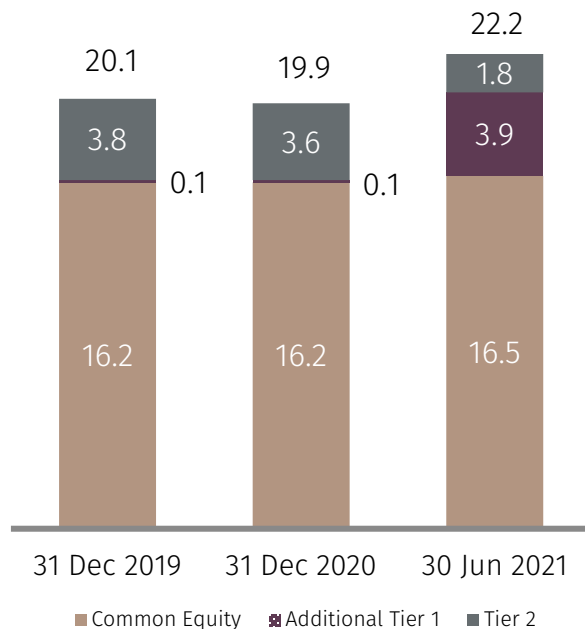
- Legacy positions
- Embedded value to be realised over time

*Please refer to slides 40/41 in the Appendix for additional information*

# Sound capital management

## Strong capital position: CET1 ratio of 16.5%, Total capital ratio at 22.2%

**Total Capital Ratios\***  
(in %)



**Breakdown of RWAs\***  
(in CHF bn)



- Strengthening of regulatory capital base through:
  - Organic capital generation and active capital management
  - Successfully placed USD 400 mn AT1 Notes in January 2021 and simultaneously bought back approx. 50% of outstanding USD 400 mn Tier 2 Notes
- Leverage ratio (FINMA) at 4.5%

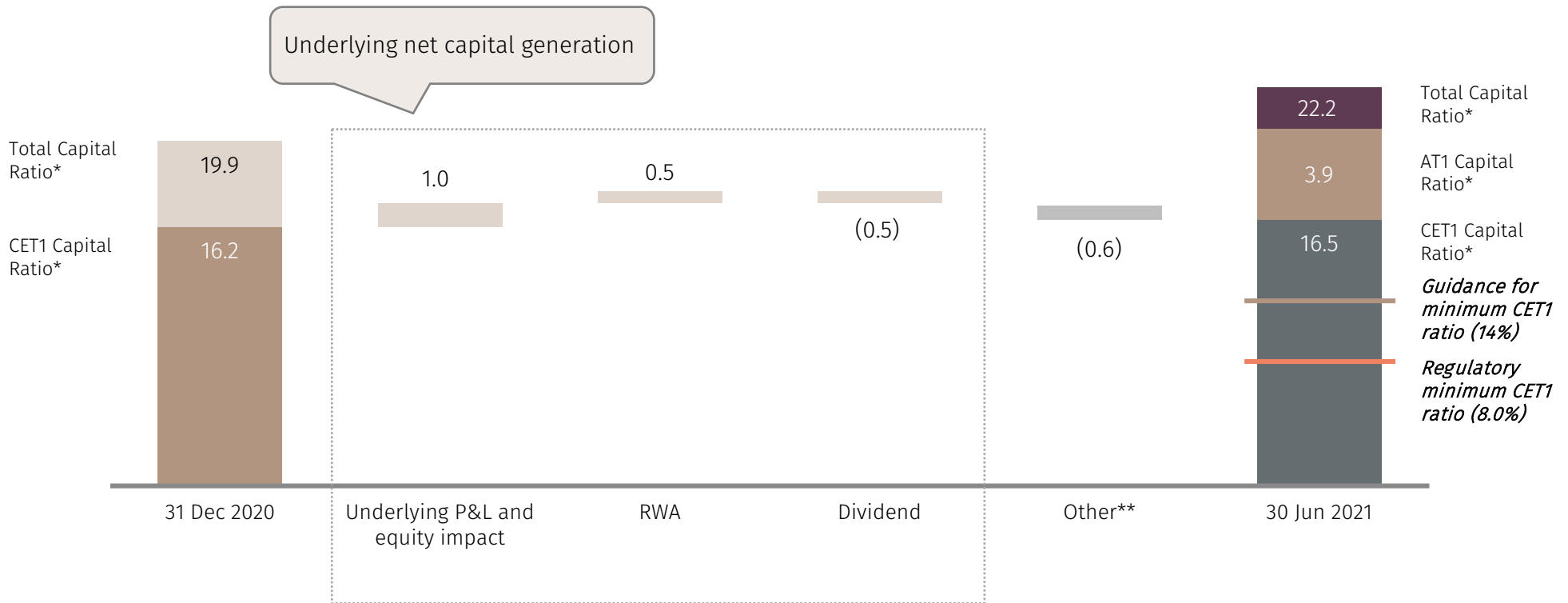
\* Swiss GAAP fully applied

1H21 IFRS BIS-EU Basel III fully applied CET1 Capital ratio of 16.4% and Total Capital ratio of 22.4%

# Strong capital generation

## Substantial available CET1 capital allows for expansion

Evolution of CET1 Capital ratio\*  
(in %)



\* Swiss GAAP fully applied

\*\* Non-underlying P&L, Acquisition of Shaw and Partners, FX and Other



As presented on  
13 March 2019

# Executing the 2022 strategic plan

		2019-2020	2021-2022
Management Control	More ↑	<b>Cost management</b> Executing remaining synergies ✓ Investment for growth, e.g. CRO hiring ✓	Operational efficiency ✓ Digital solutions ✓
		<b>Capital management</b> Dividend payout ratio increase to 50% ✓ Shaw and Partners acquisition <sup>1</sup> ✓ ✓	Managing excess capital: Acquisitions / buyback / extraordinary dividends ✓
	Less ↓	2019 AuM starting point affected by market movement in 2018, coupled with challenging market conditions <b>Challenging interest rate environment</b>	
		<b>Revenue generation</b> Switzerland stabilising ✓ Accelerated CRO hiring, with time lag in revenue generation ✓ Increasing penetration of high-margin products ✓	Switzerland back to growth ✓
		<b>Legacy issues</b> Life insurance P&L volatility ✓	Realise life insurance embedded value ✓

Repricing actions ✓

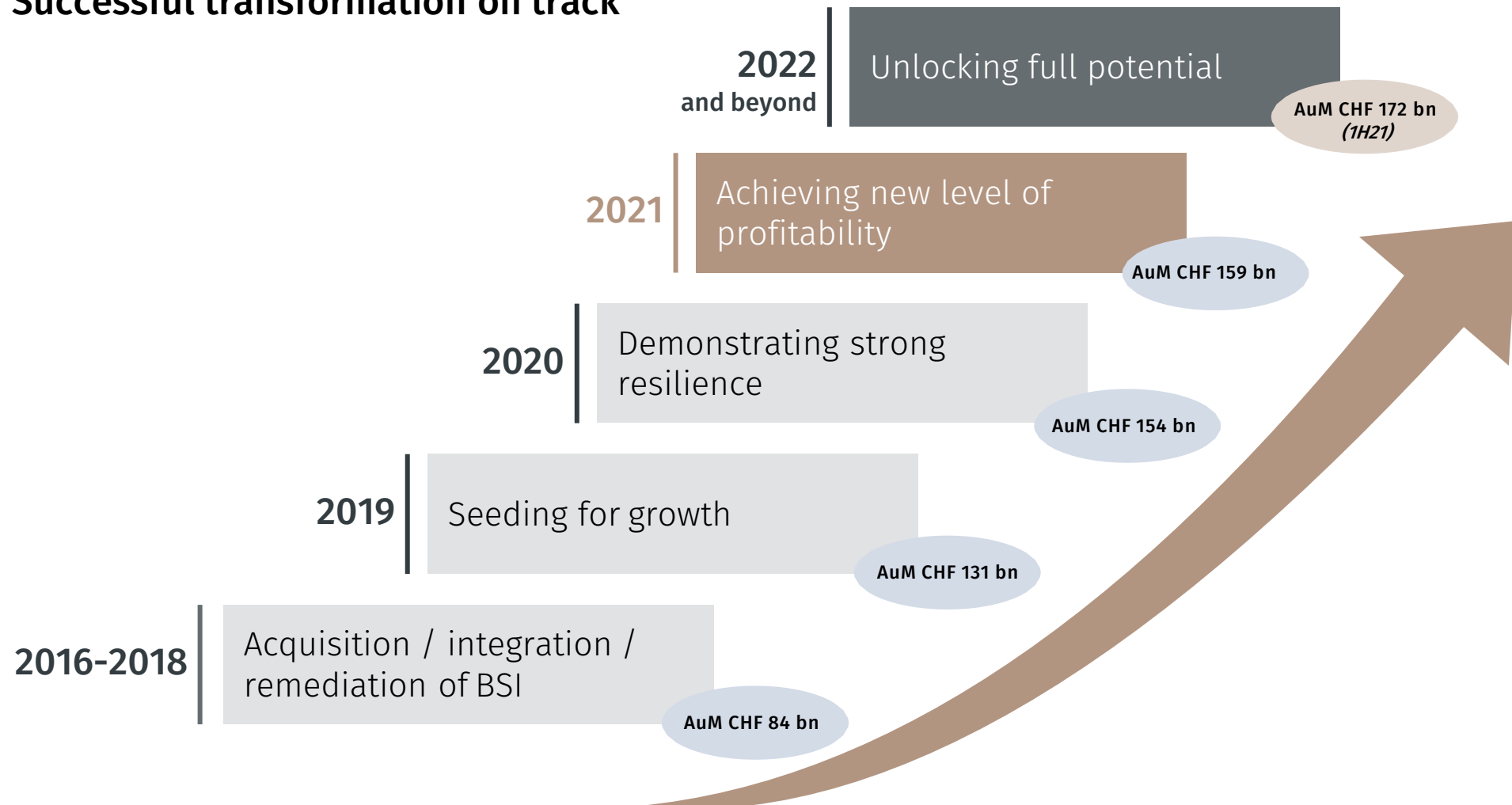
<sup>1</sup> Initial acquisition of 51%, currently 75%

# Outlook and strategic priorities

Giorgio Pradelli, Chief Executive Officer

# Delivering sustainable and profitable growth

## Successful transformation on track



# We remain focused on three strategic areas



## Clients

- Superior client service delivered by experienced CROs
- Client proximity through global network with strong local know-how
- Continuous investment in our comprehensive, first-class investment, wealth and credit solutions
- Open architecture with impartial and independent advice



## Content

- Maintain consistent, top quartile performance across investment strategies and products
- ESG integrated into our investment process
- Enhance alternative investment offering through new private equity fund launch
- Leverage digital capabilities to customise products and services as well as content distribution

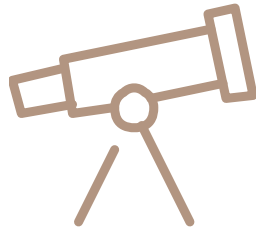


## Simplicity

- Increase operational leverage
- Rationalise international footprint and operational set-up
- Digitalisation and automation
- Centralisation and harmonisation of processes

# Outlook and priorities

## Outlook



- Supportive markets
- No material change in interest rates globally for 2H21
- Investor sentiment remains sensitive to pandemic situation and overall geopolitical developments

## Priorities



- Maintain business momentum
- Further reduce complexity and simplify operating model
- Regulatory compliance and risk management as prerequisite for sustainable growth
- Attract, retain and motivate top talent in client facing as well as corporate functions
- Emphasize competitive advantage via increased brand visibility



# Appendix

# Income statement (IFRS)

(in CHF million)	1H20	2H20	1H21
Net interest income	163.6	136.3	127.2
Net banking fee & commission income	320.2	335.5	374.1
Net other income	79.9	95.1	128.0
<b>Operating income</b>	<b>563.7</b>	<b>566.9</b>	<b>629.3</b>
Personnel expenses	(362.3)	(312.7)	(345.8)
Other operating expenses	(93.2)	(106.3)	(89.6)
Amortisation of tangible fixed assets & software	(35.9)	(28.7)	(34.2)
Amortisation of acquisition related intangibles	(5.8)	(6.6)	(6.3)
<b>Total operating expenses</b>	<b>(497.2)</b>	<b>(454.3)</b>	<b>(475.9)</b>
<b>Operating profit</b>	<b>66.5</b>	<b>112.6</b>	<b>153.4</b>
Provisions	(15.7)	(9.8)	(19.8)
Loss allowance expenses	(3.5)	2.2	(0.7)
<b>Profit before tax</b>	<b>47.3</b>	<b>105.0</b>	<b>132.9</b>
Income tax expense	(9.9)	(20.6)	(22.3)
<b>Net profit</b>	<b>37.4</b>	<b>84.4</b>	<b>110.6</b>
Non-controlling interests	(2.6)	(3.9)	(4.1)
<b>Net profit attributable to equity holders of the Group</b>	<b>34.8</b>	<b>80.5</b>	<b>106.5</b>



# Underlying income statement

<b>(in CHF million)</b>	<b>1H20</b>	<b>2H20</b>	<b>1H21</b>
Net interest income	166.5	136.3	127.1
Net banking fee & commission income	320.2	335.5	374.1
Net other income	68.1	88.0	83.1
<b>Operating income</b>	<b>554.8</b>	<b>559.8</b>	<b>584.3</b>
Personnel expenses	(362.3)	(312.7)	(345.8)
Other operating expenses	(122.9)	(126.8)	(120.0)
<b>Total operating expenses</b>	<b>(485.2)</b>	<b>(439.5)</b>	<b>(465.8)</b>
<b>Operating profit</b>	<b>69.6</b>	<b>120.3</b>	<b>118.5</b>
Provisions	(15.7)	(14.3)	(11.2)
Loss allowance expenses	(2.6)	(3.8)	2.4
<b>Profit before tax</b>	<b>51.3</b>	<b>102.2</b>	<b>109.7</b>
Income tax expense	(11.0)	(21.6)	(23.3)
<b>Net profit</b>	<b>40.3</b>	<b>80.6</b>	<b>86.4</b>
Non-controlling interests	(2.6)	(3.9)	(4.1)
<b>Underlying net profit</b>	<b>37.7</b>	<b>76.7</b>	<b>82.3</b>

# Reconciliation of Underlying results to IFRS results 1H21

(in CHF million)	Underlying results 1H21	Life insurance	Acquisition related intangible amortisation	Exceptional legal costs and provisions	IFRS results 1H21
Net interest income	127.1	(0.5)		0.6	127.2
Net banking fee & commission income	374.1				374.1
Net other income	83.1	44.9			128.0
<b>Operating income</b>	<b>584.3</b>	<b>44.4</b>	<b>-</b>	<b>0.6</b>	<b>629.3</b>
Personnel expenses	(345.8)				(345.8)
Other operating expenses	(120.0)	(2.6)	(4.7)	(2.8)	(130.1)
<b>Operating expenses</b>	<b>(465.8)</b>	<b>(2.6)</b>	<b>(4.7)</b>	<b>(2.8)</b>	<b>(475.9)</b>
Provisions	(11.2)	(8.6)			(19.8)
Loss allowance expense	2.4			(3.1)	(0.7)
<b>Profit before tax</b>	<b>109.7</b>	<b>33.2</b>	<b>(4.7)</b>	<b>(5.3)</b>	<b>132.9</b>
Income tax expense	(23.3)		1.0		(22.3)
<b>Net profit</b>	<b>86.4</b>	<b>33.2</b>	<b>(3.7)</b>	<b>(5.3)</b>	<b>110.6</b>
Non-controlling interests	(4.1)				(4.1)
<b>Net profit attributable</b>	<b>82.3</b>	<b>33.2</b>	<b>(3.7)</b>	<b>(5.3)</b>	<b>106.5</b>

# Balance sheet (IFRS)

(in CHF million)	Dec 2020	Jun 2021
Cash and balances with central banks	8,643	8,756
Treasury bills and other eligible bills	1,027	1,113
Due from other banks	3,097	2,179
Derivative financial instruments	1,155	881.9
Financial asset at fair value through P&L	2,132	2,040
Financial asset at fair value through other comprehensive income	4,953	6,416
Loans and advances to customers	18,223	19,095
Property, plant and equipment	335	311
Intangible assets	260	230
Deferred income tax assets	97	67
Other assets	715	710
<b>Total assets</b>	<b>40,637</b>	<b>41,798</b>
Due to other banks	444	643
Due to customers	30,842	32,266
Derivative financial instruments	1,379	923
Financial liabilities at fair value	492	498
Financial liabilities at amortised cost	4,517	4,444
Current income tax liabilities	25	20
Deferred income tax liabilities	23	21
Provisions	41	51
Other liabilities	763	500
Subordinated loans	356	185
<b>Total liabilities</b>	<b>38,879</b>	<b>39,551</b>
Share capital	148	150
Share premium	1,858	1,858
Other reserves	239	366
Retained earnings	(544)	(534)
Additional equity components	-	351
Non controlling interests	57	56
<b>Total equity</b>	<b>1,758</b>	<b>2,248</b>
<b>Total equity and liabilities</b>	<b>40,637</b>	<b>41,798</b>
<b>CET1 ratio (Swiss GAAP fully applied)</b>	<b>16.2%</b>	<b>16.5%</b>
<b>Total Capital ratio (Swiss GAAP fully applied)</b>	<b>19.9%</b>	<b>22.2%</b>
<b>Leverage ratio (FINMA)</b>	<b>4.7%</b>	<b>4.5%</b>

# Breakdown of AuM

By category	31.12.20	30.06.21	30.06.21 (in CHF bn)
Cash & deposits	22%	21%	35.7
Bonds	22%	21%	35.3
Equities	32%	35%	60.9
Structured products	3%	3%	4.8
Loans	12%	12%	20.3
Hedge funds	2%	2%	3.2
Other	7%	7%	11.7
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>172.0</b>

By currency	31.12.20	30.06.21	30.06.21 (in CHF bn)
USD	42%	43%	74.2
EUR	26%	24%	41.5
GBP	10%	10%	17.8
AUD	9%	10%	16.6
CHF	7%	6%	9.9
Other	6%	7%	12.0
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>172.0</b>

# Segmental analysis 1H21

Performance summary (in CHF m)	Switzerland & Italy	Continental Europe & Middle East	Americas	UK	Asia Pacific	Investment & Wealth Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
<b>Segment revenues</b>	<b>148.2</b>	<b>102.0</b>	<b>40.9</b>	<b>73.9</b>	<b>86.7</b>	<b>73.2</b>	<b>65.1</b>	<b>39.3</b>	-	<b>629.3</b>
Segment expenses	(118.5)	(94.8)	(40.3)	(64.3)	(71.5)	(47.8)	(23.3)	(9.1)	-	(469.6)
<b>Pre-provision profit</b>	<b>29.7</b>	<b>7.2</b>	<b>0.6</b>	<b>9.6</b>	<b>15.2</b>	<b>25.4</b>	<b>41.8</b>	<b>30.2</b>	-	<b>159.7</b>
IFRS net profit	18.2	5.3	(0.5)	8.0	11.7	20.4	32.3	15.2	-	110.6
<b>AuMs (in CHF bn)</b>	<b>46.0</b>	<b>38.2</b>	<b>16.1</b>	<b>24.8</b>	<b>34.5</b>	<b>51.2</b>	-	<b>0.6</b>	<b>(39.4)</b>	<b>172.0</b>
<b>NNA (in CHF bn)</b>	<b>1.1</b>	<b>1.1</b>	<b>0.1</b>	<b>1.2</b>	<b>(0.3)</b>	<b>1.0</b>	-	-	-	<b>4.2</b>
CROs	155	178	57	64	294	3	-	-	-	751
Employees (FTEs)	331	390	130	203	295	269	85	1,316	-	3,019

# Segmental analysis 1H20

Performance summary (in CHF m)	Switzerland & Italy	Continental Europe & Middle East	Americas	UK	Asia Pacific	Investment & Wealth Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
<b>Segment revenues</b>	<b>147.6</b>	<b>92.5</b>	<b>43.8</b>	<b>71.9</b>	<b>78.8</b>	<b>58.4</b>	<b>78.2</b>	<b>(7.5)</b>	-	<b>563.7</b>
Segment expenses	(129.2)	(89.8)	(43.5)	(63.6)	(67.4)	(44.9)	(33.1)	(19.9)	-	(491.4)
<b>Pre-provision profit</b>	<b>18.4</b>	<b>2.7</b>	<b>0.3</b>	<b>8.3</b>	<b>11.4</b>	<b>13.5</b>	<b>45.1</b>	<b>(27.4)</b>	-	<b>72.3</b>
IFRS net profit	16.1	0.4	0.3	6.2	10.2	12.1	40.3	(48.2)	-	37.4
<b>AuMs (in CHF bn)</b>	<b>42.2</b>	<b>33.6</b>	<b>15.4</b>	<b>20.3</b>	<b>28.2</b>	<b>41.0</b>	-	<b>0.4</b>	<b>(33.1)</b>	<b>147.8</b>
<b>NNA (in CHF bn)</b>	<b>0.8</b>	<b>1.9</b>	<b>0.6</b>	<b>0.7</b>	<b>(0.6)</b>	<b>0.6</b>	-	<b>0.1</b>	-	<b>4.2</b>
CROs	175	187	62	76	286	5	-	-	-	791
Employees (FTEs)	359	410	146	212	292	276	89	1,343	-	3,127

# Segmental analysis 2H20

Performance summary (in CHF m)	Switzerland & Italy	Continental Europe & Middle East	Americas	UK	Asia Pacific	Investment & Wealth Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
<b>Segment revenues</b>	<b>137.0</b>	<b>89.7</b>	<b>37.9</b>	<b>68.2</b>	<b>82.6</b>	<b>72.4</b>	<b>84.3</b>	<b>(5.2)</b>	-	<b>566.9</b>
Segment expenses	(116.0)	(92.8)	(35.3)	(57.5)	(72.6)	(54.2)	(20.4)	1.1	-	(447.7)
<b>Pre-provision profit</b>	<b>21.0</b>	<b>(3.1)</b>	<b>2.6</b>	<b>10.7</b>	<b>10.0</b>	<b>18.2</b>	<b>63.9</b>	<b>(4.1)</b>	-	<b>119.2</b>
IFRS net profit	8.9	(5.9)	1.7	7.4	6.6	13.7	51.9	0.1	-	84.4
<b>AuMs (in CHF bn)</b>	<b>43.4</b>	<b>35.0</b>	<b>14.9</b>	<b>21.7</b>	<b>31.3</b>	<b>45.8</b>	-	<b>2.2</b>	<b>(35.5)</b>	<b>158.8</b>
<b>NNA (in CHF bn)</b>	<b>0.0</b>	<b>1.1</b>	<b>(0.3)</b>	<b>0.6</b>	<b>1.1</b>	<b>1.8</b>	-	<b>0.0</b>	-	<b>4.2</b>
CROs	166	185	55	73	290	3	-	-	-	772
Employees (FTEs)	335	423	130	203	286	281	87	1,328	-	3,073

# Update on Life Insurance Exposures

## Life Insurance related portfolios

- Legacy exposures acquired more than 10 years ago
- Outright portfolio carried at fair value (marked-to-model, Level 3) for IFRS accounts – For regulatory capital purposes (Swiss GAAP), this portfolio is carried as a Held-to-Maturity; the carrying value remains fully recoverable under Swiss GAAP
- Synthetic portfolio carried at fair value for IFRS accounts and under Swiss GAAP. Limited P&L volatility through hedging

## Longevity risk

- Significant risk in the portfolios due to the impact of longevity (premium payment increasing with age)
- Assumptions are derived by external life settlement underwriters based on the specific medical history
- Regular in-depth reviews of the accuracy as well as developments due to general and individual trends are assessed and incorporated if material

## Premium / Cost of Insurance risk

- Legal cases against AXA, Lincoln and John Hancock filed with strong legal basis.  
All claims are proceeding as anticipated by EFG
- Reached a settlement in principle with Transamerica\*, representing around half of the value of the premium increases disputed in courts
- Based on the current status, EFG remains in a strong position for prevailing in its claims

## Interest rate risk

- Hedged since February 2018

Year	Outright portfolio	
	Death benefits received (USD mn)	Net Cashflow (USD mn)
2011	14.6	(58.2)
2012	73.0	17.8
2013	91.7	22.4
2014	93.2	21.9
2015	52.3	(22.6)
2016	83.6	(5.5)
2017	57.4	(41.9)
2018	117.2	8.8
2019	157.3	38.2
2020	227.9	67.0
1H21	152.6	73.5

\* Subject to execution of a final settlement agreement



# Update on Life Insurance Exposures (II)

<p><b>Outright portfolio</b></p>	<p>Direct holding of life insurance policies for 200 insureds (2020: 219) of an average age of 92.3 years</p>	<ul style="list-style-type: none"> <li>▪ Death benefit: CHF 1,339.0 mn</li> <li>▪ Carrying value: CHF 712.9 mn</li> <li>▪ 1H 2021 premium: CHF 71.7 mn</li> <li>▪ Life expectancy: 4.1 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ Non-underlying</li> <li>▪ Operating income: CHF 40.0* mn</li> </ul>
<p><b>Synthetic portfolio</b></p>	<p>Direct holding of life insurance policies + hedge instruments mitigating most of the risks, for 77 insureds of an average age of 89.6 years</p>	<ul style="list-style-type: none"> <li>▪ Net death benefit: CHF 64.2 mn</li> <li>▪ Net carrying value: CHF 22.8 mn</li> <li>▪ 1H 2021 net premium: CHF 3.2 mn</li> <li>▪ Life expectancy: 4.9 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ Non-underlying</li> <li>▪ Operating income: CHF 4.9 mn</li> </ul>

*\*includes result of interest rate hedge*

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