

Half-year 2019 results presentation

24 July 2019
Zurich



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Key highlights

Giorgio Pradelli, Chief Executive Officer

Executing strategy and investing in growth

| | | |
|------------------------------|---------------------------------------|---|
| Delivering profitable growth | AuM CHF 147.6 bn | <ul style="list-style-type: none"> Significantly increased AuM to CHF 147.6 billion Net new asset rebound in second quarter Positive inflows from UK and Continental Europe Deleveraging outflows in Asia Pacific and Latin America IFRS net profit of CHF 31.5 mn |
| | Net new assets CHF 0.3 bn | |
| | Underlying net profit CHF 75.6 mn | |
| Executing on growth plan | 94 new CROs hired, signed or approved | <ul style="list-style-type: none"> Focus on achieving profitable growth coupled with effective capital deployment Regional initiatives on track to increase presence in markets with growth opportunities Ongoing stabilisation of Swiss business |
| | Regional initiatives on track | |
| Effectively managing costs | Cumulative cost synergies CHF 207 mn | <ul style="list-style-type: none"> On track to achieve cost synergy target of CHF 240 million by end-2019 Underlying operating expenses reflect investments in growth areas |

Driving business initiatives and CRO hiring

CRO growth

- Considerable progress on CRO hiring: **94 hired, signed or approved** in 1H19
- EFG growth story resonates well; strong hiring pipeline

CRO productivity

- Enhancing management of **CRO performance**
- **Increasing average portfolio size** per CRO
- Improved advisory and discretionary **mandate penetration** to **47%**

Switzerland back to growth

- **Significantly stabilised Swiss business** and reduced net asset outflows

New business initiatives in selected markets

- March 2019: Relaunch of **domestic Italian business** from Milan branch
- June 2019: Launch of **new advisory branch in Lisbon, Portugal**
- Ahead of schedule with setting up **presence in Middle East**
- Strengthening global coverage of **Independent Asset Manager (IAM)** segment

External growth

- **Acquisition of Australian financial service provider Shaw and Partners**
- Closing of acquisition in April; business fully consolidated

Financial performance

Dimitris Politis, Chief Financial Officer

Presentation of financial performance

Changes from previous reporting periods:

- Following the completion of the BSI integration, EFG has **discontinued reporting** “AuM attrition”, “underlying NNA” and “BSI integration costs”. Going forward, the only items excluded from underlying performance will be the “contribution of the life insurance portfolios”, “legacy legal costs and provisions”, and the “acquisition-related intangible amortisation”
- 1H 2019 financial results include for the first time Shaw and Partners, which has been consolidated as of 30 April 2019
- The reconciliation of underlying results to IFRS results is included on slide 30

1H 2019 financial results in perspective

Executing on 2022 strategic plan

| | |
|---|--|
| Business development | <ul style="list-style-type: none"> ▪ AuM at CHF 147.6 bn, following the Shaw and Partners acquisition ▪ NNA at CHF 0.3 bn (annualised growth: 0.5%) reflect stabilisation in Switzerland and strong performance in the UK. NNA impacted by CHF 0.8 bn deleveraging, mostly Asia Pacific and Latin America ▪ Investing in growth: acceleration of new CRO hiring, YTD 94 CROs have already been hired, signed or approved, and on track with new business initiatives: Italy, Portugal and Middle East |
| Profitability | <ul style="list-style-type: none"> ▪ Underlying net profit at CHF 75.6 mn vs. CHF 62.6 mn in 2H18. Underlying RoTE at 10.8% ▪ IFRS net profit of CHF 31.5 mn, negatively impacted by life insurance |
| Cost evolution & delivery of synergies | <ul style="list-style-type: none"> ▪ Continuous streamlining efforts: FTEs down to 3,095* from 3,153 at year-end 2018 ▪ Delivery of additional CHF 20 mn of cost synergies in 1H19, on track to reach 2019 target |
| Legacy issues | <ul style="list-style-type: none"> ▪ Negative impact from life insurance of CHF (27.7) mn |
| Capital position | <ul style="list-style-type: none"> ▪ CET1 ratio of 17.0%, Total capital ratio of 21.0%, following the Shaw and Partners acquisition ▪ Renewed share repurchase programme on 3 June, planning to repurchase up to 8 million ordinary shares to fund RSUs relating to employee incentive plans |

Financials summary

| | 1H19 | 2H18 | 1H18 |
|---|---------------|-------|-------|
| Revenue-generating AuM, CHF bn | 147.6 | 131.2 | 142.7 |
| Net new assets, CHF bn | 0.3 | (4.1) | 2.0 |
| Net new asset growth (annualized) | 0.5% | -5.7% | 2.8% |
| Operating income, CHF mn | 555.8 | 575.2 | 570.4 |
| Operating expense, CHF mn | 503.6 | 532.3 | 532.0 |
| Operating profit, CHF mn | 52.2 | 42.9 | 38.4 |
| IFRS net profit, CHF mn | 31.5 | 23.9 | 46.4 |
| Underlying operating income*, CHF mn | 575.9 | 560.5 | 604.6 |
| Underlying operating expense*, CHF mn | 492.0 | 483.8 | 482.6 |
| Underlying net profit*, CHF mn | 75.6 | 62.6 | 129.2 |
| Underlying revenue margin*, in bps | 83 | 82 | 86 |
| Underlying cost-income ratio* | 85.2% | 86.1% | 79.7% |
| Return on shareholders' equity* | 9.2% | 7.4% | 15.6% |
| Return on tangible equity* | 10.8% | 8.4% | 17.8% |
| CROs / CROs excl. Shaw and Partners | 737 / 587 | 590 | 613 |
| Total FTEs** / Total FTEs** excl. Shaw and Partners | 3,195 / 3,095 | 3,153 | 3,219 |
| Total capital ratio*** | 21.0% | 21.6% | 21.5% |
| CET 1 capital ratio*** | 17.0% | 17.6% | 17.6% |

* Underlying - Excluding impact of acquisition-related intangible amortisation, legacy legal costs and provisions and impact of life insurance (see slide 11) . For the BSI integration period from 2016 to 2018, underlying results included intangible amortisation relating to BSI only, legacy legal costs and provisions and life insurance impacts

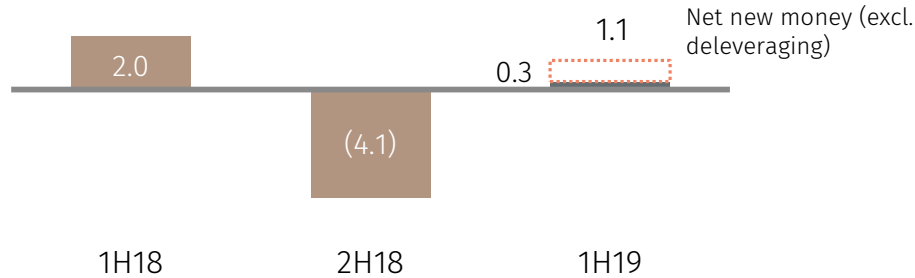
** Excl. FTEs on notice period or in social plan (as of 30 June 2019)

*** Swiss GAAP Basel III, fully applied

Results highlights

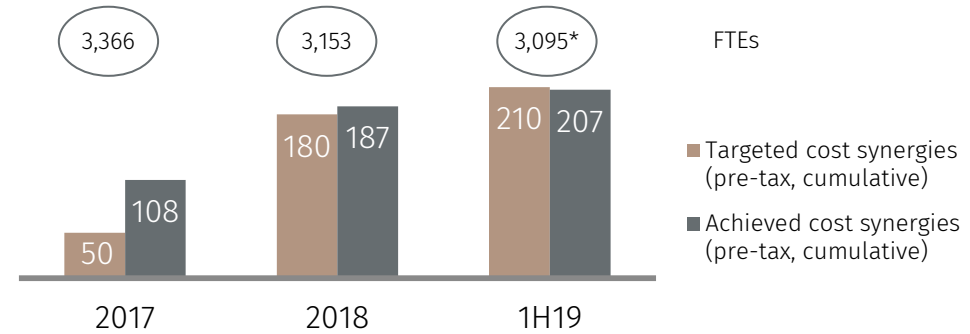
NNA with annualised growth of 0.5%

NNA evolution
(in CHF bn)



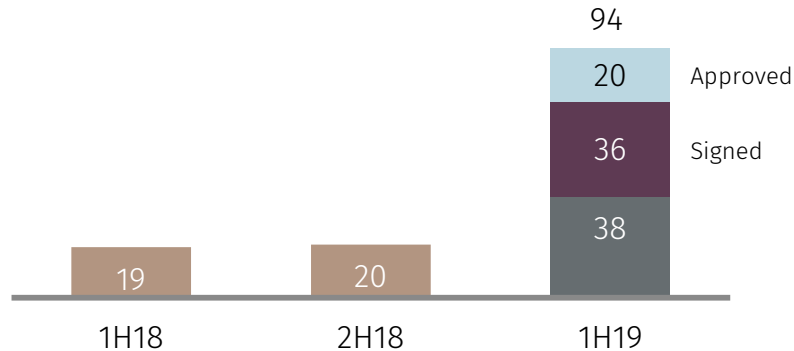
Delivering on cost synergies

Cumulative targeted cost synergies (pre-tax)
(in CHF mn)



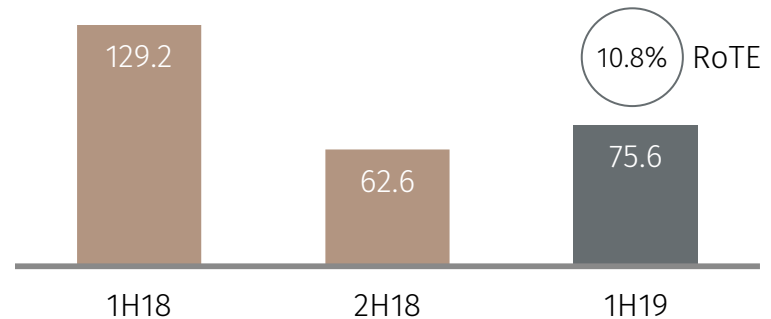
Strong CRO hiring momentum

of CROs



Underlying profit up 21% vs. 2H18

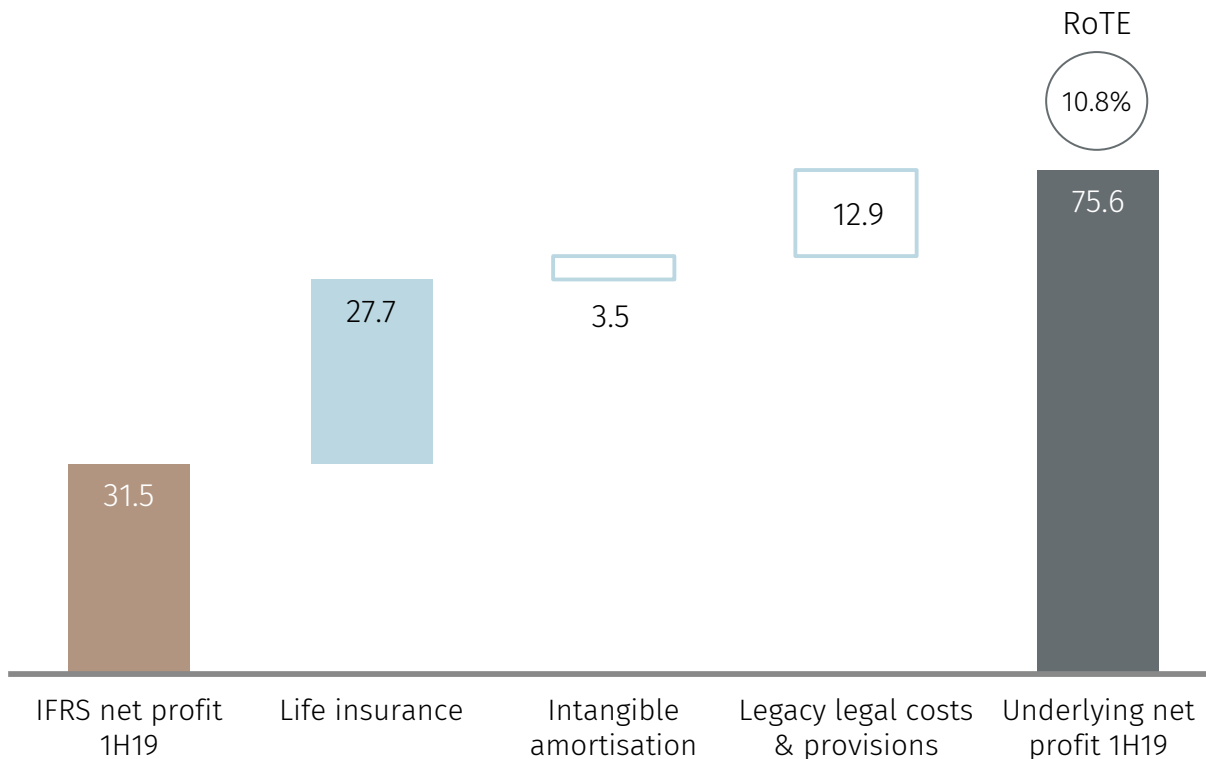
Evolution of underlying net profit
(in CHF mn)



Underlying profitability

Underlying profitability of CHF 75.6 mn, up 21% vs. 2H18

Reconciliation of underlying net profit
(in CHF mn)



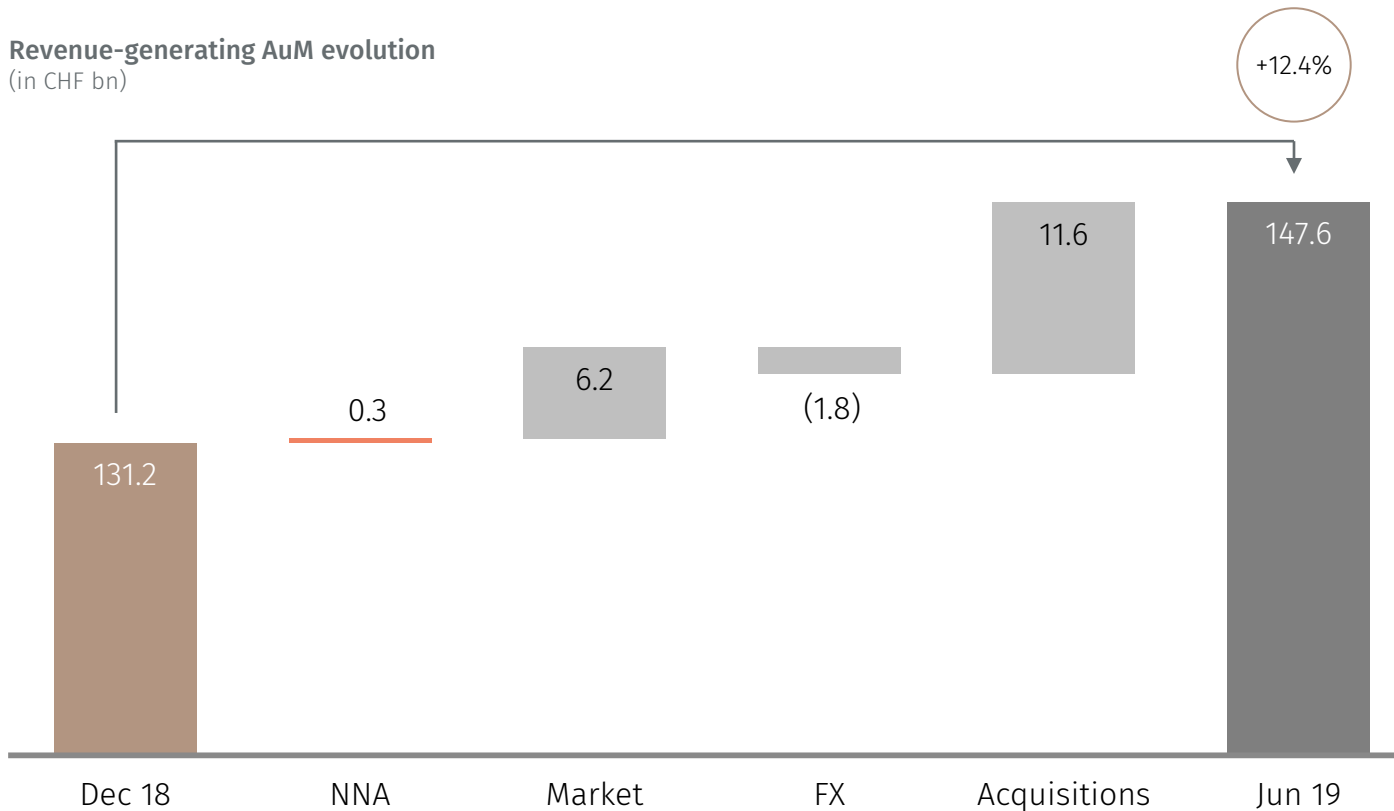
- Challenging revenue environment, partly compensated by improving contribution from Global Markets and strong Treasury performance
- Continued cost management efforts. FTE management actions have led to one-off redundancy costs
- Investing in growth: positive effects of CRO hiring and business initiatives expected to materialise in the coming quarters
- Volatility in life insurance maturities lead to a loss of CHF 27.7 mn
- Shaw and Partners consolidated starting 30 April 2019. Negative impact from one-off acquisition costs

Note: for further details see slide 30

Revenue-generating AuM development

Net new assets of CHF 0.3 bn at annual growth rate of 0.5%; AuM at CHF 147.6 bn

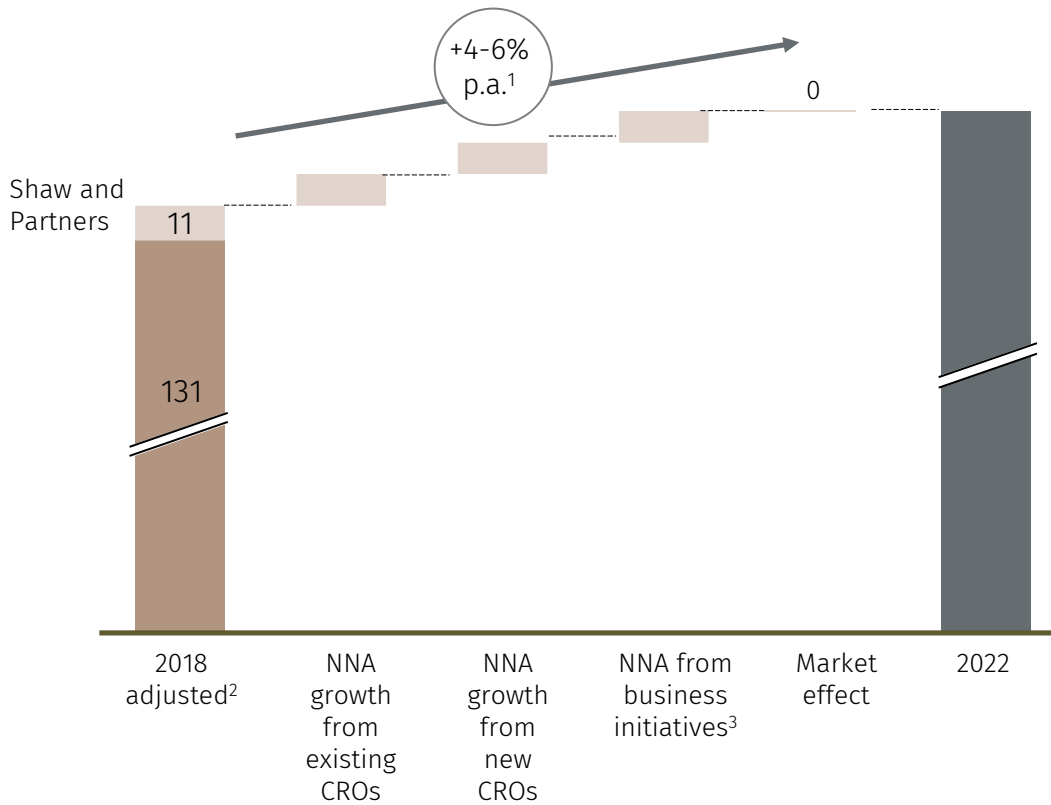
Revenue-generating AuM evolution
(in CHF bn)



Evolution and drivers of NNA

Investor update growth targets

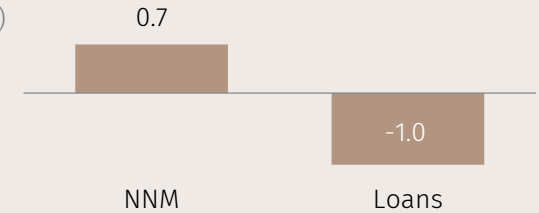
(in CHF bn)



1 Compound Annual Growth Rate (CAGR) over the four-year period
 2 Adjusted to include Shaw and Partners and EFG as of 31 December 2018
 3 Business initiatives include Shaw and Partners
 4 Hired in the last 24 months rolling

Update on execution for 1H19

Existing CROs (in CHF bn)



New CROs⁴ (in CHF bn)

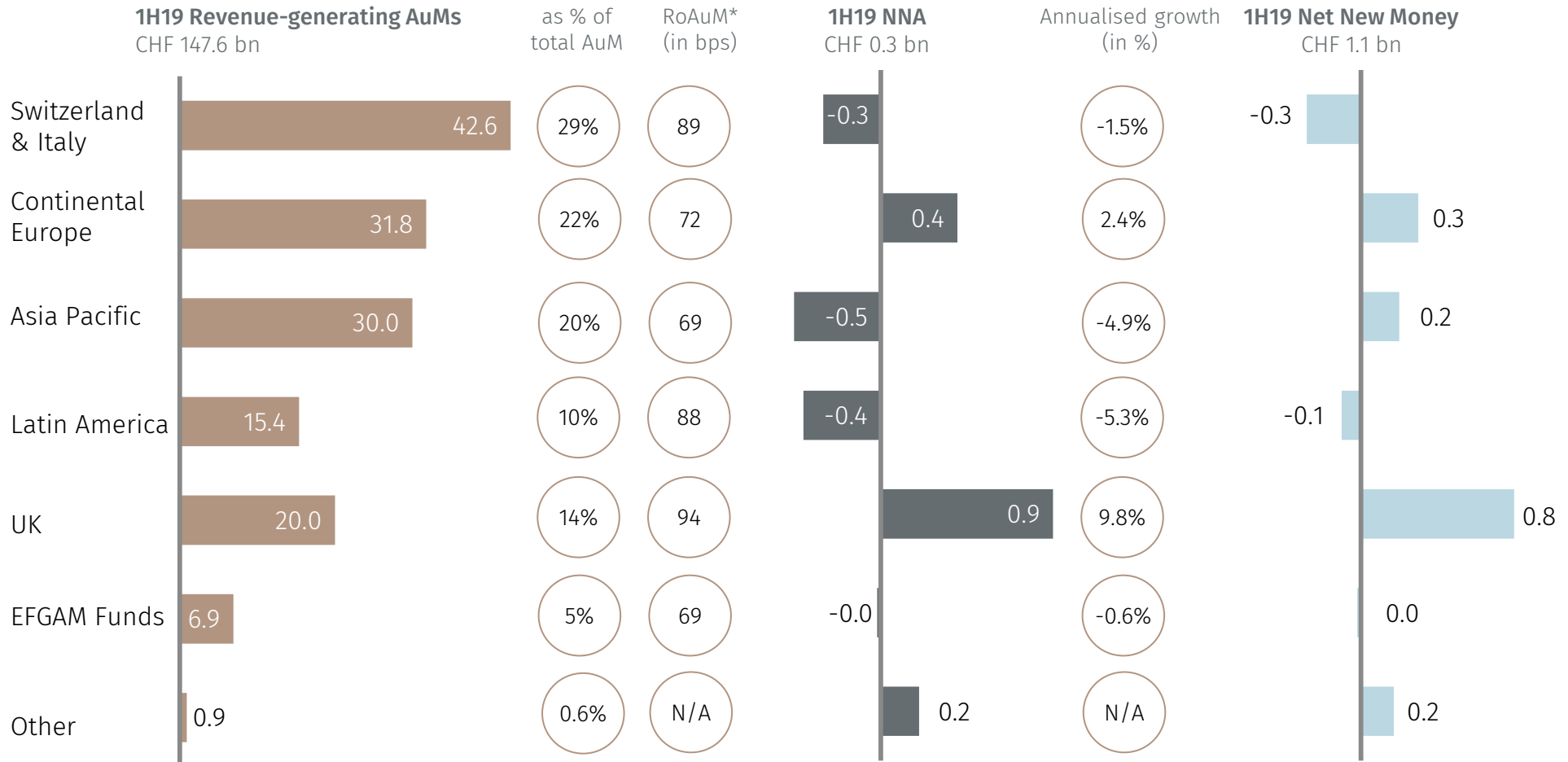


Business initiatives (in CHF bn)



Business development by region

Very strong NNA from the UK, positive NNA in Continental Europe. Switzerland & Italy stabilising



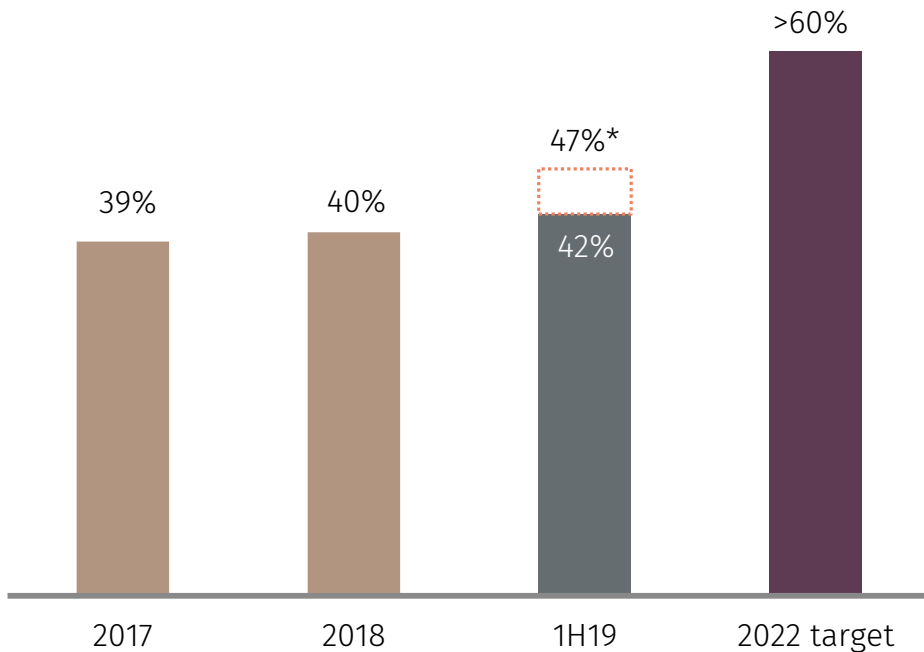
*Including Global Markets & Treasury contribution

Note: For the definition of revenue-generating AuM, please refer to note 7 of the 2019 Interim Report

Evolution of mandates penetration

Mandate penetration of 47%* (advisory, discretionary mandates & funds)

Evolution of advisory, discretionary mandates & funds
(in %, excl. loans)

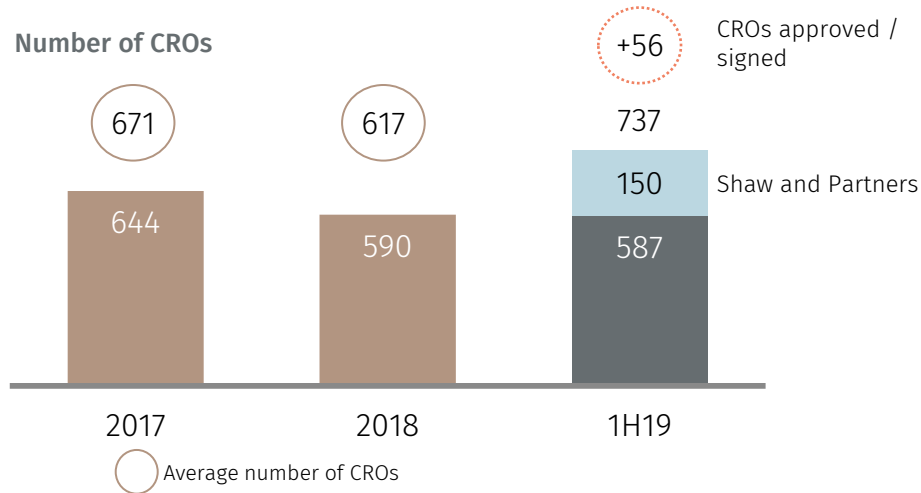


*Including Shaw and Partners

- Increasing penetration of advisory, discretionary mandates and funds driven by:
 - Solid performance of discretionary offering
 - Increased utilisation of digital Investment Advisory Tool across the organisation
- Future developments:
 - Regulatory requirements (MiFiD II) promote higher mandate penetration
 - Further roll-out of Investment Advisory Tool to additional locations
 - Further expansion of funds offering to complement existing strategies

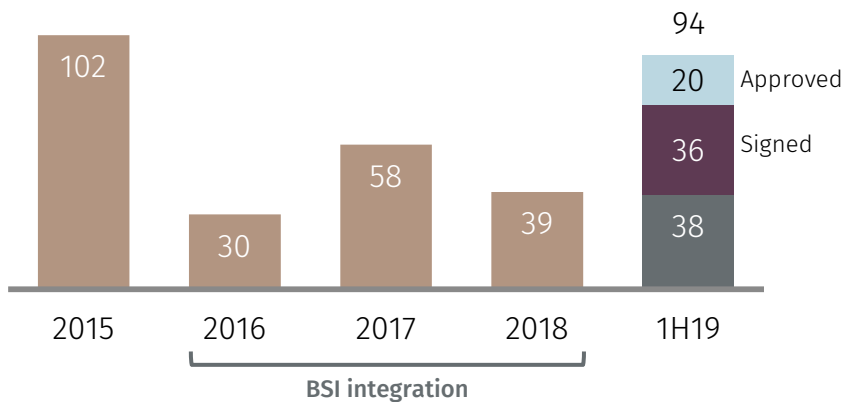
CRO performance

Strong CRO hiring momentum

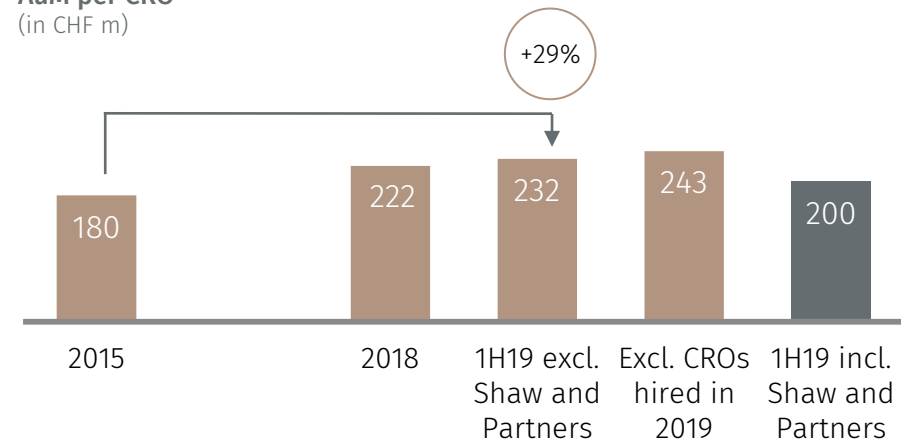


- Strong CRO hiring activity: YTD 94 CROs have been hired, signed or approved
- Ongoing performance management efforts driving CRO reduction over the course of the last years:
 - Continuous assessment of CROs
 - Release of new hires who do not meet EFG performance standards (average retention after two years at 60%)

Number of new CROs



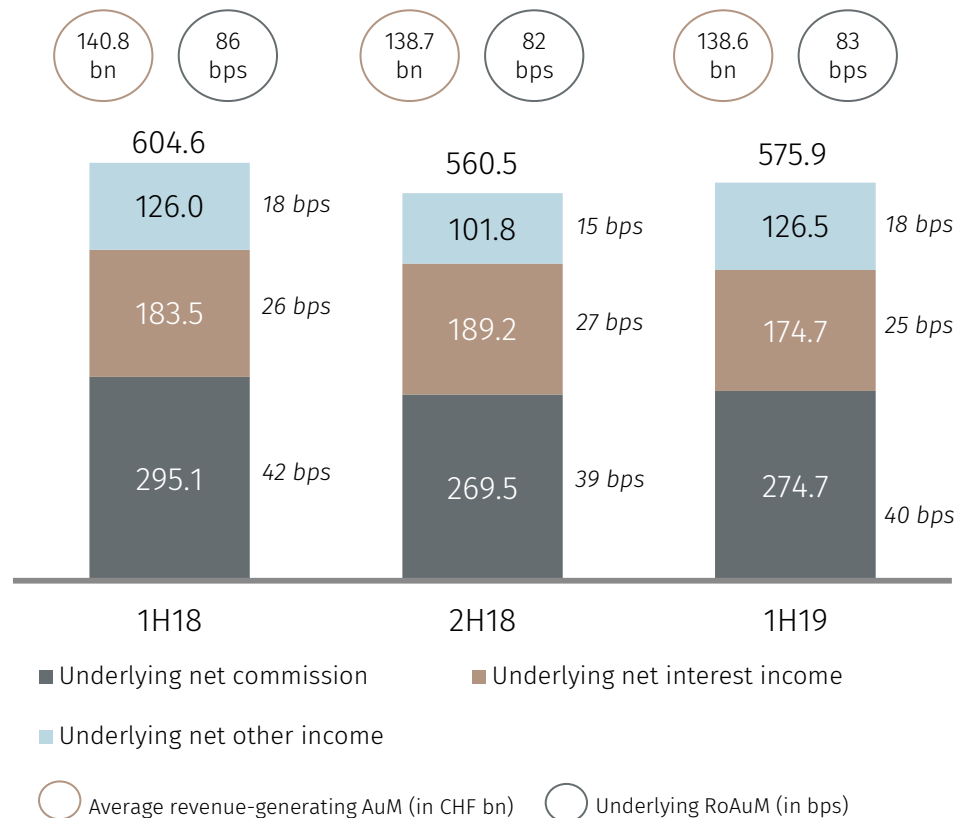
AuM per CRO (in CHF m)



Underlying operating income

Underlying operating income of CHF 575.9 mn, up 3% vs. 2H18

Underlying operating income (in CHF mn)

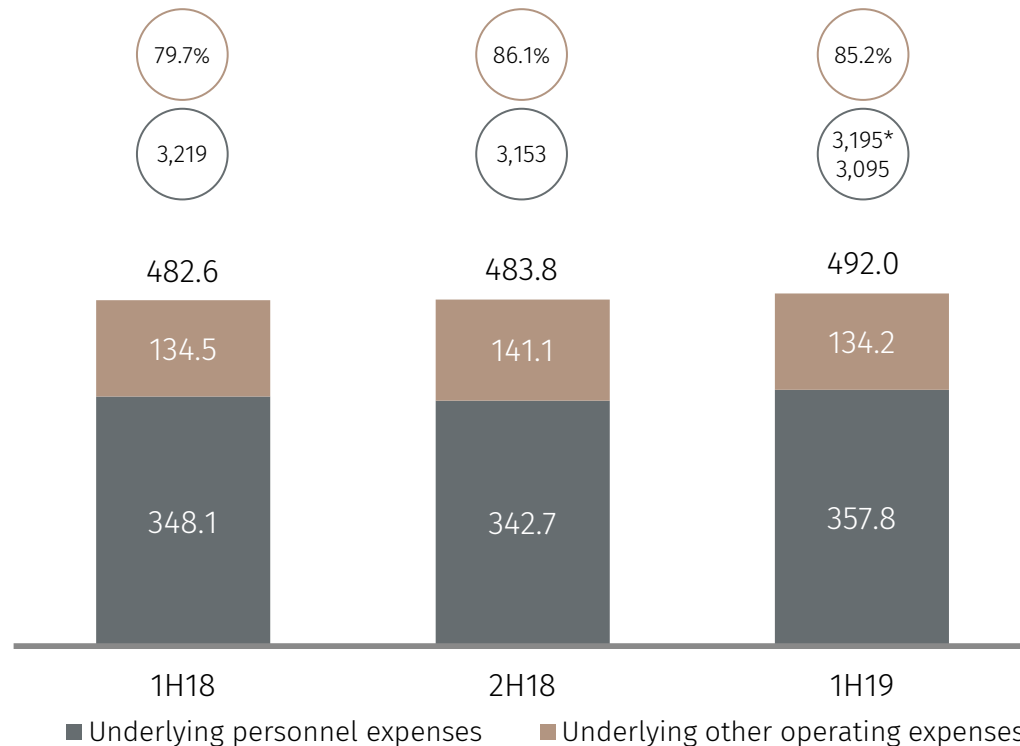


- Underlying RoAuM (excl. loans) at 96 bps vs. 94 bps in 2H18 and 99 bps in 1H18
- Deleveraging and interest rate environment affecting net interest income
- Solid revenues from discretionary and advisory mandates
- Improving contribution from Global Markets and strong Treasury performance
- One-off gain of CHF 15 mn pre-tax from the SIX participation
- Shaw and Partners acquisition has a structural impact on headline RoAuM of approx. 1 bp in 1H19

Underlying operating expenses

Underlying operating expenses at CHF 492.0 mn, up 1.7% vs. 2H18

Underlying operating expenses
(in CHF mn)



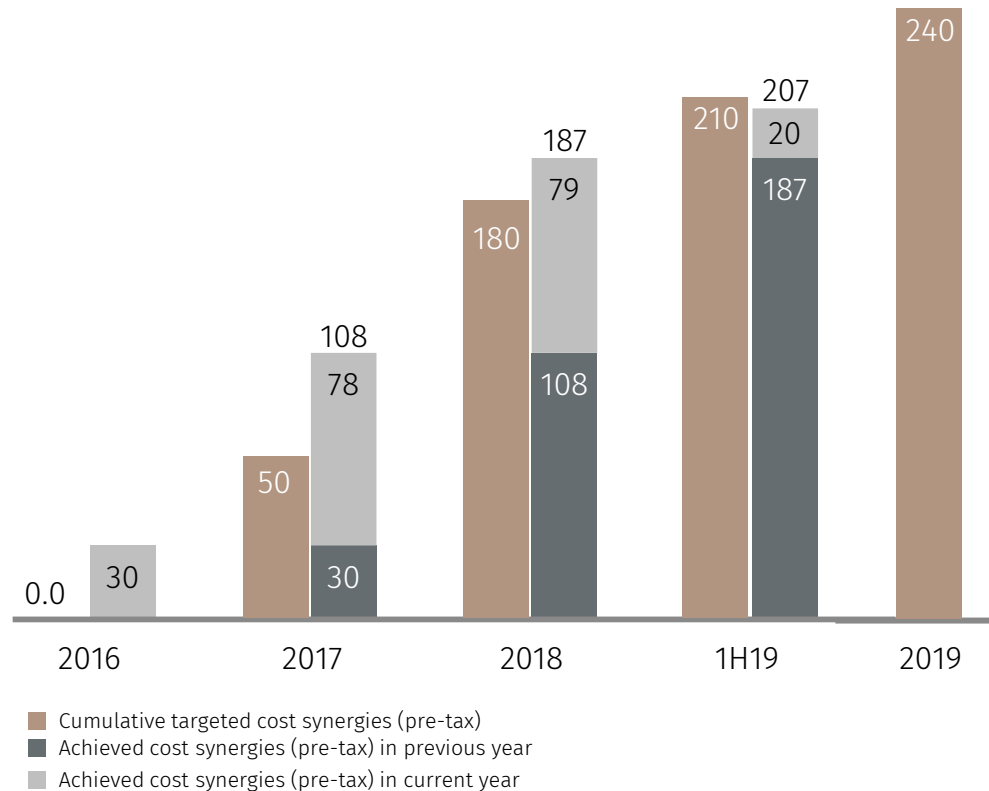
○ Cost-income ratio ○ FTEs * Excluding FTEs on notice period or in social plan (as of 30 Jun 2019)

- Operating expenses are flat, excluding the contribution of Shaw and Partners (two months and acquisition costs)
- Right-sizing actions have impacted 1H19 with one-off redundancy costs
- Marked improvement in other operating expenses. More scope in 2H19
- Continued cost management to fund growth initiatives

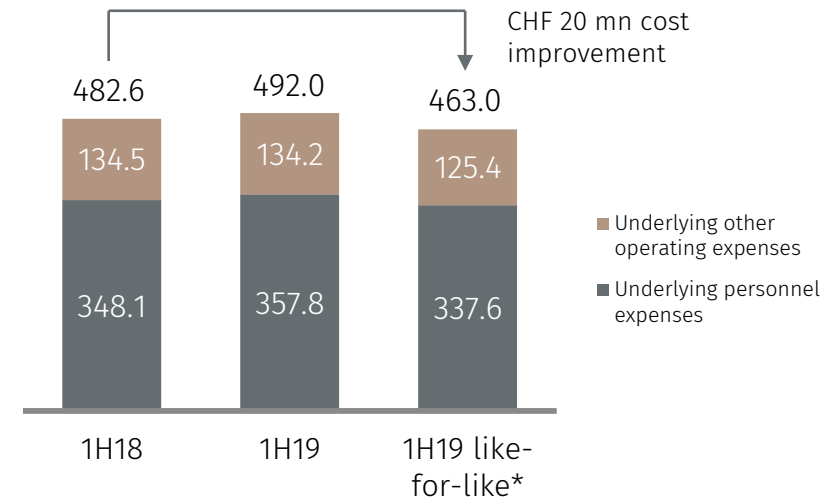
Update on cost synergies from BSI transaction

Delivery of additional CHF 20 mn of cost synergies in 1H19, on track for 2019 target

Cumulative targeted cost synergies (pre-tax)
(in CHF mn)



Underlying operating expenses
(in CHF mn)



*Like-for-like 1H19 costs exclude:

- Shaw and Partners contribution to operating expenses: running expenses for two months plus acquisition related costs
- Redundancy costs for right-sizing in June 2019
- New CRO recruitment costs (CROs hired in the last 12 months) & costs for new business initiatives
- Lingering BSI-legal entity liquidation costs

Balance sheet

Strong and highly liquid Balance sheet

Total assets:

CHF 41.2 bn

| | | |
|------------------------|------|---|
| Cash & banks | 12.6 | |
| Treasury bills | 1.0 | |
| Derivatives | 0.9 | |
| Financial instruments | 7.7 | Fair value through OCI 5.6 Financial assets at fair value through P&L 2.1 |
| Loans | 18.1 | CHF 12.2 bn secured by financial assets CHF 5.9 bn secured real estate financing |
| Goodwill & intangibles | 0.3 | |
| Other | 0.6 | |

Total liabilities & equity:

CHF 41.2 bn

| | |
|-----------------------------|------|
| Due to banks | 0.5 |
| Deposits | 31.3 |
| Derivatives | 1.0 |
| Other financial liabilities | 5.5 |
| Other | 0.9 |
| Subordinated loans | 0.4 |
| Total Equity | 1.6 |

~50% of Balance sheet in liquid assets

- Loan-deposit ratio of 50%*
- Liquidity coverage ratio (LCR) of 171%

Life Insurance exposures

- Legacy positions
- Embedded value to be realised over time
- Short-term P&L volatility

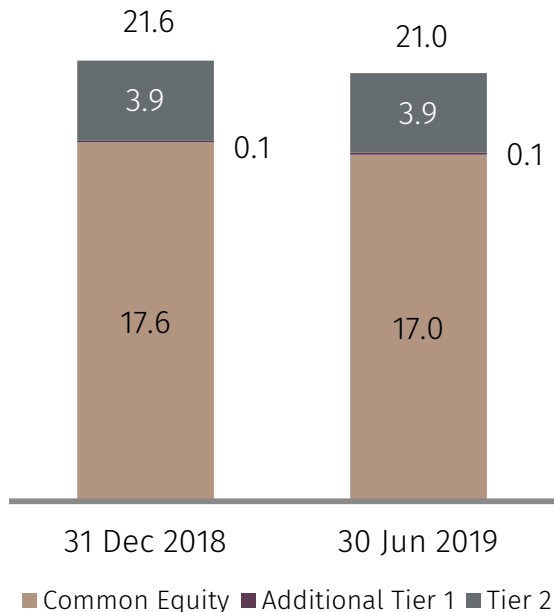
Please refer to slides 36/37 in the Appendix for additional information

** Including financial liabilities at amortised cost (structured products funding)*

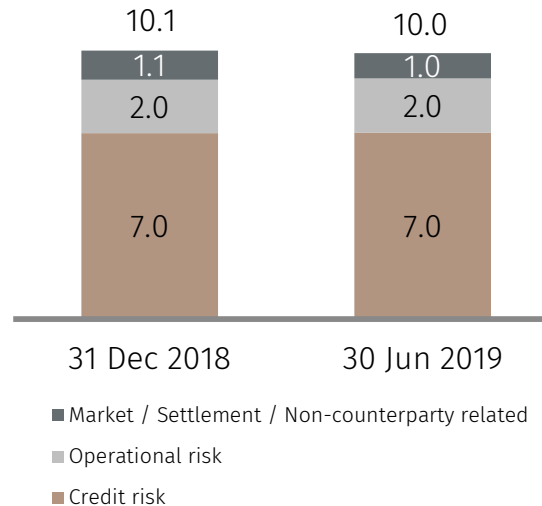
Capital position (I)

Strong capital position: CET1 ratio of 17.0%, Total capital ratio at 21.0%

Total Capital Ratios*
(in %)



Breakdown of RWAs*
(in CHF bn)



- Capital ratios include the full impact from the acquisition of Shaw and Partners (approx. 40 bps)
- RWAs slightly down driven by decline in market risk
- Leverage ratio (FINMA) at 4.1%
- Approx. 2.2 mn shares repurchased in 1H19 for a total amount of CHF 13.5 mn

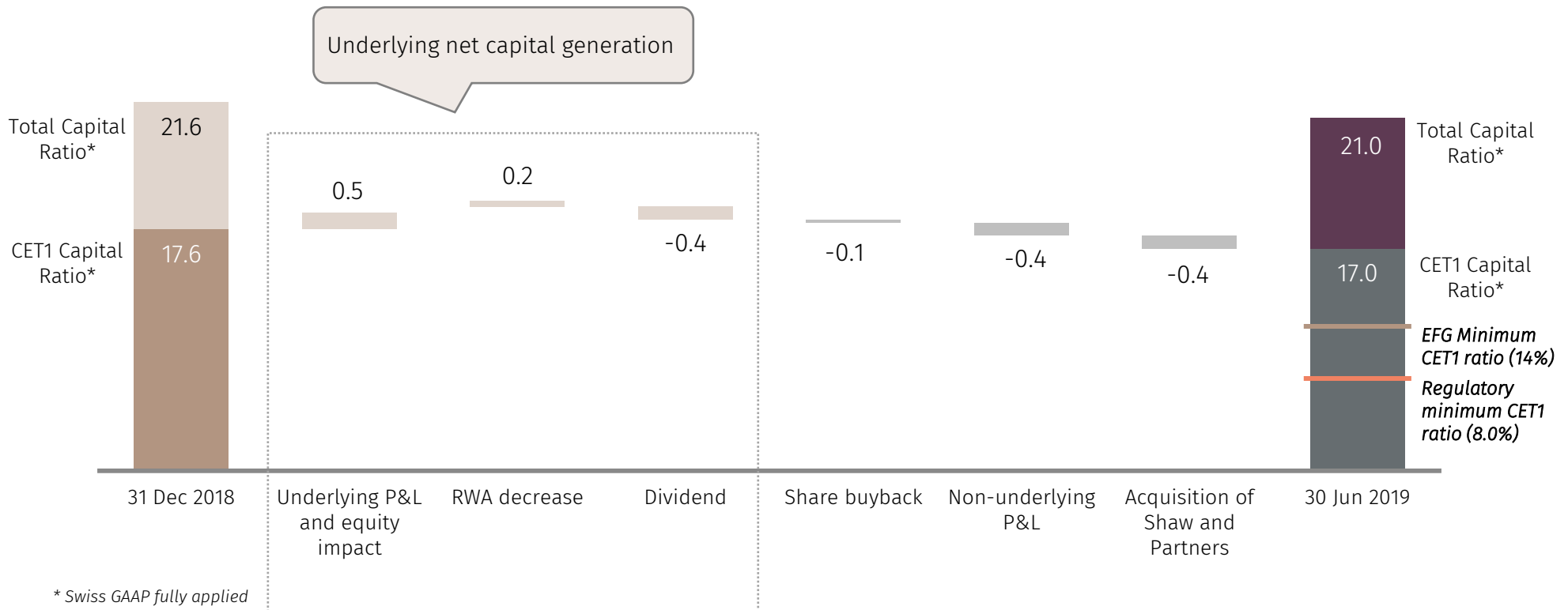
* Swiss GAAP fully applied

1H19 IFRS BIS-EU Basel III fully applied CET1 Capital ratio of 13.8% and Total Capital ratio of 18.3%

Capital position (II)

Substantial available CET1 capital allows for expansion

Evolution of CET1 Capital ratio*
(in %)



Strategic priorities & outlook

Giorgio Pradelli, Chief Executive Officer

2022 strategic plan

- Financial targets 2022: **Significant profitable growth and effective capital deployment**
- **EFG's business model is distinctive** in the current private banking environment
- **Our execution engine** has shifted focus towards **profitable growth**

Financial targets 2022

| | |
|--------------------------|---------------------------|
| NNA growth | 4-6% average ¹ |
| Revenue margin | 85 bps |
| Cost-income ratio | 72-75% |
| RoTE | >15% |

Our solid capital position and profitable growth give us optionality to consider acquisitions to:

- Increase critical mass in existing markets
- Increase exposure to markets with superior growth potential

Strategic priorities going forward

Further drive CRO growth & productivity

Return Switzerland back to growth

Execute on selected regional initiatives

Leverage Investment Solutions

Enhance operational efficiency



Appendix

Income statement (IFRS)

| (in CHF million) | 1H18 | 2H18 | 1H19 |
|---|----------------|----------------|----------------|
| Net interest income | 177.7 | 183.6 | 169.3 |
| Net banking fee & commission income | 295.1 | 269.5 | 274.7 |
| Net other income | 97.6 | 122.1 | 111.8 |
| Operating income | 570.4 | 575.2 | 555.8 |
| Personnel expenses | (355.4) | (352.9) | (357.8) |
| Other operating expenses | (155.9) | (157.7) | (125.5) |
| Amortisation of tangible fixed assets & software | (15.7) | (16.7) | (14.9) |
| Amortisation of acquisition related intangibles | (5.0) | (5.0) | (5.5) |
| Total operating expenses | (532.0) | (532.3) | (503.6) |
| Provisions | 19.5 | (3.7) | (9.6) |
| Loss allowance expenses | (9.9) | (7.0) | (0.6) |
| Profit before tax | 48.0 | 32.2 | 42.0 |
| Income tax expense | (0.4) | (6.7) | (9.3) |
| Net profit | 47.6 | 25.5 | 32.7 |
| Non-controlling interests | (1.2) | (1.6) | (1.2) |
| Net profit attributable to equity holders of the Group | 46.4 | 23.9 | 31.5 |
| Dividend on Bons de Participation | (0.1) | (0.1) | (0.1) |
| Net profit attributable to ordinary shareholders | 46.3 | 23.8 | 31.4 |

Underlying income statement

| (in CHF million) | 1H18 | 2H18 | 1H19 |
|-------------------------------------|----------------|----------------|----------------|
| Net interest income | 183.5 | 189.2 | 174.7 |
| Net banking fee & commission income | 295.1 | 269.5 | 274.7 |
| Net other income | 126.0 | 101.8 | 126.5 |
| Operating income | 604.6 | 560.5 | 575.9 |
| Personnel expenses | (348.1) | (342.7) | (357.8) |
| Other operating expenses | (134.5) | (141.1) | (134.2) |
| Total operating expenses | (482.6) | (483.8) | (492.0) |
| Provisions | 19.5 | (0.8) | (7.0) |
| Loss allowance expenses | (9.9) | (4.3) | 9.9 |
| Profit before tax | 131.6 | 71.6 | 86.8 |
| Income tax expense | (1.2) | (7.4) | (10.0) |
| Net profit | 130.4 | 64.2 | 76.8 |
| Non-controlling interests | (1.2) | (1.6) | (1.2) |
| Underlying net profit | 129.2 | 62.6 | 75.6 |

Reconciliation of Underlying results to IFRS results 1H19

| (in CHF million) | Underlying results 1H19 | Life insurance | Acquisition related intangible amortisation | Exceptional legal costs and provisions | IFRS results 1H19 |
|-------------------------------------|-------------------------|----------------|---|--|-------------------|
| Net interest income | 174.7 | (7.1) | | 1.7 | 169.3 |
| Net banking fee & commission income | 274.7 | | | | 274.7 |
| Net other income | 126.5 | (14.7) | | | 111.8 |
| Operating income | 575.9 | (21.8) | | 1.7 | 555.8 |
| Personnel expenses | (357.8) | | | | (357.8) |
| Other operating expenses | (134.2) | (3.3) | (4.2) | (4.1) | (145.8) |
| Operating expenses | (492.0) | (3.3) | (4.2) | (4.1) | (503.6) |
| Provisions | (7.0) | (2.6) | | | (9.6) |
| Loss allowance expense | 9.9 | | | (10.5) | (0.6) |
| Profit before tax | 86.8 | (27.7) | (4.2) | (12.9) | 42.0 |
| Income tax expense | (10.0) | | 0.7 | | (9.3) |
| Net profit | 76.8 | (27.7) | (3.5) | (12.9) | 32.7 |
| Non-controlling interests | (1.2) | | | | (1.2) |
| Net profit attributable | 75.6 | (27.7) | (3.5) | (12.9) | 31.5 |

Balance sheet (IFRS)

| (in CHF million) | Dec 2018 | Jun 2019 |
|--|---------------|---------------|
| Cash and balances with central banks | 7,142 | 9,308 |
| Treasury bills and other eligible bills | 1,199 | 961 |
| Due from other banks | 3,206 | 3,252 |
| Derivative financial instruments | 1,220 | 891 |
| Financial asset at fair value through P&L | 2,041 | 2,133 |
| Financial asset at fair value through other comprehensive income | 5,806 | 5,569 |
| Loans and advances to customers | 18,810 | 18,088 |
| Property, plant and equipment | 202 | 348 |
| Intangible assets | 201 | 257 |
| Deferred income tax assets | 118 | 112 |
| Other assets | 218 | 299 |
| Total assets | 40,161 | 41,216 |
| Due to other banks | 303 | 505 |
| Due to customers | 30,066 | 31,314 |
| Derivative financial instruments | 1,214 | 977 |
| Financial liabilities designated at fair value | 584 | 550 |
| Financial liabilities at amortised cost | 5,205 | 4,992 |
| Current income tax liabilities | 13 | 8 |
| Deferred income tax liabilities | 20 | 29 |
| Provisions | 136 | 133 |
| Other liabilities | 569 | 668 |
| Subordinated loans | 397 | 391 |
| Total liabilities | 38,504 | 39,566 |
| Share capital | 145 | 147 |
| Share premium | 1,877 | 1,877 |
| Other reserves | 206 | 241 |
| Retained earnings | (601) | (656) |
| Non controlling interests | 28 | 42 |
| Total equity | 1,656 | 1,650 |
| Total equity and liabilities | 40,161 | 41,216 |
| CET1 ratio (Swiss GAAP fully applied) | 17.6% | 17.0% |
| Total Capital ratio (Swiss GAAP fully applied) | 21.6% | 21.0% |
| Leverage ratio (FINMA) | 4.4% | 4.1% |

Breakdown of AuM

| By category | 31.12.18 | 30.06.19 | 30.06.19 (in CHF bn) |
|---------------------|-------------|-------------|-------------------------|
| Cash & deposits | 25% | 23% | 34.6 |
| Bonds | 25% | 23% | 34.3 |
| Equities | 21% | 28% | 41.8 |
| Structured products | 3% | 3% | 4.4 |
| Loans | 14% | 13% | 18.9 |
| Hedge funds | 3% | 2% | 3.0 |
| Other | 10% | 7% | 10.6 |
| Total | 100% | 100% | 147.6 |

| By currency | 31.12.18 | 30.06.19 | 30.06.19 (in CHF bn) |
|--------------|-------------|-------------|-------------------------|
| USD | 44% | 41% | 61.1 |
| EUR | 29% | 27% | 39.4 |
| GBP | 11% | 10% | 14.8 |
| AUD | 1% | 8% | 12.3 |
| CHF | 8% | 7% | 10.7 |
| Other | 7% | 6% | 9.3 |
| Total | 100% | 100% | 147.6 |

Segmental analysis 1H19

| Performance summary (in CHF m) | Switzerland, & Italy | Continental Europe | Americas | UK | Asia Pacific | Investment Solutions | Global Markets & Treasury | Corporate Overheads | Eliminations | Total |
|-----------------------------------|-------------------------|-----------------------|--------------|-------------|--------------|-------------------------|---------------------------------|------------------------|---------------|--------------|
| Segment revenues | 148.8 | 88.1 | 57.0 | 75.0 | 64.4 | 53.3 | 89.3 | (20.1) | - | 555.8 |
| Segment expenses | (138.5) | (84.1) | (54.5) | (68.1) | (64.1) | (47.1) | (34.3) | (7.4) | - | (498.2) |
| Pre-provision profit | 10.3 | 4.0 | 2.5 | 6.9 | 0.3 | 6.2 | 55.0 | (27.5) | - | 57.6 |
| IFRS net profit | 6.0 | 3.7 | 2.2 | 6.0 | (4.2) | 5.5 | 56.8 | (43.3) | - | 32.7 |
| AuMs (in CHF bn) | 42.6 | 31.7 | 15.4 | 20.0 | 30.0 | 37.5 | - | 0.9 | (30.6) | 147.6 |
| Net new assets (in CHF bn) | (0.3) | 0.4 | (0.4) | 0.9 | (0.5) | 0.0 | - | 0.2 | | 0.3 |
| CROs | 195 | 153 | 96 | 64 | 246 | 9 | - | - | - | 737 |
| Employees (FTEs) | 396 | 363 | 158 | 189 | 298 | 275 | 97 | 1,419 | - | 3,195 |

Segmental analysis 1H18

| Performance summary (in CHF m) | Switzerland, & Italy | Continental Europe | Americas | UK | Asia Pacific | Investment Solutions | Global Markets & Treasury | Corporate Overheads | Eliminations | Total |
|-----------------------------------|-------------------------|-----------------------|-------------|-------------|--------------|-------------------------|---------------------------------|------------------------|---------------|--------------|
| Segment revenues | 155.4 | 101.8 | 62.4 | 68.3 | 76.9 | 49.4 | 86.0 | (29.8) | - | 570.4 |
| Segment expenses | (123.8) | (89.7) | (56.6) | (62.9) | (56.2) | (47.1) | (26.8) | (63.9) | - | (527.0) |
| Pre-provision profit | 31.6 | 12.1 | 5.8 | 5.4 | 20.7 | 2.3 | 59.2 | (93.7) | - | 43.4 |
| IFRS net profit | 31.7 | 10.8 | 6.5 | 4.2 | 18.2 | 1.4 | 49.9 | (75.1) | - | 47.6 |
| AuMs (in CHF bn) | 44.6 | 33.3 | 17.2 | 19.5 | 20.4 | 37.2 | - | 1.2 | (30.7) | 142.7 |
| Underlying NNA (in CHF bn) | (1.5) | 1.3 | 1.3 | 0.3 | 0.6 | 1.3 | - | - | - | 3.3 |
| CROs | 200 | 146 | 77 | 73 | 108 | 9 | - | - | - | 613 |
| Employees (FTEs) | 417 | 355 | 178 | 197 | 207 | 294 | 102 | 1,571 | - | 3,321 |

Segmental analysis 2H18

| Performance summary (in CHF m) | Switzerland, & Italy | Continental Europe | Americas | UK | Asia Pacific | Investment Solutions | Global Markets & Treasury | Corporate Overheads | Eliminations | Total |
|-----------------------------------|-------------------------|-----------------------|--------------|-------------|--------------|-------------------------|---------------------------------|------------------------|---------------|--------------|
| Segment revenues | 155.1 | 97.1 | 58.8 | 79.4 | 64.7 | 49.9 | 49.4 | 20.8 | - | 575.2 |
| Segment expenses | (154.3) | (94.0) | (53.7) | (62.0) | (60.4) | (51.8) | (19.3) | (31.1) | - | 526.6 |
| Pre-provision profit | 0.8 | 3.1 | 5.1 | 17.4 | 4.3 | (1.9) | 30.1 | (10.3) | - | 48.6 |
| IFRS net profit | 1.3 | (0.5) | 5.3 | 16.2 | 2.0 | (2.5) | 39.4 | (35.7) | - | 25.5 |
| AuMs (in CHF bn) | 41.1 | 30.9 | 15.2 | 18.8 | 18.4 | 34.7 | - | 0.4 | (28.2) | 131.2 |
| Underlying NNA (in CHF bn) | (1.0) | 0.1 | (0.5) | 0.3 | 0.1 | 0.0 | - | 0.1 | - | (0.8) |
| CROs | 187 | 148 | 76 | 72 | 99 | 8 | - | - | - | 590 |
| Employees (FTEs) | 405 | 365 | 169 | 196 | 206 | 272 | 93 | 1,447 | - | 3,153 |

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 – small size of portfolio introduces substantial P&L volatility. For regulatory capital purposes (Swiss GAAP), this portfolio is carried as a Held-to-Maturity portfolio (not applicable under IFRS following the introduction of IFRS 9 in 2017); 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
- Lombard loan portfolio with an expected credit loss assessed each semester, based on the value of the collateral. Default of the debtor would lead to a reclassification of the exposure from indirect to direct – economic exposure would remain unchanged

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, Transamerica and Lincoln filed with strong legal basis in October 2016 and February 2017. All three claims are proceeding as anticipated by EFG. Additional legal case against John Hancock filed in 2019
- Based on the current status, EFG remains in a strong position for prevailing in its claims

| 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 | 31.0 | (28.6) |

Update on Life Insurance Exposures (II)

| | | | |
|-------------------------------------|--|---|--|
| Outright portfolio | <p>Direct holding of life insurance policies for 140 insureds (2018: 145) of an average age of 90.0 years</p> | <ul style="list-style-type: none"> ▪ Death benefit: CHF 1,389 mn ▪ Carrying value: CHF 603 mn ▪ 1H19 premium: CHF 58.1 mn ▪ Life expectancy: 5.1 years | <ul style="list-style-type: none"> ▪ Non-underlying ▪ P&L impact: CHF (27.3) mn |
| Synthetic portfolio | <p>Direct holding of life insurance policies + hedge instruments mitigating most of the risks, for 92 insureds of an average age of 88.8 years. Hedges restructured at the end of 2017</p> | <ul style="list-style-type: none"> ▪ Net death benefit: CHF 79 mn ▪ Net carrying value: CHF 19 mn ▪ 1H19 net premium: CHF (0.3) mn ▪ Life expectancy: 6.8 years | <ul style="list-style-type: none"> ▪ Non-underlying ▪ P&L impact: CHF (0.4) mn |
| Lombard loan portfolio (LFS) | <p>Indirect holding of life insurance: loans to SPVs collateralised with life insurance policies. Collateral portfolios consisting of 137 insureds of an average age of 92.2 years</p> | <ul style="list-style-type: none"> ▪ Net loan exposure: CHF 227 mn, (net of ECL of CHF 102 mn) <p>Collateral portfolio¹</p> <ul style="list-style-type: none"> ▪ Death benefit: CHF 531 mn ▪ Carrying value: NA ▪ 1H19 premium: CHF 24 mn ▪ Life expectancy: ~2 years | <ul style="list-style-type: none"> ▪ Underlying ▪ P&L impact: <ul style="list-style-type: none"> - NII: CHF 11.3 mn - Credit gain: CHF 6.2 mn |

Note: Refer to notes 5/6 of the 2019 Interim Report

¹ Data source: Based on information provided by the borrowers

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