Annual Report

2020

EFG

Entrepreneurial thinking.
Private banking.

Key figures

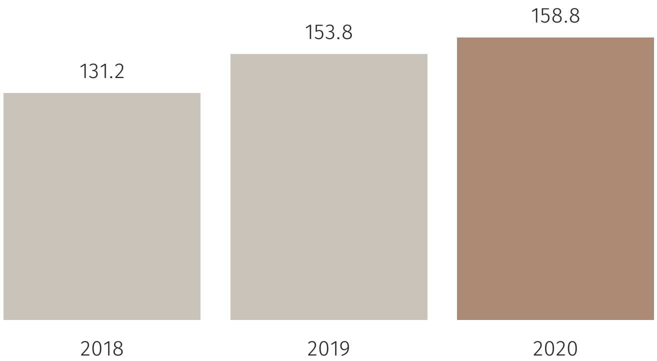
Assets under Management

in CHF billion

158.8

AuM evolution

in CHF billion

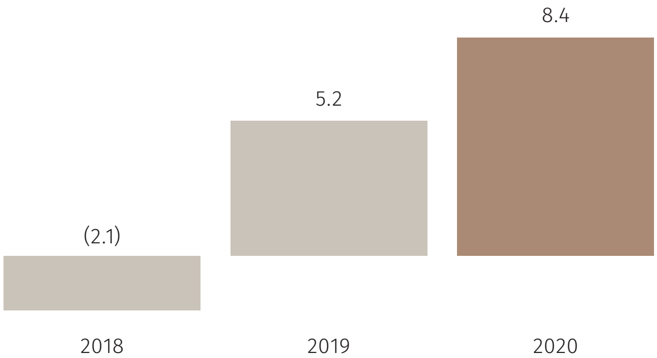


Net new asset growth rate

5.5%

NNA growth evolution

in CHF billion



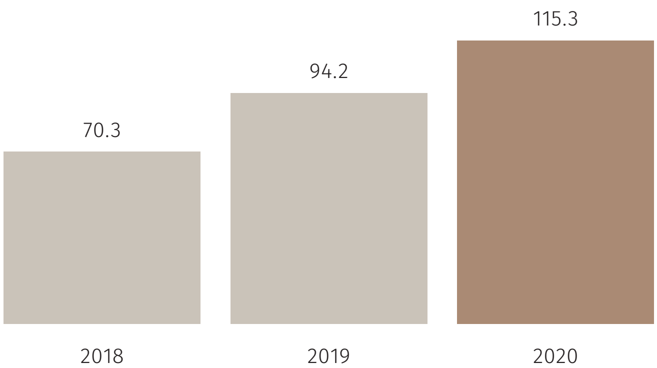
IFRS net profit

year-on-year increase

22%

IFRS net profit evolution

in CHF million



About EFG

EFG International is a global private banking group offering private banking and asset management services and is headquartered in Zurich. Its registered shares (EFGN) are listed on the SIX Swiss Exchange.

As a leading Swiss private bank, EFG International has a presence in major financial centres and growth markets. It has strong roots in Switzerland, with Zurich, Geneva and Lugano serving as key hubs for the governance and operation of the bank.
EFG International operates in around 40 locations worldwide, with a network spanning Europe, Asia Pacific, the Americas and the Middle East.

EFG International is a financial partner that offers security and solidity. An entrepreneurial spirit has shaped the bank since it was established in 1995, enabling it to develop hands-on solutions and to build long-lasting client relationships.

Content

Chair and CEO message

Dear shareholders, clients and colleagues,
2020 has been an unprecedented year in many respects. Apart from the global coronavirus pandemic, which not only caused significant market turmoils in the first half of the year but also sparked increasing concerns of a global recession, the world was also faced with numerous environmental catastrophes, increasing political tensions, and a critical election in the Unites States against a background of growing civil unrest.

Over the years, EFG has continuously grown and evolved, transforming itself while staying true to this distinctive entrepreneurial spirit: Never resting and always challenging the status quo. With the global spread of the coronavirus, this ability to adapt and overcome obstacles was once again put to the test, and working as a team our entire organisation quickly adapted to the new environment.

Our top priority was to safeguard the wellbeing of our clients and employees, while ensuring uninterrupted high-quality private banking service.

We effectively demonstrated our bank's financial and operational resilience. We continued to execute our 2022 strategic plan, maintained our growth momentum and moved our entire organisation forward. We did this by focusing on our core competences: First-class service and a personal relationship based on trust. In line with this, we continued to further enhance our overall client experience and increasingly leveraged new digital capabilities to facilitate processes for our clients and employees alike.

These efforts were also reflected in our financial results for the full year. We remained close to our clients, providing relevant, up-to-date market insights and attracted our highest net new asset inflows[1] in a decade at an annual growth rate of 5.5%, at the upper end of our 4-6% target range. Assets under Management also inceased to CHF 158.8 billion as of end-2020, as the strong net new asset inflows and positive market effects more than offset adverse foreign exchange impacts.

"Never resting and always challenging the status quo."

Peter A. Fanconi,
Giorgio Pradelli
Chair and CEO

5.5%

Net new asset growth

Despite adverse effects on revenues due to the pronounced low interest rate environment and particularly the decrease in US dollar interest rates, we improved our IFRS net profit by 22% to CHF 115.3 million, as we implemented strategic revenue management actions and accelerated our cost reduction measures. We substantially increased net commissions – which now account for 59% of EFG's overall revenues – and we significantly improved our operational efficiency, decreasing our underlying[2] costs by 5.2% compared to 2019. In line with this, we increased our underlying net profit from CHF 108.7 million in 2019 to CHF 114.4 million in 2020. Excluding the impact of provisions and taxes, we increased our underlying operating profit by 13.8% to CHF 189.9 million as we further improved efficiency and lowered our underlying cost/income ratio to 83%.

Executing the 2022 strategic plan

Despite the uncertain environment, we successfully continued to develop our business in 2020.

As important drivers of growth, we attracted experienced, high-quality CRO teams and hired, signed or approved 76 new CROs in 2020, amounting to a total 772 CROs. We also improved the productivity of our CROs and further increased the average portfolio size per CRO.

In order to further drive profitability despite the persistent pressure on revenues and margins, we are implementing respective revenue management actions and are further optimising our operational efficiency through rationalising our international booking centre footprint and optimising our operational set-up, using centralisation and automation. In 2020, we made significant progress in this area, selling our Ticino-based retail business as well as our entities in Chile and France and transferring our Guernsey business to other booking centres.

Underpinned by our strong risk and compliance framework, EFG's strategy is focused on achieving sustainable and profitable growth. Over the past years, we not only maintained but accelerated this profitable growth momentum and are on a good trajectory to delivering on our 2022 strategic plan, always building on our entrepreneurial approach and putting our clients first.

We would like to thank our clients, shareholders and employees for their continued trust and loyalty.

Peter A. Fanconi
Chair of the Board

Giorgio Pradelli
Chief Executive Officer

Chair and CEO message

Chair and CEO message

1 This section contains certain financial measures of historical and future performance and financial position that are not defined or specified by IFRS, such as "net new assets", "Assets under Management", "operating profit", "underlying results", "cost/income ratio", "revenue margin", "Liquidity Coverage Ratio" and "Loan/Deposit Ratio". These Alternative performance measures (APM) should be regarded as complementary information to, and not as a substitute for the IFRS performance measures. For definitions of APM, together with reconciliations to the most directly reconcilable IFRS line items, please refer to the section headed "Alternative performance measures" of this Annual Report.

2 Underlying results, such as “underlying net profit” or “underlying operating profit”, are not defined or specified by IFRS and should be regarded as complementary information to, and not as a substitute for the IFRS performance measures. For a definition of these non-IFRS performance measures, together with reconciliations to the most directly reconcilable IFRS line items, please refer to the section headed "Alternative Performance Measures" of this Annual Report.

EFG in short

EFG in short

As a global private banking group, EFG's strategy builds on its core strengths – effectively combining local knowhow with a global network, strong client focus and a comprehensive and impartial product and service offering. EFG has a strong risk management and regulatory compliance framework to ensure sustainable long-term growth. It serves its clients through five business regions, which are supported by two global divisions specialising in investment expertise and products and services. EFG's business regions and global divisions work together closely to provide clients with financial solutions that are tailored to their individual needs and financial objectives.

Switzerland & Italy
Reflecting Switzerland's position as one of the world's wealthiest nations and as one of the largest offshore booking centres globally, EFG's Switzerland & Italy Region offers comprehensive financial solutions to private clients and Independent Asset Managers, focusing on both offshore and onshore target markets. Through its three hubs in Zurich, Geneva and Lugano, EFG primarily serves high-net-worth and ultra-high-net-worth clients in its Swiss domestic market as well as international markets, focusing on the Middle East, CEE/CIS and Southern Europe.

Continental Europe & Middle East
Through its private banking business with booking centres in Luxembourg, Monaco and Spain, EFG offers clients comprehensive investment services, leveraging its global network of experts and tailored local capabilities, including a Sharia-compliant investment offering. EFG serves wealthy clients in Continental Europe, including Southern Europe and CEE/CIS, as well as the Middle East. Through its presence in Bahrain and Dubai, it offers advisory services to the region's high-net-worth client segment.

Asia Pacific
As one of the fastest growing wealth management markets, Asia Pacific offers significant growth potential, which EFG is well positioned to capture with its two licensed banking subsidiaries in Hong Kong and Singapore. It also has a majority stake in the Australian financial services provider Shaw and Partners. In Asia Pacific, EFG offers tailor-made solutions, including investment finance and wealth planning solutions, to high-net-worth individuals and Independent Asset Managers in the region, focusing on both onshore and offshore target markets, including the Non-Resident Indian segment and the Australian onshore market.

UK
With its fully licensed banking subsidiary in the UK, EFG is well positioned as an agile and solutions-oriented pure-play private bank in this complex and ever-changing market. Leveraging its expertise in discretionary portfolio management, real-estate-backed lending and wealth planning solutions, as well as its close collaboration with the global Investment Solutions division, EFG offers customised onshore and offshore private banking services to wealthy UK and international clients, in particular from CEE/CIS and the Middle East.

Latin America
With a hub in Miami, the main wealth management centre for international clients in Latin America, as well as two booking centres in the region, EFG offers a wide range of private banking, US broker-dealer and custody services to private clients and Independent Asset Managers in the region. Together with EFG's in-house experts and a dedicated trading team focused on Latin America fixed income, the regional business provides clients with a local product offering.

Investment Solutions & Global Markets
EFG offers clients market-specific advice with local know-how and has global units that are focused on investment solutions and trading. EFG's Investment Solutions unit provides comprehensive asset management activities – such as those for actively managed investment solutions, ranging from equity and fixed income portfolios to multi-asset strategies – and works closely with Client Relationship Officers (CROs) to offer guidance on advisory mandates and specific investment solutions. In addition, EFG's Global Markets unit – its global trading business which spans EFG's main regions – supplies services for sophisticated private clients, institutional clients and external asset managers.

Strategy & value proposition

Strategy & value proposition

EFG has a clearly defined strategy and value proposition: We want to be a leading Swiss private bank that is renowned for its distinctive client approach. Our Client Relationship Officer (CRO) model sets us apart in the market and enables us to offer truly client-centric service.

EFG's 2022 strategic plan

Since the acquisition and integration of BSI between 2016 and end-2018, EFG has grown into one of the ten largest Swiss private banks with a strong capital position and a highly liquid balance sheet. Based on our increased size and scale, we have significantly improved our competitive market position. As part of our 2022 strategic plan, we are now targeting profitable and sustainable growth.

In particular, we want to further develop our presence and share of wallet in our key target markets. This includes capturing the full potential of our Swiss domestic market with its long tradition of private banking, while expanding our business in the evolving UK market, where we are focusing primarily on offshore opportunities. We are also benefitting from our presence in key growth markets such as Asia Pacific, Latin America, Continental Europe and the Middle East, which offer compelling opportunities for EFG. In addition to implementing regional initiatives, we want to drive growth on a global scale by hiring experienced CRO teams and increasing the productivity of our current teams, leveraging our enhanced Investment Solutions products, services and expertise, and increasing our share of wallet with existing clients.

While our primary focus is on achieving organic growth in our core business, we will also continue to consider selected acquisitions if they represent a good strategic fit for EFG.

Based on these growth ambitions, we have defined the following financial targets for 2022:

Net new asset growth	Revenue margin	Cost/income ratio	Return on tangible equity
4–6%	≥ 85 basis points	72–75%	≥ 15%

In view of our strong capital position, we also aim to fund our organic growth (in risk-weighted assets) and our dividend distribution from our organic capital generation (underlying profitability and related equity movements, e.g. RSUs), while maintaining a CET1 capital ratio of at least 14%.

Strategic initiatives and growth enablers

With the announcement of our new strategic plan for 2022, we have successfully changed tack and shifted our focus from integration and optimisation to driving profitable and sustainable growth and delivering a first-class client experience – supported by our distinctive client service model and compelling value proposition. In line with this approach, we launched a number of strategic initiatives since our investor update in March 2019 to maintain this positive growth momentum and drive business development.

CRO growth and productivity

As important drivers for growth, we significantly increased our focus on hiring CRO teams, while also enhancing the productivity of our existing teams. As part of our strategic plan 2022, we aimed to hire approximately 70-100 new CROs per annum. We have since made significant progress in this area: In 2019 and 2020, we hired, approved or signed a total of 257 CROs – exceeding our initial guidance. Our success in attracting new talents reflects our improved position in the market and confirms that our CRO model is attractive. In addition, we further enhanced the productivity of our existing CROs, increasing their average portfolio size and applying stricter performance measures.

New business initiatives in selected markets

As part of our focus on capturing significant growth opportunities in selected markets, we initiated a number of targeted initiatives across EFG's business regions to further develop our market presence in strategically relevant markets, including Dubai, Portugal and Cyprus.

As part of these efforts, we also relaunched our domestic Italian business from our Milan branch in March 2019 and grew our international presence with a new advisory branch in Lisbon. In view of the strategic importance of Southern Europe for our bank, we further expanded our presence in Portugal with the opening of another office in Porto in 2020.

Within our Continental Europe & Middle East Region, we established a new presence in the Dubai International Finance Centre and officially commenced operations on 11 December 2019. We are confident that our new presence in the Middle East, which is already an important market for EFG, will enhance our ability to directly offer advisory services to the region's HNWI client segment, as well as capturing compelling market opportunities.

Leveraging Investment Solutions and Global Markets

We are focusing on more effectively leveraging EFG's comprehensive Investment Solutions and Global Market capabilities, offering our clients a range of different financial products and services that are tailored to their individual risk profile and preferences. We offer a number of value-adding services – from advisory and discretionary mandates for private clients to direct trading floor access for our more institutional clients – always catering to their specific financial needs. Demonstrating the success of our high-quality service offering, we successfully increased mandate penetration from 40% at end-2018 to 49% at the end of 2020.

External growth

As previously mentioned, our primary focus is on achieving organic growth in our core business, but we will also consider selected acquisitions if they represent a good strategic fit for EFG. As announced in March 2019 and in line with our 2022 strategic plan, we have significantly expanded our coverage of the Asia Pacific region through the acquisition of a majority stake in the Australian financial services provider Shaw and Partners, which has since increased to 60%. This transaction not only provided us with immediate access to the Australian market – one of the fastest growing and most attractive wealth management markets worldwide – but has also enabled us to strengthen our presence in the attractive Chinese HNWI market.

Optimising EFG's operational set-up

Improving the operational efficiency of our business remains one of our key priorities. We have already made significant progress in this area: Since the acquisition of BSI in 2016, we have reduced our underlying cost base by approximately 30% on a comparable basis, excluding our investments in growth initiatives. However, in light of the increasing pressure on revenues across the industry, we want to further optimise the efficiency of our business. We are accelerating the execution of our previously announced cost management measures and are optimising the operational set-up of our eight main offshore booking centres, targeting a 5% cost reduction from our end-2019 levels by 2022. As part of these efforts, we aim to boost efficiency and further improve client experience through the centralisation of activities, the streamlining and automation of processes as well as the introduction of new digital solutions. As a global private banking group with numerous local subsidiaries and booking centres, we want to implement a cost-effective, centralised approach – in particular for control and support functions. This will enable local businesses to concentrate on their core objective of building and strengthening client relationships and delivering high-quality advice on all private banking matters.

Rationalising our international footprint

As part of our efforts to increase efficiency and reduce our cost base by an additional 5% by 2022 (based on the end-2019 levels), we also intend to rationalise our international booking centre footprint. We are reassessing EFG's global booking centres with a view to focusing on high-yielding, high-growth target markets, while reducing our presence in locations that display little or no growth, with low returns on Assets under Management and high cost/income ratios.

Strong compliance and risk management framework

EFG has a strong risk and regulatory framework in place, which we consider an important prerequisite to ensure long-term sustainable growth. Following the BSI integration, we have implemented a state-of-the-art risk management framework across the unified organisation, which follows the three-lines-of-defence model. Our risk management framework comprises people, policies and processes, and systems in order to ensure that risks are appropriately identified, assessed, measured, monitored and reported, as well as mitigated on an ongoing basis.

Brand, people and talent

In today's increasingly competitive market environment, having a strong brand as well as highly skilled people is an important differentiating factor. Our brand positioning 'Bringing entrepreneurial thinking to Swiss private banking' represents a unique approach to private banking which puts clients first. Our teams think like entrepreneurs to design customised solutions that meet our clients' individual goals, creating a new banking experience. In order to deliver best-in-class service to our clients and drive excellence, we focus on fostering diversity within our workforce and are always encouraging our employees to take ownership and develop their skillsets.

Our vision

What we aspire to be

"We want to be a leading Swiss private bank renowned for its unique client approach."

Our mission

What we do

"We are a pure-play private bank, offering comprehensive, first-class investment, wealth, and credit solutions to private and institutional clients on a global scale."

No forced client segmentation

- CROs focus on a specific region, leveraging expertise and knowhow
- CROs supported by dedicated specialist teams

Open architecture

- Truly independent and impartial advice as well as tailored solutions to fulfil client needs
- Global platform with comprehensive products and services offering

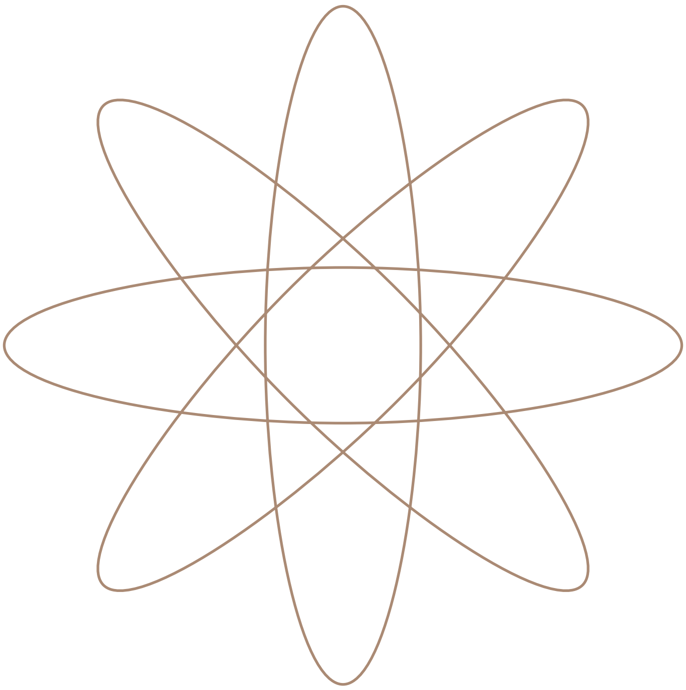
Value proposition

Strong client focus of EFG CROs

Local knowhow in a global network

Comprehensive client solutions

EFG's CRO* model



Focus on superior service

- Clients are at the heart of everything we do
- Highly experienced and entrepreneurial CROs

Long-term client relationships and stability

- Longstanding relationships between CROs and clients
- We build our business around people, not products or services

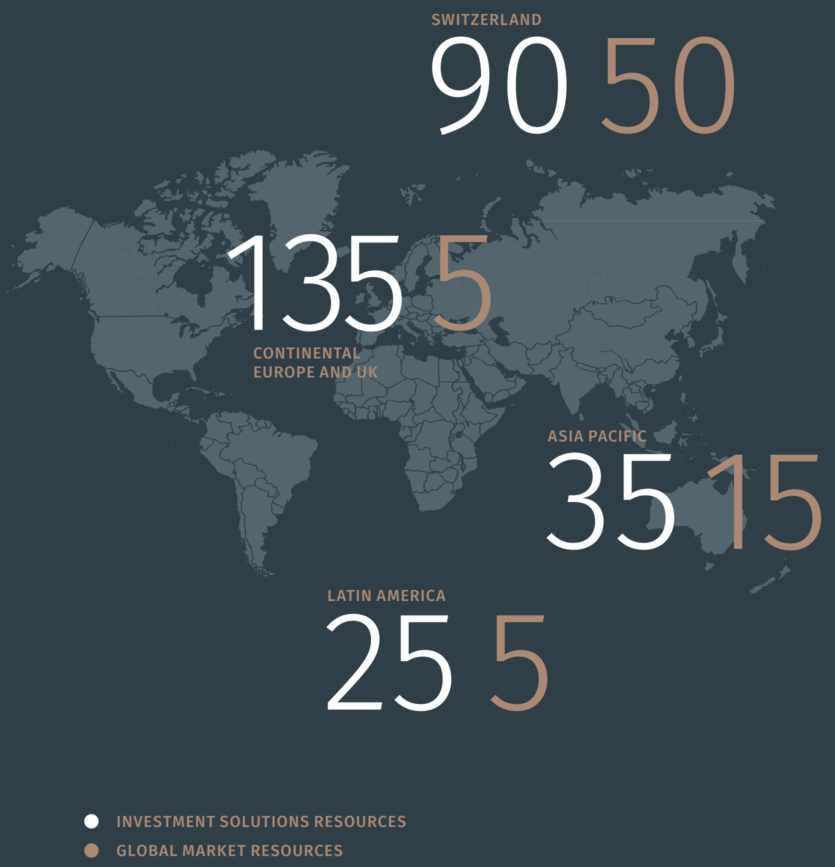
Distinctive and transparent compensation model

- CROs' variable compensation linked to performance and conduct

* Client Relationship Officer

Investment Solutions & Global Markets

Global presence with local knowhow



Two global divisions

Our five private banking business regions are supported by two global divisions with a comprehensive products and services offering.

Investment Solutions

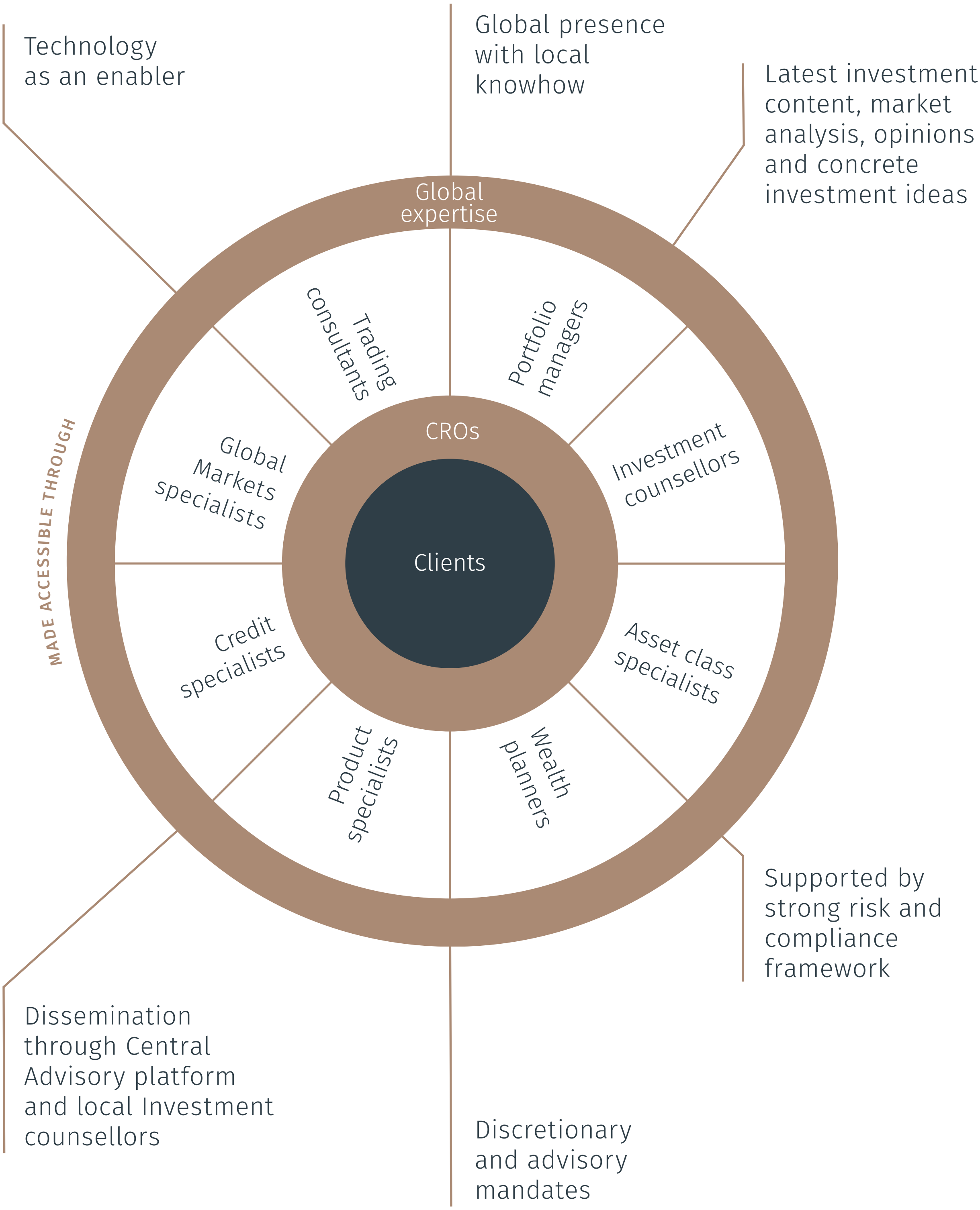
- Discretionary Solutions
- Advisory Solutions
- Investment funds
- Investment Finance and Real Estate Finance Solutions
- Wealth Solutions

Global Markets

- 24-hour execution services for CROs, Independent Asset Managers (IAM) and Direct Access Clients (DAC)
- Equities, fixed income, foreign exchange, derivatives and structured products

Deep pools of expertise

Clients and CROs can benefit from extensive in-house knowhow, catering to their individual needs.



EFG's approach to ESG investing

At EFG, we believe that by integrating environmental, social and governance (ESG) criteria into our investment approach – alongside traditional financial metrics – we can gain a better understanding of the companies we invest in. More broadly, by incorporating ESG aspects into our policies and practices, we can not only seek to generate higher returns, but can also help to drive positive change in society and the environment.

To deliver on our fiduciary duties as effectively as possible, we have built a pragmatic proprietary evaluation system that allows us to identify risks and opportunities not captured by purely fundamental analysis. We believe that ESG integration is most powerful when it is fully embedded in the investment process, rather than applying a simple overlay of external ratings. Our goal is therefore to integrate ESG aspects into all the analyses we perform so that the building blocks of every portfolio are properly assessed for ESG risks. Further, our ESG team engages in a continuous dialogue with our financial analysts and portfolio managers – and crucially also with investee companies. By exchanging information and experiences with those companies, we can help to achieve improved performances at all levels.

Global Responsible Investment Platform

The development of our proprietary Global Responsible Investment Platform (GRIP) started more than ten years ago, with the first scores generated back in 2012. Since then, GRIP has continued to evolve and improve – always factoring in new challenges as well as changes in the regulatory landscape. Throughout this process, we have constantly refined our methodology. We have incorporated additional data from new sources, directing our efforts towards a more climate-aware perspective, and we have aligned our approach more closely with the Global Reporting Initiative (GRI).

For each company covered, GRIP defines the relevant key performance indicators (KPIs) that need to be assessed. These KPIs reflect the risks to which a company is exposed and they are incorporated into the analysis with varying degrees of intensity, depending on their materiality. Using a progressive scale, they demonstrate how well a company is managing its ESG externalities with a focus on three main areas:

Policies:
- Does the company have policies and rules to deal with critical issues?

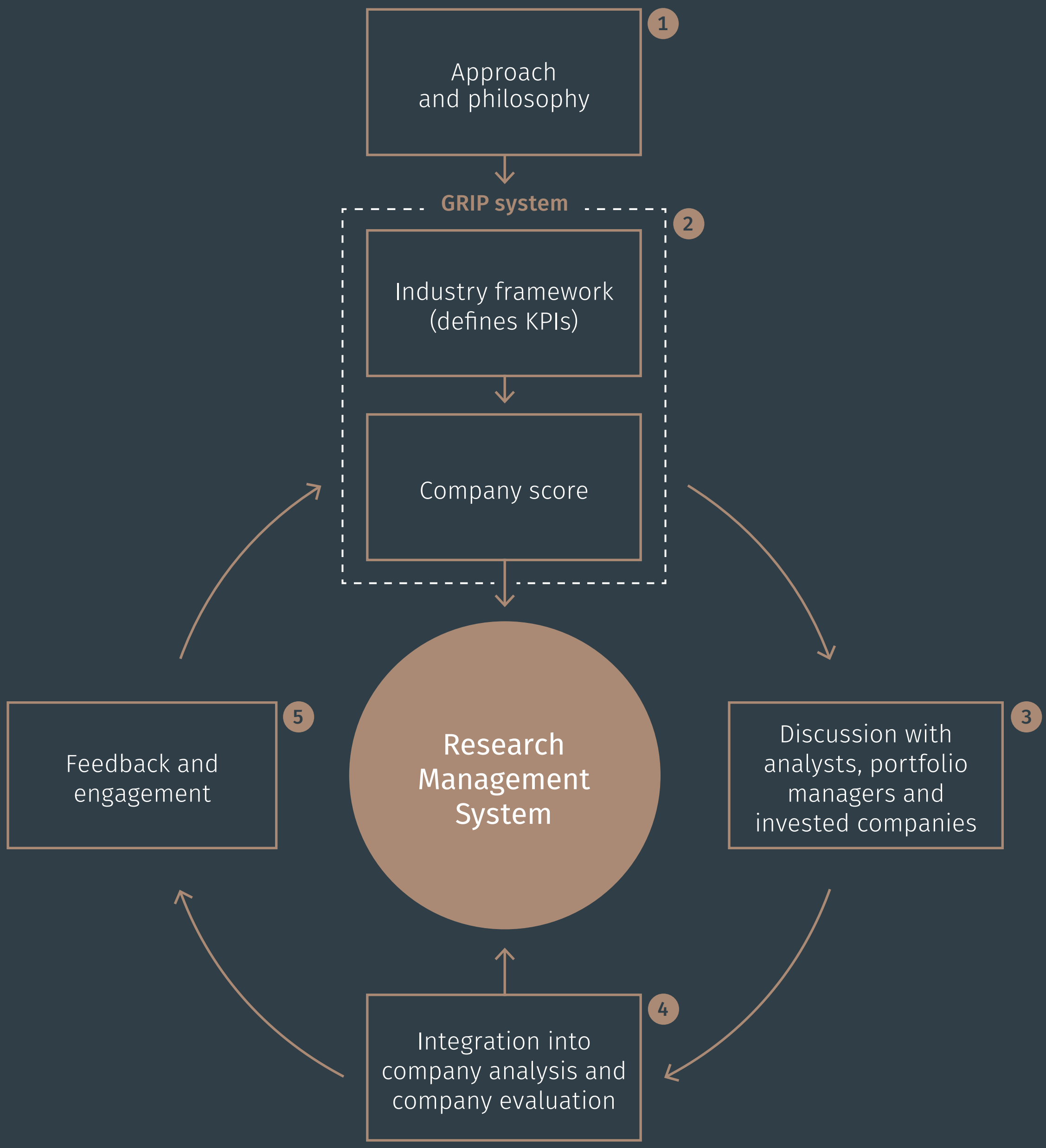
Outcomes:
- What are the data we can measure to assess how well a company is managing the risks it is exposed to?

Controversies/litigation:
- Are companies ‘walking the talk’ and acting in the interests of all their stakeholders?

Our many years of experience in analysing ESG issues, coupled with our proprietary GRIP framework, place us at an advantage when it comes to understanding the underlying issues facing investee companies and interpreting the relevant data. However, GRIP is much more than simply an ESG rating system. It also offers EFG several unique benefits:

- Our framework is based on the main internationally recognised ESG reporting standards, meaning it can easily be adapted in line with regulatory developments.
- Since GRIP is a proprietary framework, we are able to clearly define the material aspects we want to include in our analysis for each industry.
- We can easily integrate inputs from our analysts around the globe and adapt our framework to more accurately capture differences between industries, the emergence of new risks/opportunities, or company-specific issues.
- Controversial aspects are addressed within GRIP to prevent the risk of ‘greenwashing’, which could influence the final score.
- The better we understand ESG issues as a result of the direct handling and analysis of data, the more effectively we can integrate them into our investment process.

Our robust approach to ESG integration has also been recognised by the PRI association (Principles for Responsible Investments), which awarded EFG the best rating (A+) for strategy and governance, as well as ratings of between A and A+ for direct investment and ownership activities.



1 Approach and philosophy
Our approach and philosophy defines our goals and governance.

2 GRIP system
Our proprietary ESG system, the GRIP (Global Responsible Investment Platform), is controlled by the ESG team. It systematically assesses and scores all our securities, highlighting the main ESG risks. GRIP can, however, also be used to identify companies with positive ESG or SDG characteristics. GRIP is populated with more than one million items of data from external and internal sources. It covers more than 3,000 companies.For the few investments where a sufficient set of information is unavailable, our ESG team conducts additional assessments based on third-party data and/or company contacts. Companies that do not reach at least a threshold score of 25% are potentially banned, pending an investigation, to transmit the clear message that lack of transparency, strongly unethical behaviour or short-termism cannot be accepted.

3 Discussion with analysts, portfolio managers and invested companies
The GRIP is the starting point for discussions between the ESG team, financial analysts, portfolio managers and invested companies. A set of questions designed to improve our ESG understanding of the companies in which we invest has been developed by the ESG team in collaboration with our Future Leaders panel. The outcome of this additional assessment is integrated in GRIP.

4 Integration into company analysis and company evaluation
GRIP data are shared globally with all investment professionals through our Research Management System. They are integrated into our company analysis and evaluation assessment. Feedback from analysts and companies can also bring changes to the industry materiality assessment which is codified into GRIP.

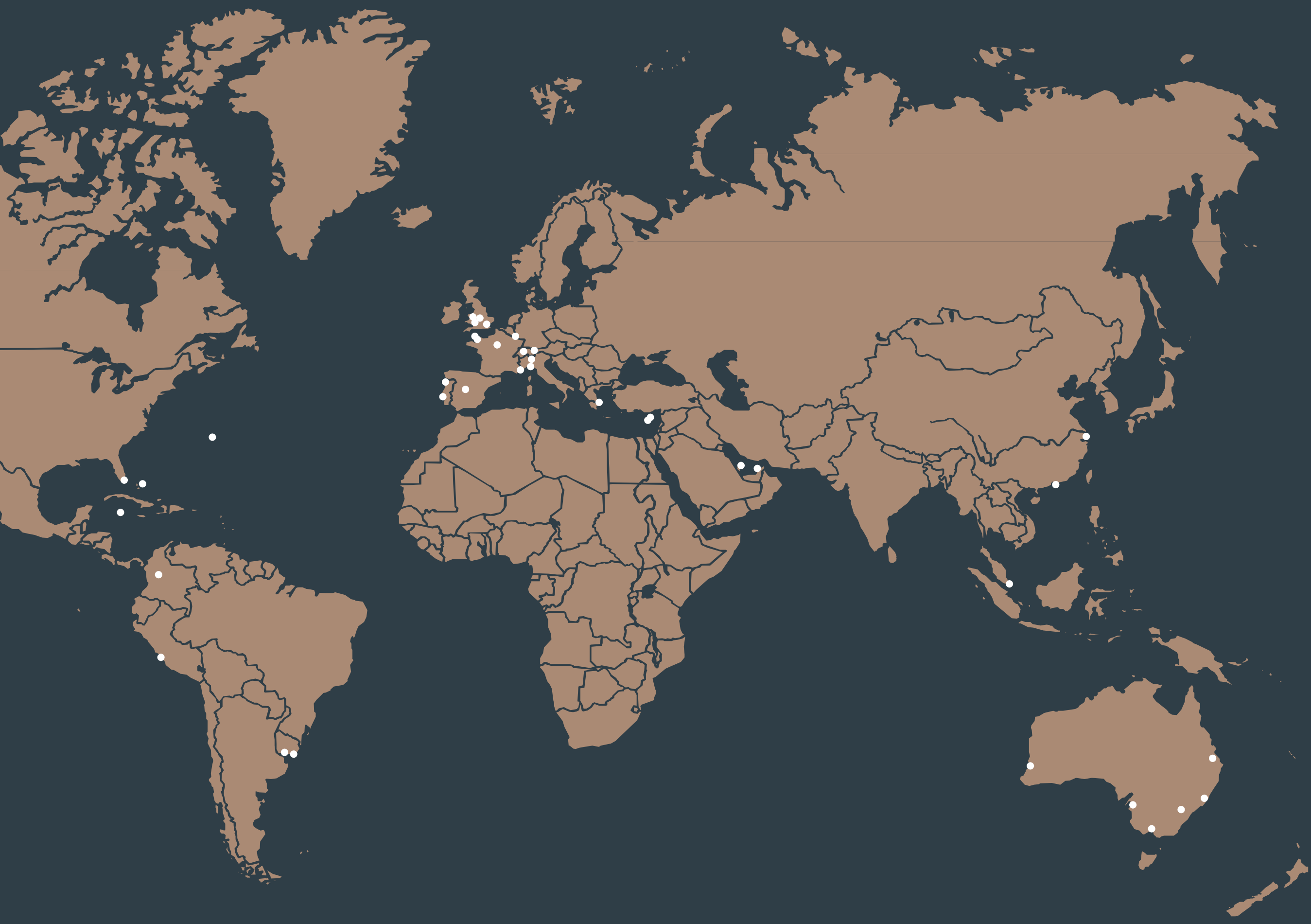
5 Feedback and engagement
Our engagement with companies depends on the outcome of our GRIP assessment. Once weak spots are identified in an invested company, the ESG team, in cooperation with financial analysts, assesses whether to start an engagement process. Proxy voting also takes place according to our sustainability policy.

Local experts – globally

EFG was founded in Zurich – the Swiss financial centre at the heart of Europe and a city that is still home to our headquarters today. Switzerland's solid and entrepreneurial economy continues to inspire our approach to business as we expand around the world.

With a presence in 40 locations spanning every time zone from Asia Pacific to Europe and from the Middle East to the Americas, we are perfectly placed to partner with our clients and help them thrive. Our entrepreneurial spirit and dynamic collaborative approach, as well as our commitment to delivering outstanding service and advice, form the basis of our relationship with our clients.

EFG has experienced specialists at each one of our international locations. They know how to make the most of their expertise at a local level – and also when managing global wealth.



Locations

Switzerland

Zurich (headquarters)
Geneva
Lugano
Chiasso
Lausanne
Locarno

Europe

Athens
Birmingham
Genoa
Guernsey
Jersey
Limassol
Lisbon
London
Luxembourg
Madrid
Milan
Monaco
Nicosia
Ombersley
Paris
Porto
Shrewsbury
Vaduz

Asia Pacific

Adelaide
Brisbane
Canberra
Hong Kong
Melbourne
Perth
Shanghai
Singapore
Sydney

Americas

Bogotá
Grand Cayman
Hamilton
Lima
Miami
Montevideo
Nassau
Portland
Punta del Este

Middle East

Bahrain
Dubai

Beyond banking – selected initiatives

Sailing

Sailing demands an ability to tackle ever-changing scenarios with presence of mind and teamwork, attributes we aspire to share. The Société Nautique de Genève is recognised as one of the most prestigious Swiss yacht clubs – both the sailing school and the team are supported by EFG, helping to foster young talent and produce future champions. The Swiss Sailing League Association manages a series of youth events across Switzerland for the Swiss Sailing League, a semi-professionally organised sailing tour, aiming to promote an interest in sailing among young people and students.

Béjart Ballet Lausanne brings ballet into the home

EFG's partnership with Béjart Ballet is founded on a shared passion for performance and drive to nurture top flight talent of the future. The Ballet is regarded as a symbol of Swiss excellence and its beliefs have much in common with our own, including a drive to succeed. In 2020, a number of world class performances were made available to enjoy online in a series of virtual recitals.

Right To Play

EFG provides financial support for the projects run by Right To Play. The organisation is active in 15 countries and uses different forms of play to promote the holistic development of children facing adversity. In 2020, their focus has been on striving to keep children safe, healthy, learning and mentally strong in the face of the pandemic, something we are proud to support.

Helping Hong Kong's young athletes raise their game

The EFG Young Athletes Foundation was founded in 2009 to support the city's rising stars. Our contribution makes a tangible difference to young athletes.

Celebrating all that jazz ...

The EFG London Jazz Festival is a flagship event, and for 2020 the Festival moved exclusively online. 120 digitally streamed music experiences were created featuring over 750 diverse artists, with a special focus on young and emerging artists. The content increased global awareness and reached 28 million people from 105 different countries, proving that jazz can unite people through a love of great music.


Camilla George © John Reed

Beyond banking

Music, art, sport, talent development and social commitment are all important facts of life that make up the fabric of our society. In today's world, they also have the power to unite and inspire us globally. Therefore, EFG actively supports a number of diverse partners around the world, all of whom reflect and embody our values and passion for life. By sharing these interests with our clients and understanding what in life is important to them, we believe we can foster more mutually beneficial relationships.

In 2020, our sponsorship partners had to constantly evolve and create innovative new ways to bring their art into our homes. Their entrepreneurial thinking enabled them to inspire and stay connected with their audiences around the world, and we want to continue to support our partners and recognise the important role music, art and sport play in all our lives. The foundation of all our long-term partnerships is a strong belief in the importance of nurturing and investing in the future generation who will, in turn, shape tomorrow's world.

By working collaboratively with our partners during challenging times, we adapted to the constantly changing environment by further strengthening our multi-channel strategy and shifting towards more digital initiatives with content that reached and engaged with a global audience.

Béjart Ballet in Lausanne's series of online performances had a global audience of more than

100,000

Southbank Sinfonia in an exclusive Tower of London concert with almost

2,000

views and engagements on social media

EFG London Jazz Festival

105

countries

750

performances

120

live and recorded streams

28m

music lovers reached

Financial review

Financial review

In 2020, against the backdrop of the coronavirus pandemic (COVID-19), EFG demonstrated its operational and financial resilience as it continued to execute its 2022 strategic plan and successfully grew its business in terms of net new asset inflows, Assets under Management and profitability.

The global spread of the coronavirus presented unprecedented challenges for economies, markets, organisations and individuals worldwide. For EFG, the primary focus was on safeguarding the wellbeing of its employees and clients, while ensuring uninterrupted high-quality private banking services. Thanks to the dedication and commitment of its employees, EFG seamlessly adapted to the new circumstances and remained close to its clients throughout the year, supporting them to navigate the challenging environment.

Despite the uncertainties caused by the coronavirus crisis and the related market turmoil in the first half of the year, the effects on EFG's financial performance and capital position were limited, as EFG introduced several mitigating actions.

Focused on driving sustainable long-term growth, EFG significantly increased its IFRS net profit by 22.4% to CHF 115.3 million in 2020, as it offset adverse effects on revenues due to a pronounced low interest rate environment with significant efficiency gains and lower operating expenses.

On an underlying basis, EFG's net profit increased from CHF 108.7 million in 2019 to CHF 114.4 million, reflecting also the challenging interest rate environment, as well as significantly higher tax expenses and a one-off provision of CHF 9.9 million in the first half of 2020 relating to the settlement with Italian tax authorities.

Detailed financials

In 2020, EFG successfully executed on its 2022 strategic plan. It continued to invest in growing its business – attracting high-quality CRO teams – while also further enhancing its operational efficiency. In line with this, EFG continued to optimise the operational set-up of its booking centres and to rationalise its footprint. This included the sale of its Ticino-based retail business as well as of its entities in Chile and France and the transfer of its Guernsey business to other booking centres. It also restructured its fund management business, through the disposal of a Luxembourg fund management company, in February 2021. In light of the persistent low interest rate environment and the structural pressure on margins, EFG also successfully implemented revenue management measures, promoting higher-value products and reviewing the pricing of its services – more closely aligning it to industry standards.

On a reported basis, EFG significantly improved its profitability with an IFRS net profit attributable to equity holders of CHF 115.3 million. This reflects an increase of 22.4% compared to CHF 94.2 million in 2019. EFG's IFRS net profit includes a gain of CHF 14.9 million on the life insurance portfolio, a charge of CHF 7.8 million relating to intangible amortisation and legal costs and provisions relating to previously disclosed legacy matters of CHF 6.4 million. The impact of these non-underlying items decreased considerably compared to the previous year.

Underlying net profit attributable to equity holders increased 5.2% to CHF 114.4 million compared to CHF 108.7 million in 2019. This mainly reflects significant efficiency gains and lower operating expenses which more than offset adverse effects on revenues from the low interest rate environment, especially in US dollar rates. On an underlying basis, EFG's operating profit amounted to CHF 189.9 million for the full year, which compares to CHF 166.9 million in 2019, achieving an increase of 14%.

Operating income

For the full year 2020, EFG generated an underlying operating income of CHF 1,114.6 million, compared to CHF 1,142.8 million for 2019, primarily reflecting the negative impact of the low interest rate environment, especially the significant lower rates in the US dollar. Net interest income decreased from CHF 336.4 million in 2019 to CHF 302.8 million and net other income from CHF 213.4 million (including one-off gain of CHF 15 million from SIX participation) to CHF 156.1 million in 2020. The negative impact of the low interest rate environment was partially offset by a significant increase in net commission income from CHF 593.0 million in 2019 to CHF 655.7 million in 2020, reflecting increased penetration of high-value services, strong client trading activity and repricing measures.

EFG's underlying revenue margin decreased to 75 basis points for the full-year 2020 from 79 basis points in 2019. When excluding Shaw and Partners, the underlying revenue margin was 77 basis points.

On a reported basis, EFG's operating income decreased from CHF 1,170.9 million in 2019 to CHF 1,130.6 million in 2020. This reflects the same drivers as for the decrease in underlying revenue, combined with a higher contribution from the life insurance portfolio.

Operating expenses

In 2020, EFG continued investing in growth initiatives and in enhancing its digital capabilities and it significantly improved its operational efficiency in 2020. On the back of strict cost discipline, EFG reduced its underlying operating expenses in 2020 by 5.2% to CHF 924.7 million, with markedly lower costs in the second half of the year compared to the first half due to the accelerated cost reduction measures. Both underlying personnel and other expenses were down compared to 2019 CHF 675.0 million and CHF 249.7 million, respectively. For 2020, EFG's underlying cost/income ratio improved to 82.7% from 85.2% the previous year. For the second half of the year, the cost/income ratio improved further to 78.2%.

On a reported basis, operating expenses for 2020 decreased by 5% to CHF 951.5 million, reflecting decrease from CHF 998.3 million in 2019.

At end-2020, the number of employees was at 3,073[1] (full-time equivalents), down from 3,151 at end-2019.

Net new assets & Assets under Management

In 2020, EFG attracted strong net new asset inflows of CHF 8.4 billion, corresponding to an accelerated annual growth rate of 5.5% at the upper end of the target range of 4-6%. All regions recorded positive net inflows and especially the Continental Europe & Middle East and UK regions had strong contributions, with growth rates of 8.7% and 6.2% respectively, exceeding the target range. The Switzerland & Italy Region continued to generate solid inflows with a growth rate of 1.9% for 2020, and the Latin America Region rebounded to positive territory with a growth rate of 1.9%. Following outflows due to deleveraging in the first quarter of 2020, the Asia Pacific Region recorded continuously positive inflows in the remainder of the year amounting to a growth rate of 1.6%.

Revenue-generating Assets under Management increased from CHF 153.8 billion at end-2019 to CHF 158.8 billion by the end of 2020, reflecting strong net new asset inflows and positive market effects partly offset by adverse foreign exchange impacts.

Life insurance portfolio

In 2020, EFG's IFRS net profit included a positive contribution of CHF 14.9 million from the life insurance portfolio. Throughout the year, contribution remained positive with gains of CHF 5.3 million in the first half of the year and CHF 9.6 million in the second half. This compares to an overall contribution of CHF 11.7 million in 2019.

1 Excluding FTE's on notice period or in social plan as at year end

> "In 2020, EFG successfully grew its business."

CRO development & productivity

EFG continued to attract experienced, high-quality CRO teams and hired, signed or approved 76 new CROs in 2020, resulting in a total of 772 CROs by end of the year. Excluding the CROs of Shaw and Partners, EFG had 567 CROs at end-2020, which compares to 629 at the end of 2019 and reflects the ongoing performance management measures.

At the same time, EFG further improved the productivity of its CROs, applying strict performance management and increasing the average portfolio size to CHF 254 million (excluding Shaw and Partners), compared to CHF 224 million by end-2019. In addition, EFG further increased its advisory and discretionary mandate penetration to 49%, including Shaw and Partners, at the end of 2020, offering its clients expert advice and tailored services.

Balance sheet

At the end of 2020, the balance sheet had reduced by CHF 0.4 billion primarily due to exchange rates, and the total stood at CHF 40.6 billion.

Customer deposits increased by CHF 0.1 billion to CHF 30.8 billion, and loans decreased by CHF 0.8 billion to CHF 18.2 billion, improving the overall liquidity of the balance sheet. The Group maintains a high level of liquidity, ending the year with over CHF 8.6 billion cash balances with central banks, a loan/deposit ratio of 52% and a liquidity coverage ratio of 188%. The majority of tangible assets remain callable or disposable within three months, with the exception of life insurance policies of CHF 0.9 billion and CHF 5.7 billion of mortgages.

Shareholders' equity totalled CHF 1.75 billion, compared to CHF 1.78 billion as reported at end-2019.

Financial review

At the end of 2020, EFG's Swiss GAAP Common Equity Ratio (CET1) was stable at 16.2% compared to end-2019, reflecting mainly EFG's organic capital generation of 130 basis points, a decrease in risk-weighted assets and the proposed dividend payment. The Total Capital Ratio decreased from 20.1% at end-2019 to 19.9% by end-2020.

Risk-weighted assets were down CHF 0.2 billion to CHF 9.9 billion as of 31 December 2020, with management actions and foreign exchange impacts more than offsetting a change in regulatory rules. Management actions ensured that while Assets under Management were up 3.2%, risk-weighted asset were optimised.

Ordinary dividend
For the year 2020, the payment of an ordinary dividend of CHF 0.30 per share (exempt from Swiss withholding tax) will be proposed to the Annual General Meeting of 29 April 2021. This is unchanged from the dividend distributed in the previous year and in line with EFG's long-term strategy of funding dividend distributions and business (RWA) growth from organic capital generation.

In 2020, EFG distributed an ordinary dividend of CHF 0.30 per share, which was paid out in two equal instalments, following the recommendation from the Swiss Financial Market Supervisory Authority FINMA relating to the COVID-19 situation.

Ratings
EFG International and EFG Bank are rated by the Fitch and Moody's rating agencies.

The current ratings are:

EFG International
Fitch: Long-term issuer default rating of A and short-term issuer default rating of F1 (outlook negative)

Moody's: Long-term issuer rating of A3 and short-term bank deposit rating of P1 (outlook stable)

EFG Bank
Fitch: Long-term issuer default rating of A and short-term issuer default rating of F1 (outlook negative)

Moody's: Long-term bank deposit rating of A1 and the short-term bank deposit rating of P1 (outlook stable)

Note: This section contains certain financial measures of historical and future performance and financial position that are not defined or specified by IFRS, such as "net new assets", "Assets under Management", "operating profit", "underlying results", "cost/income ratio", "revenue margin", "liquidity coverage ratio" and "loan/deposit ratio". These alternative performance measures (APM) should be regarded as complementary information to, and not as a substitute for the IFRS performance measures.
In addition, this section makes reference to "underlying results", such as "underlying net profit" or "underlying operating expenses", which are not defined or specified by IFRS and should be regarded as complementary information to, and not as a substitute for the IFRS performance measures. For definitions of these APMs and non-IFRS performance measures, together with reconciliations to the most directly reconcilable IFRS line items, please refer to the section headed "Alternative performance measures" of this Annual Report.

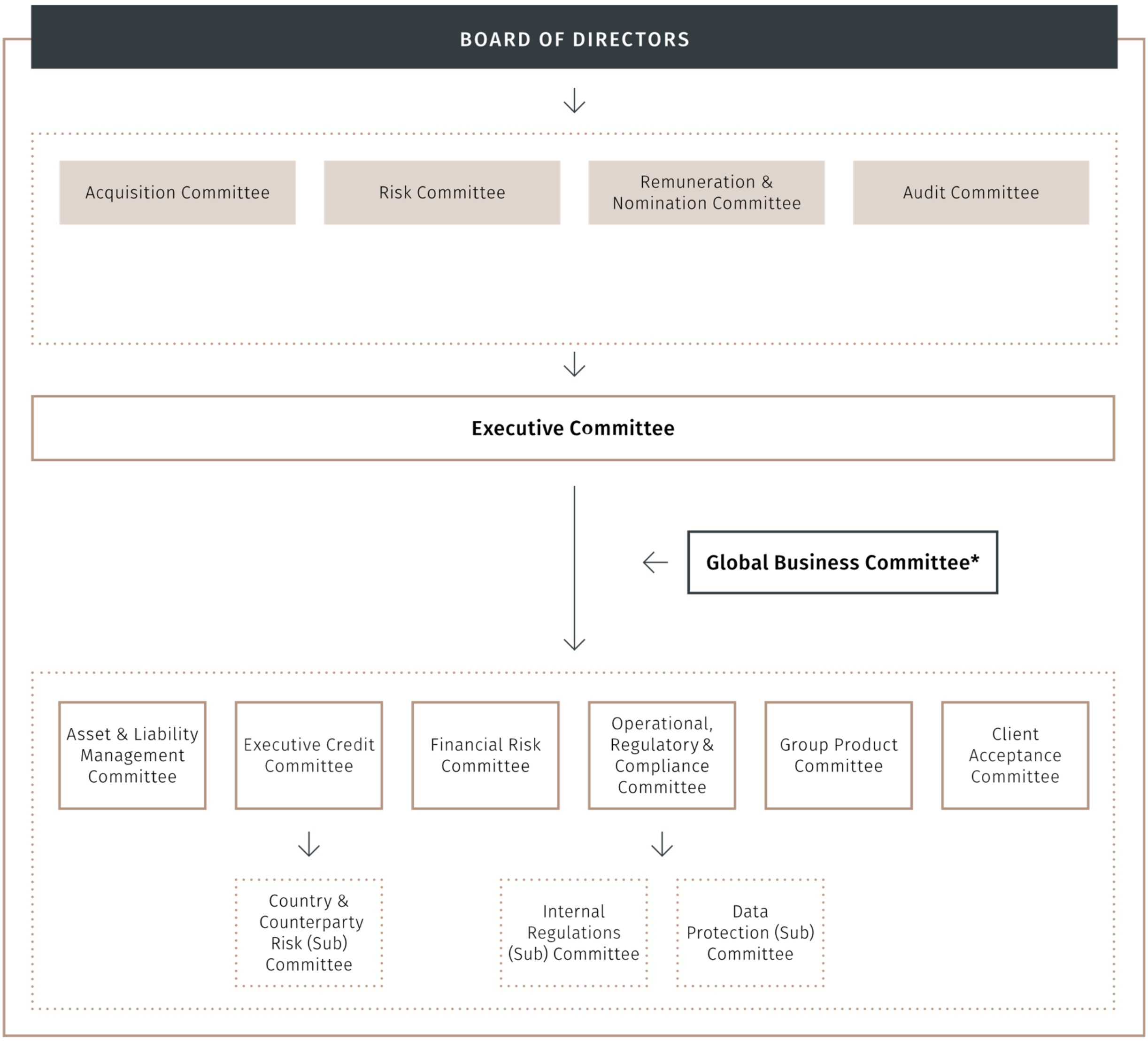
Corporate governance

Corporate governance

Good corporate governance is about ensuring that a company is managed efficiently and effectively in the interests of all stakeholders. It pursues a balanced relationship between leadership, control and transparency. EFG International aims to achieve good corporate governance based on leading national and international standards whilst always respecting the rights of shareholders to the highest degree. EFG International ensures transparency by properly disclosing company information. This part of the annual report provides key information with regard to EFG International's governing bodies and corporate governance practices within the company.

EFG International operates under clear separation of responsibilities between the Board of Directors and the Executive Committee in full compliance with Swiss banking law. The responsibilities of both bodies are clearly defined in the Articles of Association and the Organisational and Management Regulations of EFG International AG (these documents are available on EFG International's website: www.efginternational.com/articlesofassociation and www.efginternational.com/internalregulations).

EFG International governing bodies



* Advisory role to the Executive Committee

As a publicly listed Swiss company, EFG International AG is subject to and complies with the Corporate Governance Directive and its annex and commentary, issued by SIX Swiss Exchange AG (SIX). The information provided in this section adheres to the Corporate Governance Directive (dated 20 June 2019 and entered into force on 02 January 2020), the SIX guidelines revised on 10 April 2017 and the recommendations of the 'Swiss Code of Best Practice for Corporate Governance' of the Swiss Business Federation, economiesuisse, as amended in 2014 and in 2016, as well as its appendix 1, 'Recommendations on compensation for Board of Directors and Executive Board', which address transparency with respect to the compensation of the members of the Board of Directors and the Executive Committee. Furthermore, EFG International AG complies with the Swiss Ordinance against Excessive Compensation in Listed Companies (Ordinance) entered into force on 01 January 2014 and the FINMA Circular 2017/1 Corporate Governance – Banks entered into force in July 2018. The following information corresponds to the situation as at 31 December 2020, unless indicated otherwise.

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

1. Organisation of EFG International & Group entities

1.1 Operational structure of EFG International

EFG International AG is a holding company domiciled in Zurich, organised under the laws of Switzerland in accordance with Art. 620 et seq. of the Swiss Code of Obligations. It manages a global private banking group offering private banking and asset management services. EFG International's group of private banking businesses operates in around 40 locations worldwide.

EFG International is organised in the following business segments: Switzerland & Italy, Continental Europe, Asia Pacific, United Kingdom, Americas, Investment Solutions, and Global Markets & Treasury. Further information can be found in note 24 'Segmental Reporting' to the consolidated financial statements. The functional organisation of EFG International AG is outlined on page 28.

1.2 Group entities

The main consolidated entities are listed in note 42 (Shares in subsidiary undertakings) to the consolidated financial statements. Within the EFG International's group, only EFG International AG is a listed company.

The registered shares of EFG International AG are traded on the main standard of SIX in Zurich (security no. 002226822; ISIN CH0022268228, symbol EFGN). The Company's market capitalisation was CHF 1.717 billion (excluding shares held by EFG International) on 31 December 2020.

Details about significant shareholders can be found in section 3.1.

2. Capital structure

2.1 Capital

2.1.1 Share capital

The outstanding share capital amounts to CHF 149,112,942.50, consisting of 298,225,885 registered shares with a par value of CHF 0.50 each; the shares are fully paid-in (for details about the changes in share capital please refer to the table in section 2.3.2). For details about authorised capital and conditional capital see section 2.2.1 and 2.2.2 below.

Further information on the share capital can be found in note 52 to the consolidated financial statements.

2.1.2 Participation capital

The outstanding participation capital of EFG International AG amounts to CHF 200,730 consisting of 13,382 non-voting preference 'Class B Bons de Participation' with a nominal value of CHF 15 each. These 'Bons de Participation' have been issued to Banque de Luxembourg as fiduciary in connection with the initial issue by Banque de Luxembourg of the EUR 400 million EFG Fiduciary Certificates on 14 November 2004 and 17 January 2005 (for details of the reduction in participation capital in 2012 and 2013, see EFG International's Annual Report 2013 (page 49) and Annual Report 2014 (page 50)[1]).

The EFG Fiduciary Certificates are listed at the Luxembourg Stock Exchange (ISIN: XS0204324890). The preference rights attached to the 'Class B Bons de Participation' consist of

[1] See www.efginternational.com/financial-reporting

preferential dividend and liquidation rights, as mainly set out in Art. 13 of the Articles of Association[1]. The preferential dividend rights are expressed to remain at all times at the full discretion of the general meeting of shareholders.

2.2 Authorised and conditional capital

2.2.1 Authorised capital

As at 31 December 2020, the authorized capital amounted to CHF 25,000,000 (equating 16.8% of total share capital issued as at 31 December 2020).

The Board of Directors is authorised, at any time until 29 April 2022, to increase the share capital by no more than CHF 25,000,000 by issuing no more than 50,000,000 fully paid-in registered shares with a par value of CHF 0.50 each. Partial increases are permissible. The Board of Directors is empowered to determine the issue price, the starting date of the dividend entitlement and the type of contribution for any shares issued out of authorised share capital.

In addition, the Board of Directors is authorised to exclude the preferred subscription rights of the shareholders and the participants in favour of third parties for the acquisition of or participations in companies, or for the financing or refinancing of the acquisition of or participations in companies.

2.2.2 Conditional capital

As at 31 December 2020, the share capital may be increased by no more than CHF 2,239,138 (or up to 1.5% of total share capital issued as at 31 December 2020) by issuing no more than 4,478,276 fully paid-in registered shares with a par value of CHF 0.50 each through the exercise of options (including existing or future Restricted Stock Units) granted to employees at all levels of EFG International. The pre-emptive rights and the advance subscription rights of the shareholders and the participants are excluded in favour of the holders of the Restricted Stock Units. The conditions for the allocation and the exercise of the option rights and similar rights are determined by the Board of Directors. The shares may be issued at a price below the market price.

The share capital may further be increased by no more than CHF 10,000,000 (or up to 6.7% of total share capital issued as at 31 December 2020) by issuing no more than 20,000,000 fully paid-in registered shares with a par value of CHF 0.50 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly issued convertible debentures, debentures with option rights or other financing instruments by EFG International AG or one of its subsidiaries. The preferential subscription rights of the shareholders and the participants are excluded in favour of the holders of conversion and/or option rights.

The Board of Directors may limit or withdraw the right of the shareholders and the participants to subscribe in priority to convertible debentures, debentures with option rights or similar financing instruments when they are issued, if any of the following applies:
- An issue by firm underwriting by a consortium of banks with subsequent offering to the public without preferential subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions or the time plan of the issue
- The financing instruments with conversion and/or option rights are issued in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or with participations or new investments of the Company

If advance subscription rights are denied by the Board of Directors, the following applies:
- Conversion rights may be exercised only for up to seven years and option rights only for up to four years from the date of the respective issuance
- The respective financing instruments must be issued at the relevant market conditions

2.3 Changes in capital structure

2.3.1 Share capital increase by use of conditional capital

In context of the equity incentive plan for employees (Employee Equity Incentive Plan) of EFG International (see also section 6.2.1 of the Compensation Report, page 73), and note 60 to the consolidated financial statements, the Company has started in 2013 issuing its conditional share capital to provide registered shares for exercised options and Restricted Stock Units to employees. In 2020, EFG International AG issued a total of 1,027,382 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 513,691 for Restricted Stock Units exercised by employees of EFG International.

[1] See www.efginternational.com/articlesofassociation

The movements (creation of additional conditional capital and exercise of conditional capital for RSU exercise in 2020) are summarised in the table below:

	Number of shares	CHF
Conditional capital as at 31 December 2019	25,505,658	12,752,829.00
Additional conditional capital created in 2020	–	–
Less: shares issued during 2020 via conditional capital (RSUs exercise)	1,027,382	513,691.00
Remaining conditional capital as at 31 December 2020	**24,478,276**	**12,239,138.00**

In 2019, EFG International AG issued a total of 999,335 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 499,667.50 for Restricted Stock Units exercised by employees of EFG International.

In 2018, EFG International AG issued a total of 4,357,323 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 2,178,661.50 for Restricted Stock Units exercised by employees of EFG International.

In 2017, EFG International AG issued for the same purpose another 2,360,607 registered shares with a par value of CHF 0.50 at a total amount of CHF 1,180,303.50 for Restricted Stock Units exercised by employees of EFG International.

2.3.2 Ordinary share capital increase and increase by use of authorised capital

In 2020, EFG international AG did neither implement an ordinary capital increase nor issue any registered shares out of authorised capital.

The details of the movements in share capital (conditional and authorised capital) during 2020 are as follows:

Share capital (registered shares EFG International)	Number of shares	CHF
Shares issued as at 31 December 2019	297,198,503	148,599,251.50
Shares issued via authorised capital in 2020	–	–
Shares issued during 2020 via conditional capital (Restricted Stock Units exercise)	1,027,382	513,691.00
Total shares issued as at 31 December 2020	**298,225,885**	**149,112,942.50**

On 13 March 2019, EFG International announced the acquisition of a majority participation of 51% in Shaw and Partners Ltd, an Australian financial service provider. The consideration consisted of a cash payment and up to 2,124,577 newly issued registered shares of EFG International AG with a nominal value of CHF 0.50 each, paid in tranches subject to contractually agreed lock-up undertakings and possible downward revision. In view of this transaction, 2,124,577 new shares were sourced from authorised capital. Further details are disclosed in note 43 to the financial statements of the EFG International 2019 Annual Report[1].

In 2018 and 2017, EFG International AG did not issue any registered shares out of authorised capital.

[1] See www.efginternational.com/financial-reporting

2.4 Shares and participation certificates

Shares	Number of shares
As at 31 December 2020:	
Registered shares of CHF 0.50 par value	298,225,885

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

Participation certificates	Number of participation certificates
As at 31 December 2020:	
Preference Class B Bons de Participation of CHF 15 par value	13,382

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

2.5 Profit-sharing certificates

There are no profit-sharing certificates outstanding.

2.6 Convertible bonds and warrants/options

Apart from the amounts disclosed in note 60 to the consolidated financial statements, EFG International has not issued any option or conversion rights.

3. Shareholders and shareholders rights

3.1 Significant shareholders

1,874 shareholders were recorded in EFG International's share register as at 31 December 2020 (i.e. shareholders with voting rights) representing 83.89% (previous year: 82.22%) of the total share capital issued. The shares of unrecorded shareholders (dispo) amounted to 16.11% (previous year: 17.78%). The shareholding structure of EFG International is shown in the table below.

Ownership interests in companies domiciled in Switzerland whose shares are listed at least partly in Switzerland must be notified both to the issuer company and to the SIX when the holder's voting rights reach, increase above or fall below certain thresholds. These notification thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 33.33%, 50% and 66.66% of voting rights. The legal basis for the disclosure of shareholdings is, in particular, set out in the Financial Market Infrastructure Act (Art. 120 ff. FMIA) and in its implementing provisions, the Financial Market Infrastructure Ordinance-FINMA (Art. 10 ff. FMIO-FINMA) and the Financial Market Infrastructure Ordinance (FMIO). The Rules for the SIX Disclosure Office include organisational and procedural provisions on proceedings before the SIX Disclosure Office.

All notifications received by EFG International AG in 2020 and published on the SIX Disclosure Office's electronic publication platform can be found under https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/ (Issuer: EFG International).

As at 31 December 2020	**Number of registered shares**	**Percentage of voting rights**
EFG Bank European Financial Group SA[1, 3]	133,556,769	44.8%
BTGP-BSI Limited[2, 3]	86,178,609	28.9%
Matlock Finance SA [4]	14,567,499	4.9%
Other shareholders[5]	63,923,008	21.4%
Total	**298,225,885**	**100.0%**

1 EFG Bank European Financial Group SA is controlled by the Latsis Family Interests through several intermediate parent companies. For details of the shareholder's ownership structure, please refer to the shareholding disclosure notification cited in note 3 below.

2 BTGP-BSI Limited is a wholly owned subsidiary of Banco BTG Pactual SA, Rio de Janeiro, a bank listed on the B3 São Paulo Stock Exchange in Brazil. For details of the shareholder's ownership structure, please refer to the shareholding disclosure notification cited in note 3 below. The total number of shares includes 10.1% of the EFG International registered shares that were transferred to an Escrow Agent based on an escrow agreement between EFG International, BTGP-BSI Limited and Bratschi AG (Escrow Agent) and comprises derivative holdings of Banco BTG Pactual SA (Total Return Swaps and Equity-Linked Notes). For details, please refer to the shareholding disclosure notification cited in note 3 below.

3 By virtue of an agreement dated 31 October 2016 among EFG Bank European Financial Group SA, BTGP-BSI Limited and Banco BTG Pactual SA the Latsis Family Interests and the beneficial owners of the shares of BTGP-BSI Limited form a group of shareholders within the meaning of article 120 et seq. of the Financial Market Infrastructure Act (FMIA). This agreement contains, among others, a right of first offer in case of a private sale of EFG International registered shares held by BTG Pactual, and an undertaking of EFG Bank European Financial Group SA to vote its shares in EFG International in favour of two board candidates nominated by BTG Pactual SA (or one board candidate in case the total shareholding in EFG International controlled by BTG Pactual S.A. represents less than 25% of EFG International's issued share capital at the time). For further details on the agreement, the members of the shareholder group and the reported sale and purchase positions pursuant to article 120 FMIA and its implementing ordinances, please refer to the most recent shareholding disclosure notification published on 30 December 2020 at https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/ (Issuer: EFG International).

4 Beneficial owner is Dr Spiro J. Latsis.

5 Including shares held by EFG International. For details on treasury shares, see note 52 to the consolidated financial statements. Except for the shareholders listed in the table above, there are no other shareholders who have notified a shareholding of 3% or more of the voting rights of EFG International pursuant to article 120 FMIA.

3.2 Cross-shareholdings

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

3.3 Registration in the share register

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

3.4 Limitations on transferability and nominee registrations

EFG International AG's shares are freely transferable, without any limitation, provided that the buyers expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by the FMIA. Transfers of intermediated shares, including the granting of security interests, are subject to the Swiss Intermediated Securities Act. The transfer of uncertificated shares is affected by a corresponding entry in the books of a bank or depositary institution following an assignment by the selling shareholder and notification of such assignment to the Company by the bank or depositary institution. The transferee must file a share registration form in order to be registered in the Company's share register as a shareholder with voting rights. Failing such registration, the transferee may not vote at or participate in any general meeting but may still receive dividends and other rights with financial value.

The uncertificated shares may only be transferred with the assistance of the bank that administers the book entries of such shares for the account of the transferring shareholder. Further, shares may only be pledged to the bank that administers the book entries of such shares for the account of the pledging shareholder; in such case, the Company needs to be notified. According to the Articles of Association[1], a person having acquired shares will be recorded in the Company's share register as a shareholder with voting rights upon request.

Persons not expressly declaring themselves to be holding shares for their own account in their application for entry in the share register (nominees) shall be entered in the share register with voting rights without further inquiry up to a maximum of 2% of the outstanding share capital available at the time (see Art. 6 of the Articles of Association[1]). Above this limit, registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question discloses the names, addresses and shareholdings of the persons for whose account the nominee is holding 0.5% or more of the outstanding share capital available at the time and provided that the disclosure requirements stipulated by FMIA are respected.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with the intent to evade the entry restriction are considered as one shareholder or nominee. Amendments to the provisions in the Articles of Association governing the transferability and nominee registration would require an according resolution of the shareholders' meeting with the quorum set forth in Art. 25 of the Articles of Association[1] or any higher statutory quorum.

The Board of Directors is authorised to issue regulations to implement the above provisions.

3.5 Voting right restrictions and representation

Persons who acquired registered shares will, upon application, be entered in the share register without limitation as shareholders with voting power, provided they expressly declare themselves to have acquired the shares concerned in their own name and for their own account and comply with the disclosure requirement stipulated by FMIA (for details please refer to Art. 6 of the Articles of Association[1] and see also section 3.4 above).

According to Art. 23 of the Articles of Association[1], shareholders can exercise their voting rights either by themselves or appoint a third party authorised in writing or the independent proxy to vote on their behalf. Such representatives need not to be shareholders. Amendments

[1] See www.efginternational.com/articlesofassociation

to the provisions governing voting rights and representation would require an according resolution of the shareholders' meeting with the quorum set forth in Art. 25 of the Articles of Association[1] or any higher statutory quorum. All shareholders receive with the invitation to the general meeting a proxy appointment form for the appointment of the independent proxy and instruct him regarding each agenda item and additional ad-hoc motions.

EFG International offers to their shareholders the possibility to exercise their voting rights prior to the general meeting via the online platform of Smartprimes by empowering and instructing the independent proxy to vote. The votes will be cast by the Independent proxy at the general meeting. Voting at the general meeting usually takes place in electronic form via televoting devices. The televoting devices allow a timely and accurate result delivery during the general meeting.

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

3.6 Statutory quorums

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

3.7 Convocation of the general meeting

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

3.8 Agenda

The Board of Directors announces the agenda for the general meeting. Shareholders representing shares with a nominal value of at least CHF 1.0 million may request that an item of business be placed on the agenda until latest 40 days prior to the date of the general meeting. Such request must be in writing and must state the relevant motions.

4. Board of Directors

4.1 Elections and terms of office

According to Art. 26 of the Articles of Association[1], the Board of Directors shall consist of at least five members, who are individually elected by the general meeting of shareholders for a one-year term ending with the closure of the following Annual General Meeting. Re-election is possible without restrictions regarding the numbers of terms. Please refer to the table in section 4.2 for each initial date of election. The term of all the current members of the Board of Directors will expire at the closure of the upcoming Annual General Meeting in April 2021.

In compliance with the Ordinance, the general meeting of shareholders also elects the Chair of the Board of Directors and all members of the Remuneration & Nomination Committee individually and on an annual basis (see Art. 17 of the Articles of Association[1]).

4.2 Composition

The Board of Directors currently comprises 14 members, all of whom are non-executive directors. The Board of Directors of EFG Bank AG (EFG Bank) is composed of the same members as the Board of Directors of EFG International AG.

No member of the Board held a management position in EFG International over the last three years.

No member of the Board of Directors (neither as individual nor as representative of a third party) has any significant business connection with EFG International or any of its subsidiaries.

[1] See www.efginternational.com/articlesofassociation

Corporate governance

An overview of the Board and the Board-delegated Committee's memberships in 2020 is presented in the table below:

	Board member since	Independence	Board-Delegated Committees: Acquisition Committee	Risk Committee	Remuneration & Nomination Committee	Audit Committee
Peter A. Fanconi (Chair)[1]	2020	Independent	Member[6]	–	Member[3]	–
Niccoló H. Burki (Vice-Chair)	2013	Independent	–	–	**Chair**	–
Susanne Brandenberger	2015	Independent	–	**Chair**	–	Member
Emmanuel L. Bussetil	2005		**Chair**	–	Member	Member
Mordehay I. Hayim[2]	2020		-	-	Member[2]	-
Roberto Isolani	2016		–	Member	–	–
Steven M. Jacobs	2016		Member	–	Member	-
Spiro J. Latsis	2005		–	–	–	–
John S. Latsis	2018		–	–	–	–
Carlo M. Lombardini[3]	2020	Independent	–	Member[6]	–	–
Périclès Petalas	2005		Member	Member	Member	–
Stuart M. Robertson	2018	Independent	–	Member	–	**Chair**
Freiherr Bernd-A. von Maltzan	2013	Independent	Member	Member	Member	–
Yok Tak A. Yip[4]	2020	Independent	–	–	–	–
John A. Williamson[5]	2015	Independent	Member[7]	-	Member[7]	-

[1] Elected as the Chair at the AGM on 29 April 2020
[2] Elected as a member at the EGM on 08 December 2020
[3] Elected as a member at the AGM on 29 April 2020
[4] Elected as a member at the AGM on 29 April 2020 with mandate effective as from 31 May 2020
[5] John Williamson was the Chair and a member of the Board until the AGM of 29 April 2020
[6] Elected as a member by the Board of Directors on 21 July 2020
[7] Member until the AGM on 29 April 2020

4.3 Independence

According to the Organisational and Management Regulations, one third of the members of the Board of Directors shall be independent.

The Board of Directors has applied the independence criteria as per the definition of the FINMA Circular 17/01 (Corporate Governance – Banks). These criteria have also been incorporated into EFG International's Organisational and Management Regulations that state that a member of the Board of Directors is deemed independent if he/she:
- Does not hold and/or over the last two years has not held any position in the Group other than being a member of the Board or one of its Committees
- Is not (or has not been over the last two years) in charge of the external audit of the Group, the Company or any of its direct or indirect subsidiaries
- Does not maintain a business relationship with the Group, the Company or any of its direct or indirect subsidiaries in a way or to an extent – in view of their nature and scope – that may create a conflict of interest
- Is not a qualified participant as defined under Swiss Banking and Stock Exchange Act, i.e. a person directly or indirectly holding 10% or more of the share capital or voting rights of the Company, or has similar influence through other means, nor represents such participant.

4.4 Role & responsibilities

The Board of Directors of EFG International is ultimately responsible for supervision of the management of EFG International. The Board of Directors sets the strategic direction of EFG International and monitors its implementation. Based on recommendations by the Chief Executive Officer, the Board of Directors decides on EFG International's strategy whilst also assuming the responsibility of supervising and monitoring the businesses. The day-to-day management operations are delegated by the Board of Directors to the Executive Committee.

Further details about the powers and responsibilities of the Board of Directors can be found in the Organisational and Management Regulations[1].

4.5 Organisational structure

The internal organisational structure of the Board of Directors is laid down in the Organisational and Management Regulations[1]. The Board of Directors meets as often as business requires, but at least four times a year, normally once every quarter. Members of the Executive Committee, managerial staff and external advisors may be called upon to attend Board of Directors' meetings. In order to make a binding decision, at least 50% of the members of the Board of Directors must be present. The Board of Directors takes decisions by a majority of the members present. In the event of a tie, the Chair does not have a casting vote. The composition of the Board of Directors and its committees is disclosed in the table in section 4.2 above.

The Board of Directors met 12 times in 2020 (five ordinary meetings and seven ad hoc topical meetings). Ordinary meetings typically last six to seven hours. For further details please refer to the following table:

Members in 2020	Attendance / Meeting & Call	%
Peter A. Fanconi (Chair)[1*]	7/7	100%
Niccoló H. Burki (Vice-Chair)[*]	12/12	100%
Susanne Brandenberger[*]	12/12	100%
Emmanuel L. Bussetil	12/12	100%
Mordehay I. Hayim[2]	-	–
Roberto Isolani	12/12	100%
Steven M. Jacobs	12/12	100%
Spiro J. Latsis	12/12	100%
John S. Latsis	12/12	100%
Carlo M. Lombardini[3*]	7/7	100%
Périclès Petalas	11/12	92%
Stuart M. Robertson[*]	11/12	92%
Freiherr Bernd-A. von Maltzan[*]	12/12	100%
Yok Tak A. Yip[4*]	3/6	50%
John A. Williamson[5*]	5/5	100%

[1] Elected as the Chair at the AGM on 29 April 2020
[2] Elected as a member at the EGM on 08 December 2020
[3] Elected as a member at the AGM on 29 April 2020
[4] Elected as a member at the AGM on 29 April 2020 with mandate effective as from 31 May 2020
[5] Chair until 29 April 2020
*Independent Director

The Board of Directors has established an Audit Committee, a Risk Committee a Remuneration & Nomination Committee and an Acquisition Committee in line with the Organisational and Management Regulations[1].

Audit Committee

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

- The financial and business reporting processes, including the selection and application of appropriate accounting policies
- The integrated internal control systems for financial reporting as well as the internal controls of areas beyond financial reporting
- EFG International’s tax risks
- The internal and external audit processes

The Audit Committee shall consist of at least three members of the Board of Directors. The chair and other members of the Audit Committee must all be members of the Board of Directors and are appointed by the latter.

The chair and the majority of the entire Audit Committee must be independent as defined in paragraph 2.1.c. of the Organisational and Management Regulations[1].

The Audit Committee meets as often as businesses requires, but at least four times a year, as well as for the review of the financial statements and related reports before these are approved by the Board of Directors and/or made publicly available by EFG International or sent to regulatory/tax authorities.

Ordinary meetings typically last three to four hours and are also attended by members of the executive management responsible for areas supervised by the Audit Committee.

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

[1] See www.efginternational.com/internalregulation

In 2020, the Audit Committee met seven times (six ordinary meetings, including for the review of the financial statements, and one ad hoc topical meeting). For further details please refer to the table below:

Members in 2020	Attendance / Meeting & Call	%
Stuart M. Robertson (Chair)*	7/7	100%
Susanne Brandenberger*	7/7	100%
Emmanuel L. Bussetil	7/7	100%

* Independent Director

Risk Committee

The Risk Committee is the primary advisory committee to the Board of Directors on matters relating to risk and compliance. The Risk Committee advises, reviews and acts as an expert of the Board of Directors on the overall current and future risk appetite and oversees executive management's implementation of the risk management framework. In addition, it monitors the risk profile and reports on the state of risk culture in EFG International and interacts with and oversees the performance of the Chief Risk Officer and the Head of Legal & Compliance.

The Risk Committee shall consist of at least three members. The chair and other members of the Risk Committee must all be members of the Board of Directors and are appointed by the latter. The Chair and the majority of the entire Risk Committee must be independent as defined in paragraph 2.1.c. of the Organization and Management Regulations[1].

The Risk Committee meets as often as business requires, but at least four times a year. Ordinary meetings typically last six to seven hours and are attended by members of the executive management responsible for risk management.

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

In 2020, the Risk Committee met 17 times (4 ordinary meetings and 13 ad hoc topical meetings primarily to monitor the COVID crisis). For further details please refer to the table at the top of the next column.

Members in 2020	Attendance / Meeting & Call	%
Susanne Brandenberger (Chair)*	17 /17	100%
Roberto Isolani	17/17	100%
Carlo M. Lombardini[1*]	4 /4	100%
Périclès Petalas	17 /17	100%
Stuart M. Robertson*	17 /17	100%
Freiherr Bernd-A. von Maltzan*	16 /17	94%

[1] Elected as a member on 21 July 2020
* Independent Director

Remuneration & Nomination Committee

The Remuneration & Nomination Committee is established as a committee of the Board of Directors.

Its primary function is to assist the Board of Directors in fulfilling its governance responsibilities, with regards to remuneration and nomination-related aspects. For remuneration, this includes:

- Establishing the general remuneration policy and strategy of EFG International
- Reviewing annually the remuneration of members of the Board of Directors and the Executive Committee of EFG International and making a recommendation to the Board of Directors thereupon
- Approving annually the remuneration of principal executives of the Company and its subsidiaries
- Any other remuneration tasks conferred to it by the Board of Directors from time to time

In addition, the Remuneration & Nomination Committee reviews and assesses the nomination of new members to the Board of Directors and the Executive Committee, as well as the nomination of the heads of the key control functions – Audit, Compliance and Risk – and the Regional Business Heads and makes a recommendation to the Board of Directors thereupon.

For more details about competences and responsibilities of the Remuneration & Nomination Committee, please see the Compensation Report (pages 69 ff.) as well as Art. 30 of the Articles of Association[2] and section 2.10 of the Organisational and Management Regulations[1].

[1] See www.efginternational.com/internalregulations
[2] See www.efginternational.com/articlesofassociation

The shareholders elect the individual members of the Remuneration & Nomination Committee for a one-year term ending with the closure of the following Annual General Meeting with the possibility of being re-elected (see Art. 17 of the Articles of Association[1]).

The Remuneration & Nomination Committee shall consist of at least three members of the Board of Directors. The chair and other members of the Remuneration and Nomination Committee must all be members of the Board.

The Remuneration & Nomination Committee meets annually in the first quarter to review fixed and variable compensation proposals. Additional meetings can be held when necessary. Meetings typically last two hours and are attended by the Chief Executive Officer and the Global Head of Human Resources.

The minutes of the Remuneration & Nomination Committee are reviewed by the entire Board of Directors. In addition, a verbal report by the Chair of the Remuneration & Nomination Committee is given to the Board of Directors at its ordinary meetings. In 2020, the Remuneration & Nomination Committee met nine times. For further details please refer to the following table:

Members in 2020	Attendance / Meeting & Call	%
Niccolò H. Burki (Chair)[*]	8 /9	89%
Emmanuel L. Bussetil	8 /9	89%
Peter A. Fanconi[1*]	6 /6	100%
Steven M. Jacobs	7 /9	78%
Périclès Petalas	7 /9	78%
Freiherr Bernd-A. von Maltzan[*]	8 /9	89%
Mordehay I. Hayim[2]	1 /1	100%
John A. Williamson[3*]	3 /3	100%

1 Elected as a member on 29 April 2020
2 Elected as a member on 08 December 2020
3 Member until 29 April 2020
* Independent Director

Acquisition Committee

The Acquisition Committee is established as a committee of the Board of Directors. Its primary function is to examine and approve or recommend to the Board of Directors all acquisitions or disposal of companies or businesses proposed by management in accordance with the acquisition policy approved by the Board of Directors.

The Acquisition Committee has the authority to approve all investments or divestments up to certain thresholds and criteria which are defined in the acquisition policy. Above these thresholds, only the Board of Directors may approve acquisitions or divestments, and the Acquisition Committee will submit a recommendation to the Board of Directors.

The Acquisition Committee shall consist of at least three members of the Board of Directors and are appointed by the latter.

The Acquisition Committee meets on an ad hoc basis throughout the year in order to review specific transactions or to receive an update from the Chief Executive Officer and the Chief Financial Officer regarding the status of negotiations with various acquisition targets or divestments.

Meetings vary in length from one to three hours and can be attended by members of the management or external advisors.

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

The Acquisition Committee has reviewed several transactions during the year. The Acquisition Committee met nine times in 2020. For further details see the table below:

Members in 2020	Attendance / Meeting & Call	%
Emmanuel L. Bussetil (Chair)	9 /9	100%
Peter A. Fanconi[1*]	3 /3	100%
Steven M. Jacobs	9/9	100%
Périclès Petalas	8 /9	89%
Freiherr Bernd-A. von Maltzan[*]	9 /9	100%
John A. Williamson[2*]	4 /4	100%

[1] Elected as a member on 21 July 2020
[2] Member until 29 April 2020
[*] Independent Director

[1] See www.efginternational.com/articlesofassociation

5. Information on the members of the Board of Directors

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

In accordance with Art. 12 para. 1 point 1 of the Ordinance, the number of permitted external mandates of the members of the Board of Directors is outlined in Art. 37 of the Articles of Association[1]. The members of the Board of Directors may each have up to 20 mandates, of which a maximum of five may be in listed companies. Additionally, a member of the Board of Directors may perform up to ten mandates in associations, charitable institutions as well as welfare and pension institutions.

Several mandates in legal entities under common control or under the control of the same beneficial owner are deemed one mandate.

5.2 External mandates and vested interests

Please refer to the information provided in the biographies of each member of the Board of Directors in section 5.3 below, where the significant activities in governing and supervising bodies of important organisations, institutions and foundations are mentioned.

5.3 Biographies

The following biographies provide information on the mandates, memberships activities and functions as required by the SIX Swiss Exchange Corporate Governance Directive (situation as at 31 December 2020).

Mandates in other EFG entities mentioned in the following biographies include all mandates in entities directly or indirectly controlled by EFG International.

Peter A. Fanconi

Chair of the Board of Directors
Member of the Acquisition Committee
Member of the Remuneration and Nomination Committee

Year of birth and nationality
1967 I Swiss

Professional history and education
Mr Fanconi is a proven specialist and entrepreneur in the field of financial services, with extensive industry experience, having worked for renowned organisations in numerous executive positions for more than 20 years.

Before working at BlueOrchard Finance from 2013 to 2015, where he served as Chief Executive Officer, Mr Fanconi was Chief Executive Officer of the Private Banking division at Bank Vontobel (2009–2012). From 2003 to 2009, he was with Harcourt Investment Consulting, acting first as Managing Partner and later as Chief Executive Officer. Prior to this, he was Managing Partner within the Corporate Finance division of PricewaterhouseCoopers, after founding MAP Group in 1997 and merging it into PricewaterhouseCoopers.

Mr Fanconi is co-author of several books, amongst others the bestseller ‘Small money – big impact’.

He holds a master’s degree in law from the University of Zurich.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of the Board, EFG Investment & Wealth Solutions Holding SA

Main external mandates
Chair of the Supervisory Board, BlueOrchard Finance
Chair of the Board, Graubündner Kantonalbank
Chair of the Board, Japan ASEAN Women Empowerment Fund
Member of the Executive MBA Advisory Committee, Brown University, USA

[1] See www.efginternational.com/articlesofassociation

Dr Niccolò Herbert Burki
Vice-Chair of the Board of Directors
Chair of the Remuneration & Nomination Committee

Year of birth and nationality
1950 I Swiss

Professional history and education
Before establishing Burki Attorneys-at-Law in 1997, Dr Burki was an attorney at Bär & Karrer in Zurich (1985–1997), where he became a partner as of 1989. Previously, he was a tax lawyer with Arthur Andersen in Zurich (1980–1985).

Dr Burki is a certified Swiss tax expert (1984) and a Trust and Estate Practitioner.

He is a member of the Swiss Bar Association, International Bar Association and International Fiscal Association.

Dr Burki graduated in economics and business administration from the University of St. Gallen (1974) and holds a doctorate in law from the University of Basel (1984).

Mandates in other EFG entities
Vice-Chair of the Board, EFG Bank AG

Main external mandates
Member of the Board, Orga Suisse GmbH
Member of the Board, Allegion International AG and Allegion Investments (Switzerland) AG
Non-Executive Director, Trane SA,
Member of the Board, Ingersoll-Rand SA and Ingersoll-Rand Technical and Services Sàrl
Member of the Board, Gryphon Invest AG
Member of the Board, Alceva Foundation, Liechtenstein

Susanne Brandenberger
Member of the Board of Directors
Chair of the Risk Committee
Member of the Audit Committee

Year of birth and nationality
1967 I Swiss

Professional history and education
Mrs Brandenberger was with Vontobel Group between 1999 and 2015, as Head of Risk since 2004. She began her career at the Swiss Financial Market Supervisory Authority (FINMA), formerly the Swiss Federal Banking Commission, where from 1994 to 1999, she was responsible for building up and heading the Risk Management Unit.

Mrs Brandenberger holds a PhD from the Swiss Institute for Banking and Finance of the University of St Gallen and a master's degree in banking and finance from the University of St Gallen.

Mandates in other EFG entities
Member of the Board, EFG Bank AG

Main external mandates
Member of the Board and Chair of the Risk and Audit Committees, Thurgauer Kantonalbank
Member of the Board, Stoxx Limited, Switzerland

Emmanuel L. Bussetil
Member of the Board of Directors
Chair of the Acquisition Committee
Member of the Audit Committee
Member of the Remuneration & Nomination Committee

Year of birth and nationality
1951 I British

Professional history and education
Mr Bussetil joined the Latsis group of companies in 1982 as Chief Internal Auditor and, since then, he has held a number of executive and non-executive positions for other principal commercial holding and operating companies controlled by Latsis Family Interests. Prior to that, he was an Audit Manager at Pricewaterhouse in the United Kingdom, where he was employed from 1976 to 1982.

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

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of the Board, EFG Bank (Monaco) SAM

Main external mandates
Member of the Board, European Financial Group EFG (Luxembourg) SA
Non-Executive Director, SETE Holdings Sarl
Member of the Board, Hellenikon Global I SA
Non-Executive Director, Gestron Asset Management SA
Non-Executive Director, Paneuropean Oil and Industrial Holdings SA, Luxembourg
Member of the Board, Consolidated Lamda Holdings SA
Member of the Board, John S. Latsis Public Benefit Foundation

Mordehay I. Hayim
Member of the Board of Directors
Member of the Remuneration & Nomination Committee

Year of birth and nationality
1951 I Swiss

Professional history and education
Mr Hayim is a proven specialist in the field of private banking, with extensive experience in executive and non-executive roles in a variety of Swiss and international industry players and has a deep understanding of the Swiss financial industry.

In the last years, he was Chair of the Board of Directors at Bank J. Safra Sarasin AG and a member of the Board of Directors of J. Safra Sarasin Holding AG from 2013 to 2019. Prior to that, Mr Hayim was the Vice-Chair at HSBC Private Bank from 2008 to 2012 and served as Chief Executive Officer of HSBC Guyerzeller from 1999 to 2008.

Prior to that, Mr Hayim held various positions, including Chief Executive Officer and member of the Board of Directors at Banque Unigestion and several senior executive positions at Paribas where he started his professional career.

Mr Hayim holds an MBA as well as a PhD in economics from the University of Geneva.

Mandates in other EFG entities
Member of the Board, EFG Bank AG

Main external mandates
Member of the Board, EFG Bank European Financial Group SA

Roberto Isolani
Member of the Board of Directors
Member of the Risk Committee

Year of birth and nationality
1964 I Italian

Professional history and education
Mr Isolani is a Managing Partner of BTG Pactual. Before joining BTG Pactual in 2010, he worked for 17 years at UBS where he last held the position of Joint Head of Global Capital Markets and had joint responsibility for the Client Services Group, the Fixed Income and FX global salesforces at UBS. He jointly headed a marketing team of over 1,000 staff. Mr Isolani was also a member of UBS Investment Bank's Board.

Mr Isolani joined UBS (formerly SBC) in 1992 and spent ten years in Fixed Income, in Derivatives Marketing and DCM before being promoted to Head of European DCM in 2000. He transferred to IBD in 2002, moving to Italy as Co-Head of Italian Investment Banking. He moved back to London in 2007 to become Global Head of DCM, before assuming his latest responsibilities at the beginning of 2009.

During his career, Mr Isolani held a number of executive and Board roles in regulated and unregulated Italian UBS entities. He was notably a member of the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. from 2014 to 2017, and Deputy Chair (from 2015 to 2017).

Mr Isolani graduated from the University of Rome, La Sapienza, cum laude in 1989 and was a lecturer at the university before going on to work at IMI and Cofiri and then joining UBS.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of EFG Regional Asia Pacific Advisory Board

Steven M. Jacobs
Member of the Board of Directors
Member of the Acquisition Committee
Member of the Remuneration & Nomination Committee

Year of birth and nationality
1969 I British

Professional history and education
Mr Jacobs is a Managing Partner of BTG Pactual and Executive Chair of the Asset Management division of BTG Pactual, and CEO of BTG Pactual (UK) Limited, based in London.

He joined BTG Pactual in January 2010. Prior to that, he was a Managing Director at UBS, where over ten years he held various roles including Head of Group Strategy for UBS Group, based in Zurich, Head of Private Equity & Infrastructure and member of UBS Global Asset Management Executive Committee, based in London. From 1990 to 1999, Mr Jacobs worked for Ernst & Young in London and Sydney, focusing on providing corporate finance services to financial services clients across the world.

Mr Jacobs holds a bachelor's degree (Hons) in finance, accounting and law from Brighton University, UK, and an Executive master's in international strategy and diplomacy from the London School of Economics. He is a qualified Chartered Accountant and fellow of the Institute of Chartered Accountants of England and Wales.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of the Board, EFG Investment and Wealth Solutions Holding AG
Chair of the Board, Shaw and Partners Ltd, Sydney

Main external mandates
Member of the Board, BTG Pactual (UK) Limited
Member of the Board, BTG Pactual UK Holdco Ltd
Member of the Board, BTGP-BSI Limited
Member of the Board, Engelhart CTP Group Ltd (UK)
Member of the Board, Vesuvium Limited
Chair of class B Supervisory Board, Prime Oil & Gas B.V
Member of the Board, Tick Tock Club, UK

Dr Spiro J. Latsis
Member of the Board of Directors

Year of birth and nationality
1946 I Greek

Professional history and education
Dr Latsis has held a number of Board memberships in his distinguished career; he is notably a non-executive member of the Board of Directors of EFG Bank European Financial Group SA, Geneva, since 1981 and has served as its Chair since 1997. He is also a non-executive director of EFG Bank AG since 1997 and a non-executive director of European Financial Group EFG (Luxembourg) SA (since 2009; as Chair) and is Chair of Paneuropean Oil and Industrial Holdings SA, Luxembourg, and of Private Financial Holdings Ltd. Dr Latsis is a non-executive Director of Consolidated Lamda Holdings SA, Luxembourg, and of SGI Group Holdings SA, Luxembourg.

Dr Latsis obtained his bachelor's degree in economics in 1968, a master's degree in logic and scientific method in 1970 and a doctorate in philosophy in 1974, all from the London School of Economics.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of the Board, EFG Bank (Monaco) SAM

Main external mandates
Chair of the Board, EFG Bank European Financial Group SA
Chair of the Board, European Financial Group EFG (Luxembourg) SA
Chair of the Board, Paneuropean Oil and Industrial Holdings SA, Luxembourg
Chair of the Board, Private Financial Holdings Ltd
Non-executive Director, Consolidated Lamda Holdings SA, Luxembourg
Non-executive Director, SGI Group Holdings SA, Luxembourg
Member of the Supervisory Board, John S. Latsis Public Benefit Foundation
Honorary fellow and emeritus member of the Court of Governors, London School of Economics
Emeritus member of the Board of Trustees, Institute for Advanced Study, Princeton

Dr John S. Latsis
Member of the Board of Directors

Year of birth and nationality
1977 I Greek

Professional history and education
Dr Latsis is the Managing Director of Gestron Services SA and is Chair of Gestron Asset Management. He is also an active member in a number of committees and Boards of Directors.

During his distinguished career, Dr Latsis has developed extensive academic experience; he holds a bachelor's degree from the University of Oxford, a master's degree from the London School of Economics, a PhD from the University of Cambridge and is a member of the Higher Education Academy of the United Kingdom. He held academic positions at the Universities of Reading, Oxford and Harvard during a 13-year academic career.

Dr Latsis has published more than 25 articles, chapters and edited books and remains an active research scholar.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of the Board, EFG Capital Holdings, Miami
Member of EFG Regional Advisory Board for Latin America

Main external mandates
Executive Director, Gestron Services SA
Member of the Board, EFG Bank European Financial Group SA
Member of the Board, EFG European Financial Group SA
Chair of the Board, Gestron Asset Management SA
Member of the Board, La Tour Holding SA
Member of the Board, International Latsis Foundation
Chair of the Board, Independent Social Research Foundation

Carlo M. Lombardini
Member of the Board of Directors
Member of the Risk Committee

Year of birth and nationality
1964 I Swiss and Italian

Professional history and education
Mr Lombardini is a proven specialist in the field of banking law, having worked as a lawyer with Poncet Turrettini in Geneva, where he served as a partner since 1990. In addition, he has extensive experience in the academic sector having held various academic positions, including from 2010 to 2014 as a lecturer in banking law at the University of Lausanne and from 2014 onwards as an associate professor at the law faculty. Throughout his distinguished career, Mr Lombardini also published numerous books and academic articles concerning various banking law topics and discussions regarding the financial services industry.

Mr Lombardini has held several board memberships, where he served as an active member of the audit and risk committees and later as Chair of such committees.

Mandates in other EFG entities
Member of the Board, EFG Bank AG

Main external mandates
Member of the Board, Crédit Agricole Next Bank (Suisse) SA
Member of the Board, GSA Gestions Sportives Automobiles SA
Member of the Arbitration Panel, Association Suisse des Gérants de Fortune

Freiherr Bernd-Albrecht von Maltzan
Member of the Board of Directors
Member of the Risk Committee
Member of the Acquisition Committee
Member of the Remuneration & Nomination Committee

Year of birth and nationality
1949 I German

Professional history and education
Before joining the Board of EFG International, Mr von Maltzan was with Deutsche Bank, where he held a variety of senior positions, including Global Head Trading & Sales DB Group in Frankfurt (1993–1995), Divisional Board Member and Global Head Private Banking in Frankfurt (1996–2002), followed by Divisional Board Member and Vice-Chair Private Wealth Management in Frankfurt, and from where he retired in 2012.

Mr von Maltzan studied economics at the universities in Munich and Bonn and holds a doctorate in business administration (1978) from the University of Bonn.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Chair of the Board, EFG Investment (Luxembourg) SA
Chair of the Board, EFG Bank (Luxembourg) SA
Member of the Board, Asesores y Gestores Financieros SA, Spain

Main external mandates
Chair of the Board of Trustees, Niagara Foundation, Germany

Corporate governance

Dr Périclès Petalas
Member of the Board of Directors
Member of the Acquisition Committee
Member of the Risk Committee
Member of the Remuneration & Nomination Committee

Year of birth and nationality
1943 I Greek

Professional history and education
Since 1997, Dr Petalas is the Chief Executive Officer of EFG Bank European Financial Group SA, Geneva. Prior to this position, he was Senior Vice President and General Secretary of Banque de Dépôts, Geneva. Previously, he worked for Union Bank of Switzerland in Zurich (1978–1980) and Petrola International, Athens (1977–1978).

Dr Petalas obtained a diploma (1968) and a doctorate (1971) in theoretical physics at the Swiss Federal Institute of Technology in Zurich. He also received a post-graduate degree in industrial and management engineering from the same institute in 1977.

Mandates in other EFG entities
Member of the Board, EFG Bank AG

Main external mandates
Chief Executive Officer, EFG Bank European Financial Group SA
Non-executive Director, European Financial Group EFG (Luxembourg) SA

Stuart M. Robertson
Member of the Board of Directors
Chair of the Audit Committee
Member of the Risk Committee

Year of birth and nationality
1955 I Swiss and British

Professional history and education
Mr Robertson has over 30 years of experience in the Swiss financial services sector in both audit and consulting and has a profound understanding of the Swiss and international regulatory and accounting landscape. Throughout his career, Mr Robertson has advised and audited many global institutions and managed numerous complex projects in the areas of growth, M&A, strategy and transformation, performance, as well as risk and regulatory topics. Since 1999, Mr Robertson has worked at KPMG, where he has held various leadership positions and managed teams of up to 200 people. Laterally, he was a member of the Board of Directors. In addition, he held the role of Global Lead Partner serving a large financial institution.

Mr Robertson is a member of the Institute of Chartered Accountants of Scotland and of the Swiss Institute of Certified Accountants and Tax Consultants.

He holds a Master of Arts (Hons) degree from the University of St Andrews and a diploma in accounting from Heriot-Watt University.

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Member of the Board, EFG Private Bank Limited (UK)

Main external mandates
Member of the Board of Overseers, Reinet Investments S.C.A., Luxembourg
Member of the Board of Trustees, Guatemala Association Zentralamerika

Yok Tak Amy Yip
Member of the Board of Directors

Year of birth and nationality
1951 I Chinese

Professional history and education
Ms Yip has a deep understanding of the Asian private banking industry, having worked for more than 40 years in various leadership and managerial roles for global players in the region. Since 2011, she is a founding partner of RAYS Capital Partners, an investment management company specialising in Asian capital markets.

Prior to this, Ms. Yip worked at DBS Bank in Hong Kong, where she served as Chief Executive Officer from 2006 to 2010. Before joining DBS Bank, Ms. Yip held various senior roles within the Hong Kong Monetary Authority (1996-2006). Since starting her career in 1975 at American Express in Hong Kong, Ms. Yip has worked for a number of leading global financial institutions such as J.P. Morgan, Citibank and Rothschild Asset Management.

Ms Yip holds an MBA from Harvard Business School and a Bachelor of Arts in Asian History from Brown University, USA

Mandates in other EFG entities
Member of the Board, EFG Bank AG
Chair of EFG Regional Asia Pacific Advisory Board

Main external mandates
Founding Partner, RAYS Capital Partners
Member of the Board, Deutsche Börse
Member of the Board, Prudential plc

5.4 Changes in the Board of Directors in 2020

Members who did not stand for re-election

John Alexander Williamson is a British citizen and was born in 1962. He was the Chair of the Board of Directors of EFG International and EFG Bank, from 29 April 2016 to 29 April 2020, when he decided not to seek re-election for another term of office.

Previously, he held a number of senior positions within the Group: Chief Executive Officer of EFG International AG from 2011 to 2016, of EFG Bank AG from 2013 to 2016. Previously he was the Chief Executive Officer of EFG Private Bank Ltd, London, EFG International's UK and Channel Islands business.

John Williamson has spent the whole of his career in private banking. Before EFG Private Bank Ltd, he spent over 16 years with Coutts in a variety of senior roles, ending up as COO for Coutts Group. From 1997 to 1999, he worked in the USA, as director and COO, first in New York, then in Miami.

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

6. Executive Committee

6.1 Composition, organisation and functional responsibilities

EFG International AG's Executive Committee is organised as a single structure, reporting to the Chief Executive Officer and to the Deputy Chief Executive Officer, respectively.

The Executive Committee comprises at least four members. Members of the Executive Committee are appointed by the Board of Directors upon recommendation by the Chief Executive Officer.

Various support services or control units report either directly to the Chief Executive Officer or to a member of the Executive Committee.

In 2020, the Executive Committee comprised of six members. For more information please refer to the table below:

	Function	Member of the Committee since
Piergiorgio Pradelli	Chief Executive Officer	June 2012
Renato Cohn	Deputy CEO & Head of Investment Solutions	October 2016
Yves Aeschlimann	Group Head of Legal & Compliance	March 2019
Martin Freiermuth[1]	Chief Operating Officer	August 2020
Dimitris Politis	Chief Financial Officer	January 2018
Ranjit Singh[2]	Chief Risk Officer	January 2019

1 Christian Flemming, former Chief Operating Officer, stepped down in August 2020.
2 Ranjit Singh stepped down as at 31 December 2020. Dimitris Politis (CFO) was appointed ad interim Chief Risk Officer, effective as of 01 January 2021.

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

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

Furthermore, the Chief Executive Officer chairs the Executive Committee and the Global Business Committee and directly oversees the Litigation, Human Resources, Marketing & Communications functions, as well as the Head of Transformation, the Global Private Banking COO and the Global Head Strategic Client Management.

Deputy Chief Executive Officer
The Deputy Chief Executive Officer supports the Chief Executive Officer with the day-to-day management of EFG International and can take over his responsibilities in case of absence.

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

The Chief Financial Officer has the oversight of liquidity and capital management within the general regulations and guidelines set by the Board of Directors, EFG International's Board-delegated Audit and the Risk Committees, and by FINMA and other regulators in jurisdictions where EFG International operates. The Chief Financial Officer oversees and monitors business performance, strategic acquisitions and the EFG International's relationship with rating agencies. He also has primary responsibility for the Investor Relations, Regulatory Affairs, and Group Corporate Office functions. In addition, he supervises the activities of Global Markets & Treasury, Financial Reporting, and Financial Planning & Controlling.

Chief Risk Officer
The Chief Risk Officer is accountable for enabling EFG International's efficient and effective risk governance. The Chief Risk Officer is accountable to the Executive Committee, the Board of Directors and the Risk Committee for enabling the business to balance risk and reward. In the same regard, he is responsible for coordinating the Risk Management approach and for assessing and causing mitigating actions to significant competitive, regulatory, and technological threats to EFG International's capital and earnings. The responsibilities also include managing, identifying, evaluating, reporting and overseeing EFG International's risks externally and internally to ensure a functioning internal control system.

Head of Legal & Compliance
The Head of Legal & Compliance is responsible for legal matters as well as for the management, coordination and supervision of the consolidated compliance risks of the Group. He also supervises the Compliance activities deployed in the entities of EFG International. In this function, he reports to the Risk Committee.

Head of Investment Solutions
The Head of Investment Solutions is responsible for EFG International's global investment activities covering all discretionary and advisory mandates, research and all funds managed by EFG International's Asset Management. He is also responsible for Credit Solutions and all Wealth Solutions activities covering Private Client Trust and Fund Administration Services.

Chief Operating Officer
The Chief Operating Officer is responsible for the management, coordination, supervision, planning and control of Operations, IT, Central Filing, General Services and Client Tax Reporting of EFG International. He is also responsible for the cost management programme across the organisation.

6.2 Information on the members of the Executive Committee

Provisions on the number of permitted external mandates in the Articles of Association
In accordance with the Art. 12 para. 1 point 1 of the Ordinance, the number of permitted external mandates of the members of the Executive Committee are outlined in the Art. 37 of the Articles of Association[1]. The members of the Executive Committee may upon approval by the Board of Directors or the Remuneration & Nomination Committee each have up to three external mandates of which a maximum of one may be in a listed company. Additionally, a member of the Executive Committee may perform up to ten mandates in associations, charitable institutions as well as welfare and pension institutions.

External mandates and vested interests
Please refer to the information provided in the biographies of each member of the Executive Committee below, where the significant activities in governing, advisory and supervising bodies of important organisations, institutions and foundations are mentioned.

Biographies
The following biographies provide information on the mandates, memberships activities and functions of the members of the Executive Committee as required by the SIX Swiss Exchange Corporate Governance Directive (situation as at 31 December 2020).

[1] See www.efginternational.com/articlesofassociation

Corporate governance

Piergiorgio Pradelli
Chief Executive Officer

Appointed as a member
June 2012
Year of birth and nationality
1967 I Italian

Professional history and education
Piergiorgio Pradelli was appointed Chief Executive Office of EFG International in January 2018. Prior to this, Mr Pradelli held the role of Deputy Chief Executive Officer and Chief Financial Officer of EFG International and EFG Bank since January 2014 and June 2012, respectively.

Previously, Mr Pradelli was Head of International Operations at Eurobank Ergasias SA and a member of the Executive Committee, from 2006 until 2012. Prior to this, he served as Deputy Finance Director in London for EFG Bank European Financial Group SA, from 2003 to 2006, participating in major EFG Bank European Financial Group SA restructuring and strategic initiatives, notably the initial public offering of EFG International in 2005.

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

He holds a degree in economics and business administration from the University of Turin, Italy.

Mandates in other EFG entities
Chief Executive Officer and member of the Executive Committee, EFG Bank AG
Member of EFG International Global Business Committee
Member of EFG Regional Advisory Board for Latin America
Member of EFG Regional Asia Pacific Advisory Board
Member of the Board, EFG Bank (Monaco) SAM
Member of the Board, EFG Private Bank Limited (UK)
Member of the Board, EFG Investment and Wealth Solutions Holding AG
Chair of the Board, Patrimony 1873 SA, Switzerland

Main external mandates
Member of the Board of Directors, Association of Swiss Asset and Wealth Management Banks (VAV/ABG), Zurich
Member of the Board, Swiss-American Chamber of Commerce, Zurich

Renato Cohn
Deputy CEO and Head of Investment Solutions

Appointed as a member
October 2016
Year of birth and nationality
1972 I Brazilian, German

Professional history and education
Renato Cohn is Deputy Chief Executive Officer of EFG International effective since January 2018. Previously, Mr Cohn has been appointed Head of Investment Solutions and a member of the Executive Committee of EFG International and EFG Bank since October 2016.

From 2009 to 2015, he was co-Head of BTG Pactual Wealth Management in São Paulo. Before that, he served in senior positions as Head of Product and Services and Head of Sales Management at UBS Pactual. He joined Banco Pactual in 1999 and became a partner in 2004. He started his career at Banco Primus, and then worked at Banco Matrix as Head of the Fixed Income Trading Desk.

He holds a Bachelor of Science in Industrial Engineering from the Escola Politécnica of the University of São Paulo.

Mandates in other EFG entities
Deputy CEO and member of the Executive Committee, EFG Bank AG
Member of EFG International Global Business Committee
Member of EFG Regional Advisory Board for Latin America
Member of EFG Regional Asia Pacific Advisory Board
Chair of the Board, EFG Asset Management (Switzerland)
Chair of the Board, EFG Asset Management (Hong Kong)
Chair of the Board, EFG Asset Management (Singapore) PTE Ltd
Member of the Board, Shaw and Partners Ltd
Member of the Board, Patrimony 1873 SA, Switzerland

Yves Aeschlimann
Group Head of Legal & Compliance

Appointed as a member
March 2019
Year of birth and nationality
1967 I Swiss

Professional history and education
In his role as Group Head of Legal & Compliance, Mr Aeschlimann oversees the combined Legal & Compliance division and is responsible for further enhancing EFG's legal and regulatory framework.

Prior to joining EFG International as Group Head of Legal & Compliance and a member of the Executive Committee, Mr Aeschlimann served as Group Head of Legal & Compliance and a member of the Executive Committee at Edmond de Rothschild (Suisse) SA from 2013 to 2019.

Prior to that, he worked as a Senior Financial Sector Specialist in Financial Market Integrity for the World Bank in Washington DC and spent eight years at the Geneva Criminal Justice Department as Investigating Magistrate from 2001 to 2009.

Mr Aeschlimann is a registered barrister and adjunct Professor of Law at the Case Law University in Cleveland, Ohio.

He holds a Master of Law from the University of Geneva, where he also worked as a research assistant for three years.

Mandates in other EFG entities
Head of Legal & Compliance and member of the Executive Committee, EFG Bank AG
Member of EFG International Global Business Committee
Member of the Board, BSI SA

Martin Freiermuth
Chief Operating Officer

Appointed as a member
August 2020
Year of birth and nationality
1970 I Swiss

Professional history and education
In his role as Chief Operating Officer, Mr Freiermuth oversees the entire Operations and IT functions and is responsible for further improving EFG's operational efficiency as well as driving the bank's digitalisation efforts.

Prior to joining EFG International as Chief Operating Officer and a member of the Executive Committee, Mr Freiermuth was with Banque Internationale à Luxembourg, where he worked since 2014, first as Group Head Products & Solutions and since October 2018 as Group Head Products & Markets and member of the Executive Committee. He also served as member of the Boards of Directors for IWI International Wealth Insurer in Luxembourg between 2015 and 2016 and for the Luxemburg Stock Exchange between 2019 and 2020. Before this, Martin Freiermuth worked at Bank Vontobel AG in Zurich for more than ten years from 2002 to 2013. He joined Vontobel as Head Credit & Counterparty Risk and later became a member of the Executive Committee Private Banking, first as Head Private Banking Services and later Head PB Wealth Management Services.

Mr Freiermuth holds a PhD in economics from the University of St Gallen as well as a European Master Diploma of the Community of European Management Schools (CEMS).

Mandates in other EFG entities
Chief Operating Officer and member of the Executive Committee, EFG Bank AG
Member of EFG International Global Business Committee

Corporate governance

Dimitris Politis
Chief Financial Officer

Appointed as a member
January 2018
Year of birth and nationality
1971 I Greek

Professional history and education
As Chief Financial Officer, Mr Politis' responsibilities encompass Finance, Planning & Controlling, Regulatory Affairs, Group Corporate Office and the Investor Relations functions. He oversees the Global Market & Treasury division and was also appointed ad interim Chief Risk Officer effective as of 01 January 2021.

Previously, Mr Politis held the role of Chief Financial Officer at SETE SA (Geneva) and was also responsible for the oversight of strategic investments in the organisation's corporate entities, including EFG International. Mr Politis has been with the EFG Group since 1999, when he first joined EFG Eurobank Ergasias SA, where he was a member of the senior management team and involved in key strategic decisions and initiatives. Before joining SETE SA in 2013, he last held the role of General Manager, Head of Strategy and Investor Relations.

Mr Politis started his career in 1995 at the Charles River Associates management consulting firm.

He holds an MBA degree from INSEAD in France, as well as a Master's degree in Science from the Massachusetts Institute of Technology in Boston (Technology & Policy Programme) and a Bachelor's degree in Aeronautical Engineering from the Imperial College in London.

Mandates in other EFG entities
Chief Financial Officer and member of the Executive Committee, EFG Bank AG
Member of EFG International's Global Business Committee
Member of the Board, EFG Private Bank Limited UK
Member of the Board, EFG Investment and Wealth Solutions Holding AG
Member of the Board, EFG Investment (Luxembourg) SA
Member of the Board, EFG Bank (Luxembourg) SA
Member of the Board, Asesores y Gestores Financieros SA, Spain
Member of the Board, A&G Banca Privada S.A.U., Spain

Ranjit Singh
Chief Risk Officer

Appointed as a member
From January 2019 to 31 December 2020
Year of birth and nationality
1962 I American

Professional history and education
Mr Singh was Chief Risk Officer of EFG International and a member of the Executive Committee from 01 January 2019 to 31 December 2020 when he stepped down to pursue other outside opportunities.

Prior to joining EFG International, Mr Singh served as Group Chief Risk Officer on the Group Executive of Standard Life Aberdeen Plc in Edinburgh and London from 2013 to 2018. Prior to that, he served as Group Chief Risk Officer of Swiss Re AG in Zurich, Switzerland, where he was also a member of the Executive Board and Committee, from 2007 to 2011. From 2002 to 2007, he held the position of Group Chief Risk Officer at Allianz SE in Munich, Germany, where he was also a member of the Group Management. Before joining Allianz, Mr Singh worked at Citigroup from 1989 to 2001, holding several senior management positions in Germany, Belgium, the UK and the USA.

Mr Singh holds a Bachelor of Science in Business Administration from Winona State University in Minnesota, USA, and a Master of Business Administration in International Management from the Thunderbird School of Global Management in Arizona, USA.

Mandates in other EFG entities
Chief Risk Officer and member of the Executive Committee, EFG Bank AG
Member of EFG International Global Business Committee
Member of the Board of Directors, EFG (Middle East) Ltd

Main external mandates
Non-Executive Director, Allied Irish Banks PLC
Member of the Advisory Board, Wilhelm Goethe University International Centre for Insurance Regulation, Germany

6.4 Changes to the Executive Committee in 2020

Beyond Mr Singh who stepped down effective as of 31 December 2020, the following member also stepped down during the year.

Christian Flemming
Chief Operating Officer

Christian Flemming was Chief Operating Officer and a member of the Executive Committees of EFG International and EFG Bank from 15 January 2018 to 15 August 2020 when he decided to pursue other outside opportunities.

Previous to this, Mr Flemming was Head of Finance at Banco BTG Pactual SA and before that Chief Operating Officer at BSI SA until the acquisition by EFG International. He also worked at Banco BTG Pactual SA as Chief Operating Officer of the Investment Banking division and, amongst others, was a member of the Board of Directors of Banco BTG Pactual Chile. Before joining BTG Pactual, Mr Flemming worked in Investment Banking for Pátria Banco de Negócios and as a consultant for Stern Stewart & Co in São Paulo.

Mr Flemming is a German citizen and was born in 1975. He holds a Bachelor of Science in Business Administration from EAESP, Fundação Getúlio Vargas as well as a Bachelor of Science in Engineering from the Escola de Engenharia, Universidade Mackenzie in São Paulo, Brazil.

6.6 Global Business Committee (GBC)

6.6.1 Composition, organisation and functional responsibilities

In July 2018, the EFG International Executive Committee established the Global Business Committee (GBC), with an advisory role in assessing and validating business strategies, key business aspects and priorities as well as in debating industry trends and issues.

The Global Business Committee consists of the members of EFG International's Executive Committee and of the regional Heads and selected senior managers. As at 31 December 2020, the Global Business Committee comprised of the members of the Executive Committee (see section 6.1) and of the additional members indicated in the following table:

	Function	Member of the Committee since
Albert Chiu	Head of Asia Pacific Region	July 2018
Sir Anthony Cooke-Yarborough	Private Banking Chair	July 2018
Marcelo Coscarelli	Head of Latin America Region	July 2018
Adrian Kyriazi[1]	Head of Continental Europe & Middle East Region	July 2018
Kurt Haueter	Head of Global Markets & Treasury	January 2020
Franco Polloni	Head of Switzerland & Italy Region	July 2018
Richard A A Thomas MBE	Head of UK Region	January 2019

[1] Stepped down as of 31 December 2020. Mr P. Ramsey was appointed the Head of Continental Europe & Middle East Region effective as of 01 January 2021

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

Head of Global Markets & Treasury
The Head of the Global Markets & Treasury division is responsible for the trading and execution in all the different asset classes on the financial markets for EFG International worldwide. The position requires the participation to various executive delegated committees like the Asset & Liability Committee, the Country & Counterparties Risk Sub-Committee, the Group Product Committee and the Financial Risk Committee.

Head of Continental Europe & Middle East Region
The Head of Continental Europe & Middle East Region assumes regional business responsibility for EFG International's private banking business in Continental Europe as well as in the Middle East and the Eastern Mediterranean target markets.

Head of Switzerland & Italy Region
The Head of Switzerland & Italy Region assumes regional business responsibility for the private banking and independent asset managers activities in Switzerland. He is also responsible for the private banking business in Italy and Liechtenstein.

Head of UK Region
The Head of the United Kingdom Region assumes regional business responsibility for the private banking activities of EFG International in the United Kingdom and the Channel Islands.

Head of Asia Pacific Region
The Head of Asia Pacific Region assumes regional business responsibility for the private banking activities of EFG International in the Asia Pacific region.

Head of Latin America Region
The Head of Latin America Region has functional regional business responsibility for the presence and for the wealth management activities of EFG International in the Americas, consisting mostly of Latin American clients.

Private Banking Chair
The Private Banking Chair reports directly to the Chief Executive Officer and works with Regional Business Heads and their Heads of Private Banking to generate profitable and sustainable growth globally. This includes leading key client initiatives and supporting commercial activities, as well as recruitment and development of Client Relationship Officers.

6.6.2 Information on the members of the Global Business

The Global Business Committee comprises of the members of the Executive Committee and the following additional members (situation as at 31 December 2020).

Albert Chiu
Head of Asia Pacific Region

Appointed as a member
July 2018
Year of birth and nationality
1965 I Hong Kong

Professional history and education
Albert Chiu is the Head of Asia Pacific Region of EFG International since June 2016. Mr Chiu joined EFG Bank in 2000 and established EFG Bank's private banking operations in Asia (with branches in Hong Kong and Singapore) and has been appointed the Chief Executive of EFG's Asia Pacific Region since 2009.

Prior to joining EFG, Mr Chiu was Treasury Manager at the Hong Kong Branch of HSBC Bank USA (1993–2000), and from 1987 to 1993 he worked for Citibank Hong Kong as Vice President of the Treasury Department.

He holds a bachelor's degree in Business Administration (Hon.) of the Chinese University of Hong Kong and completed the Advanced Management Program of Harvard Business School. He also completed a diploma course in the Sophia University in Japan.

Mandates in other EFG entities
Head of Asia Pacific Region, EFG Bank AG
Executive Chair of EFG Asia Pacific Region
Member of the Board, Shaw & Partners Ltd, Sydney

Sir Anthony Cooke-Yarborough
Private Banking Chair

Appointed as a member
July 2018
Year of birth and nationality
1956 I British

Professional history and education
Sir Anthony Cooke–Yarborough is the Private Banking Chair of EFG International since January 2019. Previously, he has held a number of board and executive roles within EFG International. He was Head of EFG International's UK Region from 2016 to January 2019 and was Chief Executive Officer of EFG Private Bank Ltd, London, EFG International's wholly owned subsidiary in the United Kingdom from 2011 to 2019. He was also a member of the Board of Directors of EFG International's subsidiaries EFG Private Bank Ltd, London, EFG Private Bank (Channel Islands) Ltd, Guernsey, and EFG Asset Management (UK) Ltd, London.

Sir Anthony joined EFG Private Bank Ltd in 2009 and served as Head of Private Banking until his appointment as Chief Executive Officer in June 2011. From 2005 until 2009, he served as Chief Executive of Mourant Private Wealth, Jersey. Prior to that he was Head of UK Private Banking and Chief Executive Officer of Barclays Private Bank Ltd (2002 to 2005) and from 1997 to 2002 served as Executive Director at Merrill Lynch International Bank, London, ultimately as Deputy Head of UK Private Client business.

Sir Anthony started his career at Lloyds Bank international in 1980 and held various senior management positions in the USA and Latin America, ultimately as Director International Investments, Brazil.

He holds a degree in economics from Gonville & Caius College, Cambridge University.

Mandates in other EFG entities
Member of the Board, EFG (Middle East) Ltd

Marcelo Coscarelli
Head of Latin America Region

Appointed as a member
July 2018
Year of birth and nationality
1971 I Brazilian and US

Professional history and education
Before joining EFG International in 2017 as Head of Latin America Region, Mr Coscarelli worked at Citibank Latin America as Managing Director and Head of the Wealth Management Business, covering international high-net-worth and affluent clients. From 2008 to 2012, he was Chief Operating Officer of Itau Private Bank International, based in Miami. Before that, he worked at UBS as Head of the Brazil Wealth Management Sales Desk in Zurich, and at Citigroup as Head of Citigold Wealth Management for Europe, the Middle East and Africa, based in London. He also held different positions with the Citigroup Private Bank.

He holds an MBA from the University of Chicago, USA, and a bachelor's degree in economics from University of Campinas (UNICAMP) in São Paulo, Brazil.

Mandates in other EFG entities
Member of the Executive Committee and Board, EFG Capital International Corp
Member of the Executive Committee, EFG Capital Holdings Corp
Member of the Board, EFG Capital Holdings Corp
Member of the Board, EFG Asset Management (Americas) Corp

Kurt Haueter
Head of Global Markets & Treasury

Appointed as a member
January 2020
Year of birth and nationality
1972 I Swiss

Professional history and education
As Head of Global Markets & Treasury, Mr Haueter reports to the Chief Financial Officer and is responsible for overseeing the Global Markets & Treasury division in order to drive forward the financial contribution of the division, the business development initiatives and support EFG International's private banking business globally.

Mr Haueter has been with EFG International since 2009 and has an in-depth knowledge of the bank and its businesses, as well as extensive industry expertise. He has held the role of Global Head of Treasury & ALM since November 2016. From 2011 to 2016, he was Head of Financial Markets and prior to that served as Head of Treasury at EFG Financial Products (Leonteq) and EFG Bank. Before joining EFG International, he worked as Senior Treasury Officer at Swiss Re in Zurich and London from 2002 to 2009.

He holds an Executive Master in corporate finance from the Institute for Financial Services of the University of Applied Sciences of Central Switzerland, and a BSc in Business Administration from the Zurich University of Applied Sciences.

Mandates in other EFG entities
Member of the Executive Committee, EFG Bank AG

Adrian Kyriazi
Head of Continental Europe & Middle East Region

Appointed as member
From July 2018 to 31 December 2020
Year of birth and nationality
1960 I Greek

Professional history and education
Mr Kyriazi joined EFG International as Head of Private Banking Switzerland in 2014 and then became Head of Continental Europe & Middle East Region. After being member of the Executive Committee of EFG International and EFG Bank, he was appointed member of the Global Business Committee in July 2018 until 31 December 2020 when he decided to step down to pursue outside opportunities.

Prior of joining EFG International, Mr Kyriazi was with Credit Suisse, where from 2010 to 2014 he was Managing Director, Market Group Head for Greece, CEE/Poland. Prior to that, he spent 19 years at HSBC in a variety of different roles, including Managing Director, Private Banking and Co-Chief Executive Officer, HSBC Private Bank, Monaco; Chief Executive Officer of West Coast Region, USA, HSBC Private Bank; and Chief Executive Officer of Global Practices (encompassing wealth and tax advisory, corporate finance, and family office), HSBC Private Bank.

He holds a master's degree in law from Robinson College, Cambridge University.

Mandates in other EFG entities
Member of the Board, EFG Investment (Luxembourg) SA
Member of the Board, EFG Bank (Luxembourg) SA
Member of the Board, Asesores y Gestores Financieros SA, Spain
Member of the Board, A&G Banca Privada SA, Spain
Member of the Board, EFG Bank (Monaco) SAM
Member of the Board, Oudart SA, Paris
Member of the Board, EFG (Middle East) Ltd

Franco Polloni
Head of Switzerland & Italy Region

Appointed as a member
July 2018
Year of birth and nationality
1965 I Swiss

Professional history and education
Mr Polloni joined EFG International in 2017 and, since then, has held a number of executive positions, among which Head of Central Switzerland, Ticino & Italy Region.

Before joining EFG International, Mr Polloni was Head of Private Clients & Asset Management and member of the Executive Board of Banca del Ceresio in Lugano, a role he took in December 2014. Between 2008 and 2014, he held various leadership positions at BSI and was Head of Private Banking Switzerland and member of the Group Executive Board from 2011 to 2014. From 2001 to 2008, he worked at Banca del Gottardo, where he was appointed member of the Executive Board in 2006 and served as Head Products & Services until the bank's integration into BSI in 2008. From 1997 to 2001, he has worked for Coopers & Lybrand (later PricewaterhouseCoopers) as manager in tax department advising international corporations and individuals. He began his career in 1993 with Ernst & Young in Zurich.

He holds a degree in business and economics from the University of Zurich and a diploma as a Swiss federal tax expert, a Trust & Estate Practitioner (TEP) and Certified Financial Planner (CFP).

Mandates in other EFG entities
Member of the Executive Committee, EFG Bank AG
Member of the Board, Oudart SA, Paris
Member of the Board, EFG Bank (Luxembourg) SA
Deputy Chair of the Board, EFG Bank von Ernst, Liechtenstein
Deputy Chair of the Board, Patrimony 1873 SA, Switzerland

Richard A A Thomas MBE
Head of UK Region

Appointed as a member
January 2019
Year of birth and nationality
1967 I British

Professional history and education
Capt. Thomas joined EFG International in 2019 as Chief Executive Officer of EFG Private Bank Ltd, London, EFG International's wholly owned subsidiary in United Kingdom.

Prior to joining EFG, Capt. Thomas worked at Barclays UK, where he last held the role of Chief Operating Officer, Savings, Wealth and Investments. He joined Barclays in 2008 and served as Chief Operating Officer UK Private Bank from 2015 to 2017 and Business Head London Region and Specialist Proposition UK from 2012 to 2015. Before that, he was a Managing Director and Team Leader UK. Prior to his career at Barclays, he held senior posts in the UK's Ministry of Defence having attained the rank of Captain in the Royal Navy.

He holds a Sloan Fellowship MSc in business strategy and leadership from London Business School as well as a master's degree in defence studies from King's College London. He was awarded the MBE by Her Majesty The Queen in the year 2000 for service abroad.

Mandates in other EFG entities
Chief Executive Officer and member of the Board, EFG Private Bank Ltd
Member of the Board, EFG Private Bank (Channel Islands) Ltd

6.6.3 Changes to the Global Business Committee in 2020

Members who stepped down from the Global Business Committee in 2020

Beyond Mr Kyriazi who stepped down effective as of 31 December 2020, and Mr Flemming, effective as of 15 August 2020, the following member also stepped down during the year:

Mark Bagnall
Chief Technology Officer

Member of the Global Business Committee from July 2018 to April 2020.

Mark Bagnall was the Chief Technology Officer of EFG International and EFG Bank. After being a member of the Executive Committee of EFG International and EFG Bank, he was appointed as a member of the Global Business Committee in July 2018 until April 2020 when he decided to step down to pursue outside opportunities. Previously, he held the role of Chief Operating Officer since January 2011 after joining EFG International in December 2008.

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

Mr Bagnall is a British citizen and was born in 1967. He holds a Bachelor of Science in mathematics and computer science from Liverpool University.

New members joining the Global Business Committee in 2021

Patrick Ramsey
Head of Continental Europe & Middle East Region

Appointed as a member
January 2021
Year of birth and nationality
1969 I Swiss

Mr Ramsey was appointed Head of Continental Europe & Middle East Region, effective as of 01 January 2021. In this role, and reporting directly to the CEO, Giorgio Pradelli, Mr Ramsey is responsible for further enhancing EFG International's private banking business in Continental Europe as well as in the Middle East and the Eastern Mediterranean target markets.

Mr Ramsey is a seasoned wealth management and private banking professional with more than 27 years of experience in the industry. Before joining EFG International, he served as Head of Wealth Management and member of the Executive Committee at CA Indosuez (Switzerland), where he worked since 2013 until early 2020. From 2010 to 2013, Mr Ramsey was the General Manager of Barclays (Suisse) SA and Country Manager Switzerland for Barclays Group.

Prior to that, he was the General Manager and CEO of Merrill Lynch Bank (Suisse) SA, where he worked from 2002 to 2010, holding a variety of senior management positions.

He holds a major in Finance and Marketing from the University of Lausanne, HEC School.

7. Definition of areas of responsibility between the Board and the Executive Committee

As indicated in section 4.4 above, the Board of Directors of EFG International is ultimately responsible for supervision of the management of EFG International. The Board of Directors sets the strategic direction of EFG International and monitors its implementation. Details of the powers and responsibilities of the Board of Directors can be found in the Organisational and Management Regulations[1].

The Board of Directors has delegated the operational management of EFG International to the Chief Executive Officer and the Executive Committee. Members of the Executive Committee, under the responsibility of the Chief Executive Officer and the control of the Board of Directors, manage the operations of EFG International, pursuant to applicable internal regulations and report thereon to the Board of Directors on a regular basis.

EFG International Executive Committee

The Executive Committee is responsible for the implementation of EFG International's overall strategy, within the respective parameters established by the Board of Directors and is accountable for all operational and organisational matters as well as for the operating results. The Executive Committee is responsible for the day-to-day activities of the Company. Consistent with strategy set by the Board of Directors, the Executive Committee is responsible for implementing business strategies, risk management systems, risk culture, processes and controls for managing the risks – both financial and non-financial – to which EFG International is exposed and concerning which it is responsible for complying with laws, regulations and internal policies.

Details of the powers and responsibilities of the Executive Committee can be found in the Organisational and Management Regulations[1].

Organisational details of the Executive Committee can be found in section 6.1.

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

The Board of Directors supervises the management of EFG International through various meetings with management, including meetings of the Board of Directors and its committees. The Chief Executive Officer, Deputy Chief Executive Officer & Head of Investment Solutions, Chief Operating Officer, and Chief Financial Officer (and other members of the Executive Committee depending on the topics under review) attend the Board of Directors meetings during the year and are available to answer questions from the Board of Directors. The Chief Executive Officer provides a written report to the Board of Directors at each ordinary meeting summarising developments in the business. The Chief Executive Officer is also readily available to answer questions from the Board of Directors.

In addition, the Chief Financial Officer reports on the financial results and the Deputy Chief Executive Officer & Head of Investment Solutions and the Chief Operating Officer on their respective areas to the Board of Directors at each ordinary meeting. Additional reporting to the Board of Directors includes financial reporting, business reporting, business proposals, approvals, staff matters, credit approvals, reports from the various Board-delegated committees, a report on claims and litigations and any other business matters. Members of the management responsible for the finance and accounting functions, including the Chief Financial Officer, attend the Audit Committee meetings and are available to answer questions from the committee relating to the financial statements.

The Group Head of Legal & Compliance attends the Risk Committee meetings and is available to answer questions relating to compliance issues.

The Chief Risk Officer provides oversight of all major areas of risk within EFG International. He also provides an update on the overall key risk aspects of EFG International at each regular meeting of the Risk Committee and provides an annual written risk assessment to the Audit Committee. Please also see the information about risk management in note 5 to the consolidated financial statement on pages 97 onwards.

Internal Audit

Internal audit services are provided to EFG International by the Audit Services Department (ASD) which is governed by an internal audit charter duly approved by the Audit Committee. In accordance with the Organisational and

[1] See www.efginternational.com/internalregulations

Management Regulations[1] and the Internal Audit Charter, the mission of internal audit is to support the Board of Directors in their statutory responsibility for ensuring that the operations of EFG International are conducted according to the highest standards by providing an independent, objective assurance function and by advising on best practice. ASD provides copies of all internal audit reports to the external auditors and maintains a dialogue with the external auditors to share risk issues arising from their respective audits. Through a systematic and disciplined approach, internal audit helps EFG International accomplish its objectives by evaluating the effectiveness of risk management, control and governance processes and making recommendations for improvement. To ensure independence, internal audit reports directly to the Audit Committee, which reports on its activities to the Board of Directors. The Chief Internal Auditor has, for the purpose of performing his duties, the right of unlimited access to all information, premises, resources and people necessary for the performance of internal audits.

8. Other information

8.1 Management contracts

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

8.2 Compensation, shareholdings and loans of the members of the Board of Directors and the Executive Committee

In application of Art. 5 and Art. 13 of the Ordinance, the Board of Directors issued a Compensation Report for the year ended 31 December 2020. The Compensation Report includes all compensation directly or indirectly paid to current members of the Board of Directors and of the Executive Committee, as well as any direct or indirect remuneration to former members of the Board of Directors and of the Executive Committee in connection with their prior functions. The Compensation Report also discloses the loans and credits granted directly or indirectly by the Company to the members of the Board of Directors and the Executive Committee as well as loans, credits and remuneration to closely related parties thereof, which are not granted at market conditions.

Details about the remuneration framework for members of the Board of Directors and the compensation framework for Executive Committee members can be found in the Compensation Report in sections 4 and 5 on pages 69 ff. of this Annual Report.

In addition to the aforementioned, further details on the compensation and compensation-related elements granted to the members of the Board of Directors and of the Executive Committee can be found in the following provisions of the Articles of Association[2].

- Art. 17 and Art. 18 of the Articles of Association defining the mechanism for the approval of the compensation of the Board of Directors and the Executive Committee by the general meeting of shareholders
- Art. 30 of the Articles of Association describing the authorities and the procedure of determining the form and amount of compensation for members of the Board of Directors and the Executive Committee
- Art. 32 and Art. 33 of the Articles of Association determining the basic principles and elements of the compensation for members of the Board of Directors and the Executive Committee
- Art. 34 of the Articles of Association determining the available additional amount for payments to members of the Executive Committee appointed after the vote on pay at the general meeting of shareholders
- Art. 35 of the Articles of Association on the principles applicable to performance-related variable compensation and to the allocation of equity securities or Restricted Stock Units as part of the Company's shareholding programmes for members of the Executive Committee
  - Art. 35a of the Articles of Association on the principles applicable to variable compensation for members of the Board of Directors
- Art. 36 of the Articles of Association containing the rules on pension benefits not based on occupational pension schemes
- Art. 36a of the Articles of Association describes the principles for granting loans and credits to the members of the Board and the Executive Committee

Details about the compensation paid to the members of the Board of Directors and the Executive Committee in 2020 and 2019 can be found on pages 76 ff. of the Compensation Report.

Details about the shareholdings of the members of the Board of Directors and the Executive Committee, can be

[1] See www.efginternational.com/internalregulations

[2] See www.efginternational.com/articlesofassociation

found on section 7.5 and section 8.3 of the Compensation Report or in the financial statements of EFG International, note 21 (i), page 233.

9. Changes of control and defence measures

9.1 Duty to make an offer

EFG International has not taken any defence measures against takeover attempts. Therefore, there are no statutory rules on 'opting up' and 'opting out'. The Articles of Association contain no provision which would rule out the obligation of an acquirer of shares exceeding the threshold of 33.33% of the voting rights to proceed with a public purchase offer (opting-out provision pursuant to Art. 125 FMIA) or which would increase such threshold to 49% of the voting rights (opting-up provision pursuant to Art. 135 para. 1 FMIA).

9.2 Clauses on changes of control

Options and Restricted Stock Units granted to employees would become exercisable during the extended offer period granted by the offeror upon a mandatory or a voluntary tender offer that becomes unconditional according to the FMIA. In the event that more than 90% of EFG International registered shares are acquired by a company listed at a recognised stock exchange, options or Restricted Stock Units become exercisable or the outstanding options can be exchanged prior to the start of the exercise period by replacing the options or Restricted Stock Units with options to acquire shares of the successor company (Successor Options) on terms and conditions which will result in such Successor Options being in all other material aspects identical to those that apply to options or Restricted Stock Units.

10. Auditors

10.1 Duration of mandate and term of office of Head Auditor

PricewaterhouseCoopers SA (PwC), Geneva, were appointed as statutory auditors and group auditors of EFG International on 08 September 2005, when EFG International was incorporated. The shareholders must confirm the appointment of the auditors on an annual basis at the general meeting.

Mr Thomas Romer has taken up office as lead audit partner on 26 April 2019 in addition to the Global Relationship Partner responsibility which he has assumed since 2015.

10.2 Auditing fees

During the 2020 financial year, PwC received fees totalling CHF 5.7 million for the audits of EFG International and its subsidiaries.

10.3 Additional fees

For additional audit-related services covering topics such as accounting, controls reporting as well as compliance, PwC received fees totalling CHF 0.6 million during the 2020 financial year from EFG International.

For additional consulting-related services comprising legal, IT, tax and other project-related counselling, EFG International Group paid PwC fees totalling CHF 1.5 million during the 2020 financial year.

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

The Audit Committee, on behalf of the Board of Directors, monitors the qualification, performance and remuneration of the statutory external auditors ('auditors') in order to satisfy itself as to their independence. Among others, the Audit Committee confers with EFG International's auditors about the effectiveness of the internal control system in view of the risk profile of the EFG International.

The auditors report annually to the Audit Committee the recurring and non-recurring fees they receive for professional services provided throughout the EFG International Group. On a quarterly basis, the auditors report to the Audit Committee the approved mandates throughout the EFG International Group for conducting permissible non-audit/non-recurring services and how these compare to the approved fees for audit/recurring services. Additionally, the auditors assure the Audit Committee on an annual basis as to whether they comply with the rules of the EFG International Group's External Auditor Independence Policy and their internal rules regarding auditor independence.

The auditors report to the Audit Committee on areas where critical accounting estimates/judgements are made by management, on alternative treatments of financial information discussed with management, corrected and uncorrected misstatements, and other significant written communication between the auditors and management.

The Audit Committee meets regularly with the lead audit partners, at least four times per year. In addition, the Chair of the Audit Committee discusses with the lead audit partners the audit work performed, their main conclusions and potential important issues that arose during the audit.

The Chair of the Audit Committee briefs the Board of Directors about the Audit Committee's contacts and discussions with the auditors.

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

11. Information policy

EFG International regularly informs its shareholders and the public by means of Annual and Half-Year Reports, Compensation Reports, Pillar III disclosures as well as media releases and presentations as needed. The documents are available, in electronic form at:
www.efginternational.com/financial-reporting
www.efginternational.com/investors
www.efginternational.com/press-releases
as well as in printed form upon request.

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

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

Additional corporate information, such as documents related to general meetings, Articles of Association and Organisational and Management Regulations, can be found at:
www.efginternational.com/agm
www.efginternational.com/articlesofassociation
www.efginternational.com/internalregulations

Financial calendar
Important dates:
29 April 2021: Annual General Meeting, Zurich
04 May 2021: Ex-dividend date
05 May 2021: Record date
06 May 2021: Dividend payment date
21 July 2021: Publication of half-year results 2021

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

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

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Compensation report

Compensation report

The Company's compensation is governed by the Ordinance against Excessive Compensation in Listed Companies (the Ordinance), the Articles of Association (AoA) and the Company's Organisational and Management Regulations (O&MR). All internal regulations mentioned in this report are available on our website www.efginternational.com.

1. Total remuneration approach

1.1. Total remuneration principles

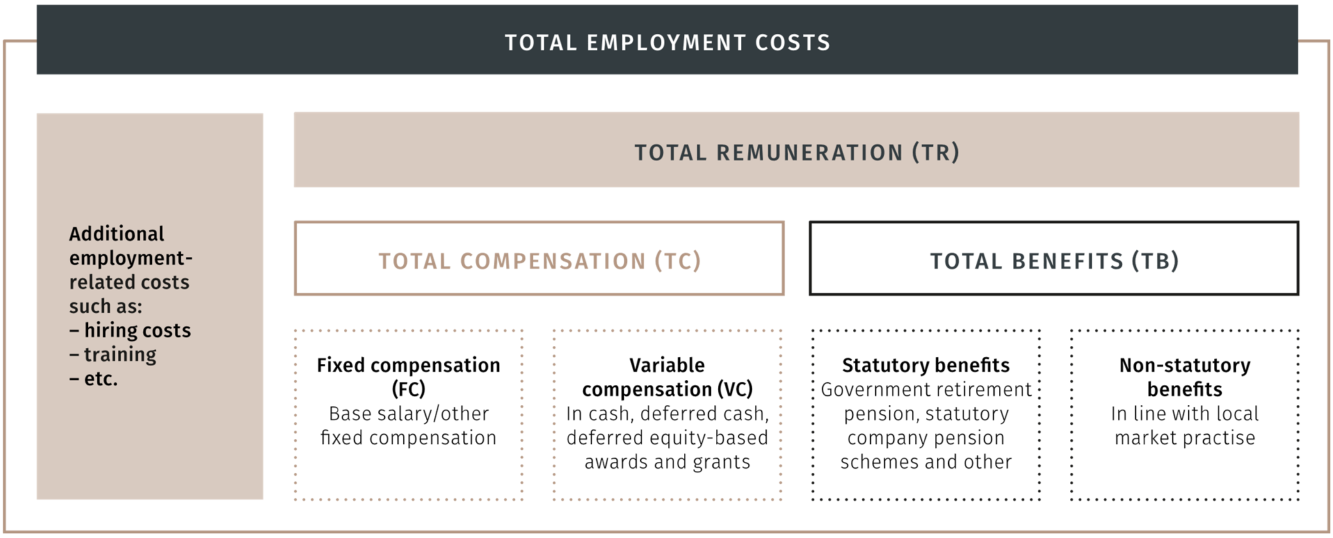
EFG International Group uses a total remuneration approach which includes fixed and variable remuneration as well as statutory and non-statutory benefits. Furthermore, the following principles govern this approach:
- Total remuneration must support the development and implementation of business plans; it must be funded out of business results, and includes a substantial risk-adjusted variable component for profit generators.
- EFG International Group is known for its distinctive CRO remuneration model and this shall remain a core part of how the bank operates.
- Total remuneration supports meritocracy; remuneration follows function and not hierarchy and is based on factual assessments of individual contributions to the short- and longer-term sustainable success of EFG International Group.
- In calibrating total remuneration levels, market competitiveness within specific functions or business units takes priority over internal comparability across functions or business units.

2. 2020 AGM approved variable compensation 2019 and fixed compensation 2020

At the 2020 AGM, shareholders approved the aggregate maximum fixed compensation of the Board of Directors of CHF 3.675 million for the term of office from the 2020 AGM to the closure of the 2021 AGM. This amount was increased to CHF 3.745 million at the Extraordinary General Meeting 08 December 2020. This includes fixed compensation, social charges and pension contributions.

At the 2020 AGM, shareholders approved a maximum aggregate fixed compensation amount of CHF 7.6 million for the members of the Executive Committee for the business year 2020. This includes fixed compensation, social charges and pension scheme contributions.

In addition, the shareholders approved an aggregate maximum variable compensation amount of CHF 2.9 million for the members of the Executive Committee based on the performance in the business year 2019.



2020 Annual General Meeting approved compensation	Amount (CHF)
Fixed compensation Board of Directors to be paid and awarded for the term of office from the 2020 Annual General Meeting to the 2021 Annual General Meeting	3,745,000*
Fixed compensation Executive Committee to be paid and awarded in the business year 2020	7,600,000
Variable compensation Executive Committee to be paid and awarded in 2020 based on the performance in the business year 2019	2,900,000

* Amount increased from CHF 3,675,000 at the Extraordinary General Meeting on 8 December 2020

3. Performance awards

EFG International Group distinguishes between performance awards for Client Relationship Officers (CROs) and non-CROs.

3.1. Performance award bonus pool for non-CROs

Our performance award bonus pool funding framework for non-CROs is based on EFG International Group and business unit performance, including achievements against a set of performance targets. In addition, we take into consideration at the Company's risk profile and culture and the extent to which operational risks and audit issues have been identified and resolved.

The funding of the non-CRO performance award bonus pool is an ongoing process throughout the year. The size of the pool is dependent on the current year financial performance of EFGI, for which purpose profit sustainability and risk-adjustments are considered via the concept of economic profit.

The allocation of the performance award bonus pool is linked to relative regional business performance and reflects headcount and employee location. For all non-CROs in the business as well as for global function, support function and control function, quantitative and qualitative assessments covering risk management and conduct are considered.

The performance award bonus pool for non-CROs is reviewed by the CEO and presented to the Remuneration & Nomination Committee, which may apply a positive or negative discretionary adjustment to the performance bonus award pool, including recommending a zero award before its final recommendation to the Board of Directors.

3.1.1. Adjustment for qualitative performance – Business Development

Business development adjustments result from relative performance versus peers.

3.1.2. Adjustment for qualitative performance – Risk & Conduct

Assessment with respect to regulatory compliance and risk (such as legal, compliance, reputational and operational risk) as well as alignment with the Company's values.

3.1.3. Recommended regional and functional performance award bonus pool

The performance award bonus pool determination process is based on quantitative and qualitative assessments and results in a recommendation from the Group CEO to the Remuneration & Nomination Committee.

3.1.4. Final Group performance award bonus pool for non-CROs

The Remuneration & Nomination Committee considers the recommendation with respect to the factors outlined above and verifies it is in line with EFG International Group's strategy and its Total Remuneration Principles to create sustainable shareholder value and support the growth of the Company. The Committee may alter the recommendation of the Group CEO (upward or downward, including recommending a bonus pool of nil), before making its final recommendation to the Board of Directors.

3.2. Performance award approach for Client Relationship Officers (CROs)

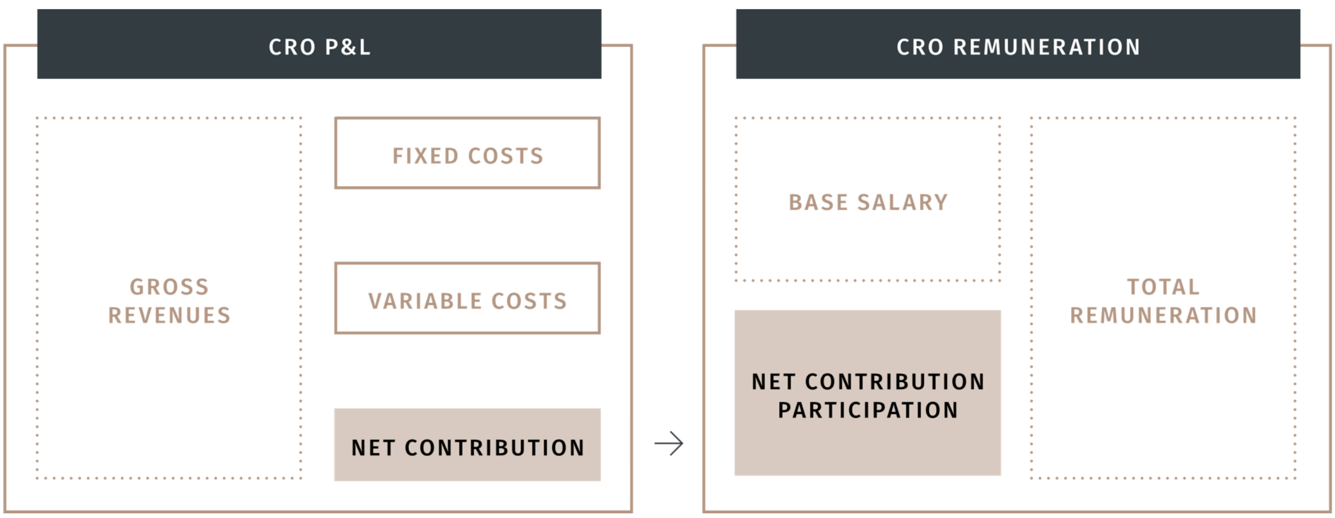
EFG International generally only hires experienced bankers for the role of CROs who bring with them previous business development experience in this area.

The Company is known for its distinctive CRO remuneration approach which rewards CROs based on net contribution, taking into account the Company's risk management framework, individual conduct in line with the EFGI's corporate values besides growth potential. The CROs are asked to provide top quality service and advice to clients. The CROs are made stakeholders in the business in line with EFG International's entrepreneurial approach within the strict boundaries of EFG International Group's risk management framework and guidelines. CROs have the possibility to build their own team (Client Service Officers and Junior CROs) and benefit from EFG's open architecture approach.

The performance award approach for CROs therefore includes all revenues and related costs attributable to them. Bona fide operational errors leading to losses are debited from their performance award. Losses arising from operational errors, serious mistakes, or non-compliance with internal or external regulations or applicable laws, as well as violation of the EFG International Group's values directly reduce performance awards in line with the CRO risk score card and the yearly conduct assessment.

3.3. Compensation approach for US Financial Advisors – FA CROs

In line with US market practice, the compensation of Financial Advisors consists of revenue and product focused payout and is delivered monthly. Part of Financial Advisors' compensation is deferred over three years and may be reduced in case of unfavourable risk and conduct assessments. The Financial Advisor CRO model foresees no payment of fixed base salary and therefore is a 100% variable compensation approach.



4. Remuneration framework for members of the Board of Directors

The Board of Directors is responsible for the remuneration strategy and approves such remuneration, as recommended by the Remuneration & Nomination Committee, following the principles set forth in the Articles of Association (AoA).

As determined in the AoA, the EFG International's Organisational and Management Regulation and the Terms of Reference of the Remuneration & Nomination Committee, the Remuneration & Nomination Committee has the following key responsibilities, in the name and on behalf of the Board of Directors:

- **With regard to remuneration:**
  To determine the remuneration strategy of EFG International and its subsidiaries, to ensure that decisions made by the Board of Directors in respect of remuneration (in particular general salary increases and bonuses) are complied with and to approve the remuneration and to make recommendations to the Board with regards to the remuneration of the members of the Board of Directors and Executive Committee within the limits set by the General Meeting of Shareholders and to approve the remuneration of senior executives of the Company and its subsidiaries, including management incentive plans, in particular plans using equity. It also ensures that the policy regarding bonuses and other variable compensation elements of employee remuneration is not in conflict with client interests. Finally, it ensures together with the Risk Committee that the remuneration framework is in line with the Group's risk management framework and encourages risk awareness across the organisation.
- **With regard to nomination of Board members:**
  To propose the composition, size and skills of the Board of Directors to adequately discharge its responsibilities and duties; the plans for the succession of the members of the Board of Directors; the selection criteria and processes for the identification and submission to the Board of Directors of suitable candidates to become members of the Board of Directors for election by the General Meeting of Shareholders and; the external directorships and other positions held by any person being considered for the appointment to the Board of Directors or any new appointment for existing members of the Board of Directors (Article 2.10.a of the Organisational and Management Regulations).

EFG International's Remuneration & Nomination Committee consists of seven Board of Directors members, who are elected annually by the shareholders at the Annual General Meeting (AGM).

Among the responsibilities described above the Remuneration & Nomination Committee, on behalf of the Board of Directors, annually:

- Reviews and approves EFG International's remuneration policies and processes
- Reviews the performance award bonus determination and proposes the final performance award bonus pool to the Board of Directors for approval
- Reviews and approves the remuneration of Heads of Control Functions jointly with the Risk or Audit Committee
- Establishes performance targets, evaluates performance and proposes the compensation for EFG International's CEO to the Board of Directors
- Together with EFG International's CEO, reviews performance targets and performance assessments and proposes base salaries and annual performance award for the other members of the Executive Committee
- Proposes the compensation approach for the Board of Directors for approval by the Board of Directors
- Together with the Board of Directors, proposes the maximum aggregate amounts of compensation for the Board of Directors and for the Executive Committee for submission for approval by the AGM

EFG International Group's Remuneration & Nomination Committee currently comprises of the following members of the Board of Directors who were individually elected by the General Meetings 2020 for a term of office of one year.

- Niccolò H. Burki (Chair)
- Emmanuel L. Bussetil
- Peter A. Fanconi
- Mordehay I. Hayim (elected at the EGM of 8 December 2020)
- Steven M. Jacobs
- Périclès Petalas
- Freiherr Bernd-A. von Maltzan

The Remuneration & Nomination Committee meets at least once a year. In 2020, the Remuneration & Nomination Committee held nine meetings with an average participation rate of 90%.

The minutes of the Remuneration & Nomination Committee meetings are sent to all Board of Directors members.

EFG International Group's Remuneration & Nomination Committee reviews annually and recommends to the Board of Directors the form and amount of the compensation of the members of the Board of Directors and any additional compensation to be paid for service as Chairman, for service on committees of the Board of Directors and for service as a chairman of a committee (article 30 paragraph 2 of the Articles of Association).

In line with article 32 of the Articles of Association of EFG International Group, the compensation of the members of the Board of Directors consists of a fixed base fee paid in cash and/or awarded in deferred equity or equity linked instruments with multi-year vesting period. The compensation of the members of the Board of Directors is intended to recognise the responsibility and governance nature of their role, to attract and retain qualified individuals and to ensure alignment with shareholders' interests.

4.1. 2020 compensation framework for Board of Directors members

Those members of the Board of Directors which receive compensation, receive a fixed base board fee and a fee for serving on any of the Board Committees. Remuneration for chairmanship of a board-delegated committee is higher than for a simple membership, considering the greater responsibility and time required to perform the respective chairing role. Fixed base board fees are delivered in cash and/or deferred equity instruments – RSUs (restricted stock units) – which vest over three years.

Members of the Board of Directors have the right to waive their fees. Members of the Board of Directors are not eligible for performance awards and meeting attendance fees. Board of Directors members may not receive severance payments in any form.

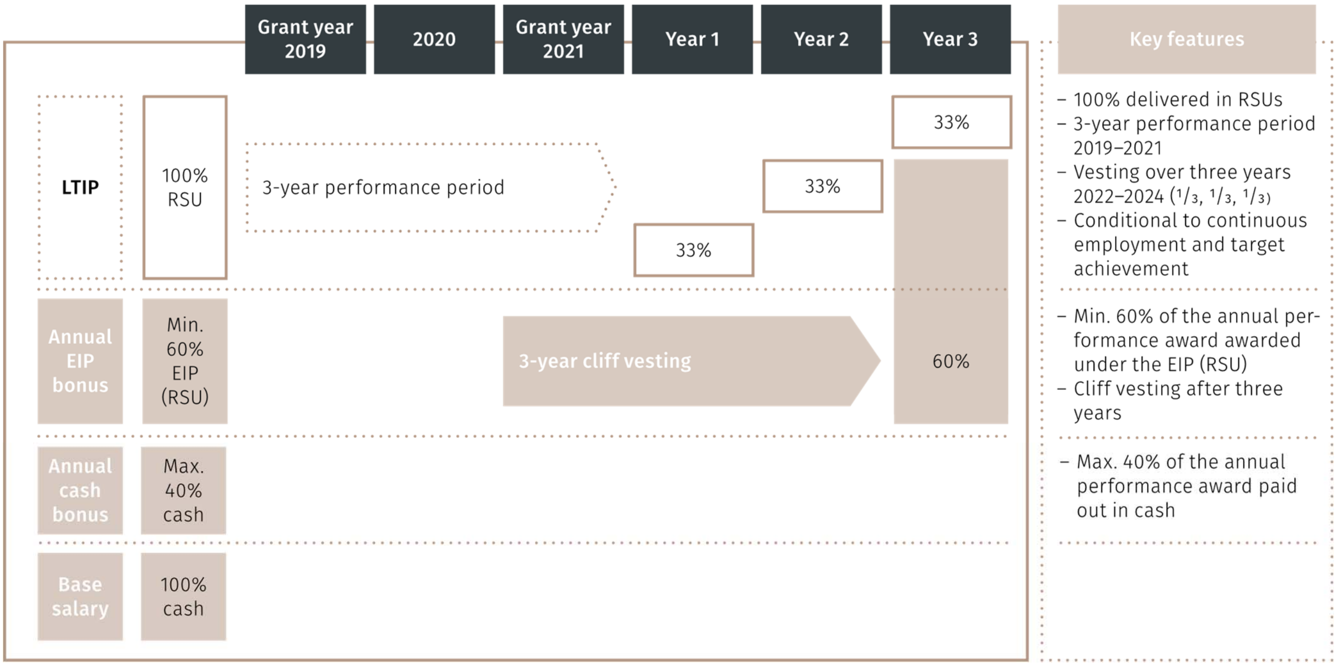
(i) Compensation governance

	Compensation proposal by	**Approval body**
Chair of the Board of Directors	Remuneration & Nomination Committee	Remuneration & Nomination Committee as delegate of the Board of Directors[1]
Board of Directors members	Remuneration & Nomination Committee	Remuneration & Nomination Committee as delegate of the Board of Directors[1]
Group CEO	Chair of the Board of Directors and Remuneration & Nomination Committee	Remuneration & Nomination Committee as delegate of the Board of Directors[1]
Other Executive Committee members	Group CEO and Remuneration & Nomination Committee	Remuneration & Nomination Committee as delegate of the Board of Directors[1]

1 Aggregate compensation for the Executive Committee and aggregate remuneration for the Board of Directors are subject to shareholder approval.

5. Compensation framework for Executive Committee members

The overview below illustrates the compensation elements, pay mix and features for Executive Committee members.



5.1. 2020 compensation framework for Executive Committee members

Executive Committee members' base salary is reviewed annually by EFG International's Remuneration & Nomination Committee. The CEO's annual base salary for 2020 was CHF 1.58 million and has remained unchanged since his appointment in 2017.

Each year, the AGM approves separately the proposals of the Board of Directors on the aggregate maximum amounts of the fixed base salary paid in cash of the Executive Committee members for the following year plus a reserve for new hires and promotions. *Refer to Articles of Association article 18 and 33.*

With respect to awarded variable compensation for the business performance of one year, maximum 40% is paid in the form of cash and at least 60% is deferred until the end of year three in the form of RSUs (restricted stock units). In 2019, variable compensation in the form of an LTIP was granted, however, this incentive is of forward-looking nature and needs to be earned by end of business year 2021 based on three-years average growth and profitability performance targets.

5.2. Executive Committee employment contracts and severance terms

Performance award caps	• Cap of 40% of performance award in cash
Delivery and deferrals	• At least 60% of annual performance awards are at risk of forfeiture for three years • Long-term incentive grant at risk of forfeiture if goals are not achieved • Alignment with shareholders through EIP and LTIP • Final payout of equity-based LTIP grant (100% of performance grant) subject to average three-year performance targets
Contract terms	• No severance payments • Six-month notice period
Other safeguards	• NA

The employment contracts of our Executive Committee members are subject to a six-month notice period. Neither severance payments nor supplemental pension scheme contributions are part of these employment contracts. For Executive Committee members leaving EFG International Group during the performance year, a performance bonus award may be considered to receive such an award as part of the non-CRO performance award pool and is subject to Board of Directors and shareholder approval at the respective AGM.

5.3. Benchmarking for the Group CEO and other Executive Committee members

EFG International Group regularly benchmarks the total compensation of its Executive Committee functions and its CEO to its peer group. For 2019 and 2020, benchmarking with McLagan consisted of the following peer group:

Deutsche Bank	HSBC
Julius Baer	LGT Bank
Lombard Odier	Pictet
UBP	Vontobel

This list of competitors is extended by regional competitors for benchmarking other functions in the different regional businesses.

6. Remuneration framework for employees other than Executive Committee members

6.1. Remuneration elements for all employees

6.1.1. Total remuneration

EFG International Group's approach to compensation focuses on total remuneration, consisting of total compensation as well as total benefits. The Remuneration & Nomination Committee regularly reviews the EFG International's remuneration principles and framework to ensure EFG International Group remains competitive and aligned with stakeholders' interest. In 2019, EFG International Group enhanced its remuneration framework by introducing a prospective long-term incentive plan (LTIP), the details of which are outlined in section 6.2.2. EFGI reviews its approach to fixed compensation as well as variable performance awards to align with market developments, EFG International Group's performance and sustainable returns to the shareholders on a yearly basis.

Fixed compensation development, e.g. base salaries, follows relevant labour markets in line with type of business and function to ensure we offer our employees competitive base salaries. Therefore, salary increases are a direct result of functional promotions, performance, conduct, overall responsibility and skill set.

In principle, employees of EFG International Group are eligible for an annual performance award, depending on the performance of EFG International Group, the employee's organisational unit, individual performance and conduct assessment. Performance awards may be reduced for conduct and risk in case of adverse assessment.

6.1.2. Total benefits

Besides the statutory benefits, EFG International Group offers for all employees, retirement benefits and health insurance, where such is local market practice. Benefits and contributions vary and follow local market practice.

6.2. EFG International Group's deferred compensation plans

6.2.1. Equity incentive plan (EIP)

To align employees' objectives with the company's long-term sustainable goals, risk framework and culture, we defer delivery of part of the annual performance awards. Deferred compensation is mainly provided via our equity-based instrument RSUs (restricted stock units) in the form of our equity incentive plan (EIP) and in a lesser extent via deferred cash. EFG International Group uses a deferral regime of up to three years.

For Executive Committee members, Senior Managers with global responsibility and major risk takers (MRT) as defined by local regulators, a three-year cliff vesting deferral regime is in place.

(ii) Deferral table EIP for 2020 performance award bonuses for all employees (ExCo and other)

Eligible employees		Deferral rules for 2020 bonus delivered in 2021
ExCo members	EFG International Executive Committee members	Minimum 60% of annual bonus is delivered in RSUs with cliff vesting at the end of year 3
GBC members	EFG International Global Business Committee members	Minimum 60% of annual bonus is delivered in RSUs with cliff vesting at the end of year 3
Senior Managers	Local Business Heads, Global Function Heads	Minimum 50% of annual bonus is delivered in RSUs with cliff vesting at the end of year 3
	Heads of Private Banking managing equal or more than CHF 7 billion of Assets under Management	Minimum 50% of annual bonus is delivered in RSUs with ⅓ vesting after year 1, year 2 and year 3
	Senior Managers who are required by local regulations and/or local Remuneration Committees to have at least 50% of their bonus deferred	
	Local Function Heads reporting to Executive Committee/Global Business Committee members	35% of the amount exceeding the annual bonus of CHF 50,000 is deferred in RSUs with ⅓ vesting after year 1, year 2 and year 3
	Heads of Private Banking managing less than CHF 7 billion of Assets under Management	
All other	All other employees including CROs	25% of the amount exceeding the annual bonus of CHF 50,000 is deferred in RSUs with ⅓ vesting after year 1, year 2 and year 3

6.2.2. Long-term incentive plan (LTIP)

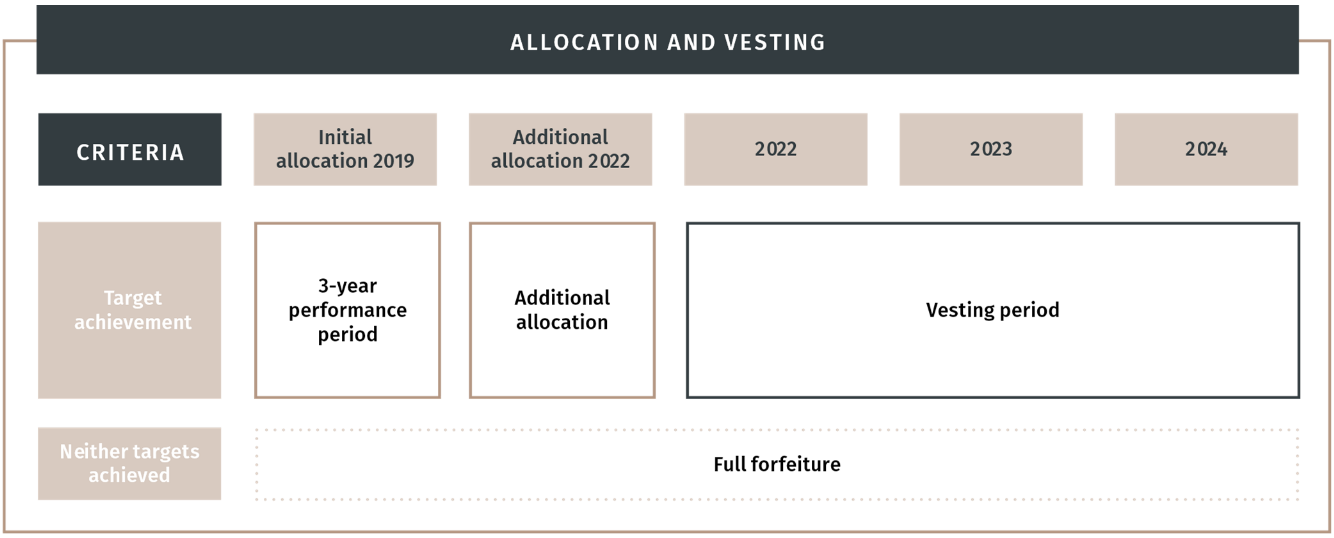
In 2019 EFG International launched a one-time long-term incentive plan (LTIP) for its members of the Executive Committee, Global Business Committee and other Senior Managers with a prospective three-year performance period. This plan is meant to further align management's interests and ambitions with those of the shareholders through increased stock-based remuneration, and to honour valuable employees as well as to incentivise long-lasting employment relationships.

The LTIP grants 8 million EFG International shares via restricted stock units (RSUs) in the base case scenario. Subject to meeting minimum thresholds and performance targets by the end of the three-year performance period, the award of RSUs will be within 45% to 140% of the base case allocation, corresponding to achieved targets and risk and conduct assessment. This plan therefore uses a bonus/malus approach. If either of the minimum financial and business targets are not achieved, the whole grant of RSUs is forfeited. In case minimum targets are achieved, the final award will amount to between 3.6 million and 11.2 million RSUs.

The RSUs are allocated in two tranches over the three-year performance period. 4.7 million RSUs were granted at the beginning of the performance period in 2019. The balance of RSUs will be allocated to the plan participants after the performance period end of 2021. In case the targets are not achieved, no further RSUs will be allocated. For Executive Committee members, the envisaged full award (i.e. 140% of the base case scenario) was allocated at the beginning of the performance period with special restrictions and forfeiture terms, resulting in an equal treatment of, and equal incentive, for all participants of the LTIP.

The RSUs once earned, shall vest over three years starting 2022 until 2024, conditional to continuous employment, providing the LTIP with a retention focus after the three-year performance period.

LTIP delivery overview



6.3. Other variable compensation components

To support recruiting and retention at senior levels, EFG International Group may offer certain other compensation elements, such as:

- buy-out payments to compensate employees for deferred performance awards with their former employer, which forfeited as a result of joining EFG International. We strictly follow a like-to-like approach in such cases with respect to deferral periods and instruments in which such awards were made as far as our employee incentive plans allows us;
- retention awards made to employees to induce them to stay and support the implementation of critical projects, such as divestments or reorganisations. Such awards may be delivered partially in a deferred form;
- on a limited basis, guarantees may be required to attract individuals with certain skills and experience – these incentives follow our standard equity-based deferral rules and are limited to the first year of employment.
- award grants to employees hired in the second half of the business year to replace performance awards which they would have earned at their former employers but lose by joining EFG International. Such awards are delivered as part of the normal performance award time vice as well as using our standard equity-based deferral rules.

Below Executive Committee level, severance payments may occur in line with regulatory requirements, local market practice and local social plans negotiated with our local social partners.

7. 2020 Board of Directors compensation

7.1. Chairman of the Board compensation

COMPENSATION MIX

CHF 0.2 MILLION — **20%** unvested RSUs with ⅓ vesting after year 1, year 2 and year 3

CHF 0.8 MILLION — **80%** cash

The Chairman's total compensation for the term from AGM to AGM is contractually fixed without any variable component. For the current period from the 2020 AGM to the 2021 AGM, his compensation amounted to CHF 1 million, excluding social charges, pension scheme contributions and benefits. The Chairman's fixed compensation for the current period consisted of a cash payment of CHF 0.8 million and a deferred equity award of CHF 0.2 million in the form of RSUs (restricted stock units) which vest over three years. The deferred equity award is a new compensation element for the Chairman function and links the Chairman's pay with EFG International Group's long-term performance.

Compensation of the Chair of the Board of Directors (audited)

		Fixed compensation (1)		**Social charges (3)**	**Total**
		Cash	**RSUs**		
Name and function	**AGM to AGM (year)**	**CHF**	**CHF (2)**	**CHF**	**CHF**
Peter A. Fanconi, Chair*	2020 to 2021	800,000	200,000	134,953	**1,134,953**
John A. Williamson, Chair**	2019 to 2020	1,000,000		203,878	1,203,878

* Elected at AGM 2020

** Stepped down at AGM 2020

Notes:

1 Including board members' contribution for social charges

2 The amount represents the value of RSUs awarded in 2020. For specific valuation of the Employee equity incentive plan, refer to note 60 of the consolidated financial statements.

3 2020 to 2021: estimation; employer social charges of CHF 134,953 include an amount of CHF 65,830 of pension contributions. 2019 to 2020: employer social charges of CHF 203,878 include an amount of CHF 59,531 of pension contributions.

7.2. Remuneration details and additional information for Board of Directors members (audited)

Name and function	AGM to AGM (year)	*Fixed compensation (1)* Cash CHF	RSUs CHF (2)	Social charges (3) CHF	Total CHF
Niccolò H. Burki, Vice-Chair	**2020 to 2021**	220,000	30,000	18,242	**268,242**
	2019 to 2020	220,000	30,000	13,925	263,925
Susanne Brandenberger, member	**2020 to 2021**	205,000	30,000	48,839	**283,839**
	2019 to 2020	205,000	30,000	48,483	283,483
Emmanuel L. Bussetil, member (4)	**2020 to 2021**				**–**
	2019 to 2020				–
Mordehay I. Hayim*	**2020 to 2021**	49,653		2,532	**52,185**
	2019 to 2020				–
Roberto Isolani, member	**2020 to 2021**	125,000	30,000	35,570	**190,570**
	2019 to 2020	125,000	30,000	35,335	190,335
Steven M. Jacobs, member	**2020 to 2021**	150,000	30,000	37,695	**217,695**
	2019 to 2020	150,000	30,000	37,421	217,421
Spiro J. Latsis, member (4)	**2020 to 2021**				**–**
	2019 to 2020				–
John S. Latsis, member (4)	**2020 to 2021**				**–**
	2019 to 2020				–
Carlo M. Lombardini, member**	**2020 to 2021**	119,444	30,000	34,993	**184,437**
	2019 to 2020				–
Périclès Petalas, member (4)	**2020 to 2021**				**–**
	2019 to 2020				–
Stuart M. Robertson, member***	**2020 to 2021**	310,350	30,000	45,118	**385,468**
	2019 to 2020	300,169	30,000	56,065	386,234
Freiherr Bernd-A. von Maltzan, member****	**2020 to 2021**	351,600	30,000	11,463	**393,063**
	2019 to 2020	344,671	30,000	10,961	385,632
Yok Tak A. Yip, member**/*****	**2020 to 2021**	206,431	27,500	6,637	**240,568**
	2019 to 2020				–
Total	**2020 to 2021**	**1,737,478**	**237,500**	**241,089**	**2,216,067**
	2019 to 2020	**1,344,840**	**180,000**	**202,190**	**1,727,030**

* Elected at EGM 2020

** Elected at AGM 2020

*** Includes UK subsidiary Board of Directors' fees

**** Includes Luxembourg and Spain subsidiaries Board of Directors' fees

***** Includes additional fee for membership to the EFG Advisory Board for Asia

Notes:

1 Including board members' contributions for social charges

2 The amount represents the value of RSUs awarded in 2020. For specific valuation of the Employee equity incentive plan, refer to note 60 of the consolidated financial statements.

3 2020 to 2021: estimation; employer social charges of CHF 241,089 include an amount of CHF 108,126 of pension contributions. 2019 to 2020: employer social charges of CHF 202,190 include an amount of CHF 95,903 of pension contributions.

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

7.3. Total payments to Board of Directors members (audited)

Board of Directors	AGM to AGM (year)	*Fixed compensation (1)* Cash CHF	RSUs CHF (2)	Social charges (3) CHF	Total (4) CHF
Total to all Board of Directors members	**2020 to 2021**	2,537,478	437,500	376,042	**3,351,020**
	2019 to 2020	2,344,840	180,000	406,068	2,930,908

Notes:

1 Including board members' contributions for social charges
2 The amount represents the value of RSUs awarded in 2020. For specific valuation of the Employee equity incentive plan, refer to note 60 of the consolidated financial statements.
3 2020 to 2021: estimation; employer social charges of CHF 376,042 include an amount of CHF 173,956 of pension contributions. 2019 to 2020: employer social charges of CHF 406,068 include an amount of CHF 155,434 of pension contributions.
4 At the AGM 2020, the shareholders have approved a maximum fixed compensation of CHF 3,675,000 for all members of the Board of Directors for their term of office from AGM 2020 to AGM 2021. This amount increased to CHF 3,745,000 at the Extraordinary General Meeting 8 December 2020. The table above shows that the expected total fixed compensation paid to the members of the Board of Directors has not exceeded the amount approved by the shareholders.

7.4. Remuneration framework for Board of Directors members

	Amount AGM 2019 to AGM 2020		Amount AGM 2020 to AGM 2021		Pay mix	Delivery			
Function and fee	CHF	CHF	CHF	CHF	AGM to AGM	Grant year	Year 1	Year 2	Year 3
Vice-Chair of the Board of Directors:									
Flat fee Vice-Chair*	250,000		250,000		30,000 RSU		10,000	10,000	10,000
					220,000 cash	220,000			
Other members:									
Base amount	130,000		130,000		30,000 RSU		10,000	10,000	10,000
					100,000 cash	100,000			
Additional committee fees	**Member**	**Chair**	**Member**	**Chair**					
Audit Committee	25,000	55,000	25,000	55,000					
Risk Committee	25,000	55,000	25,000	55,000	100% cash	100%			
Other, per committee	25,000	15,000	25,000	15,000					

* Flat fee independent of committee membership

7.5. Shares and deferred compensation of Board of Directors members

	Shares 2020	Shares 2019	2020 Vested RSUs	2020 Unvested RSUs	2020 Total awarded RSUs	2019 Vested RSUs	2019 Unvested RSUs	2019 Total awarded RSUs
Board of Directors								
Peter A. Fanconi, Chair*	150,000			43,478	43,478			
Niccolò H. Burki, Vice-Chair	11,054			11,844	11,844	5,595	10,782	16,377
Susanne Brandenberger			11,054	11,844	22,898	5,595	10,782	16,377
Emmanuel L. Bussetil								
Mordehay I. Hayim**								
Roberto Isolani			11,054	11,844	22,898	5,595	10,782	16,377
Steven M. Jacobs			11,054	11,844	22,898	5,595	10,782	16,377
Spiro J. Latsis John S. Latsis	148,124,268***	134,359,132***						
Carlo M. Lombardini*				6,521	6,521			
Périclès Petalas								
Stuart M. Robertson			3,673	11,211	14,884	886	7,477	8,363
Freiherr Bernd-A. von Maltzan			11,054	11,844	22,898	5,595	10,782	16,377
Yok Tak A. Yip*				5,978	5,978			
John A. Williamson****		517,726						
Total Board of Directors	**148,285,322**	134,876,858	**47,889**	**126,408**	**174,297**	28,861	61,387	90,248

* Elected at AGM 2020
** Elected at EGM 2020
*** Total number of shares controlled by the Latsis family interests
**** Stepped down at AGM 2020

7.6. Loans granted to Board of Directors members and related parties of Board of Directors members (audited)

In line with article 36a of the Articles of Association of EFG International Group, loans and credits to members of the Board of Directors may be provided at market conditions or generally applicable employee conditions. The total amount of such loans may not exceed CHF 3 million for unsecured loans and credits and not exceed CHF 20 million for secured loans and credits per Board of Director member.

There were no loans and credits to members of the Board of Directors outstanding at the end of 2020 (2019: nil).

There were no loans and credits to related parties of members of the Board of Directors outstanding at the end of 2020 (2019: nil).

8. 2020 Total remuneration for the Executive Committee members

8.1. Total remuneration for Executive Committee members 2020 and 2019 (audited)

	Fixed compen-sation (1)	*Variable compensation (2)*		Total variable compen-sation (4)	*Other compensation*		Total other compen-sation	Total compen-sation (incl. other compen-sation)	Social charges & other benefits (5)	Total remunera-tion
	Cash	Cash bonus	RSUs (3)		Cash	RSUs				
Year	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Total Executive Committee* (6,7)										
2020	5,581,249	1,330,000	1,620,000	2,950,000	94		94	8,531,343	1,039,358	**9,570,701**
2019	5,823,392	1,000,000	1,500,000	2,500,000	223,541	155,497	379,038	8,702,430	1,040,421	9,742,851
Of which highest paid: Piergiorgio Pradelli, CEO EFG International (8)										
2020	1,580,801	480,000	720,000	1,200,000				2,780,801	274,018	**3,054,819**
2019	1,580,801	320,000	480,000	800,000				2,380,801	284,505	2,665,306

* Including members of the Executive Committee who joined and left in 2020/2019. For those members, the compensation disclosed represents the amounts received as Executive Committee members.

Notes:

1 Including employees' contributions for social charges. 2019 and 2020: including payment of untaken holidays balance to members of the Executive Committee who left in 2019 and in 2020, respectively
2 2020: subject to approval by the shareholders at the AGM 2021
3 2020: the amount represents the value of RSUs to be awarded in 2021. For specific valuation of the Employee equity incentive plan, refer to note 60 of the consolidated financial statements.
4 Not including LTIP: under the LTIP (see further details in section 6.2.2. of the Compensation Report), a total maximum award of 2,600,000 RSUs has been allocated to the Executive Committee (CHF 17,290,000) as approved by the AGM 2019, of which a maximum of 630,000 RSUs have been allocated to the CEO.
5 Including employer social charges. 2020: total benefits of the Executive Committee of CH 1,039,358 include an amount of CHF 415,978 of pension contributions. 2019: total benefits of the Executive Committee of CHF 1,040,421 include an amount of CHF 411,607 of pension contributions.
6 2020: the AGM 2020 has approved a maximum aggregate fixed compensation for all members of the Executive Committee for the business year 2020 of CHF 7,600,000. The table above shows that the total fixed compensation paid to the members of the Executive Committee in 2020 has not exceeded that amount.
7 2019: other compensation for the Executive Committee includes a sign-on payment to a member of the Executive Committee who joined in 2019.
8 Social charges and other benefits for the CEO include health care coverage.

8.2. Total compensation for Executive Committee members for 2018 to 2020

	Fixed compensation (1)	*Variable compensation (2)*		Total variable compensation (4)	Total compensation	Number of ExCo members*
	Cash	Cash bonus	RSUs (3)			
Year	CHF	CHF	CHF	CHF	CHF	
Total Executive Committee*						
2020	5,581,249	1,330,000	1,620,000	2,950,000	**8,531,249**	7
2019	5,823,392	1,000,000	1,500,000	2,500,000	8,323,392	7
2018	7,995,987	1,697,052	2,620,577	4,317,629	12,313,616	14

* Including members of the Executive Committee who joined and left in 2020/2019/2018. For those members, the compensation disclosed represents the amounts received as Executive Committee members.

Notes:

1 Including employees' contributions for social charges. 2019 and 2020: including payment of untaken holidays balance to members of the Executive Committee who left in 2019 and in 2020, respectively

2 2020: subject to approval by the shareholders at the AGM 2021

3 2020: the amount represents the value of RSUs to be awarded in 2021. For specific valuation of the Employee equity incentive plan, refer to note 60 of the consolidated financial statements.

4 Not including LTIP: under the LTIP (see further details in section 6.2.2. of the Compensation Report), a total maximum award of 2,600,000 RSUs has been allocated to the Executive Committee (CHF 17,290,000) as approved by the AGM 2019, of which a maximum of 630,000 RSUs have been allocated to the CEO.

8.3. Shares and deferred compensation of Executive Committee members

	Shares 2020	Shares 2019	2020 Vested RSUs	2020 Unvested RSUs (1)	2020 Total awarded RSUs (1)	2019 Vested RSUs	2019 Unvested RSUs (1)	2019 Total awarded RSUs (1)
Executive Committee*								
Piergiorgio Pradelli	434,990	250,463		273,865	273,865	105,852	242,951	348,803
Renato Cohn			78,833	105,241	184,074	46,210	96,769	142,979
Yves Aeschlimann				71,328	71,328		23,383	23,383
Christian Flemming**			38,323	86,207	124,530	25,548	57,887	83,435
Martin Freiermuth***								
Dimitris Politis	9,258			104,536	104,536	4,629	54,371	59,000
Ranjit Singh				47,945	47,945			
Vittorio Ferrario****						30,487	98,940	129,427
Total Executive Committee	**444,248**	250,463	**117,156**	**689,122**	**806,278**	212,726	574,301	787,027

* Totals including members of the Executive Committee who left in 2020 and in 2019

** Executive Committee member until 17 August 2020

*** Joined in 2020

**** Executive Committee member until 31 March 2019

Notes:

1 Not including LTIP: under the LTIP (see further details in section 6.2.2. of the Compensation Report), a total maximum award of 2,600,000 RSUs has been allocated to the Executive Committee (CHF 17,290,000) as approved by the AGM 2019, of which a maximum of 630,000 RSUs have been allocated to the CEO.

8.4. Loans granted to Executive Committee members and related parties of Executive Committee members (audited)

In line with article 36a of the Articles of Association of EFG International Group, loans and credits to members of the Executive Committee may be provided at market conditions or generally applicable employee conditions. The total amount of such loans may not exceed CHF 3 million for unsecured loans and credits and not exceed CHF 20 million for secured loans and credits per member of the Executive Committee.

There were no loans and credits to members of the Executive Committee outstanding at the end of 2020 (2019: nil).

There were no loans and credits to related parties of members of the Executive Committee outstanding at the end of 2020 (2019: nil).

9. Compensation paid to former Board of Directors and Executive Committee members (audited)

Former	Year	Compensation CHF	Benefits/ Social charges CHF	Total
Board of Directors members	AGM 2020 to AGM 2021			**–**
	AGM 2019 to AGM 2020			–
Executive Committee members	2020	743,883	92,171	**836,054**
	2019	291,386	58,328	349,714

Report of the statutory auditor

to the General Meeting of EFG International AG

Zurich

We have audited the Compensation Report of EFG International AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labelled 'audited' on pages 65 to 82 of the Compensation Report.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the Compensation Report of EFG International AG for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Thomas Romer	Omar Grossi
Audit expert Auditor in charge	Audit expert

Geneva, 23 February 2021

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Consolidated financial statements

EFG International for the year ended 31 December 2020

Consolidated income statement for the year ended 31 December 2020

	Note	Year ended 31 December 2020 CHF millions	Year ended 31 December 2019 CHF millions
Interest and discount income		476.4	680.3
Interest expense		(176.5)	(354.4)
Net interest income	13	**299.9**	325.9
Banking fee and commission income		834.6	748.5
Banking fee and commission expense		(178.9)	(155.5)
Net banking fee and commission income	14	**655.7**	593.0
Dividend income	15	2.1	7.2
Net trading income and foreign exchange gains less losses	16	138.6	160.1
Fair value gains less losses on financial instruments measured at fair value	17	19.3	57.1
Gains less losses on disposal of financial assets at fair value through other comprehensive income	18	6.8	13.4
Other operating income		8.2	14.2
Net other income		**175.0**	252.0
Operating income		**1,130.6**	1,170.9
Operating expenses	19	(951.5)	(998.3)
Provisions	47	(25.5)	(24.6)
Loss allowances expense	21	(1.3)	(24.6)
Profit before tax		**152.3**	123.4
Income tax expense	22	(30.5)	(23.1)
Net profit for the year		**121.8**	100.3
Net profit for the year attributable to:			
Net profit attributable to equity holders of the Group		115.3	94.2
Net profit attributable to non-controlling interests		6.5	6.1
		121.8	100.3

	Note	Year ended 31 December 2020 CHF	Year ended 31 December 2019 CHF
Earnings per ordinary share			
Basic	23	0.39	0.32
Diluted	23	0.37	0.31

The notes on pages 94 to 216 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2020

	Note	Year ended 31 December 2020 CHF millions	Year ended 31 December 2019 CHF millions
Net profit for the year		**121.8**	100.3
Other comprehensive income			
Items that may be reclassified subsequently to the income statement:			
Net (loss)/gain on hedge of net investments in foreign operations, with no tax effect	30.4	(4.9)	1.1
Currency translation differences, with no tax effect		(13.2)	(17.9)
Net gain on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect		9.6	28.7
Net realised (gains)/losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect		(6.8)	(13.4)
Change in loss allowance on debt instruments measured at fair value through other comprehensive income, with no tax effect		0.2	
Net loss on investments in equity instruments measured at fair value through other comprehensive income		(1.8)	
Tax effect on net loss on investments in equity instruments measured at fair value through other comprehensive income		0.4	
Items that will not be reclassified to the income statement:			
Retirement benefit (loss)/gains	50	(58.0)	56.4
Tax effect on retirement benefit loss/(gains)	38	11.4	(17.2)
Total other comprehensive income for the year, net of tax		**(63.1)**	37.7
Total comprehensive income for the year		**58.7**	138.0
Total comprehensive income for the year attributable to:			
Equity holders of the Group		52.4	134.4
Non-controlling interests		6.3	3.6
		58.7	138.0

The notes on pages 94 to 216 form an integral part of these consolidated financial statements.

Consolidated balance sheet at 31 December 2020

	Note	31 December 2020 CHF millions	31 December 2019 CHF millions
Assets			
Cash and balances with central banks	26	8,642.9	8,384.4
Treasury bills and other eligible bills	28	1,026.9	1,375.3
Due from other banks	29	3,097.0	2,622.0
Derivative financial instruments	30	1,154.7	800.9
Financial assets at fair value through profit and loss	31	2,132.2	2,399.7
Financial assets at fair value through other comprehensive income	32	4,953.0	5,395.9
Loans and advances to customers	33	18,223.0	19,029.8
Property, plant and equipment	35	335.2	282.1
Intangible assets	36	260.4	258.9
Deferred income tax assets	38	96.5	93.5
Other assets	39	715.4	342.3
Total assets		**40,637.2**	40,984.8
Liabilities			
Due to other banks	43	443.6	397.2
Due to customers	44	30,841.6	30,705.7
Derivative financial instruments	30	1,378.7	951.0
Financial liabilities at fair value	45	492.1	552.0
Financial liabilities at amortised cost	46	4,516.5	5,312.9
Current income tax liabilities		24.6	20.2
Deferred income tax liabilities	38	23.0	25.4
Provisions	47	40.6	144.1
Other liabilities	49	762.7	705.8
Subordinated loans	51	355.8	389.7
Total liabilities		**38,879.2**	39,204.0
Equity			
Share capital	52	148.3	145.8
Share premium		1,858.0	1,858.8
Other reserves	53	238.8	286.0
Retained earnings		(543.9)	(563.9)
Total shareholders' equity		**1,701.2**	1,726.7
Non-controlling interests	55	56.8	54.1
Total equity		**1,758.0**	1,780.8
Total equity and liabilities		**40,637.2**	40,984.8

The notes on pages 94 to 216 form an integral part of these consolidated financial statements

Consolidated statement of changes in equity for the year ended 31 December 2020

CHF millions	Note	Share capital	Share premium	Other reserves	Retained earnings	Total shareholder's equity	Non-controlling interests	Total equity
		Attributable to owners of the Group						
Balance at 01 January 2019		**145.1**	**1,876.8**	**206.4**	**(600.6)**	**1,627.7**	**28.4**	**1,656.1**
Net profit for the year					94.2	94.2	6.1	100.3
Net gain on hedge of net investments in foreign operations, with no tax effect	30.4			1.1		1.1		1.1
Currency translation difference, with no tax effect				(15.4)		(15.4)	(2.5)	(17.9)
Net gain on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect				28.7		28.7		28.7
Net realised gain on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect				(13.4)		(13.4)		(13.4)
Retirement benefit gain	50			56.4		56.4		56.4
Tax effect on retirement benefit gain	38			(17.2)		(17.2)		(17.2)
Total comprehensive income for the year		**–**	**–**	**40.2**	**94.2**	**134.4**	**3.6**	**138.0**
New shares issued	52	0.8	11.1			11.9		11.9
Ordinary shares repurchased	52	(2.5)	(29.1)			(31.6)		(31.6)
Dividend paid on ordinary shares	54				(86.7)	(86.7)		(86.7)
Dividend paid on Bons de Participation	54				(0.2)	(0.2)		(0.2)
Dividend paid to non-controlling interests						–	(2.0)	(2.0)
Gain on settlement of put option					29.7	29.7		29.7
Transactions with non-controlling interests						–	0.4	0.4
Acquisition of a subsidiary						–	16.4	16.4
Changes in ownership interests with no loss of control				9.9		9.9	7.0	16.9
Employee equity incentive plans vested	60			31.9		31.9		31.9
Employee equity incentive plans exercised	60	2.4		(2.4)				
Others					(0.3)	(0.3)	0.3	–
Balance at 31 December 2019		**145.8**	**1,858.8**	**286.0**	**(563.9)**	**1,726.7**	**54.1**	**1,780.8**

The notes on pages 94 to 216 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2020 continued

CHF millions	Note	Share capital	Share premium	Other reserves	Retained earnings	Total shareholder's equity	Non-controlling interests	Total equity
		Attributable to owners of the Group						
Balance at 01 January 2020		**145.8**	**1,858.8**	**286.0**	**(563.9)**	**1,726.7**	**54.1**	**1,780.8**
Net profit for the year					115.3	115.3	6.5	121.8
Net loss on hedge of net investments in foreign operations, with no tax effect	30.4			(4.9)		(4.9)		(4.9)
Currency translation difference, with no tax effect				(13.0)		(13.0)	(0.2)	(13.2)
Net gain on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect				9.6		9.6		9.6
Net realised (gains)/losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect	18			(6.8)		(6.8)		(6.8)
Change in loss allowance on debt instruments measured at fair value through other comprehensive income, with no tax effect	8.4			0.2		0.2		0.2
Net loss on investments in equity instruments measured at fair value through other comprehensive income				(1.8)		(1.8)		(1.8)
Tax effect on net loss on investments in equity instruments measured at fair value through other comprehensive income				0.4		0.4		0.4
Retirement benefit loss	50			(58.0)		(58.0)		(58.0)
Tax effect on retirement benefit loss	38			11.4		11.4		11.4
Total comprehensive income for the year		**–**	**–**	**(62.9)**	**115.3**	**52.4**	**6.3**	**58.7**
Ordinary shares repurchased	52	(0.3)	(2.5)			(2.8)		(2.8)
Dividend paid on ordinary shares	54				(87.9)	(87.9)		(87.9)
Dividend paid on Bons de Participation	54					–		–
Dividend paid to non-controlling interests						–	(1.4)	(1.4)
Transactions with non-controlling interests		0.1	1.7			1.8		1.8
Disposal of subsidiaries					(2.1)	(2.1)		(2.1)
Changes in ownership interests with no gain of control					(6.8)	(6.8)	(3.5)	(10.3)
Changes in ownership interests with no loss of control					1.5	1.5	1.3	2.8
Employee equity incentive plans vested	60			18.4		18.4		18.4
Employee equity incentive plans exercised	60	2.7		(2.7)		–		–
Balance at 31 December 2020		**148.3**	**1,858.0**	**238.8**	**(543.9)**	**1,701.2**	**56.8**	**1,758.0**

The notes on pages 94 to 216 form an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2020

	Note	Year ended 31 December 2020 CHF millions	Year ended 31 December 2019 CHF millions
Cash flows from operating activities			
Interest received		495.9	680.4
Interest paid		(199.8)	(361.5)
Banking fee and commission received		832.0	742.3
Banking fee and commission paid		(187.5)	(162.0)
Dividend received	15	2.1	7.2
Net trading income	16	138.6	160.2
Other operating income (payments)/receipts		(3.1)	13.9
Staff costs paid		(679.6)	(710.6)
Other operating expenses paid		(243.8)	(198.6)
Income tax paid		(24.5)	(17.7)
Cash flows from operating activities before changes in operating assets and liabilities		**130.3**	153.6
Changes in operating assets and liabilities			
Net decrease/(increase) in treasury bills		110.9	(313.0)
Net (increase)/decrease in due from other banks (> 90 days)		(139.2)	(99.5)
Net decrease in derivative financial instruments		(56.7)	(163.7)
Net (increase)/decrease in loans and advances to customers		(161.7)	(304.5)
Net (increase)/decrease in other assets		(163.6)	(75.8)
Net increase/(decrease) in due to other banks		54.4	94.7
Net increase/(decrease) in due to customers		1,170.6	874.5
Net decrease/increase in other liabilities		(93.6)	40.8
Net cash flows from operating activities		**851.4**	207.1
Cash flows from investing activities			
Acquisition of business net of cash acquired			(1.7)
Purchase of securities		(3,212.0)	(3,755.9)
Proceeds from sale of securities		3,578.2	3,782.7
Purchase of property, plant and equipment	35	(13.4)	(7.7)
Purchase of intangible assets	36	(28.9)	(28.8)
Proceeds from sale of property, plant and equipment		16.0	2.5
Net proceeds from disposal of subsidiary		(2.3)	
Net cash flows generated from/(used) in investing activities		**337.6**	(8.9)

The notes on pages 94 to 216 form an integral part of these consolidated financial statements.

Consolidated cash flow statement for the year ended 31 December 2020 continued

	Note	Year ended 31 December 2020 CHF millions	Year ended 31 December 2019 CHF millions
Cash flows from financing activities			
Dividend paid on Bons de Participation	52	(0.0)	(0.2)
Dividend paid on ordinary shares	52	(87.9)	(86.7)
Dividend paid to non-controlling interests		(1.4)	(2.0)
Ordinary shares repurchased		(2.8)	(31.6)
Proceeds from partial disposal of business		2.8	16.9
Settlement of put option			(8.0)
Principal element of lease payments		(41.1)	(39.4)
Issuance of financial liabilities at amortised cost and fair value		6,393.9	8,229.3
Redemption of financial liabilities at amortised cost and fair value		(7,036.1)	(7,835.7)
Transactions with non-controlling interests		(13.0)	0.4
Net cash flows from financing activities		**(785.6)**	243.0
Effect of exchange rate changes on cash and cash equivalents		**(46.5)**	(18.6)
Net change in cash and cash equivalents		**356.9**	422.6
Cash and cash equivalents at beginning of period	27	11,596.8	11,174.2
Net change in cash and cash equivalents		356.9	422.6
Cash and cash equivalents		**11,953.7**	11,596.8

The notes on pages 94 to 216 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Notes to the consolidated financial statements EFG International consolidated entities

1. General information

EFG International AG and its subsidiaries (hereinafter collectively referred to as 'EFG International Group' or 'The Group') are a leading global private banking group, offering private banking, wealth management and asset management services. The Group's principal places of business are in Australia, Bahamas, Cayman, Channel Islands, Hong Kong, Italy, Liechtenstein, Luxembourg, Monaco, Singapore, Spain, Switzerland, the United Kingdom, and the United States of America. Across the whole Group, the number of employees (FTEs) at 31 December 2020 was 3,149 (31 December 2019: 3,312).

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

These consolidated financial statements were approved for issue by the Board of Directors on 23 February 2021.

2. Principal accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below and in the notes to the Consolidated financial statements. The Group launched a project in 2020 to improve the readability and the quality of the information. As a result, the principal accounting policies and accounting judgements have been disclosed as part of the notes to the Consolidated financial statements where appropriate. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements are for the year ended 31 December 2020. These financial statements have been prepared in accordance with those International Financial Reporting Standards (IFRS) and International Financial Reporting Standards Interpretations Committee (IFRS Interpretations Committee) interpretations issued and effective for the year ended 31 December 2020. These consolidated financial statements are subject to the approval of the shareholders.

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

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

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

New and amended standards adopted by the Group:
The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 01 January 2020:
- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7.

These standards and amendments did not have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

New and amended standards not yet adopted:
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The Group applies the acquisition method of accounting to record business combinations. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments or liabilities undertaken at the date of acquisition including those resulting from contingent consideration arrangements. Costs related to the acquisition are expensed as incurred. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A listing of the Company's main subsidiaries is set out in note 42.

(ii) Non-controlling interests
The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

(c) Foreign currencies
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in CHF, which is the Group's presentation currency, as the functional currency of the parent company and of its major operating subsidiary, EFG Bank AG.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

	2020 Closing rate	2020 Average rate	2019 Closing rate	2019 Average rate
USD	0.8803	0.9388	0.9662	0.9938
GBP	1.2015	1.2040	1.2757	1.2689
EUR	1.0802	1.0703	1.0854	1.1126

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

3. Change in accounting policies

No new accounting standards and interpretations have been published for the reporting period that impact the Group in the current or future reporting periods and on foreseeable future transactions.

4. Critical accounting estimates and judgements in applying accounting policies

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

The different judgements, estimates and assumptions are disclosed in the notes.

5. Risk management

EFG International offers private banking and asset management services as well as financial and secured investment finance products with a focus on high-net-worth individuals. In pursuing its business objectives, it is exposed to risks, which may have an impact on its financial, business, social or other objectives.

EFG International acknowledges that a strong risk management framework is fundamental in the sustainable management of its business. EFG International is committed to mitigating risks specific to its private banking and institutional clients, being particularly vigilant to activities associated with conduct risks, financial crime and operational risks, including compliance and fraud risks.

EFG International carefully monitors legacy risks in connection with its nostro life insurance investment portfolio and litigation cases relating to discontinued businesses.

EFG International dedicates efforts to strengthen the risk management framework across the organisation, to embed it in the day-to-day business activities and decision-making processes.

5.1 Risk governance

The EFG International risk management framework sets forth overall governance of risks. Responsibilities of involved stakeholders in the management of risks are clearly defined, as well as the mandates of its risk and compliance functions.

The EFG International risk management framework is complementary to the EFG International risk appetite framework, which focuses on the approach to risk capacity, risk appetite, risk limits and indicators, documenting the level of risk that EFG International is prepared to incur.

Risk management framework
Our risk management framework comprises people, policies and processes, and systems and controls designed to ensure that risks are appropriately identified, assessed, measured, monitored and reported, as well as mitigated on an ongoing basis.

For EFG International, the risk management framework is of crucial importance in order to:
- Ensure everybody understands and controls exposure to risks taken
- Ensure that risk exposures are in line with risk capacity and defined risk appetite and strategy
- Ensure that our key controls over business risks are functioning effectively
- Help to successfully implement the business strategy
- Protect clients from potential risks, such as unsuitable products or excess concentrations, etc.
- Contribute to the orderly functioning and sound reputation on the markets in which EFG International operates

EFG International risk management framework is enacted in several dimensions:
- Approach to risk management
- Risk culture
- Three lines model
- Committees and functions

5.1.1 Approach to risk management

EFG International has developed a multidimensional approach to risk management:
- There are independent Risk Control and Compliance functions with clearly defined objectives
- There is a comprehensive and prioritised list of risk categories
- There is a defined risk strategy and risk appetite
- There is a coherent and comprehensive set of policies, directives and procedures to govern risk management, including compliance
- The effectiveness and efficiency of risk management is supervised by the Board of Directors, with the support and advice of a dedicated Risk Committee

The objectives of risk management are to:
- Provide transparency on the risks EFG International incurs
- Provide independent risk oversight and challenge that risks are appropriately assessed and managed
- Enable better management of the risk-return trade-off
- Support the Board of Directors in defining an appropriate risk appetite and strategy in line with available risk capacity and ensure the actual risk exposure profile remains in line with these
- Ensure that key controls over business risks are functioning effectively
- Secure an appropriate degree of protection and promote effective competition in the interest of clients

5.1.2 Risk culture

EFG International believes the behavioural element is key to ensure sound risk management, and that this is guided by the risk culture of the organisation. Accordingly, risk culture is viewed as a core component of effective risk management.

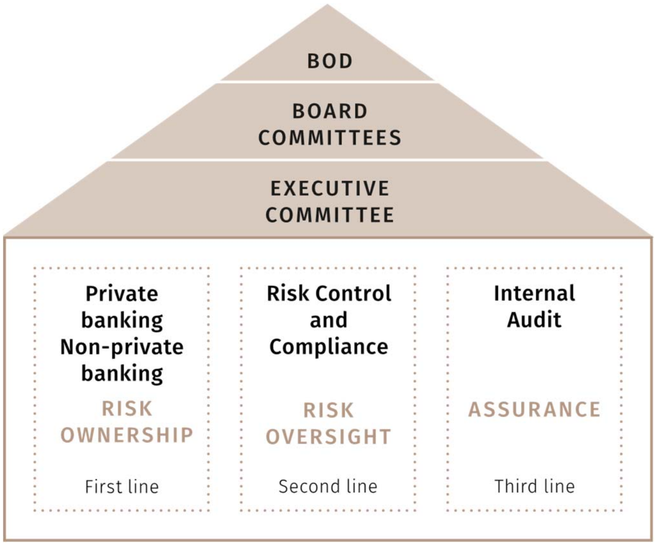
To address this topic, EFG International approaches risk culture along four dimensions, in line with Financial Stability Board principles:
- Tone from the top: Our Board of Directors, Executive Committee and senior management are the starting point for setting EFG International core values and risk culture; their behaviour reflects the risk culture that is expected throughout EFG International and is communicated through formal and informal channels

– Accountability: Our risk management framework and the related risk policies and directives clearly assign accountability for risk management and decision-making to functions and specific unit heads
– Effective communication and challenge: Our business environment allows for open communication and promote effective challenge in the decision-making process; this is supported by independent Risk Control and Compliance functions
– Incentives: Financial and non-financial incentives are monitored to ensure they do not encourage excessive risk-taking

Our risk awareness and culture programme, which follows the above-mentioned principles, focused on the following activities:
– Embedding of the risk management and risk appetite frameworks across EFG International
– Performing comprehensive training in risk and compliance topics
– Implementing our client relationship officer's scorecard to foster a risk-conscious and compliant culture and reduce operational risks

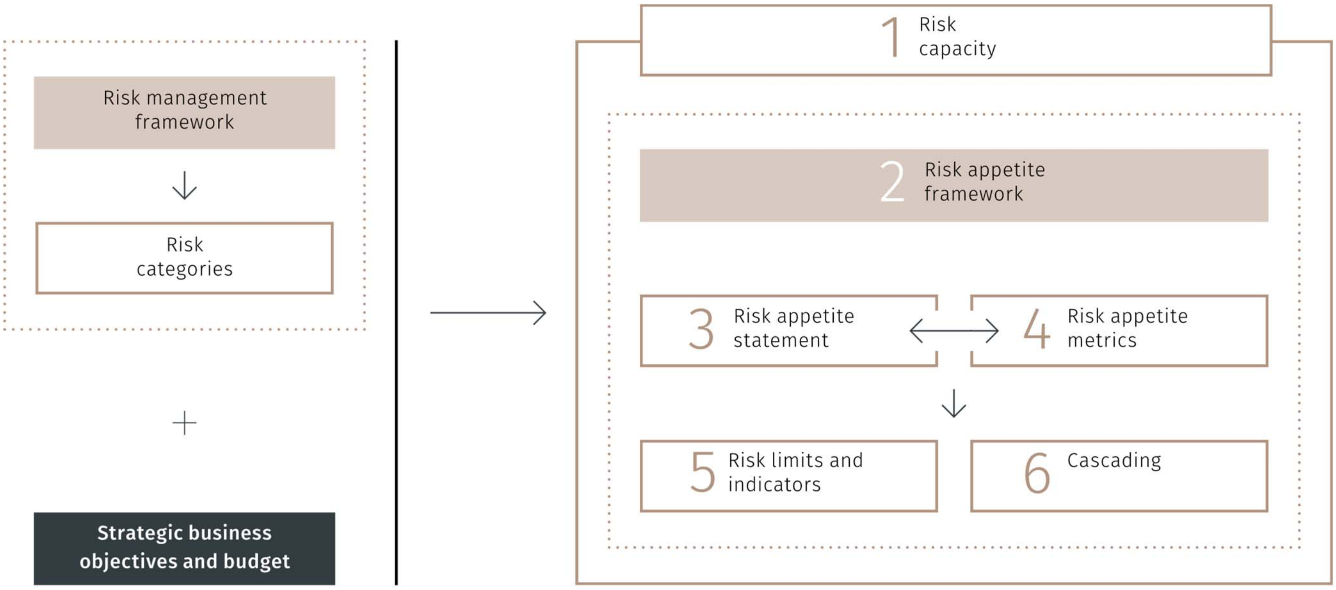
5.1.3 Three lines model

EFG International manages its risks in accordance with a three lines model.



The three lines model delineates the key responsibilities for the business, control functions and internal audit to ensure that the organisation has a coherent and comprehensive approach to risk management.

EFG International's interpretation of the three lines model is in line with industry practice, and the model is operated both centrally and in the business units. This ensures that the material activities and processes are subject to the risk management, oversight and challenge.



Risk appetite framework
Our risk appetite framework describes EFG International approach, governance and processes in relation to setting risk appetite and is structured by qualitative considerations (risk appetite statement), as well as quantitative considerations (risk appetite metrics).

The risk appetite framework sets the overall approach to risk appetite, documenting the level of risk that EFG International is prepared to incur for the achievement of strategic objectives and in line with our available risk capacity. it includes:
- The risk appetite statement
- The risk appetite metrics and limit framework
- The responsibilities of the bodies overseeing the implementation and monitoring of the risk appetite framework
- The risk appetite process, including the escalation of the risk metrics exceeding their predetermined thresholds
- The risk appetite and limit cascading process to business units

Our risk appetite framework is linked to the risk limit system and is influenced by the overarching risk available capacity, the risk management framework and the strategic business objectives.

5.1.4 Risk capacity

Our risk capacity is the maximum level of risk EFG International can assume, given its current capabilities and resources, before breaching constraints determined by regulatory capital and liquidity requirements, or otherwise failing to meet the expectations of regulators and law enforcement agencies and our rating ambition. Risk capacity defines an outer boundary within which EFG International must operate.

Risk appetite and risk capacity are aligned through the annual budget/planning process. EFG International holds appropriate capital and liquidity buffers to accommodate circumstances where exposures extend beyond EFG International's risk appetite. This protects EFG International from the financial and/or reputational consequences that might be associated with a breach of its risk capacity or rating ambition.

5.1.5 Risk appetite statement

Our risk appetite statement comprises the qualitative component of EFG International's risk appetite. It comprises a set of statements, each of which describes the level of risk that EFG International is prepared to incur in each risk category to achieve its strategic business objectives.

The risk appetite statement is aligned with the business strategy of EFG International to be effective. The risk appetite statement is operationalised through the risk appetite metrics and the limit framework.

5.1.6 Risk appetite metrics

The quantitative component of risk appetite contains measures (i.e. metrics) that describe the quantum of risk EFG International is exposed.

The metrics are compared to trigger levels (i.e. thresholds), which can have the nature of limits or warning indicators. The metrics are selected, and thresholds are calibrated in accordance with the risk appetite statement, which in turn reflects the business strategy.

Risk metrics can be set at EFG International Board of Directors aggregated level or, if deemed appropriate, at EFG International Executive Committee level.

5.1.7 Limits framework

EFG International risk management committees review risk limits and indicators and the related trigger levels for EFG International at a global and business unit level.

The EFG International Executive Committee reviews and recommends the Board global thresholds to the Risk Committee for its review and recommendation for approval by the EFG International Board of Directors. In any case, the thresholds must be reviewed by the relevant delegated EFG International Executive Committee.

5.1.8 Cascading process

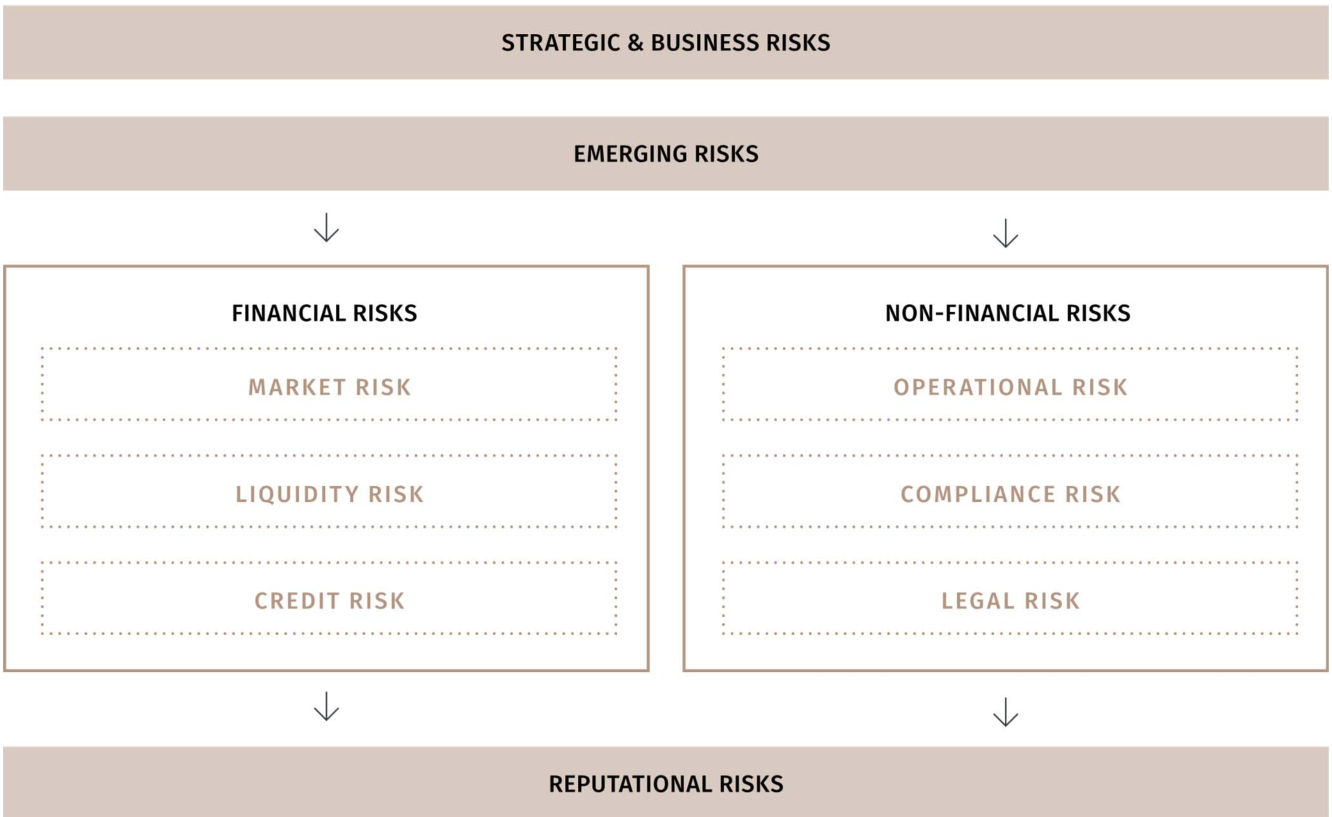
The risk appetite framework, risk appetite statement and risk metrics and their thresholds are defined at EFG International level and are binding for all EFG International business units and local and foreign entities, as set out in the risk management framework.

EFG International Executive Committee allocates, according to cascading rules, the limits and risk thresholds to the various local entities.

In this way, EFG International appropriately identifies, limits and monitors the risks associated with its local business activities and measures and reports local risk appetite according to consolidated supervision rules.

5.2 Risk categories

The risk categories of EFG International are defined in the risk taxonomy included in the risk management framework and are described in the related risk policies and general directives.



Principal risk assessment approach

Our risk categories establish a common language on risks across EFG International and thereby enable alignment across business units, geographies and functions.

Strategic and business risk

Strategic and business risk is the risk of loss arising from changes in the business environment and from adverse business decisions or improper implementation of decisions. The business and strategic risk includes the following risk categories:

- Client portfolio risk: The risk inherent in client portfolios in general as well as the risk of a reduction in assets under management and/or loss of client relationships as a result of other risk types, e.g. performance, reputation, operational risks, compliance, etc.
- Strategic risk and governance: The risk of the enterprise or particular business areas making inappropriate strategic choices, or being unable to successfully implement selected strategies or related plans and decisions, which may result in a variance to business plans and strategies
- Competitive risk: The risk of an inability to build or maintain sustainable competitive advantage in a given market or markets
- Project risk: The risk of damage or loss resulting from an acquisition and/or subsequent post-merger integration or any other large-scale project the institution is undertaking
- Human resources risk: The risk arising from inadequate or insufficient human resource performance and/or staffing or key people (including client relationship officers) leaving EFG International

The business and strategic risk management strategy approved by the Board of Directors is defined as follows:

- Whilst the nature of EFG International business entails some earnings volatility, this is monitored and controlled to remain consistent with the preservation of the franchise, also under severe stress conditions
- EFG International limits earnings volatility by focusing on the core business activities in line with business strategy
- EFG International monitors client investment portfolios in order to avoid excessive risk concentrations across portfolios with potential negative implications on clients Assets under Management and thereby its own reputation and revenue base
- EFG International closely monitors concentrations of clients and Assets under Management across its client relationship officers and will investigate potential actions when these concentrations exceed the defined thresholds, in order to mitigate key person risk
- EFG International actively manages the cost base balancing the target of a healthy cost-income ratio with ensuring adequate resourcing
- EFG International actively manages the risks arising through the integration of any acquired/merged entity and for potential further mergers and acquisitions

Compliance risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss of reputation which EFG International may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, generally accepted practices, and codes of conduct applicable to all its activities.

Compliance risk is identified, assessed and measured, monitored, reported and mitigated by the Compliance function and its clearly distinguished and dedicated units, in alignment with the roles and responsibilities defined in EFG International's risk management framework. The Compliance function reports to the Group Head of Legal & Compliance.

Changes in the regulatory environment are monitored, and directives and procedures are adapted as required. In line with these evolving regulations, EFG International continuously invests in personnel and technical resources to maintain adequate compliance coverage.

EFG International's Compliance function is centrally managed from Switzerland, with local compliance officers situated in all the organisation's booking centre entities around the world. A compliance risk policy is in place, complemented by a comprehensive set of directives and procedures and regular specialised training sessions delivered to all staff to raise their awareness and understanding of the compliance risks. Group Compliance implemented a common platform of tools and processes to ensure the consistent application of compliance guidelines.

Compliance risk in EFG International is managed in accordance with the three lines model, outlined in detail in the risk management framework.

EFG International aims at mitigating compliance risks that it inherently runs considering the size, structure, nature and complexity of its business and services/product offering. EFG International is committed to sound and effective compliance risk management, as the core foundation for a sustainable financial institution. Effective compliance risk management means meeting the compliance obligations and protecting EFG International from loss or damage. It improves the way EFG International conducts business for our shareholders and stakeholders and it is vital for long-term and sustainable growth.

A major focus of regulators around the world is the fight against money-laundering and terrorism financing. EFG International has in place comprehensive directives on sanctions, anti-money-laundering and know your customer, as well as on anti-bribery and corruption, to detect, prevent and report such risks. Through dedicated monitoring and quality assessment programmes, EFG International Compliance ensures compliance with such directives in every EFG International's subsidiary and branch.

EFG International has defined a set of standards governing the cross-border services it offers and has developed country-specific manuals for the major markets it serves. A mandatory staff training, and education concept is in place to ensure adherence to the standards and compliance with the country manuals. They are complemented by a tax compliance framework, the purpose of which is to prevent the unlawful acceptance of untaxed assets. Those frameworks are continuously enhanced to comply with new regulations such as MiFID II or CRS.

Conduct risk refers to all risks associated to the firm's behaviour or activity that could threaten consumer protection or market integrity and might subsequently damage the reputation of EFG International. EFG International has directives on customer conduct, market conduct, cross border, suitability and conflicts of interest. The EFG International Global Product Committee ensures that all products or securities sold to clients or bought for them meet their best interest and have been through the appropriate approval process.

Legal risk

Legal risk is the risk to the firm's profitability arising from changes in legislation and/or as results from legal actions against the institution. Any change in the legal environment can constitute a challenge for EFG International in its relations with competent authorities, clients and counterparties in Switzerland and globally.

Group Head of Legal & Compliance and Group Head of Litigations ensure that EFG International adequately manages and controls its legal risks. This includes supervising and giving strategic direction to all outside counsels advising EFG International on civil, regulatory and enforcement matters.

Group Head of Legal & Compliance is responsible for providing legal advice to EFG International's management as well as handling client complaints and assisting federal and local authorities in their criminal and administrative investigations.

Group Head of Litigations has principal responsibility for overseeing and advising EFG International's management on significant civil litigation and all government enforcement matters involving EFG International globally.

Insurance risk

EFG International is exposed to insurance risk in relation to its holding of life insurance policies. The major risk factors are demographic experience risk, longevity risk and increase in cost of insurance. Another major risk like the risk of increase in interest rates has been mitigated using interest rate hedging strategies.

EFG International assesses those risks using internal models to calculate the fair value of each life insurance policy and through independent estimations done by external service providers as far as the estimation of life expectancies and forecasted premium payments are concerned, in conjunction with management judgements. Moreover, scenario analyses are done to calculate the sensitivity of the life insurance portfolio to increases in life expectancies, in premium payments and in interest rates. Finally, management judgement is applied to these models and scenarios.

5.2.1 Demographic experience risk

Demographic experience risk is defined as the risk that arises from the inherent uncertainties as to the occurrence, amount and timing of future cash flows due to demographic and expense experience.

Demographic experience risk is limited to EFG International's legacy insurance portfolio and for the valuation of the EFG International's retirement benefit obligations.

5.2.2 Longevity risk

The key demographic risk to which the life Insurance portfolio is exposed is the longevity risk, commonly identified as the risk that the underlying insured individuals end up living longer than initially predicted. Expense risk

Within demographic risk, the second key risk in EFG International's specific portfolio is related primarily to the potential change in premiums. These changes in premium relate to increases payable to the life insurers based on their permissible premium increases under the discrete policy. The higher premiums are required to be paid to keep the policy in force and ensure receipt of the cash flow upon maturity.

Operational risk

Operational risk is defined as the risk of losses resulting from the inadequacy or failure of internal processes, people or systems or from external events. Operational risk is an inherent part of the day-to-day activities and is therefore a risk common to all EFG International's activities.

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

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

EFG International and its local business entities design and implement internal controls and monitoring mechanisms, in order to mitigate key operational risks that EFG International inherently runs in conducting its business.

While the primary responsibility for managing operational risk lies with EFG International's business entities and business lines (first line), the development, implementation and oversight of the operational risk policy of EFG International forms part of the objectives of the Operational Risk function of EFG International. It ensures that EFG International has an appropriate operational risk management framework and programme in place for identifying, assessing, mitigating, monitoring and reporting operational risk. The Operational Risk function reports to the Chief Risk Officer.

EFG International's Operational Risk function works in collaboration with the operational risk officers of the local business entities, the regional risk officers within EFG International, as well as certain centralised EFG International functions that also undertake operational risk oversight for their respective area of responsibility. These functions include the Chief Financial Officer, the Chief Operating Officer and the Group Head of Legal & Compliance.

Main measures applied by the Operational Risk function for the identification, assessment, monitoring and reporting of operational risk are:

- Assessment and monitoring of key operational risks
- Monitoring of key risk indicators
- Collection, analysis and reporting of operational risk events and losses
- Consolidated operational risk reporting to the Chief Risk Officer and Board of Director's Risk Committee
- Follow-up of actions taken to remedy key operational risk-related control issues
- Establishment of an operational risk awareness programme
- Independent Internal control monitoring and oversight

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

The management of information security risk, including technology, cybersecurity, data protection and third-party risks is an essential component of operational resilience. As such it is strongly interconnected with the Bank's business continuity management. The management of cybersecurity and data protection risks is aligned with international standards and applicable regulations. Efforts are sustained to ensure ex ante and ex post controls are fully functional to protect the Bank against evolving and highly sophisticated attacks. Our focus is on: a) data loss prevention; b) access rights, application and infrastructure security (including vulnerability management); c) third party management and d) an appropriate IT governance to prevent and respond to threats.

EFG International establishes operational risk transfer mechanisms when necessary; in particular, all entities of EFG International are covered by insurance to hedge potential low-frequency-high-impact events. EFG International administers centrally for all its subsidiaries three layers of insurance cover, being comprehensive crime insurance, professional indemnity insurance and directors and officer's liability insurance. Other insurances such as general insurances are managed locally.

Market risk

EFG International is exposed to market risk, which mainly arises from foreign exchange, interest rate and credit spread volatility.

EFG International implements different risk management strategies to eliminate or reduce market risk exposures. Risks being hedged through derivative financial instruments are typically changes in interest rates and foreign currency rates. Specific risk management strategies are defined for both the banking and trading book.

5.2.3 Banking book

The market risk strategy at balance sheet level approved by the Board of Directors is defined as follows:
- EFG International manages interest rate risk in line with predefined interest rate limits and risk appetite to generate profits for the benefit of EFG International
- EFG International manages foreign exchange risk in order to control its impact on annual results
- EFG International maintains liquidity buffers with high-quality liquid securities, in accordance with external rules while seeking to turn liquidity into profit
- EFG International generates income primarily through taking liquidity, interest rate and credit spread risk, and only incurs non-material FX risk in the banking book
- EFG International does not take on any equity, commodity, longevity and mortality risk (with the exception of the legacy life insurance portfolio)
- EFG International limits the extent of concentrations in its investment portfolios

Market risks related to the balance sheet structure are managed by the Asset & Liability Management Committee and monitored by the Financial Risk Committee, in accordance with the principles and the risk appetite defined in the market risk policy, which defines the organisational structure, responsibilities, limit systems and maximum acceptable risk set by the Board of Directors. Our centralised ALM and Liquidity Risk function ensures that EFG International has an appropriate market risk management framework in place for identifying, assessing, mitigating, monitoring and reporting risks under its responsibility. The ALM and Liquidity Risk function reports to the Chief Risk Officer. Interest rate risk in the banking book refers to the current and prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates that affect the Bank's balance sheet positions. EFG International manages the interest rate risk exposure in accordance with risk appetite based on the impact of various interest rate scenarios on both the economic value of equity and the interest income sensitivity. The interest rate risk assessment includes risks deriving from assets, liabilities and off-balance-sheet transactions, considering behavioural assumptions. Interest rate risk qualitative and quantitative information are reported in the Pillar III report for transparency purposes.

Foreign exchange risk arises from exposure to changes in the exchange rate of foreign currencies versus the reference currency. EFG International uses value at risk (VaR), sensitivity analysis and stress tests, as methodologies to monitor and manage foreign exchange risk both on balance sheet (FX translation risk) and on expected revenues and costs (FX transaction risk).

EFG International holds investment portfolios, which allow to diversify balance sheet assets and to optimise any excess liquidity. Investment activities are organised within Treasury department and are under the supervision of the Asset & Liability Management Committee and of the Financial Risk Committee. The centralised Market Risk function monitors on a daily basis the risk exposures of the investment portfolio and reports to the Chief Risk Officer.

EFG International investment portfolios carry material credit spread exposure on governments, government-related entities, multilateral development banks, banking institutions and, to a lesser extent, to corporate names.

To mitigate the credit spread and interest rate exposure, minimum country and issuer rating standards and concentration limits have been determined. In addition, VaR, interest rate, credit spread sensitivities and stress metrics, as well as P&L limit are computed and monitored at stand-alone portfolio level and on a combined basis.

EFG International is also exposed to market risk in relation to its holding of life insurance policies, related to interest rate risk (refer to Insurance risk section), which has been hedged through derivative financial instruments.

5.2.4 Trading book

The trading book market risk strategy approved by the Board of Directors is defined as follows:
- EFG International trading activities are designed to ensure that we can effectively serve our client's needs
- In addition to execution-only services on behalf of clients, EFG International takes market risks in the form of forex principal trading where beneficial for its clients, principal trading on its own accounts to deliver a return to the Group as well as its structured products business

- EFG International has appetite for a small amount of higher-risk activities in the fixed income trading portfolio positions being held in order to facilitate client flows, while trying to benefit from the positive carry

The market risk carried by proprietary trading primarily relates to position risk which derives from the fact that any interest rate, credit, foreign exchange rate fluctuation or equity prices or implied volatilities, can cause a change in EFG International's profits.

EFG International carries out trading operations both for its clients and on its own account with a daily basis monitoring. The trading activities are based in Lugano and organised in different trading desks: forex delta, forex forwards, forex options, precious metals and banknotes; fixed income and structured finance managed by expert traders.

The centralised Market Risk function monitors on a daily basis the risk exposures of the Trading portfolio and reports to the Chief Risk Officer.

All trading positions are valued at market value using market prices, data and parameters published by recognised stock exchanges or financial data providers. On an intra-day or daily basis, the risk measurement systems support the computation and analysis of: (i) the mark-to-market of the positions exposed to risk; (ii) the daily and cumulative monthly and year-to-date P&L; (iii) the various risk metrics (incl. sensitivities – greeks, stress test, VaR, concentration risk) and (iv) the regulatory and economic capital requirements. Daily risk reports are produced which review compliance with nominal and sensitivity limits and stop loss limits.

Credit risk

Credit risk is defined as the risk of loss resulting from the failure of EFG International's borrowers and other counterparties to fulfil their contractual obligations and that collateral provided does not cover EFG International's claims.

EFG International incurs credit risk from traditional on-balance sheet products (such as loan or issued debt), where the credit exposure is the full value, but also on off-balance-sheet products (such as derivatives), where the credit equivalent exposure covers both actual exposure (as a function of prevailing market prices) and potential exposures (i.e. an add-on for volatility of market price) or other guarantees issued (contingent liabilities).

The credit risk arises not only from EFG International's clients lending operations, but also from its treasury and global market activities.

5.2.5 Client credit risk

The client credit risk management strategy approved by the Board of Directors is defined as follows:
- EFG International targets lending activities and incurs credit risk only in areas where we have the required skill set and can make a complete assessment of the risk
- EFG International requires an adequate risk return for the credit offerings, and considers the overall relationship with a client or client group, establishing minimum pricing standards at individual credit facilities
- EFG International offers the lending service in markets where the rules and regulations are known, as well as the market standards
- EFG International concentrates on the core credit offerings of lombard lending and real estate financing
- For lombard lending, the focus is on diversified and liquid collateral portfolios, but EFG International accepts higher concentrated collateral pools and single asset loans in selective cases, if the risk return is justified
- For real estate financing, the focus is on residential mortgages, but EFG International is willing to engage in commercial real estate financing and real estate development in selective cases and select locations, if the risk return is justified
- EFG International is willing to provide lombard lending and real estate financing suited for private banking clients with an established private banking relationship commensurate with the credit that is extended

The Executive Credit Committee has the oversight on the credit portfolio, supported by the Credit function which ensures that EFG International has an appropriate client credit management framework and programme in place. The Credit function reports to the Chief Risk Officer.

The credit risk strategy for private banking clients is based on four dimensions, as described below:
- Client type: EFG International's client business is focused primarily on its private banking clients and includes loans to individuals and to standard wealth planning structures held by private individuals
- Credit purpose: Credits are extended in order to leverage portfolios of financial assets, to permit clients to purchase illiquid assets without the need to sell existing portfolios of financial assets and to support margin requirements for foreign exchange or other derivative positions. In addition, EFG International extends credits to finance or

refinance the purchase of real estate. EFG International may extend credits to clients in order to provide liquidity to individuals or corporate entities
- Collateral type: Credits are secured by diversified portfolios of financial assets and cash or by real estate primarily residential but also commercial in selected markets, as well as EFG International guarantees
- Profitability: EFG International seeks to optimise the profitability of its lending business and has established requirements for the minimum pricing of loans and the minimum amount of banking business required to justify the extension of credit. EFG International focuses on the profitability of the overall banking relationship

To qualify as collateral for a lombard loan, a client's securities portfolio must generally be well diversified with different haircuts applied depending on the asset class and collateral risk profile. Additional haircuts are applied if the loan and the collateral are not in the same currency or diversification criteria are not fully met.

Loans guaranteed by real estate are treated in conformity with local regulatory requirements and with the internal directives (regulations, procedures) pertaining to valuation and affordability calculation. All real estate property used as collateral must be evaluated by internal appraisers or by selected external surveyors. External valuations are accepted, as long as the competence and the independence of the external professional have been verified.

Credit exposures against approved limits and pledged collateral are regularly monitored. Financial collateral is valued where possible on a daily basis, but may be valued more frequently, if particular portfolios and severe market conditions demand.

5.2.6 Counterparty and country risks

Country risk is defined as the transfer and conversion risk that arises from cross-border transactions. Country risk also encompasses direct and indirect sovereign risk, the default risk of sovereigns or state entities acting as borrowers, guarantors or issuers.
The counterparty and country risk management strategy approved by the Board of Directors is defined as follows:
- EFG International actively monitors and manages the credit portfolio and consciously takes concentrations in certain sectors, countries and clients/counterparties
- EFG International engages and maintains relationships with counterparties that either have an explicit Investment Grade rating or are non-rated but fulfil comparable criteria
- EFG International accepts a speculative rating of countries and counterparties within the trading portfolio activities
- EFG International targets collateralised transactions when interacting with counterparties
- EFG International is willing to take exposures across countries, but focused on its target regions

Management of exposure to financial institutions is based on a system of counterparty limits coordinated at the EFG International level, and also subject to pre-approved country limits. Limits for exposure to counterparties are granted based upon internal analysis. The limits are set and monitored by the Country & Counterparty Credit (Sub) Committee depending on each counterparty's rating (with reference to individual and support ratings).

The principal aim of the Counterparty and Country Risk function is to ensure that EFG International has an appropriate counterparty and country risk management framework in place for identifying, assessing, mitigating, monitoring and reporting risks under its responsibility. The Counterparty and Country Risk function reports to the Chief Risk Officer.

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

EFG International determines the country risk that it wishes to accept via a country classification in primary countries, secondary countries and risk countries. The investment grade country categories include countries with which business relationships exist and for which the risk is intended to be accepted, albeit to a differing extent. The risk countries category includes selected countries with a speculative grade, for which risk is nonetheless maintained between tight global limits.

In the area of lombard loans, country risk strategy is limited, allowing for the acceptance of risk in offshore countries and selected risk countries.

Within the trading book are included exposures related to risk countries, which are subject to market and concentration risk control metrics and are liquid and negotiable.

Liquidity risk

Liquidity risks arise when financing activities are difficult or expensive as a result of liquidity crisis on the markets or reputational issues. They also arise when it is difficult to meet own commitments in a timely manner due to a lack of very liquid assets.

Liquidity risk has a twofold dimension: funding risk and asset liquidity risk. The two liquidity risk types are connected, as asset liquidity risk could directly increase funding risk, if EFG International is not any more able to raise sufficient liquidity in case of need.

As defined in the risk appetite framework approved by the Board of Directors, the liquidity risk strategies are defined as follows:
- EFG International holds sufficient liquid assets that it could survive a sustained and severe run on its deposit base, without any recourse to mitigating actions beyond liquidating those assets, and without breaching regulatory liquidity limits
- EFG International funds the balance sheet primarily from customer deposits, using capital markets opportunistically, without being subject to funding concentration, due to a small number of funding sources or clients

EFG International manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits and to satisfy EFG International's own cash flow needs within all of its business entities. EFG International customer deposit base, capital and liquidity reserves position and conservative gapping policy, when funding customer loans, ensure that EFG International runs only limited liquidity risks.

EFG International's liquidity risk management process is carried out by the Asset & Liability Management Committee and monitored by the Financial Risk Committee, in accordance with the principles and the risk appetite defined in the liquidity risk policy, which defines the organisational structure, responsibilities, limit systems and maximum acceptable risk set by the Board of Directors.

Liquidity is handled by the Treasury function, which ensures the ongoing process of sourcing new funds, in the case of a lack of liquidity, or the investing of funds, if there is an excess of liquidity. Main subsidiaries/regions have their own local Treasury departments, regulated by the Group Treasury function. The Treasury function reports to the Head of Global Markets and Treasury.

The principal aim of the Assets and Liability Management and Liquidity Risk function is to ensure that EFG International has an appropriate liquidity risk management framework in place for identifying, assessing, mitigating, monitoring and reporting risks under its responsibility. The Assets and Liability Management and Liquidity Risk function reports to the Chief Risk Officer.

The liquidity risk management process includes:
- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements
- Managing the concentration and profile of funding

EFG International aims to avoid concentrations of its funding facilities. It observes its current liquidity situation and determines the pricing of its assets and credit business through the liquidity transfer pricing model. The liquidity risk management process also includes EFG International's contingency funding plans. The contingency measures include, among other actions, the activation of repo transactions with prime counterparties, the liquidation of marketable securities and/or drawdowns on lines of credit (liquidity shortage financing) with the Swiss National Bank.

EFG International has a liquidity management process in place that includes stress tests, which are undertaken regularly, as part of the reporting requirements established within EFG International risk guidelines.

Reputational risk

Reputational risk is defined as the risk of an activity performed by an entity of EFG International or its representatives impairing its image in the community or public confidence, and that this will result in the loss of business and/or legal action or potential regulatory sanction. Typically, a result of other risk categories.

EFG International considers its reputation to be among its most important assets and is committed to protecting it. Reputational risk for EFG International inherently arises from:
- Potential non-compliance with increasingly complex regulatory requirements
- Potential non-compliance with anti-money-laundering regulatory requirements
- Its dealings with politically exposed persons or other clients with prominent public profiles

– Its involvement in transactions executed on behalf of clients other than standard investment products
– Potential major incidents in the area of IT security and data confidentiality
– Potential misconduct by its employees
– Any other potential negative internal or external event arising from other risk categories (e.g. in case of financial risk arising from significant downturn on bonds, equities markets or of a particular housing market speculative bubble, etc.)

EFG International manages these potential reputational risks through the establishment and monitoring of the risk appetite set by the Board of Directors, and through established policies and control procedures.

Model risk

Model risk is the risk that arises from decisions based on the incorrect selection, implementation or usage of models. The following principles are applied in establishing appropriate governance and supervision:
– EFG International has an established definition of a model and maintains a model inventory
– EFG International has implemented an effective governance framework, procedures and controls to manage model risks
– EFG International has implemented a robust model development and implementation process and ensures appropriate use of models
– EFG International undertakes appropriate model validation and independent review activities to ensure sound model performance and greater understanding of model uncertainties

EFG International has developed a series of models and methodologies to measure and to quantify the risks of different portfolios and potential risk sensitivities and concentrations. These models are regularly reviewed by the independent Risk Model Validation function, conforming to regulatory requirements, as well as internal general directive on model risk. The Risk Model Validation function reports to the Chief Risk Officer.

The validation has the primary objective to test whether models perform as expected, produce results comparable with actual events and values and reflect best-in-practice approaches. The validation allows also checks if models are performing adequately, whether additional examination is required and whether they need to be adjusted or even redeveloped. Results are presented to the relevant governance body and, as required, to regulators.

Emerging risk

EFG International aims to prevent emerging risks; they can be new risks or even they can be familiar risks that become apparent in new or unfamiliar conditions. Their sources can be natural or human, and often are both.

Emerging risks may include new technologies, for example, artificial intelligence, nanotechnology or genetic engineering, as well as economic, societal, environmental, regulatory or political change.

EFG International monitors, via regular risk assessments, emerging risk that could create potential reputational risks and impact future income generation capacity.

6. Credit risk

Credit risk refers to the probability that a default will occur as a result of a borrower's or counterparty's deteriorating creditworthiness and/or inability to meet its financial obligations. EFG International and all its subsidiaries (together EFG International) primary credit exposures relate to loans collateralised by securities portfolios and by mortgages, or to rated financial institutions, sovereigns and corporates.

6.1 Credit risk management

(a) Loans and advances

A basic feature of the credit approval process is a separation between the firm's business origination and credit risk management activities.

The approval of loans and other exposures has been delegated, depending on predefined risk, collateral and size parameters, to the credit departments of EFG International's business units, to local credit committees, to specific EFG International executives and management functions within the organisation and to the Executive Credit Committee of EFG International. The approval competencies for large exposures and exposures with increased risk profiles are centralised in Switzerland, in compliance with local regulatory and legal requirements of the individual international business units.

To qualify as collateral for a lombard loan, a client's securities portfolio must meet minimum eligibility criteria and be sufficiently liquid. Different haircuts are applied depending on asset class and collateral risk profile. Mortgages are mainly booked at EFG Bank AG and

EFG Private Bank Ltd, London. They are granted predominantly on properties in Switzerland and in prime London locations.

Management is required to understand the purpose of each loan (which is typically for investment in securities, funds, and investment-related insurance policies or real estate) and all risk aspects involved in the granting of each loan, mitigating those when possible.

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

(b) Debt securities and other bills
For debt securities and other bills, external ratings such as S&P's rating or their equivalents are used by EFG International for managing the credit risk exposures.

6.2 Risk limit control and mitigation policies

To qualify as collateral for a lombard loan, a client's securities portfolio must generally be well diversified with different haircuts applied depending on the asset class and collateral risk profile. Additional haircuts are applied if the loan and the collateral are not in the same currency or diversification criteria are not fully met.

Loans guaranteed by real estate are treated in conformity with local regulatory requirements and with the internal directives (regulations, procedures) pertaining to valuation and affordability calculation. All real estate property used as collateral must be evaluated by internal appraisers or by selected external surveyors. External valuations are accepted, as long as the competence and the independence of the external professional have been verified.

Credit departments monitor credit exposures against approved limits and pledged collateral. If necessary, they initiate rectification steps. Financial collateral is valued where possible on a daily basis (but may be valued more frequently, if particular portfolios and severe market conditions demand). Certain mutual and hedge funds are valued weekly or monthly, whereas insurance policies are valued at least quarterly.

Management of exposure to financial institutions is based on a system of counterparty limits coordinated at the EFG International level, and also subject to pre-approved country limits. Limits for exposure to counterparties are granted based upon internal analysis. The limits are set and monitored by the Country & Counterparty Credit (Sub) Committee depending on each counterparty's S&P or Moody's ratings (with reference to individual and support ratings).

Other specific control and mitigation measures are outlined below.

(a) Collateral
EFG International employs a range of policies and procedures to mitigate credit risk. EFG International implements guidelines and procedures on the acceptability of specific asset classes as collateral for credit risk mitigation. The main asset classes accepted as collateral for loans and advances are:
– Cash and cash equivalent
– Financial instruments such as debt securities, equities and funds
– Bank guarantees
– Mortgages over residential and to a limited extent commercial properties
– Assignment of guaranteed cash surrender value of life insurance policies

(b) Derivatives
EFG International maintains a strict monitoring of credit risk exposure induced by over-the-counter derivative transactions and exchanged-traded derivatives against limits granted. Credit risk exposure is computed as the sum of the mark-to-market of the transactions and the potential future exposure calculated through dedicated add-on factors applied to the notional amount of the transactions. EFG International has signed risk-mitigating agreements with its most important financial institutions counterparties.

(c) Credit-related commitments
Credit-related commitments include the following:
– Guarantees and standby letters of credit; these carry the same credit risk as loans
– Commitments to extend credit; these represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit.
EFG International is potentially exposed to loss in an amount equal to the total unused commitments. However, commitments to extend credit are contingent upon customers maintaining specific credit standards

For all of the above, the same standards apply regarding approval competences, collateral requirements and monitoring procedures.

The guarantees and irrevocable lines of credit can be drawn by the customers only if the client has adequate collateral pledged with EFG International. Should the guarantees and irrevocable lines of credit be drawn, the majority of the facilities would be rated by EFG International with an internal grading of 1 to 3.

6.3 Credit loss measurement

The entity applies the three-stage approach introduced by IFRS 9 for impairment measurement based on changes in credit quality since initial recognition:
- Stage 1: financial assets that have not experienced a significant increase in credit risks since initial recognition
- Stage 2: significant increase in credit risks since initial recognition but not yet deemed to be credit-impaired
- Stage 3: credit-impaired on payment default

Financial instruments in stage 1 have their expected credit losses (ECL) measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

Specific ECL measurements have been developed for each type of credit exposure. Generally, the three components to compute ECL are exposure at default, probability of default and loss given default, defined as follows:
- Exposure at default (EAD) is based on the amounts EFG International expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, EFG International includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur
- Probability of default (PD) represents the likelihood of a borrower defaulting on its financial obligation (as per definition of default and credit-impaired below), either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation
- Loss given default (LGD) represents EFG International's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of EAD expected to be non-recoverable if the default occurs in the next 12 months and lifetime LGD is the percentage of EAD expected to be non-recoverable, the default occurs over the remaining expected lifetime of the loan.

6.4 Due from banks and investment securities

This includes all assets that are classified as follows:
- Cash and balances with central banks
- Treasury bills and other eligible bills
- Due from other banks
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Public entities

Inputs and assumptions
The ECL for all products above is estimated via three components:
- EAD: depending on the product and on the IFRS 9 asset classification; book value for amortised cost assets and purchase value adjusted for amortisation and discount unwind for assets designated as FVTOCI
- PD: estimated for a 12-month and lifetime period based on external counterparty credit risk rating information (Standard & Poor's annual global corporate default study and rating transition). For public entity loans, the PD is estimated using official statistics
- LGD: for stage 1 and stage 2 assets. LGD for sovereign, bank and corporate exposure is approximated by an expert judgement aligned to the credit default swap ISDA market standard that estimates a recovery rate for sovereign exposure of 40%, resulting in 60% LGD. In case of stage 3 assets, LGD value is determined on an individual basis for sovereign, bank and corporate exposure

Estimation techniques
Macroeconomic expectations for sovereign securities and central banks debt are incorporated via their respective rating obtained from Standard & Poor's as part of their assessment of counterparty credit risk. For banks and corporate counterparties, the PD and related transition matrices are impacted on the basis of EFG International's macroeconomic expectations.

Significant increase in credit risk
A rapid deterioration in credit quality triggers an ad hoc review of the individual asset. An internal expert panel performs a quarterly assessment to determine if this asset is subject to a significant increase in credit risk (SICR). In

addition to the quantitative SICR test based on changes in the rating agency's rating for the respective financial instrument, the assessment of the expert panel considers a range of external market information (e.g. credit default spreads, rating outlook).

Definition of default
The default is triggered through a payment default on the instrument or any cross-default indication from rating agencies.

6.5 Lombard lending

Lombard lending includes assets that are classified within loans and advances to customers, including lombard loans and other exposures covered by financial collaterals.

Lombard loans are loans secured by diversified portfolios of investment securities, and the risk of default of the loan is driven by the valuation of the collateral. The lending decision is not based on traditional lending criteria such as affordability, and is typically undertaken by clients with an existing investment portfolio who wish to leverage their portfolio in pursuit of higher investment returns or for diversification reasons or who have short-term liquidity needs.

Inputs and assumptions
The ECL for lombard loans are estimated with two components:
- ECL due to adverse market price movements in the collateral that captures the risk that a shortfall arises when collateral values decrease to a level insufficient to cover the respective lombard loan exposure and
- ECL due to a default of a large single collateral position (top 1 to top 5) yielding a shortfall for the lombard loan exposure

Due to the importance of collateral characteristics for lombard lending, asset segmentation has been defined balancing the need for a high granularity and the tractability of overall model. Asset classes have been distinguished by asset price volatility, credit and liquidity risk. Asset classes differentiate cash and cash equivalent, bonds, equities, funds, commodities, guarantees, derivatives, real estate, insurance policies and other assets. Further asset sub-classes consider other relevant characteristics such as investment grade or non-investment-grade issuance, or country of issuance.

ECL due to adverse market price movements is based on assumptions regarding:
- Loan-to-value (LTV) close-out trigger levels
- Market price volatility of underlying collateral sub-asset class
- Currency mismatch between loan and collateral
- Close-out periods
- Exposure at close-out considering a credit conversion factor for undrawn lombard credit lines
- LGD considering sales cost incurred during collateral liquidation

ECL due to default of a large single collateral position are based on assumptions regarding:
- Risk concentrations in top 5 collateral per asset sub-class
- PD for each sub-asset class based on counterparty risk ratings
- LGD to assess the collateral value after default
- LTV close-out trigger levels
- Market price volatility of underlying collateral sub-asset class
- Currency mismatch between loan and collateral
- Close-out periods
- Exposure at close-out considering a credit conversion factor for undrawn lombard credit lines
- LGD considering sales cost incurred during collateral liquidation

Estimation techniques
As opposed to the general measurement approach, ECL measurement for lombard loans does not consider the PD of the borrower. The measurement approach calculates the probability that a given loan hits its close-out trigger level, conditional on this, its expected positive exposure (EPE) is calculated. This corresponds to an uncovered shortfall which in combination with the LGD parameter determines the ECL. For lombard lending, no additional macro-conditioning of variables is necessary as macroeconomic effects are captured through parameters such as volatility and LTV levels.

Significant increase in credit risk
Credit risk for lombard loans is based on the underlying collateral. Hence, a SICR is driven by LTV metric for each individual lombard loan that is at or above the close-out trigger. Stage 2 lombard loans are loans with LTV above the close-out trigger which according to policy could have been closed out, but have been decided to be maintained, taking a higher credit risk.

Definition of default
Lombard loans that were closed out or have their collateral liquidated, resulting in an actual shortfall, or where liquidation is still in progress resulting in a potential shortfall, are considered credit-impaired and classified as stage 3.

6.6 Residential and commercial mortgages

This includes assets that are classified within loans and advances to customers that are predominantly secured by real estate collateral.

Inputs and assumptions
The ECL for mortgages is estimated by four components:
- EAD: the exposure considers contractual repayments, as well as potential drawdown over the lifetime of the loan
- Rank ordering of loans: each loan is assigned to a risk grade on the basis of its credit quality (i.e. rank order estimation)
- PD is derived from historical transition matrices. To derive forward-looking default estimates, these matrices are calibrated to the macroeconomic expectation of EFG International
- LGD: the loss estimate is calculated based on the possibility to cure (derived from the transition matrix) and on the loss given loss (LGL) component. The LGL takes into account the current LTV and the future recovery value of the underlying collateral. The recovery value depends on parameters such as valuation haircuts and their volatility, time to sell the collateral, as well as associated selling costs. The house price development until sale, as well as the effective interest rate, are also taken into account

Estimation techniques
Forward-looking macroeconomic effects are incorporated with forecasts on gross domestic product (GDP) growth and house price development.

The GDP forecasts impact the migration matrices used to determine the PD and the probability to cure considered in the LGD:
- GDP growth for Switzerland is estimated based on an explicit forecast for Switzerland
- GDP growth for all countries but Switzerland is estimated with a weighted forecast for the major global economies

House price developments for Switzerland, France and Singapore are estimated with explicit forecasts. House price developments for the UK are estimated with an explicit forecast for the London area. House prices for countries other than the aforementioned markets are estimated with a weighted forecast. The house prices impact the LTV ratios used to calculate the LGD.

Significant increase in credit risk
SICR for these assets has occurred if any exposure is greater than 30 days past due. Other criteria used to identify assets with SICR are the relative deterioration in credit quality since origination, also taking into account the internal scorecard rating and credit watch list status, or if a loan has previously been defaulted.

Definition of default
Mortgages are considered to be in default if the exposures are greater than 90 days past due. Other criteria used to identify non-performing assets are the internal scorecard rating, watch list status and individual assessment of the respective counterparty.

6.7 Other loans

This includes assets that are classified within loans and advances to customers that are not lombard loans nor mortgage loans and includes commercial loans and overdrafts.

Inputs and assumptions
The ECL for other loans is estimated by four components:
- EAD: the exposure considers contractual repayments, as well as potential drawdown over the lifetime of the loan
- Rank ordering of loans: each loan is assigned to a risk grade on the basis of its credit quality (i.e. rank order estimation)
- PDs are derived from historical transition matrices for commercial loans. To derive forward-looking default estimates, these matrices are conditioned to the macro-economic expectation of EFG International. Other, non-commercial loans used an adjusted transition matrix that replicated their historical default rates due to the insufficient number of historical observations
- LGD: the loss estimate is calculated based on the possibility to cure (derived from the transition matrix), as well as a LGL component. The LGL takes into account the current LTV level and the future recovery value of the underlying collateral, for collateralised or partially collateralised exposures. Expert-based LGL rates are used for exposures without collateral

Estimation techniques
Forward-looking macroeconomic effects are incorporated with forecasts on GDP growth and house price developments. See residential and commercial mortgages for details.

Significant increase in credit risk
SICR for these assets has occurred if any credit is greater than 30 days past due. Other criteria used to identify assets with SICR are the relative deterioration in credit quality since origination, also taking into account the internal scorecard rating and credit watch list status, or if a loan has previously been defaulted.

Definition of default
Other loans are considered to be in default if they are more than 90 days past due. Other criteria used to identify non-performing assets are the internal scorecard rating, watch list status and individual assessment of the respective counterparty.

6.8 Contractual modifications

EFG International modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view of maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms of initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. EFG International may determine that the credit risk has significantly improved after restructuring, so that the assets are removed from stage 3 or stage 2 in accordance with the new terms for the six consecutive months or more.

6.9 Write-off policy

EFG International writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:
– Ceasing enforcement activity
– Where the EFG International's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full

EFG International may write off financial assets that are still subject to enforcement activity. EFG International still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectations of full recovery.

6.10 Macro-economic scenario and sensitivity analysis

The ECL results are based on forward-looking projections. These projections consider different macroeconomic scenarios, in particular a base, upside and downside scenario is considered.

The most significant assumptions affecting the ECL are as follows:

- For residential and commercial mortgages: house price index (HPI), given the impact it has on mortgage collateral valuations; gross domestic product (GDP), given the correlation with the customers' wealth, as well as the commercial clients' business environment, hence in turn their ability to repay the loans
- For due from customers – lombard lending: asset volatility, given the impact it has on financial collateral valuations

		2021	2022	2023	2024	2025
World GDP Growth	Base	5.2%	4.2%	3.8%	3.6%	3.5%
	Upside	6.2%	5.0%	4.5%	4.1%	3.9%
	Downside	4.2%	3.4%	3.2%	3.1%	3.1%
Switzerland GDP Growth	Base	3.6%	2.1%	1.4%	1.9%	1.3%
	Upside	4.6%	2.9%	2.1%	2.4%	1.7%
	Downside	2.6%	1.3%	0.8%	1.4%	0.9%
Weighted GDP Growth	Base	3.9%	2.9%	2.1%	1.7%	1.5%
	Upside	4.9%	3.7%	2.7%	2.2%	1.9%
	Downside	2.9%	2.1%	1.5%	1.2%	1.1%
House Price Index Switzerland	Base	0.0%	0.9%	1.4%	1.8%	2.1%
	Upside	2.0%	2.9%	3.4%	3.8%	4.1%
	Downside	(2.0%)	(1.1%)	(0.6%)	(0.2%)	0.1%
House Price Index France	Base	1.1%	2.7%	1.9%	1.4%	1.8%
	Upside	7.1%	8.7%	7.9%	7.4%	7.8%
	Downside	(4.9%)	(3.3%)	(4.1%)	(4.6%)	(4.2%)
House Price Index Singapore	Base	2.9%	4.2%	4.3%	4.3%	4.3%
	Upside	9.9%	11.2%	11.3%	11.3%	11.3%
	Downside	(4.1%)	(2.8%)	(2.7%)	(2.7%)	(2.7%)
House Price Index UK (London)	Base	1.5%	4.8%	4.0%	4.3%	7.7%
	Upside	7.5%	10.8%	10.0%	10.3%	13.7%
	Downside	(4.5%)	(1.2%)	(2.0%)	(1.7%)	1.7%
Weighted House Price Index	Base	0.9%	3.2%	3.0%	3.2%	5.4%
	Upside	3.9%	6.2%	6.0%	6.2%	8.4%
	Downside	(2.1%)	0.2%	0.0%	0.2%	2.4%

The table below illustrates the results from reasonably possible changes in the main parameters from the actual assumptions used. For mortgages and other loans the upside and downside ECL scenarios have been applied, while for Lombard loans the volatilities have been doubled (downside scenario) and halved (upside scenario).

Portfolio	**Parameter**	**Scenario**	
		Upside sensitivity CHF millions	Downside sensitivity CHF millions
Mortgages and other loans	GDP Growth	(0.2)	0.2
	House Price Indexes	(1.2)	1.6
Lombard loans	Volatilities	(0.1)	0.1

6.11 Collateral and other credit enhancements

EFG International employs a range of policies and practices to mitigate the credit risk. The most traditional of these is the taking of security for credit exposures.
EFG International implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:
- Charges over financial instruments such as debt securities and equities
- Mortgages over residential and to a limited extent commercial properties

6.12 Concentration of risks of financial assets with credit risk exposure

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

As of 31 December 2020, the carrying value of the exposure of the ten largest borrowers was CHF 1,782.2 million (2019: CHF 1,954.5 million).

7. Credit risk exposure

The table below summarises the carrying values, credit grades, expected credit loss (ECL) allowance by stage and fair values of collateral of those financial assets that were measured at amortised cost (or at fair value through other comprehensive income) as of 31 December 2020. The ECL allowance for all assets excluding financial assets at fair value through other comprehensive income are deducted from the carrying value.

31 December 2020	AAA–AA CHF millions	A CHF millions	BBB–BB CHF millions	B–C CHF millions	Unrated CHF millions	Total carrying value CHF millions
Cash and balances with central banks	8,581.9	61.0				8,642.9
Treasury bills and other eligible bills	1,026.9	0.0				1,026.9
Due from other banks	1,528.5	1,151.1	417.2	0.2		3,097.0
Mortgages	4,674.8	762.7	116.6	121.1		5,675.2
Lombard and other loans	11,748.4	422.9	150.2	226.3		12,547.8
Financial assets at fair value through other comprehensive income	4,052.1	804.4	88.3	8.2		4,953.0
Total on-balance sheet assets as at 31 December 2020	**31,612.6**	**3,202.1**	**772.3**	**355.8**	**–**	**35,942.8**
Loan Commitments	243.4					243.4
Financial Guarantees	1,172.4	0.2	0.9	5.1		1,178.6
Total	**33,028.4**	**3,202.3**	**773.2**	**360.9**	**–**	**37,364.8**

31 December 2020	Total carrying value CHF millions	ECL Staging Stage 1	Stage 2	Stage 3	ECL allowance CHF millions	Fair value of the collateral held CHF millions
Cash and balances with central banks	8,642.9					
Treasury bills and other eligible bills	1,026.9					
Due from other banks	3,097.0	0.1			0.1	
Mortgages	5,675.2	0.9	0.3	6.0	7.2	14,758.9
Lombard and other loans	12,547.8	2.9	4.0	84.2	91.1	37,157.2
Financial assets at fair value through other comprehensive income	4,953.0	0.3			0.3	
Total on-balance sheet assets as at 31 December 2020	**35,942.8**	**4.2**	**4.3**	**90.2**	**98.7**	**51,916.1**
Loan Commitments	243.4					
Financial Guarantees	1,178.6		0.4	0.2	0.6	
Total	**37,364.8**	**4.2**	**4.7**	**90.4**	**99.3**	**51,916.1**

The table below summarises the carrying values, credit grades, expected credit loss allowance by stage and fair values of collateral of those financial assets that were measured at amortised cost (or at fair value through other comprehensive income) as of 31 December 2019:

31 December 2019	AAA–AA CHF millions	A CHF millions	BBB–BB CHF millions	B–C CHF millions	Unrated CHF millions	Total carrying value CHF millions
Cash and balances with central banks	8,330.5	53.9				8,384.4
Treasury bills and other eligible bills	1,359.0	16.3				1,375.3
Due from other banks	1,113.2	1,430.1	68.7		10.0	2,622.0
Mortgages	3,127.4	2,679.2	42.3	233.2		6,082.1
Lombard and other loans	11,258.7	1,370.5	146.6	171.9		12,947.7
Financial assets at fair value through other comprehensive income	4,476.4	872.9	43.1	3.5		5,395.9
Total on-balance sheet assets as at 31 December 2019	**29,665.2**	**6,422.9**	**300.7**	**408.6**	**10.0**	**36,807.4**
Loan Commitments	239.7					239.7
Financial Guarantees	1,020.2	110.1	2.2	2.6		1,135.1
Total	**30,925.1**	**6,533.0**	**302.9**	**411.2**	**10.0**	**38,182.2**

31 December 2019	Total carrying value CHF millions	ECL Staging Stage 1	Stage 2	Stage 3	ECL allowance included in carrying values CHF millions	Fair value of the collateral held CHF millions
Cash and balances with central banks	8,384.4					
Treasury bills and other eligible bills	1,375.3					
Due from other banks	2,622.0	0.1			0.1	
Mortgages	6,082.1	0.7	0.1	6.2	7.0	13,361.3
Lombard and other loans	12,947.7	1.7	2.4	95.4	99.5	35,138.8
Financial assets at fair value through other comprehensive income	5,395.9	0.5			0.5	
Total on-balance sheet assets as at 31 December 2019	**36,807.4**	**3.0**	**2.5**	**101.6**	**107.1**	**48,500.1**
Loan Commitments	239.7					
Financial Guarantees	1,135.1		0.6	0.1	0.7	
Total	**38,182.2**	**3.0**	**3.1**	**101.7**	**107.8**	**48,500.1**

8. Credit staging and loss allowances

8.1 Balances with central banks

The table below presents the aggregate changes in gross carrying values and loss allowances for Balances with central banks:

Balances with central banks - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2019	**7,141.9**	**–**	**–**	**7,141.9**
Financial assets derecognised during the period other than write-offs	(43.0)			**(43.0)**
New financial assets originated or purchased	1,377.4			**1,377.4**
FX and other movements	(91.9)			**(91.9)**
Gross carrying value as at 31 December 2019	**8,384.4**	**–**	**–**	**8,384.4**
Financial assets derecognised during the period other than write-offs	(214.4)			**(214.4)**
New financial assets originated or purchased	534.5			**534.5**
FX and other movements	(61.6)			**(61.6)**
At 31 December 2020	**8,642.9**	**–**	**–**	**8,642.9**

Balances with central banks - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2019	**–**	**–**	**–**	**–**
Movements with P&L impact				**–**
Other movements with no P&L impact				**–**
At 31 December 2019	**–**	**–**	**–**	**–**
Movements with P&L impact				**–**
Other movements with no P&L impact				**–**
At 31 December 2020	**–**	**–**	**–**	**–**

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified. In addition, no amounts were written off in the period.

8.2 Treasury bills and other eligible bills

The table below presents the aggregate changes in gross carrying values and loss allowances for treasury and other eligible bills held at amortised cost:

Treasury bills and other eligible bills - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2019	**1,199.1**	**–**	**–**	**1,199.1**
Financial assets derecognised during the period other than write-offs	(1,199.1)			**(1,199.1)**
New financial assets originated or purchased	1,375.3			**1,375.3**
At 31 December 2019	**1,375.3**	**–**	**–**	**1,375.3**
Financial assets derecognised during the period other than write-offs	(1,375.3)			**(1,375.3)**
New financial assets originated or purchased	1,026.9			**1,026.9**
At 31 December 2020	**1,026.9**	**–**	**–**	**1,026.9**

Treasury bills and other eligible bills - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2019	**–**	**–**	**–**	**–**
Movement with P&L impact				**–**
Loss allowance as at 31 December 2019	**–**	**–**	**–**	**–**
Movements with P&L impact				**–**
At 31 December 2020	**–**	**–**	**–**	**–**

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified. In addition, no amounts were written off in the period.

8.3 Due from other banks

The table below presents the aggregate changes in gross carrying values and loss allowances for Due from other banks:

Due from other banks - Gross carrying value	**Stage 1 CHF millions**	**Stage 2 CHF millions**	**Stage 3 CHF millions**	**Total CHF millions**
At 01 January 2019	**3,205.7**	**–**	**–**	**3,205.7**
Financial assets derecognised during the period other than write-off	(1,949.8)			**(1,949.8)**
New financial assets originated or purchased	1,365.6			**1,365.6**
FX and other movements	0.5			**0.5**
At 31 December 2019	**2,622.0**	**–**	**–**	**2,622.0**
Financial assets derecognised during the period other than write-off	(1,397.9)			**(1,397.9)**
New financial assets originated or purchased	1,917.2			**1,917.2**
FX and other movements	(44.2)			**(44.2)**
At 31 December 2020	**3,097.1**	**–**	**–**	**3,097.1**

Due from other banks - Loss allowance	**Stage 1 12-month ECL CHF millions**	**Stage 2 Lifetime ECL CHF millions**	**Stage 3 Lifetime ECL CHF millions**	**Total CHF millions**
At 01 January 2019	**0.1**	**–**	**–**	**0.1**
Movements with P&L impact				
New financial assets originated or purchased	0.1			**0.1**
Changes in PD/LGDs/EADs	(0.1)			**(0.1)**
At 31 December 2019	**0.1**	**–**	**–**	**0.1**
Movements with P&L impact				
New financial assets originated or purchased				**–**
Changes in PD/LGDs/EADs				**–**
Total net P&L charge during the period	**–**	**–**	**–**	**–**
At 31 December 2020	**0.1**	**–**	**–**	**0.1**

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified. In addition, no amounts were written off in the period.

8.4 Investment Securities (FVTOCI)

The table below presents the aggregate changes in gross carrying values and loss allowances for Financial assets at fair value through other comprehensive income:

Investment Securities (Fair value through other comprehensive income) - Carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2019	**5,806.1**	**–**	**–**	**5,806.1**
Financial assets derecognised during the period other than write-offs	(3,114.7)			**(3,114.7)**
New financial assets originated or purchased	2,703.5			**2,703.5**
Changes in fair value	49.3			**49.3**
Changes in interest accrual	1.3			**1.3**
FX and other movements	(49.6)			**(49.6)**
At 31 December 2019	**5,395.9**	**–**	**–**	**5,395.9**
Financial assets derecognised during the period other than write-offs	(2,882.1)			**(2,882.1)**
New financial assets originated or purchased	2,586.6			**2,586.6**
Change in fair value	21.0			**21.0**
Changes in interest accrual	(8.4)			**(8.4)**
FX and other movements	(160.0)			**(160.0)**
At 31 December 2020	**4,953.0**	**–**	**–**	**4,953.0**

Investment Securities (Fair value through other comprehensive income) - Loss allowance	**Stage 1 12-month ECL CHF millions**	**Stage 2 Lifetime ECL CHF millions**	**Stage 3 Lifetime ECL CHF millions**	**Total CHF millions**
As of 01 January 2019	**0.4**	**–**	**–**	**0.4**
New financial assets originated or purchased	0.3			**0.3**
Changes in PD/LGDs/EADs	(0.2)			**(0.2)**
At 31 December 2019	**0.5**	**–**	**–**	**0.5**
Movements with P&L impact				
New financial assets originated or purchased	0.1			**0.1**
Changes in PD/LGDs/EADs	(0.3)	0.0	0.0	**(0.3)**
Total net P&L charge during the period	**(0.2)**	**–**	**–**	**(0.2)**
Other movements with no P&L impact				
Financial assets derecognised during the period				**–**
At 31 December 2020	**0.3**	**–**	**–**	**0.3**

For expected credit losses on Investment securities at fair value through other comprehensive income, the movement with P&L impact is offset against other comprehensive income, as the ECL has no impact on the fair value of the assets.

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified. In addition, no amounts were written off in the period.

8.5 Loans and advances to customers

Loans and advances to customers comprise the following:

		31 December 2020 CHF millions	31 December 2019 CHF millions
(i) Mortgage loans	Gross	5,682.4	6,089.1
	Loss allowance	(7.2)	(7.0)
(ii) Lombard loans	Gross	12,003.2	12,201.9
	Loss allowance	(82.7)	(91.4)
(iii) Other loans	Gross	635.7	845.3
	Loss allowance	(8.4)	(8.1)
Total loans and advances to customers		**18,223.0**	19,029.8

(i) Mortgage Loans
The table below presents the aggregate changes in gross carrying values and loss allowances for mortgage loans:

Mortgage loans - Gross carrying value	**Stage 1 CHF millions**	**Stage 2 CHF millions**	**Stage 3 CHF millions**	**Total CHF millions**
At 01 January 2019	**5,687.8**	**350.1**	**145.2**	**6,183.1**
Transfers:				
Transfer from Stage 1 to Stage 3	(10.5)		10.5	**–**
Transfer from Stage 2 to Stage 3		(12.1)	12.1	**–**
Transfer from Stage 2 to Stage 1	36.3	(36.3)		**–**
Financial assets derecognised during the period other than write-offs	(1,096.2)	(87.2)	(24.1)	**(1,207.5)**
New financial assets originated or purchased	1,092.5			**1,092.5**
Changes in interest accrual	3.8			**3.8**
FX and other movements	15.4	0.8	1.0	**17.2**
At 31 December 2019	**5,729.1**	**215.3**	**144.7**	**6,089.1**
Transfers:				
Transfer from Stage 1 to Stage 2	(179.6)	179.6		**–**
Transfer from Stage 1 to Stage 3	(41.6)		41.6	**–**
Transfer from Stage 2 to Stage 3		(10.2)	10.2	**–**
Transfer from Stage 2 to Stage 1	65.3	(65.3)		**–**
Financial assets derecognised during the period other than write-offs	(1,124.4)	(55.7)	(65.5)	**(1,245.6)**
New financial assets originated or purchased	1,462.3			**1,462.3**
Changes in interest accrual	(6.2)	(0.1)	(0.1)	**(6.4)**
Mortgages transferred to Other assets - Held for sale	(431.9)	(7.4)	(0.5)	**(439.8)**
FX and other movements	(164.7)	(8.6)	(3.9)	**(177.2)**
At 31 December 2020	**5,308.3**	**247.6**	**126.5**	**5,682.4**

Mortgage loans - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2019	**0.4**	**0.4**	**3.9**	**4.7**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	0.1	(0.1)		**–**
New financial assets originated or purchased	0.1			**0.1**
Changes in PD/LGDs/EADs		(0.4)	2.5	**2.1**
FX and other movements	0.1			**0.1**
Total net P&L charge during the period	**0.3**	**(0.5)**	**2.5**	**2.3**
Other movements with no P&L impact				
Transfer from Stage 3 to Stage 2		0.2	(0.2)	**–**
At 31 December 2019	**0.7**	**0.1**	**6.2**	**7.0**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	0.1	(0.1)		**–**
New financial assets originated or purchased	0.2			**0.2**
Changes in PD/LGDs/EADs		0.2	–	**0.2**
FX and other movements	(0.1)	0.1	(0.2)	**(0.2)**
Total net P&L charge during the period	**0.2**	**0.2**	**(0.2)**	**0.2**
Other movements with no P&L impact				
Transfer from Stage 2 to Stage 3				**–**
At 31 December 2020	**0.9**	**0.3**	**6.0**	**7.2**

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified. In addition, no amounts were written off in the period.

(ii) Lombard loans
The table below presents the aggregate changes in gross carrying values and loss allowances for lombard loans:

Lombard loans - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2019	**11,136.0**	**599.4**	**210.7**	**11,946.1**
Transfers:				
Transfer from Stage 1 to Stage 3	(1.2)		1.2	**–**
Transfer from Stage 2 to Stage 1	30.0	(30.0)		**–**
Financial assets derecognised during the period other than write-offs	(4,251.3)	(79.8)	(4.9)	**(4,336.0)**
New financial assets originated or purchased	5,045.5			**5,045.5**
Changes in interest accrual	(0.9)			**(0.9)**
Write off		(337.8)		**(337.8)**
FX and other movements	(109.3)	(1.9)	(3.8)	**(115.0)**
At 31 December 2019	**11,848.8**	**149.9**	**203.2**	**12,201.9**
Transfers:				
Transfer from Stage 1 to Stage 2	(165.4)	165.4		**–**
Transfer from Stage 1 to Stage 3	(26.4)		26.4	**–**
Transfer from Stage 2 to Stage 1	18.2	(18.2)		**–**
Financial assets derecognised during the period other than write-offs	(4,558.1)	(155.7)	(5.6)	**(4,719.4)**
New financial assets originated or purchased	4,990.1			**4,990.1**
Changes in interest accrual	(12.0)	1.4		**(10.6)**
Lombard loans transferred to Other assets - Held for sale	(3.7)	(0.3)		**(4.0)**
FX and other movements	(430.0)	(6.2)	(18.6)	**(454.8)**
At 31 December 2020	**11,661.5**	**136.3**	**205.4**	**12,003.2**

Lombard loans - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2019	**1.2**	**109.4**	**79.0**	**189.6**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	0.8	(0.8)	–	**–**
New financial assets originated or purchased	0.1	–	–	**0.1**
Changes in PD/LGDs/EADs	(1.7)	9.3	12.8	**20.4**
FX and other movements	–	1.0	(1.6)	**(0.6)**
Total net P&L charge during the period	**(0.8)**	**9.5**	**11.2**	**19.9**
Other movements with no P&L impact				
Write-offs	–	(118.1)	–	**(118.1)**
At 31 December 2019	**0.4**	**0.8**	**90.2**	**91.4**
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	0.1	(0.1)		**–**
New financial assets originated or purchased	0.1			**0.1**
Changes in PD/LGDs/EADs	(0.4)	2.7	(4.1)	**(1.8)**
FX and other movements	0.8	(0.4)	(7.4)	**(7.0)**
Total net P&L charge during the period	**0.6**	**2.2**	**(11.5)**	**(8.7)**
Other movements with no P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 3				**–**
At 31 December 2020	**1.0**	**3.0**	**78.7**	**82.7**

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified.

Stage 3 lombard loans

Included in Stage 3 lombard loans is a gross exposure including accrued interest of CHF 178.0 million (2019: CHF 194.0 million) that EFG Bank AG disbursed in 2007 and on which an expected credit loss of CHF 75.3 million (2019: CHF 88.3 million) has been calculated. EFG International Group is party to multi-jurisdictional legal proceedings relating to a client relationship with a Taiwanese insurance company, which began with arbitration proceedings in Taiwan which EFG International Group lost. EFG International Group extended a loan of USD 193.8 million (excluding interest) to an affiliate of the insurance company, which was placed into receivership in 2014. The loan is secured by the assets of a separate legal entity domiciled in Jersey pursuant to a pledge agreement governed by Singapore law. The former majority shareholder and Chairman of the insurance company (who has been found guilty in Taiwan of various criminal offenses related to the misappropriation of company funds, including the proceeds of the bank loan and is currently serving a 20 year prison sentence) also gave EFG International Group a personal indemnity covering the loan. The overall relationship with the insurance company included accounts held at EFG in Hong Kong, Singapore and Switzerland.

In January 2018, an arbitration tribunal in Taiwan concluded that the transaction was invalid under the law of Taiwan as a result of the insurance company's non-compliance with Taiwanese insurance regulations. Based on that reasoning, the tribunal required EFG International Group to return the USD 193.8 million in assets held by the Jersey entity and used as collateral for the loan, plus interest at a rate of 5% per annum. EFG International Group fundamentally disagrees with the tribunal's reasoning and the result. It appealed the validity of the award in the Taiwan courts, but that appeal was unsuccessful and has concluded. EFG International Group has, however, successfully defeated the attempt by the receiver of the insurance company in Hong Kong to enforce the award. The Hong Kong court issued a decision in November 2020 denying enforcement of the arbitration award and in a January 2021 decision, the court denied the receiver's application for leave to appeal therefore, the proceedings in Hong Kong have now been concluded in favour of EFG International Group.

The Taiwan tribunal did not opine on the validity of the loan collateral under the governing laws of Singapore. When the arbitration began, EFG International Group had already commenced legal proceedings to confirm the validity of the loan collateral in Singapore, which was heard in August and September 2020. Post-trial argument in Singapore will likely take place in the first half of 2021. In the Singapore proceeding, EFG International Group amended its pleadings to assert that the insurance company is liable in tort for any damages suffered by EFG International Group due to the misconduct of the former beneficial owner and Chairman of the insurance company. In addition, EFG International Group is considering how most appropriately to enforce the personal indemnity of the former chairman, secured through successful legal proceedings in Singapore.

EFG International Group, as well as certain current and former employees, have been named in certain supplemental civil proceedings commenced by the receiver of the insurance company in Taiwan. At present, the supplemental proceeding in which EFG International Group is named as a defendant is at an early stage of the process and remains stayed. The receiver seeks to recover civil damages in an amount equivalent to the value of the assets used as collateral for the loan, plus interest accruing at 5% per annum.

The Group has assessed a multitude of potential outcomes in regards to the recoverability of this loan and has recorded the discounted probability weighted impairment arising from these scenarios as the ECL. EFG International Group has recorded a provision of equal amount in its Swiss GAAP financial statements, which form the basis of the EFG International Group's regulatory capital adequacy reporting.

(iii) Other loans
The table below presents the aggregate changes in gross carrying values and loss allowances for other loans (which include commercial loans, loans to public entities, unsecured overdrafts):

Other loans - Gross carrying value	Stage 1 CHF millions	Stage 2 CHF millions	Stage 3 CHF millions	Total CHF millions
At 01 January 2019	**740.9**	**86.1**	**65.8**	**892.8**
Transfers:				
Transfer from Stage 1 to Stage 2	(85.4)	85.4		–
Transfer from Stage 1 to Stage 3	(1.5)		1.5	–
Transfer from Stage 2 to Stage 3		(3.4)	3.4	–
Transfer from Stage 3 to Stage 2		5.6	(5.6)	–
Transfer from Stage 2 to Stage 1	16.3	(16.3)		–
Financial assets derecognised during the period other than write-offs	(252.8)	(58.2)	(9.9)	**(320.9)**
New financial assets originated or purchased	291.1			**291.1**
Write-offs			(15.5)	**(15.5)**
FX and other movements	(0.5)	(1.1)	(0.6)	**(2.2)**
At 31 December 2019	**708.1**	**98.1**	**39.1**	**845.3**
Transfers:				
Transfer from Stage 1 to Stage 3	(43.1)		43.1	–
Transfer from Stage 2 to Stage 3		(10.5)	10.5	–
Transfer from Stage 3 to Stage 1	7.6		(7.6)	–
Transfer from Stage 2 to Stage 1	(32.3)	32.3		–
Financial assets derecognised during the period other than write-offs	(489.0)	(54.9)	(17.8)	**(561.7)**
New financial assets originated or purchased	379.1			**379.1**
Write-offs			(2.3)	**(2.3)**
Other loans transferred to Other assets - Held for sale	(16.4)	(0.3)		**(16.7)**
FX and other movements	(4.0)	(2.0)	(2.0)	**(8.0)**
At 31 December 2020	**510.0**	**62.7**	**63.0**	**635.7**

Other loans - Loss allowance	Stage 1 12-month ECL CHF millions	Stage 2 Lifetime ECL CHF millions	Stage 3 Lifetime ECL CHF millions	Total CHF millions
At 01 January 2019	**0.3**	**2.9**	**15.0**	**18.2**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2				**–**
Transfer from Stage 2 to Stage 1				**–**
Transfer from Stage 3 to Stage 1	0.1	(0.1)		**–**
New financial assets originated or purchased	0.8			**0.8**
Changes in PD/LGDs/EADs	(0.1)	(1.5)	5.6	**4.0**
FX and other movements	0.2		(0.2)	**–**
Total net P&L charge during the period	**1.0**	**(1.6)**	**5.4**	**4.8**
Transfer from Stage 3 to Stage 2		0.2	(0.2)	
Write-offs			(14.9)	**(14.9)**
At 31 December 2019	**1.3**	**1.5**	**5.3**	**8.1**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2				**–**
Transfer from Stage 3 to Stage 1	0.1		(0.1)	**–**
New financial assets originated or purchased	1.1			**1.1**
Changes in PD/LGDs/EADs	(0.5)	(0.1)	2.4	**1.8**
FX and other movements	–	(0.1)		**(0.1)**
Total net P&L charge during the period	**0.7**	**(0.2)**	**2.3**	**2.8**
Other movements with no P&L impact				
Transfer from Stage 2 to Stage 3		(0.1)	0.1	**–**
Loss allowance from Assets transfer to Held for sale	(0.2)			**(0.2)**
Write-offs			(2.3)	**(2.3)**
At 31 December 2020	**1.8**	**1.2**	**5.4**	**8.4**

There were no purchased credit impaired balances during the reporting period, nor were the terms of any contracts modified.

9. Market risk

9.1 Market risk measurement methodology

(a) Value at risk

The VaR computation is a risk analysis tool statistically designed to estimate the maximum potential periodic loss from adverse movements in interest rates (excluding credit spreads), foreign currencies and equity prices, under normal market conditions. VaR is calculated using statistically expected changes in market parameters for a given holding-period-specified confidence level.

The EFG International's VaR methodology is based on a full revaluation historical VaR approach with the exception of FX trading books for which the parametric delta-approach is used and considering a 10-day holding period with a 251-day observation period and a 99% confidence level.

VaR is used for internal control purpose and not for regulatory reporting of risks.

(b) Sensitivity analysis

The risk assessment through sensitivity analysis considers all major market risks deriving from assets, liabilities and off-balance-sheet transactions. The simulations analyse the impacts on risk exposures of adverse movements in market parameters. For interest rate risk, the following risk exposures are assessed:

– Impact on net interest income (NII): the NII assessment determines the impact of a change in the interest rate structure on the forecast interest income (and thus on current earnings). This view is based on nominal values and considers the impact on the basis of a 12-month time horizon. This short-term approach enables EFG International to quantify the impact of changes in interest rates on the interest margin
– Impact on economic value of equity (EVE): the EVE assessment measures the impact of changes in interest rates on current values of future cash flows and thus on the current economic value of EFG International's equity
– When interest rates are used for discounting change, this causes a change in the current value of future cash flows. In contrast to the first approach, which focuses solely on a one-year time frame, the impact on the market value expresses the long-term impact deriving from all future cash flows, if there is a shift in market interest rates

For foreign exchange rate risk, the sensitivity measurement covers in particular:

– The mismatch between on- and off-balance-sheet positions denominated in foreign currencies
– The forecasted earnings that will be made in foreign currencies

(c) Stress tests

VaR calculation and sensitivity analysis are complemented by stress tests, which identify the potential impact of extreme market scenarios on the EFG International's equity and income statements. These stress tests simulate both exceptional movements in prices or rates, and drastic deteriorations in market correlations.

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

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

9.2 Market risk hedging strategies

EFG International is exposed to financial risks arising from many aspects of its business. EFG International implements different risk management strategies to eliminate or reduce market risk exposures. Risks being hedged through derivative financial instruments are typically changes in interest rates, foreign currency rates or effects of other risks (e.g. mortality risk on insurance policies portfolio). EFG International implements fair value hedging strategies.

The risk being hedged in a fair value hedging strategy is a change in the fair value of an asset or liability that is attributable to a particular risk and could affect P&L or the economic value of equity. Changes in fair value might arise through changes in interest rates, foreign exchange rates or other attributes. EFG International implements fair value hedges of individual hedged items (micro fair value hedging).

9.3 Market risk measurement

Banking and trading book
The following table presents the VaR (10-d/99%) for interest rate risk and for currency risk (without considering interdependencies between interest rate and currency risks) considering trading and investment book positions at balance sheet level:

VaR by risk type	At 31 December	12 months to 31 December		
		Average	High	Low
	CHF millions	CHF millions	CHF millions	CHF millions
2020				
Interest rate risk	7.5	10.4	15.7	5.1
Currency risk	0.5	0.7	12.0	0.1
VaR	**8.0**	**11.1**	**27.7**	**5.2**
2019				
Interest rate risk	8.2	7.9	13.9	4.5
Currency risk	0.4	0.5	2.5	0.2
VaR	**8.6**	**8.4**	**16.4**	**4.7**

EFG International carries out foreign currency operations both for its clients, and for its own account. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments, and trading activities in foreign operations. Apart from the exposure to foreign currencies which relates to banking and trading activities in subsidiary companies, EFG International is also exposed to foreign currency fluctuations because most of the subsidiaries and branches of EFG International use local currencies as their reporting currencies.

EFG International may enter into currency hedging arrangements to reduce the effects of exchange rate fluctuations on its income.

The interest rate risk net sensitivities are based on banking book on- and off-balance-sheet positions and consider behavioural assumptions. The quantitative interest rate risk impact on equity economic value and on net interest income are reported in the Basel III Pillar 3 Disclosures report, together with qualitative information.

The following table summarises the repricing gap of EFG International's financial instruments based on the undiscounted cashflows, categorised by the earlier of contractual repricing or maturity dates:

	Up to 3 months CHF millions	3–12 months CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Non-interest bearing CHF millions	Total CHF millions
As at 31 December 2020						
Assets						
Cash and balances with central banks	8,577.5				65.4	8,642.9
Treasury bills	767.1	220.2				987.3
Due from other banks	2,636.5	327.8	132.8			3,097.1
Loans and advances to customers	13,636.9	2,635.2	1,682.0	268.8		18,222.9
Derivative financial instruments	1,154.7					1,154.7
Financial assets at fair value through profit and loss	647.0	358.6	115.3	110.5	950.7	2,182.1
Financial assets at fair value through other comprehensive income	1,451.1	1,039.9	2,185.7	218.1		4,894.8
Total financial assets	**28,870.8**	**4,581.7**	**4,115.8**	**597.4**	**1,016.1**	**39,181.8**
Liabilities						
Due to other banks	443.6					443.6
Due to customers	7,513.7	809.8	84.9		22,433.1	30,841.5
Derivative financial instruments	1,378.7					1,378.7
Financial liabilities at fair value	186.8	4.0	59.9	242.7		493.4
Financial liabilities at amortised cost	3,755.6	323.0	372.3	79.5		4,530.4
Subordinated loans			352.1			352.1
Total financial liabilities	**13,278.4**	**1,136.8**	**869.2**	**322.2**	**22,433.1**	**38,039.7**
On-balance-sheet interest repricing gap	15,592.4	3,444.9	3,246.6	275.2	(21,417.0)	1,142.1
Off-balance-sheet interest repricing gap	1,734.7	(36.3)	(1,690.3)	(123.0)		(114.9)

Investment book

As at 31 December 2020, the investment book VaR (10-d/99%) is CHF 18.3 million (2019: CHF 6.4 million). In 2020, the investment portfolios VaR (10-d/99%) material annual increase was driven by an increase of the interest rate and credit risk exposures partially offset by an increase of the diversification benefits between interest rate and credit spread risks.

Trading book

The following table shows the fixed income trading portfolio VaR (10-d/99%):

	Total CHF millions	Interest rate CHF millions	Credit spread CHF millions
31 December 2020	10.4	2.9	12.3
31 December 2019	2.6	2.7	3.3

The increase of the interest rate and credit spread risk exposure combined with an increase of the diversification benefit between interest rate and credit risk contributed to the variation of the fixed income portfolio VaR.

10. Life insurance and longevity risk

10.1 Definitions

(a) Demographic experience risk
Demographic experience risk is defined as the risk that arises from the inherent uncertainties as to the occurrence, amount and timing of future cash flows due to demographic and expense experience.

Demographic experience risk is limited to EFG International Group's legacy insurance portfolio (for which we have appropriate valuation models in place for this risk where demographic experience is a key assumption) and for the valuation of the EFG International Group's retirement benefit obligations.

(b) Longevity risk
The key risk faced in terms of demographic is around longevity risk which is the risk that the underlying lives and/or single life insured comprising the remainder of the lives longer than expected. There are three subcomponents of this risk which are:
i) Improvement risk, which is the future longevity improvements of collective lives or a singular life are different than expected
ii) Diversion from base life table risk which is relatively low in EFG International Group's portfolio, as EFG International Group tracks individual lives
iii) The per single life risk which is the random variation from EFG International Group's estimated likelihood of each insured life dying in each year. In the case of the latter, it is a material risk due to the small number of insured lives in the portfolio

(c) Expense risk
Within demographic risk the second key risk in EFG International Group's specific portfolio is related primarily to the potential change in premiums. These changes in premium relate to increases payable to the life insurers based on their permissible premium increases under the discrete policy. EFG International Group is required to pay these higher premiums to keep the policy in force, in order to ensure receipt of the cash flow upon maturity.

10.2 Exposure

EFG International Group is exposed to longevity estimates in the valuation of the following assets and liabilities:
i) Financial assets and liabilities
  – Financial assets at fair value through profit and loss
  – Financial liabilities designated at fair value
  – Derivatives
ii) Loans and advances to customers
iii) Other liabilities

(a) Financial assets and liabilities
EFG International Group holds life insurance related assets and liabilities issued by US life insurance companies valued at fair value and the valuations rely on assumptions (see note 31 for further details).

Upon the insured individual having deceased, the life insurance company pays a lump sum death benefit to EFG International Group. EFG International Group pays a periodic premium to the life insurance company to keep the policy valid.

The key risks of these life insurance related assets and liabilities are due to the uncertainty arising from:
i) Longevity risk related to the number of periodic premium payments that are payable by EFG International Group. EFG International Group has to continue paying periodic premiums whilst the insured individual is alive. The longer the insured individual lives, the greater the premium payments will be, usually with no change in the proceeds that will be received from the insurance company
ii) Expense risk relates to the risk that the insurance companies increase the periodic premiums. The insurance companies face longevity risk, and risk from having mispriced the cost of insurance. The insurance companies are now attempting to pass the costs of this risk and/or pricing error onto the policy holders, via increased cost of insurance adjustments to the periodic premiums payable

(i) Longevity risk
The assumptions on life expectancies are based on the Valuation Basic Table (VBT) last published by the Society of Actuaries in 2015 and adjusted by external life settlement underwriters and actuaries to reflect the individual medical characteristics of each referenced insured. Premium estimates are based on cost of insurance estimates, which are provided by independent parties specialised and experienced in the field of premium calculations for life settlement policies. EFG International Group conducts a regular in-depth review of such providers to ensure high-quality standards and reliability of the forecasts.

The determination of the best estimate cash flows included in the valuation of the life insurance for the fair value estimate of these assets under IFRS 13 is considered to be a critical accounting judgement by EFG International Group, due to the lack of observable readily available information and the complexity of the determination of these assumptions.

The EFG International Group uses management's best estimate (considering historic information and relying on specialised opinions) and information from external service providers about trends and market developments. Management judgement is applied to this information.

(ii) Expense risk
Management also considers that the outcome of disputes involving significant increases in premiums observed in the US market will affect the expected premiums payable.

The determination of the appropriate level of increase of cost of insurance in the underlying policies is one of the more significant assumptions applied by management in the valuation model. Increases in cost of insurance considers the aging of the insured persons and increases in pricing levels of premiums imposed by certain carriers that issued these policies. The majority of life insurance policies have increasing annual premiums payable. In certain instances, additional increases have been announced by the insurance companies. EFG International Group considers these increases in cost of insurance to be unjustified and have challenged their implementation in US courts.

The estimated outcome of disputes involving significant increases in premiums observed in the US market affecting the life insurance policies in the portfolio are taken into account. In these cases, management has, in line with market participants, set their own best estimates taking into account the factors outlined above and the relevant contracts as the ultimate resolution of these legal actions is significant for EFG International Group, it relies on actuaries and management judgement to set the cost of insurance assumptions. Management judgement is applied to this information.

(b) Other liabilities - retirement benefit obligations
EFG International Group operates retirement benefit plans which under IFRS are classified as defined benefit plans. Three of these plans are in Switzerland for EFG Bank AG and one in the Channel Islands. The three Switzerland plans are considered as defined benefit plans under IFRS due to a minimum guaranteed return in Swiss pension legislation, EFG International Group having no obligation relative to these funds other than to provide the minimum guaranteed return.

The plans provide annuity options to individuals on retirement. These annuity options are calculated using a conversion rate which is established by the foundation and reviewed periodically.

The valuation of the liability recognised in the balance sheet for the net pension obligation includes actuarial assumptions (see note 50 for further details). One of the key assumptions relates to longevity. Actuarial assumptions are established as unbiased best estimates of future expectations.

10.3 Sensitivities

The following table presents the carrying value (and related death benefits) and the impact that a three month extension in life expectancies will have on the balance sheet valuations:

	Carrying value CHF millions	Net death benefits CHF millions	Sensitivity to 3 months extension in life expectancy: Life insurance CHF millions	Retirement benefit obligations CHF millions
31 December 2020				
Assets				
Derivatives	*49.9*	*81.2*	(0.2)	
Financial assets at fair value through profit and loss	*894.7*	*1,654.1*	(33.9)	
Liabilities				
Financial liabilities designated at fair value	*(175.4)*	*(262.6)*	4.5	
Other liabilities	*(118.7)*			12.8
31 December 2019				
Assets				
Derivatives	*53.7*	*94.6*	(0.2)	
Financial assets at fair value through profit and loss	*952.8*	*2,050.1*	(44.3)	
Liabilities				
Financial liabilities designated at fair value	*(181.9)*	*(298.8)*	5.3	
Other liabilities	*(70.7)*			12.3

11. Liquidity risk

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

EFG International has a liquidity risk management process in place that includes contingency funding plans, and stress tests that are undertaken to highlight EFG International's liquidity profile in adverse conditions, analysing also intraday liquidity stress scenarios.

The liquidity excess is quite typical for EFG International's private banking activity. As a result, liquidity risks are limited.

Financial assets are constantly monitored, and a significant portion of safe and highly liquid assets is maintained. Cash and balances with central banks represent 21% of total assets, to which additional 9% derive from high-quality liquid securities.

At the end of 2020, EFG International is well positioned with a liquidity coverage ratio of 188% (2019:182%).

11.1 Liquidity risk management process

EFG International's liquidity risk management process is carried out by the Asset & Liability Management Committee and monitored by the Financial Risk Committee, in accordance with the principles and the risk appetite defined in the liquidity risk policy, which defines the organisational structure, responsibilities, limit systems and maximum acceptable risk set by the Board of Directors. The operative management is undertaken by Treasury. The liquidity risk management process includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements
- Managing the concentration and profile of funding

EFG International aims to avoid concentrations of its funding facilities. It observes its current liquidity situation and determines the pricing of its assets and credit business through the liquidity transfer pricing model. The liquidity risk management process also includes EFG International's contingency funding plans. The contingency measures include, among other actions, the activation of repo transactions with prime counterparties, the liquidation of marketable securities and/or drawdowns on lines of credit (liquidity shortage financing) with the Swiss National Bank.

11.2 Funding approach

Overall, EFG International, through its business units, enjoys a favourable funding base with stable and diversified customer deposits, which provide the vast majority of EFG International's total funding. The surplus of stable customer deposits over loans and other funding resources are placed by Treasury units in compliance with the local regulatory requirements and internal guidelines.

EFG International manages the liquidity and funding risks on an integrated basis. The liquidity positions of the business units are monitored and managed daily and internal limits are more conservative than the regulatory minimum levels, as required by EFG International's risk appetite framework and liquidity risk policy.

11.3 Concentration risk

The overall level of liquidity exposure and corresponding limits are tightly monitored by means of specific risk metrics approved by the Board of Directors and in line with EFG International's overall committed level of risk appetite. Sources of liquidity are regularly assessed in terms of diversification by currency, geography, provider, term and product.

EFG International's concentration risks are managed through the following mechanisms:

- Monitoring of compliance with asset and liability management (ALM), funding concentration and risk appetite limits assigned
- Informing approval bodies when ALM, concentration and risk appetite limits are exceeded
- Proposing risk mitigation measures for ALM, concentration and risk appetite thresholds

11.4 Liquidity transfer pricing model

EFG International's liquidity transfer pricing model enables the management of the balance sheet structure and the measurement of risk-adjusted profitability, taking into account liquidity risk, maturity transformation and interest rate risk. The liquidity allocation mechanism allows to credit providers of funds for the benefit of liquidity and to charge users of funds.

Customers' loans are charged for the usage of liquidity, based on the liquidity risk embedded in business activities. Short- and long-term loans receive differentiated charges for the cost of liquidity.

Liquidity adjustments are introduced for loans that have the same duration, but due to differing liquidity attributes are not of the same value or cost.

Customers' deposits are credited for the benefit of liquidity based on their likelihood of withdrawal. As a general rule, sticky money, such as term deposits, are less likely to be withdrawn and, therefore, receive larger credits than volatile money, such as demand deposits, savings and transaction accounts, which are more likely to be withdrawn at any time.

11.5 Financial liabilities cash flows

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

	Up to 1 month CHF millions	1–3 months CHF millions	3–12 months CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2020						
Liabilities						
Due to other banks	443.6					443.6
Due to customers	28,147.7	1,799.1	809.8	84.9		30,841.5
Derivative financial instruments	14,389.4	11,575.7	6,822.0	2,510.7	316.4	35,614.2
Financial liabilities at fair value	185.1	1.7	4.0	59.9	242.7	493.4
Other financial liabilities	1,642.4	2,113.2	323.0	372.3	79.5	4,530.4
Subordinated loans				352.1		352.1
Total financial liabilities	**44,808.2**	**15,489.7**	**7,958.8**	**3,379.9**	**638.6**	**72,275.2**
Total off-balance-sheet	**52.8**	**102.7**	**206.3**	**127.4**	**932.8**	**1,422.0**

	Up to 1 month CHF millions	1–3 months CHF millions	3–12 months CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2019						
Liabilities						
Due to other banks	258.8	137.9	0.5			397.2
Due to customers	27,253.6	2,316.2	1,016.4	119.5		30,705.7
Derivative financial instruments	15,060.6	11,129.9	9,403.4	3,208.8	926.5	39,729.2
Financial liabilities at fair value	23.9	0.2	2.5	84.8	440.6	552.0
Other financial liabilities	365.7	546.0	1,307.9	2,281.9	811.4	5,312.9
Subordinated loans	4.7	385.0				389.7
Total financial liabilities	**42,967.3**	**14,515.2**	**11,730.7**	**5,695.0**	**2,178.5**	**77,086.7**
Total off-balance-sheet	**110.8**	**46.4**	**346.7**	**179.1**	**757.5**	**1,440.5**

For more detailed information on off-balance-sheet exposures by maturity, refer to note 56.

Although due to customers are mainly at sight from a contractual point of view, in practice and from an economical perspective, it has been observed that they provide a stable funding source, thereby reducing the exposure to liquidity risk.

12. Capital management

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

Capital adequacy

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

The Group reports regulatory capital using Swiss GAAP as a basis. This is also the basis the Group uses to report to the FINMA. The Group will publish the Basel III Pillar 3 Disclosures for the year ended 31 December 2020 on the Group website by 30 April 2021, which will include a summary of regulatory capital under Swiss GAAP based on a set of Swiss GAAP financial statements.

The Group's eligible capital comprises two tiers:

- Tier 1 capital: share capital (net of any book values of the treasury shares), non-controlling interests arising on consolidation from interests in permanent shareholders' equity, retained earnings and reserves created by appropriations of retained earnings. The book value of acquisition-related intangible assets net of acquisition-related liabilities is deducted in arriving at Tier 1 capital.
- Tier 2 capital: subordinated loans and unrealised gains arising on the fair valuation of financial instruments at fair value through other comprehensive income.

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

The following table summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December 2020 and 2019.

	Basel III – Fully applied Swiss GAAP	
	31 December 2020 Unaudited CHF millions	31 December 2019 Unaudited CHF millions
Tier 1 capital		
Issued fully paid-up capital, fully eligible	148.1	145.8
Capital reserves	1,875.5	1,876.4
Retained earnings	(177.2)	(112.0)
Minority interests	43.0	41.3
Swiss GAAP: Total shareholders' equity	**1,889.4**	1,951.5
Less: Proposed dividend on Ordinary Shares	(88.8)	(87.3)
Less: Goodwill (net of acquisition-related liabilities) and intangibles	(45.3)	(72.0)
Less: Bons de Participation (included in Additional Tier 1)	(14.5)	(14.5)
Less: Other Basel III deductions	(137.2)	(138.1)
Common Equity Tier 1 (CET1)	**1,603.6**	1,639.6
Additional Tier 1	14.5	14.5
Total qualifying Tier 1 capital	**1,618.1**	1,654.1
Tier 2 capital		
Subordinated loan	351.3	385.0
Total regulatory capital	**1,969.4**	2,039.1
Risk-weighted assets		
Credit risk including settlement risk and credit value adjustment	6,963.3	7,286.6
Market risk*	977.5	841.5
Operational risk*	1,978.0	2,008.0
Total risk-weighted assets	**9,918.8**	10,136.1

	31 December 2020 Unaudited %	31 December 2019 Unaudited %
Basel III – FINMA CET1 Ratio (after deducting proposed dividend on Ordinary Shares)	**16.2**	16.2
Basel III – FINMA Total Capital Ratio (after deducting proposed dividend on Ordinary Shares)	**19.9**	20.1

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

In addition to the existing requirement for the Group to hold eligible capital proportionate to risk-weighted assets, the Group is required to report the leverage ratio. This is a non-risk-based metric, defined as the ratio between 'total qualifying Tier 1 capital' and total exposure. Total exposure includes balance sheet and off-balance-sheet exposures. The Basel Committee on Banking Supervision defined the requirements at 3%.

	Basel III – Fully applied Swiss GAAP	
	31 December 2020 Unaudited CHF millions	31 December 2019 Unaudited CHF millions
On-balance sheet exposure (excluding derivatives and other adjustments)	30,916.7	39,651.0
Derivative exposures (including add-ons)	1,680.8	1,364.3
Securities financing transactions	1,739.5	1,413.7
Other off-balance sheet exposures	248.9	280.0
Total exposure	**34,585.9**	42,709.0
Total qualifying Tier 1 capital	**1,618.1**	1,654.1
Basel III – FINMA Leverage Ratio	**4.7%**	3.9%

In January 2021 the Group issued USD 400.0 million perpetual Additional Tier 1 notes, and repurchased USD 202.1 million Tier 2 Subordinated notes. See note 64.

13. Net interest income

Accounting principles

Interest income and expenses are recognised for all interest-bearing instruments on an accrual basis, using the effective interest method. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and any other premiums or discounts. Negative interest on assets is recorded as an interest expense, and negative interest on liabilities is recorded as interest income. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income classified in Stage 3 for expected credit loss purposes, the original effective interest rate is applied to the amortised cost of the asset rather than to the gross carrying amount.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Banks and customers	378.2	536.9
Financial assets at fair value through other comprehensive income	89.5	125.1
Treasury bills and other eligible bills	8.7	18.3
Total interest and discount income	**476.4**	680.3
Banks and customers	(117.3)	(263.1)
Financial liabilities at amortised cost	(38.5)	(69.7)
Lease liabilities	(1.4)	(1.2)
Subordinated loans	(19.3)	(20.4)
Total interest expense	**(176.5)**	(354.4)
Net interest income	**299.9**	325.9

Total interest expense on banks and customers includes negative interest on Swiss francs and Euro deposits placed by the Group at the Swiss National Bank and the European Central Bank in the amount of CHF 25.5 million in the year ended 31 December 2020 (2019: CHF 35.5 million).

14. Net banking fee and commission income

Accounting principle

Fees and commissions are recognised on an accrual basis.
The Group generates fees and commission income from services provided over time (such as portfolio management and advisory services) or when the Group delivers a specific transaction at a point in time (such as brokerage services). The Group recognises fees earned on transaction-based arrangements at a point in time when the service has been fully provided to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the agreement.

Except for certain portfolio management and advisory fees, all fees are generated at a fixed price.
Portfolio management and advisory fees can be variable depending on the size of the customer portfolio and the Group's performance as fund manager. Variable fees are recognised when the performance benchmark has been met and when collectability is assured. The Group acts as principal in the majority of contracts with customers. When the Group acts as agent (in certain brokerage, custody and retrocession arrangements), it recognises income net of fees payable to other parties in the arrangement.

Fee income generated from providing a service that does not result in the recognition of a financial instrument is presented within banking fees and commission income. Fees generated from the acquisition, issue or disposal of a financial instrument are presented in the income statement in line with the balance sheet classification of that financial instrument. Performance-related fees or fee components are recognised when the performance criteria are fulfilled and the fee can be reliably measured.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Advisory and management fees	362.3	346.5
Brokerage fees	253.5	200.8
Commission and fee income on other services	218.8	201.2
Banking fee and commission income	**834.6**	748.5
Commission and fee expenses on other services	(178.9)	(155.5)
Banking fee and commission expense	**(178.9)**	(155.5)
Net banking fee and commission income	**655.7**	593.0

15. Dividend income

	31 December 2020 CHF millions	31 December 2019 CHF millions
Financial assets at fair value through profit and loss	2.1	7.2
Dividend income	**2.1**	7.2

16. Net trading income and foreign exchange gains less losses

	31 December 2020 CHF millions	31 December 2019 CHF millions
Result of currency and precious metal operations	103.9	134.4
Client option premiums	34.7	25.7
Net trading income and foreign exchange gains less losses	**138.6**	160.1

Result of currency and precious metal operations are primarily earned on a transaction basis.

17. Fair value gains less losses on financial instruments measured at fair value

Accounting principles are set out in note 40.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Financial instruments measured at fair value		
Equity securities	2.9	2.2
Life insurance securities	18.9	38.7
Other	(2.5)	16.2
Fair value gains less losses on financial instruments measured at fair value	**19.3**	57.1

For changes in valuation of level 3 assets, see note 40.

18. Gains less losses on disposal of financial assets at fair value through other comprehensive income

	31 December 2020 CHF millions	31 December 2019 CHF millions
Debt securities	6.8	13.4
Gains less losses on disposal of financial assets at fair value through other comprehensive income	**6.8**	13.4

19. Operating expenses

	Note	31 December 2020 CHF millions	31 December 2019 CHF millions
Staff costs	20	(675.0)	(696.9)
Professional services		(34.6)	(43.7)
Advertising and marketing		(8.3)	(12.0)
Administrative expenses		(82.1)	(90.2)
Depreciation of property, plant and equipment	35	(12.4)	(18.0)
Depreciation of right-of-use assets	35	(39.7)	(38.7)
Amortisation of intangible assets			
Computer software and licences	36	(12.5)	(11.6)
Other intangible assets	36	(12.4)	(11.4)
Legal and litigation expenses		(34.3)	(28.2)
Other		(40.2)	(47.6)
Operating expenses		**(951.5)**	(998.3)

20. Staff costs

Accounting principles

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

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

	Note	31 December 2020 CHF millions	31 December 2019 CHF millions
Wages, salaries and staff bonuses		(543.7)	(565.8)
Social security costs		(50.3)	(45.7)
Pension costs			
Retirement benefits	50	(18.2)	4.2
Other net pension costs		(9.0)	(10.2)
Employee equity incentive plans	60	(18.4)	(31.9)
Other		(35.4)	(47.5)
Staff costs		**(675.0)**	(696.9)

As at 31 December 2020, the number of full-time equivalent employees (FTE's) of the Group was 3,149 (2019: 3,312) and the average for the year was 3,231 (2019: 3,294). The FTE's not in their notice period at 31 December 2020 was 3,073 (2019: 3,151).

21. Loss allowance expense

For accounting principles and basis for calculating expected credit losses, see note 6.

Loss allowance expense includes all expected credit losses movements with an income statement impact:

	31 December 2020 CHF millions	31 December 2019 CHF millions
Change in loss allowance on lombard loans	1.7	(18.2)
Change in loss allowance on other loans	(2.9)	(6.5)
Change in loss allowance on mortgages	(0.5)	(2.2)
Change in loss allowance on investment securities	0.2	(0.1)
Change in loss allowance on off-balance sheet items	0.2	2.3
Total loss allowances expense	**(1.3)**	(24.7)

22. Income tax expense

Accounting principles

Current tax expense comprises income tax payable on profits, based on the applicable tax law in each jurisdiction, and is recognised as an expense in the period in which profits arise.

Deferred income tax is provided, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The expected effective tax rates are used to determine deferred income tax. The principal temporary differences arise from intangible amortisation, pension obligations, and revaluation of certain financial assets and liabilities.

Deferred tax assets are only recognised to the extent that it is probable that they will crystallise in the future. Deferred tax relating to changes in fair values of financial assets classified as 'Fair value through other comprehensive income', which is taken directly to the 'Statement of other comprehensive income', is charged or credited directly to other comprehensive income and for debt instruments is subsequently recognised in the income statement together with the deferred gain or loss on disposal.

Accounting judgement

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

Significant estimates are required to determine the current and deferred tax assets and liabilities. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available and used against these losses. To the extent that it is not probable that taxable profit will be available against which unused tax losses can be utilised, the deferred tax asset is not recognised.

	Note	**31 December 2020 CHF millions**	31 December 2019 CHF millions
Current tax expense		(27.9)	(19.2)
Deferred income tax expense	38	(2.6)	(3.9)
Total income tax expense		**(30.5)**	(23.1)

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

	31 December 2020 CHF millions	31 December 2019 CHF millions
Operating profit before tax	152.3	123.4
Tax at the weighted average applicable rate of 19% (2019: 17%)	(28.9)	(21.0)
Tax effect of:		
Unrecognised tax losses carried forward for the year	(8.3)	0.2
Profit not subject to tax	5.4	5.0
Different tax rates in different countries	0.4	(5.7)
Prior year losses recognised		1.1
Creation for prior year's tax under-provisions		(1.8)
Other differences	0.9	(0.9)
Total income tax expense	**(30.5)**	(23.1)

The weighted average tax rate of 19% (2019: 17%) is based on the operating entities local tax rates relative to the taxable income in these jurisdictions.

23. Basic and diluted earnings per ordinary share

	31 December 2020 CHF millions	31 December 2019 CHF millions
Net profit for the year attributable to equity holders of the Group	115.3	94.2
Dividend on Bons de Participation	(0.0)	(0.2)
Net profit for the year attributable to ordinary shareholders	**115.3**	94.0
Weighted average number of ordinary shares ('000s of shares)	293,577	291,367
Basic earnings per ordinary share (CHF)	**0.39**	0.32
Diluted-weighted average number of ordinary shares ('000s of shares)	310,241	307,696
Diluted earnings per ordinary share (CHF)	**0.37**	0.31

Basic earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares owned by the Group amounting to 4,222,573 (2019: 4,842,780).

For the purpose of the calculation of earnings per ordinary share, net profit for the period has been adjusted by a dividend on the Bons de Participation.

The Group issued in 2020 restricted stock units related to 6,697,707 (2019: 9,674,713) shares. Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilutive impact of potential unissued shares. These restricted stock units have the effect to increase the diluted-weighted average number of ordinary shares of EFG International in periods when the Group has profits attributable to ordinary shareholder.

For information regarding the EFG International equity incentive plan, see note 60.

24. Segmental reporting

The Group’s segmental reporting is based on how the Executive Committee reviews the performance of the Group’s operations.

The primary split is between the Private Banking and Wealth Management business, the Investment Solutions business, Global Markets & Treasury, and an aggregation of other activity. The Private Banking and Wealth Management business is managed on a regional basis and is split into:
- Switzerland & Italy
- Continental Europe
- Americas
- United Kingdom
- Asia Pacific

The expense allocation between segments follows a basis using a combination of directly attributable costs, and allocated costs using appropriate allocation keys (Assets under Management, FTE’s, Client Relationship Officers, Revenues or other drivers as applicable).

Refer to note 63 for the definition of Assets under Management.

CHF millions	Private Banking and Wealth Management Switzerland & Italy	Continental Europe	Americas	United Kingdom
At 31 December 2020				
Segment revenue	284.6	182.2	81.7	140.1
Segment expenses	(240.2)	(177.1)	(77.3)	(117.4)
Tangible assets and software depreciation	(5.2)	(5.5)	(1.5)	(3.7)
Total operating margin	**39.2**	**(0.4)**	**3.0**	**19.0**
Cost to acquire intangible assets and impairment of intangible assets	(0.3)	(1.7)	-	-
Provisions	(10.1)	(4.4)	-	(2.1)
Loss allowances expense	0.7	-	(0.5)	(0.7)
Segment profit/(loss) before tax	**29.5**	**(6.5)**	**2.5**	**16.3**
Income tax expense	(4.8)	1.0	(0.4)	(2.6)
Profit/(loss) for the year	**24.7**	**(5.4)**	**2.1**	**13.6**
Assets under Management	43,433	35,017	14,913	21,656
Employees (FTE's) *	335	423	130	203

CHF millions	Private Banking and Wealth Management Switzerland & Italy	Continental Europe	Americas	United Kingdom
At 31 December 2019				
Segment revenue	299.2	196.6	108.4	146.3
Segment expenses	(264.0)	(168.1)	(103.6)	(122.4)
Tangible assets and software depreciation	(7.6)	(6.7)	(2.6)	(3.9)
Total operating margin	**27.6**	**21.8**	**2.2**	**20.0**
Cost to acquire intangible assets and impairment of intangible assets		(1.2)	0.6	-
Provisions	(0.1)	(3.0)		0.7
Loss allowances expense	1.5	0.4	0.7	(1.0)
Segment profit/(loss) before tax	**29.0**	**18.0**	**3.5**	**19.7**
Income tax expense	0.4	(1.6)	(1.3)	(5.9)
Profit/(loss) for the year	**29.4**	**16.4**	**2.2**	**13.8**
Assets under Management	44,497	33,519	15,728	21,052
Employees (FTE's) *	371	403	149	206

*Excluding FTE's on notice or in social plan as at year end.

			Investment Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
	Asia Pacific	Total					
	161.4	850.0	130.8	162.5	(12.7)		1,130.6
	(136.4)	(748.3)	(96.7)	(50.5)	(18.7)		(914.2)
	(3.6)	(19.4)	(2.4)	(3.0)	(0.1)		(24.9)
	21.4	**82.3**	**31.8**	**109.0**	**(31.5)**		**191.5**
	(0.2)	(2.3)	-	-	(10.1)		(12.4)
	(1.3)	(17.8)	(0.8)	-	(6.9)		(25.5)
	0.1	(0.4)	(0.1)	0.9	(1.7)		(1.3)
	20.0	**61.8**	**30.9**	**109.9**	**(50.2)**		**152.3**
	(3.2)	(10.0)	(5.0)	(17.7)	2.1		(30.5)
	16.8	**51.8**	**25.9**	**92.2**	**(48.1)**		**121.8**
	31,285	146,304	45,772		2,216	(35,525)	158,767
	286	1,377	281	87	1,328		3,073

			Investment Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
	Asia	Total					
	146.3	896.8	109.9	133.6	30.6		1,170.9
	(133.8)	(791.9)	(92.3)	(38.5)	(34.6)		(957.3)
	(4.0)	(24.8)	(1.0)	(3.1)	(0.7)		(29.6)
	8.5	**80.1**	**16.6**	**92.0**	**(4.7)**	**–**	**184.0**
	(0.5)	(1.1)	0.1		(10.4)		(11.4)
		(2.4)			(22.2)		(24.6)
	0.6	2.2	0.1		(26.9)		(24.6)
	8.6	**78.8**	**16.8**	**92.0**	**(64.2)**	**–**	**123.4**
	0.5	(7.9)	(0.3)	(0.1)	(14.8)		(23.1)
	9.1	**70.9**	**16.5**	**91.9**	**(79.0)**	**–**	**100.3**
	31,520	146,316	39,697		225	(32,421)	153,817
	308	1,437	265	90	1,359		3,151

25. Analysis of Swiss and foreign income and expenses

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2020			
Operating income	**536.2**	**594.4**	**1,130.6**
Operating expenses	(458.4)	(493.1)	(951.5)
Provisions	(19.4)	(6.1)	(25.5)
Loss allowances expense	(12.9)	11.6	(1.3)
Profit before tax	**45.5**	**106.8**	**152.3**
Income tax expense	(8.7)	(21.8)	(30.5)
Net profit for the year	**36.8**	**85.0**	**121.8**
Net profit for the period attributable to:			
Net profit attributable to equity holders of the Group	36.8	78.5	115.3
Net profit attributable to non-controlling interests		6.5	6.5
	36.8	**85.0**	**121.8**

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
Year ended 31 December 2019			
Operating income	**554.4**	**616.5**	**1,170.9**
Operating expenses	(484.5)	(513.8)	(998.3)
Provisions	(15.4)	(9.2)	(24.6)
Loss allowances expense	(14.2)	(10.4)	(24.6)
Profit before tax	**40.3**	**83.1**	**123.4**
Income tax expense	(12.6)	(10.5)	(23.1)
Net profit for the year	**27.7**	**72.6**	**100.3**
Net profit for the period attributable to:			
Net profit attributable to equity holders of the Group	27.5	66.7	94.2
Net profit attributable to non-controlling interests		6.1	6.1
	27.5	**72.8**	**100.3**

26. Cash and balances with central banks

	31 December 2020 CHF millions	31 December 2019 CHF millions
Cash in hand	65.5	64.0
Balances with central banks	8,577.4	8,320.4
Cash and balances with central banks	**8,642.9**	8,384.4

27. Cash and cash equivalents

Accounting principle

Cash and cash equivalents include cash in hand, deposits held at call with banks, short-term deposits and other short-term highly liquid investments with original maturities of less than 90 days maturity.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Cash and balances with central banks	8,642.9	8,384.4
Treasury bills and other eligible bills	799.7	1,037.1
Due from other banks – at sight	1,489.0	1,315.8
Due from other banks – at term	1,022.1	859.5
Cash and cash equivalents with less than 90 days maturity	**11,953.7**	11,596.8

28. Treasury bills and other eligible bills

	31 December 2020 CHF millions	31 December 2019 CHF millions
Treasury bills with maturity of less than 90 days	799.7	1,037.1
Treasury bills with maturity of more than 90 days	227.2	338.2
Treasury bills and other eligible bills	**1,026.9**	1,375.3
Pledged treasury bills with central banks and clearing system companies	–	–

29. Due from other banks

	31 December 2020 CHF millions	31 December 2019 CHF millions
At sight	1,489.0	1,315.8
At term – with maturity of less than 90 days	1,022.1	859.5
At term – with maturity of more than 90 days	586.0	446.8
Less: Loss allowance	(0.1)	(0.1)
Due from other banks	**3,097.0**	2,622.0
Pledged due from other banks	437.6	283.5

30. Derivative financial instruments

Accounting principle

Derivative financial instruments are initially recognised in the balance sheet at fair value on the date on which the derivative contract is entered into, and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices, including recent market transactions, discounted cash flow models and option pricing models, as appropriate. Certain derivatives embedded in other financial instruments, such as the option in a structured product, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement, unless the Group chooses to designate the hybrid contracts at fair value through profit and loss.

When the Group applies hedge accounting, the Group documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, at hedge inception and on an ongoing basis (as well as upon a significant change in the circumstances affecting the hedge effectiveness requirements) of whether a hedging relationship meets the hedge effectiveness requirements.

The Group will discontinue hedge accounting in the following scenarios:
- When the Group determines that a hedging relationship no longer meets the risk management objective
- When the hedging instrument expires or is sold or terminated
- When there is no longer an economic relationship between the hedge item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship

The below summarises the different treatment of derivatives (whether or not hedge accounting is applied):

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

(ii) Net investment hedge
Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in other comprehensive income are included in the income statement when the foreign operation is disposed of.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

30.2 Derivatives

Credit risk in derivatives is driven by the potential cost to replace the forward or swap contracts if counterparties fail to perform their contractual obligations and that collateral provided does not cover EFG International’s claims. This risk is monitored on an regular basis with reference to the current fair value, a collateral margin applied to a proportion of the notional amount of the contracts and the liquidity of the market.

To control the level of credit risk taken, EFG International assesses counterparties using the same techniques as for its lending activities. Credit risk on index, interest rate and bond futures and other quoted derivatives is negligible because futures contracts are collateralised by cash or marketable securities, and changes in their value are settled daily. The counterparty credit risk related to derivative with banks, corporates and financial institutions and the counterparty credit risk related to securities lending and borrowing as well as repo activities are mitigated by applying daily collateral exchange and operating under international ISDA/ CSA or GMRA/ GMSLA agreements.

The notional amounts of financial instruments provide a basis for comparison, but do not indicate the amount of future cash flows, or the current fair value of the underlying instruments. Accordingly, they do not indicate EFG International's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates, credit spreads or foreign exchange rates, relative to their terms.

The fair values of derivative instruments held are set out in the following table:

	31 December 2020		31 December 2019	
	Fair values Assets CHF millions	**Fair values Liabilities CHF millions**	Fair values Assets CHF millions	Fair values Liabilities CHF millions
Derivatives held for trading				
Currency and precious metal derivatives				
Forward contracts	27.8	27.2	33.9	34.5
Currency swaps	307.4	426.8	192.6	224.0
OTC currency options	82.8	82.8	23.0	22.0
	418.0	**536.8**	249.5	280.5
Interest rate derivatives				
Interest rate swaps	22.2	29.8	19.0	24.6
OTC interest rate options	1.5	1.2		
Interest rate futures		0.1	6.0	0.2
	23.7	**31.1**	25.0	24.8
Other derivatives				
Equity options and index futures	640.6	706.8	425.6	546.8
Credit default swaps	12.8	19.2	38.5	54.6
Total return swaps	49.9		53.7	
Commodity options and futures	6.8	6.8	5.8	5.8
	710.1	**732.8**	523.6	607.2
Total derivative assets/liabilities held for trading	**1,151.8**	**1,300.7**	798.1	912.5
Derivatives held for hedging				
Derivatives designated as fair value hedges				
Cross currency swap	0.5	0.6	0.7	2.2
Interest rate swaps	2.0	76.2	2.1	36.3
Interest rate futures	0.4	1.2		
Total derivative assets/liabilities held for hedging	**2.9**	**78.0**	2.8	38.5
Total derivative assets/liabilities	**1,154.7**	**1,378.7**	800.9	951.0

30.3 Hedge accounting

Hedge effectiveness

The Group applies hedge accounting under IFRS 9 to interest rate risk on fixed rate bonds (fair value hedge). The Group holds a portfolio of long dated fixed rate bonds and therefore is exposed to changes in fair value due to movements in market interest rates. The Group manages the risk exposure by entering into cross currency swaps and interest rate swaps that pay fixed rates matching the coupons of the bonds and receive floating interest rates.

Only the interest rate element is hedged and therefore other risks, such as credit risk, are managed but not hedged by the Group. The interest rate risk component is determined as the change in fair value of the long-term fixed rate bond arising solely from changes of the interest rate environment. Such changes are usually the largest component of the overall changes in fair value.

This strategy is designated as a fair value hedge and its effectiveness is assessed by comparing changes in the fair value of the bonds attributable to changes in the benchmark rate of interest with changes in the fair value of the interest rate swaps.

The Group enters into these transactions on a 'package basis', i.e. enters into the swap at the same time as purchasing the bond, and structures the swap so that the principal terms of the swap exactly match those of the bond. As a result, the hedging ratio is 100% and there is no ineffectiveness.

	31 December 2020				
	Notional amount of hedging item CHF millions	**Fair value of assets CHF millions**	**Fair value liabilities CHF millions**	**Balance sheet line item**	**Change in fair value used for hedge ineffectiveness CHF millions**
Fair value hedge					
Cross currency swaps	45.2	0.4	0.6	Derivatives	4.6
Interest rate swaps	2,360.2	2.0	76.2	Derivatives	(31.5)
Total hedging item	**2,405.4**	**2.4**	**76.8**		**(26.9)**

	Carrying amount of hedged assets CHF millions	**Carrying amount of hedged liabilities CHF millions**	**Fair value adjustments on the hedged item CHF millions**	**Balance sheet line item**	**Change in fair value for hedge ineffectiveness CHF millions**
Fair value hedge					
Fixed rate bonds	2,478.8		49.4	Financial assets at FVTOCI	26.9
Total hedged item	**2,478.8**	**–**	**49.4**		**26.9**

	31 December 2019				
	Notional amount of hedging item CHF millions	Fair value of assets CHF millions	Fair value liabilities CHF millions	Balance sheet line item	Change in fair value for hedge ineffectiveness CHF millions
Fair value hedge					
Cross currency swaps	93.3	0.7	2.2	Derivatives	0.1
Interest rate swaps	2,204.4	2.1	36.3	Derivatives	(26.4)
Total hedging item	**2,297.7**	**2.8**	**38.5**		**(26.3)**

	Carrying amount of hedged assets CHF millions	Carrying amount of hedged liabilities CHF millions	Fair value adjustments on the hedged item CHF millions	Balance sheet line item	Change in fair value for hedge ineffectiveness CHF millions
Fair value hedge					
Fixed rate bonds	2,318.3		20.2	Financial assets at FVTOCI	26.3
Total hedged item	**2,318.3**	**–**	**20.2**		**26.3**

30.4 Net investment hedges

The Group has designated certain intra-Group loans as net investment hedges for the equity in banking subsidiaries. The revaluation of these loans is taken through other comprehensive income and is determined as follows:

	31 December 2020 CHF millions	31 December 2019 CHF millions
Change in net investment hedges denominated in GBP	(4.9)	1.1
Change in net investment hedges denominated in USD		
Change in net investment hedge valuation	**(4.9)**	1.1

31. Financial assets at fair value through profit and loss

Accounting judgement

Unquoted life insurance policies are measured at fair value, following the guidance of IFRS 13. The market for life insurance policies is illiquid and in the absence of market observable valuations for portfolios of similar characteristics, EFG International Group had to exercise judgement in determining the fair value of these assets. The Group has adopted an Income Approach for determining the fair value. The Income Approach risk adjusts future cash flows and then discounts these using a risk-free rate. The key risk adjustments made in the fair value measurement include longevity risk (including the risk of statistical volatility) and risk of change in cost of insurance. The valuation is highly sensitive to longevity risk and risk of change in cost of insurance (premium increase risk), and as a result the Group discloses sensitivities to these. Management judgement is applied to the estimation of future premium streams and cost of insurance, and the outcome of disputes with insurers involving significant increases in premiums.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Trading assets	660.8	869.6
Other mandatorily measured at fair value through profit and loss	1,471.4	1,530.1
Total	**2,132.2**	2,399.7

		31 December 2020 CHF millions	31 December 2019 CHF millions
Issued by non public issuers:	Banks	322.7	191.6
Issued by non public issuers:	Other	914.8	1,178.7
Issued by other issuers:	US life insurance companies	894.7	952.8
Other		-	76.6
Total		**2,132.2**	2,399.7

The movement in the account is as follows:

	31 December 2020 CHF millions	31 December 2019 CHF millions
At 01 January	**2,399.7**	2,040.9
Additions	625.4	825.0
Addition on foreclosure of loans and advances to customers		225.1
Disposals (sale and maturity)	(696.1)	(667.9)
Transfer to other assets	(97.6)	
Net (losses)/gains from changes in fair value	(1.1)	9.3
Exchange differences	(98.1)	(32.7)
At 31 December	**2,132.2**	2,399.7

Pledged assets

The Group has pledged financial investment securities as collateral for CHF 43.7 million (2019: CHF 44.6 million) related to the Group's role as collateral provider in relation to structured products issued by a subsidiary.

The Group has pledged financial investment securities issued by US life insurance companies as collateral for CHF 149.4 million (2019: CHF 152.9 million) related to the Group's financial liabilities at fair value. See note 45.

Life insurance related assets

The Group holds the following life insurance related financial assets and liabilities as at 31 December 2020:

Classification		31 December 2020 Number of insureds	31 December 2020 Average Age Years	31 December 2020 Average Life Expectancy	31 December 2020 Net death benefits CHF millions	31 December 2020 Fair value CHF millions
Financial asset at fair value through profit and loss	Physical policies	270	91.3	4.4	1,654.1	894.7
Derivative financial instruments	Synthetic policies	82	90.5	3.2	81.2	49.9
Financial liabilities designated at fair value	Synthetic policies	(65)	(89.1)	(5.1)	(262.6)	(175.4)
Total		**287**			**1,472.7**	**769.2**

Classification		31 December 2019 Number of insureds	31 December 2019 Average Age Years	31 December 2019 Average Life Expectancy	31 December 2019 Net death benefits CHF millions	31 December 2019 Fair value CHF millions
Financial asset at fair value through profit and loss	Physical policies	309	90.5	4.8	2,050.1	952.8
Derivative financial instruments	Synthetic policies	87	89.9	7.8	94.6	53.7
Financial liabilities designated at fair value	Synthetic policies	(68)	(88.2)	(5.6)	(298.8)	(181.9)
Total		**328**			**1,845.9**	**824.6**

These life insurance policies are issued by US life insurance companies. The Group pays a periodic premium to the life insurance company to keep the policy in good standing and, upon the insured individual (US based) having deceased, the life insurance company pays a lump sum death benefit to the Group. Should the Group not pay the necessary periodic premium, the insurance policy would lapse and this would imply a full write-down of the life insurance policy.

The key risks that the Group is exposed to (and which impact the fair value) include the following:

– Longevity (see note 10)
– Changes in the premium streams (cost of insurance)
– Counterparty credit risk
– Interest rate risk

The Group values these financial assets and liabilities at fair value using models. As the market for life settlement policies is private and fragmented, the models rely on inputs to the models that are not based on observable market data (unobservable inputs) and assumptions are made in determining relevant risk adjustments. These financial instruments are classified as level 3.

The fair value is calculated using cash flows market participants would expect, based on management judgement that is based on information provided by independent parties specialised in calculating future cost of insurance charges for life insurance policies and adjusted to account for uncertainties.

The determination of the fair value for this portfolio is a critical process and therefore the Group reviews these estimates on a periodic basis and relies on expert actuaries and legal advisors in order to minimise risks surrounding the assumptions related to the life expectancy and cost of insurance estimates.

The determination of the fair value of these financial assets and liabilities requires management judgement on the below valuation inputs:

(a) Longevity assumptions
The assumptions on life expectancy are based on the Valuation Basic Table (VBT) last published by the Society of Actuaries in 2015 and adjusted by external life settlement underwriters and actuaries to reflect the individual medical characteristics of the referenced insureds. Premium estimates are based on cost of insurance estimates, which are provided by independent parties specialised and experienced in the field of premium calculations for life settlement policies. The Group conducts a regular in-depth review of such providers to ensure high-quality standards and reliability of the forecasts.

(b) Premium streams and cost of insurance
The determination of the best estimate cash flows included in the valuation of the life insurance for the fair value estimate of these assets under IFRS 13 is considered to be a critical accounting judgement for the Group, due to the lack of observable readily available information and the complexity of the determination of these assumptions.

The Group uses management's best estimate (considering historic information and relying on specialised opinions) and information from external service providers about trends and market developments. Management also considers that the outcome of disputes involving significant increases in premiums observed in the US market will affect the expected premiums payable.

The determination of the appropriate level of increase of cost of insurance in the underlying policies is one of the most important assumptions applied by management in the valuation model. Increases in cost of insurance considers the aging of the insured persons and increases in pricing levels of premiums imposed by certain carriers that issued these policies. The majority of life insurance policies have increasing annual premiums payable. In certain instances, additional increases have been announced by the insurance companies. The Group considers these increases in cost of insurance to be unjustified and have challenged their implementation in US courts.

The outcome of disputes involving significant increases in cost of insurance observed in the US market affecting the life insurance policies in the portfolio are taken into account. In these cases, management has, in line with market participants, set their own best estimates taking into account the factors outlined above and the relevant contracts. As the ultimate resolution of these legal actions is significant for the Group, it relies on actuaries to set the cost of insurance assumptions.

The Group will also take legal actions against other carriers that have indicated that they will increase premiums. The Group believes that it will prevail in these claims, however legal proceedings are inherently unpredictable and the actual future outcome might materially differ from the Group's expectations.

(c) Counterparty credit risk
This is the risk of default of the insurance carrier. Credit risk is taken into account through applying a notching-based probability of default approach that takes the credit rating assigned by a recognised agency into consideration as starting point. The Group is of the view that US life insurance carriers are operating in a highly regulated environment, which would ensure that the rights of the beneficiary under a life insurance policy remain protected and claims under such policies rank among the most senior liabilities.

(d) Interest rate risk
The risk-adjusted cash flows have been discounted at the term matching linearly interpolated US Treasury curve.

Sensitivities

The sensitivity to the fair value of the Group's life insurance related assets and liabilities held at fair value are included below:

		Discount factor		Longevity		Premium estimates	
		−1% CHF millions	+1% CHF millions	−3 months CHF millions	+3 months CHF millions	−5% CHF millions	+5% CHF millions
Life settlement sensitivities							
Financial assets at fair value through profit and loss	Physical policies	58.1	(52.5)	34.7	(33.9)	32.8	(32.8)
Derivative financial instruments	Synthetic policies	2.0	(1.8)	0.1	(0.2)	-	-
Financial liabilities designated at fair value	Synthetic policies	(10.3)	9.4	(4.4)	4.5	-	-
Profit and loss sensitivity		**49.8**	**(44.9)**	**30.4**	**(29.6)**	**32.8**	**(32.8)**

The assumptions related to premiums and cost of insurance take the market participants' view on the merits of the ongoing legal cases of the Group and other plaintiffs into account. The development and ultimate resolution of these proceedings have an impact on the Group's fair value assumptions by CHF 102.5 million (2019: CHF 107.5 million).

The impact of counterparty credit risk for a two-notch downgrade would be CHF 5.2 million (2019: CHF 6.1 million) decrease in fair value.

32. Financial assets at fair value through other comprehensive income

Accounting principles are set out in note 40.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Debt securities	4,947.3	5,388.4
Equity instruments	5.7	7.5
At 31 December	**4,953.0**	**5,395.9**

The following table presents the split by issuer and respective loss allowances (ECL):

	31 December 2020		31 December 2019	
	Carrying amount CHF millions	Loss allowance CHF millions	Carrying amount CHF millions	Loss allowance CHF millions
Government	2,275.1	(0.2)	1,679.8	(0.2)
Banks	2,183.6	(0.1)	2,844.3	(0.3)
Other issuers	488.6		864.3	
Equity instruments*	5.7		7.5	
Total	**4,953.0**	**(0.3)**	**5,395.9**	**(0.5)**

* The equity instruments represent a holding in a entity currently in liquidation. The Group has received no dividend income on this position.

33. Loans and advances to customers

Accounting principles are set out in note 40.

	Note	31 December 2020 CHF millions	31 December 2019 CHF millions
Mortgages		5,682.4	6,089.1
Lombard loans		12,003.2	12,201.9
Other loans		635.7	845.3
Gross loans and advances		**18,321.3**	19,136.3
Less: Loss allowance	34	(98.3)	(106.5)
Loans and advances to customers		**18,223.0**	19,029.8

The other loans include CHF 34.3 million (2019: CHF 167.5 million) of loans made with no collateral and CHF 130.2 million (2019: CHF 85.3 million) of loans where the collateral value is below the value of the loan.

The uncollateralised portion of these loans is classified as ‘unsecured’; however, they are within the approved unsecured lending limits for the customers.

34. Loss allowances on loans and advances to customers

Accounting judgement

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring the expected credit losses are further detailed in note 6, which also sets out the key sensitivities of the expected credit losses to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring the expected credit losses, such as:
- Determining the criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of expected credit losses
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated expected credit losses
- Establishing groups of similar financial assets for the purposes of measuring the expected credit losses

As described in note 8.5 (ii), the Group has a gross exposure, which including accrued interest, amounts to CHF 178.0 million (2019: CHF 194.0 million) for a lombard loan extended to an affiliate of a Taiwanese insurance company. This loan was determined to be credit-impaired. Due to the uncertainty relating to the outcome of the litigations, the Group has exercised judgement in determining the loss allowances for this loan. The Group has estimated the expected credit loss based on probability-weighted expected values of multiple outcomes. The expected credit loss related to this loan totalled CHF 75.3 million (2019: CHF 88.3 million).

	Note	2020 CHF millions	2019 CHF millions
At 01 January		**(106.5)**	(212.5)
Loss allowance increased through profit and loss	21	(1.7)	(24.6)
Utilisation of provision		2.3	133.0
Loss allowance transferred to Other assets - Held for sale		0.2	0.0
Exchange differences		7.4	(2.4)
At 31 December		**(98.3)**	(106.5)

35. Property, plant and equipment

Accounting principles

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment, to their residual values over their estimated useful life as follows:
- Buildings own use: 50 years
- Buildings and leasehold improvements: 5–20 years
- Computer hardware: 3–10 years
- Furniture, equipment and motor vehicles: 3–10 years
- Art work: no depreciation, tested for impairment
- Right-of-use assets: over the non-cancellable period for which the Group has the right to use an asset, including optional periods when the Group is reasonably certain to exercise an option to extend (or not to terminate) a lease

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

The Group primarily leases office premises, as well as some IT equipment. Rental contracts vary from fixed periods of six months to 15 years.

Under IFRS 16, the Group recognises lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 01 January 2019, or the date of entering the lease if after 01 January 2019.

The remeasurements to the lease liabilities are recognised as adjustments to the related right-of-use assets immediately after the date of initial application. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet.

	Note	Land and Buildings CHF millions	Other tangible assets CHF millions	Right-of-use assets CHF millions	Total CHF millions
Year ended 31 December 2019					
Opening net book amount		153.3	48.8	182.8	384.9
Additions		0.5	15.4	13.3	29.2
Depreciation charge for the year	19	(4.7)	(13.3)	(38.7)	(56.7)
Disposal, write-offs and lease modifications		(2.3)	(0.2)	(9.0)	(11.5)
Increase in scope of consolidation		0	1.0	2.9	3.9
Reclassification to other assets held for sale		(57.0)		(8.0)	(65.0)
Exchange differences			(0.2)	(2.5)	(2.7)
At 31 December 2019		**89.8**	**51.5**	**140.8**	**282.1**
Year ended 31 December 2020					
Opening net book amount		89.8	51.5	140.8	282.1
Additions		0.7	12.7		13.4
New leases and modification of leases				110.1	110.1
Disposal and write-offs		(13.3)	(1.4)		(14.7)
Depreciation charge for the year	19	(1.5)	(10.9)	(39.7)	(52.1)
Exchange differences			(0.5)	(3.1)	(3.6)
At 31 December 2020		**75.7**	**51.4**	**208.1**	**335.2**

Other tangible assets include leasehold improvements, furniture, equipment, motor vehicle and computer hardware. The right-of-use assets are composed of office premises for CHF 207.9 million (2019: CHF 140.0 million).

36. Intangible assets

Accounting principles

The intangible assets include the following categories:

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets – Brand name
Amortisation is calculated on the basis of a 15-year useful life. The remaining life is reviewed periodically for reasonableness.

(iii) Other intangible assets – Client relationships
Amortisation is calculated on the basis of a 13- to 14-year useful life. The remaining life is reviewed periodically for reasonableness.

(iv) Other intangible assets – Computer software
Amortisation is calculated using the straight-line method over a 3- to 10- year basis. The acquisition cost of software capitalised is on the basis of the cost to acquire and bring into use the specific software.

	Note	Computer software and licences CHF millions	Customer relationships and other intangible assets CHF millions	Goodwill CHF millions	Total intangible assets CHF millions
Year ended 31 December 2019					
Opening net book amount		43.6	112.3	44.7	200.6
Addition/decrease in scope of consolidation due to acquisition/disposal of business		0.3	28.9	29.2	58.4
Acquisitions/disposals of intangible assets		23.2	5.6		28.8
Amortisation of intangible assets	19	(11.6)	(11.4)		(23.0)
Reclassification between categories		1.0	(1.0)		–
Exchange differences and other movements		(0.2)	(2.3)	(3.4)	(5.9)
Closing net book value		**56.3**	**132.1**	**70.5**	**258.9**
Year ended 31 December 2020					
Opening net book amount		56.3	132.1	70.5	258.9
Increase from finalisation of acquisition accounting			1.0		1.0
Acquisitions/disposals of intangible assets		26.0	2.9		28.9
Amortisation of intangible assets	19	(12.5)	(12.4)		(24.9)
Reclassification to other assets held for sale			(2.6)		(2.6)
Exchange differences and other movements		2.0	(2.1)	(0.8)	(0.9)
Closing net book value		**71.8**	**118.9**	**69.7**	**260.4**

In 2020, the Group finalised the acquisition of DJ Carmichael Pty Ltd, an Australian advisory and planning firm, resulting in the recognition of CHF 1.0 million additional intangible assets and the decrease of deferred tax assets for CHF 0.6 million disclosed in note 38.

37. Intangible assets – impairment tests

Accounting judgement

EFG International Group tests at least annually whether goodwill has suffered impairment in accordance with the accounting policy. The recoverable amounts of cash-generating units are the higher of the assets' value in use and fair value less costs of disposal which is determined on the basis of the best information available on the amount that could be obtained from the disposal of the assets in an arm's-length transaction, after deduction of the costs of disposal. The value in use is determined by using a discounted cash flow calculation based on the estimated future operating cash flows of the asset. An impairment is recorded when the carrying amount exceeds the recoverable amount. For key assumptions used in value in use calculations and further information please refer to note 36.

The Group's goodwill (together 'Intangibles') are reviewed for impairment by comparing the recoverable amount of each cash-generating unit (CGU) to which Intangibles have been allocated a carrying value.

Where the carrying values have been compared to recoverable amounts using the 'Value in use' approach, the risk-adjusted discount rates used are based on observable market long-term government bond yields (15 years) for the relevant currencies plus a risk premium of 7.0% to 10.2% (2019: 6.0% to 9.8%). The risk premiums were determined using capital asset pricing models and are based on capital market data as of the date of impairment test. A period of five years is used for cash flow projections, with a discounted terminal value added. The terminal value is into perpetuity using the year 5 cashflows and discount and growth rates as detailed in the following table. The BSI Group client relationship intangible assets impairment test does not use a perpetuity at the end of the 5-year period, but rather a residual 4.8-year period (total period of 9.8 years) in line with the remaining amortisation period.

Where the carrying values have been compared to 'Fair value less costs to sell', the fair value has been calculated using a price earnings (PE) approach based on similar transactions for comparable listed companies. The revenue basis for the PE approach was based on expected future revenues.

The carrying amounts of goodwill and intangible assets at 31 December 2020 allocated to each cash-generating unit are as follows:

		31 December 2020				
Segment	**Cash-generating unit**	**Discount rate/ Growth rate**	**Period**	**Intangible assets CHF millions**	**Goodwill CHF millions**	**Total CHF millions**
Value in use						
Continental Europe	Spain	10.2%/1.5%	5 years	9.4	19.2	28.6
Asia	Shaw and Partners	7.0%/2.0%	5 years	26.6	27.5	54.1
BSI Group	Various	9.6%/–8.8%	9.8 years	74.2		74.2
Fair value less costs to sell		**P/E**				
Continental Europe	Monaco	8.6x		0.5	20.9	21.4
Other						
Various	Other CGUs			8.2	2.1	10.3
Total carrying values				**118.9**	**69.7**	**188.6**

		31 December 2019				
Segment	Cash-generating unit	Discount rate/ Growth rate	Period	Intangible assets CHF millions	Goodwill CHF millions	Total CHF millions
Value in use						
Continental Europe	Spain	10.7%/1.8%	5 years	11.2	21.0	32.2
Asia	Shaw and Partners	7.6%/2.5%	5 years	27.9	27.5	55.4
BSI Group	Various	9.9%/–5.8%	10.8 years	84.7		84.7
Fair value less costs to sell		**P/E**				
Continental Europe	Monaco	10.6x		0.9	21.0	21.9
Other						
Various	Other CGUs			7.4	2.0	9.4
Total carrying values				**132.1**	**71.5**	**203.6**

The BSI Group intangible assets have a remaining amortisation period of 9.8 years (2019: 10.8 years). The assessment for impairment of goodwill and intangibles of the Group considers the performance outlook of each cash-generating unit and the underlying business operations, to determine whether the recoverable amount for these cash-generating units covers its carrying amount. Based on the tests performed, the Group concluded that intangible assets and goodwill remained recoverable at 31 December 2020. Earnings are estimated based on current and future business initiatives and forecast results derived therefrom.

The table below shows the sensitivity to permanent declines in forecasted future profits on goodwill. For sensitivity purposes, the impact of a 20% and a 50% decline in forecasted profit before tax are presented.

Cash-generating unit	**Impairment impact of 20% decline in forecast profit CHF millions**	**Impairment impact of 50% decline in forecast profit CHF millions**	**Impairment impact of 100 bp increase in discount rate CHF millions**	**Required decline in forecast profit to equal carrying value CHF millions**
Monaco				56%
Spain	0.3	28.6		18%
Shaw and Partners				70%

The discount rate that would set the recoverable amount of the Spain CGU equal to its carrying value is 11.85%, and the discount rate that would set the recoverable amount of the Shaw and Partners CGU equal to its carrying value is 15.85%.

38. Deferred income tax assets and liabilities

Accouting policies are set out in note 22.

Deferred income taxes are calculated under the liability method on all temporary differences, using the expected effective local applicable rate. Deferred income tax assets and liabilities comprise the following:

	31 December 2020 CHF millions	31 December 2019 CHF millions
Deferred income tax assets	96.5	93.5
Deferred income tax liabilities	(23.0)	(25.4)
Net deferred income tax	**73.5**	68.1

The movement on the net deferred income tax account is as follows:

At 01 January	**68.1**	97.8
Deferred income tax gain for the period in the income statement (note 22)	(2.6)	(3.9)
Deferred tax liability on acquisition of subsidiaries		(8.4)
Decrease from finalisation of acquisition accounting	(0.6)	
Deferred tax asset disposed with subsidiaries	(2.6)	
Change in retirement benefit obligations	11.4	(17.2)
Exchange differences	(0.2)	(0.2)
At 31 December	**73.5**	68.1

Deferred income tax assets and liabilities are attributable to the following items:

	31 December 2020 CHF millions	31 December 2019 CHF millions
Deferred tax assets		
Tax losses carried forward	88.0	86.7
Retirement benefit obligation not applicable for local tax	23.3	13.9
Other differences between local tax rules and accounting standards	3.2	3.0
Employee equity incentive plans amortisation		7.6
Effect of deferred tax netting	(18.0)	(17.7)
Deferred income tax assets	**96.5**	93.5
Deferred tax liabilities		
Arising from acquisition of intangible assets	(22.6)	(25.3)
Valuation of financial assets not reflected in local tax accounts	(18.0)	(17.7)
Sundry differences between local tax rules and accounting standards	(0.4)	(0.1)
Effect of deferred tax netting	18.0	17.7
Deferred income tax liabilities	**(23.0)**	(25.4)
Net deferred income tax	**73.5**	68.1

Certain entities within the Group have recognised deferred income tax assets, despite having incurred losses in 2019 or 2020, on the basis that such losses are considered to be temporary in nature. The relevant entities have already returned to profitability or are expected to do so in the near future. The deferred income tax gain in the income statement comprises the following temporary differences:

	31 December 2020 CHF millions	31 December 2019 CHF millions
Utilisation of tax losses carried forward	(14.5)	(16.2)
Creation of deferred tax assets on tax losses carried forwards	18.3	30.2
Deferred tax liabilities related to intangible assets	2.3	1.7
Other temporary differences	(8.7)	(19.6)
Deferred income tax expense (note 22)	**(2.6)**	(3.9)

The Group has deferred tax assets related to tax losses carried forward of CHF 88.0 million (2019: CHF 86.7 million) as a result of Group companies with tax losses of CHF 429.7 million (2019: CHF 424.8 million) to carry forward against future taxable income. These tax losses will expire as summarised below:

	31 December 2020 CHF millions	Tax rate	Carried forward losses CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years CHF millions
EFG Bank AG, Switzerland	70.5	19.7%	358.5		358.5	
EFG Bank (Luxembourg) SA, Luxembourg	16.8	25.0%	67.2			67.2
EFG Bank AG, Singapore Branch	0.7	17.0%	4.0			4.0
Total	**88.0**		**429.7**	**–**	**358.5**	**71.2**

	31 December 2019 CHF millions	Tax rate	Carried forward losses CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years CHF millions
EFG Bank AG, Switzerland	67.4	19.7%	343.0	86.2	256.8	
EFG Bank (Luxembourg) SA, Luxembourg	13.0	25.0%	52.2			52.2
EFG Bank AG, Singapore Branch	3.8	17.0%	22.4			22.4
EFG Corredores de Bolsa SpA	1.7	35.0%	4.9			4.9
EFG Chile SpA	0.8	35.0%	2.3			2.3
Total	**86.7**		**424.8**	**86.2**	**256.8**	**81.8**

The Group has unused tax losses for which no deferred tax asset is recognised as follows:

	31 December 2020 CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years CHF millions
EFG Bank AG, Switzerland	132.6		132.6	
EFG International AG, Switzerland	244.6	244.6		
EFG Bank (Luxembourg) SA, Luxembourg *	169.0			169.0
EFG Bank (Luxembourg) SA, Milano branch	31.1			31.1
EFG Bank AG, Singapore Branch	7.7			7.7
EFG Bank AG, Hong Kong Branch	34.5			34.5
Total	**619.5**	**244.6**	**132.6**	**242.3**

* Taxed as single fiscal unity with EFG Investment (Luxembourg) SA.

	31 December 2019 CHF millions	Expiry in 1–3 years CHF millions	Expiry in 4–7 years CHF millions	Expiry after 7 years CHF millions
EFG Bank AG, Switzerland	172.4		172.4	
EFG International AG, Switzerland	252.7	252.7		
EFG Bank (Luxembourg) S.A., Luxembourg	184.6			184.6
EFG Bank AG, Singapore Branch	36.8			36.8
EFG Bank AG, Hong Kong Branch	14.4			14.4
BSI SA	2.6			2.6
Total	**663.5**	**252.7**	**172.4**	**238.4**

39. Other assets

	31 December 2020 CHF millions	31 December 2019 CHF millions
Prepaid expenses	86.2	80.3
Accrued income	36.7	34.7
Settlement balances	136.9	54.8
Current income tax assets	7.4	6.4
Held for sale	179.4	70.5
Other assets and receivables	268.8	95.6
Other assets	**715.4**	342.3

Settlement balances of CHF 136.9 million (2019: CHF 54.8 million) reflect the trade date versus settlement date accounting principle, which is applied on the issuance of structured products and relate to transactions executed over the year-end period, and also to amounts to be received related to matured life insurance policies.

Held-for-sale assets mainly reflect buildings and businesses in the process of being sold. An amount of CHF 109.5 million relates to a business that has been contractually agreed to be sold, where completion of the transaction is due at the end of March 2021. The client assets to be sold include loans and advances to customers of CHF 460.1 million, intangible assets of CHF 2.6 million, amounts due to customers of CHF 358.2 million, and net derivative positions of CHF 5.0 million

As of 31 December 2020 other assets and receivables include CHF 178.0 million of physical gold and other precious metals, and CHF 10.3 million of repossessed properties.

40. Valuation of financial assets and liabilities

Accounting principle

All financial assets are recorded on the day the transaction is undertaken, with the exception of loans and advances to customers, which are entered in the balance sheet on their respective value dates. Purchases and sales of other financial assets at fair value or amortised cost are recognised on trade date, which is the date on which the Group commits to purchase or sell the asset. Loans and advances to customers are recognised when cash is advanced to the borrowers.

Measurement methods:
Amortised cost and effective interest rate
The amortised costs does not consider expected credit losses and does include transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying value of the respective financial asset or financial liability is adjusted to reflect the new estimated discount using the original effective interest rate. Any changes are recognised in profit or loss.

Initial recognition and measurement
At initial recognition, the Group measures a financial asset or financial liability at its fair value. In case of a financial asset or financial liability subsequently not measured at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions, are included to the fair value at initial recognition. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred.

Business models: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as ‘other’ business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how management are compensated.

Solely payment of principal and interest: where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instrument’s cash flows represent solely payments of principal and interest (the ‘SPPI test’). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, based on qualitative or quantitative criteria, the related financial asset is classified and measured at fair value through profit or loss.

Fair value through other comprehensive income
Debt instruments that are held for collection of contractual cash flows and for selling the assets, where the asset’s cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for loss allowances, interest revenue and foreign exchange gains and losses on the instruments’ amortised cost, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from

equity to profit or loss and recognised in 'Net gains/losses on derecognition of financial assets and liabilities'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Equity investments are instruments that meet the definition of equity from the issuer's perspective. Examples of equity investments include basic ordinary shares. The Group subsequently measures all equity investments at fair value through profit and loss, except where the Group's management has elected at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments in fair value through other comprehensive income when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit and loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit and loss as other income when the Group's right to receive payment is established.

Fair value through profit or loss
Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Other movements in the fair value (for example from interest rate or credit risk changes) are not part of a hedging relationship and are presented in the income statement within 'Fair value gains less losses on financial instruments measured at fair value' in the period in which they arise.

Gains and losses on equity investments at fair value through profit and loss are included in 'Fair value gains less losses on financial instruments measured as fair value'.

Impairment
The Group assesses loss allowances at each reporting date. The measurement of expected credit loss reflects:
- An unbiased and probability-weighted value that is determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

Classification and subsequent measurement of financial liabilities, financial guarantees contracts and loan commitments
In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:
- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking). Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the value of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the value that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining value of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.
- Financial guarantee contracts and loan commitments: financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of the expected credit loss value; and the premium received on initial recognition less any income recognised upfront. Loan commitments provided by the Group are measured as the value of the expected loss allowance. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. If the contract includes both a loan and an undrawn commitment and the expected credit loss on the undrawn commitment cannot be separated from the loan component, the expected credit loss on the undrawn commitment is recognised together with the loss allowance for the loan.

Derecognition of financial assets and liabilities
A financial asset, or a portion thereof, is derecognised when the contractual rights to receive cash flows from the asset have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control. A financial liability is derecognised when extinguished (i.e. the obligation specified in the contract is discharged, cancelled or expires).

40.1 Financial assets and liabilities measured at fair value

Accounting judgement

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

Fair value hierarchy
IFRS 13 requires classification of financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

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

There were no transfers between levels in the current year.

	31 December 2020			
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions
Derivative financial instruments (assets)				
Currency derivatives		418.5		418.5
Interest rate derivatives		26.1		26.1
Equity derivatives		640.6		640.6
Other derivatives		19.6		19.6
Life insurance related			49.9	49.9
Total derivatives assets	**–**	**1,104.8**	**49.9**	**1,154.7**
Financial assets at fair value through profit and loss				
Debt	606.2	482.8		1,089.0
Equity	26.1	0.3	99.1	125.5
Life insurance related			894.7	894.7
Investment funds		23.0	0.0	23.0
Total financial assets at fair value through profit and loss	**632.3**	**506.1**	**993.8**	**2,132.2**
Total assets measured at fair value through profit and loss	**632.3**	**1,610.9**	**1,043.7**	**3,286.9**
Financial assets at fair value through other comprehensive income				
Debt	4,947.3			4,947.3
Equity		5.7		5.7
Total financial assets measured at fair value through other comprehensive income	**4,947.3**	**5.7**	**–**	**4,953.0**
Total assets measured at fair value	**5,579.6**	**1,616.6**	**1,043.7**	**8,239.9**

	31 December 2020			
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions
Derivative financial instruments (liabilities)				
Currency derivatives		(537.4)		(537.4)
Interest rate derivatives		(108.5)		(108.5)
Equity derivatives		(706.8)		(706.8)
Other derivatives		(26.0)		(26.0)
Total derivatives liabilities	**–**	**(1,378.7)**	**–**	**(1,378.7)**
Financial liabilities designated at fair value				
Equity	(8.3)	(0.4)	0.0	(8.7)
Debt	(30.9)	(4.5)		(35.4)
Structured products		(272.6)		(272.6)
Life insurance related			(175.4)	(175.4)
Total financial liabilities designated at fair value	**(39.2)**	**(277.5)**	**(175.4)**	**(492.1)**
Total liabilities measured at fair value	**(39.2)**	**(1,656.2)**	**(175.4)**	**(1,870.8)**
Assets less liabilities measured at fair value	**5,540.4**	**(39.6)**	**868.3**	**6,369.1**

	31 December 2019			
	Level 1 CHF millions	Level 2 CHF millions	Level 3 CHF millions	Total CHF millions
Derivative financial instruments (assets)				
Currency derivatives		250.2		250.2
Interest rate derivatives		27.1		27.1
Equity derivatives		425.6		425.6
Other derivatives		44.3		44.3
Life insurance related			53.7	53.7
Total derivatives assets	**–**	**747.2**	**53.7**	**800.9**
Financial assets at fair value through profit and loss				
Debt	712.6	516.3		1,228.9
Equity	21.0	0.8	98.0	119.8
Commodities		76.6		76.6
Life insurance related			952.8	952.8
Investment funds		0.5		0.5
Other		18.1	3.0	21.1
Total financial assets at fair value through profit and loss	**733.6**	**612.3**	**1,053.8**	**2,399.7**
Total assets measured at fair value through profit and loss	733.6	1,359.5	1,107.5	3,200.6
Financial assets at fair value through other comprehensive income				
Debt	5,388.4			5,388.4
Equity		7.5		7.5
Total financial assets at fair value through other comprehensive income	**5,388.4**	**7.5**	**–**	**5,395.9**
Total assets measured at fair value	**6,122.0**	**1,367.0**	**1,107.5**	**8,596.5**
Derivative financial instruments (liabilities)				
Currency derivatives		(282.7)		(282.7)
Interest rate derivatives		(61.1)		(61.1)
Equity derivatives		(546.8)		(546.8)
Other derivatives		(60.4)		(60.4)
Total derivatives liabilities	**–**	**(951.0)**	**–**	**(951.0)**
Financial liabilities designated at fair value				
Equity	(20.0)	(1.6)		(21.6)
Debt	(80.5)	(2.4)		(82.9)
Structured products		(265.6)		(265.6)
Life insurance related			(181.9)	(181.9)
Total financial liabilities designated at fair value	**(100.5)**	**(269.6)**	**(181.9)**	**(552.0)**
Total liabilities measured at fair value	**(100.5)**	**(1,220.6)**	**(181.9)**	**(1,503.0)**
Assets less liabilities measured at fair value	**6,021.5**	**146.4**	**925.6**	**7,093.5**

(i) Financial instruments in level 1
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted bonds and equity.

(ii) Financial instruments in level 2
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

Movements of level 3 instruments

	Assets in level 3		
	Derivative financial instruments CHF millions	Financial assets measured at fair value through profit and loss CHF millions	Total assets in level 3 CHF millions
At 01 January 2020	53.7	1,053.8	1,107.5
Total gains or losses in the income statement – Net loss from changes in fair value	3.7	(7.3)	(3.6)
Purchases/Premiums paid	2.7	170.3	173.0
Disposals/Premiums received	(5.3)	(132.6)	(137.9)
Transfer to Other assets	0.0	(3.0)	(3.0)
Exchange differences	(4.9)	(87.4)	(92.3)
At 31 December 2020	**49.9**	**993.8**	**1,043.7**
Change in unrealised gains or losses for the period included in the income statement for assets held at the end of the reporting period	3.7	(7.3)	(3.6)

	Liabilities in level 3	
	Financial liabilities designated at fair value CHF millions	Total liabilities in level 3 CHF millions
At 01 January 2020	181.9	181.9
Total gains or losses in the Income Statement – Net gains from change in fair value	7.1	7.1
Purchases/Premiums paid	(8.3)	(8.3)
Disposals/Premiums received	11.7	11.7
Exchange differences	(17.0)	(17.0)
At 31 December 2020	**175.4**	**175.4**
Change in unrealised gains or losses for the period included in the income statement for liabilities held at the end of the reporting period	7.1	7.1

	Assets in level 3		
	Derivative financial instruments CHF millions	Financial assets measured at fair value through profit and loss CHF millions	Total assets in level 3 CHF millions
At 01 January 2019	57.3	803.3	860.6
Total gains or losses in the Income Statement – Net loss from changes in fair value	1.9	(5.2)	(3.3)
Purchases/Premiums paid	2.6	140.4	143.0
Addition on foreclosure of loans and advances to customers		225.1	225.1
Disposals/Premiums received	(7.1)	(92.1)	(99.2)
Exchange differences	(1.0)	(17.7)	(18.7)
At 31 December 2019	**53.7**	**1,053.8**	**1,107.5**
Change in unrealised gains or losses for the period included in the income statement for assets held at the end of the reporting period	1.9	(5.2)	(3.3)

	Liabilities in level 3	
	Financial liabilities designated at fair value CHF millions	Total liabilities in level 3 CHF millions
At 01 January 2019	228.0	228.0
Total gains or losses in the income statement – Net loss from changes in fair value	(3.1)	(3.1)
Purchases/Premiums paid	(13.8)	(13.8)
Disposals/Premiums received	(25.8)	(25.8)
Exchange differences	(3.4)	(3.4)
At 31 December 2019	**181.9**	**181.9**
Change in unrealised gains or losses for the period included in the Income Statement for liabilities held at the end of the reporting period	(3.1)	(3.1)

Fair value methodology used for level 3 instruments – valuation technique

Valuation governance
The Group's model governance is outlined in a model vetting policy, which describes the Group's model risk governance framework, model validation approach and the model validation process.

A significant part of the independent price verification process is the assessment of the accuracy of modelling methods and input assumptions, which return fair value estimates derived from valuation techniques. As part of the model governance framework, the benchmarking of fair value estimates is performed against external sources and recalibration performed on a continuous basis against changes in fair value versus expectations. Fair value measurements are compared with observed prices and market levels, for the specific instrument to be valued whenever possible.

As a result of the above and in order to align with independent market information and accounting standards, valuation adjustments may be made to the fair value estimate.

Valuation techniques
If the market for a financial instrument is not active, the Group establishes fair value by using one of the following valuation techniques:
- Recent arm's-length market transactions between knowledgeable, willing parties (if available)
- Reference to the current fair value of another instrument (that is substantially the same)
- Discounted cash flow analysis
- Option pricing models
- Net asset values

Financial statement line item		31 December 2020 CHF millions	31 December 2019 CHF millions
Discounted cash flow analysis	**Products**		
Financial assets at fair value through profit and loss	Equities	99.1	98.0
Discounted cash flow analysis and life expectancies (non-market observable inputs)			
Derivatives	Synthetic life insurance policies	49.9	53.7
Financial assets at fair value through profit and loss	Physical life insurance policies	894.7	952.8
Financial assets at fair value through profit and loss	Other		3.0
Financial liabilities designated at fair value	Synthetic life insurance policies	(175.4)	(181.9)
Total		**868.3**	925.6

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

(i) Life insurance policies
The Group uses a discounted cash flow valuation technique for the valuation of physical and synthetic life settlement policies and related financial instruments. The approach makes use of market observable and non-market observable inputs. See note 31 for further details.

(ii) Equities
Equities comprise primarily the holding in SIX Group for CHF 73.6 million (2019: CHF 71.6 million) and Viseca Holdings (previously Aduno Group) for CHF 14.9 million (2019: CHF 14.9 million).

The participation in SIX Group is based on a valuation using the expected net asset value of SIX Group at the end of December 2020 which the Group understands would be the basis for any sale or purchase between SIX Group shareholders. As SIX Group has not yet published its financial statements for 2020 at the time of preparing these consolidated financial statements, the Group has made an estimate of the net asset value. To determine the net asset value as of 31 December 2020, the Group uses published SIX Group half-year net asset value and adds a projected profit for the period to December 2020, net of dividends paid. The estimated net asset value of SIX Group at 31 December 2020 has increased relative to the estimated net asset value at 31 December 2019, primarily due to the estimated 2020 profit through profit and loss, partially compensated by dividend distributed in June 2020. As a result, the EFG International Group recorded a gain of CHF 2.0 million (2019: CHF 10.4 million).

The sensitivity to the valuation of SIX Group is primarily linked to the changes in the net asset value of SIX Group, and the gain/loss taken through profit and loss for a 10% higher and 10% lower SIX Group profit would be CHF 0.2 million gain or CHF 0.2 million loss on this position classified as fair value through profit and loss.

The participation in Viseca Holdings is based on a valuation using the expected future profits of Viseca Holdings. EFG International Group did not recognise any change in fair value for the period to December 2020 (2019: CHF 1.4 million) in the profit and loss as the asset is recorded at fair value through the profit and loss.

40.2 Financial assets and liabilities measured at amortised cost

The table below summarises the carrying values and fair values of those financial assets and liabilities that were measured at amortised cost as of 31 December 2020:

	Note	Carrying value CHF millions	Fair value CHF millions	Difference CHF millions
31 December 2020				
Financial assets				
Due from other banks	(i)	3,097.0	3,098.3	1.3
Loans and advances to customers	(ii)	18,223.0	18,631.5	408.5
		21,320.0	**21,729.8**	**409.8**
Financial liabilities				
Due to other banks	(iii)	443.6	443.6	
Due to customers	(iii)	30,841.6	30,845.7	4.1
Subordinated loans	(iv)	355.8	364.1	8.3
Financial liabilities at amortised cost	(v)	4,516.5	4,543.1	26.6
		36,157.5	**36,196.5**	**39.0**
Net assets and liabilities not measured at fair value		**(14,837.5)**	**(14,466.7)**	**370.8**
As at 31 December 2019				
Financial assets				
Due from other banks	(i)	2,622.0	2,618.9	(3.1)
Loans and advances to customers	(ii)	19,029.8	19,383.4	353.6
		21,651.8	**22,002.3**	**350.5**
Financial liabilities				
Due to other banks	(iii)	397.2	397.2	
Due to customers	(iii)	30,705.7	30,702.5	(3.2)
Subordinated loans	(iv)	389.7	390.3	0.6
Financial liabilities at amortised cost	(v)	5,312.9	5,336.5	23.6
		36,805.5	**36,826.5**	**21.0**
Net assets and liabilities not measured at fair value		**(15,153.7)**	**(14,824.2)**	**329.5**

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

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

(iii) Due to other banks and customers
The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within level 2 of the fair value hierarchy.

(iv) Subordinated loans
The estimated fair value of the subordinated loans is based on the quoted market prices for these listed securities. Determined fair values are within level 2 of the fair value hierarchy.

(v) Financial liabilities at amortised cost
The value of structured products sold to clients is reflected on an accrual basis for the debt host (and on a fair value for the embedded derivative). The fair value of the debt host is based on the discounted amount of estimated future cash flows expected to be paid up to the date of maturity of the instrument. Expected cash flows are discounted at current market rates to determine fair value. The fair values are within level 2 of the fair value hierarchy.

41. Offsetting

Accounting principle

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

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

				Related amounts not set off in the balance sheet		
At 31 December 2020	**Gross amounts of recognised financial assets**	**Gross amounts of recognised financial liabilities set off in the balance sheet**	**Net amounts of recognised financial assets presented in the balance sheet**	**Financial assets subject to netting agreements**	**Cash collateral**	**Net exposure**
Due from other banks	317.6		317.6	(317.6)		
Derivatives	1,154.7		1,154.7	(634.6)	(487.2)	32.9
FVTPL – Life insurance policies	149.5		149.5	(149.5)		
Total financial assets	**1,621.8**	**–**	**1,621.8**	**(1,101.7)**	**(487.2)**	**32.9**

				Related amounts not set off in the balance sheet		
At 31 December 2020	**Gross amounts of recognised financial liabilities**	**Gross amounts of recognised financial assets set off in the balance sheet**	**Net amounts of recognised financial liabilities presented in the balance sheet**	**Financial liabilities subject to netting agreements**	**Cash collateral**	**Net exposure**
Derivatives	1,378.7		1,378.7	(608.6)	(741.3)	28.8
FVTPL – Synthetic life insurance	175.4		175.4	(175.4)		
Total financial liabilities	**1,554.1**	**–**	**1,554.1**	**(784.0)**	**(741.3)**	**28.8**

At 31 December 2019	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of recognised financial assets presented in the balance sheet	*Related amounts not set off in the balance sheet* Financial assets subject to netting agreements	Cash collateral	Net exposure
Due from other banks	244.2		244.2	(244.2)		
Derivatives	800.9		800.9	(371.1)	(340.7)	89.1
FVTPL – Life insurance policies	152.9		152.9	(152.9)		
Total financial assets	**1,198.0**	**–**	**1,198.0**	**(524.0)**	**(340.7)**	**89.1**

At 31 December 2019	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of recognised financial assets presented in the balance sheet	*Related amounts not set off in the balance sheet* Financial liabilities subject to netting agreements	Cash collateral	Net exposure
Derivatives	951.0		951.0	(317.3)	(335.8)	297.9
FVTPL – Synthetic life insurance	181.9		181.9	(152.9)	(318.4)	
Total financial liabilities	**1,132.9**	**–**	**1,132.9**	**(470.2)**	**(654.2)**	**297.9**

At the end of December 2019 and December 2020, no derivative financial instruments have been netted.

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for the net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party; or bankruptcy.

42. Shares in subsidiary undertakings

The following is a listing of the Group's main subsidiaries at 31 December 2020:

Name	Line of business	Country of incorporation	Ownership
Main subsidiaries			
EFG Bank AG, Zurich	Bank	Switzerland	100%
EFG Bank (Monaco), Monaco	Bank	Monaco	100%
EFG Bank & Trust (Bahamas) Ltd, Nassau	Bank	Bahamas	100%
EFG Bank von Ernst AG, Vaduz	Bank	Liechtenstein	100%
EFG Bank (Luxembourg) S.A., Luxembourg	Bank	Luxembourg	100%
EFG Private Bank Ltd, London	Bank	England & Wales	100%
EFG Private Bank (Channel Island) Ltd, Guernsey	Bank	Guernsey	100%
A&G Banca Privada S.A., Madrid	Bank	Spain	41%
EFG Asset Management (UK) Ltd	Asset Management Company	England & Wales	100%
Oudart SA, Paris	Asset Management Company	France	100%
Patrimony 1873 SA, Lugano	Asset Management Company	Switzerland	100%
EOS Servizi Fiduciari SpA, Milan	Fiduciary Company	Italy	100%
EFG Capital International Corp, Miami	Broker dealer	USA	100%
Shaw and Partners Ltd, Sydney	Broker dealer	Australia	61%
Chestnut II Mortgage Financing PLC	Finance Company	England & Wales	100%
EFG International (Guernsey) Ltd	Finance Company	Guernsey	100%
EFG International Finance (Luxembourg) Sarl	Finance Company	Luxembourg	100%
EFG International Finance (Guernsey)	Structured product issuance	Guernsey	100%
EFG Investment (Luxembourg) SA, Luxembourg	Holding	Luxembourg	100%

The list of entities comprises subsidiaries that are generally contributing CHF 5 million or more to the Net profit attributable to equity holders of the Group. Also included are entities that are deemed regionally significant or otherwise relevant from an operational perspective.

The main changes in the percentage shareholding are:
- the reduction to 41% (43% in 2019) of the stake in A&G Banca Privada SA, however the control over this entity is maintained as EFG has the right to appoint the majority of the board of directors; and
- the increase to 61% (51% in 2019) in Shaw and Partners.

The Group uses other entities to manage assets on behalf of its customers. These entities are subject to an investment management agreement in which the Group acts as administrator only and is remunerated via a fixed fee. In some of these entities, the Group is participating in the funding by providing loan facilities granted which are secured by way of fund assets. The management has assessed that the Group has no effective power over these entities nor over the operations of the entity, as it is not the asset manager, and also it is not exposed materially to a variability of returns from these entities.

43. Due to other banks

	31 December 2020 CHF millions	31 December 2019 CHF millions
Due to other banks at sight	405.3	386.7
Due to other banks at term	38.3	10.5
Due to other banks	**443.6**	397.2

44. Due to customers

	31 December 2020 CHF millions	31 December 2019 CHF millions
Non-interest bearing	22,956.4	17,621.5
Interest bearing	7,885.2	13,084.2
Due to customers	**30,841.6**	30,705.7

45. Financial liabilities at fair value

	Valuation basis	31 December 2020 CHF millions	31 December 2019 CHF millions
Synthetic life insurance	Discounted cash flow analysis	175.4	181.9
Equity securities	Quoted	8.8	21.6
Debt securities	Quoted	35.3	82.9
Structured products	Unquoted	272.6	265.6
Total financial liabilities at fair value		**492.1**	552.0

The movement in the account is as follows:

	31 December 2020 CHF millions	31 December 2019 CHF millions
At 01 January	**552.0**	584.2
Accrued interest		
Additions	322.6	375.2
Disposals (sale and redemption)	(368.6)	(369.3)
Net gains from changes in fair value through profit and loss	7.1	(3.1)
Decrease through shareholders' equity		(29.7)
Exchange differences	(21.0)	(5.3)
At 31 December	**492.1**	552.0

Synthetic life insurance

See note 31 for further details.

46. Financial liabilities at amortised cost

Accounting principle

In the cash flow statement, the Group presents issuance and redemptions of structured products as financing activities, as these products primarily are to provide the Group with longer dated funding.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Structured products issued	4,516.5	5,312.9
Total financial liabilities at amortised cost	**4,516.5**	5,312.9

The movement in the account is as follows:

	31 December 2020 CHF millions	31 December 2019 CHF millions
At 01 January	**5,312.9**	5,204.8
Additions	6,071.3	8,030.4
Disposals (sale and redemptions)	(6,667.5)	(7,781.3)
Accrued interests	(2.0)	(1.4)
Exchange differences	(198.2)	(139.6)
At 31 December	**4,516.5**	5,312.9

47. Provisions

Accounting principle

Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Accounting judgement

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

	Provision for litigation risks CHF millions	Other provisions CHF millions	Total CHF millions
At 01 January 2019	**24.3**	**111.3**	**135.6**
Decrease in provisions recognised in the income statement – Loss allowance		(2.5)	(2.5)
Increase in provisions recognised in the income statement	7.1	22.1	29.2
Decrease of provisions recognised in the income statement	(3.7)	(0.8)	(4.5)
Provisions used during the year	(15.2)	(4.1)	(19.3)
Reclassification from other liabilities		5.5	5.5
Exchange differences	0.1		0.1
At 31 December 2019	**12.6**	**131.5**	**144.1**
At 01 January 2020	**12.6**	**131.5**	**144.1**
Decrease in provisions recognised in the income statement – Loss allowance		(0.2)	(0.2)
Increase in provisions recognised in the income statement	7.6	23.8	31.4
Release of provisions recognised in the income statement	(0.4)	(5.5)	(5.9)
Provisions used during the year	(3.1)	(124.5)	(127.6)
Reclassification from other liabilities		0.5	0.5
Exchange differences		(1.7)	(1.7)
At 31 December 2020	**16.7**	**23.9**	**40.6**
Expected payment within 12 months	10.1	1.4	11.5
Expected payment thereafter	6.6	22.5	29.1
	16.7	**23.9**	**40.6**

The increase in provisions recognised in the income statement of CHF 31.4 million primarily relates to an increase in restructuring provisions of CHF 10.8 million and a CHF 9.9 million provision created for payments to the Italian tax authority.

Provision for litigation risks

The Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The Group establishes provisions for current and pending legal proceedings if management is of the opinion that the Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated.

A provision of CHF 7.0 million (2019: CHF 6.5 million) relates to two client claims, following the discovery of irregularities in the management of clients' accounts by a former employee. The overall position is likely to be resolved within a year.

Other provisions of CHF 9.7 million remain for various small litigation cases.

Other provisions

The BSI Group took a provision of CHF 95.0 million for disgorgement of profits levied by FINMA on the BSI Group with regard to the investigations into 1MDB, arising from activities that occurred between 2011 and April 2015. The former BSI Group appealed FINMA's decision prior to the acquisition and suspended the payment of the disgorgement of profits. With the acquisition of the BSI Group, the provision was maintained for the existing amount of CHF 95.0 million. On 3 December 2019, the Federal Administrative Court issued an opinion regarding the appeal from FINMA's 23 May 2016 decision. The court confirmed FINMA's determination of the occurrence of violations of supervisory provisions by BSI but vacated FINMA's ruling which set the disgorgement at CHF 95.0 million, and remanded that aspect of the decision to FINMA for further proceedings. FINMA has issued a new order in

October 2020, setting the amount of disgorgement at CHF 70 million. The Group has paid this amount in November 2020 and, at the same time, reimbursed the difference of CHF 25 million to the seller of BSI. Accordingly, this matter has been resolved.

The Group has a provision of CHF 7.9 million (2019: CHF 13.3 million) which represents the amount that would have to be paid to its counsel as a success fee if the Group succeeds in recovering excess life insurance premiums from insurers who increased premiums. The overall position is unlikely to be resolved within a year.

A provision of CHF 1.4 million (2019: CHF 8.2 million) has been made for claims arising from fraudulent activity by an ex-CRO. In addition, the Group has been made aware that additional claims of approximately CHF 10.5 million may arise, against which the Group is not able to assess the potential loss (see "Contingent liabilities"). The Group is assessing the legal and factual merits of these claims. The overall position is likely to be resolved within a year.

The Group has a provision of CHF 0.6 million (2019: CHF 0.7 million) for credit default risks. This relates to the expected credit losses under IFRS 9. The Group calculates expected credit losses on off-balance-sheet positions primarily related to guarantees. These losses are not expected to arise in the next 12 months. The profit and loss impact is reflected in the loss allowance expense, while for all other provision movements, the profit and loss impact is reflected in the provision expense line of the profit and loss.

The Group has a provision of CHF 9.3 million (2019: CHF 10.6 million) for restructuring costs.

Other provisions of CHF 4.7 million remain for various other potential cash outflows which are not expected to be settled within a year.

48. Contingent liabilities

EFG International Group is involved in various legal and arbitration proceedings in the normal course of its business operations. The Group establishes provisions (see note 47) for current and threatened pending legal proceedings if management is of the opinion that the Group is more likely than not to face payments or losses and if the amount of such payments or losses can be reliably estimated.

The Group has differentiated the contingent liabilities into four categories as follows:

a) Group does not expect a material cash outflow
b) Group cannot reliably measure the obligation
c) Group cannot reliably measure the obligation, however any obligation arising would be offset by indemnification received
d) Group does not expect a material cash outflow, however any obligation arising would be offset by indemnification received

(a) Group does not expect a material cash outflow

The following contingent liabilities that management is aware of relate to legal proceedings which could have a material effect on the Group. However, based on presently available information and assessments, the Group currently does not expect that any of these contingent liabilities will result in material provisions or other liabilities.

The Group is engaged in certain litigation proceedings mentioned below and is vigorously defending the cases. The Group believes it has strong defences to the claims. The Group does not expect the ultimate resolution of any of the below-mentioned proceedings to which the Group is party to have a significantly adverse effect on its financial position.

i) Claims have been made against the Group in the Bahamas for approximately USD 9 million, which the Group is vigorously defending. The Group is being sued by the investors in the fund and the fund itself for approximately USD 9 million on the grounds of various alleged breaches. The Group strongly believes that there has been no wrongdoing on its part and that it has strong defences to the claims.
ii) The Group has been named as a co-defendant in litigation brought against certain individuals who have allegedly diverted approximately CAD 127 million from their employer for their own benefit. In 2019, the Superior Court of Quebec dismissed the plaintiffs claims against the Group on jurisdictional grounds. The plaintiffs appealed in June 2020. By decision dated 3 August 2020, the Quebec Court of Appeals affirmed the dismissal of plaintiffs action (with costs). This matter is now deemed closed.
iii) An Irish family (not a client of the Group) sued several unrelated defendants claiming they refused to return monies in the amount of EUR 6.9 million. The Group and several other parties were joined to these primary proceedings as a third party by one of the defendants. The allegation seems to be misrepresentation, negligent misstatement, breach of duty, negligence and unjust

enrichment. The Group is vigorously defending against these claims and believes it has strong defences to the claims.

(b) Group cannot reliably measure the obligation

The following contingent liabilities that management is aware of, could have a material effect on the Group. However, based on presently available information and assessments, the Group is not able to reliably measure the possible obligation.

i) The Group had two accounts in the name of an institutional client. This institutional client was designated by the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury as Specially Designated Nationals on account of assisting drug-trafficking groups in money laundering. When an issue was raised as to whether the Group violated OFAC sanctions after the client's OFAC designation because of subsequent transactions and interactions between US persons at the Group and the institutional client, the Group promptly initiated an internal investigation of this and other potential OFAC violations, which covered all the Group's booking centres. The investigation has concluded and the Group is cooperating with OFAC on the matter.

ii) Claims have arisen from possible fraudulent activities by a former employee. Certain claims have been provided for (see provisions note 47), whilst investigations are ongoing related to additional potential claims of approximately CHF 7.9 million. The Group is assessing the legal and factual merits of these claims, however currently there is no reliable estimate of the potential loss on these potential claims.

iii) The Group is engaged in litigation proceedings initiated by a client claiming that he has been misled insofar as he thought that his investments were capital-protected, that the agreed investment strategy has not been followed and that unauthorised transactions were performed. The amount claimed is approximately EUR 49 million plus interest. Although the Group is vigorously defending the case and believes it has strong defences to the claims, it is difficult to determine at this stage whether the matter will ultimately result in liability, and there is no reliable estimate of what losses might be sustained on the claims.

iv) In 2019, the Group was named as a defendant in a claim brought against over 30 defendants in the Commercial Court in London by the Public Institution for Social Security (PIFSS) of Kuwait. The allegations centre on the former Director General of PIFSS, who is alleged to have been paid secret commissions, and to have been an account holder at EFG beginning in 2008. The claim against the Group centres on allegations that, between 1995 and 2012, the former Director General of PIFSS procured the payment to another defendant of approximately USD 332.1 million of secret commissions, as well as USD 44.6 million in other payments representing proceeds of other schemes alleged in the claim. EFG is investigating the factual and legal merits of the claim. At present, the Group cannot reliably estimate its potential liability in the matter.

v) The Trustee of Bernard L. Madoff Investment Securities LLC (BLMIS) has filed a complaint asserting that redemption payments totaling USD 411 million allegedly received by the Group on behalf of clients should be returned to BLMIS. This action includes the redemptions claimed by the Fairfield liquidators (see next paragraph). The claims against the Group were dismissed in 2018 by the District Court in New York based on jurisdictional and international comity grounds, but that decision was reversed by the Court of Appeals for the Second Circuit. A further appeal was sought with the United States Supreme Court, but that application was denied in June 2020. The case will now proceed at the bankruptcy court. Notwithstanding the reinstatement of the case, the Group believes it has strong defences to the claims and maintains its vigorous defence of the lawsuits.

vi) The Group has been named as a defendant in lawsuits filed by the liquidators of Fairfield Sentry Ltd. and Fairfield Sigma Ltd. asserting that redemption payments received by the Group on behalf of clients should be returned. The amount claimed is uncertain, but the Group believes the amount claimed is approximately USD 217 million. The Group believes it has strong defences to the claims and maintains its vigorous defence of the lawsuits.

(c) Group cannot reliably measure the obligation, however any obligation arising would be offset by indemnification received

The following contingent liabilities (that arose through the acquisition of BSI) that management is aware of, could have a material effect on the Group. However, based on presently available information and assessments, the Group is not able to reliably measure the possible obligation. The Group is entitled to indemnification against losses that may arise from these matters listed below from the seller of the former BSI Group.

i) The US Department of Justice (DoJ) and the Office of the Attorney General in Switzerland are currently conducting criminal investigations into moneylaundering allegations involving 1Malaysia

Development Berhad (1MDB), a sovereign wealth fund owned by the government of Malaysia. Certain 1MDB-related accounts were opened and maintained by the BSI Group pre-acquisition by the EFG International Group, and are currently under review. DoJ has issued requests for assistance to the Swiss authorities in obtaining information on some of the 1MDB-related accounts. The US and Swiss authorities are also investigating whether the Group complied with their anti-money laundering obligations in connection with the 1MDB-related accounts. The Group is cooperating fully with the Swiss and US authorities in these ongoing investigations.

ii) The US Attorney's Office for the Eastern District of New York and the Office of the Attorney General in Switzerland initiated criminal investigations into bribery and money laundering allegations involving officials of Fédération Internationale de Football Association (FIFA) and its member associations and related parties. Certain FIFA-related accounts were opened and maintained by the Group and they are currently under review. The US Department of Justice has issued requests for assistance to the Swiss authorities in obtaining information for some of the FIFA-related accounts. The US and Swiss authorities are also investigating whether the Group complied with their anti-money laundering obligations in connection with the FIFA-related accounts. The Group is cooperating fully with the US authorities in the ongoing investigations.

iii) EFG International Group (through the acquisition of BSI) is the defendant in two civil proceedings pending before the Court of Torre Annunziata, arising from its role as a trustee of certain trusts associated with three families who owned an Italian shipping company which was declared bankrupt in 2012, allegedly causing aggregate losses to approximately 13,000 bondholders through the issuance of approximately EUR 1 billion of bonds that did not comply with applicable laws. In 2014, members of the families involved were convicted for embezzlement and fraud in Italy. The claimants in the civil proceedings claim that the Group was aware of the embezzlement scheme and the Group, in its capacity as trustee of these trusts, would be liable for damages and disgorgement of assets and profits should it be found to have committed any wrongdoing. The Group is vigorously defending and believes it has strong defences to the claims

iv) A client has brought legal claims against the Group for CHF 54 million in purported actual and consequential damages, alleging that the Group did not manage the account in accordance with the mandate. The Group is vigorously defending against these claims and believes it has strong defences to the claims.

(d) Group does not expect a material cash outflow, and any obligation arising would be offset by indemnification received

The following contingent liability is not expected to have a significant adverse effect on the Group's financial position and the Group is entitled to indemnification against losses that may arise from this matter from the seller of the former BSI Group.

i) ln August 2019, the Chilean tax authority made a tax liability determination arising out of BSI's September 2015 sale of shares in a Chilean subsidiary to a third party. ln its tax return filed in 2016, BSI requested a tax refund on the grounds that the sale of the shares had generated a tax loss. The Chilean tax authority, however, disputed the appropriate fair market value of the disposed shares, as well as the appropriate tax rate applicable to the transaction. The total outstanding tax liability as determined by the Chilean tax authority amounts to CHF 24.0 million. In April 2020, the Group commenced legal proceedings challenging the tax authority's assessment, and believes it has strong defences to the tax assessment.

ii) A 2013 default judgement was entered against BSI by a Brazilian court in the amount of approximately CHF 1.2 million (an amount which the plaintiff asserted continued to accrue interest and penalties) arising out of a 1998 transaction involving a former BSI client. The Group received notification of the default judgement via Hague Convention procedures. The default judgement was subsequently annulled by the Brazilian court and, therefore, no judgement or order is presently in effect that requires the Group to make any payment. Plaintiff has the right to appeal the default judgement's annulment.

49. Other liabilities

	Note	31 December 2020 CHF millions	31 December 2019 CHF millions
Deferred income and accrued expenses		268.5	331.8
Lease liabilities (see below)		210.9	141.8
Settlement balances		105.6	97.9
Short term compensated absences		13.5	14.4
Retirement benefit obligations	50	118.7	70.7
Other liabilities		34.7	30.3
Deferred consideration - acquisition of Shaw and Partners Ltd		3.3	5.2
Contingent consideration - acquisition of Shaw and Partners Ltd		7.5	13.7
Total other liabilities		**762.7**	705.8

The maturity of lease liabilities is as follows:

Contractual maturities of lease liabilities	**Up to 1 month CHF millions**	**1–3 months CHF millions**	**3–12 months CHF millions**	**1–5 years CHF millions**	**Over 5 years CHF millions**	**Total CHF millions**
31 December 2020						
Contractual lease liabilities	3.5	10.1	26.9	129.2	45.5	215.2
Total contractual lease liabilities	**3.5**	**10.1**	**26.9**	**129.2**	**45.5**	**215.2**

	Up to 1 month CHF millions	1–3 months CHF millions	3–12 months CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2019						
Lease liabilities	3.4	10.3	26.6	82.2	19.3	141.8
Total lease liabilities	**3.4**	**10.3**	**26.6**	**82.2**	**19.3**	**141.8**

50. Retirement benefit obligations

Accounting principle

Retirement benefit obligations
The Group operates various pension schemes which are either defined contribution or defined benefit plans, depending on prevailing practice in each country.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. This applies to most of the locations where the Group operates except for Switzerland.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. In Switzerland, the Group maintains pension plans, where the legal obligation is merely to pay contributions at defined rates (defined contribution), however, these plans incorporate certain guarantees of minimum interest accumulation and conversion of capital to pension, and as a result, these plans are reported as defined benefit pension plans.

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

Prepaid contributions are recognised as an asset. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Accounting judgement

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

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

The Group operates four plans which under IFRS are classified as defined benefit plans. Three of these plans are in Switzerland ('the Swiss plans') for EFG Bank AG and one in the Channel Islands ('the Channel Islands plan').

The Group operates a defined benefit plan in the Channel Islands ('the Channel Islands plan') which is not aggregated with the plans in Switzerland, due to its relative size. The Channel Islands plan has funded obligations of CHF 4.0 million; the fair value of plan assets is CHF 4.4 million, with a loss of CHF 0.1 million recognised through other comprehensive income in the current period.

The disclosures below relate to the Swiss plans.

	Note	31 December 2020 CHF millions	31 December 2019 CHF millions
Net amount recognised in the balance sheet			
Present value of funded obligation		1,530.1	1,522.1
Fair value of plan assets		(1,411.4)	(1,451.4)
Liability recognised in the balance sheet		**118.7**	70.7
Liability at 01 January		**70.7**	164.9
Net amount recognised in the income statement	20	18.2	(4.2)
Net amount recognised in other comprehensive income		57.9	(56.8)
Total transactions with fund		(28.1)	(33.2)
Liability at 31 December		**118.7**	70.7

	Present value of obligation CHF millions	Fair value of plan assets CHF millions	Total CHF millions
At 01 January 2020	**1,522.1**	**(1,451.4)**	**70.7**
Current service cost	22.9		22.9
Curtailment	(6.0)		(6.0)
Past service cost-plan amendments			–
Interest expense/(income)	2.9	(2.9)	–
Administrative costs and insurance premiums	1.3		1.3
Net amount recognised in the income statement	**21.1**	**(2.9)**	**18.2**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)		(26.0)	(26.0)
Actuarial loss on defined benefit obligation	83.9		83.9
Net amount recognised in other comprehensive income	**83.9**	**(26.0)**	**57.9**
Plan participants contributions	15.0	(15.0)	–
Company contributions		(28.1)	(28.1)
Administrative costs and insurance premiums	(1.3)	1.3	–
Benefit payments	(110.7)	110.7	–
Total transactions with fund	**(97.0)**	**68.9**	**(28.1)**
At 31 December 2020	**1,530.1**	**(1,411.4)**	**118.7**

	Present value of obligation CHF millions	Fair value of plan assets CHF millions	Total CHF millions
At 01 January 2019	1,500.2	(1,335.3)	164.9
Current service cost	22.1		22.1
Past service cost-plan amendments	(28.4)		(28.4)
Interest expense/(income)	8.2	(7.4)	0.8
Administrative costs and insurance premiums	1.3		1.3
Net amount recognised in the income statement	**3.2**	**(7.4)**	**(4.2)**
Remeasurements:			
Return on plan assets, excluding amounts included in interest expense/(income)		(148.8)	(148.8)
Actuarial gain on defined benefit obligation	92.0		92.0
Net amount recognised in other comprehensive income	**92.0**	**(148.8)**	**(56.8)**
Plan participants contributions	16.3	(16.3)	–
Company contributions		(33.2)	(33.2)
Administrative costs and insurance premiums		1.4	1.4
Benefit payments	(89.6)	88.2	(1.4)
Total transactions with fund	**(73.3)**	**40.1**	**(33.2)**
At 31 December 2019	**1,522.1**	**(1,451.4)**	**70.7**

	31 December 2020	31 December 2019	31 December 2018
Significant actuarial assumptions			
Discount rate	0.00%	0.20%	0.71%
Salary growth rate	1.25%	1.25%	1.50%
Pension growth rate	0.00%	0.00%	0.00%

	Change in assumption	Impact of an increase in assumption on present value of obligation CHF millions	Impact of a decrease in assumption on present value of obligation CHF millions
2020 Sensitivity analysis			
Discount rate	0.10%	(19.2)	20.6
Salary growth rate	0.10%	1.9	(1.7)
Pension growth rate	0.10%	15.4	n/a
Life expectancy	3 months	12.8	(12.6)
2019 Sensitivity analysis			
Discount rate	0.10%	(18.8)	20.5
Salary growth rate	0.10%	1.8	(1.6)
Pension growth rate	0.10%	15.1	
Life expectancy	3 months	12.3	(12.2)

Actuarial assumptions of both financial and demographic nature are established as unbiased best estimates of future expectations. Assumptions are changed from time to time to reflect changes in the information available to use in formulating best estimates.

The expected mortality is based on the UK's Continuous Mortality Investigation (CMI) unit's model calibrated with historical Swiss mortality data (LPP2015 generational tables) and using a 1.25% long-term trend rate.

By applying the risk sharing provisions of IAS 19, the plan liabilities are calculated assuming that the pension conversion rate currently in effect will decrease in the next decade to a level based on 1.5% local funding discount rate and the mortality tables assumed for the current plan liabilities.

Financial assumptions include the discount rate, the expected rate of salary growth and the expected rate of pensions increases. The discount rate is set based on consideration of the yields of high-quality corporate debt of duration similar to that of the pension liabilities. Where availability of such data is limited, the company considers yields available on government bonds and allowing for credit spreads available in other deeper and more liquid markets for high-quality corporate debt. The salary growth assumption is set based on the employer's expectation for inflation and market forces on salaries.

The actuarial loss for the year of CHF 83.9 million mainly includes:

- CHF 42.9 million loss due to experience adjustments to assumptions
- CHF 41.0 million loss due to changes in discount rates

The plans do not guarantee any pension increases, although in the event that the plan developed a surplus according to Swiss pension law, then a discretionary pension adjustment could be possible. At the present time, projections for the plans development do not indicate a pension adjustment is likely and so it is assumed that pensions are fixed.

The sensitivity of the valuation result to changes in assumptions is illustrated by introducing changes to one specific assumption at a time and comparing the result before and after the change. This is separately illustrated for changes in the discount rate and the expected rate of future salary increases. In practice, there may be some correlation in changes of assumptions, but for the purposes of the valuation the effect is ignored.

The operation of the pension plans involves exposure to a range of risks most significant being presented further below. The impact of these risks is shared between the Group and the plan participants in case of negative effects. In situations where the pension funds will accumulate surplus assets after providing the target benefits, the boards of the foundation may consider a distribution of the surplus to participants. No part of the surplus may be attributed to the Group.

(i) Investment risk
Plan assets are invested to achieve a target return. The actual returns earned each year are likely to vary with a result higher or lower than the target. There is a risk that the long-term average return may be higher or lower than the target. If the long-term return is lower than the target, then the fund will not have sufficient assets for plan benefits. The year-on-year variation in the return will generally be reflected directly in the defined benefit remeasurements.

A component of the return earned each year is derived from investment in bonds, and these bond returns are reflected in changes in the discount rate used to measure the defined benefit obligation. As a result, benefit remeasurements through other comprehensive income resulting from asset volatility may be reduced by changes in the related obligation resulting from changes in the discount rate.

(ii) Longevity risk
The plans provide annuity options to individuals on retirement. These annuity options are calculated using a conversion rate which is established by the foundation and reviewed periodically.

The conversion rate is calculated with an assumption for the target rate of return and the life expectancy of the pensioner. Historic experience is that life expectancy improved faster than actuarial tables predicted, and so longevity risk tended to be 'loss generating'.

(iii) Interest volatility risk
There is a substantial year-on-year liability volatility due to the volatility of the discount rate used in the model which is based on market yields on bonds of a specified type. The funds allocate a substantial proportion of assets to bonds, but the availability of bonds of duration and characteristics similar in nature to the discount rate is limited so that the interest rate volatility risk cannot be eliminated. Interest rate volatility does not result in any effect on the Group performance but rather on the remeasurements recognised in other comprehensive income.

(iv) Death and disability risk
The number of cases of death and disability of active employees may fluctuate considerably from year to year. To mitigate the effect of this risk, the Swiss plans have contracted insurance contracts covering the cost of death and disability benefits arising each year.

Plan asset
The pension funds have established written investment policies whereby the fund periodically establishes an allocation strategy with target allocations and tactical ranges for the principal classes of investments (equity, fixed income, real estate and liquidity) which aims to maximise the returns on plan assets.

Plan assets are invested under mandates to a number of investment portfolio managers. Investment portfolio managers' performance is regularly evaluated against its established strategy. The actual return on plan assets was a gain of CHF 28.9 million in 2020 (2019: gain of CHF 156.2 million). The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

The plan assets do not include any shares of the EFG International Group or of any of its subsidiaries.

The plan asset allocation is as follows:

2020 Asset allocation	**Quoted CHF millions**	**Unquoted CHF millions**	**Total CHF millions**	**in %**
Cash and cash equivalents	68.1		68.1	4.8%
Equity instruments	506.9		506.9	35.9%
Debt instruments	461.4		461.4	32.7%
Real estate	157.5	200.3	357.8	25.4%
Other	13.6	3.6	17.2	1.2%
Total plan assets at the end of the year	**1,207.5**	**203.9**	**1,411.4**	**100.0%**

2019 Asset allocation	Quoted CHF millions	Unquoted CHF millions	Total CHF millions	in %
Cash and cash equivalents	70.6		70.6	4.9%
Equity instruments	534.6		534.6	36.8%
Debt instruments	511.6		511.6	35.2%
Real estate	113.8	195.7	309.5	21.3%
Other	19.6	5.5	25.1	1.8%
Total plan assets at the end of the year	**1,250.2**	**201.2**	**1,451.4**	**100.0%**

The expected employer contributions to the post-employment benefit plan for the year ending 31 December 2021 are CHF 21.3 million. The Group will create an employer contribution reserve in 2021 in Switzerland linked to the future liabilities of certain pensioners. The amount that will be contributed is CHF 52.0 million and will be an asset of the Group in the 2021 balance sheet. The weighted average duration of the defined benefit obligation is 13.0 years. The expected maturity analysis of undiscounted pension benefits is as follows:

	31 December 2020 CHF millions	31 December 2019 CHF millions
Expected maturity analysis of undiscounted pension benefits		
Less than 1 year	80.7	87.7
Between 1–2 years	70.1	74.7
Between 2–5 years	206.5	203.9
Over 5 years	1,172.8	1,198.3
Total	**1,530.1**	1,564.6

51. Subordinated loans

Accounting principle

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

	Weighted average interest rate %	Due dates	31 December 2020 CHF millions	31 December 2019 CHF millions
Subordinated loans				
Issued by EFG International (Guernsey) Ltd – USD 400,000,000	5.00% p.a.	March 2027	355.8	389.7
Total subordinated loans			**355.8**	389.7

Subordinated loans are presented net of unamortised discount on issuance of CHF 0.8 million (2019: CHF 1.6 million).

The movement in subordinated loans is as follows:

	31 December 2020 CHF millions	31 December 2019 CHF millions
At 01 January	**389.7**	396.6
Accrued interest and amortisation of discount	0.6	0.6
Exchange differences	(34.5)	(7.5)
At 31 December	**355.8**	389.7

In January 2021, the Group repurchased USD 202.1 million of these subordinated loans. See note 64.

52. Share capital

Accounting principle

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

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

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

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

The following is an analysis of the movement of share capital and share premium. The par value of EFG International AG registered shares issued is CHF 0.50 (ordinary shares) and the par value of the Group's Bons de Participation (Preference shares) is CHF 15.00.

All EFG International AG shares and Bons de Participation are fully paid.

Number of shares
The following is an analysis of the movement in the number of shares issued by the Group:

	Ordinary shares with voting right	Bons de Participation without voting right	Treasury shares Ordinary shares	Treasury shares Bons de Participation	Net
Nominal	CHF 0.50	CHF 15.00	CHF 0.50	CHF 15.00	
At 01 January 2019	**294,074,591**	**13,382**	**(4,403,096)**	**(750)**	
Ordinary shares repurchased			(5,055,852)		
Employee equity incentive plans exercised	999,335		3,839,014		
New shares issued	2,124,577		(554,834)		
At 31 December 2019	**297,198,503**	**13,382**	**(6,174,768)**	**(750)**	
Ordinary shares repurchased			(582,971)		
Employee equity incentive plans exercised	1,027,382		4,357,665		
Shares granted in relation to deferred consideration on acquisition of subsidiaries			277,417		
At 31 December 2020	**298,225,885**	**13,382**	**(2,122,657)**	**(750)**	
Net share capital (CHF millions)	**149.1**	**0.2**	**(1.0)**	**–**	**148.3**

On an annual basis, the Group prepares a corporate governance statement which includes a description of the capital structure.

Information relating to the EFG fiduciary certificates in circulation

The Group has EUR 13,382,000 notional amount of outstanding EFG Fiduciary Certificates. These were issued by Banque de Luxembourg on a fiduciary basis, in its own name but at the sole risk and for the exclusive benefit of the holders of the EFG Fiduciary Certificates. Banque de Luxembourg holds 13,382 Class B Bons de Participation issued by EFG International AG and 13,382 Class B Shares issued by EFG Finance (Guernsey) Limited.

53. Other reserves

	IFRS 9 CHF millions	Employee share option plan CHF millions	Other CHF millions	Total CHF millions
At 01 January 2019	2.0	162.8	41.6	206.4
Employee equity incentive plans vested		31.9		31.9
Employee equity incentive plans exercised		(2.4)		(2.4)
Net gain on investments in debt instruments measured at fair value through other comprehensive income	15.3			15.3
Retirement benefit gain			56.4	56.4
Tax effect on retirement benefit gain			(17.2)	(17.2)
Net gain on hedge of net investments in foreign operations, with no tax effect			1.1	1.1
Currency translation differences net of non-controlling interests			(15.4)	(15.4)
Changes in ownership interests with no loss of control			9.9	9.9
At 31 December 2019	**17.3**	**192.3**	**76.4**	**286.0**
At 01 January 2020	17.3	192.3	76.4	286.0
Employee equity incentive plans vested		18.4		18.4
Employee equity incentive plans exercised		(2.7)		(2.7)
Net gain on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect	9.6			9.6
Net realised (gains)/losses on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect	(6.8)			(6.8)
Change in loss allowance on debt instruments measured at fair value through other comprehensive income, with no tax effect	0.2			0.2
Net loss on investments in equity instruments measured at fair value through other comprehensive income	(1.8)			(1.8)
Tax effect on net loss on investments in equity instruments measured at fair value through other comprehensive income	0.4			0.4
Retirement benefit loss			(58.0)	(58.0)
Tax effect on retirement benefit loss			11.4	11.4
Net loss on hedge of net investments in foreign operations, with no tax effect			(4.9)	(4.9)
Currency translation differences net of non-controlling interests			(13.0)	(13.0)
At 31 December 2020	**18.9**	**208.0**	**11.9**	**238.8**

54. Dividends

Final dividends per share are not accounted for until they have been ratified at the Annual General Meeting in April. A dividend in respect of 2020 of CHF 0.30 (2019: CHF 0.30) per share amounting to approximately CHF 88.8 million (2019: CHF 87.9 million), net of dividends not payable on treasury shares is to be proposed.

The financial statements for the year ended 31 December 2020 do not reflect this resolution, which will be accounted for in shareholders' equity as an appropriation of retained profits, in the year ending 31 December 2021, with no tax effect for the Group.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Dividends on ordinary shares		
CHF 0.30 per share related to 2018 paid in 2019		86.7
CHF 0.15 per share related to 2019 paid on 6 May 2020	43.5	
CHF 0.15 per share related to 2019 paid on 14 December 2020	44.4	
	87.9	86.7
Dividends on Bons de Participation		
For the period 31 October 2018 to 30 April 2019 at 1.267%		0.1
For the period 1 May 2019 to 30 October 2019 at 0.791%		0.1
For the period 1 November 2019 to 30 April 2020 0.290%	0.0	
For the period 1 May 2020 to 30 October 2020 at 0.204%	0.0	
	0.0	0.2

55. Non-controlling interests

	31 December 2020 CHF millions	31 December 2019 CHF millions
Asesores Y Gestores Financieros SA	39.1	36.5
Shaw and Partners Ltd	16.9	16.8
Other	0.8	0.8
Total non-controlling interests	**56.8**	54.1

The total non-controlling interest primarily relates to the 59.5% interest in Asesores Y Gestores Financieros SA and the 39.3% interest in Shaw and Partners Ltd not held by the Group. Asesores Y Gestores Financieros SA is the holding company for A&G Banca Privada SA in Spain.

There are no significant restrictions on the parent company or its subsidiaries, ability to access or use the assets and settle the liabilities of the Group, other than those that exist as a result of the subsidiaries being individually regulated.

During 2020, CHF 2.9 million of profit has been allocated to the non-controlling interests of Asesores Y Gestores Financieros SA and CHF 3.7 million has been allocated to the non-controlling interests of Shaw and Partners Ltd.

The summarised information for Asesores Y Gestores Financieros SA and Shaw and Partners Ltd, which are the only non-controlling interest that are material for the Group, is as follows:

	Asesores Y Gestores Financieros SA		Shaw and Partners Ltd	
	31 December 2020 CHF millions	31 December 2019 CHF millions	31 December 2020 CHF millions	31 December 2019 CHF millions
Total assets	578.9	541.8	85.5	44.4
Total liabilities	513.5	478.6	51.0	27.1
Operating income	60.7	61.7	50.7	30.5
Net profit for the year (before non-controlling interests)	4.9	7.7	8.9	4.0

56. Off-balance-sheet items

	31 December 2020 CHF millions	31 December 2019 CHF millions
Guarantees issued in favour of third parties	1,178.6	1,158.1
Irrevocable commitments	375.5	282.4
Total	**1,554.1**	1,440.5

The following table summarises the Group's off-balance-sheet items by maturity:

	Not later than 1 year CHF millions	1–5 years CHF millions	Over 5 years CHF millions	Total CHF millions
31 December 2020				
Guarantees issued in favour of third parties	208.9	43.1	926.6	1,178.6
Irrevocable commitments	190.3	175.4	9.8	375.5
Total	**399.2**	**218.5**	**936.4**	**1,554.1**
31 December 2019				
Guarantees issued in favour of third parties	361.2	65.5	731.4	1,158.1
Irrevocable commitments	142.7	113.6	26.1	282.4
Total	**503.9**	**179.1**	**757.5**	**1,440.5**

The financial guarantees maturities are based on the earliest contractual maturity date. The irrevocable commitments maturities are based on the dates on which loan commitments made to customers will cease to exist.

57. Securities repurchase and reverse purchase agreements

Accounting principle

Repurchase and reverse-repurchase agreements are treated as secured financing agreements. The transfer of securities in the case of repurchase and reverse-repurchase agreements is not recorded in the balance sheet since the risks and rewards of ownership of the securities are not transferred. In reverse-repurchase agreements, cash collateral provided and in repurchase agreements, the cash collateral received is stated on the balance sheet. Interest income from reverse-repurchase agreements and interest expense from repurchase agreements are accrued in the period in which they are incurred.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions	317.6	244.2
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	1,552.6	1,192.5
with unrestricted right to resell or pledge	1,552.6	1,192.5
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing, as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	1,970.1	1,524.3
of which repledged securities	1,768.4	1,131.2

Amounts paid or received in cash are booked under the balance sheet item 'Due from other banks' or 'Due to other banks'.

58. Fiduciary transactions

Accounting principle

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

	31 December 2020 CHF millions	31 December 2019 CHF millions
Fiduciary transactions with third-party banks	897.3	1,431.8
Total	**897.3**	1,431.8

59. Analysis of Swiss and foreign assets, liabilities and shareholders' equity

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
31 December 2020			
Total assets	11,465.6	29,171.6	40,637.2
Total liabilities	(6,883.4)	(31,995.8)	(38,879.2)
Total shareholders' equity	**4,582.2**	**(2,881.0)**	**1,701.2**
Non-controlling interests		56.8	56.8
Total equity	**4,582.2**	**(2,824.2)**	**1,758.0**
Total equity and liabilities	**11,465.6**	**29,171.6**	**40,637.2**

	Swiss CHF millions	Foreign CHF millions	Total CHF millions
31 December 2019			
Assets	11,732.1	29,252.7	40,984.8
Liabilities	(5,485.8)	(33,718.2)	(39,204.0)
Total shareholders' equity	**6,246.3**	**(4,519.6)**	**1,726.7**
Non-controlling interests		54.1	54.1
Total equity	**6,246.3**	**(4,465.5)**	**1,780.8**
Total equity and liabilities	**11,732.1**	**29,252.7**	**40,984.8**

60. Employee equity incentive plans

The EFG International Employee Equity Incentive Plan (the 'Plan') has different classes of options and restricted stock units, which are equity settled and have a vesting period of one, two and three years. The different classes have earliest exercise dates varying from three to five years from the grant date and ending seven years from the grant date.

The expense recorded in the income statement spreads the cost of the grants equally over the vesting period. Assumptions are made concerning the forfeiture rate which is adjusted during the vesting period so that at the end of the vesting period there is only a charge for vested amounts. Total expense related to the Plan in the income statement for the period ended 31 December 2020 was CHF 18.4 million (2019: CHF 31.9 million).

The Plan has been developed internally by the Group without the use of external consultants, although a service contract with an external company exists for the administration of the scheme.

The following table summarises the outstanding options and restricted stock units at 31 December 2020 which, when exercised, will each result in the issuance of one ordinary share:

	31 December 2020	31 December 2019
At 01 January	**18,328,213**	13,584,132
Granted – Restricted stock units	6,453,264	5,143,311
Granted – Long-term incentive plan units	244,443	4,531,402
Lapsed	(1,207,171)	(193,442)
Exercised	(5,290,872)	(4,737,190)
At 31 December	**18,527,877**	18,328,213

60.1 2020 incentive plan

EFG International granted 6,453,264 (2019: 5,143,311) restricted stock units in the year. There are two classes of restricted stock units as follows:
- With a 3-year lock-up restriction ('Restricted stock units with 3-year lock-up'),
- With no lock-up condition attached ('Restricted stock units with 1/3 exercisable annually').

Both of the classes vest 1/3 every year over the next three years. All restricted stock units have no exercise price.

In addition, the Group has granted 244,443 (2019: 4,531,402) long-term incentive plan units, which have a vesting period of three, four and five years. The different classes have earliest exercise dates varying from three to five years from the grant date and ending seven years from the grant date. The amortisation of the long-term incentive plan has been reversed in 2020 as it is highly probable that the plan will not be exercisable.

The weighted average deemed value of each restricted stock unit and each long-term incentive plan units granted in 2020 is CHF 3.97. The values of the restricted stock units and long-term incentive plan units were determined using a model which considers the present value of the expected dividends during the period between the grant date and the earliest exercise date. The significant inputs into the model were the spot share price (CHF 5.47), market consensus discount pay-out and the expected life of the restricted stock units and the long-term incentive plan units (12 to 60 months).

60.2 2021 incentive plan

EFG International will grant restricted stock units in April 2021 at prices to be determined based on the relevant valuation inputs on the date of issue.

61. Related party transactions

Accounting principle

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

	Significant shareholders CHF millions	EFG Group CHF millions	Key management personnel CHF millions
31 December 2020			
Assets			
Derivatives	2.6	2.6	
Other assets	8.9	0.1	
Liabilities			
Due to other banks	4.2	4.2	
Due to customers	92.3	2.5	2.2
Other liabilities	2.9	0.2	
Year ended 31 December 2020			
Commission income	3.3	0.9	
Commission expense			(0.3)
Net other income	27.5	1.0	
Operating expenses	(22.6)	(0.3)	

	Significant shareholders CHF millions	EFG Group CHF millions	Key management personnel CHF millions
31 December 2019			
Assets			
Derivatives		2.1	
Other assets	7.0	1.6	
Liabilities			
Due to other banks		8.4	
Due to customers	62.3	1.1	20.8
Other liabilities	0.2	0.3	
Year ended 31 December 2019			
Interest income			0.2
Commission income	2.6	1.1	0.1
Net other income	3.9	1.7	
Operating expenses		(1.1)	

A number of banking transactions are entered into with related parties. These include loans, deposits, derivative transactions and provision of services. The amounts 'Due from other banks' reflect cash deposits, which like other third-party amounts classified as due from other banks are unsecured.

No provisions have been recognised in respect of loans granted to related parties (2019: nil).

62. Key management compensation

	31 December 2020 CHF	31 December 2019 CHF (1)
Executive Committee and Board of Directors		
Cash compensation	9,359,221	9,349,332
Pension contributions	581,515	567,041
Other compensation and social charges	771,983	1,100,186
Restricted stock units	1,980,833	1,835,497
Total	**12,693,552**	12,852,056

Notes:

1 Not including LTIP: under the LTIP (see further details in section 6.2.2. of the Compensation Report), a total maximum award of 2,600,000 RSUs has been allocated to the Executive Committee (CHF 17,290,000) as approved by the AGM 2019.

Cash compensation includes fixed and variable cash compensation. On an annual basis, the Group prepares a compensation report which includes description of the key management compensation.

63. Assets under Management and Assets under Administration

	31 December 2020 CHF millions	31 December 2019 CHF millions
Character of client assets		
Equities	51,410	45,807
Deposits	33,609	33,372
Bonds	35,088	35,271
Loans	19,424	19,778
Structured notes	4,194	4,701
Hedge funds/Fund of hedge funds	2,734	2,920
Fiduciary deposits	886	1,401
Other	11,422	10,567
Total Revenue Generating Assets under Management	**158,767**	153,817
Total Assets under Administration	**21,539**	18,876
Total Assets under Management and Administration	**180,306**	172,693

Assets under Administration are trust assets administered by the Group. The Group has CHF 9,483 million (2019: CHF 7,004 million) of Assets under Custody not included in the above.

The Group calculates Total Revenue Generating Assets under Management (AUM) as the total market value of the assets and liabilities that the Group manages on behalf of clients. AuM include all assets and liabilities managed by or deposited with the Group on which the Group earns revenue. Assets under Custody excluded from AuM, are assets deposited with the Group held solely for safekeeping/custody purposes, and for which the Group does not offer advice on how the assets should be invested. AUM includes lombard loans and mortgages, though does not include the real estate that is security for the mortgage.

When AUM is subject to more than one level of asset management services, double counting arises within the total AUM. Each such separate discretionary or advisory service provides additional benefits to the respective client and generates additional revenue to the Group. Double counts primarily include the self-managed collective investment schemes and structured products issued by Group companies which are also included in customer portfolios and already included in AUM.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Assets under Management		
Character of Assets under Management:		
Assets in own administrated collective investment schemes	13,497	10,266
Assets under discretionary management agreements	26,705	25,755
Other assets under management	99,142	98,018
Total Assets under Management (including double counts)	**139,344**	134,039
Thereof double counts	5,348	5,189
Loans	19,423	19,778
Total Assets under Administration	21,539	18,876
Total Assets under Management and Administration	**180,306**	172,693
Net new asset inflows (including double counts)	**8,417**	5,203

	31 December 2020 CHF millions	31 December 2019 CHF millions
At 01 January	134,039	112,503
Net new money inflows	6,878	3,665
Market performance and currency impact	(310)	6,935
Increase in scope of consolidation due to acquisition		10,936
Reclassification to Assets under Custody	(1,263)	
At 31 December	**139,344**	134,039

Net new money consists of new client acquisition, client departures and inflows or outflows attributable to existing clients (whether in cash or securities). Interest and dividend income from Assets under Management, market or currency movements as well as fees and commissions are not included in net new assets.

Effects resulting from any acquisition or disposal of Group companies are not included in net new money.

64. Events occurring after the reporting period

On 18 January 2021, the Group announced the issuance of USD 400 million of perpetual Additional Tier 1 notes carrying a coupon of 5.5% p.a. for the first 7 years. The notes include, among other things, a capital trigger of 7% CET1 Ratio and an optional redemption call in year 7.

On 20 January 2021, the Group announced the repurchase of USD 202.1 million Tier 2 Subordinated notes at a price of 103.25% of the principal amount of the notes, and intends to cancel the repurchased notes.

65. COVID-19

During the 2020 financial year, the economic activity across the Globe has slowed down due to the worldwide outbreak of the coronavirus (COVID-19), which was declared as a pandemic by the World Health Organization on 11 March 2020.

The impacts of COVID-19 on EFG International Group are already reflected in these financial statements. There was limited direct impact on the loans and advances to customers through the expected credit losses, as the Group primarily relies on collateral to secure loans and mortgages. As a result, whilst collateral values declined in the early part of 2020, the collateral values had mostly recovered by the end of December 2020, resulting in immaterial changes in the expected credit loss allowances. In general mortgages are adequately covered by properties, whose values were not affected by the crisis, and no deterioration in repayments was observed. There were no other impacts on any other balance sheet valuations.

The indirect impacts primarily related to the decreases in USD interest rates during the year. This has had significant impact, reducing the levels of net interest income and net other income reflected in the income statement in the current year.

Management have considered the possible impact of COVID-19 on the Group and has concluded that it has no material effect on the Group's financial position and performance.

66. Swiss banking law requirements

The Group is subject to consolidated supervision by Swiss Financial Markets Supervisory Authority. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS). Set out below are the deviations which would result if the provisions of the Banking Ordinance and the Guidelines of Swiss Financial Markets Supervisory Authority governing financial statement reporting, pursuant to Article 23 through Article 27 of Banking Federal Ordinance, were applied in the preparation of the consolidated financial statements of the Group.

(a) Financial investments
Under IFRS, changes in the fair value of financial assets at fair value through other comprehensive income are recorded as increases or decreases to shareholders' equity (refer to consolidated statement of other comprehensive income) until an investment is sold, collected or otherwise disposed of, or until an investment is determined to be impaired. On disposal of a debt financial instrument at fair value through other comprehensive income, the difference between the net disposal proceeds and carrying amount, including any previously recognised unrealised gain or loss arising from a change in fair value reported in other comprehensive income, is included in the income statement for the period.

Under Swiss law, financial investments are carried at the lower of cost or market value. Positive and negative balance of market-related and/or credit-worthiness-related value adjustments to financial investments valued according to the lower of cost or market value principle are included in the income statement as sundry ordinary income and sundry ordinary expenses, respectively. Gains or losses on disposals are recognised in the income statement as income from the sale of financial investments.

(b) Fair value option
Even if an instrument meets the requirements to be measured at amortised cost or fair value through other comprehensive income, IFRS 9 contains an option to designate, at initial recognition, a financial asset as measured at fair value through profit and loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities (or recognising the gains and losses on them) on different bases.

Under Swiss law, this option is not available. Only the financial assets held for trading are reflected on the balance sheet at fair value. Hybrid instruments are bifurcated: the embedded derivative is marked to market through net trading income and the host contract is accounted for on an accrued cost basis. No own credit adjustments are booked for hybrid instruments. Generally, loans are accounted for at amortised cost less impairment, loan commitments stay off-balance sheet and fund investments are accounted for as financial investments.

(c) Derivative financial instruments
Under IFRS 9, derivatives are recorded in the balance sheet at fair value with changes in fair value being recognised in fair value gains less losses on financial instruments measured at fair value.

Under Swiss law, the Group's derivative instruments are recorded on balance sheet at their market values (gross positive and negative replacement values). Replacement values are reported on a net basis provided the netting agreements are legally enforceable. Hedging transactions are valued using the same principles as those for the underlying transactions being hedged.

(d) Goodwill and intangible assets
Under both IFRS and under Swiss law, goodwill and intangible assets resulting from acquisitions and mergers are capitalised in the balance sheet.

Under IFRS, goodwill is not amortised but is tested for impairment at least annually and is carried at cost less accumulated impairment losses. Intangible assets are amortised on a systematic basis over their useful lives. In addition, intangible assets are tested for impairment when there is any indication that the asset may be impaired. Intangible assets are carried at cost less amortisation and accumulated impairment losses.

Under Swiss law, goodwill and intangible assets are amortised over the estimated economic life on a straight-line basis. The net carrying value of intangible assets is, in addition, reappraised annually, with any reduction to the net carrying value taken immediately as an expense in the income statement.

(e) Extraordinary income and expense
Under IFRS, items of income and expense shall not be classified as extraordinary items, in the income statement or the separate income statement (if presented), or in the notes.

Under Swiss law, income and expense items related to other accounting periods, as long as they are attributable to corrections or mistakes from previous periods, and/or not directly related with the core business activities of the enterprise (realised gains on sale of investments in associated undertakings or property, plant and equipment), are recorded as extraordinary income or expense.

(f) Discontinued operations
Under IFRS, assets and liabilities of an entity held for sale are separated from the ordinary balance sheet positions and reported in separate discontinued operations items. In addition, such assets and liabilities are remeasured at the lower of their carrying value or fair value less costs to sell.

Under Swiss law, these positions remain in the ordinary balance sheet positions until disposal and are not remeasured.

(g) Retirement benefit obligations
Under IFRS and the specific rules of IAS 19R, the Group records a liability for the Swiss pension funds as if they were defined benefit schemes.

Under Swiss law, the funds are classified as defined contribution schemes and the Group's liability for a fully funded pension fund is limited, and as a result no liability exists for any amounts other than unpaid employers' contributions.

(h) Lease accounting
Under IFRS, the Group records a right-of-use asset and a lease liability in the balance sheet for leases. The right-of-use asset is then amortised over the period of the lease.

Under Swiss law, lease expenses are charged to income statement on a straight-line basis over the life of the lease.

Auditor's report

Report of the statutory auditor

to the General Meeting of EFG International AG

Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of EFG International AG and its subsidiaries (‘the Group’), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 December 2020, the consolidated balance sheet as at 31 December 2020 and the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 86 to 216) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

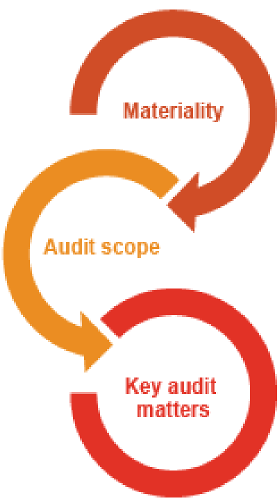
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 7'615'000

We concluded full scope audit work at 11 reporting units in 9 countries. Our audit scope addressed 80% of the Group's profit before tax, 75% of the Group’s revenues and 94% of the Group's total assets.

As key audit matters the following areas of focus have been identified:

- Impairment of loans and advances to customers
- Valuation of investments in life insurance policies
- Provisions and contingent liabilities in respect of ongoing disputes and litigations

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 7'615'000
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 380'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is organized in eight business segments, in addition to Corporate Overheads: Private Banking and Wealth Management Business split into Americas, Asia Pacific, United Kingdom, Continental Europe, Switzerland and Italy, Investment Solutions and Global Markets and Treasury. The Group financial statements are a consolidation of 65 reporting units. When scoping the reporting units for Group audit, we aimed to achieve adequate coverage of Group profit before tax, revenues and assets.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to customers

Key audit matter	How our audit addressed the key audit matter
The impairment of loans and advances to customers is considered a key audit matter due to the size of the balance of loans and advances to customers (CHF 18,223.0 million, predominantly Lombard loans and mortgage loans) as well as Management's judgements involved in the estimation of the expected credit losses (ECLs). ECL allowance on loans and advances to customers amounts to CHF 98.3 million. In order to limit the losses from its lending business, the Group has set loan-to-value limits that are tailored to the nature of the supporting collateral. The key judgement made by Management when estimating the ECLs involves assessing whether the realisable value of collateral will be sufficient to cover the exposure. Management has put in place a comprehensive set of controls in order to monitor the market value of collateral on an ongoing basis, as well as to identify 'Significant Increases in Credit Risk (SICR'). There are credit impaired customer advances with a gross carrying value of approximately CHF 178.0 million as at 31 December 2020, which require significant management judgement to determine recoverability: • the advances were secured by cash owned by a pledger whose parent company has been placed into receivership. • the receiver has raised an objection as to the validity and enforceability of the pledge and has obtained a ruling by an arbitrator requesting the Group to release the pledged assets. • the Group believes that the pledge is fully enforceable but has calculated the recoverable amount by judgmentally weighting the outcomes of several scenarios developed with the assistance of external legal counsel. Management recorded an ECL of CHF 75.3 million against these advances. Also refer to Note 6.3, Note 6.5, Note 6.6, Note 6.7, Note 6.10, Note 7, Note 8.5, Note 33 and Note 34.	We assessed and tested the design and operating effectiveness of the controls for identification of credit impaired loans and loans with increased credit risks, as well as the calculation of ECLs. As part of our work, on a sample basis, we: • checked that the assigned pledges are available in order to confirm that the Group could realise collateral in order to recover the loans; • tested the controls over the automated sourcing of the market prices for financial assets pledged by the customers as collateral in order to ensure that up-to-date market values are used when assessing SICR and estimating ECLs; and • tested the controls over the generation of credit excess list and shortfall reports to ensure that these reports were complete and accurate. Moreover, we carried out the following procedures: • on a sample basis, inspected documents used in the valuation of unquoted collateral (e.g. independent valuation reports for mortgage loans and cash surrender value assessments for life insurance policies) in order to ensure that the reports were sufficiently current and that they supported Management's assessment of the adequacy of collateral; • checked the completeness and accuracy flows of data into the reports used for estimating ECLs by tracing, on a sample basis, key data elements from the reports back to the core banking system and the supporting documents; • on a sample basis, checked the detailed loan data to ensure that loans with SICR indicators had been classified as either stage 2 or stage 3; • inspected the credit excess list and shortfall reports to identify potentially underprovided loans; and • carried out an overall analytical assessment of ECLs. In respect of the gross customer advances of CHF 178.0 million requiring significant management judgement, we performed the following procedures: • reviewed Management's scenario analysis and challenged its assessment of the recoverability of the advances by analysing the completeness of scenarios and the reasonableness of the assigned probabilities against the statements obtained from external legal counsel and other available evidence; and

Key audit matter	How our audit addressed the key audit matter
	• reviewed the legal opinions commissioned by management on this matter and obtained confirmation letters directly from external legal counsel. We found the approach applied by the Group to be reasonable.

Valuation of investments in life insurance policies

Key audit matter	How our audit addressed the key audit matter
The Group holds life insurance policies (LIPs) with a carrying value of CHF 894.7 million which it classifies as financial assets at fair value through profit or loss (FVTPL) and derivatives financial instruments related to life insurance policies with a carrying value of CHF 49.9 million. Management uses an income approach for fair valuation of LIPs and related derivatives. This approach requires significant judgement with respect to (a) the choice of valuation models and (b) the choice of assumptions (for instance choice of mortality table, life expectancy, premiums, death benefits) used in the models. Consequently, we considered this area to be a key audit matter. During the 2015-2018 period, several insurance carriers notified the Group of increases in insurance premiums (‘cost of insurance’ or ‘CoI’). These increases have attracted interests from US consumers associations and regulators and the Group has filed legal claims in dispute of these increases. The Group factored these increases into its assessment of the fair value of the LIPs by assuming that market participants would also take into consideration the legal dispute when determining the fair value. Management developed a number of discrete scenarios starting with a base case and relying on expert opinions. On the basis of the review of these scenarios, Management have incorporated an assumption based on a market participants view that assumes premiums would increase for all policies subject to a notification of increase by the insurance carriers, but at a rate significantly lower than that notified by the insurers. For LIPs with insurance carriers that have not notified CoI increase, the Group maintained CoI estimates consistent with the previous year. Please refer to Note 10, Note 31 and Note 40.1.	In order to ensure completeness of the LIP population, we have, on a sample basis, tested census data based on external confirmations obtained from servicers and custodians. We assessed with the involvement of our specialists the adequacy of the fair value model in light of IFRS 13 requirements. We also reviewed the methodology for the models used, checked that the assumptions are correctly entered in the Group’s model, and assessed whether the main assumptions used by Management are in line with historic experience or a market participant’s view. We further checked that the assumptions and risk factors used in the model were consistent with the ones used by the life insurance industry for valuing LIPs. This included (a) assessing whether the choice of mortality table was appropriate, (b) reviewing of the key assumptions (life expectancy, premiums, death benefits), and (c) checking the mathematical accuracy of the model. We found the approach applied by the Group to be reasonable.

Provisions and contingent liabilities in respect of ongoing disputes and litigations

Key audit matter	How our audit addressed the key audit matter
We considered this area a key audit matter because the Group is a defendant in a number of disputes where, as disclosed in Note 47 and Note 48, the amount of compensation claimed is significant. The impact of these cases depends on the final outcome of the disputes. And management tries to estimate the outcomes of each disputes as described below. On the basis of information from internal and external legal counsels, Management makes judgements about the probability of the outcomes of the pending legal proceedings and magnitude of the potential liabilities arising from claims subject to these future outcomes. As per Note 47, the Group had recognised provisions of CHF 40.6 million for litigations and other claims as of 31 December 2020. Please refer to Notes 47 and 48.	In view of the significant judgements required, we discussed the outstanding claims against the Group with Management (including in-house counsel), evaluated the management's assessment of the nature and expected developments of claims and sought additional evidence we considered appropriate. We challenged Management's conclusions with respect to the provisions and disclosures made for significant cases, by considering the correspondence between the Group and its external legal counsel and obtaining confirmation letters (concerning the status and outlook of the case) directly from the external legal counsel and ensuring that these were consistent with Management's conclusions. We further audited the disclosures relating to cases provided for (Note 47) and contingent liabilities (Note 48) to ensure that they were in line with the reports provided by the external legal counsels. We concluded that the approach and disclosures made were reasonable.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the compensation report of EFG International AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Thomas Romer	Omar Grossi
Audit expert Auditor in charge	Audit expert

Geneva, 23 February 2021

Parent company financial statements

EFG International, Zurich, for the year ended 31 December 2020

Income statement for the year ended 31 December 2020, EFG International, Zurich

	Note	Year ended 31 December 2020 CHF millions	Year ended 31 December 2019 CHF millions
Income			
Interest income from subsidiaries		19.0	36.3
Income from subsidiaries	14	106.3	60.0
Other income	15		2.7
Total income		**125.3**	99.0
Expenses			
Staff expenses		(10.9)	(13.0)
Operating expenses	16	(29.5)	(35.5)
Interest expenses paid to subsidiaries		(7.7)	(4.4)
Foreign exchange losses		(4.6)	(1.6)
Impairment of investments in subsidiaries	8	(29.8)	(27.1)
Provision for guarantees and other losses	17	(9.2)	(9.8)
Extraordinary expenses	18	(25.0)	
Total expenses		**(116.7)**	(91.4)
Net profit before tax		**8.6**	7.6
Tax expense		(0.3)	(1.4)
Net profit for the period		**8.3**	6.2

Balance sheet as at 31 December 2020 EFG International, Zurich

	Note	Year ended 31 December 2020 CHF millions	Year ended 31 December 2019 CHF millions
Assets			
Cash and cash equivalents (with subsidiaries)		22.8	151.5
Due from subsidiaries		26.0	31.8
Other assets		9.2	11.1
Current assets		**58.0**	194.4
Investments in subsidiaries		1,818.4	1,748.7
Subordinated loans to subsidiaries		192.7	450.0
Non-current assets		**2,011.1**	2,198.7
Total assets		**2,069.1**	2,393.1
Liabilities			
Due to subsidiaries		543.2	781.6
Accrued expenses and deferred income		18.3	24.6
Other liabilities		0.3	0.2
Current liabilities		**561.8**	806.4
Provisions	17	329.0	329.3
Non-current liabilities		**329.0**	329.3
Total liabilities		**890.8**	1,135.7
Equity			
Share capital	12	149.1	148.6
Non-voting equity securities (Participation certificates)	12	0.2	0.2
Legal reserves		2,041.7	2,129.6
of which Reserve from capital contributions	*19*	*2,028.1*	*2,090.3*
of which Reserve for own shares from capital contributions		*13.6*	*39.3*
Retained earnings		(1,021.0)	(1,027.2)
Net profit for the period		8.3	6.2
Total shareholders' equity		**1,178.3**	1,257.4
Total shareholders' equity and liabilities		**2,069.1**	2,393.1

Notes to the financial statements EFG International, Zurich

1. General information

EFG International AG is incorporated and domiciled in Switzerland. Its registered office is at Bleicherweg 8, 8022 Zurich.

2. Accounting policies

The EFG International AG stand-alone financial statements are prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (art. 957 to 963b). As the Group is preparing its consolidated financial statements in accordance with IFRS, EFG International AG (stand-alone) is exempt from various disclosures in the stand-alone financial statements.

The stand-alone financial statements of EFG International AG are presented in CHF, its functional currency. Assets and liabilities denominated in foreign currencies are converted at rates of exchange prevailing at year-end, which are presented in note 2 (c) of the consolidated financial statements.

Investments in subsidiaries
Investments in subsidiaries are equity interests and are directly held subsidiaries through which EFG International conducts its business on a global basis. They are measured individually and carried at historical cost less any impairments.

Provisions
Provisions are recognised when:
a) There is a present legal or constructive obligation as a result of past events
b) It is probable that an outflow of economic benefits will be required to settle the obligation
c) Reliable estimates of the amount of the obligation can be made

3. Contingent liabilities

EFG International AG has entered into several guarantee agreements mainly with subsidiaries which could theoretically lead to potential obligations of CHF 4,000 million (2019: CHF 4,521 million). Included in this amount is CHF 3,369 million (2019: CHF 3,856 million) related to structured products issued by a fellow subsidiary company (which does not have a stand-alone credit rating) and are guaranteed by EFG International AG (which does have a credit rating). The risks related to these liabilities of the subsidiary are fully hedged by the subsidiary and are fully collateralised in the subsidiary by equal valued assets (primarily cash deposits).

4. Balance sheet assets with retention of title to secure own obligations

There are no such assets.

5. Off-balance-sheet obligations relating to leasing contracts

There are no such obligations.

6. Liabilities relating to pension plans and other retirement benefit obligations

There are no such liabilities.

7. Subordinated debt

There are no such liabilities.

8. Principal participations

The company's principal participations are shown in the note 42 to the consolidated financial statements.

In the current year, the company impaired the carrying value of investments in subsidiaries by CHF 29.8 million (2019: CHF 27.1 million) where capital was invested in subsidiaries with net asset values below the carrying value of the subsidiaries. The existing carrying value is still below its original acquisition cost.

9. Release of undisclosed reserves

During the period, no undisclosed reserves were released (2019: nil).

10. Revaluation of long-term assets to higher than cost

There was no such revaluation.

11. Own shares held by the company and by Group companies

In the statutory financial statements of EFG International AG, treasury shares held by EFG International AG itself are deducted directly from equity. For treasury shares held by other Group companies, a reserve for treasury shares is stated in equity.

While EFG International AG did not hold any treasury shares in 2020 and 2019, different Group entities held 2,122,657 registered shares in 2020 (2019: 6,174,768).

750 (2019: 750) Bons de Participation B were held by subsidiaries.

See note 52 of the consolidated financial statements.

12. Share capital

	31 December 2020 CHF millions	31 December 2019 CHF millions
298,225,885 (2019: 297,198,503) registered shares at the nominal value of CHF 0.50	149.1	148.6
13,382 (2019: 13,382) Bons de Participation B at the nominal value of CHF 15.00	0.2	0.2
Total share capital	**149.3**	148.8

Conditional share capital
The share capital may be increased by no more than CHF 2,239,138 (2019: CHF 2,752,829) by issuing no more than 4,478,276 (2019: 5,505,658) fully paid-up registered shares with a face value of CHF 0.50 each through the exercise of option rights granted to employees of all levels of EFG International Group. The pre-emptive rights and the advance subscription rights of the shareholders and the participants are excluded in favour of the holders of the Restricted Stock Units. The conditions for the allocation and the exercise of the options rights and similar rights are determined by the Board of Directors. The shares may be issued at a price below the market price.

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

Authorised share capital
The Board of Directors is authorised, at any time until 29 April 2022, to increase the share capital by no more than CHF 25,000,000 by issuing no more than 50,000,000 fully paid-in registered shares with a par value of CHF 0.50 each. Partial increases are permissible. The Board of Directors is empowered to determine the issue price, the starting date of the dividend entitlement and the type of contribution for any shares issued out of authorised share capital.

13. Significant shareholders

The significant shareholders and groups of shareholders, whose participation exceed 5% of all voting rights are:

	31 December 2020		31 December 2019	
	Shares	**Participation of %**	Shares	Participation of %
EFG Bank European Financial Group SA, Geneva	133,556,769	44.8%	129,922,888	43.7%
BTGP-BSI Limited, London	86,178,609	28.9%	86,178,609	29.0%

EFG Bank European Financial Group SA is controlled by the Latsis Family interests through several intermediate parent companies. BTGP-BSI Limited is a wholly-owned subsidiary of Banco BTG Pactual SA, Rio de Janeiro, a bank listed on the BOVESPA Sao Paulo Stock Exchange in Brazil.

14. Income from subsidiaries

Income from subsidiaries consists of the following:

	31 December 2020 CHF millions	31 December 2019 CHF millions
Dividends	79.5	19.0
Royalties	5.2	5.1
Management service fees	3.9	4.4
Administrator fees	16.7	16.9
Other services	1.0	14.6
Total	**106.3**	60.0

15. Other income

Other income consists of the following:

	31 December 2020 CHF millions	31 December 2019 CHF millions
Indemnification amounts receivables		2.1
Other		0.6
Other income		2.7

16. Operating expenses

Operating expenses consist of the following:

	31 December 2020 CHF millions	31 December 2019 CHF millions
Acquisition-related expenses	(4.5)	(9.3)
Other operating expenses	(7.8)	(12.1)
Services provided by subsidiaries	(17.2)	(14.1)
Total	**(29.5)**	(35.5)

17. Provisions for guarantees and other losses

Guarantees of CHF 882.7 million were provided to subsidiaries (2019: CHF 907.4 million), related to loans to other Group companies. Based on the net realisable assets of these Group companies, a potential liability of CHF 329.0 million (2019: CHF 329.3 million) exists at year-end, assuming the guarantees are called.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Increase in provision for guarantees	(6.6)	(12.7)
Release of provision for guarantees		12.5
Operational loss on liquidation	(2.6)	
Provision for guarantee covering loans collateralised by life insurance policies		(9.6)
Total	**(9.2)**	(9.8)

18. Extraordinary expenses

During the year, the company paid an amount of CHF 25.0 million to the seller of the BSI business (acquired in 2016) after the resolution of a liability of a subsidiary acquired. The liability of the subsdiary was settled for an amount below the amount recorded on acquisition in 2016, and EFG International AG had agreed to pay any difference to the seller of the BSI business.

	31 December 2020 CHF millions	31 December 2019 CHF millions
Extraordinary expenses	(25.0)	
Total	**(25.0)**	–

19. Legal reserves

In 2020, a dividend distribution totalling CHF 87.9 million (2019: CHF 87.6 million) have been paid from the 'Reserve from capital contributions' representing CHF 0.15 per registered share paid on 6 May and CHF 0.15 per share paid on 14 December 2020 (2019: CHF 0.30 per registered share).

20. Proposed appropriation of available reserves

The Board of Directors proposes, subject to the approval of the General Meeting of Shareholders, to carry forward the profit of the year of CHF 8.3 million as cumulative negative retained earnings and to proceed to a distribution to shareholders of CHF 0.30 per share, which will amount to a total distribution of approximately CHF 88.8 million. The Board of Directors proposes to fully charge the proposed distribution for 2020 of CHF 0.30 per share to the balance sheet item 'Reserve from capital contributions'. Subject to the adoption of this proposal by the General Meeting of Shareholders, such distribution will not be subject to the Swiss withholding tax.

21. Compensation of Board of Directors and Executive Committee

(i) Shareholdings
At 31 December 2020, the following shareholdings were held by the Board of Directors and the Executive Committee and closely linked parties.

	Shares 2020	Shares 2019	2020 Vested RSUs	2020 Unvested RSUs	2020 Total awarded RSUs	2019 Vested RSUs	2019 Unvested RSUs	2019 Total awarded RSUs
Board of Directors								
Peter A. Fanconi, Chair*	150,000			43,478	43,478			
Niccolò H. Burki, Vice-Chair	11,054			11,844	11,844	5,595	10,782	16,377
Susanne Brandenberger			11,054	11,844	22,898	5,595	10,782	16,377
Emmanuel L. Bussetil								
Mordehay I. Hayim**								
Roberto Isolani			11,054	11,844	22,898	5,595	10,782	16,377
Steven M. Jacobs			11,054	11,844	22,898	5,595	10,782	16,377
Spiro J. Latsis John S. Latsis	148,124,268***	134,359,132***						
Carlo M. Lombardini*				6,521	6,521			
Périclès Petalas								
Stuart M. Robertson			3,673	11,211	14,884	886	7,477	8,363
Freiherr Bernd-A. von Maltzan			11,054	11,844	22,898	5,595	10,782	16,377
Yok Tak A. Yip*				5,978	5,978			
John A. Williamson****		517,726						
Total Board of Directors	**148,285,322**	134,876,858	**47,889**	**126,408**	**174,297**	28,861	61,387	90,248

* Elected at AGM 2020
** Elected at EGM 2020
*** Total number of shares controlled by the Latsis family interests
**** Stepped down at AGM 2020

	Shares 2020	Shares 2019	2020 Vested RSUs	2020 Unvested RSUs (1)	2020 Total awarded RSUs (1)	2019 Vested RSUs	2019 Unvested RSUs (1)	2019 Total awarded RSUs (1)
Executive Committee*								
Piergiorgio Pradelli	434,990	250,463		273,865	273,865	105,852	242,951	348,803
Renato Cohn			78,833	105,241	184,074	46,210	96,769	142,979
Yves Aeschlimann				71,328	71,328		23,383	23,383
Christian Flemming**			38,323	86,207	124,530	25,548	57,887	83,435
Martin Freiermuth***								
Dimitris Politis	9,258			104,536	104,536	4,629	54,371	59,000
Ranjit Singh				47,945	47,945			
Vittorio Ferrario****						30,487	98,940	129,427
Total Executive Committee	**444,248**	250,463	**117,156**	**689,122**	**806,278**	212,726	574,301	787,027

* Totals including members of the Executive Committee who left in 2020 and in 2019

** Executive Committee member until 17 August 2020

*** Joined in 2020

**** Executive Committee member until 31 March 2019

Notes:

1 Not including LTIP: under the LTIP (see further details in section 6.2.2. of the Compensation Report), a total maximum award of 2,600,000 RSUs has been allocated to the Executive Committee (CHF 17,290,000) as approved by the AGM 2019, of which a maximum of 630,000 RSUs have been allocated to the CEO.

The members of the Executive Committee have been granted 689,122 restricted stock units which are currently subject to vesting criteria (2019: 574,301 restricted stock units). These units would vest in the period 2021 to 2023.

22. Post balance sheet events

On 18 January 2021, the Company announced the issuance of USD 400 million of perpetual Additional Tier 1 notes carrying a coupon of 5.5% p.a. for the first 7 years. The notes include, among other things, a capital trigger of 7% CET1 Ratio and an optional redemption call in year 7.

Report of the statutory auditor

to the General Meeting of EFG International AG

Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of EFG International AG, which comprise the income statement for the year ended 31 December 2020, balance sheet as at 31 December 2020 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 226 to 234) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 11'780'000
How we determined it	1% of Net assets
Rationale for the materiality benchmark applied	We chose this benchmark because, in our view, it is the one typically used to measure the result of a holding company.

We agreed with the Audit Committee that we would report to them misstatements above CHF 380'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Thomas Romer
Audit expert
Auditor in charge

Omar Grossi
Audit expert

Geneva, 23 February 2021

Alternative performance measures

Alternative performance measures

Assets under Management
Total revenue-generating Assets under Management is the total market value of the assets and liabilities that EFG manages on behalf of clients. Assets under Management include all assets and liabilities managed by or deposited with EFG on which it earns revenues. Assets under Custody, excluded from Assets under Management, are assets deposited with EFG held solely for safekeeping/custody purposes, and for which EFG does not offer advice on how the assets should be invested. Assets under Management includes lombard loans and mortgages but does not include the real estate that is security for the mortgage.

When Assets under Management is subject to more than one level of asset management service, double counting arises within total Assets under Management. Each such separate discretionary or advisory service provides additional benefits to the respective client and generates additional revenue for EFG. Double counts primarily include self-managed collective investment schemes and structured products issued by EFG, which are also included in customer portfolios and already included in Assets under Management.

EFG discloses Assets under Management on an annual basis in its Annual Report in accordance with the Guidelines of the Swiss Financial Market Supervisory Authority (FINMA) governing financial statement reporting. See note 63 of the 2020 Annual Report.

Average Assets under Management
Average Assets under Management is the monthly average of total Assets under Management.

Net new assets
Net new assets consists of new client acquisitions, client departures and inflows or outflows attributable to existing clients, including new or additional drawdowns of loans and mortgages. Net new assets can be in cash or securities transferred to the bank. Interest and dividend income from Assets under Management, market or currency movements as well as fees and commissions are not included in net new assets. Effects resulting from any acquisition or disposal of EFG's companies are not included in net new assets.

Net new asset growth rate
Net new asset growth rate is calculated by dividing the net new assets of the period by the total Assets under Management at the beginning of the period.

Non-underlying impacts
Non-underlying impacts include the following:
– Revenues, expenses, loss allowance expenses and provisions arising from the legacy life insurance portfolio.
– Acquisition related intangible amortisation from the BSI and Shaw and Partners acquisitions.
– Interest income, exceptional legal costs and expected credit loss allowance expense from the loan exposure to a Taiwanese insurance company.

Underlying operating income
Underlying operating income is operating income (as presented in IFRS financial statements) excluding non-underlying impacts.

Revenue margin
Revenue margin comprises underlying operating income divided by the average Assets under Management.

Underlying operating expenses
Underlying operating expenses are operating expenses (as presented in IFRS financial statements) excluding non-underlying impacts.

Pre-tax operating profit
Pre-tax operating profit is operating income less operating expenses as disclosed for IFRS purposes.

Cost/income ratio
Cost/income ratio is underlying operating expenses less acquisition related intangible asset amortisation divided by underlying operating income. Acquisition related intangible asset amortisation comprises the total acquisition related intangible asset amortisation less what is classified as a non-underlying impact (i.e. related to BSI and Shaw and Partners).

Underlying net profit
Underlying net profit is the net profit attributable to equity holders of EFG adjusted for the non-underlying impacts.

Return on tangible equity
Return on tangible equity is underlying net profit divided by average tangible equity. Average tangible equity is the monthly average of total equity, less the monthly average of non-controlling interests, less the monthly average of Intangible assets. All these are as defined under IFRS and on the basis as presented in the IFRS balance sheet.

Return on shareholders' equity
Return on shareholders' equity is underlying net profit divided by average shareholders' equity. Average shareholders' equity is the monthly average of total equity, less the monthly average of non-controlling interests. All these are as defined under IFRS and on the basis as presented in the IFRS balance sheet.

Liquidity Coverage Ratio
The Liquidity Coverage Ratio is defined by the FINMA as part of the Basel III framework. EFG is required to hold enough high-quality liquid assets such as short-term government debt – that can be sold to fund EFG during a 30-day stress scenario designed by regulators. Banks are required to hold high-quality liquid assets equivalent to at least 100% of projected cash outflows during the stress scenario.

Loan/deposit ratio
The loan to deposit ratio is the ratio of loans and advances to customers divided by the total of the sum of 'Due to customers' and financial liabilities at amortised cost on the basis as presented in the IFRS balance sheet.

Alternative performance measures

The reconciliation of underlying results to IFRS results
as at 31 December 2020 and 2019 is as follows:

	Underlying year ended 31 December 2020 CHF millions	Life Insurance CHF millions	Acquisition related Intangible amortisation CHF millions	Exceptional legal costs and provisions CHF millions	IFRS year ended 31 December 2020 CHF millions
Net interest income	302.8	(4.3)		1.4	299.9
Net banking fee and commission income	655.7				655.7
Net other income	156.1	18.9			175.0
Operating income	**1,114.6**	**14.6**	**–**	**1.4**	**1,130.6**
Operating expenses	(924.7)	(4.2)	(9.9)	(12.7)	(951.5)
Provisions	(30.0)	4.5			(25.5)
Loss allowance expense	(6.4)			5.1	(1.3)
Profit before tax	**153.5**	**14.9**	**(9.9)**	**(6.2)**	**152.3**
Income tax expense	(32.6)		2.1		(30.5)
Net profit for the period	**120.9**	**14.9**	**(7.8)**	**(6.2)**	**121.8**
Net profit attributable to non-controlling interests	(6.5)				(6.5)
Net profit attributable to equity holders of the Group	**114.4**	**14.9**	**(7.8)**	**(6.2)**	**115.3**

	Underlying year ended 31 December 2019 CHF millions	Life Insurance CHF millions	Acquisition related Intangible amortisation CHF millions	Exceptional legal costs and provisions CHF millions	IFRS year ended 31 December 2019 CHF millions
Net interest income	336.4	(14.1)		3.6	325.9
Net banking fee and commission income	593.0				593.0
Net other income	213.4	38.6			252.0
Operating income	**1,142.8**	**24.5**	**–**	**3.6**	**1,170.9**
Operating expenses	(975.9)	(4.5)	(9.3)	(8.6)	(998.3)
Provisions	(18.4)	(6.2)			(24.6)
Loss allowance expense	(8.7)	(2.1)		(13.8)	(24.6)
Profit before tax	**139.8**	**11.7**	**(9.3)**	**(18.8)**	**123.4**
Income tax expense	(25.0)		1.9		(23.1)
Net profit for the period	**114.8**	**11.7**	**(7.4)**	**(18.8)**	**100.3**
Net profit attributable to non-controlling interests	(6.1)				(6.1)
Net profit attributable to equity holders of the Group	**108.7**	**11.7**	**(7.4)**	**(18.8)**	**94.2**

Forward looking statements

This document has been prepared by EFG International AG ("EFG") solely for use by you for general information only and does not contain and is not to be taken as containing any securities advice, recommendation, offer or invitation to subscribe for or purchase or redemption of any securities regarding EFG.

This report by EFG International AG ("EFG") includes forward-looking statements that reflect EFG's intentions, beliefs or current expectations and projections about EFG's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industries in which it operates. Forward-looking statements involve all matters that are not historical facts. EFG has tried to identify those forward-looking statements by using the words 'may', 'will', 'would', 'should', 'expect', 'intend', 'estimate', 'anticipate', 'project', 'believe', 'seek', 'plan', 'predict', 'continue' and similar expressions. Such statements are made on the basis of assumptions and expectations which, although EFG believes them to be reasonable at this time, may prove to be erroneous.

These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause EFG's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions, legislative, fiscal and regulatory developments, general economic conditions in Switzerland, the European Union and elsewhere, and EFG's ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. In view of these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. EFG and its subsidiaries, and their directors, officers, employees and advisors expressly disclaim any obligation or undertaking to release any update of or revisions to any forward-looking statements in this media release and any change in EFG's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.

Alternative performance measures and Reconciliations: This document contains certain financial measures of historical and future performance and financial position that are not defined or specified by IFRS, such as "net new assets", "Assets under Management", "operating profit", "underlying net profit", "cost/income ratio", "revenue margin", "Liquidity Coverage Ratio", "Loan/deposit Ratio". These alternative performance measures (APM) should be regarded as complementary information to, and not as a substitute for the IFRS performance measures. The definitions of APM used in this document, together with reconciliations to the most directly reconcilable IFRS line items, are provided in the section headed "Alternative performance measures" of this document.

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