

Annual  
Report

2021



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

As a leading Swiss private bank, EFG has a presence in major financial centres and growth markets. It has strong roots in Switzerland, with Zurich, Geneva and Lugano serving as hubs for clients as well as the governance and operations of the bank.

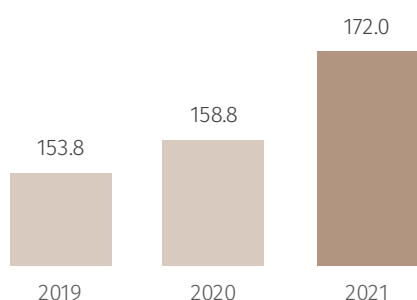
EFG International serves clients in around 40 locations worldwide, with a network spanning Europe, Asia Pacific, the Americas and the Middle East.

An entrepreneurial spirit shapes our bank, enabling us to provide comprehensive advice, develop hands-on solutions and to build trusted, long-lasting client relationships. We are a financial partner who offers security, financial stability and reliability.

# Key figures

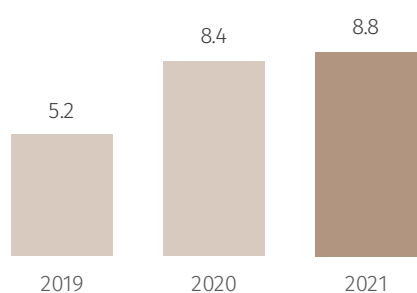
## Assets under Management

in CHF billion



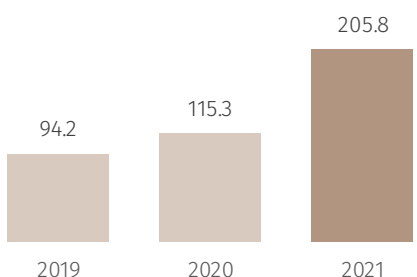
## Net new assets

in CHF billion



## IFRS net profit

in CHF million



2021 2020 2019

### EFG International

|  |         |         |         |
|--|---------|---------|---------|
| Operating income, in CHF million           | 1,254.6 | 1,130.6 | 1,170.9 |
| Operating expense, in CHF million          | 967.9   | 951.5   | 998.3   |
| IFRS net profit, in CHF million            | 205.8   | 115.3   | 94.2    |
| Cost/income ratio, in %                    | 76.2    | 83.1    | 84.3    |
| Underlying net profit, in CHF million      | 167.8   | 114.4   | 108.7   |
| Underlying cost/income ratio, in %         | 79.9    | 82.7    | 85.2    |
| Underlying return on tangible equity, in % | 10.6    | 8.1     | 7.8     |

### Balance Sheet

|                                      |      |      |      |
|--------------------------------------|------|------|------|
| Total assets, in CHF billion         | 42.1 | 40.6 | 41.0 |
| Shareholders' equity, in CHF billion | 1.9  | 1.8  | 1.8  |
| LCR, in %                            | 188  | 188  | 182  |

### Capital

|                                    |      |      |      |
|------------------------------------|------|------|------|
| Regulatory capital, in CHF billion | 2.2  | 2.0  | 2.0  |
| CET1 Ratio, in %                   | 16.3 | 16.2 | 16.2 |
| Total Capital Ratio, in %          | 21.9 | 19.9 | 20.1 |

### Assets under Management and Net new assets

|   |       |       |       |
|---|-------|-------|-------|
| Assets under Management, in CHF billion | 172.0 | 158.8 | 153.8 |
| Net new assets, in CHF billion          | 8.8   | 8.4   | 5.2   |
| Net new assets growth rate, in %        | 5.5   | 5.5   | 4.0   |

### Employees (full-time equivalents)

|  |       |       |       |
|--|-------|-------|-------|
| Number of employees                    | 2,932 | 3,073 | 3,151 |
| Number of Client Relationship Officers | 740   | 772   | 815   |

### Share information

|  |       |       |       |
|--|-------|-------|-------|
| Shares outstanding, in millions                      | 303.9 | 296.1 | 291.0 |
| Market capitalisation at 31 December, in CHF million | 2,112 | 1,717 | 1,860 |
| Dividend per share, in CHF                           | 0.36  | 0.30  | 0.30  |
| Earnings per share, in CHF (basic)                   | 0.62  | 0.39  | 0.32  |

### Rating

|         |               |
|---------|---------------|
| Moody's | Long term: A3 |
| Fitch   | Long term: A  |

# Content

|  |     |
|--|-----|
| Chair and CEO message                                    | 6   |
| About EFG  | 9   |
| Delivering bespoke financial solutions on a global scale |     |
| Strategy & value proposition                             |     |
| Sustainability at EFG                                    |     |
| Local experts – globally                                 |     |
| Financial review   | 31  |
| Corporate governance                                     | 35  |
| Compensation report                                      | 69  |
| Consolidated financial statements                        | 87  |
| Parent company financial statements                      | 223 |
| Alternative performance measures                         | 237 |

# Chair and CEO message

## Dear shareholders,

At EFG International we aim to create the best possible outcomes for our clients and achieve profitable and sustainable growth by living up to our corporate values and striking the right balance between the expectations of our clients, shareholders, employees and our other stakeholders. This is how we can gain their trust and can unlock the full potential of EFG.

2021 was a decisive year in the delivery of the strategic plan we initiated in 2019. The actions we have implemented over the last three years enabled us to take our profitability to a new level in 2021, with an IFRS net profit for the year of CHF 206 million. We maintained our strong track record of growth with net new asset inflows of CHF 8.8 billion in 2021.

Net asset inflows have been consistently positive for 11 consecutive quarters, reaching a total of more than



CHF 22 billion over that period. Assets under Management rose to an all-time high of CHF 172 billion at end-2021. Our capital and liquidity are strong. EFG's capital-light business model is designed to drive growth and generate excess capital for the benefit of our shareholders. For 2021, we will propose a 20% increase in our dividend to CHF 0.36, further increasing the return to our shareholders. In 2021, we broadened our sustainability strategy to better integrate sustainability aspects into our business model and meet the growing demand for sustainable finance.

The successful execution of our strategy is based on three strategic areas: Clients, Content, Simplicity.

Peter A. Fanconi, Chair (right),  
Giorgio Pradelli, CEO (left)

---

“We believe that 2022 and our next three-year strategic cycle offer abundant opportunities for further growth.”

---

## 5.5%

### net new asset growth in 2021

Clients are our first strategic area of focus and they are at the heart of everything we do. They seek our advice on how to best invest their assets, our solutions to structure their private and corporate wealth, and lending to leverage their financial and real estate assets. We have made strong progress in further building and promoting our expertise, our global platform and the EFG brand to deliver superior service and first-class investment, wealth, and credit solutions to our clients. Risk management and compliance are essential to responsible business conduct and a prerequisite for sustainable growth. Today, we have a distinctive business platform, a respected brand and a significantly improved competitive market position.

Content – our second strategic area – is all about bringing our expertise to our clients. In 2021, we generated a top performance across investment strategies and products. Further, we have been integrating ESG criteria into our investment process for the past 10 years, continuously expanding our range of sustainable investment opportunities and enhancing our alternative investment offering. We now have record Assets under Management of over CHF 50 billion in our Investment Solutions business and mandate penetration has also reached an all-time high with around 57%. The quality of our advice, products, services and talent are a key differentiator and driver of our growth. Our efforts to deliver our entire investment expertise and full range of products

and services to our clients are proving increasingly successful, with high value income streams showing strong momentum.

Our third strategic area, Simplicity, is about delivering a better client experience and generating efficiencies and operating leverage for our organisation. In 2021, we took steps to optimize our geographical footprint, expanding our presence in markets where we see potential, and exiting those where growth did not meet our ambitions. We now have reached a critical mass in all the relevant growth markets from APAC to Latin America. At the same time, our 2021 results show that we still have significant potential to drive further efficiencies and strengthen operating leverage. This increased focus on Simplicity goes hand in hand with our digital transformation and will allow us to reach the targets we have set for year-end 2022 and beyond.

2022 will mark the end of our current strategic cycle. In the fourth quarter, we will update investors on our plans for the next strategic cycle that will run until 2025. Our strategy will be updated to take advantage of opportunities for growth, innovation, scale and profitability which will take us to the next level of performance for our clients and shareholders.

Our clients expect us to deliver personalised advice, for our shareholders we aim to achieve this at scale and with a long-term perspective. This will be the major differentiator in wealth management in the digital age. We will further evolve our content, technology and platform to meet the needs and expectations of the Next Generation.

We believe that 2022 and our next three-year strategic cycle offer abundant opportunities for further growth.

# Chair and CEO message

Our success and the momentum we have created over the past few years are the result of teamwork and confidence. We wish to thank all our employees for their hard work and dedication and especially for their ambition to make EFG a leading Swiss private bank. We also want to thank you, our shareholders, for your trust in EFG and your valued support.

Best regards



**Peter A. Fanconi**  
Chair of the Board



**Giorgio Pradelli**  
Chief Executive Officer

## 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" and "Assets under Management". 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.



# About EFG

|  |    |
|--|----|
| Delivering bespoke financial solutions on a global scale | 12 |
| Strategy & value proposition                             | 16 |
| Sustainability at EFG                                    | 20 |
| Local experts – globally                                 | 28 |

About EFG

# 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.”

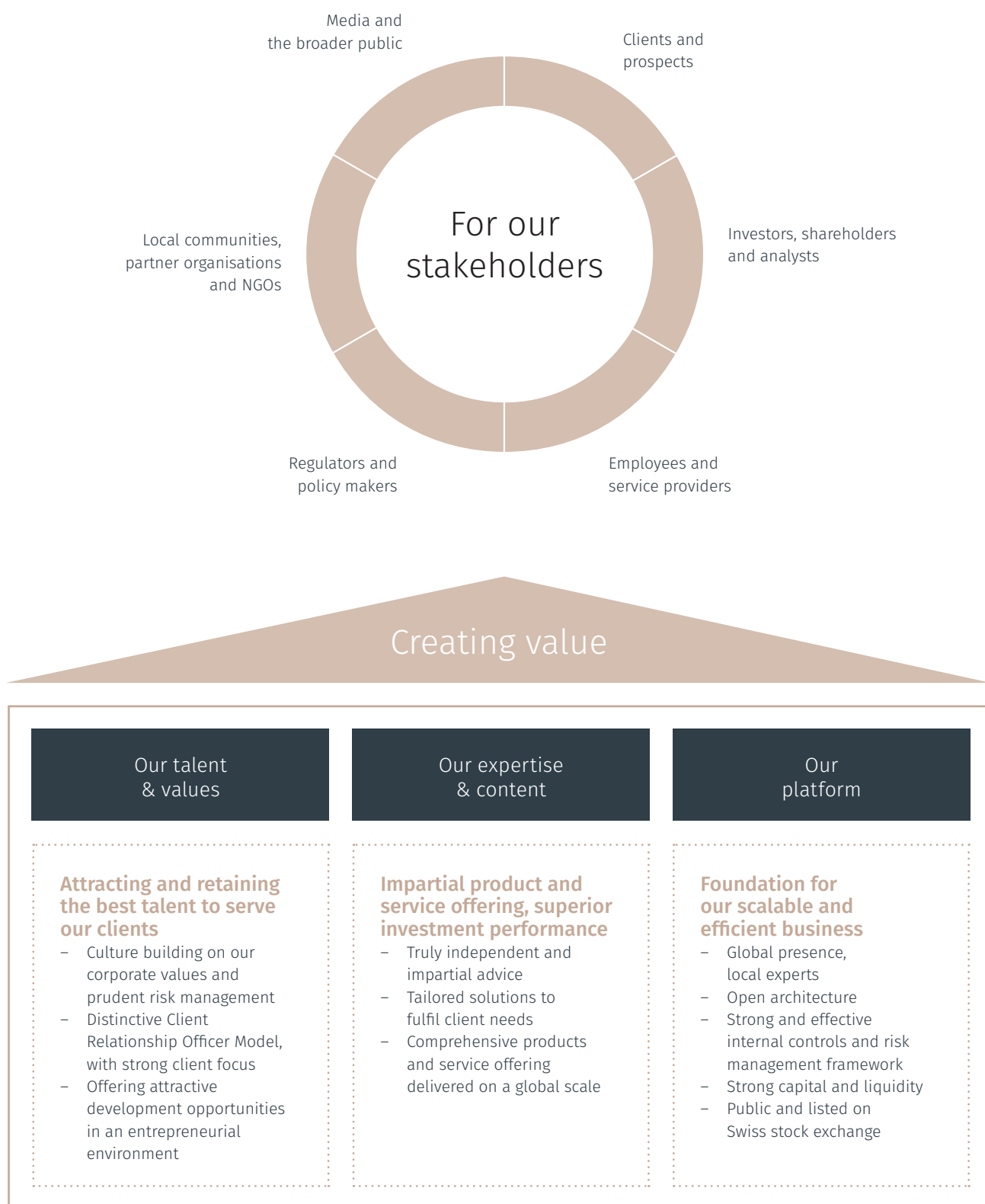
## Value proposition

Strong client focus of EFG CROs

Local know-how in a global network

Comprehensive client solutions

# A business model designed to create value

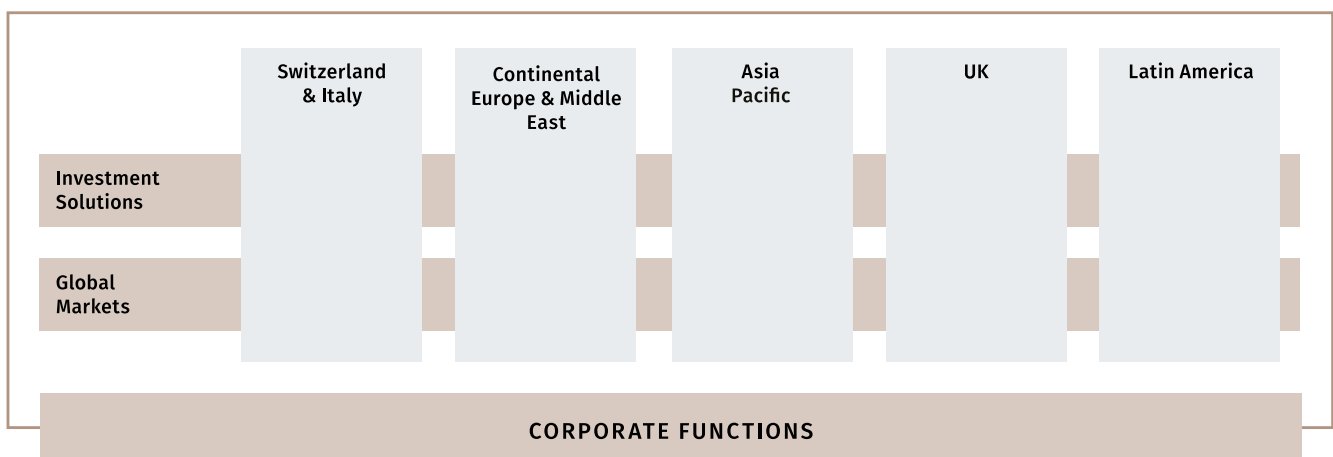


# Delivering bespoke financial solutions on a global scale

As a global private banking group, EFG's strategy builds on its core strengths – effectively combining local know-how with a global network, strong client focus and a comprehensive and impartial product and service offering. A strong risk management and regulatory compliance framework are a prerequisite to generating profitable and sustainable growth for the benefit of our stakeholders.

EFG serves its clients through five business regions, which are supported by two global divisions specialising in investment solutions and capital market 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 designed to deliver on their financial objectives.

## Organizational Set-up



### **Switzerland & Italy**

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 presences in Zurich, Geneva and Lugano, EFG primarily serves high-net-worth and ultra-high-net-worth clients in its Swiss domestic market, clients from Italy, Southern Europe, the Middle East, CEE/CIS, as well as institutional clients and Independent Asset Managers.

### **Continental Europe & Middle East**

Offering comprehensive wealth and investment services to private clients and Independent Asset Managers, EFG leverages its global network of experts and tailored local capabilities and know-how in the region to fully capture opportunity and achieve growth. EFG's private banking network and brand span across Europe and the Middle East with presences in Luxembourg, Monaco, Greece, Cyprus and Portugal, as well as in Dubai and Bahrain.

### **Asia Pacific**

Primed to capture the opportunity in Asia Pacific, EFG has presences in Hong Kong and Singapore. EFG offers tailor-made solutions, including investment finance and wealth planning, to high-net-worth clients and Independent Asset Managers in the region, focusing on both onshore and offshore target markets. In the Australian onshore market, EFG serves clients through Shaw and Partners, which following the initial investment was fully acquired in 2021.

### **UK**

EFG in the UK has a strong presence in London and is strategically well positioned to attract global wealth. Leveraging its expertise in discretionary portfolio management, real-estate financing and wealth planning solutions and the global Investment Solutions division, EFG offers personalised 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 presence in Miami, the main wealth management centre for international clients in Latin America, as well as through our booking centres in Switzerland, the Bahamas and on the Cayman Islands, EFG is one of the few global private banks to offer a comprehensive 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 in some of the most dynamic emerging market economies with a local product offering.

### **Investment Solutions**

EFG offers clients impartial products and services and a differentiated investment advisory process. EFG's Investment Solutions unit provides a broad range of services including advisory and discretionary mandates, ranging from equity and fixed income portfolios to multi-asset strategies – and direct trading floor access for our institutional clients as well as certain private clients. The products, solutions and services developed by EFG's experts in close collaboration with the Private Bank are complemented by selected third-party products.

### **Global Markets**

EFG's Global Markets division – its global trading business which spans EFG's main regions – supplies 24-hour execution services for CROs, sophisticated private clients, institutional clients and external asset managers. Products covered are equities, fixed income, foreign exchange, precious metals, derivatives and structured products.

About EFG

# Investment Solutions & Global Markets

## Two global divisions

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

### **Investment Solutions**

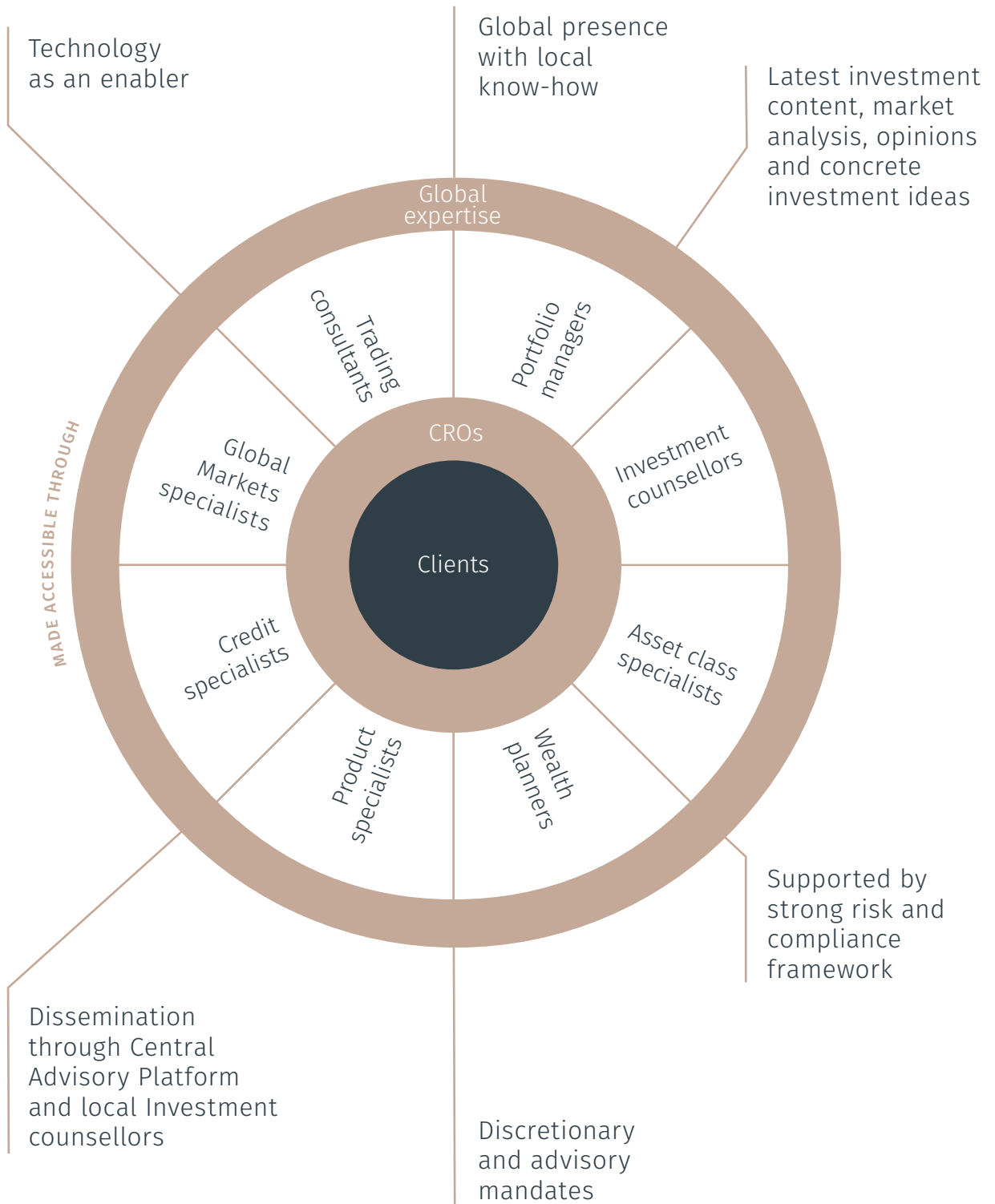
- Discretionary Solutions
- Advisory Solutions
- Investment Funds
- Investment Finance and Real Estate Finance Solutions
- Wealth Solutions

### **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 know-how, catering to their individual needs.



# Strategy & value proposition

We are a leading Swiss private bank renowned for its distinctive client approach. Our Client Relationship Officer (CRO) model combines personalization and geographic proximity to our clients with continuity, efficiency and scale. Our differentiated model enables us to offer truly client-centric advice, service and solutions.

### **EFG's 2022 strategic thrust: Profitable and sustainable growth**

2021 was a decisive year in executing our strategic plan initiated in 2019. The actions we have implemented over the last three years have taken our profitability in 2021 to a new level with an IFRS net profit for the year of CHF 205.8 million.

2022 will conclude our current strategic cycle and in the fourth quarter we will update investors on our plan for the next strategic cycle until 2025.

Since the successful completion of the integration of BSI in 2018, EFG has grown into one of the ten largest Swiss private banks with a strong capital position and a highly liquid balance sheet. The successful integration of BSI is one of the most important transformations in the Swiss financial centre in the last decade. Based on our increased scale, our geographic reach and the talent we have attracted and retained, we have significantly improved our competitive market position in terms of expertise and client solutions. Our 2021 results also show that there is significantly more potential to create efficiency and operating leverage. This increased focus on simplicity will be closely linked to our digital transformation, allow us to reach the targets we have set for year-end 2022 and remain important beyond.

We aim to continue developing our presence and share of wallet in our key target markets. This includes further 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 both on domestic and international clients. We are

also benefitting from our presence in key growth markets such as Asia Pacific, Latin America, Continental Europe and the Middle East, where the EFG model can create substantial value. In addition to implementing regional initiatives, we want to continue 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 capabilities, and increasing breadth of products and services with existing clients.

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

With our strong capital position, we aim to fund our organic growth (in risk-weighted assets) and dividend distributions from our organic capital generation, while maintaining a CET1 capital ratio of at least 14%.

### **CRO growth and productivity**

As part of our human capital and growth strategies, we significantly increased our focus on hiring CRO talents, while also enhancing the productivity of our existing teams. As part of our 2019 - 2022 strategic plan, we have aimed to hire approximately 70-100 new CROs per year. From 2019 to 2021, we were on average on the higher-end of this target hiring range. Our success in attracting new talents reflects our reputation as an employer of choice in global wealth management and confirms that our CRO model is considered among the most competitive and attractive. In addition, we further supported the CRO productivity, increasing their average portfolio size and applying performance measures reflecting increased ambitions in



terms of delivering best-in-class quality, growth and profitability.

### **New business initiatives in selected markets**

In line with our objective of capturing significant growth opportunities in selected markets, we initiated an number of targeted initiatives across EFG's business regions to further develop our market presence in core markets, including Dubai, Portugal and Australia.

Within the Continental Europe & Middle East region, we continue to see strong growth from our presence in Dubai established in late 2019. Our presence on site has clearly enhanced our ability to directly offer advisory services to HNWI clients in what has been an important market for EFG for several years.

In the Southern Europe Region, we see solid growth in AUM from our presence in Portugal. We are working to further increase market awareness and brand perception in the market.

We have significantly expanded our coverage of the Asia Pacific region since 2019 through the acquisition of the Australian financial services provider Shaw and Partners that continues to generate strong growth (see also External growth).

### **Content as differentiator - Leveraging Investment Solutions and Global Markets**

There is significant potential to create value and grow by more effectively leveraging EFG's comprehensive Investment Solutions and Global Market expertise, offering our clients a range of different financial products and services that are tailored to their individual risk profile and preferences. We offer a broad range of services from advisory and discretionary mandates to direct trading floor access for our institutional clients as well as certain private clients – always catering to their specific financial needs. The products, solutions and services, which are developed by our experts with a profound understanding of requirements of private and institutional clients, are complemented by selected third party products. On this basis, we provide clients with high standards of independent advice that best addresses their individual needs. Demonstrating the success of our high-quality solutions, we successfully increased mandate penetration from 40% at the end of 2018 to 58% at the end of 2021, resulting in enhanced performance. The expectations of our clients and investors with regards to environmental and social impact as well as best practice governance over their investments have grown significantly in recent times. We have actively been taking

environment, social and governance (ESG) criteria into account when selecting and managing investments for the last 10 years. We have also developed a proprietary ESG rating model for investments and are continuously expanding our range of investment opportunities and services to meet the rising demand for sustainable finance and philanthropic offerings.

### **External growth**

Having created a scalable and resilient private banking platform managing AUM in excess of CHF 170 billion, the primary focus of our strategy is on achieving organic growth in our core business. We will also consider selected acquisitions if they represent a good strategic fit for EFG. As announced and in line with our 2022 strategic plan, we have significantly expanded our coverage in the Asia Pacific region through the acquisition of the remaining stake of the Australian financial services provider Shaw and Partners in 2021. Shaw and Partners has achieved strong growth in Assets under Management and profitability since EFG acquired its first stake in 2019. This acquisition not only provided us with immediate access to the Australian market – one of the fastest growing and most attractive wealth management markets worldwide.

### **Simplicity: Optimising EFG's operational platform**

Improving the operational efficiency of our business remains one of our key priorities, as it will ultimately lead to a better client experience and to operational leverage for our organisation. 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 local subsidiaries and booking centres globally, we aim to implement a cost-effective, lean approach – in particular for control and support functions. As a result, local businesses will be able to focus on their core objective of building and strengthening client relationships and delivering high-quality advice on all private banking matters.

### **Rationalising our international footprint**

Since 2019, we have taken action to optimise our geographical footprint. We have reassessed EFG's global booking centres with a view to focusing on strategically relevant, high-yielding, high-growth target markets.

As announced in April 2021, EFG has entered into an agreement to sell its minority stake in Asesores y Gestores Financieros S.A. (A&G) to the Spanish private bank's management team. The transaction is expected to close in the first half of 2022, subject to regulatory approval.

# About EFG

As announced in November 2021, we will discontinue our presence in Milan, closing the local branch and shifting coverage of Italian clients to other locations. EFG's existing Italian clients booked at other booking centres will continue to be served by their respective booking centres.

Furthermore, we have transferred our Guernsey business to other booking centres and intend to close EFG Private Bank (Channel Islands) Limited.

Additionally, we have sold our Italian company EOS Servizi Fiduciari to Unione Fiduciaria, the market leader in the fiduciary sector in Italy. Following this transaction, Unione Fiduciaria will act as a strategic partner to EFG for all fiduciary activities in Italy.

## **Strong compliance and risk management framework**

Prudent risk management is the essence of banking and a key differentiator in mature markets of increasing complexity. This covers both financial and non-financial risks, including reputational and climate-related risks. EFG is committed to its best practice risk and regulatory framework, which follows the three-lines-of-defence model and is the prerequisite for long-term sustainable growth. Our risk management framework comprises people, policies, 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.

# Client Relationship Officer (CRO) model

Long-term client relationships and stability

Focus on superior service and impartial advice

Highly experienced and entrepreneurial CROs

Clients are at the heart of everything that we do

## Enabling our talent to serve clients

No forced client size segmentation

Client Relationship Officers focus on a specific region, leveraging expertise and know-how

Client Relationship Officers supported by dedicated specialist teams and tools

## Distinctive and transparent compensation model

Client Relationship Officers' variable compensation linked to sustainable / long-term performance and conduct

## Impartial product and service offering

Open Architecture

Truly independent and impartial advice as well as tailored solutions to fulfil client needs

Global Platform with comprehensive products and service offering

# Sustainability at EFG

### **Our approach to sustainability**

At EFG, we believe that sustainability is all about choosing the right path to balance economic, environmental and social interests. This is why our sustainability strategy is based on two main pillars: Our responsibility as an asset allocator on behalf of our clients, and our responsibility as a firm.

We are convinced that a responsible approach to business that includes robust governance is a prerequisite to achieve long-term success. We strive to apply the highest standards of business conduct in all aspects of our work in order to build lasting relationships of trust and create sustained value for our clients, employees, shareholders and other stakeholders.

EFG's first priority as a private bank is to deliver superior service and advice as well as high-quality investment, wealth and credit solutions to our clients around the globe. With our entrepreneurial mindset and client-centric approach, we aim to meet the current and future needs and expectations of our clients – including the Next Generation. In fact, the biggest impact we currently have from a sustainability perspective is through our asset allocation on behalf of our clients and our products and services – with an increasing focus on responsible investing.

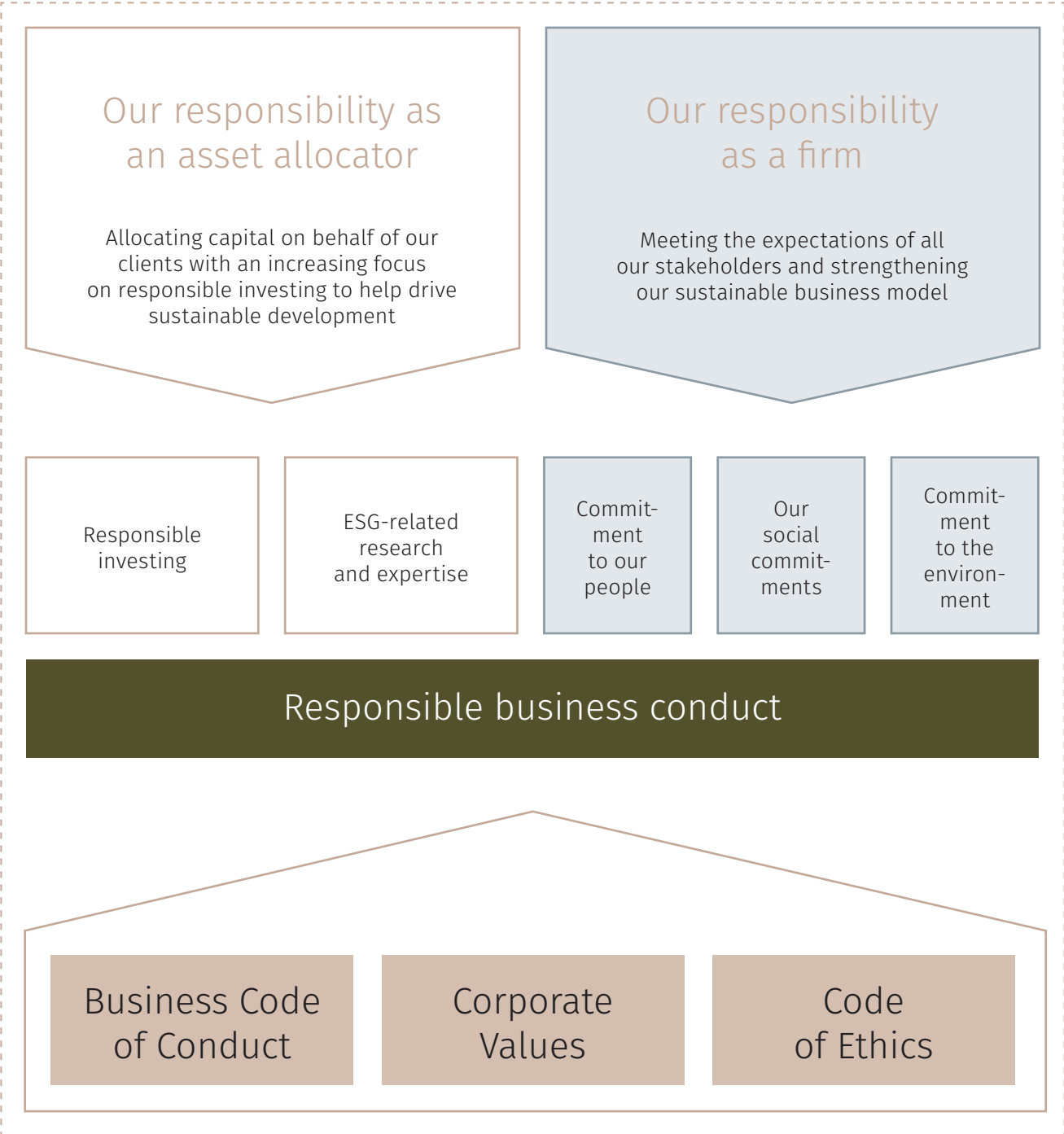
The sustainability-related expectations of our clients and investors have grown significantly in recent times. The allocation of capital to transformative technologies and to companies that support sustainable development and innovation is vital for the achievement of the UN Sustainable Development Goals (SDGs). For the last decade, we have therefore been taking environmental, social and governance (ESG) criteria into account when selecting and managing investments. We have also developed a proprietary ESG rating model for investments and we are continuously expanding our range of investment opportunities and services to meet the rising demand for sustainable finance. To actively drive sustainable

investment products, practices and standards within the industry and help position Switzerland as a leading hub for sustainable finance, EFG became a member of Swiss Sustainable Finance in February 2022.

Alongside our core responsibilities as an asset allocator, we have wide-ranging duties as a firm. In particular, we strive to be an employer of choice that can attract and retain talented employees with the skills and experience needed to serve our clients' interests. EFG is committed to providing an inclusive working environment in which all members of our workforce are valued equally and can thrive and realise their full potential. This commitment goes hand in hand with our desire to serve the interests of the communities in which we live and work. EFG supports a variety of partners and is committed to the promotion of culture in line with our interest in social topics and the values of its clients. Our approach also reflects our commitment to protecting the environment.

EFG's sustainability strategy is designed to help us better integrate sustainability aspects into our business model and meet the growing demand for sustainable finance.

# Sustainability Framework



The EFG Sustainability Framework aims to create long-term value for our clients, employees and society as a whole to ensure the prosperity of future generations.

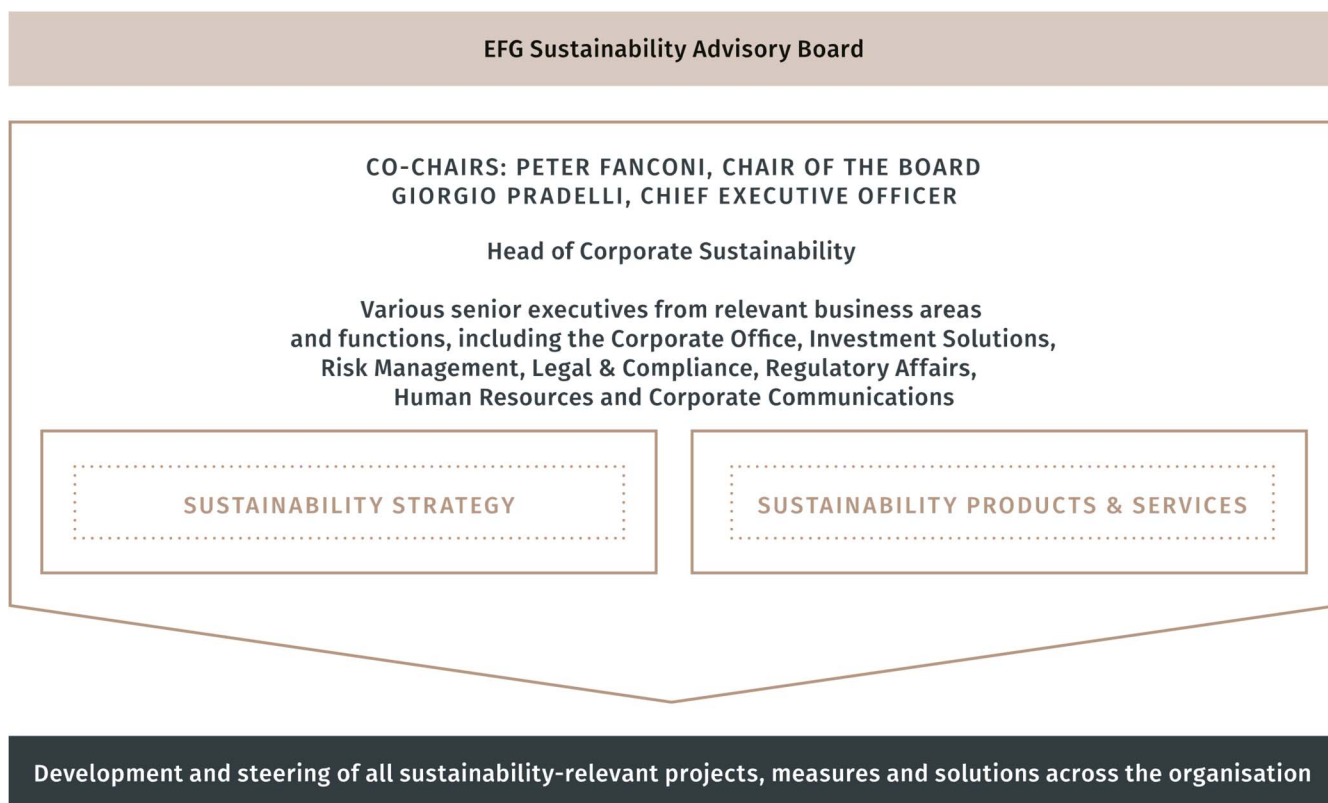
# About EFG

## Sustainability governance at EFG

In July 2021, EFG established a Sustainability Advisory Board to help embed a commitment to sustainability throughout the bank, develop strategic guidelines around sustainability, drive the relevant disclosures, and define priorities and new projects in this area. The Sustainability Advisory Board is co-chaired by EFG Chair Peter Fanconi and CEO Giorgio Pradelli, underscoring the importance assigned to this topic within our company. They are supported by the Head of Corporate Sustainability and by senior executives from relevant business areas and functions, including the Corporate Office, Investment Solutions, Risk Management, Legal & Compliance, Regulatory Affairs, Human Resources and Corporate Communications. The Advisory Board meets

at least four times per year, with its recommendations being submitted to the relevant governance bodies.

The Sustainability Advisory Board consists of two sub-streams: Sustainability Strategy and Sustainability Products & Services. In addition to focusing on the sustainability strategy and EFG's positioning, the first sub-stream, Sustainability Strategy, covers topics such as sustainability commitment measures, regulatory compliance, ESG risk assessments and frameworks, training and education, and Marketing & Communications. The second sub-stream, Sustainability Products & Services, develops and manages EFG's offering and product compliance in the area of ESG, as well as our proprietary ESG ratings, sustainable finance and ESG-related research.



## Responsible investing

The demand from clients – especially the Next Generation – for investments that incorporate economic, environmental and social aspects is increasing and we are convinced that this trend will accelerate further in the future.

For the last decade, EFG has been integrating environmental, social and governance (ESG) criteria into our investment approach alongside traditional financial metrics. This gives us a better understanding of the companies we invest in. More broadly, by incorporating ESG aspects into our policies and practices, we can not only generate higher returns but 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 proprietary evaluation system (see GRIP below) 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 the analyses we perform so that the building blocks of the portfolios 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 focus towards a more climate-aware perspective, and we have aligned our approach more closely with best practice ESG-transparency approaches such as the content items included in the GRI (Global Reporting Initiative) sustainability reporting standards.

For each company covered, GRIP defines the relevant key performance indicators (ESG KPIs) that need to be assessed. These KPIs reflect the ESG 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 in place to manage and mitigate ESG-related risks and other critical issues?
- Outcomes: Which information and measurable data does a company disclose to allow its management of ESG-related risks to be assessed?
- Controversies: What are the controversies a company is exposed to and is the way the company is perceived by its stakeholders or the public aligned with the company's commitments?

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 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.

# About EFG

Our GRIP framework is also used for discretionary managed client assets as well as EFG's own assets.

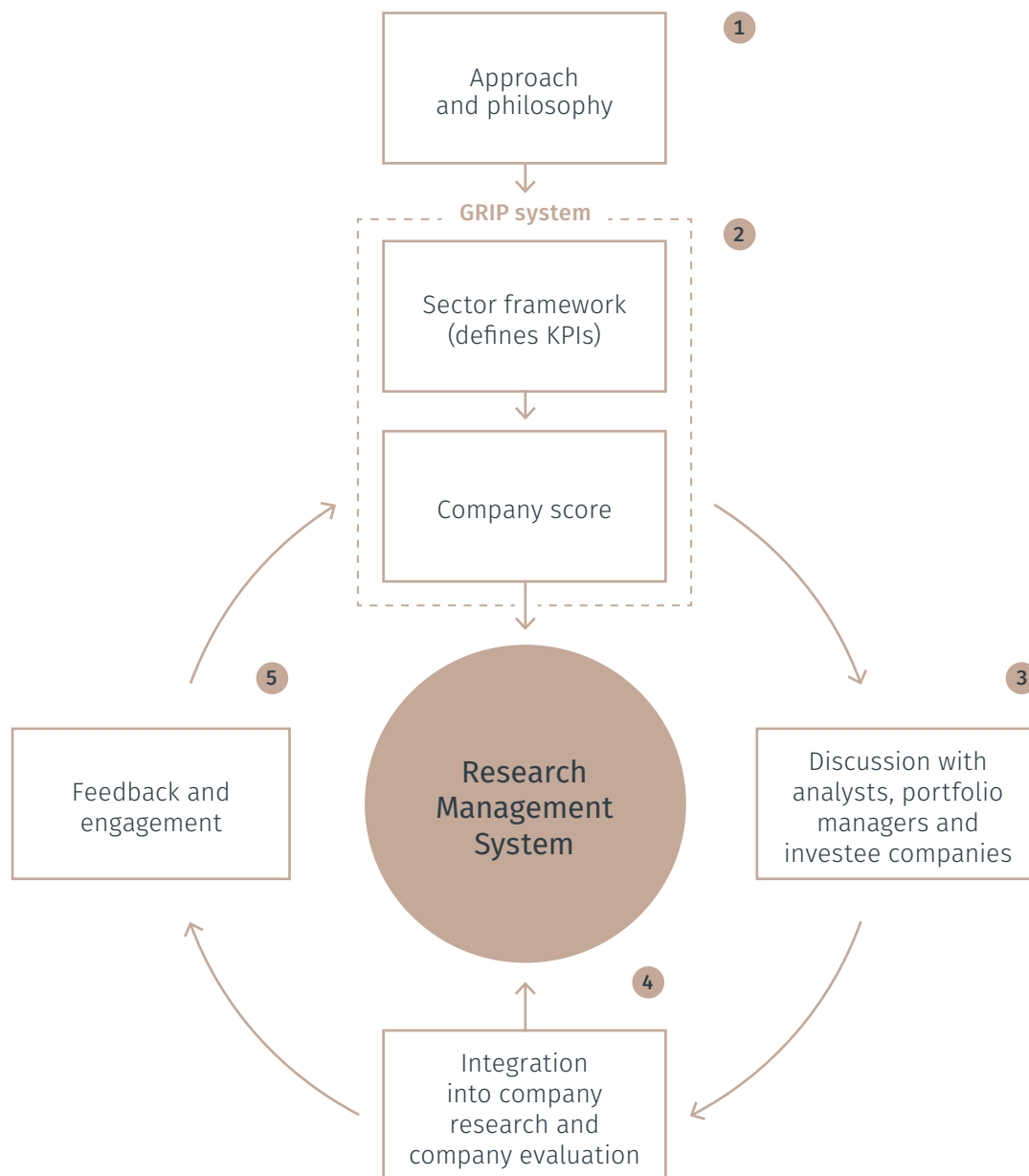
Our robust approach to ESG integration has also been recognised by the UN PRI association (Principles for Responsible Investments), which awarded EFG the best rating (A+) for

strategy and governance, as well as ratings of between A and A+ for direct investment and ownership activities.

Besides integrating ESG criteria into our investment process, we expanded our investment offering for sustainable finance and launched several new investment products and mandates related to climate, food value chain and other ESG-related themes in 2021.



# Global Responsible Investment Platform (GRIP)



- 1 Approach and philosophy**  
Our approach and philosophy define our goals and governance.
- 2 GRIP system**  
Our proprietary ESG system, the GRIP (Global Responsible Investment Platform) controlled by the ESG team systematically assesses and scores investee companies (equities and fixed income securities), highlighting the main ESG risks. GRIP can, however, also be used to identify companies with positive ESG or SDG characteristics.
- 3 Discussion with analysts, portfolio managers and investee companies**  
The GRIP is the starting point for discussions among the ESG team, analysts and portfolio managers. A set of questions designed to improve our ESG understanding of investee companies and an ESG Checklist have been developed to deepen, improve and better monitor the integration of ESG matters.
- 4 Integration into company analysis and company evaluation**  
GRIP data and feedback are shared internally through our Research Management System and are integrated into company assessments. Feedback can also bring changes to the industry materiality assessment which is codified into GRIP.
- 5 Feedback and engagement**  
Engagement with companies considers the outcome of our assessment. Once any weak spots are identified, EFGAM assesses whether to start an engagement process. Proxy voting also takes place according to the ISS (Institutional Shareholder Services) climate change proxy voting policy.

# About EFG

## Beyond banking – our social commitments

At EFG, we see ourselves as an integral part of society and we want to make a meaningful contribution to the communities in which we operate. We therefore support a variety of partners – from the charity Right To Play to organisations from the world of music, the arts and sport – to help promote a rich cultural life and foster young talents.

### Sponsorship

EFG recognises the importance of a variety of disciplines that go beyond banking and have the power to inspire and unite us. We actively support a number of partners in the fields of fine art, music and sport who reflect and embody the same core values as EFG. By sharing cultural and sporting interests with our clients and understanding what is important to them in life, we believe that we can foster more mutually beneficial relationships.

In response to the challenges created by the pandemic, many of our partners have had to find innovative new ways of engaging with and staying connected to their audiences around the world. At EFG, we have also adapted our sponsorship approach by further strengthening our multi-channel strategy and shifting towards more digital initiatives with content that reaches a global audience.

### Selected initiatives:

#### Team Malizia

We believe that sports such as sailing provide a valuable platform both to showcase the skill of world-class athletes and to develop qualities such as teamwork, agility and endurance among the next generation. In 2016, EFG became the official partner of Team Malizia and its skipper Boris Herrmann. We are supporting their efforts to foster young talent and, at the same time, raise public awareness about the need to find solutions to future sustainability challenges through programmes such as the Ocean Challenge. One aspect of its mission is to team up with schools around the globe to educate children about sailing, ocean science and the environmental impacts currently affecting our seas.

#### EFG London Jazz Festival

The EFG London Jazz Festival is a flagship event that has been supported by EFG as title sponsor since 2013. After being held in a purely digital format in 2020, the Festival returned in November 2021 with a program of 367 live performances and 51 digitally streamed music experiences by over 1,000 artists – from global stars to emerging talents. This ten-day celebration of jazz was enjoyed by enthusiasts at venues across London as well as virtual audiences

around the globe – demonstrating its ability to unite people through a passion for music.

#### Southbank Sinfonia

EFG has been the principal partner of Southbank Sinfonia since 2009. This unique orchestra in the UK provides a springboard into the orchestral profession for talented young classical musicians from around the globe. Each year, 33 graduate musicians are given the opportunity to spend nine months playing with the orchestra and performing in order to gain valuable experience that they need to later thrive in the professional world.

#### Peggy Guggenheim Collection

Featuring contemporary art from the 20th century, the Peggy Guggenheim Collection in Venice is a unique source of fascination for art enthusiasts from around the world. EFG has supported its development and exhibitions since 2001. This successful collaboration is based on our closely aligned cultural and educational values, including a mission to make the artwork in the Collection accessible to a wider audience and protecting it for current and future generations to enjoy.

#### Social commitments

EFG has been partnering with the charitable organisation Right To Play since 2005 – providing it with targeted financial support for its projects around the globe. Right To Play focuses on four areas: Quality education, gender equality, health and wellbeing, and child protection. Each year, this international non-profit organisation supports around 2.3 million children across 15 countries who are affected by conflict, poverty or illness – empowering them through different forms of play, from sports and games to art, dance and music. Right To Play gives them the confidence and skills they need to improve their own lives and drive change for their families and communities.

As part of our social commitments, EFG made a donation in December 2021 to the World Health Organization's COVID-19 Solidarity Response Fund (SRF) to support its work in combating the continued threat posed by the global pandemic. The SRF focuses on the protection of the vulnerable and aims to provide equitable access to new medical tools for communities around the world.

Further information can be found in EFG's Sustainability Publication 2021. It summarises EFG's approach to the topic, as well as its main activities in 2021.



© Yvan Zedda/Alea



Photography by James Macdonald



Photography by Belinda Lawley

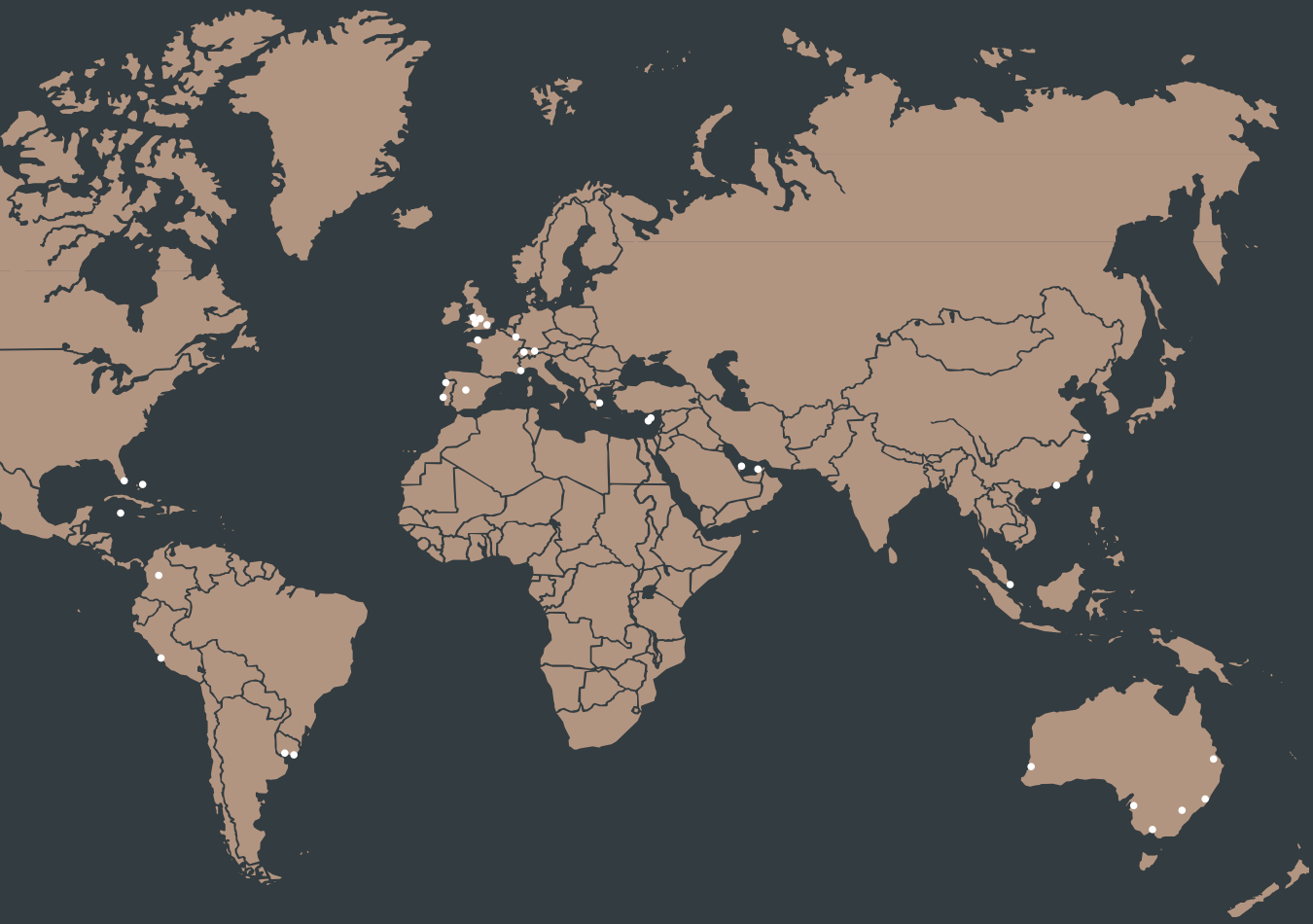
About EFG

# 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.





## Locations

### Switzerland

Zurich (headquarters)  
Geneva  
Lugano  
Chiasso  
Lausanne  
Locarno

### Europe

Athens  
Birmingham  
Jersey  
Limassol  
Lisbon  
London  
Luxembourg  
Madrid  
Monaco  
Nicosia  
Omersley  
Porto  
Shrewsbury  
Vaduz

### Asia Pacific

Adelaide  
Brisbane  
Canberra  
Hong Kong  
Melbourne  
Perth  
Shanghai  
Singapore  
Sydney

### Americas

Bogotá  
Grand Cayman  
Lima  
Miami  
Montevideo  
Nassau  
Portland  
Punta del Este

### Middle East

Bahrain  
Dubai



# Financial review

# Financial review

In 2021, EFG achieved strong growth and delivered an excellent operational performance, taking profitability to a significantly higher level compared to the previous year.

EFG recorded net new assets of CHF 8.8 billion in 2021. Assets under Management reached CHF 172.0 billion at the end of December 2021.

Driven by strong operating leverage, EFG's underlying net profit increased by 47% to CHF 167.8 million. IFRS net profit grew by 78% to CHF 205.8 million, reflecting improved underlying profitability as well as a significant contribution from EFG's legacy life insurance portfolio.

## Detailed operating performance

In 2021, EFG made further progress in optimising its global footprint and in simplifying its operating model, significantly strengthening the operational efficiency of the business.

During the year, EFG successfully exited or announced its withdrawal from various businesses or markets<sup>1</sup>. In Asia Pacific, EFG acquired the remaining outstanding minority stake in its Australian subsidiary Shaw and Partners in the fourth quarter of 2021 and now owns 100% of shares in the company.

Additional efficiency gains were achieved during 2021 by harmonising and streamlining processes and shared services across the Group. EFG has also accelerated automation and the rollout of digital solutions to enhance its client lifecycle and risk management processes and increase productivity.

EFG continued to systematically leverage its investment capabilities and expertise during the year. It has been increasingly successful in delivering its entire expertise and full range of products and services to clients, resulting in a strong increase in net banking fee and commission income.

## Operating income

In 2021, EFG's underlying operating income grew by 6.3% to CHF 1,185.1 million, as significantly higher net banking fee and commission income and higher net other income more than offset lower net interest income.

Underlying net banking fee and commission income rose by 15.4% to CHF 756.5 million, reflecting the increased take-up of higher-value products and services among clients. This also led to significant inflows in advisory and discretionary

---

“In 2021, EFG achieved strong growth and delivered an excellent operational performance.”

mandates. Further, strong levels of client activity, the increase in the asset base and re-pricing measures also had a positive effect. Underlying net interest income declined by 15.0% to CHF 257.5 million compared to the previous year, primarily due to the low interest rate environment. Net other income grew 9.6% to CHF 171.1 million.

EFG's underlying revenue margin decreased to 71 basis points for the full-year 2021 from 75 basis points in 2020. Excluding Shaw and Partners, the underlying revenue margin was 74 basis points.

On a reported basis, EFG's operating income increased from CHF 1,130.6 million in 2020 to CHF 1,254.6 million in 2021, driven by stronger underlying operating income and a significantly higher contribution from the life insurance portfolio.

## Operating expenses

EFG maintained a disciplined approach to costs, while investing in growth opportunities and the development of digital capabilities and talent. This led to underlying operating expenses of CHF 948.6 million in 2021, an increase of 2.6% compared to 2020. Underlying personnel expenses increased to CHF 691.0 million in 2021, while other expenses rose to CHF 257.6 million.

EFG's underlying cost/income ratio improved to 79.9% in 2021 from 82.7% in 2020.

<sup>1</sup> See “Strategy and Value proposition” section for more details



On a reported basis, operating expenses for 2021 increased by 1.7% year on year to CHF 967.9 million. The reported cost/income ratio improved to 76.2% compared to 83.1% in 2020.

At end-2021, the number of employees was at 2,932<sup>1</sup> (full-time equivalents), down from 3,073 at end-2020.

### Operating profit and net profit

In 2021, EFG's underlying net profit attributable to equity holders increased by 47% to CHF 167.8 million, reflecting realised operating leverage. Underlying operating profit for 2021 was CHF 236.5 million compared to CHF 189.9 million in 2020.

On a reported basis EFG's net profit attributable to equity holders rose by 78% to CHF 205.8 million. This substantial increase reflects improved underlying profitability as well as a significant contribution from EFG's life insurance portfolio (CHF 51.6 million), legal costs and provisions relating to legacy matters of CHF 6.1 million, and a charge for the amortisation of intangible assets of CHF 7.5 million.

### Net new assets and Assets under Management

Net new assets totalled CHF 8.8 billion for 2021, corresponding to a growth rate of 5.5%, which is at the upper end of the target range of 4-6%. The Switzerland & Italy Region generated net new assets of CHF 2.7 billion, followed by the UK with CHF 1.8 billion and Latin America Region with CHF 1.2 billion. The Continental Europe Region contributed net new assets of CHF 1.2 billion, while continued deleveraging in the Asia Pacific Region led to outflows of CHF 0.3 billion. In addition, EFG's Asset Management business continued to attract strong inflows from both private and institutional clients, which totalled CHF 2.0 billion in 2021.

Revenue-generating Assets under Management increased by 8.3% to CHF 172.0 billion at end-2021. This reflected strong net new assets and favourable market effects. This positive development was partly offset by negative impacts due mainly to the divestment of the Ticino-based retail business and of Oudart in France. The overall impact of foreign exchange movements on Assets under Management was neutral.

### Life insurance portfolio

EFG's IFRS net profit for 2021 includes a positive net contribution of CHF 51.6 million relating to the life insurance portfolio. This incorporates the positive outcome of the

settlement reached with Transamerica on disputed premium increases for life insurance policies.

### CRO development & productivity

EFG's distinctive Client Relationship Officer (CRO) model remains highly attractive to talented and experienced professionals. The total number of CRO's at end-2021 was 740, compared to 772 in 2020. This net decrease reflects ongoing performance management measures, the impact of divestment of various businesses and the hiring of 74 new CROs.

At the same time, EFG further enhanced the productivity of its CROs. The average portfolio size increased to CHF 316 million at end-2021 (excluding Shaw and Partners and CROs hired in 2021), compared to CHF 254 million at end-2020. EFG also further increased its advisory and discretionary mandate penetration, which rose to an all-time high of 57%.

### Balance sheet

At end-2021, total assets were CHF 42.1 billion, reflecting an increase of 3.7% compared to end-2020.

Customer deposits grew by 5.4% to CHF 32.5 billion while loans were stable at CHF 18.2 billion, improving the overall liquidity of the balance sheet. In 2021, EFG improved its liquidity position with cash balances with central banks of CHF 9.8 billion, reflecting an increase of 13.4% compared to 2020. The loan/deposit ratio was 50% and the liquidity coverage ratio was 188%. The majority of tangible assets remain callable or disposable within three months, with the exception of life insurance policies of CHF 0.8 billion and CHF 5.8 billion of mortgages.

Shareholders' equity totalled CHF 1.9 billion, compared to CHF 1.7 billion at end-2020. At end-2021, EFG's Swiss GAAP Common Equity Ratio (CET1) was 16.3%, compared to 16.2% at end-2020, mainly reflecting organic capital generation of 170 basis points and the proposed dividend payment. The Total Capital Ratio increased to 21.9% from 19.9% at end-2020, following the issuance of USD 400 million Additional Tier 1 Notes in January 2021.

Risk-weighted assets were constant at CHF 9.9 billion at end-2021 compared to end-2020.

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

# Financial review

## Ordinary dividend

For the financial year 2021, the payment of an ordinary dividend of CHF 0.36 per share (exempt from Swiss withholding tax) will be proposed to the Annual General Meeting of 29 April 2022. This corresponds to an increase of 20% compared to the previous year.

## Ratings

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

The current ratings are:

### EFG International

Fitch: Long-term issuer default rating of A and short-term issuer default rating of F1 with stable outlook.

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

### EFG Bank

Fitch: Long-term issuer default rating of A and short-term issuer default rating of F1 with stable outlook.

Moody's: Long-term bank deposit rating of A1 and short-term bank deposit rating of P1 with stable outlook.

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", "underlying cost/income ratio", "underlying 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

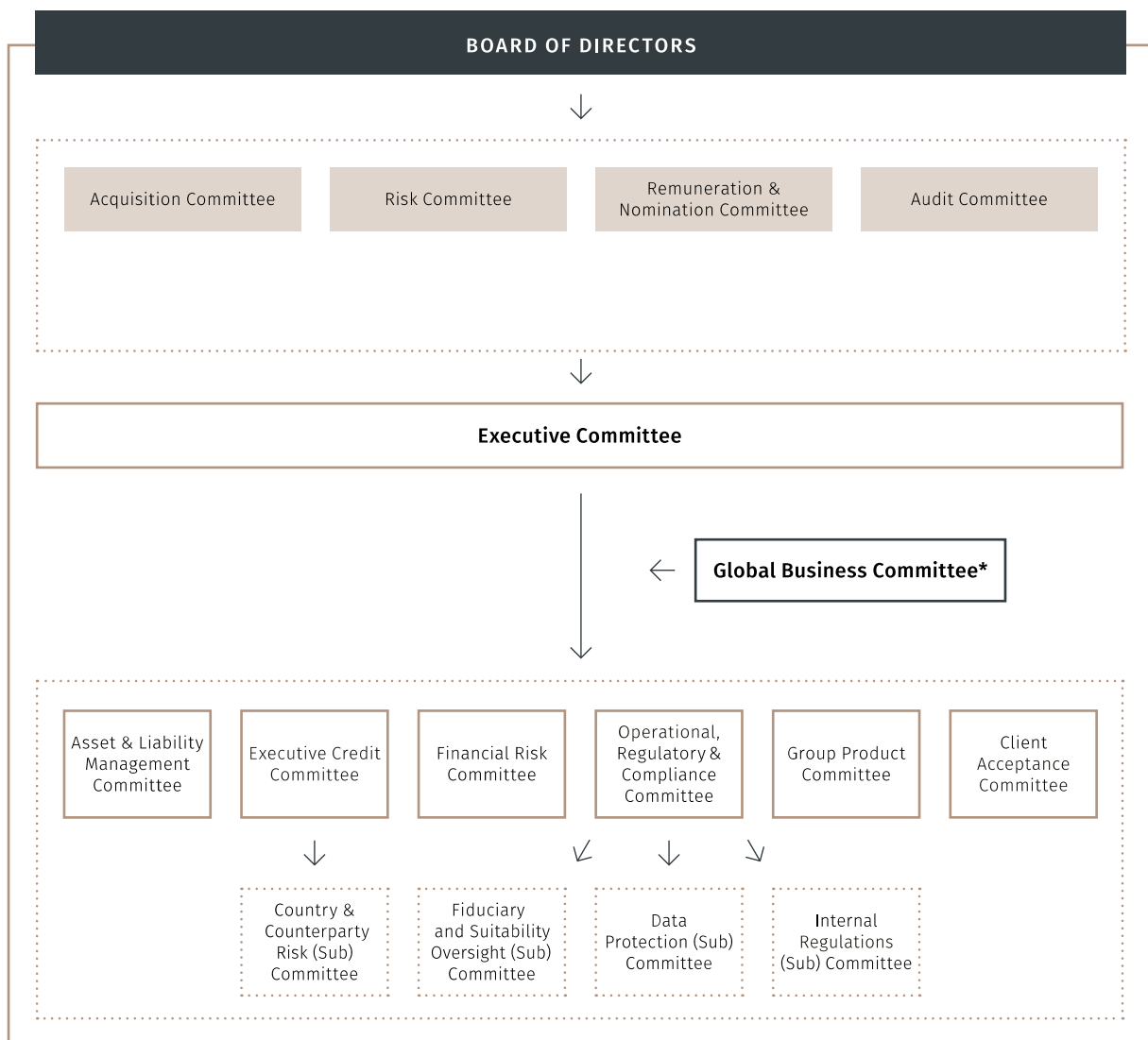
|   |    |
|---|----|
| Organisation of EFG International & Group entities                                  | 37 |
| Capital structure   | 37 |
| Shareholders and shareholders' rights   | 41 |
| Board of Directors  | 43 |
| Executive Committee   | 56 |
| Definition of areas of responsibility between the Board and the Executive Committee | 64 |
| Other information   | 65 |
| Changes of control and defence measures   | 66 |
| Auditors  | 66 |
| Information policy  | 67 |

# Corporate Governance

Good corporate governance ensures 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](http://www.efginternational.com/articlesofassociation) and [www.efginternational.com/internalregulations](http://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 18 June 2021 and entered into force on 01 October 2021), 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 2021, 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 & Middle East, Asia Pacific, United Kingdom, Americas, Investment & Wealth Solutions, and Global Markets & Treasury. Further information can be found in note 25 'Segmental Reporting' to the consolidated financial statements. The functional organisation of EFG International AG is outlined on page 36.

### 1.2 Group entities

The main consolidated entities are listed in note 44 on page 184 (Shares in subsidiary undertakings) to the consolidated financial statements. Within the EFG International 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 2.11 billion on 31 December 2021.

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 151,960,509.50, consisting of 303,921,019 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 54 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)<sup>1</sup>).

The EFG Fiduciary Certificates are listed at the Luxembourg Stock Exchange (ISIN: XS0204324890). The preference rights attached to the 'Class B Bons de Participation' consist of preferential dividend and liquidation rights, as mainly set

<sup>1</sup> See [www.efginternational.com/financial-reporting](http://www.efginternational.com/financial-reporting)

# Corporate Governance

out in Art. 13 of the Articles of Association<sup>1</sup>. The preferential dividend rights are expressed to remain at all times at the full discretion of the general meeting of shareholders.

On 18 February 2022 EFG International has announced an offer to buy back the remaining outstanding participation capital. Details can be found in the media-release (see: [www.efginternational.com/press-releases](http://www.efginternational.com/press-releases)).

## 2.2 Authorised and conditional capital

### 2.2.1 Authorised capital

As at 31 December 2021, the authorised capital amounted to CHF 23,513,515.50 (equating 15.5% of total share capital issued as at 31 December 2021).

The Board of Directors is authorised, at any time until 29 April 2022, to increase the share capital by no more than CHF 23,513,515.50 by issuing no more than 47,027,031 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.

The Board of Directors will propose to the Annual General Meeting in April 2022 prolonging EFG International's authorised capital.

### 2.2.2 Conditional capital

As at 31 December 2021, the share capital may be increased by no more than CHF 4,128,055.50 (or up to 2.7% of total share capital issued as at 31 December 2021) by issuing no more than 8,256,111 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 6.6% of total share capital issued as at 31 December 2021) 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 a 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, and note 63 to the consolidated financial statements), the Company has started in 2013 issuing its conditional share capital to

<sup>1</sup> See [www.efginternational.com/articlesofassociation](http://www.efginternational.com/articlesofassociation)

provide registered shares for exercised options and Restricted Stock Units to employees. In 2021, EFG International AG issued a total of 2,722,165 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 1,361,082.50 for Restricted Stock Units exercised by employees of EFG International.

The movements (creation of additional conditional capital and exercise of conditional capital for Restricted Stock Units exercised in 2021) are summarised in the table below:

|   | Number of shares  | CHF                  |
|---|-------------------|----------------------|
| Conditional capital as at 31 December 2020                              | 24,478,276        | 12,239,138.00        |
| Additional conditional capital created in 2021                          | 6,500,000         | 3,250,000.00         |
| Less: shares issued during 2021 via conditional capital (RSUs exercise) | (2,722,165)       | (1,361,082.50)       |
| <b>Remaining conditional capital as at 31 December 2021</b>             | <b>28,256,111</b> | <b>14,128,055.50</b> |

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 513,691.00 for Restricted Stock Units exercised by employees of EFG International.

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.

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

In 2021, EFG international AG did not implement an ordinary capital increase.

In November 2021 the Company issued 2,972,969 registered shares with a par value of CHF 0.50 at a total nominal amount of CHF 1,486,484.50 out of authorised capital in order to finance the acquisition of the remaining 25% shares of Shaw and Partners Ltd, an Australian financial service provider. The details of the movements in share capital (conditional and authorised capital) during 2021 are as follows:

| Share capital (registered shares EFG International)                                 | Number of shares   | CHF                   |
|---|--------------------|-----------------------|
| Shares issued as at 31 December 2020  | 298,225,885        | 149,112,942.50        |
| Shares issued via authorised capital in 2021  | 2,972,969          | 1,486,484.50          |
| Shares issued during 2021 via conditional capital (Restricted Stock Units exercise) | 2,722,165          | 1,361,082.50          |
| <b>Total shares issued as at 31 December 2021</b>                                   | <b>303,921,019</b> | <b>151,960,509.50</b> |

In 2018 and 2020, EFG International AG did not issue any registered shares out of authorised capital or via ordinary capital increase.

On 13 March 2019, EFG International announced the acquisition of a majority participation of 51% in Shaw and Partners Ltd. 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

# Corporate Governance

to the financial statements of the EFG International 2019 Annual Report<sup>1</sup>.

## 2.4 Shares and participation certificates

| <b>Shares</b>                           | <b>Number of shares</b> |
|---|-------------------------|
| As at 31 December 2021:                 |                         |
| Registered shares of CHF 0.50 par value | 303,921,019             |

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.

| <b>Participation certificates</b>                            | <b>Number of participation certificates</b> |
|--|---|
| As at 31 December 2021:                                      |   |
| 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 63 to the consolidated financial statements, EFG International has not issued any option or conversion rights.

<sup>1</sup> See [www.efginternational.com/financial-reporting](http://www.efginternational.com/financial-reporting)



### 3. Shareholders and shareholders' rights

#### 3.1 Significant shareholders

There were 2,303 shareholders recorded in EFG International's share register as at 31 December 2021 (i.e. shareholders with voting rights), representing 82.2% (previous year: 83.9%) of the total issued share capital. The shares of unrecorded shareholders (dispo) amounted to 17.8% (previous year: 16.1%). 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 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 of the SIX Disclosure Office include organisational and procedural provisions on proceedings before the SIX Disclosure Office.

All notifications received by EFG International AG in 2021 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 2021

|   | Number<br>of registered shares | Percentage<br>of voting rights |
|---|--------------------------------|--------------------------------|
| EFG Bank European Financial Group SA <sup>1,3</sup> | 133,556,769                    | 43.9%                          |
| BTGP-BSI Limited <sup>2,3</sup>                     | 73,862,957                     | 24.3%                          |
| Matlock Finance SA <sup>4</sup>                     | 14,567,499                     | 4.8%                           |
| The Capital Group Companies, Inc <sup>5</sup>       | 10,179,204                     | 3.4%                           |
| Other shareholders <sup>6</sup>                     | 71,754,590                     | 23.6%                          |
| <b>Total</b>  | <b>303,921,019</b>             | <b>100.0%</b>                  |

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 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 9.6% 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 shares used for lending transactions. Not included are shares used for derivative transactions (Total Return Swaps). 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 8 September 2021 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 According to shareholding disclosure notification reported on 24 April 2021 to SIX Exchange Regulation.

6 No other shareholders have notified a shareholding of 3% or more of the voting rights of EFG International pursuant to article 120 FMIA.

# Corporate Governance

## 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<sup>1</sup>, 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<sup>1</sup>). 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<sup>1</sup> 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<sup>1</sup> and see also section 3.4 above).

According to Art. 23 of the Articles of Association<sup>1</sup>, 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 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

<sup>1</sup> See [www.efginternational.com/articlesofassociation](http://www.efginternational.com/articlesofassociation)

of Association<sup>1</sup> 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 its 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.

### 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 general meetings

The statutory rules on the convocation of general meetings correspond with legal provisions. Accordingly, a 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<sup>1</sup>, 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 2022.

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<sup>1</sup>).

### 4.2 Composition

The Board of Directors currently comprises 11 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.

<sup>1</sup> See [www.efginternational.com/articlesofassociation](http://www.efginternational.com/articlesofassociation)

# Corporate Governance

An overview of the Board and the Board-delegated Committees' memberships in 2021 is presented in the table below:

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

1 Elected as Chair of the Remuneration and Nomination Committee on 29 April 2021

2 Stepped down as Vice-Chair of the Board of Directors and Chair of the Remuneration and Nomination Committee at the AGM on 29 April 2021

3 Stepped down as a member of the Board of Directors and as a member of the Remuneration & Nomination Committee as from 31 October 2021

4 Stepped down as member of the Board of Directors at the AGM on 29 April 2021

## 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<sup>1</sup>.

<sup>1</sup> See [www.efginternational.com/internalregulations](http://www.efginternational.com/internalregulations)

## 4.5 Organisational structure

The internal organisational structure of the Board of Directors is laid down in the Organisational and Management Regulations<sup>1</sup>. 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 nine times in 2021 (five ordinary meetings and four ad hoc topical meetings). Ordinary meetings typically last six to seven hours. For further details please refer to the following table:

| Members in 2021                  | Attendance / Meeting & Call | %    |
|----------------------------------|-----------------------------|------|
| Peter A. Fanconi (Chair)*        | 9/9                         | 100% |
| Susanne Brandenberger*           | 9/9                         | 100% |
| Niccoló H. Burki (Vice-Chair)*   | 2/2                         | 100% |
| Emmanuel L. Bussetil             | 8/9 <sup>3</sup>            | 89%  |
| Mordehay Ilan Hayim <sup>2</sup> | 6/6                         | 100% |
| Roberto Isolani                  | 9/9                         | 100% |
| Steven M. Jacobs                 | 8/9 <sup>3</sup>            | 89%  |
| Spiro J. Latsis <sup>1</sup>     | 2/2                         | 100% |
| John S. Latsis                   | 9/9                         | 100% |
| Carlo M. Lombardini*             | 8/9 <sup>3</sup>            | 89%  |
| Périclès Petalas                 | 8/9 <sup>3</sup>            | 89%  |
| Stuart M. Robertson*             | 9/9                         | 100% |
| Freiherr Bernd-A. von Maltzan*   | 7/9 <sup>3</sup>            | 78%  |
| Yok Tak A. Yip*                  | 5/9 <sup>3</sup>            | 56%  |

\* Independent Director

<sup>1</sup> Stepped down at the AGM on 29 April 2021

<sup>2</sup> Member until 31 October 2021 when he stepped down

<sup>3</sup> Attended all ordinary meetings

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<sup>1</sup>.

## 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<sup>1</sup>.

The Audit Committee meets as often as business 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 four to five 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 report to the Board of Directors at its ordinary meetings.

<sup>1</sup> See [www.efginternational.com/internalregulations](http://www.efginternational.com/internalregulations)

# Corporate Governance

In 2021, the Audit Committee met nine times (six ordinary meetings, including for the review of the financial statements, and three ad hoc topical meetings). For further details please refer to the table below:

| Members in 2021              | Attendance / Meeting & Call | %    |
|------------------------------|-----------------------------|------|
| Stuart M. Robertson (Chair)* | 9/9                         | 100% |
| Susanne Brandenberger*       | 9/9                         | 100% |
| Emmanuel L. Bussetil         | 8/9 <sup>1</sup>            | 89%  |

\* Independent Director

1 Attended all ordinary meetings

## 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 Organisational and Management Regulations<sup>1</sup>.

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 report from the Chair of the Risk Committee is given to the Board of Directors at its ordinary meetings.

In 2021, the Risk Committee met 14 times (four ordinary meetings and 10 ad hoc topical meetings primarily to review and approve credit requests). For further details please refer to the table at the top of the next column.

| Members in 2021                | Attendance / Meeting & Call | %    |
|--------------------------------|-----------------------------|------|
| Susanne Brandenberger (Chair)* | 14/14                       | 100% |
| Roberto Isolani                | 14/14                       | 100% |
| Carlo M. Lombardini*           | 14 / 14                     | 100% |
| Périclès Petalas               | 14/14                       | 100% |
| Stuart M. Robertson*           | 14/14                       | 100% |
| Freiherr Bernd-A. von Maltzan* | 13/14 <sup>1</sup>          | 93%  |

\* Independent Director

1 Attended all ordinary meetings

## 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 Group
- 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, Art. 30 of the Articles of Association<sup>2</sup> and section 2.10 of the Organisational and Management Regulations<sup>1</sup>.

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

<sup>1</sup> See [www.efginternational.com/internalregulations](http://www.efginternational.com/internalregulations)

<sup>2</sup> See [www.efginternational.com/articlesofassociation](http://www.efginternational.com/articlesofassociation)

Meeting with the possibility of being re-elected (see Art. 17 of the Articles of Association<sup>1</sup>).

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 report by the Chair of the Remuneration & Nomination Committee is given to the Board of Directors at its ordinary meetings.

In 2021, the Remuneration & Nomination Committee met seven times. For further details please refer to the following table:

| Members in 2021                            | Attendance /   |      |
|--|----------------|------|
|  | Meeting & Call | %    |
| Peter A. Fanconi (Chair) <sup>1*</sup>     | 7/7            | 100% |
| Niccolò H. Burki (Chair) <sup>2*</sup>     | 3/3            | 100% |
| Emmanuel L. Bussetil                       | 7/7            | 100% |
| Mordehay I. Hayim <sup>3</sup>             | 4/6            | 67%  |
| Steven M. Jacobs                           | 7/7            | 100% |
| Périclès Petalas                           | 7/7            | 100% |
| Freiherr Bernd-A. von Maltzan <sup>*</sup> | 7/7            | 100% |

\* Independent Director

1 Chair as from 29 April 2021

2 Chair until the AGM on 29 April 2021

3 Member until 31 October 2021 when he stepped down

## 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 report from the Chair of the Acquisition Committee is given to the Board of Directors at its ordinary meetings.

In 2021 the Acquisition Committee met three times. For further details see the table below:

| Members in 2021                            | Attendance /   |      |
|--|----------------|------|
|  | Meeting & Call | %    |
| Emmanuel L. Bussetil (Chair)               | 3/3            | 100% |
| Peter A. Fanconi <sup>*</sup>              | 3/3            | 100% |
| Steven M. Jacobs                           | 3/3            | 100% |
| Périclès Petalas                           | 3/3            | 100% |
| Freiherr Bernd-A. von Maltzan <sup>*</sup> | 3/3            | 100% |

\* Independent Director

<sup>1</sup> See [www.efginternational.com/articlesofassociation](http://www.efginternational.com/articlesofassociation)

# Corporate Governance

## 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<sup>1</sup>. 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 2021).

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

#### **Year of birth and nationality**

1967 | 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

<sup>1</sup> See [www.efginternational.com/articlesofassociation](http://www.efginternational.com/articlesofassociation)



### **Susanne Brandenberger**

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

#### **Year of birth and nationality**

1967 | 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 and Vice-Chair, Stoxx Limited, Switzerland  
Members of the Board, Clearstream Funds Center AG, Zurich  
Member of the Board, Pedagogical Association, Küssnacht

### **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 | 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 (Luxembourg) SA  
Member of the Board, EFG European Financial Group Ltd  
Member of the Board, SETE Holdings Sarl  
Member of the Board, Hellenikon Global I SA  
Member of the Board, Gestron Asset Management SA  
Member of the Board, Paneuropean Oil and Industrial Holdings SA, Luxembourg  
Member of the Board, Consolidated Lamda Holdings SA  
Member of the Board, EFG Consolidated Holdings SA  
Member of the Board, Ophelia International Investments SA  
Member of the Board, Pronia Health SICAR (former Pronia Holding)  
Member of the Board, John S. Latsis Public Benefit Foundation

# Corporate Governance

## Roberto Isolani

Member of the Board of Directors  
Member of the Risk Committee

### Year of birth and nationality

1964 | 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 Jacobs

Member of the Board of Directors  
Member of the Acquisition Committee  
Member of the Remuneration & Nomination Committee

### Year of birth and nationality

1969 | 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  
Chair of the Board, Shaw and Partners Ltd, Sydney  
Member of the Board, EFG Investment and Wealth Solutions Holding AG

### Main external mandates

Member of the Board, BTG Pactual (UK) Limited  
Member of the Board, BTG Pactual UK Holdco Limited  
Member of the Board, BTGP-BSI Limited  
Member of the Board, Engelhart CTP Group (UK) Limited  
Member of the Board, Vesuvium Limited  
Chair of class B Supervisory Board, Prime Oil and Gas Coöperatief U.A.

### **Dr John S. Latsis**

Member of the Board of Directors

#### **Year of birth and nationality**

1977 | British

#### **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**

Managing Director, Gestron Services SA

Member of the Board, EFG Bank European Financial Group SA

Chair of the Board, Gestron Asset Management SA

Member of the Board, La Tour Holding SA

Member of the Board, Monas S.A.M

Member of the Board, International Latsis Foundation

Chair of the Board, Independent Social Research Foundation

Member of the Board of Trustees, Friends of Europe

### **Carlo M. Lombardini**

Member of the Board of Directors

Member of the Risk Committee

#### **Year of birth and nationality**

1964 | 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, Fondation Grand Rabbin Joseph Cohen

# Corporate Governance

## **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 | 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 and Member of the Audit & Risk Committee, 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

## **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 | Swiss

### **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 | 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 1989, 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 and Chair of the Audit Committee, 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 Central America

### **Yok Tak Amy Yip**

Member of the Board of Directors

#### **Year of birth and nationality**

1951 | 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**

Member of the Board, Prudential plc

# Corporate Governance

## 5.4 Changes in the Board of Directors in 2021

### Members who did not stand for re-election or stepped down

#### Dr Niccolò Herbert Burki

Niccolò Herbert Burki is a Swiss citizen and was born in 1950.

Dr Burki was a member and Vice-Chair of the Board of Directors of the EFG International and EFG Bank, from 2013 (Vice-Chair from 2016 until 29 April 2021), when he decided not to seek re-election for another term of office.

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).

#### Dr Spiro J. Latsis

Dr Spiro Latsis is a Greek citizen and was born in 1946.

Dr Latsis has held several Board memberships in his distinguished career. Until April 2021, he was a non-executive member of the Board of Directors of EFG International AG (since 2005) and EFG Bank AG (since 1997).

Currently, 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 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.

**Mordehay I. Hayim**

Mordehay I. Hayim is a Swiss citizen and was born in 1951.

Mr Hayim was a member of the Board of Directors and Remuneration and Nomination Committee of EFG International and a member of the Board of Directors of EFG Bank AG from 08 December 2020 until 31 October 2021, when he stepped down. He is currently a member of the Board of EFG Bank European Financial Group SA.

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.

# Corporate Governance

## 6. Executive Committee

### 6.1 Composition, organisation and functional responsibilities

EFG International's Executive Committee is organised as a single structure reporting to the Chief Executive Officer.

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 2021, the Executive Committee comprised six members. For more information please refer to the table below:

|                                     | Function                         | Member of the Committee since |
|-------------------------------------|----------------------------------|-------------------------------|
| <b>Piergiorgio Pradelli</b>         | Chief Executive Officer          | June 2012                     |
| <b>Yves Aeschlimann</b>             | Group Head of Legal & Compliance | March 2019                    |
| <b>Martin Freiermuth</b>            | Chief Operating Officer          | August 2020                   |
| <b>Dimitris Politis<sup>1</sup></b> | Chief Financial Officer          | January 2018                  |
| <b>Enrico Piotto</b>                | Chief Risk Officer               | June 2021                     |
| <b>Harald Reczek<sup>2</sup></b>    | Head of Investment Solutions     | May 2021                      |

1 Dimitris Politis was appointed as ad interim Chief Risk Officer from 01 January 2021 to 31 May 2021. Enrico Piotto, new Chief Risk Officer, took over this responsibility as from 1 June 2021

2 Harald Reczek was appointed as the Head of Investment Solutions as from May 2021 when Renato Cohn, former Deputy CEO & Head of Investment Solutions, stepped down

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, including regulators, and is responsible (together with the Board of Directors and other senior executives) 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.

#### 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.

#### Chief Operating Officer

The Chief Operating Officer assumes business responsibility for the management, coordination, supervision and control of the entire Operations and IT functions, as well as for Client Administration & General Services. He is also responsible for the cost management program across the organisation, for further improving EFG's operational efficiency and for driving the bank's digitalisation efforts.

#### 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 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 EFG International Group'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 overseeing and 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 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.

## **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<sup>1</sup>. 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.

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

### **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 2021).

<sup>1</sup> See [www.efginternational.com/articlesofassociation](http://www.efginternational.com/articlesofassociation)

# Corporate Governance



**Piergiorgio Pradelli**  
Chief Executive Officer

**Appointed as a member**

June 2012

**Year of birth and nationality**

1967 | Italian

## Professional history and education

Piergiorgio Pradelli was appointed CEO of EFG International and EFG Bank, effective as of 01 January 2018. He is also a member of EFG International Global Business Committee, and he holds several non-executive Board positions in other entities directly or indirectly controlled by EFG International.

Prior to his appointment as CEO, Mr Pradelli held the role of Deputy CEO and CFO at EFG International and EFG Bank since January 2014 and June 2012, respectively. Before joining EFG International, he 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.

Mr Pradelli is a member of the Board of Directors of the Association of Swiss Asset and Wealth Management Banks (VAV/ABG), and of the Swiss American Chamber of Commerce in Zurich.

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



**Yves Aeschlimann**  
Group Head of Legal & Compliance

**Appointed as a member**

March 2019

**Year of birth and nationality**

1967 | Swiss

## Professional history and education

Yves Aeschlimann is the Group Head of Legal & Compliance of EFG International and EFG Bank and is a member of the respective Executive Committees. In addition, he sits on EFG International Global Business Committee and is a Board member of EFG International's subsidiary, BSI S.A.

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, 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.



**Martin Freiermuth**  
Chief Operating Officer

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

### Professional history and education

Martin Freiermuth is the Chief Operating Officer of EFG International and EFG Bank and is a member of the respective Executive Committees. He is also a member of EFG International Global Business Committee.

In his role, Mr Freiermuth oversees the entire Operations and IT functions, as well as Client Administration & General Services and is responsible for further improving EFG's operational efficiency as well as driving the bank's digitalisation efforts.

Prior to joining EFG, 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.

He 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).



**Dimitris Politis**  
Chief Financial Officer

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

### Professional history and education

Dimitris Politis is the Chief Financial Officer of EFG International and EFG Bank and is a member of the respective Executive Committees. He is also a member of EFG International Global Business Committee and holds several non-executive positions in other entities directly or indirectly controlled by EFG International.

As Chief Financial Officer, Mr Politis' responsibilities encompass Finance, Planning & Controlling, Regulatory Affairs, Group Corporate Office and the Investor Relations functions. He also oversees the Global Markets & Treasury division.

Prior to joining EFG, he 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 in Boston, MA (USA).

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 Program) and a Bachelor's degree in Aeronautical Engineering from the Imperial College in London.

# Corporate Governance



**Enrico Piotto**  
Chief Risk Officer

**Appointed as a member**  
June 2021

**Year of birth and nationality**  
1972 | Italian / Swiss

## Professional history and education

Enrico Piotto is Chief Risk Officer of EFG International and EFG Bank and a member of the respective Executive Committees. He is also a member of EFG International Global Business Committee and a Board member of the EFG International's subsidiary, EFG (Middle East) Ltd.

Before joining EFG, he has served as Head of Lending for Wealth Management Europe at Deutsche Bank since 2018. From 2003 to 2018, Enrico Piotto held various senior roles at UBS AG, including Chief Risk Officer for Wealth Management Europe, Emerging Markets and Global Head of Wealth Management Transaction Decisions.

He holds a PhD in Nuclear Physics from the University of Milan and an M.A. in Physics from the University of Padua.



**Harald Reczek**  
Head of Investment Solutions

**Appointed as a member**  
May 2021

**Year of birth and nationality**  
1969 | Austrian

## Professional history and education

Harald Reczek is Head of Investment Solutions of EFG International and EFG Bank and is a member of the respective Executive Committees. He is also a member of EFG International Global Business Committee and holds several non-executive Board positions in entities directly or indirectly controlled by EFG International.

Harald Reczek joined EFG in 2020 as Deputy Head of Investment Solutions and Global Head of Distribution. Before joining EFG, he served as Head of Distribution EMEA and later as Deputy Head Asset Management for Switzerland and the EMEA region at Credit Suisse. Prior to that, he was Co-CEO at Deutsche Asset Management Switzerland from 2013 to 2015 and before served as CEO and Country Head Switzerland, Italy, Austria & CEE at DWS Schweiz since 2006.

He holds a Master of Business Administration in International Economics and Business Studies from the Leopold-Franzens University of Innsbruck.

### 6.3 Changes to the Executive Committee in 2021

#### **Renato Cohn**

Deputy CEO and Head of  
Investment Solutions

Renato Cohn was Deputy Chief Executive Officer of EFG International and EFG Bank from January 2018 to May 2021 when he stepped down to seek other career opportunities in BTG Group. Prior to this, Mr Cohn was appointed Head of Investment Solutions and was a member of the Executive Committees of EFG International and EFG Bank as from October 2016.

During his distinguished career Mr Cohn held a number of senior executive positions; 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.

Renato Cohn has Brazilian and German citizenship and was born in 1972.

# Corporate Governance

## 6.4 Global Business Committee (GBC)

### 6.4.1 Composition, organisation and functional responsibilities

In July 2018, EFG International's 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 analysing 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 2021, the Global Business Committee comprised the following members in addition to the members of the Executive Committee (see section 6.1):

| Members*                            | Function  | Member of the Committee since |
|-------------------------------------|---|-------------------------------|
| <b>Albert Chiu</b>                  | Head of Asia Pacific Region                     | July 2018                     |
| <b>Sir Anthony Cooke-Yarborough</b> | Private Banking Chair                           | July 2018                     |
| <b>Kurt Haueter</b>                 | Head of Global Markets & Treasury               | January 2020                  |
| <b>Sanjin Mohorovic<sup>1</sup></b> | Head of Latin America Region                    | July 2021                     |
| <b>Franco Polloni</b>               | Head of Switzerland & Italy Region              | July 2018                     |
| <b>Patrick Ramsey<sup>2</sup></b>   | Head of Continental Europe & Middle East Region | January 2021                  |
| <b>Richard A Thomas MBE</b>         | Head of UK Region                               | January 2019                  |

1 Appointed Head of Latin America Region on May 2021, when Marcelo Coscarelli stepped down

2 Appointed Head of Continental Europe & Middle East Region, effective as of 01 January 2021

\* The biographies of the members of the Global Business Committee are available on the EFG International website <https://www.efginternational.com/About/Organisation/Global-Business-Committee.html>

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



#### Head of Asia Pacific Region

**Albert Chiu**

**Year of birth and nationality**

1965 | Hong Kong

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



#### Private Banking Chair

**Sir Anthony Cooke-Yarborough**

**Year of birth and nationality**

1956 | British

The Private Banking Chair 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.



#### **Head of Global Markets & Treasury**

**Kurt Haueter**  
**Year of birth and nationality**  
1972 | Swiss

The Head of the Global Markets & Treasury assumes business responsibility for trading and execution in all asset classes on the financial markets as well as treasury and balance sheet management for EFG International worldwide.



#### **Head of Latin America Region**

**Sanjin Mohorovic**  
**Year of birth and nationality**  
1976 | Swiss, Croatian

The Head of Latin America Region assumes regional business responsibility for the private banking activities of EFG International in the Americas, consisting mostly of Latin American clients.



#### **Head of Switzerland & Italy Region**

**Franco Polloni**  
**Year of birth and nationality**  
1965 | Swiss

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 Continental Europe & Middle East Region**

**Patrick Ramsey**  
**Year of birth and nationality**  
1969 | Swiss

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



#### **Head of UK Region**

**Richard A Thomas MBE**  
**Year of birth and nationality**  
1967 | British

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.

# Corporate Governance

## 7. Delineation 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<sup>1</sup>.

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 Group. 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<sup>1</sup>.

Organisational details of the Executive Committee can be found in section 6.

## 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, the Chief Operating Officer, the Chief Financial Officer and the Head of Investment Solutions (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 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 and risk 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.

### 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

<sup>1</sup> See [www.efginternational.com/internalregulations](http://www.efginternational.com/internalregulations)



Management Regulations<sup>1</sup> 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 supports EFG International in accomplishing 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 2021. 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 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<sup>2</sup>.

- 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

<sup>1</sup> See [www.efginternational.com/internalregulations](http://www.efginternational.com/internalregulations)

<sup>2</sup> See [www.efginternational.com/articlesofassociation](http://www.efginternational.com/articlesofassociation)

# Corporate Governance

Details about the compensation paid to the members of the Board of Directors and the Executive Committee in 2021 and 2020 can be found on pages 79 ff. of the Compensation Report.

Details about the shareholdings of the members of the Board of Directors and the Executive Committee, can be found on section 7.5 and section 8.3 of the Compensation Report or in the financial statements of EFG International, note 21.

## 8.3 Quiet periods (Blackout Periods)

All employees and members of the Board of Directors as well as their immediate family members are prohibited from entering into personal investment transactions in EFG International securities as well as exercising Restricted Stocks Units or options or, as the case may be, other benefits or instruments from 01 December (with respect to the annual results) and 15 June (with respect to the semi-annual results) each year until 24 hours after the day of the announcement or publication of the annual or semi-annual results of EFG International. This prohibition is extended to the board members of the (direct and indirect) parent companies of EFG International and any other person to the extent that they are identified as likely to receive insider information in relation to the annual or semi-annual results of EFG International.

In addition, the functions in charge of the preparation of the financial information (annual and semi-annual results as well as related management information) and the members of the Executive Committee and Global Business Committee are prohibited from entering into personal investment transactions in EFG International securities as well as exercising restricted stocks or options or, as the case may be, other benefits or instruments from 15 November (with respect to the annual results) and 01 June each year (with respect to the semi-annual results) until 24 hours after the day of the announcement or publication of the annual or semi-annual results of EFG International.

Extraordinary blackout periods may be imposed if EFG International becomes aware of significant developments that have not yet been disclosed to the public.

## 9. Change 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 change 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 on 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 became 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 2021 financial year, PwC received fees totalling CHF 4.7 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 0.9 million during the 2021 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 0.5 million during the 2021 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](http://www.efginternational.com/financial-reporting), [www.efginternational.com/investors](http://www.efginternational.com/investors), [www.efginternational.com/press-releases](http://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](http://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](http://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](http://www.efginternational.com/agm), [www.efginternational.com/articlesofassociation](http://www.efginternational.com/articlesofassociation), [www.efginternational.com/internalregulations](http://www.efginternational.com/internalregulations)

# Corporate Governance

## **Financial calendar**

Important dates:

29 April 2022: Annual General Meeting, Zurich

04 May 2022: Ex-dividend date

05 May 2022: Record date

06 May 2022: Dividend payment date

21 July 2022: Publication of half-year results 2022

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](http://www.efginternational.com/investors)

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

## **Address and Contact**

EFG INTERNATIONAL AG

Bleicherweg 8 - PO Box 6012

8022 ZURICH

Tel. +41 44 226 1850

[www.efginternational.com](http://www.efginternational.com)

## **Investor Relations**

Jens Brueckner, Head of Investor Relations

Tel. +41 44 226 1799

[investorrelations@efginternational.com](mailto:investorrelations@efginternational.com)

# Compensation report

|  |    |
|--|----|
| Total remuneration approach  | 70 |
| 2021 AGM approved variable compensation 2020 and fixed compensation 2021       | 70 |
| Performance awards   | 71 |
| Remuneration framework for members of the Board of Directors                   | 73 |
| Compensation framework for Executive Committee members                         | 75 |
| Remuneration framework for employees other than Executive Committee members    | 77 |
| 2021 Board of Directors compensation   | 79 |
| 2021 Total remuneration for the Executive Committee members                    | 83 |
| Compensation paid to former Board of Directors and Executive Committee members | 85 |
| Auditors' report   | 86 |

# 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](http://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:

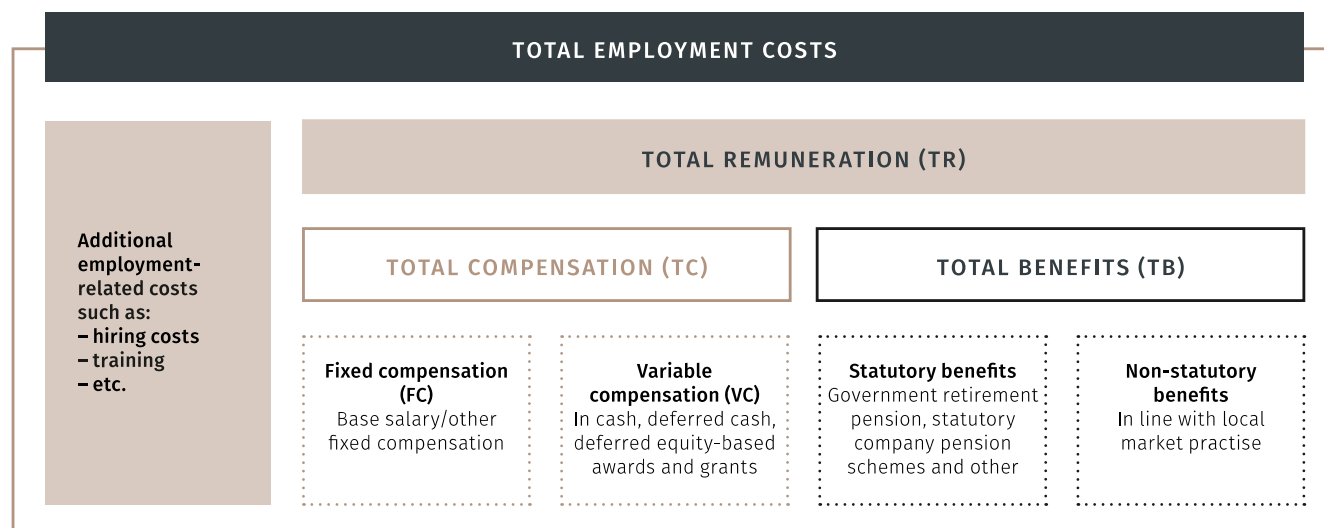
- Total remuneration must support the development and implementation of business plans; it must be funded out of business results, and includes a substantial risk-adjusted variable component for profit generators.
- EFG International Group is known for its distinctive Client Relationship Officer (CRO) 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. 2021 AGM approved variable compensation 2020 and fixed compensation 2021

At the 2021 AGM, shareholders approved the aggregate maximum fixed compensation of the Board of Directors of CHF 3.745 million for the term of office from the 2021 AGM to the closure of the 2022 AGM. This includes fixed compensation, social charges and pension contributions.

At the 2021 AGM, shareholders approved a maximum aggregate fixed compensation amount of CHF 8 million for the members of the Executive Committee for the business year 2021. This includes fixed compensation, social charges and pension scheme contributions.

In addition, the shareholders approved an aggregate maximum variable compensation amount of CHF 3.386 million for the members of the Executive Committee based on the performance in the business year 2020.



| <b>2021 Annual General Meeting approved compensation</b>  | <b>Amount (CHF)</b> |
|---|---------------------|
| Fixed compensation Board of Directors to be paid and awarded for the term of office from the 2021 Annual General Meeting to the 2022 Annual General Meeting | <b>3,745,000</b>    |
| Fixed compensation Executive Committee to be paid and awarded in the business year 2021   | <b>8,000,000</b>    |
| Variable compensation Executive Committee to be paid and awarded in 2021 based on the performance in the business year 2020                                 | <b>3,386,000</b>    |

### 3. Performance awards

EFG International Group distinguishes between performance awards for non-CROs, CROs and US Financial Advisors.

#### 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 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 the EFG International Group, 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.



# Compensation report

## 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 Group. 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)

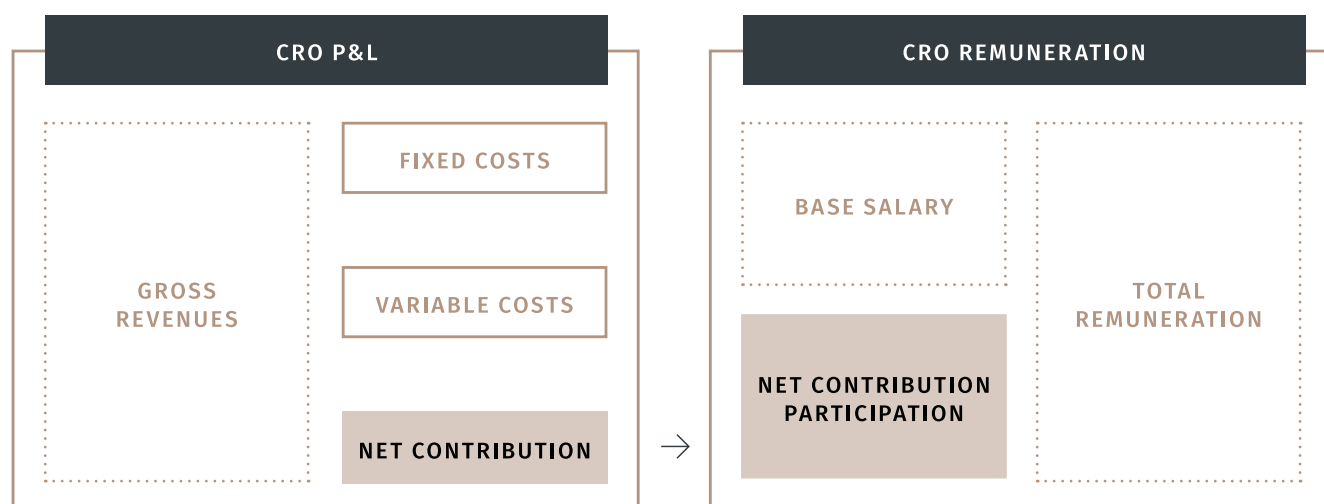
EFG International generally only hires experienced bankers for the role of CROs who bring with them previous business development experience in this area.

The Group is known for its distinctive CRO remuneration approach which rewards CROs based on net contribution, taking into account the Group's risk management framework, individual conduct in line with EFG International's corporate values besides growth potential. The CROs are required 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

In line with US market practice, the compensation of Financial Advisors consists of revenue and product focused pay-out 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, 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.

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.

To approve the remuneration of senior executives of the Company and its subsidiaries, including management incentive plans, in particular plans using equity.

To ensure 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 their 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 five 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 the following members of the Board of Directors who were individually elected by the General Meeting 2021 for a term of office of one year.

- Peter A. Fanconi (Chair)
- Emmanuel L. Bussetil
- Steven M. Jacobs
- Périclès Petalas
- Freiherr Bernd-A. von Maltzan

On 21 July 2021 it was announced that Mordehay I. Hayim, who was also elected by the General Meeting 2021, has decided to step down as a member of the Board of Directors and a member of the Remuneration & Nomination Committee of EFG International and EFG Bank, effective 31 October 2021.

The Remuneration & Nomination Committee meets at least once a year. In 2021, the Remuneration & Nomination Committee held seven meetings with an average participation rate of 95%.

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

# Compensation report

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. 2021 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 each 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.

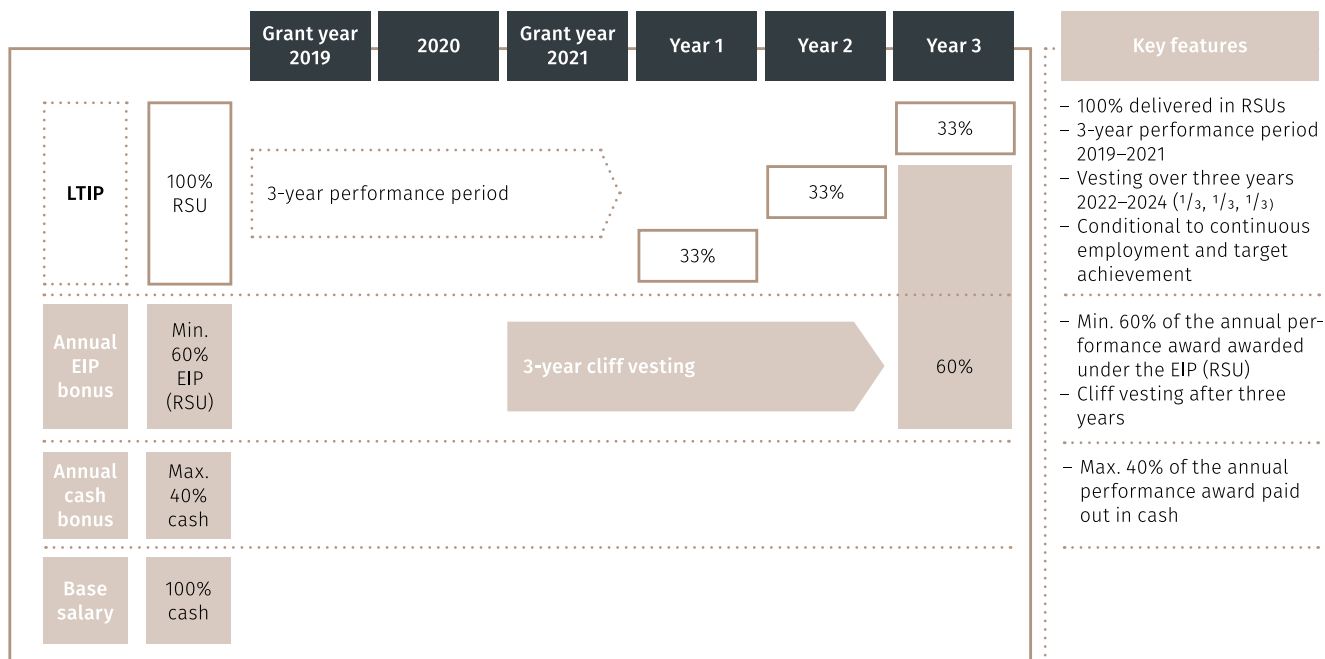
### (i) Compensation governance

|  | Compensation proposal by  | Approval body  |
|--|---|--|
| <b>Chair of the Board of Directors</b>   | Remuneration & Nomination Committee                                     | Remuneration & Nomination Committee as delegate of the Board of Directors <sup>1</sup> |
| <b>Board of Directors members</b>        | Remuneration & Nomination Committee                                     | Remuneration & Nomination Committee as delegate of the Board of Directors <sup>1</sup> |
| <b>Group CEO</b>                         | Chair of the Board of Directors and Remuneration & Nomination Committee | Remuneration & Nomination Committee as delegate of the Board of Directors <sup>1</sup> |
| <b>Other Executive Committee members</b> | Group CEO and Remuneration & Nomination Committee                       | Remuneration & Nomination Committee as delegate of the Board of Directors <sup>1</sup> |

<sup>1</sup> 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. 2021 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 2021 was CHF 1.58 million and has remained unchanged since his appointment in 2018.

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 (please refer to section 6.2.2.).

# Compensation report

## 5.2. Executive Committee employment contracts and severance terms

|                        |  |
|------------------------|--|
| Performance award caps | <ul style="list-style-type: none"><li>• Cap of 40% of performance award in cash</li></ul>  |
| Delivery and deferrals | <ul style="list-style-type: none"><li>• At least 60% of annual performance awards are at risk of forfeiture for three years</li><li>• Long-term incentive grant at risk of forfeiture if goals are not achieved</li><li>• Alignment with shareholders through EIP and LTIP</li><li>• Final payout of equity based LTIP grant (100% of performance grant) subject to average three-year performance targets</li></ul> |
| Contract terms         | <ul style="list-style-type: none"><li>• No severance payments</li><li>• Six-month notice period</li></ul>  |
| Other safeguards       | <ul style="list-style-type: none"><li>• NA</li></ul>   |

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 2020 and 2021, benchmarking with McLagan consisted of the following peer group:

|               |          |
|---------------|----------|
| 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. EFG International 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 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)/shares 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.

#### 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. Pay-out of this incentive depended on the achievement of certain minimum thresholds by end of business year 2021 based on three-years average growth and profitability performance. As these thresholds were not achieved, all granted RSUs have been forfeited and the LTIP has come to an end.

# Compensation report

## 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:

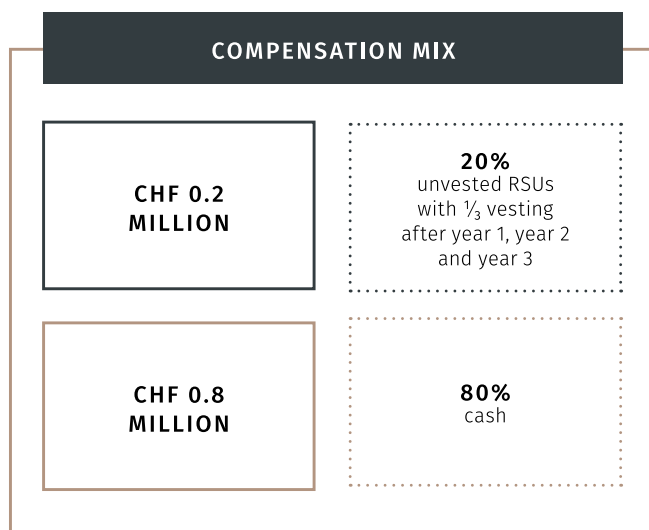
- buy-out payments to compensate employees for deferred performance awards with their former employer, which were forfeited as a result of joining EFG International. We strictly follow a like-to-like approach in such cases with respect to deferral periods and instruments in which such awards were made 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 wise 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. 2021 Board of Directors compensation

### 7.1. Chairman of the Board compensation



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 2021 AGM to the 2022 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.

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

| Name and function       | AGM to AGM (year) | Fixed compensation (1) |                 | Social charges (3)<br>CHF | Total<br>CHF     |
|-------------------------|-------------------|------------------------|-----------------|---------------------------|------------------|
|                         |                   | Cash<br>CHF            | RSUs<br>CHF (2) |                           |                  |
| Peter A. Fanconi, Chair | 2021 to 2022      | 800,000                | 200,000         | 153,439                   | <b>1,153,439</b> |
|                         | 2020 to 2021      | 800,000                | 200,000         | 134,953                   | 1,134,953        |

Notes:

- 1 Gross fixed compensation including the Chair of the Board of Directors' contribution for social charges
- 2 The amount represents the value of RSUs awarded in 2021. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.
- 3 2021 to 2022: estimation; employer social charges of CHF 153,439 include an amount of CHF 65,830 of pension contributions. 2020 to 2021: employer social charges of CHF 134,953 include an amount of CHF 65,830 of pension contributions.

# Compensation report

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

| Name and function                         | AGM to AGM (year)   | Fixed compensation (1) |                | Social charges (3) | Total            |
|---|---------------------|------------------------|----------------|--------------------|------------------|
|   |                     | Cash CHF               | RSUs CHF (2)   | CHF                | CHF              |
|   | <b>2021 to 2022</b> |                        |                |                    | -                |
| Niccolò H. Burki, Vice-Chair*             | 2020 to 2021        | 220,000                | 30,000         | 18,242             | 268,242          |
|   | <b>2021 to 2022</b> | 205,000                | 30,000         | 56,316             | <b>291,316</b>   |
| Susanne Brandenberger, member             | 2020 to 2021        | 205,000                | 30,000         | 48,839             | 283,839          |
|   | <b>2021 to 2022</b> |                        |                |                    | -                |
| Emmanuel L. Bussetil, member (4)          | 2020 to 2021        |                        |                |                    | -                |
|   | <b>2021 to 2022</b> | 62,500                 |                | 3,466              | <b>65,966</b>    |
| Mordehay I. Hayim**                       | 2020 to 2021        | 49,653                 |                | 2,532              | 52,185           |
|   | <b>2021 to 2022</b> | 125,000                | 30,000         | 46,730             | <b>201,730</b>   |
| Roberto Isolani, member                   | 2020 to 2021        | 125,000                | 30,000         | 35,570             | 190,570          |
|   | <b>2021 to 2022</b> | 150,000                | 30,000         | 44,039             | <b>224,039</b>   |
| Steven M. Jacobs, member                  | 2020 to 2021        | 150,000                | 30,000         | 37,695             | 217,695          |
|   | <b>2021 to 2022</b> |                        |                |                    | -                |
| Spiro J. Latsis, member (4)*              | 2020 to 2021        |                        |                |                    | -                |
|   | <b>2021 to 2022</b> |                        |                |                    | -                |
| John S. Latsis, member (4)                | 2020 to 2021        |                        |                |                    | -                |
|   | <b>2021 to 2022</b> | 270,000                | 30,000         | 60,638             | <b>360,638</b>   |
| Carlo M. Lombardini, member               | 2020 to 2021        | 119,444                | 30,000         | 34,993             | 184,437          |
|   | <b>2021 to 2022</b> |                        |                |                    | -                |
| Périclès Petalas, member (4)              | 2020 to 2021        |                        |                |                    | -                |
|   | <b>2021 to 2022</b> | 305,637                | 30,000         | 51,827             | <b>387,464</b>   |
| Stuart M. Robertson, member***            | 2020 to 2021        | 307,340                | 30,000         | 46,309             | 383,649          |
|   | <b>2021 to 2022</b> | 358,121                | 30,000         | 21,325             | <b>409,446</b>   |
| Freiherr Bernd-A. von Maltzan, member**** | 2020 to 2021        | 351,600                | 30,000         | 11,463             | 393,063          |
|   | <b>2021 to 2022</b> | 221,678                | 30,000         | 7,615              | <b>259,293</b>   |
| Yok Tak A. Yip, member*****               | 2020 to 2021        | 206,431                | 27,500         | 6,637              | 240,568          |
| <b>Total</b>                              | <b>2021 to 2022</b> | <b>1,697,936</b>       | <b>210,000</b> | <b>291,956</b>     | <b>2,199,892</b> |
|   | <b>2020 to 2021</b> | <b>1,734,468</b>       | <b>237,500</b> | <b>242,280</b>     | <b>2,214,248</b> |

\* Stepped down at AGM 2021

\*\* Elected at EGM 2020, stepped down 31 October 2021

\*\*\* 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 Gross fixed compensation including board members' contributions for social charges
- 2 The amount represents the value of RSUs awarded in 2021. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.
- 3 2021 to 2022: estimation; employer social charges of CHF 291,956 include an amount of CHF 129,553 of pension contributions. 2020 to 2021: employer social charges of CHF 242,280 include an amount of CHF 108,126 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) |                 | Social charges (3) | Total (4)        |
|---|---------------------|------------------------|-----------------|--------------------|------------------|
|   |                     | Cash<br>CHF            | RSUs<br>CHF (2) | CHF                | CHF              |
| Total to all Board of Directors members | <b>2021 to 2022</b> | 2,497,936              | 410,000         | 445,395            | <b>3,353,331</b> |
|   | 2020 to 2021        | 2,534,469              | 437,500         | 377,231            | 3,349,200        |

Notes:

- 1 Gross fixed compensation including board members' contributions for social charges
- 2 The amount represents the value of RSUs awarded in 2021. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.
- 3 2021 to 2022: estimation; employer social charges of CHF 445,395 include an amount of CHF 188,052 of pension contributions. 2020 to 2021: employer social charges of CHF 377,231 include an amount of CHF 173,956 of pension contributions.
- 4 At the AGM 2021, the shareholders have approved a maximum fixed compensation of CHF 3,745,000 for all members of the Board of Directors for their term of office from AGM 2021 to AGM 2022. 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

| Function and fee                             | Amount<br>AGM 2020 to AGM 2021 |              | Amount<br>AGM 2021 to AGM 2022 |              | Pay mix<br>AGM to AGM      | Delivery   |        |        |        |  |
|--|--------------------------------|--------------|--------------------------------|--------------|----------------------------|------------|--------|--------|--------|--|
|  | CHF                            | CHF          | CHF                            | CHF          |                            | Grant year | Year 1 | Year 2 | Year 3 |  |
| <b>Vice-Chair of the Board of Directors:</b> |                                |              |                                |              |                            |            |        |        |        |  |
| Flat fee Vice-Chair*                         | 250,000                        |              | N/A                            |              | 30,000 RSU<br>220,000 cash |            | 10,000 | 10,000 | 10,000 |  |
| <b>Other members:</b>                        |                                |              |                                |              |                            |            |        |        |        |  |
| Base amount                                  | 130,000                        |              | 130,000                        |              | 30,000 RSU<br>100,000 cash |            | 10,000 | 10,000 | 10,000 |  |
| <b>Additional committee fees</b>             | <b>Member</b>                  | <b>Chair</b> | <b>Member</b>                  | <b>Chair</b> |                            |            |        |        |        |  |
| 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

# Compensation report

## 7.5. Shares and deferred compensation of Board of Directors members

|                                 | Shares<br>2021     | Shares<br>2020     | 2021<br>Vested<br>RSUs | 2021<br>Unvested outstanding<br>RSUs | 2021<br>Total<br>RSUs | 2020<br>Vested<br>RSUs | 2020<br>Unvested outstanding<br>RSUs | 2020<br>Total<br>RSUs |
|---------------------------------|--------------------|--------------------|------------------------|--------------------------------------|-----------------------|------------------------|--------------------------------------|-----------------------|
| <b>Board of Directors</b>       |                    |                    |                        |                                      |                       |                        |                                      |                       |
| Peter A. Fanconi, Chair         | 150,000            | 150,000            | 14,492                 | 61,506                               | 75,998                |                        | 43,478                               | 43,478                |
| Niccolò H. Burki, Vice-Chair*   |                    | 11,054             | 5,595                  | 6,249                                | 11,844                |                        | 11,844                               | 11,844                |
| Susanne Brandenberger           | 11,054             |                    | 5,595                  | 11,127                               | 16,722                | 11,054                 | 11,844                               | 22,898                |
| Emmanuel L. Bussetil            |                    |                    |                        |                                      |                       |                        |                                      |                       |
| Mordehay I. Hayim**             |                    |                    |                        |                                      |                       |                        |                                      |                       |
| Roberto Isolani                 | 16,649             |                    |                        | 11,127                               | 11,127                | 11,054                 | 11,844                               | 22,898                |
| Steven M. Jacobs                | 9,153              |                    | 7,496                  | 11,127                               | 18,623                | 11,054                 | 11,844                               | 22,898                |
| Spiro J. Latsis*                |                    |                    |                        |                                      |                       |                        |                                      |                       |
| John S. Latsis                  | 133,556,769***     | 148,124,268***     |                        |                                      |                       |                        |                                      |                       |
| Carlo M. Lombardini             |                    |                    | 2,173                  | 9,226                                | 11,399                |                        | 6,521                                | 6,521                 |
| Périclès Petalas                |                    |                    |                        |                                      |                       |                        |                                      |                       |
| Stuart M. Robertson             | 3,673              |                    | 4,962                  | 11,127                               | 16,089                | 3,673                  | 11,211                               | 14,884                |
| Freiherr Bernd-A. von Maltzan   | 16,649             |                    |                        | 11,127                               | 11,127                | 11,054                 | 11,844                               | 22,898                |
| Yok Tak A. Yip                  |                    |                    | 1,992                  | 8,864                                | 10,856                |                        | 5,978                                | 5,978                 |
| <b>Total Board of Directors</b> | <b>133,763,947</b> | <b>148,285,322</b> | <b>42,305</b>          | <b>141,480</b>                       | <b>183,785</b>        | <b>47,889</b>          | <b>126,408</b>                       | <b>174,297</b>        |

\* Stepped down at AGM 2021

\*\* Elected at EGM 2020, stepped down 31 October 2021

\*\*\* Total number of shares controlled by the Latsis Family Interests

## 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 2021 (2020: nil).

There were no loans and credits to related parties of members of the Board of Directors outstanding at the end of 2021 (2020: nil).

## 8. 2021 Total remuneration for the Executive Committee members

### 8.1. Total remuneration for Executive Committee members 2021 and 2020 (audited)

| Year  | Fixed compensation (1) |            |           | Total variable compensation | Other compensation |         | Total other compensation | Total compensation (incl. other compensation) | Social charges & other benefits (4) | Total remuneration |
|---|------------------------|------------|-----------|-----------------------------|--------------------|---------|--------------------------|---|-------------------------------------|--------------------|
|   | Cash                   | Cash bonus | RSUs (3)  |                             | Cash               | RSUs    |                          |   |                                     |                    |
|   | CHF                    | CHF        | CHF       | CHF                         | CHF                | CHF     | CHF                      | CHF   | CHF                                 | CHF                |
| <b>Total Executive Committee* (5, 6)</b>                                      |                        |            |           |                             |                    |         |                          |   |                                     |                    |
| 2021  | 5,183,191              | 1,600,000  | 4,694,000 | 6,294,000                   | 271,497            | 277,775 | 549,272                  | 12,026,463                                    | 938,469                             | <b>12,964,932</b>  |
| 2020  | 5,581,249              | 1,330,000  | 1,620,000 | 2,950,000                   | 94                 |         | 94                       | 8,531,343                                     | 1,039,358                           | 9,570,701          |
| <b>Of which highest paid: Piergiorgio Pradelli, CEO EFG International (7)</b> |                        |            |           |                             |                    |         |                          |   |                                     |                    |
| 2021  | 1,580,801              | 640,000    | 1,700,000 | 2,340,000                   |                    |         |                          | 3,920,801                                     | 251,249                             | <b>4,172,050</b>   |
| 2020  | 1,580,801              | 480,000    | 720,000   | 1,200,000                   |                    |         |                          | 2,780,801                                     | 274,018                             | 3,054,819          |

\* Including members of the Executive Committee who joined and left in 2021/2020. For those members, the compensation disclosed represents the amounts received as Executive Committee members.

Notes:

- 1 Gross fixed compensation including employees' contributions for social charges. 2020 and 2021: including payment of untaken holidays balance to members of the Executive Committee who left in 2020 and in 2021, respectively
- 2 2021: subject to approval by the shareholders at the AGM 2022
- 3 2021: the amount represents the value of the deferred variable compensation to be awarded in 2022. For 2021 and going forward, shares will be delivered instead of RSUs. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.
- 4 Including employer social charges. 2021: total benefits of the Executive Committee of CH 938,469 include an amount of CHF 362,473 of pension contributions. 2020: total benefits of the Executive Committee of CHF 1,039,358 include an amount of CHF 415,978 of pension contributions.
- 5 2021: the AGM 2021 has approved a maximum aggregate fixed compensation for all members of the Executive Committee for the business year 2021 of CHF 8,000,000. The table above shows that the total fixed compensation paid to the members of the Executive Committee in 2021 has not exceeded that amount.
- 6 2021: other compensation for the Executive Committee includes sign-on payments to members of the Executive Committee who joined in 2021.
- 7 Social charges and other benefits for the CEO include health care coverage.

# Compensation report

## 8.2. Total compensation for Executive Committee members for 2019 to 2021

| Year                              | Fixed compensation (1) | Variable compensation (2) |              | Total variable compensation | Total compensation | Number of ExCo members* |
|-----------------------------------|------------------------|---------------------------|--------------|-----------------------------|--------------------|-------------------------|
|                                   | Cash CHF               | Cash bonus CHF            | RSUs (3) CHF | CHF                         | CHF                |                         |
| <b>Total Executive Committee*</b> |                        |                           |              |                             |                    |                         |
| 2021                              | 5,183,191              | 1,600,000                 | 4,694,000    | 6,294,000                   | <b>11,477,191</b>  | 7                       |
| 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                       |

\* Including members of the Executive Committee who joined and left in 2021/2020/2019. For those members, the compensation disclosed represents the amounts received as Executive Committee members.

Notes:

- 1 Including employees' contributions for social charges. Including payment of untaken holidays balance to members of the Executive Committee who left in 2019, 2020 and 2021, respectively
- 2 2021: subject to approval by the shareholders at the AGM 2022
- 3 2021: the amount represents the value of deferred variable compensation to be awarded in 2022. For 2021 and going forward, shares will be delivered instead of RSUs. For specific valuation of the Employee equity incentive plan, refer to note 63 of the consolidated financial statements.

## 8.3. Shares and deferred compensation of Executive Committee members

|                                  | Shares         |                | 2021         |                |                  | 2020        |                | Total RSUs     |
|----------------------------------|----------------|----------------|--------------|----------------|------------------|-------------|----------------|----------------|
|                                  | 2021           | 2020           | Vested RSUs  | Unvested RSUs  | outstanding RSUs | Vested RSUs | Unvested RSUs  |                |
| <b>Executive Committee*</b>      |                |                |              |                |                  |             |                |                |
| Piergiorgio Pradelli             | 500,485        | 434,990        |              | 357,454        | 357,454          |             | 273,865        | 273,865        |
| Renato Cohn**                    |                |                |              | 148,120        | 148,120          |             | 78,833         | 105,241        |
| Yves Aeschlimann                 |                |                |              | 116,356        | 116,356          |             | 71,328         | 71,328         |
| Christian Flemming***            |                |                |              |                |                  |             | 38,323         | 86,207         |
| Martin Freiermuth                |                |                |              | 15,431         | 15,431           |             |                |                |
| Enrico Piotto****                |                |                |              | 32,833         | 32,833           |             |                |                |
| Dimitris Politis                 | 9,258          | 9,258          | 4,630        | 161,819        | 166,449          |             | 104,536        | 104,536        |
| Harald Reczek*****               |                |                |              |                |                  |             |                |                |
| Ranjit Singh*****                |                |                |              |                |                  |             | 47,945         | 47,945         |
| <b>Total Executive Committee</b> | <b>509,743</b> | <b>444,248</b> | <b>4,630</b> | <b>832,013</b> | <b>836,643</b>   |             | <b>117,156</b> | <b>689,122</b> |

\* Totals including members of the Executive Committee who left in 2021 and in 2020

\*\* Executive Committee member until 30 April 2021

\*\*\* Executive Committee member until 17 August 2020

\*\*\*\* Joined 1 June 2021

\*\*\*\*\* Executive Committee member since 1 May 2021

\*\*\*\*\* Executive Committee member until 31 December 2020

**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 2021 (2020: nil).

There were no loans and credits to related parties of members of the Executive Committee outstanding at the end of 2021 (2020: nil).

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

| Former                      | Year                        | Compensation<br>CHF | Benefits/<br>Social charges<br>CHF | Total          |
|-----------------------------|-----------------------------|---------------------|------------------------------------|----------------|
| Board of Directors members  | <b>AGM 2021 to AGM 2022</b> | 62,500              | 3,466                              | <b>65,966</b>  |
|                             | AGM 2020 to AGM 2021        |                     |                                    | –              |
| Executive Committee members | <b>2021</b>                 | 394,152             | 84,288                             | <b>478,440</b> |
|                             | 2020                        | 743,883             | 92,171                             | 836,054        |

# 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 2021. 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 70 to 85 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 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA



Thomas Romer

Audit expert  
Auditor in charge



Omar Grossi

Audit expert

Geneva, 22 February 2022

*PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, 1211 Genève 2  
Telephone: +41 58 792 91 00, Telefax: +41 58 792 91 10, [www.pwc.ch](http://www.pwc.ch)*

# Consolidated financial statements

EFG International for the year  
ended 31 December 2021

|   |     |
|---|-----|
| Consolidated income statement                                   | 88  |
| Consolidated statement of<br>comprehensive income               | 89  |
| Consolidated balance sheet                                      | 90  |
| Consolidated statement of changes<br>in equity                  | 91  |
| Consolidated cash flow statement                                | 93  |
| Notes to the consolidated financial<br>statements               | 96  |
| Report on the audit of the<br>consolidated financial statements | 215 |





# Consolidated statement of comprehensive income for the year ended 31 December 2021

|  | Note | Year ended<br>31 December 2021<br>CHF millions | Year ended<br>31 December 2020<br>CHF millions |
|--|------|--|--|
| <b>Net profit for the year</b>   |      | <b>213.9</b>                                   | <b>121.8</b>                                   |
| <b>Other comprehensive income</b>  |      |  |  |
| <b>Items that may be reclassified subsequently to the income statement:</b>  |      |  |  |
| Net gains/(losses) on hedge of net investments in foreign operations,<br>with no tax effect  | 31.4 | 1.9  | (4.9)  |
| Currency translation differences,<br>with no tax effect  |      | (12.3)   | (13.2)   |
| Net (losses)/gains on investments in debt instruments measured at fair value<br>through other comprehensive income, with no tax effect                                   |      | (39.8)   | 9.6  |
| Net realised gains/(losses) on debt instruments measured at fair value through<br>other comprehensive income reclassified to the income statement, with no tax<br>effect | 18   | 6.3  | (6.8)  |
| Change in loss allowance on debt instruments measured at fair value through<br>other comprehensive income, with no tax effect  |      |  | 0.2  |
| <b>Items that will not be reclassified to the income statement:</b>  |      |  |  |
| Retirement benefit gains/(losses)  | 52   | 118.0  | (58.0)   |
| Tax effect on retirement benefit (gains)/losses  | 39   | (23.2)   | 11.4   |
| Net losses on investments in equity instruments measured at fair value<br>through other comprehensive income   |      | (0.1)  | (1.8)  |
| Tax effect on net losses on investments in equity instruments measured at fair<br>value through other comprehensive income   |      |  | 0.4  |
| <b>Total other comprehensive income for the year, net of tax</b>   |      | <b>50.8</b>                                    | <b>(63.1)</b>                                  |
| <b>Total comprehensive income for the year</b>   |      | <b>264.7</b>                                   | <b>58.7</b>                                    |
| <b>Total comprehensive income for the year attributable to:</b>  |      |  |  |
| Equity holders of the Group  |      | 258.5  | 52.4   |
| Non-controlling interests  |      | 6.2  | 6.3  |
|  |      | <b>264.7</b>                                   | <b>58.7</b>                                    |

The notes on pages 96 to 214 form an integral part of these consolidated financial statements.

# Consolidated balance sheet at 31 December 2021

|  | Note | 31 December 2021<br>CHF millions | 31 December 2020*<br>CHF millions |
|--|------|----------------------------------|-----------------------------------|
| <b>Assets</b>  |      |                                  |                                   |
| Cash and balances with central banks                   | 27   | 9,801.5                          | 8,642.9                           |
| Treasury bills and other eligible bills                | 29   | 1,452.8                          | 1,026.9                           |
| Due from other banks                                   | 30   | 2,562.3                          | 3,097.0                           |
| Derivative financial instruments                       | 31   | 973.6                            | 1,154.7                           |
| Financial assets at fair value through profit and loss | 32   | 1,807.3                          | 2,132.2                           |
| Investment securities                                  | 33   | 5,877.8                          | 4,953.0                           |
| Loans and advances to customers                        | 34   | 18,225.6                         | 18,223.0                          |
| Property, plant and equipment                          | 36   | 334.6                            | 335.2                             |
| Intangible assets                                      | 37   | 229.3                            | 260.4                             |
| Deferred income tax assets                             | 39   | 61.9                             | 96.5                              |
| Other assets   | 40   | 816.3                            | 715.4                             |
| <b>Total assets</b>                                    |      | <b>42,143.0</b>                  | <b>40,637.2</b>                   |
| <b>Liabilities</b>                                     |      |                                  |                                   |
| Due to other banks                                     | 45   | 556.0                            | 443.6                             |
| Due to customers                                       | 46   | 32,516.8                         | 30,841.6                          |
| Derivative financial instruments                       | 31   | 1,075.8                          | 1,378.7                           |
| Financial liabilities at fair value                    | 47   | 487.6                            | 492.1                             |
| Financial liabilities at amortised cost                | 48   | 4,222.1                          | 4,516.5                           |
| Current income tax liabilities                         |      | 19.0                             | 24.6                              |
| Deferred income tax liabilities                        | 39   | 19.9                             | 23.0                              |
| Provisions   | 49   | 130.4                            | 40.6                              |
| Other liabilities                                      | 51   | 641.2                            | 762.7                             |
| Subordinated loans                                     | 53   | 182.7                            | 355.8                             |
| <b>Total liabilities</b>                               |      | <b>39,851.5</b>                  | <b>38,879.2</b>                   |
| <b>Equity</b>  |      |                                  |                                   |
| Share capital  | 54   | 152.2                            | 148.3                             |
| Share premium  |      | 2,014.7                          | 1,979.9                           |
| Other reserves   | 55   | 138.2                            | 84.2                              |
| Retained earnings                                      |      | (407.2)                          | (511.2)                           |
| <b>Total shareholders' equity</b>                      |      | <b>1,897.9</b>                   | <b>1,701.2</b>                    |
| Additional equity components                           | 56   | 351.0                            | –                                 |
| Non-controlling interests                              | 58   | 42.6                             | 56.8                              |
| <b>Total equity</b>                                    |      | <b>2,291.5</b>                   | <b>1,758.0</b>                    |
| <b>Total equity and liabilities</b>                    |      | <b>42,143.0</b>                  | <b>40,637.2</b>                   |

\*The comparative information has been changed, please refer to note 3.

The notes on pages 96 to 214 form an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity for the year ended 31 December 2021

| CHF millions   | Note | Attributable to owners of the Group |                |                |                   |                            |                              | Non-controlling interests | Total equity   |
|--|------|-------------------------------------|----------------|----------------|-------------------|----------------------------|------------------------------|---------------------------|----------------|
|  |      | Share capital                       | Share premium  | Other reserves | Retained earnings | Total shareholder's equity | Additional equity components |                           |                |
| <b>Balance at 31 December 2019</b>   |      | <b>145.8</b>                        | <b>1,858.8</b> | <b>286.0</b>   | <b>(563.9)</b>    | <b>1,726.7</b>             | <b>-</b>                     | <b>54.1</b>               | <b>1,780.8</b> |
| Change in accounting policy *  | 3    |                                     | 95.3           | (131.3)        | 36.0              |                            |                              |                           |                |
| <b>Balance at 01 January 2020</b>  |      | <b>145.8</b>                        | <b>1,954.1</b> | <b>154.7</b>   | <b>(527.9)</b>    | <b>1,726.7</b>             | <b>-</b>                     | <b>54.1</b>               | <b>1,780.8</b> |
| Net profit for the year  |      |                                     |                |                | 115.3             | 115.3                      |                              | 6.5                       | 121.8          |
| Net losses on hedge of net investments in foreign operations, with no tax effect   | 31.4 |                                     |                | (4.9)          |                   | (4.9)                      |                              |                           | (4.9)          |
| Currency translation difference, with no tax effect  |      |                                     |                | (13.0)         |                   | (13.0)                     |                              | (0.2)                     | (13.2)         |
| Net gains 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 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)                      |                              |                           | (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 losses on investments in equity instruments measured at fair value through other comprehensive income  |      |                                     |                | (1.8)          |                   | (1.8)                      |                              |                           | (1.8)          |
| Tax effect on net losses on investments in equity instruments measured at fair value through other comprehensive income                                    |      |                                     |                | 0.4            |                   | 0.4                        |                              |                           | 0.4            |
| Retirement benefit loss  | 52   |                                     |                | (58.0)         |                   | (58.0)                     |                              |                           | (58.0)         |
| Tax effect on retirement benefit loss  | 39   |                                     |                | 11.4           |                   | 11.4                       |                              |                           | 11.4           |
| <b>Total comprehensive income for the year</b>   |      | <b>-</b>                            | <b>-</b>       | <b>(62.9)</b>  | <b>115.3</b>      | <b>52.4</b>                | <b>-</b>                     | <b>6.3</b>                | <b>58.7</b>    |
| Ordinary shares repurchased  | 54   | (0.3)                               | (2.5)          |                |                   | (2.8)                      |                              |                           | (2.8)          |
| Dividend paid on ordinary shares   | 57   |                                     |                |                | (87.9)            | (87.9)                     |                              |                           | (87.9)         |
| Dividend paid on Bons de Participation   | 57   |                                     |                |                |                   | -                          |                              |                           |                |
| Transactions with non-controlling interests  |      | 0.1                                 | 1.7            |                |                   | 1.8                        | -                            | (1.4)                     | 0.4            |
| Disposal of subsidiaries   |      |                                     |                |                | (2.1)             | (2.1)                      |                              |                           | (2.1)          |
| Changes in ownership interests with no gain or loss of control   |      |                                     |                |                | (5.3)             | (5.3)                      |                              | (2.2)                     | (7.5)          |
| Equity-settled share-based plan expensed in the income statement   | 63   |                                     |                | 18.4           |                   | 18.4                       |                              |                           | 18.4           |
| Employee equity incentive plans exercised  | 63   | 2.7                                 | 26.6           | (26.0)         | (3.3)             |                            |                              |                           |                |
| <b>Balance at 31 December 2020</b>   |      | <b>148.3</b>                        | <b>1,979.9</b> | <b>84.2</b>    | <b>(511.2)</b>    | <b>1,701.2</b>             | <b>-</b>                     | <b>56.8</b>               | <b>1,758.0</b> |

\*The comparative information has been changed, please refer to note 3.

The notes on pages 96 to 214 form an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity for the year ended 31 December 2021 continued

| CHF millions  | Note | Attributable to owners of the Group |                |                |                   |                            |                              |                           | Total equity   |
|---|------|-------------------------------------|----------------|----------------|-------------------|----------------------------|------------------------------|---------------------------|----------------|
|   |      | Share capital                       | Share premium  | Other reserves | Retained earnings | Total shareholder's equity | Additional equity components | Non-controlling interests |                |
| <b>Balance at 01 January 2021</b>   |      | <b>148.3</b>                        | <b>1,979.9</b> | <b>84.2</b>    | <b>(511.2)</b>    | <b>1,701.2</b>             | <b>-</b>                     | <b>56.8</b>               | <b>1,758.0</b> |
| Net profit for the year   |      |                                     |                |                | 205.8             | 205.8                      |                              | 8.1                       | 213.9          |
| Net gain on hedge of net investments in foreign operations, with no tax effect  | 31.4 |                                     |                | 1.9            |                   | 1.9                        |                              |                           | 1.9            |
| Currency translation difference, with no tax effect   |      |                                     |                | (10.4)         |                   | (10.4)                     |                              | (1.9)                     | (12.3)         |
| Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect                               |      |                                     |                | (39.8)         |                   | (39.8)                     |                              |                           | (39.8)         |
| Net realised gains on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect | 18   |                                     |                | 6.3            |                   | 6.3                        |                              |                           | 6.3            |
| Net losses on investments in equity instruments measured at fair value through other comprehensive income   |      |                                     |                | (0.1)          |                   | (0.1)                      |                              |                           | (0.1)          |
| Retirement benefit gains  | 52   |                                     |                | 118.0          |                   | 118.0                      |                              |                           | 118.0          |
| Tax effect on retirement benefit gains  | 39   |                                     |                | (23.2)         |                   | (23.2)                     |                              |                           | (23.2)         |
| <b>Total comprehensive income for the year</b>  |      | <b>-</b>                            | <b>-</b>       | <b>52.7</b>    | <b>205.8</b>      | <b>258.5</b>               | <b>-</b>                     | <b>6.2</b>                | <b>264.7</b>   |
| Dividend paid on ordinary shares  | 57   |                                     |                |                | (89.0)            | (89.0)                     |                              |                           | (89.0)         |
| Dividend paid on Bons de Participation  | 57   |                                     |                |                |                   | -                          |                              |                           | -              |
| Distribution to Additional equity components  |      |                                     |                |                | (3.4)             | (3.4)                      |                              |                           | (3.4)          |
| Transactions with non-controlling interests   |      | 0.1                                 | 1.7            |                |                   | 1.8                        |                              |                           | 1.8            |
| Disposal of subsidiaries  |      |                                     |                |                | 1.9               | 1.9                        |                              |                           | 1.9            |
| Changes in ownership interests with no gain of control  | 58   | 1.5                                 | 19.5           |                | (14.5)            | 6.5                        |                              | (20.4)                    | (13.9)         |
| Additional equity components issuance   | 56   |                                     |                |                | -                 | -                          | 351.0                        |                           | 351.0          |
| Equity-settled share-based plan expensed in the income statement  | 63   |                                     |                | 26.8           |                   | 26.8                       |                              |                           | 26.8           |
| Employee equity incentive plans exercised   | 63   | 2.3                                 | 13.6           | (25.5)         | 3.2               | (6.4)                      |                              |                           | (6.4)          |
| <b>Balance at 31 December 2021</b>  |      | <b>152.2</b>                        | <b>2,014.7</b> | <b>138.2</b>   | <b>(407.2)</b>    | <b>1,897.9</b>             | <b>351.0</b>                 | <b>42.6</b>               | <b>2,291.5</b> |

The notes on pages 96 to 214 form an integral part of these consolidated financial statements.

# Consolidated cash flow statement for the year ended 31 December 2021

|  | Year ended<br>31 December 2021<br>CHF millions | Year ended<br>31 December 2020<br>CHF millions |
|--|--|--|
| <b>Cash flows from operating activities</b>  |  |  |
| Interest received  | 393.6  | 495.9  |
| Interest paid  | (137.1)  | (199.8)  |
| Banking fee and commission received  | 1,069.4  | 832.0  |
| Banking fee and commission paid  | (351.3)  | (187.5)  |
| Dividend received  | 15   | 1.8  |
| Net trading income   | 16   | 133.2  |
| Other operating income receipts/(payments)   | 24.5   | (3.1)  |
| Staff costs paid   | (729.1)  | (679.6)  |
| Other operating expenses paid  | (139.3)  | (243.8)  |
| Income tax paid  | (28.5)   | (24.5)   |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b> | <b>237.2</b>                                   | <b>130.3</b>                                   |
| <b>Changes in operating assets and liabilities</b>   |  |  |
| Net (increase)/decrease in treasury bills  | (624.2)  | 110.9  |
| Net decrease/(increase) in due from other banks (> 90 days)                                    | 193.9  | (139.2)  |
| Net decrease/(increase) in derivative financial instruments                                    | 27.9   | (56.7)   |
| Net (increase) in loans and advances to customers  | (173.2)  | (161.7)  |
| Net (increase) in other assets   | (33.5)   | (163.6)  |
| Net increase in due to other banks   | 93.3   | 54.4   |
| Net increase in due to customers   | 1,940.4  | 1,170.6  |
| Issuance of financial liabilities at amortised cost and fair value                             | 7,428.1  | 6,393.9  |
| Redemption of financial liabilities at amortised cost and fair value                           | (7,683.8)                                      | (7,036.1)                                      |
| Net (decrease) in other liabilities  | (55.8)   | (93.6)   |
| <b>Net cash flows from operating activities</b>  | <b>1,350.3</b>                                 | <b>209.2</b>                                   |
| <b>Cash flows from investing activities</b>  |  |  |
| Purchase of securities   | (3,807.2)                                      | (3,212.0)                                      |
| Proceeds from sale of securities   | 3,060.7  | 3,578.2  |
| Purchase of property, plant and equipment  | 36   | (7.6)  |
| Purchase of intangible assets  | 37   | (35.8)   |
| Proceeds from sale of property, plant and equipment  | (0.2)  | 16.0   |
| Net proceeds from disposal of businesses and subsidiaries                                      | 130.3  | (2.3)  |
| <b>Net cash flows (used in)/generated from investing activities</b>                            | <b>(659.8)</b>                                 | <b>337.6</b>                                   |

The notes on pages 96 to 214 form an integral part of these consolidated financial statements.

# Consolidated cash flow statement for the year ended 31 December 2021 continued

|   |    | Year ended<br>31 December 2021<br>CHF millions | Year ended<br>31 December 2020<br>CHF millions |
|---|----|--|--|
| <b>Cash flows from financing activities</b>                         |    |  |  |
| Dividend paid on ordinary shares                                    | 57 | (89.0)   | (87.9)   |
| Dividend paid to non-controlling interests                          |    |  | (1.4)  |
| Ordinary shares repurchased   |    |  | (2.8)  |
| Proceeds from partial disposal of business                          |    |  | 2.8  |
| Additional equity components issued net of issuance costs           |    | 351.0  |  |
| Additional equity components distributions                          |    | (3.4)  |  |
| Subordinated loan redeemed  |    | (190.8)  |  |
| Principal element of lease payments                                 |    | (36.8)   | (41.1)   |
| Transactions with non-controlling interests                         |    | (17.1)   | (13.0)   |
| <b>Net cash flows from financing activities</b>                     |    | <b>13.9</b>                                    | <b>(143.4)</b>                                 |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> |    | <b>(3.6)</b>                                   | <b>(46.5)</b>                                  |
| <b>Net change in cash and cash equivalents</b>                      |    | <b>700.8</b>                                   | <b>356.9</b>                                   |
| Cash and cash equivalents at beginning of period                    | 28 | 11,953.7                                       | 11,596.8                                       |
| Net change in cash and cash equivalents                             |    | 700.8  | 356.9  |
| <b>Cash and cash equivalents</b>                                    |    | <b>12,654.5</b>                                | <b>11,953.7</b>                                |

The notes on pages 96 to 214 form an integral part of these consolidated financial statements.



# Notes to the consolidated financial statements

|    |  |     |
|----|--|-----|
| 1  | General information  | 98  |
| 2  | Principal accounting policies  | 98  |
| 3  | Change in accounting policies  | 99  |
| 4  | Critical accounting estimates and judgements in applying accounting policies | 100 |
| 5  | Risk management  | 100 |
| 6  | Credit risk  | 111 |
| 7  | Credit risk exposure   | 117 |
| 8  | Credit staging and loss allowances   | 119 |
| 9  | Market risk  | 130 |
| 10 | Life insurance and longevity risk  | 132 |
| 11 | Liquidity risk   | 134 |
| 12 | Capital management   | 136 |
| 13 | Net interest income  | 138 |
| 14 | Net banking fee and commission income  | 139 |
| 15 | Dividend income  | 140 |
| 16 | Net trading income and foreign exchange gains less losses                    | 140 |
| 17 | Fair value gains less losses on financial instruments measured at fair value | 141 |
| 18 | Gains less losses on disposal of investment securities                       | 141 |
| 19 | Other operating income   | 141 |
| 20 | Operating expenses   | 142 |
| 21 | Staff costs  | 143 |
| 22 | Loss allowances expense  | 143 |
| 23 | Income tax expense   | 144 |
| 24 | Basic and diluted earnings per ordinary share                                | 145 |
| 25 | Segmental reporting  | 146 |
| 26 | Analysis of Swiss and foreign income and expenses                            | 150 |
| 27 | Cash and balances with central banks   | 151 |
| 28 | Cash and cash equivalents  | 151 |
| 29 | Treasury bills and other eligible bills                                      | 151 |
| 30 | Due from other banks   | 152 |
| 31 | Derivative financial instruments   | 153 |
| 32 | Financial assets at fair value through profit and loss                       | 157 |
| 33 | Investment securities  | 161 |
| 34 | Loans and advances to customers  | 161 |
| 35 | Loss allowances on loans and advances to customers                           | 162 |



|    |   |     |
|----|---|-----|
| 36 | Property, plant and equipment   | 163 |
| 37 | Intangible assets   | 164 |
| 38 | Intangible assets – impairment tests  | 165 |
| 39 | Deferred income tax assets and liabilities                                    | 166 |
| 40 | Other assets  | 169 |
| 41 | Held-for-sale   | 170 |
| 42 | Valuation of financial assets and liabilities                                 | 171 |
| 43 | Offsetting  | 182 |
| 44 | Shares in subsidiary undertakings   | 184 |
| 45 | Due to other banks  | 184 |
| 46 | Due to customers  | 185 |
| 47 | Financial liabilities at fair value   | 185 |
| 48 | Financial liabilities at amortised cost                                       | 185 |
| 49 | Provisions  | 186 |
| 50 | Contingent liabilities  | 189 |
| 51 | Other liabilities   | 191 |
| 52 | Retirement benefit obligations  | 192 |
| 53 | Subordinated loans  | 198 |
| 54 | Share capital   | 199 |
| 55 | Other reserves  | 201 |
| 56 | Additional equity components  | 203 |
| 57 | Dividends   | 204 |
| 58 | Non-controlling interests   | 204 |
| 59 | Off-balance sheet items   | 205 |
| 60 | Securities repurchase and reverse purchase agreements                         | 206 |
| 61 | Fiduciary transactions  | 206 |
| 62 | Analysis of Swiss and foreign assets, liabilities and<br>shareholders' equity | 207 |
| 63 | Employee equity incentive plans   | 208 |
| 64 | Related party transactions  | 209 |
| 65 | Key management compensation   | 210 |
| 66 | Assets under management and assets under administration                       | 211 |
| 67 | Events occurring after the reporting period                                   | 212 |
| 68 | Swiss banking law requirements  | 212 |

# 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, Dubai, Hong Kong, 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 2021 was 3,027 (31 December 2020: 3,149).

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 22 February 2022.

### 2. Principal accounting policies

The principal accounting policies and accounting judgements applied in the preparation of the consolidated financial statements have been disclosed below and 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 2021. 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 2021. 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 2020.

#### 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 2021:

- Covid-19 related rent concessions – amendments to IFRS 16,
- Interest Benchmark Reform – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

These standards and amendments do 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 2021 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 consideration 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 44.

(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:

|     | 2021<br>Closing<br>rate | 2021<br>Average<br>rate | 2020<br>Closing<br>rate | 2020<br>Average<br>rate |
|-----|-------------------------|-------------------------|-------------------------|-------------------------|
| USD | 0.9122                  | 0.9144                  | 0.8803                  | 0.9388                  |
| GBP | 1.2295                  | 1.2580                  | 1.2015                  | 1.2040                  |
| EUR | 1.0331                  | 1.0812                  | 1.0802                  | 1.0703                  |

**(d) Comparatives**

Where necessary, comparative information has 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.

The Group changed its accounting policy regarding employee equity incentive plans at exercise date. As permitted under IFRS 2, the Group previously did not transfer corresponding amounts between reserves in the Group shareholders' equity to reflect the settlement of Restricted Stock Units using treasury shares or new shares issued. The Group reviewed the presentation of the shareholders' equity and changed the accounting policy to present more reliable and relevant information. As a result, when treasury shares or new shares issued are used to settle Restricted Stock Units, the corresponding reserves will be transferred and any difference arising from the variation of the share price between the grant date and the exercise date will be reflected through retained earnings. The change in accounting policy is reflected as a retrospective application. As a result, the below table presents the corresponding change in the comparative information.

|                                   | 01 January<br>2020 | 01 January<br>2020<br>restated | Difference |
|-----------------------------------|--------------------|--------------------------------|------------|
| Share capital                     | 145.8              | 145.8                          | -          |
| Share premium                     | 1,858.8            | 1,954.1                        | 95.3       |
| Other reserves                    | 286.0              | 154.7                          | (131.3)    |
| Retained earnings                 | (563.9)            | (527.9)                        | 36.0       |
| <b>Total shareholders' equity</b> | <b>1,726.7</b>     | <b>1,726.7</b>                 | <b>-</b>   |

# Notes to the consolidated financial statements

## EFG International consolidated entities

In the consolidated cash flow statement, the Group has changed the classification of cash flows from issuance and redemption of structured products from 'financing activities' to 'operating activities'. The Group previously classified these cashflows as 'financing' transactions, on the basis that this source of funds was comparable in nature to the receipt of funding from issuance of debt instruments and long-term borrowings. In the second half year of 2021 the Group changed the reporting of these cash flows which are now reported as operating cash flows. The Group made this reporting change to facilitate comparability with financial statements published by competitors. The revised presentation therefore provides more reliable and relevant information. The Group have amended the comparative information for 2020 in the cash flow statement. The affected lines in the comparative information are 'issuance of financial liabilities at amortised cost and fair value' and 'redemption of financial liabilities at amortised cost and fair value'. The reporting change has no impact on the consolidated income statement, consolidated statement of comprehensive income or earnings per share.

#### 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 actively managing and 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 is committed to maintaining a strong risk management framework across the organisation, and 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 out the overall governance of risks. Responsibilities of involved stakeholders in the management of risks are clearly defined, as well as terms of reference for its risk and compliance functions.

The EFG International risk management framework is underpinned by 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
- Support the successful implementation of the business strategy
- Protect clients from potential risks, such as unsuitable products or excess concentrations
- Contribute to the orderly functioning and sound reputation on the markets in which EFG International operates

The EFG International risk management framework is enacted in several dimensions:

- Approach to risk management
- Risk culture
- Three lines of defence 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 (risk taxonomy)
- 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

### 5.1.2 Risk culture, core values and ethical standards

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 set the EFG International risk culture, core values and ethical standards; their actions and behaviour reflect the risk culture that is expected throughout EFG International and

is communicated through formal and informal channels, to ensure that clients also share EFGI's risk culture, core values and ethical standards

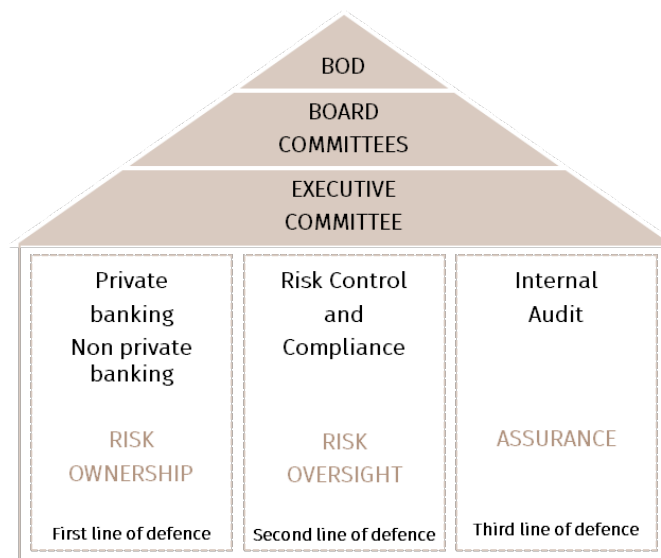
- **Accountability:** The risk management framework and the related risk policies and directives clearly assign accountability for risk management and decision-making to functions and specific unit heads
- **Effective communication and challenge:** The corporate culture allows for open communication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

The risk awareness and culture programme, which promotes the above-mentioned principles, is focused on the following activities:

- Embedding of the risk management and risk appetite frameworks across EFG International
- Comprehensive training in risk and compliance topics
- Implementing our client relationship officer's risk scorecard to foster a risk-conscious and compliant culture and reduce operational risks

### 5.1.3 Three lines of defence model

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

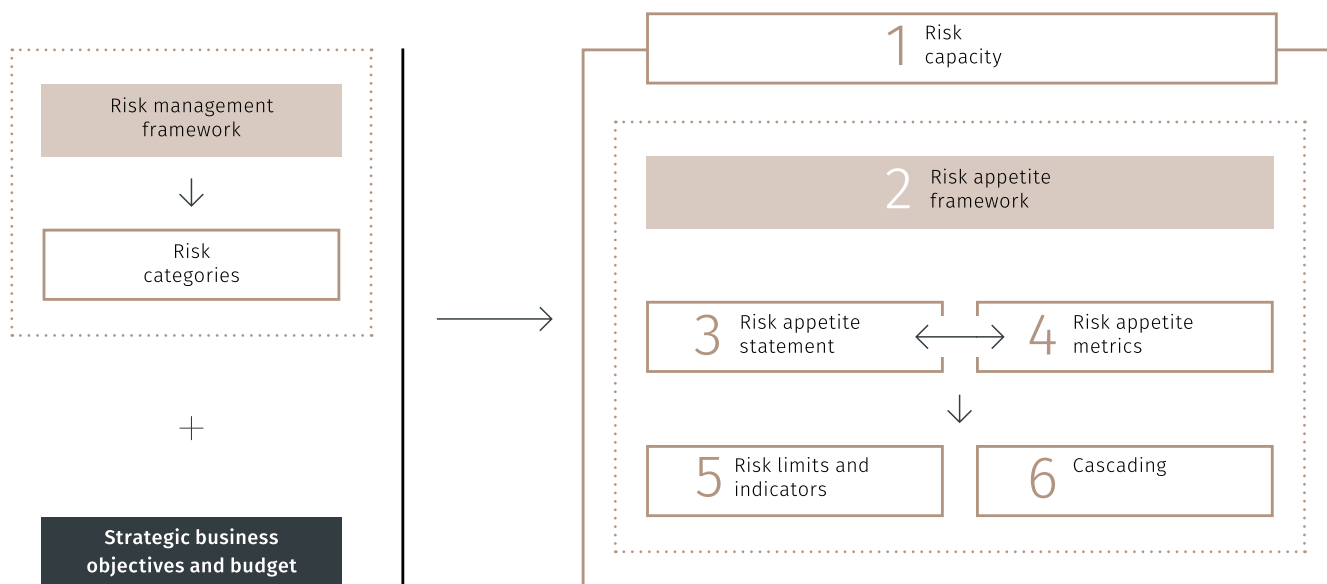


# Notes to the consolidated financial statements

## EFG International consolidated entities

The three lines of defence model delineates the key responsibilities for the business, Risk and Compliance 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 of defence 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 assurance.



### Risk appetite framework

Our risk appetite framework describes the 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

The risk capacity is the maximum level of risk EFG International can assume, given its current capabilities and resources, before breaching EFG International's strategic targets and risk appetite, 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 and 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. 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 to which EFG International is exposed.

# Notes to the consolidated financial statements

## EFG International consolidated entities

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: EFG International Executive Committee's delegated 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.

### 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.

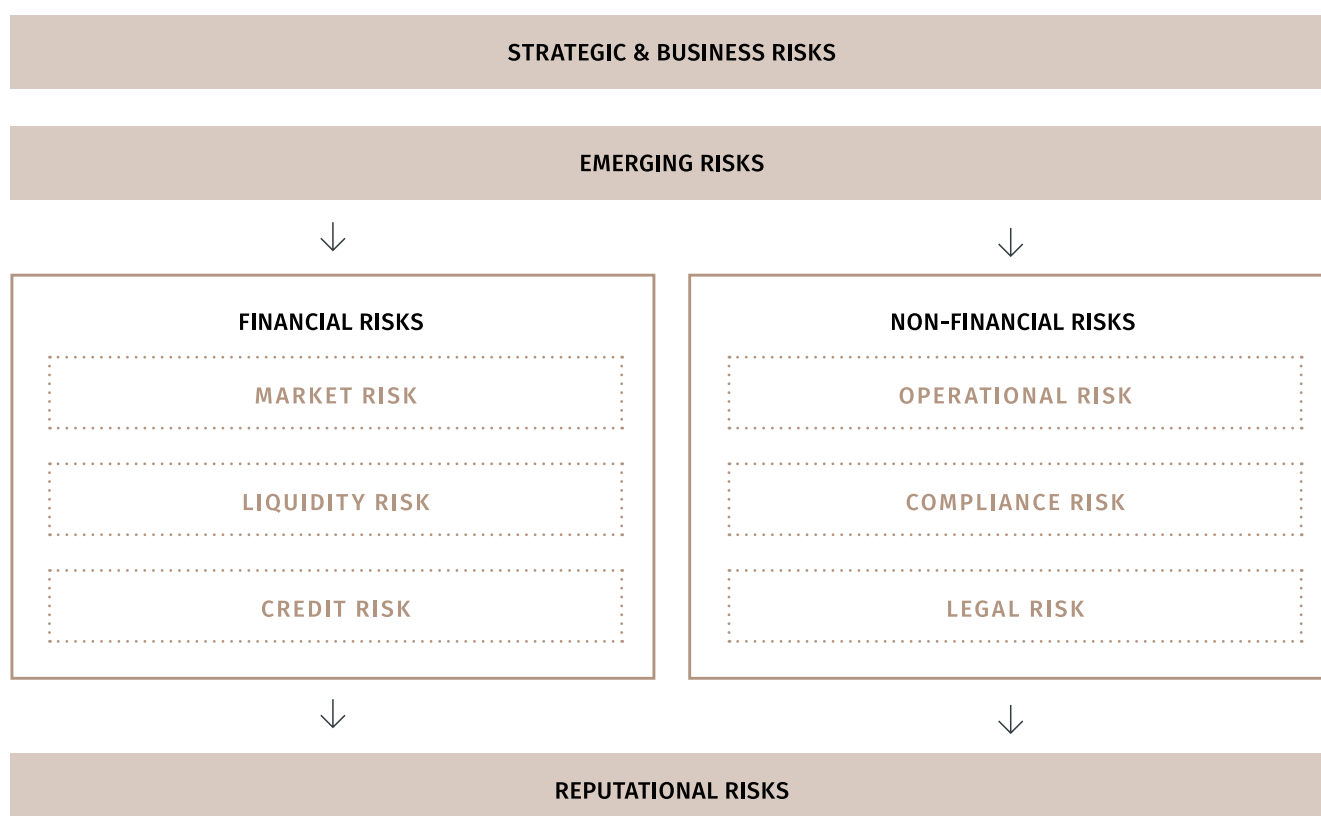
EFG International Executive Committee allocates, according to cascading rules, the limits and risk thresholds to the various local entities.

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.

EFG International's risk categories establish a common denominator 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 a certain level of 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 and infrastructure
- 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 for 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 of defence 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 consists of meeting 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

# Notes to the consolidated financial statements

## EFG International consolidated entities

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 and applications, 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 programme 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 regulatory updates or developments.

Conduct risk refers to risks associated with the firm's behaviour or activity that could threaten consumer protection or market integrity and might, if risks are not properly apprehended, damage the reputation of EFG International. EFG International has directives on customer and staff conduct in the Group code of conduct, market conduct, cross-border, financial services and conflicts of interest. The EFG International Global Product Committee ensures that all products or securities offered to clients or bought for them meet their best interest and have been gone 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.

### 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 of defence), 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.

EFG International's Operational Risk function, reporting to the Chief Risk Officer, 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
- 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. EFG International's focus is on:

- Data loss prevention
- Access rights, application and infrastructure security (including vulnerability management)
- Third-party management and
- 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 director's and officer's liability insurance. Other insurances such as general insurances are managed locally.

#### 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 also allows 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.

#### 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.

#### Banking book

The market risk strategy at balance sheet level approved by the Board of Directors is defined as follows:

# Notes to the consolidated financial statements

## EFG International consolidated entities

- 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 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 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. The centralised ALM and Liquidity Risk function, reporting to the Chief Risk Officer, ensures that EFG International has an appropriate market risk management framework in place for identifying, assessing, mitigating, monitoring and reporting risks under its responsibility.

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 interest and 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 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 portfolio 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.

### 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

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 and fixed income managed by expert traders.

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.

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.

#### Insurance risk

EFG International is exposed to insurance risk in relation to its holding of life insurance policies. The major risk factors are counterparty 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, in the credit worthiness of the insurance companies and in interest rates. Finally, management judgement is applied to these models and scenarios.

#### 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.

#### Client credit risk

The client credit risk management strategy approved by the Board of Directors is defined as follows:

- EFG International targets specific 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 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 select 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 and lodged funds commensurate with the credit that is extended

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

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.

#### 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:

# Notes to the consolidated financial statements

## EFG International consolidated entities

- 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. The limits are set and monitored by the Country & Counterparty Credit (Sub) Committee.

The principal aim of the Counterparty and Country Risk function, reporting to the Chief Risk Officer, 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.

EFG International determines the country risk that it wishes to accept via a country classification in primary countries, secondary countries and risk countries. The primary and secondary 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.

### 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. Therefore, 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, reporting to the Chief Risk Officer, 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.

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.

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.

### Emerging risk

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

Emerging risks arise from environmental, social and governance (ESG) aspects affecting other risk categories, or may include new technologies, for example, artificial intelligence, cyber - and nanotechnology or genetic engineering, as well as economic, 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:

- EFG International closely monitors developments in new technologies like artificial intelligence, cyber - and nanotechnology as well as economic, regulatory or political changes
- EFG International wants current and potential clients to perceive and share EFG International as a conscious institution on environmental, social and governance aspects

Regarding climate risks in particular, EFG International is focusing its attention on the creation and integration of a dedicated climate risks management process in the overall risk management framework. Following FINMA prescriptions and based on the Task Force on Climate-related Financial Disclosures (TCFD), EFG International is embedding climate-related financial risks affecting the known risk categories (credit, market, liquidity, business and operational risks).

## 6. Credit risk

### 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.

Credit facilities are granted according to delegated credit approval authorities, depending on predefined risk, and on collateral and size parameters. 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.

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.

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

# Notes to the consolidated financial statements

## EFG International consolidated entities

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 or their equivalents are used by EFG International for managing the credit risk exposures.

## 6.2 Credit risk mitigation

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.

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 exchange-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.

## 6.3 Credit loss measurement

The entity applies the IFRS 9 three-stage approach for impairment measurement:

- Stage 1: for financial assets that have not experienced a significant increase in credit risks since initial recognition a 12-months expected credit losses (ECL) is measured
- Stage 2: for financial assets that experienced a significant increase in credit risks since initial recognition (but not yet deemed to be credit-impaired) a lifetime ECL is measured
- Stage 3: for credit-impaired or defaulted financial assets a lifetime ECL is measured

Specific ECL measurements have been developed for each type of credit exposure.

## 6.4 Due from banks and investment securities

This category includes balances with central banks, due from other banks, treasury bills and other eligible bills, and investment securities.

### Inputs and assumptions

The ECL for all products above is estimated using three components:



- EAD (exposure at default): book value (amortised cost assets) and purchase value adjusted for amortisation and discount unwind (financial assets at fair value through other comprehensive income).
- PD (probability of default): estimated based on external counterparty credit risk rating information (Standard & Poor's annual global corporate default study and rating transition). For unrated instruments a BBB is considered as a proxy
- LGD (loss given default): for stage 1 and stage 2 assets aligned to the credit default swap ISDA market standard (recovery rate 40%). In case of stage 3 assets, determined on an individual basis

#### Estimation techniques

Macroeconomic expectations for sovereign securities and central banks debt are incorporated via their respective external rating as part of their assessment of counterparty credit risk. For banks and corporate counterparties, the PD and related transition matrices are impacted based on macroeconomic expectations.

#### Significant increase in credit risk

A significant increase in credit risk (SICR) is determined based on rating changes and individually assessed by an internal expert panel considering 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.

### 6.5 Lombard lending

Lombard lending includes loans and advances to customers covered by financial collaterals. Being secured by diversified portfolios of investment securities, the risk of default of the loan is driven by the collateral.

#### Inputs and assumptions

The exposure of lombard loans considers potential drawdowns, and the ECL is estimated by means of two components:

- ECL due to adverse market price movements that captures the risk that a shortfall arises when collateral values decrease to a level insufficient to cover the respective lombard loan exposure (based on assumptions regarding loan-to-value close-out trigger levels, market price volatility of collateral asset classes, currency mismatch between loan and collateral, close-out periods and LGD considering collateral liquidation sales cost) 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 (based on assumptions regarding risk concentrations 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 and LGD considering collateral liquidation sales cost)

#### Estimation techniques

As opposed to the general measurement approach, the ECL measurement for lombard loans is not based on the PD but on the probability to hit the close-out trigger level and the related expected positive exposure (EPE). The latter corresponds to an uncovered shortfall which in combination with the LGD parameter determines the ECL. No additional macro-conditioning of variables is necessary as macroeconomic effects are captured through parameters such as volatility and loan-to-value (LTV) levels. Post-model adjustments have been recognised on selected individual cases for which risks and uncertainties cannot be adequately reflected with the existing models.

#### Significant increase in credit risk

As credit risk is based on the underlying collateral, a SICR is driven by LTV metric. Above the close-out trigger level (maintained despite according to policy could have been closed out, taking a higher credit risk), a lombard loans is classified in stage 2.

#### 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 Mortgages and other loans

All loans and advances to customers not considered lombard lending are included in this classification. These are residential and commercial mortgages, commercial loans, and overdrafts.

#### Inputs and assumptions

The ECL for mortgages and for other loans is estimated using three components:

- EAD: the exposure considers contractual repayments, as well as potential drawdown over the lifetime of the loan

# Notes to the consolidated financial statements

## EFG International consolidated entities

- PD: derived from historical transition matrices. To derive forward-looking default estimates, these matrices are calibrated to the macroeconomic expectation
- LGD: calculated based on the possibility to cure (derived from the transition matrix), considering the current LTV and the future recovery value of underlying properties for mortgages (computed considering house price development and sales costs proxies)

### Estimation techniques

Each loan is assigned to a risk grade on the basis of its credit quality (i.e. rank order estimation).

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

Post-model adjustments have been recognised on selected individual cases for which risks and uncertainties cannot be adequately reflected with the existing models.

### Significant increase in credit risk

A SICR is experienced by any exposure greater than 30 days past due, or with a deterioration of other criteria (such as rank order estimation or watchlist status), or previously defaulted (one-year cure).

### Definition of default

Any exposure greater than 90 days past due, or other criteria (such as rank order estimation or watchlist status) or following an individual assessment is considered credit-impaired and classified as stage 3.

## 6.7 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 reduced 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.

## 6.8 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 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.

## 6.9 Macroeconomic scenario

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

|                               |          | 2022   | 2023   | 2024   | 2025 | 2026 |
|-------------------------------|----------|--------|--------|--------|------|------|
| World GDP growth              | Base     | 4.9%   | 3.6%   | 3.4%   | 3.3% | 3.3% |
|                               | Upside   | 5.9%   | 4.4%   | 4.0%   | 3.7% | 3.5% |
|                               | Downside | 3.9%   | 2.8%   | 2.8%   | 2.9% | 3.1% |
| Switzerland GDP growth        | Base     | 3.0%   | 1.4%   | 1.8%   | 1.2% | 1.8% |
|                               | Upside   | 4.0%   | 2.2%   | 2.4%   | 1.6% | 2.0% |
|                               | Downside | 2.0%   | 0.6%   | 1.2%   | 0.8% | 1.6% |
| Weighted GDP growth           | Base     | 4.7%   | 2.0%   | 1.6%   | 1.5% | 1.5% |
|                               | Upside   | 5.7%   | 2.8%   | 2.2%   | 1.9% | 1.7% |
|                               | Downside | 3.7%   | 1.2%   | 1.0%   | 1.1% | 1.3% |
| House price index Switzerland | Base     | 1.7%   | 1.3%   | 1.0%   | 2.0% | 2.2% |
|                               | Upside   | 3.7%   | 2.9%   | 2.2%   | 2.8% | 2.6% |
|                               | Downside | (0.3%) | (0.3%) | (0.2%) | 1.2% | 1.8% |
| House price index UK (London) | Base     | 2.3%   | 1.4%   | 2.0%   | 2.7% | 7.6% |
|                               | Upside   | 8.3%   | 6.2%   | 5.6%   | 5.1% | 8.8% |
|                               | Downside | (3.7%) | (3.4%) | (1.6%) | 0.3% | 6.4% |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 6.10 Sensitivity analysis

The table below illustrates the impact on ECL 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<br>CHF millions | Downside sensitivity<br>CHF millions |
| Mortgages and other loans | GDP growth          | (0.2)                              | 0.2                                  |
| Mortgages and other loans | House price indices | (0.5)                              | 0.7                                  |
| Lombard loans             | Volatilities        | 0.0                                | 0.2                                  |

### 6.11 Collateral and other credit enhancements

EFG International employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for credit exposures.

EFG International adheres to 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 concentration risk by monitoring and reviewing on a regular basis its large exposures.

As of 31 December 2021, the carrying value of the exposure of the ten largest borrowers was CHF 1,827.7 million (2020: CHF 1,782.2 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 2021. The ECL allowance for all assets excluding financial assets at fair value through other comprehensive income are deducted from the carrying value.

|  | AAA-AA<br>CHF millions | A<br>CHF millions | BBB-BB<br>CHF millions | B-C<br>CHF millions | Unrated<br>CHF millions | Total carrying<br>value<br>CHF millions |
|--|------------------------|-------------------|------------------------|---------------------|-------------------------|---|
| <b>31 December 2021</b>                    |                        |                   |                        |                     |                         |   |
| Cash and balances with central banks       | 9,801.5                |                   |                        |                     |                         | 9,801.5                                 |
| Treasury bills and other eligible bills    | 1,452.8                |                   |                        |                     |                         | 1,452.8                                 |
| Due from other banks                       | 1,629.0                | 911.9             | 21.4                   |                     |                         | 2,562.3                                 |
| Mortgages                                  | 4,621.2                | 950.4             | 52.5                   | 166.8               |                         | 5,790.9                                 |
| Lombard and other loans                    | 12,005.5               | 170.9             | 118.0                  | 140.3               |                         | 12,434.7                                |
| Investment securities                      | 5,300.0                | 567.4             | 10.4                   |                     |                         | 5,877.8                                 |
| <b>Total on-balance sheet assets as at</b> |                        |                   |                        |                     |                         |   |
| <b>31 December 2021</b>                    | <b>34,810.0</b>        | <b>2,600.6</b>    | <b>202.3</b>           | <b>307.1</b>        | <b>-</b>                | <b>37,920.0</b>                         |
| Loan commitments                           | 225.8                  |                   |                        |                     |                         | 225.8                                   |
| Financial guarantees                       | 248.3                  | 2.0               | 3.7                    | 2.3                 |                         | 256.3                                   |
| <b>Total</b>                               | <b>35,284.1</b>        | <b>2,602.6</b>    | <b>206.0</b>           | <b>309.4</b>        | <b>-</b>                | <b>38,402.1</b>                         |

\* Rating range based on external rating. If not available computed based on final ECL calculation and aligned with external rating agencies default data.

|  | Total<br>carrying<br>value<br>CHF millions | ECL Staging |            |             | ECL allowance<br>CHF millions | Fair value of<br>the collateral<br>held<br>CHF millions |
|--|--|-------------|------------|-------------|-------------------------------|---|
| <b>31 December 2021</b>                    |  | Stage 1     | Stage 2    | Stage 3     |                               |   |
| Cash and balances with central banks       | 9,801.5                                    |             |            |             |                               |   |
| Treasury bills and other eligible bills    | 1,452.8                                    |             |            |             |                               |   |
| Due from other banks                       | 2,562.3                                    | 0.1         |            |             | 0.1                           |   |
| Mortgages                                  | 5,790.9                                    | 0.7         | 0.2        | 4.7         | 5.6                           | 13,325.2  |
| Lombard and other loans                    | 12,434.7                                   | 1.5         | 1.2        | 8.6         | 11.3                          | 38,823.9  |
| Investment securities                      | 5,877.8                                    | 0.3         |            |             | 0.3                           |   |
| <b>Total on-balance sheet assets as at</b> |  |             |            |             |                               |   |
| <b>31 December 2021</b>                    | <b>37,920.0</b>                            | <b>2.6</b>  | <b>1.4</b> | <b>13.3</b> | <b>17.3</b>                   | <b>52,149.1</b>   |
| Loan commitments                           | 225.8                                      |             |            |             |                               |   |
| Financial guarantees                       | 256.3                                      |             | 0.5        |             | 0.5                           |   |
| <b>Total</b>                               | <b>38,402.1</b>                            | <b>2.6</b>  | <b>1.9</b> | <b>13.3</b> | <b>17.8</b>                   | <b>52,149.1</b>   |

# Notes to the consolidated financial statements

## EFG International consolidated entities

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 2020:

| 31 December 2020  | AAA-AA<br>CHF millions | A<br>CHF millions | BBB-BB<br>CHF millions | B-C<br>CHF millions | Unrated<br>CHF millions | Total carrying<br>value<br>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                |                   |                        |                     |                         | 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                                 |
| <b>Total on-balance sheet assets as at 31 December 2020</b>       | <b>31,612.6</b>        | <b>3,202.1</b>    | <b>772.3</b>           | <b>355.8</b>        | <b>-</b>                | <b>35,942.8</b>                         |
| Loan commitments  | 243.4                  |                   |                        |                     |                         | 243.4                                   |
| Financial guarantees*   | 325.0                  | 0.2               | 0.9                    | 5.1                 |                         | 331.2                                   |
| <b>Total</b>  | <b>32,181.0</b>        | <b>3,202.3</b>    | <b>773.2</b>           | <b>360.9</b>        | <b>-</b>                | <b>36,517.4</b>                         |

| 31 December 2020  | Total carrying<br>value<br>CHF millions | ECL Staging |            |             | ECL allowance<br>included in<br>carrying values<br>CHF millions | Fair value of<br>the collateral<br>held<br>CHF millions |
|---|---|-------------|------------|-------------|---|---|
|   |   | Stage 1     | Stage 2    | Stage 3     |   |   |
| 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   |   |
| <b>Total on-balance sheet assets as at 31 December 2020</b>       | <b>35,942.8</b>                         | <b>4.2</b>  | <b>4.3</b> | <b>90.2</b> | <b>98.7</b>   | <b>51,916.1</b>   |
| Loan commitments  | 243.4                                   |             |            |             |   |   |
| Financial guarantees*   | 331.2                                   |             | 0.4        | 0.2         | 0.6   |   |
| <b>Total</b>  | <b>36,517.4</b>                         | <b>4.2</b>  | <b>4.7</b> | <b>90.4</b> | <b>99.3</b>   | <b>51,916.1</b>   |

\*The comparative information has been changed.

## 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:

| <b>Balances with central banks - Gross carrying value</b>             | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>      | <b>Total</b>        |
|---|---------------------|---------------------|---------------------|---------------------|
|   | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> |
| <b>At 01 January 2020</b>   | <b>8,384.4</b>      | <b>-</b>            | <b>-</b>            | <b>8,384.4</b>      |
| Financial assets derecognised during the period other than write-offs | (214.4)             |                     |                     | (214.4)             |
| New financial assets originated or purchased                          | 534.5               |                     |                     | 534.5               |
| Exchange differences  | (61.6)              |                     |                     | (61.6)              |
| <b>Gross carrying value as at 31 December 2020</b>                    | <b>8,642.9</b>      | <b>-</b>            | <b>-</b>            | <b>8,642.9</b>      |
| Financial assets derecognised during the period other than write-offs | (75.2)              |                     |                     | (75.2)              |
| New financial assets originated or purchased                          | 1,328.7             |                     |                     | 1,328.7             |
| Exchange differences  | (94.9)              |                     |                     | (94.9)              |
| <b>At 31 December 2021</b>  | <b>9,801.5</b>      | <b>-</b>            | <b>-</b>            | <b>9,801.5</b>      |

| <b>Balances with central banks - Loss allowance</b> | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>      | <b>Total</b>        |
|---|---------------------|---------------------|---------------------|---------------------|
|   | <b>12-month</b>     | <b>Lifetime</b>     | <b>Lifetime</b>     |                     |
|   | <b>ECL</b>          | <b>ECL</b>          | <b>ECL</b>          | <b>Total</b>        |
|   | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> |
| <b>At 01 January 2020</b>                           | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| Movements with P&L impact                           |                     |                     |                     | -                   |
| Other movements with no P&L impact                  |                     |                     |                     | -                   |
| <b>At 31 December 2020</b>                          | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| Movements with P&L impact                           |                     |                     |                     | -                   |
| Other movements with no P&L impact                  |                     |                     |                     | -                   |
| <b>At 31 December 2021</b>                          | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |

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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 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:

| <b>Treasury bills and other eligible bills - Gross carrying value</b> | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>      | <b>Total</b>        |
|---|---------------------|---------------------|---------------------|---------------------|
|   | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> |
| <b>At 01 January 2020</b>   | <b>1,375.3</b>      | <b>-</b>            | <b>-</b>            | <b>1,375.3</b>      |
| Financial assets derecognised during the period other than write-offs | (1,375.3)           |                     |                     | <b>(1,375.3)</b>    |
| New financial assets originated or purchased                          | 1,026.9             |                     |                     | <b>1,026.9</b>      |
| <b>At 31 December 2020</b>  | <b>1,026.9</b>      | <b>-</b>            | <b>-</b>            | <b>1,026.9</b>      |
| Financial assets derecognised during the period other than write-offs | (1,026.9)           |                     |                     | <b>(1,026.9)</b>    |
| New financial assets originated or purchased                          | 1,452.8             |                     |                     | <b>1,452.8</b>      |
| <b>At 31 December 2021</b>  | <b>1,452.8</b>      | <b>-</b>            | <b>-</b>            | <b>1,452.8</b>      |

| <b>Treasury bills and other eligible bills - Loss allowance</b> | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>      | <b>Total</b>        |
|---|---------------------|---------------------|---------------------|---------------------|
|   | <b>12-month</b>     | <b>Lifetime</b>     | <b>Lifetime</b>     |                     |
|   | <b>ECL</b>          | <b>ECL</b>          | <b>ECL</b>          | <b>Total</b>        |
|   | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> |
| <b>At 01 January 2020</b>                                       | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| Movement with P&L impact  |                     |                     |                     | <b>-</b>            |
| <b>Loss allowance as at 31 December 2020</b>                    | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| Movements with P&L impact                                       |                     |                     |                     | <b>-</b>            |
| <b>At 31 December 2021</b>                                      | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |

There were no purchased credit-impaired balances during the reporting period, nor were the terms of any contracts modified.



### 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:

| <b>Due from other banks - Gross carrying value</b>                   | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>      | <b>Total</b>        |
|--|---------------------|---------------------|---------------------|---------------------|
|  | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> |
| <b>At 01 January 2020</b>  | <b>2,622.0</b>      | <b>-</b>            | <b>-</b>            | <b>2,622.0</b>      |
| 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             |
| Exchange differences   | (44.2)              |                     |                     | (44.2)              |
| <b>At 31 December 2020</b>   | <b>3,097.1</b>      | <b>-</b>            | <b>-</b>            | <b>3,097.1</b>      |
| Financial assets derecognised during the period other than write-off | (2,192.5)           |                     |                     | (2,192.5)           |
| New financial assets originated or purchased                         | 1,762.1             |                     |                     | 1,762.1             |
| Amounts transferred to Other assets - Held-for-sale                  | (98.1)              |                     |                     | (98.1)              |
| Exchange differences   | (6.2)               |                     |                     | (6.2)               |
| <b>At 31 December 2021</b>   | <b>2,562.4</b>      | <b>-</b>            | <b>-</b>            | <b>2,562.4</b>      |
| <br>   |                     |                     |                     |                     |
| <b>Due from other banks - Loss allowance</b>                         | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>      | <b>Total</b>        |
|  | <b>12-month ECL</b> | <b>Lifetime ECL</b> | <b>Lifetime ECL</b> | <b>CHF millions</b> |
|  | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> |
| <b>At 01 January 2020</b>  | <b>0.1</b>          | <b>-</b>            | <b>-</b>            | <b>0.1</b>          |
| <b>Movements with P&amp;L impact</b>                                 |                     |                     |                     |                     |
| New financial assets originated or purchased                         |                     |                     |                     | -                   |
| Changes in PD/LGDs/EADs  |                     |                     |                     | -                   |
| <b>At 31 December 2020</b>   | <b>0.1</b>          | <b>-</b>            | <b>-</b>            | <b>0.1</b>          |
| <b>Movements with P&amp;L impact</b>                                 |                     |                     |                     |                     |
| New financial assets originated or purchased                         |                     |                     |                     | -                   |
| Changes in PD/LGDs/EADs  |                     |                     |                     | -                   |
| <b>Total net P&amp;L charge during the period</b>                    | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>            |
| <b>At 31 December 2021</b>   | <b>0.1</b>          | <b>-</b>            | <b>-</b>            | <b>0.1</b>          |

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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 8.4 Investment Securities

The table below presents the aggregate changes in gross carrying values and loss allowances for Financial assets at fair value through other comprehensive income:

| <b>Investment Securities - Carrying value</b>                         | <b>Stage 1<br/>CHF millions</b> | <b>Stage 2<br/>CHF millions</b> | <b>Stage 3<br/>CHF millions</b> | <b>Total<br/>CHF millions</b> |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| <b>At 01 January 2020</b>   | <b>5,395.9</b>                  | <b>-</b>                        | <b>-</b>                        | <b>5,395.9</b>                |
| 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                       |
| Changes in fair value   | 21.0                            |                                 |                                 | 21.0                          |
| Changes in interest accrual   | (8.4)                           |                                 |                                 | (8.4)                         |
| Exchange differences  | (160.0)                         |                                 |                                 | (160.0)                       |
| <b>At 31 December 2020</b>  | <b>4,953.0</b>                  | <b>-</b>                        | <b>-</b>                        | <b>4,953.0</b>                |
| Financial assets derecognised during the period other than write-offs | (2,368.6)                       |                                 |                                 | (2,368.6)                     |
| New financial assets originated or purchased                          | 3,382.5                         |                                 |                                 | 3,382.5                       |
| Change in fair value  | (111.9)                         |                                 |                                 | (111.9)                       |
| Changes in interest accrual   | (1.0)                           |                                 |                                 | (1.0)                         |
| Amounts transferred to Other assets - Held-for-sale                   | (42.7)                          |                                 |                                 | (42.7)                        |
| Exchange differences  | 66.5                            |                                 |                                 | 66.5                          |
| <b>At 31 December 2021</b>  | <b>5,877.8</b>                  | <b>-</b>                        | <b>-</b>                        | <b>5,877.8</b>                |

| <b>Investment Securities - Loss allowance</b>     | <b>Stage 1<br/>12-month<br/>ECL<br/>CHF millions</b> | <b>Stage 2<br/>Lifetime<br/>ECL<br/>CHF millions</b> | <b>Stage 3<br/>Lifetime<br/>ECL<br/>CHF millions</b> | <b>Total<br/>CHF millions</b> |
|---|--|--|--|-------------------------------|
| <b>At 01 January 2020</b>                         | <b>0.5</b>   | <b>-</b>   | <b>-</b>   | <b>0.5</b>                    |
| New financial assets originated or purchased      | 0.1  |  |  | 0.1                           |
| Changes in PD/LGDs/EADs                           | (0.3)  |  |  | (0.3)                         |
| <b>At 31 December 2020</b>                        | <b>0.3</b>   | <b>-</b>   | <b>-</b>   | <b>0.3</b>                    |
| <b>Movements with P&amp;L impact</b>              |  |  |  |                               |
| New financial assets originated or purchased      | 0.2  |  |  | 0.2                           |
| Changes in PD/LGDs/EADs                           | (0.2)  |  |  | (0.2)                         |
| <b>Total net P&amp;L charge during the period</b> | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>-</b>                      |
| <b>At 31 December 2021</b>                        | <b>0.3</b>   | <b>-</b>   | <b>-</b>   | <b>0.3</b>                    |

For expected credit losses on Investment securities at fair value through other comprehensive income, the movement with P&L impact is recognised in 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:

|  |                | <b>31 December 2021</b> | 31 December 2020 |
|--|----------------|-------------------------|------------------|
|  |                | <b>CHF millions</b>     | CHF millions     |
| (i) Mortgage loans                           | Gross          | 5,796.5                 | 5,682.4          |
|  | Loss allowance | (5.6)                   | (7.2)            |
| (ii) Lombard loans                           | Gross          | 11,686.9                | 12,003.2         |
|  | Loss allowance | (4.1)                   | (82.7)           |
| (iii) Other loans                            | Gross          | 759.1                   | 635.7            |
|  | Loss allowance | (7.2)                   | (8.4)            |
| <b>Total loans and advances to customers</b> |                | <b>18,225.6</b>         | 18,223.0         |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### (i) Mortgage Loans

The table below presents the aggregate changes in gross carrying values and loss allowances for Mortgage loans:

| <b>Mortgage loans - Gross carrying value</b>                          | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>      | <b>Total</b>        |
|---|---------------------|---------------------|---------------------|---------------------|
|   | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> |
| <b>At 01 January 2020</b>   | <b>5,729.1</b>      | <b>215.3</b>        | <b>144.7</b>        | <b>6,089.1</b>      |
| 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)              | <b>(1,245.6)</b>    |
| New financial assets originated or purchased                          | 1,462.3             |                     |                     | <b>1,462.3</b>      |
| Changes in interest accrual   | (6.2)               | (0.1)               | (0.1)               | <b>(6.4)</b>        |
| Amounts transferred to Other assets - Held-for-sale                   | (431.9)             | (7.4)               | (0.5)               | <b>(439.8)</b>      |
| Exchange differences  | (164.7)             | (8.6)               | (3.9)               | <b>(177.2)</b>      |
| <b>At 31 December 2020</b>  | <b>5,308.3</b>      | <b>247.6</b>        | <b>126.5</b>        | <b>5,682.4</b>      |
| Transfers:  |                     |                     |                     |                     |
| Transfer from Stage 1 to Stage 3                                      | (86.2)              |                     | 86.2                | -                   |
| Transfer from Stage 2 to Stage 3                                      |                     | (15.5)              | 15.5                | -                   |
| Transfer from Stage 3 to Stage 2                                      |                     | 13.2                | (13.2)              | -                   |
| Transfer from Stage 1 to Stage 2                                      | (67.8)              | 67.8                |                     | -                   |
| Financial assets derecognised during the period other than write-offs | (1,316.6)           | (120.0)             | (64.8)              | <b>(1,501.4)</b>    |
| New financial assets originated or purchased                          | 1,584.1             |                     |                     | <b>1,584.1</b>      |
| Changes in interest accrual   | (0.9)               |                     |                     | <b>(0.9)</b>        |
| Write-offs  |                     |                     | (1.8)               | <b>(1.8)</b>        |
| Exchange differences  | 29.5                | 2.1                 | 2.5                 | <b>34.1</b>         |
| <b>At 31 December 2021</b>  | <b>5,450.4</b>      | <b>195.2</b>        | <b>150.9</b>        | <b>5,796.5</b>      |

| Mortgage loans - Loss allowance                   | Stage 1                         | Stage 2                         | Stage 3                         | Total        |
|---|---------------------------------|---------------------------------|---------------------------------|--------------|
|   | 12-month<br>ECL<br>CHF millions | Lifetime<br>ECL<br>CHF millions | Lifetime<br>ECL<br>CHF millions |              |
| <b>At 01 January 2020</b>                         | <b>0.7</b>                      | <b>0.1</b>                      | <b>6.2</b>                      | <b>7.0</b>   |
| <b>Movements with P&amp;L impact</b>              |                                 |                                 |                                 |              |
| Transfers:  |                                 |                                 |                                 |              |
| Transfer from Stage 2 to Stage 1                  | 0.1                             | (0.1)                           |                                 | -            |
| New financial assets originated or purchased      | 0.2                             |                                 |                                 | <b>0.2</b>   |
| Changes in PD/LGDs/EADs                           |                                 | 0.2                             |                                 | <b>0.2</b>   |
| Exchange differences                              | (0.1)                           | 0.1                             | (0.2)                           | <b>(0.2)</b> |
| <b>Total net P&amp;L charge during the period</b> | <b>0.2</b>                      | <b>0.2</b>                      | <b>(0.2)</b>                    | <b>0.2</b>   |
| <b>Other movements with no P&amp;L impact</b>     |                                 |                                 |                                 |              |
| Transfer from Stage 3 to Stage 2                  |                                 |                                 |                                 | -            |
| <b>At 31 December 2020</b>                        | <b>0.9</b>                      | <b>0.3</b>                      | <b>6.0</b>                      | <b>7.2</b>   |
| <b>Movements with P&amp;L impact</b>              |                                 |                                 |                                 |              |
| Transfers:  |                                 |                                 |                                 |              |
| Transfer from Stage 2 to Stage 1                  | 0.2                             | (0.2)                           |                                 | -            |
| Transfer from Stage 1 to Stage 3                  |                                 |                                 |                                 |              |
| New financial assets originated or purchased      | 0.3                             |                                 |                                 | <b>0.3</b>   |
| Changes in PD/LGDs/EADs                           | (0.4)                           | (0.6)                           | 1.1                             | <b>0.1</b>   |
| Unwind of discount                                | (0.1)                           |                                 |                                 | <b>(0.1)</b> |
| Exchange differences                              | (0.2)                           |                                 | 0.1                             | <b>(0.1)</b> |
| <b>Total net P&amp;L charge during the period</b> | <b>(0.2)</b>                    | <b>(0.8)</b>                    | <b>1.2</b>                      | <b>0.2</b>   |
| <b>Other movements with no P&amp;L impact</b>     |                                 |                                 |                                 |              |
| Transfer from Stage 3 to Stage 2                  |                                 | 0.7                             | (0.7)                           | -            |
| Transfer from Stage 2 to Stage 3                  |                                 |                                 |                                 | -            |
| Write-offs  |                                 |                                 | (1.8)                           | <b>(1.8)</b> |
| <b>At 31 December 2021</b>                        | <b>0.7</b>                      | <b>0.2</b>                      | <b>4.7</b>                      | <b>5.6</b>   |

There were no purchased credit-impaired balances during the reporting period, nor were the terms of any contracts modified.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### (ii) Lombard loans

The table below presents the aggregate changes in gross carrying values and loss allowances for Lombard loans:

| <b>Lombard loans - Gross carrying value</b>                           | <b>Stage 1</b>      | <b>Stage 2</b>      | <b>Stage 3</b>      | <b>Total</b>        |
|---|---------------------|---------------------|---------------------|---------------------|
|   | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> | <b>CHF millions</b> |
| <b>At 01 January 2020</b>   | <b>11,848.8</b>     | <b>149.9</b>        | <b>203.2</b>        | <b>12,201.9</b>     |
| 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)               | <b>(4,719.4)</b>    |
| New financial assets originated or purchased                          | 4,990.1             |                     |                     | <b>4,990.1</b>      |
| Changes in interest accrual   | (12.0)              | 1.4                 |                     | <b>(10.6)</b>       |
| Write-offs  | (3.7)               | (0.3)               |                     | <b>(4.0)</b>        |
| Exchange differences  | (430.0)             | (6.2)               | (18.6)              | <b>(454.8)</b>      |
| <b>At 31 December 2020</b>  | <b>11,661.5</b>     | <b>136.3</b>        | <b>205.4</b>        | <b>12,003.2</b>     |
| Transfers:  |                     |                     |                     |                     |
| Transfer from Stage 1 to Stage 2                                      | (165.7)             | 165.7               |                     | -                   |
| Transfer from Stage 2 to Stage 1                                      | 5.7                 | (5.7)               |                     | -                   |
| Transfer from Stage 3 to Stage 1                                      | 3.7                 |                     | (3.7)               | -                   |
| Transfer from Stage 2 to Stage 3                                      |                     | (2.2)               | 2.2                 | -                   |
| Financial assets derecognised during the period other than write-offs | (3,907.7)           | (148.2)             | (190.9)             | <b>(4,246.8)</b>    |
| New financial assets originated or purchased                          | 4,225.7             |                     |                     | <b>4,225.7</b>      |
| Changes in interest accrual   | (3.8)               |                     |                     | <b>(3.8)</b>        |
| Amounts transferred to Other assets - Held-for-sale                   | (323.1)             | (4.5)               |                     | <b>(327.6)</b>      |
| Write-offs  |                     |                     | (8.6)               | <b>(8.6)</b>        |
| Exchange differences  | 42.2                | 2.6                 |                     | <b>44.8</b>         |
| <b>At 31 December 2021</b>  | <b>11,538.5</b>     | <b>144.0</b>        | <b>4.4</b>          | <b>11,686.9</b>     |

| Lombard loans - Loss allowance                    | Stage 1                         | Stage 2                         | Stage 3                         | Total         |
|---|---------------------------------|---------------------------------|---------------------------------|---------------|
|   | 12-month<br>ECL<br>CHF millions | Lifetime<br>ECL<br>CHF millions | Lifetime<br>ECL<br>CHF millions |               |
| <b>At 01 January 2020</b>                         | <b>0.4</b>                      | <b>0.8</b>                      | <b>90.2</b>                     | <b>91.4</b>   |
| <b>Movements with P&amp;L impact</b>              |                                 |                                 |                                 |               |
| Transfers:  |                                 |                                 |                                 |               |
| Transfer from Stage 2 to Stage 1                  | 0.1                             | (0.1)                           |                                 | -             |
| New financial assets originated or purchased      | 0.1                             |                                 |                                 | <b>0.1</b>    |
| Changes in PD/LGDs/EADs                           | (0.4)                           | 2.7                             | (4.1)                           | <b>(1.8)</b>  |
| Exchange differences                              | 0.8                             | (0.4)                           | (7.4)                           | <b>(7.0)</b>  |
| <b>Total net P&amp;L charge during the period</b> | <b>0.6</b>                      | <b>2.2</b>                      | <b>(11.5)</b>                   | <b>(8.7)</b>  |
| <b>At 31 December 2020</b>                        | <b>1.0</b>                      | <b>3.0</b>                      | <b>78.7</b>                     | <b>82.7</b>   |
| <b>Movements with P&amp;L impact</b>              |                                 |                                 |                                 |               |
| Transfers:  |                                 |                                 |                                 |               |
| Transfer from Stage 1 to Stage 2                  |                                 |                                 |                                 | -             |
| Transfer from Stage 2 to Stage 1                  | 0.1                             | (0.1)                           |                                 | -             |
| Transfer from Stage 3 to Stage 1                  | 1.7                             |                                 | (1.7)                           | -             |
| New financial assets originated or purchased      |                                 |                                 |                                 | -             |
| Changes in PD/LGDs/EADs                           | (2.3)                           | (1.8)                           | 6.0                             | <b>1.9</b>    |
| Loan repaid from Collateral                       |                                 |                                 | (73.2)                          | <b>(73.2)</b> |
| Unwind of discount                                | (0.4)                           |                                 |                                 | <b>(0.4)</b>  |
| Exchange differences                              | (0.1)                           | 0.1                             | 1.7                             | <b>1.7</b>    |
| <b>Total net P&amp;L charge during the period</b> | <b>(1.0)</b>                    | <b>(1.8)</b>                    | <b>(67.2)</b>                   | <b>(70.0)</b> |
| <b>Other movements with no P&amp;L impact</b>     |                                 |                                 |                                 |               |
| Transfers:  |                                 |                                 |                                 |               |
| Transfer from Stage 2 to Stage 3                  |                                 | (0.1)                           | 0.1                             | -             |
| Write-offs  |                                 |                                 | (8.6)                           | <b>(8.6)</b>  |
| <b>At 31 December 2021</b>                        | <b>-</b>                        | <b>1.1</b>                      | <b>3.0</b>                      | <b>4.1</b>    |

There were no purchased credit-impaired balances during the reporting period, nor were the terms of any contracts modified.

### Stage 3 lombard loans

Stage 3 lombard loans at end-2020 included a gross exposure including accrued interest of CHF 178.0 million that EFG Bank AG disbursed in 2007 and on which an expected credit loss of CHF 75.3 million had been calculated. As a result of a positive verdict in a case in Singapore concluding that the Group had a valid pledge over assets held as collateral, in November 2021 the Group used the collateral held to repay the loan.

This resulted in a reversal of the expected credit loss of CHF 75.6 million as a gain in the P&L. However, the Group has recorded a provision against legal matters of CHF 73.2 million (see Note 49).

### (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):

# Notes to the consolidated financial statements

## EFG International consolidated entities

| Other loans - Gross carrying value                                    | Stage 1<br>CHF millions | Stage 2<br>CHF millions | Stage 3<br>CHF millions | Total<br>CHF millions |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
| <b>At 01 January 2020</b>   | <b>708.1</b>            | <b>98.1</b>             | <b>39.1</b>             | <b>845.3</b>          |
| 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)                  | <b>(561.7)</b>        |
| New financial assets originated or purchased                          | 379.1                   |                         |                         | <b>379.1</b>          |
| Write-offs  |                         |                         | (2.3)                   | <b>(2.3)</b>          |
| Other loans transferred to Other assets - Held-for-sale               | (16.4)                  | (0.3)                   |                         | <b>(16.7)</b>         |
| Exchange differences  | (4.0)                   | (2.0)                   | (2.0)                   | <b>(8.0)</b>          |
| <b>At 31 December 2020</b>  | <b>510.0</b>            | <b>62.7</b>             | <b>63.0</b>             | <b>635.7</b>          |
| Transfers:  |                         |                         |                         |                       |
| Transfer from Stage 1 to Stage 3                                      | (97.1)                  |                         | 97.1                    | -                     |
| Transfer from Stage 2 to Stage 3                                      |                         | (0.3)                   | 0.3                     | -                     |
| Transfer from Stage 2 to Stage 1                                      | 24.5                    | (24.5)                  |                         | -                     |
| Transfer from Stage 1 to Stage 2                                      | (69.5)                  | 69.5                    |                         | -                     |
| Financial assets derecognised during the period other than write-offs | (209.2)                 | (8.9)                   | (39.2)                  | <b>(257.3)</b>        |
| New financial assets originated or purchased                          | 381.6                   |                         |                         | <b>381.6</b>          |
| Amounts transferred to Other assets - Held-for-sale                   |                         | (2.6)                   |                         | <b>(2.6)</b>          |
| Exchange differences  | 0.9                     | 0.3                     | 0.5                     | <b>1.7</b>            |
| <b>At 31 December 2021</b>  | <b>541.2</b>            | <b>96.2</b>             | <b>121.7</b>            | <b>759.1</b>          |



| <b>Other loans - Loss allowance</b>                          | <b>Stage 1<br/>12-month<br/>ECL<br/>CHF millions</b> | <b>Stage 2<br/>Lifetime<br/>ECL<br/>CHF millions</b> | <b>Stage 3<br/>Lifetime<br/>ECL<br/>CHF millions</b> | <b>Total<br/>CHF millions</b> |
|--|--|--|--|-------------------------------|
| <b>At 01 January 2020</b>                                    | <b>1.3</b>   | <b>1.5</b>   | <b>5.3</b>   | <b>8.1</b>                    |
| <b>Movements with P&amp;L impact</b>                         |  |  |  |                               |
| 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  |  |  | <b>1.1</b>                    |
| Changes in PD/LGDs/EADs                                      | (0.5)  | (0.1)  | 2.4  | <b>1.8</b>                    |
| Exchange differences   |  | (0.1)  |  | <b>(0.1)</b>                  |
| <b>Total net P&amp;L charge during the period</b>            | <b>0.7</b>   | <b>(0.2)</b>   | <b>2.3</b>   | <b>2.8</b>                    |
| <b>Transfer from Stage 2 to Stage 3</b>                      |  | (0.1)  | 0.1  |                               |
| Loss allowance from other loans transferred to Held-for-sale | (0.2)  |  |  | <b>(0.2)</b>                  |
| Write-offs   |  |  | (2.3)  | <b>(2.3)</b>                  |
| <b>At 31 December 2020</b>                                   | <b>1.8</b>   | <b>1.2</b>   | <b>5.4</b>   | <b>8.4</b>                    |
| <b>Movements with P&amp;L impact</b>                         |  |  |  |                               |
| Transfers:   |  |  |  |                               |
| Transfer from Stage 1 to Stage 2                             |  |  |  | -                             |
| Transfer from Stage 1 to Stage 3                             |  |  |  | -                             |
| Transfer from Stage 2 to Stage 1                             | 1.2  | (1.2)  |  | -                             |
| New financial assets originated or purchased                 | 0.3  |  |  | <b>0.3</b>                    |
| Changes in PD/LGDs/EADs                                      | (1.9)  | 0.1  | 0.3  | <b>(1.5)</b>                  |
| Exchange differences   | 0.1  |  | (0.1)  | -                             |
| <b>Total net P&amp;L charge during the period</b>            | <b>(0.3)</b>   | <b>(1.1)</b>   | <b>0.2</b>   | <b>(1.2)</b>                  |
| Other movements with no P&L impact                           |  |  |  |                               |
| Transfer from Stage 2 to Stage 3                             |  |  |  | -                             |
| <b>At 31 December 2021</b>                                   | <b>1.5</b>   | <b>0.1</b>   | <b>5.6</b>   | <b>7.2</b>                    |

There were no purchased credit-impaired balances during the reporting period, nor were the terms of any contracts modified.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 9. Market risk

#### 9.1 Market risk measurement methodology

##### (a) Value at risk

The Value at risk (VaR) is an indicator used to estimate the maximum potential loss of a position, given predefined confidence interval and time horizon, under normal market conditions following adverse movements of markets parameters (interest rates, credit spreads and foreign currencies).

The VaR methodology applied in EFGI is based on a full revaluation historical approach based on 251 daily observations and considering a confidence interval of 99% and a time horizon of 10 days (VaR 10d / 99%).

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 forecasted 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.
- 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

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 are originated by positions 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 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
- Reverse stress test to examine vulnerabilities of the implemented models and risks embedded in EFGI's exposures

#### 9.2 Market risk mitigation

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.

#### 9.3 Market risk exposure

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 (interest rate risk view):

| Repricing gap by remaining contractual maturities      | Up to 3 months<br>CHF millions | 3–12 months<br>CHF millions | 1–5 years<br>CHF millions | Over 5 years<br>CHF millions | Non-interest bearing<br>CHF millions | Total<br>CHF millions |
|--|--------------------------------|-----------------------------|---------------------------|------------------------------|--------------------------------------|-----------------------|
| <b>As at 31 December 2021</b>                          |                                |                             |                           |                              |                                      |                       |
| <b>Assets</b>  |                                |                             |                           |                              |                                      |                       |
| Cash and balances with central banks                   | 9,801.5                        |                             |                           |                              |                                      | 9,801.5               |
| Treasury bills   | 608.3                          | 314.3                       | 529.0                     |                              |                                      | 1,451.6               |
| Due from other banks                                   | 2,331.0                        | 80.8                        | 150.4                     |                              |                                      | 2,562.2               |
| Loans and advances to customers                        | 14,175.2                       | 1,887.7                     | 2,079.3                   | 83.4                         |                                      | 18,225.6              |
| Derivative financial instruments                       | 973.6                          |                             |                           |                              |                                      | 973.6                 |
| Financial assets at fair value through profit and loss | 584.5                          | 346.5                       | 113.8                     | 82.3                         | 801.3                                | 1,928.4               |
| Investment securities                                  | 1,473.9                        | 940.4                       | 3,162.7                   | 357.5                        |                                      | 5,934.5               |
| <b>Total financial assets</b>                          | <b>29,948.0</b>                | <b>3,569.7</b>              | <b>6,035.2</b>            | <b>523.2</b>                 | <b>801.3</b>                         | <b>40,877.4</b>       |
| <b>Liabilities</b>                                     |                                |                             |                           |                              |                                      |                       |
| Due to other banks                                     | 555.5                          | 0.5                         |                           |                              |                                      | 556.0                 |
| Due to customers                                       | 7,560.9                        | 594.1                       | 89.8                      |                              | 24,272.0                             | 32,516.8              |
| Derivative financial instruments                       | 1,075.8                        |                             |                           |                              |                                      | 1,075.8               |
| Financial liabilities at fair value                    | 165.2                          | 1.3                         | 118.5                     | 211.7                        |                                      | 496.7                 |
| Financial liabilities at amortised cost                | 3,711.3                        | 226.6                       | 328.7                     | 60.4                         |                                      | 4,327.0               |
| Subordinated loans                                     |                                | 180.5                       |                           |                              |                                      | 180.5                 |
| <b>Total financial liabilities</b>                     | <b>13,068.7</b>                | <b>1,003.0</b>              | <b>537.0</b>              | <b>272.1</b>                 | <b>24,272.0</b>                      | <b>39,152.8</b>       |
| On-balance-sheet interest repricing gap                | 16,879.3                       | 2,566.7                     | 5,498.2                   | 251.1                        | (23,470.7)                           | 1,724.6               |
| Off-balance-sheet interest repricing gap               | 1,757.4                        | 54.3                        | (1,688.3)                 | (135.6)                      |                                      | (12.2)                |

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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 9.4 Value-at-risk trading and investment books

The following table presents the VaR (10d / 99%) attribution by interest rates risk, credit spread risk and currency risk:

| VaR by risk type   | Total VaR    | ... thereof                      |
|--------------------|--------------|----------------------------------|
| At 31 December     | CHF millions | Trading book VaR<br>CHF millions |
| <b>2021</b>        |              |                                  |
| Credit spread risk | 9.9          | 2.9                              |
| Interest rate risk | 20.7         | 0.5                              |
| Currency risk      | 0.4          | 0.4                              |
| <b>VaR</b>         | <b>31.0</b>  | <b>3.8</b>                       |
| <b>2020</b>        |              |                                  |
| Credit spread risk | 32.1         | 12.3                             |
| Interest rate risk | 7.5          | 2.9                              |
| Currency risk      | 0.6          | 0.6                              |
| <b>VaR</b>         | <b>40.2</b>  | <b>15.8</b>                      |

EFG International carries out foreign currency operations both for its clients, and for its own account. The aggregated foreign currency exposure was CHF 26.0 million.

Year 2020 was characterised by COVID crisis, where credit spreads increased materially while interest rates reached very low levels due to central banks accommodative policies.

### 9.5 Interest rate benchmark reform

The LIBOR transition was managed by EFG International over the past two years in a dedicated global project. The project has been finalised within regulatory timelines. There is no impact on financial performance and client contracts are fully transitioned to the new alternative reference rate. The global LIBOR project has achieved the following milestones in each entity:

- The LIBOR exposure in scope for the transition has been identified
- A dedicated communication strategy has informed all impacted clients of the transition
- In conformity to the regulatory guidelines, the suitable replacement for the IBOR has been identified
- All systems and processes have been enhanced/upgraded
- The essential internal training has been provided
- The issue of new LIBOR referencing instruments has been stopped as of 31 December 2021
- All legacy contracts have been converted/updated

EFG International has adhered to the ISDA or issuer transition protocol for IBOR-based contracts in the interbank market (bonds and interest rates swaps), mitigating any type of risk related to the IBOR discontinuation.

## 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 longevity risk which is the risk that the underlying insured 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

Expense risk 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 32 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

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 52 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<br>CHF millions | Net death benefits<br>CHF millions | Sensitivity to 3 months extension<br>in life expectancy |   |
|--|--------------------------------|------------------------------------|---|---|
|  |                                |                                    | Life insurance<br>CHF millions                          | Retirement benefit<br>obligations<br>CHF millions |
| <b>31 December 2021</b>                                |                                |                                    |   |   |
| <b>Assets</b>  |                                |                                    |   |   |
| Derivatives  | 34.1                           | 66.7                               | (0.2)   |   |
| Financial assets at fair value through profit and loss | 787.8                          | 1,413.6                            | (28.4)  |   |
| Other assets   | 72.0                           |                                    |   | 11.7  |
| <b>Liabilities</b>                                     |                                |                                    |   |   |
| Financial liabilities designated at fair value         | (163.2)                        | (243.9)                            | 4.1   |   |
| <b>31 December 2020</b>                                |                                |                                    |   |   |
| <b>Assets</b>  |                                |                                    |   |   |
| Derivatives  | 49.9                           | 81.2                               | (0.2)   |   |
| Financial assets at fair value through profit and loss | 894.7                          | 1,654.1                            | (33.9)  |   |
| <b>Liabilities</b>                                     |                                |                                    |   |   |
| Financial liabilities designated at fair value         | (175.4)                        | (262.6)                            | 4.5   |   |
| Other liabilities                                      | (118.7)                        |                                    |   | 12.8  |

### 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 and topical liquidity stress scenarios.

### 11.1 Liquidity risk mitigation

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.

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.

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.

### 11.2 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.

### 11.3 Financial liabilities cash flows

The following table 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.

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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

| Financial liabilities by remaining contractual maturities | Up to 1 month<br>CHF millions | 1-3 months<br>CHF millions | 3-12 months<br>CHF millions | 1-5 years<br>CHF millions | Over 5 years<br>CHF millions | Total<br>CHF millions |
|---|-------------------------------|----------------------------|-----------------------------|---------------------------|------------------------------|-----------------------|
| <b>31 December 2021</b>                                   |                               |                            |                             |                           |                              |                       |
| <b>Liabilities</b>  |                               |                            |                             |                           |                              |                       |
| Due to other banks  | 536.5                         | 19.0                       | 0.5                         |                           |                              | 556.0                 |
| Due to customers  | 30,447.9                      | 1,385.0                    | 594.1                       | 89.8                      |                              | 32,516.8              |
| Derivative financial instruments                          | 16,596.4                      | 10,803.2                   | 9,397.6                     | 2,110.5                   | 253.0                        | 39,160.7              |
| Financial liabilities at fair value                       | 156.7                         | 8.6                        | 1.3                         | 118.5                     | 211.7                        | 496.8                 |
| Other financial liabilities                               | 1,910.7                       | 1,800.6                    | 226.6                       | 328.7                     | 60.4                         | 4,327.0               |
| Subordinated loans  |                               |                            | 180.5                       |                           |                              | 180.5                 |
| <b>Total financial liabilities</b>                        | <b>49,648.2</b>               | <b>14,016.4</b>            | <b>10,400.6</b>             | <b>2,647.5</b>            | <b>525.1</b>                 | <b>77,237.8</b>       |
| <b>Total off-balance-sheet</b>                            | <b>30.0</b>                   | <b>30.2</b>                | <b>143.1</b>                | <b>167.7</b>              | <b>111.0</b>                 | <b>482.0</b>          |

| Financial liabilities by remaining contractual maturities | Up to 1 month<br>CHF millions | 1-3 months<br>CHF millions | 3-12 months<br>CHF millions | 1-5 years<br>CHF millions | Over 5 years<br>CHF millions | Total<br>CHF millions |
|---|-------------------------------|----------------------------|-----------------------------|---------------------------|------------------------------|-----------------------|
| <b>31 December 2020</b>                                   |                               |                            |                             |                           |                              |                       |
| <b>Liabilities</b>  |                               |                            |                             |                           |                              |                       |
| 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                 |
| <b>Total financial liabilities</b>                        | <b>44,808.2</b>               | <b>15,489.7</b>            | <b>7,958.8</b>              | <b>3,379.9</b>            | <b>638.6</b>                 | <b>72,275.2</b>       |
| <b>Total off-balance-sheet</b>                            | <b>52.8</b>                   | <b>102.7</b>               | <b>206.3</b>                | <b>127.4</b>              | <b>932.8</b>                 | <b>1,422.0</b>        |

For more detailed information on off-balance-sheet exposures by maturity, refer to note 59.

## 12. Capital management

The Group's objectives when managing regulatory capital are 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 2021 on the Group website by 30 April 2022, 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, additional equity components 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.

include amounts in respect of credit risk, market risk, non-counterparty-related risk, settlement risk, and operational risk.

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

The following table summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December 2021 and 2020.

|   | <b>Basel III – Fully applied<br/>Swiss GAAP</b>        |   |
|---|--|---|
|   | <b>31 December 2021<br/>Unaudited<br/>CHF millions</b> | 31 December 2020<br>Unaudited<br>CHF millions |
| <b>Tier 1 capital</b>   |  |   |
| Issued fully paid-up capital, fully eligible  | 152.0  | 148.1   |
| Capital reserves  | 2,032.2  | 1,875.5                                       |
| Retained earnings   | (343.8)  | (177.2)                                       |
| Minority interests  | 42.0   | 43.0  |
| <b>Swiss GAAP: Total shareholders' equity</b>   | <b>1,882.4</b>   | 1,889.4                                       |
| Less: Proposed dividend on Ordinary Shares  | (109.4)  | (88.8)  |
| Less: Goodwill (net of acquisition-related liabilities) and intangibles                                 | (20.3)   | (45.3)  |
| Less: Bons de Participation (included in Additional Tier 1)   | (13.6)   | (14.5)  |
| Less: Other Basel III deductions  | (123.9)  | (137.2)                                       |
| <b>Common Equity Tier 1 (CET1)</b>  | <b>1,615.2</b>   | 1,603.6                                       |
| Additional Tier 1   | 375.5  | 14.5  |
| <b>Total qualifying Tier 1 capital</b>  | <b>1,990.7</b>   | 1,618.1                                       |
| <b>Tier 2 capital</b>   |  |   |
| Subordinated loan   | 180.5  | 351.3   |
| <b>Total regulatory capital</b>   | <b>2,171.2</b>   | 1,969.4                                       |
| <b>Risk-weighted assets</b>   |  |   |
| Credit risk including settlement risk and credit value adjustment                                       | 7,123.6  | 6,963.3                                       |
| Market risk*  | 769.2  | 977.5   |
| Operational risk*   | 2,025.6  | 1,978.0                                       |
| <b>Total risk-weighted assets</b>   | <b>9,918.4</b>   | 9,918.8                                       |
|   | <b>31 December 2021<br/>Unaudited</b>                  | 31 December 2020<br>Unaudited                 |
|   | %  | %   |
| <b>Basel III – FINMA CET1 Ratio<br/>(after deducting proposed dividend on Ordinary Shares)</b>          | <b>16.3</b>  | 16.2  |
| <b>Basel III – FINMA Total Capital Ratio<br/>(after deducting proposed dividend on Ordinary Shares)</b> | <b>21.9</b>  | 19.9  |

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

# Notes to the consolidated financial statements

## EFG International consolidated entities

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<br>Swiss GAAP       |   |
|---|---|---|
|   | 31 December 2021<br>Unaudited<br>CHF millions | 31 December 2020<br>Unaudited<br>CHF millions |
| On-balance sheet exposure (excluding derivatives and other adjustments) | 41,149.4                                      | 30,916.7                                      |
| Derivative exposures (including add-ons)                                | 1,686.5                                       | 1,680.8                                       |
| Securities financing transactions                                       | 306.0   | 1,739.5                                       |
| Other off-balance sheet exposures                                       | 258.9   | 248.9   |
| <b>Total exposure</b>   | <b>43,400.8</b>                               | <b>34,585.9</b>                               |
| <b>Total qualifying Tier 1 capital</b>                                  | <b>1,990.7</b>                                | <b>1,618.1</b>                                |
| <b>Basel III – FINMA Leverage Ratio</b>                                 | <b>4.6%</b>                                   | <b>4.7%</b>                                   |

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.

### 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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| Banks and customers                       | 315.9                            | 378.2                            |
| Investment securities                     | 69.4                             | 89.5                             |
| Treasury bills and other eligible bills   | 4.1                              | 8.7                              |
| <b>Total interest and discount income</b> | <b>389.4</b>                     | 476.4                            |
| Banks and customers                       | (93.4)                           | (117.3)                          |
| Financial liabilities at amortised cost   | (23.8)                           | (38.5)                           |
| Lease liabilities                         | (2.6)                            | (1.4)                            |
| Subordinated loans                        | (10.3)                           | (19.3)                           |
| <b>Total interest expense</b>             | <b>(130.1)</b>                   | (176.5)                          |
| <b>Net interest income</b>                | <b>259.3</b>                     | 299.9                            |

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 28.2 million in the year end 31 December 2021 (2020: CHF 25.5 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

|   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| Advisory and management fees                  | 473.6                            | 362.3                            |
| Brokerage fees                                | 269.8                            | 253.5                            |
| Commission and fee income on other services   | 343.5                            | 218.8                            |
| <b>Banking fee and commission income</b>      | <b>1,086.9</b>                   | <b>834.6</b>                     |
| Commission and fee expenses on other services | (330.4)                          | (178.9)                          |
| <b>Banking fee and commission expense</b>     | <b>(330.4)</b>                   | <b>(178.9)</b>                   |
| <b>Net banking fee and commission income</b>  | <b>756.5</b>                     | <b>655.7</b>                     |

### 15. Dividend income

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Financial assets at fair value through profit and loss | 1.8                              | 2.1                              |
| <b>Dividend income</b>                                 | <b>1.8</b>                       | <b>2.1</b>                       |

### 16. Net trading income and foreign exchange gains less losses

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Result of currency and precious metal operations                 | 122.3                            | 103.9                            |
| Client option premiums   | 10.9                             | 34.7                             |
| <b>Net trading income and foreign exchange gains less losses</b> | <b>133.2</b>                     | <b>138.6</b>                     |

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 and details of changes in valuation of level 3 assets are set out in note 42.

|   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| <b>Financial instruments measured at fair value</b>                                 |                                  |                                  |
| Equity securities   | 3.3                              | 2.9                              |
| Life insurance securities   | 67.4                             | 18.9                             |
| Other   | 9.5                              | (2.5)                            |
| <b>Fair value gains less losses on financial instruments measured at fair value</b> | <b>80.2</b>                      | <b>19.3</b>                      |

## 18. Gains less losses on disposal of investment securities

|   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| Debt securities   | (6.3)                            | 6.8                              |
| <b>Gains less losses on disposal of investment securities</b> | <b>(6.3)</b>                     | <b>6.8</b>                       |

## 19. Other operating income

|                               | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|-------------------------------|----------------------------------|----------------------------------|
| Other profits                 | 36.9                             | 49.0                             |
| Other losses                  | (7.0)                            | (40.8)                           |
| <b>Other operating income</b> | <b>29.9</b>                      | <b>8.2</b>                       |

Other profits include CHF 5.6 million related to the sale of a business in Switzerland that was completed on 31 March 2021 (see note 41). The sale price of CHF 111.1 million was composed by loans of CHF 422.2 million and deposits of CHF 319.3 million that have been transferred to the buyer, as well as other intangible assets of CHF 2.6 million that have been disposed of.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 20. Operating expenses

|   | Note | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|------|----------------------------------|----------------------------------|
| Staff costs                                   | 21   | (691.0)                          | (675.0)                          |
| Professional services                         |      | (30.7)                           | (34.6)                           |
| Advertising and marketing                     |      | (8.9)                            | (8.3)                            |
| Administrative expenses                       |      | (79.8)                           | (82.1)                           |
| Depreciation of property, plant and equipment | 36   | (13.4)                           | (12.4)                           |
| Depreciation of right-of-use assets           | 36   | (40.1)                           | (39.7)                           |
| Amortisation of intangible assets             |      |                                  |                                  |
| Computer software and licences                | 37   | (17.3)                           | (12.5)                           |
| Other intangible assets                       | 37   | (11.5)                           | (12.4)                           |
| Legal and litigation expenses                 |      | (29.1)                           | (34.3)                           |
| Other   |      | (46.1)                           | (40.2)                           |
| <b>Operating expenses</b>                     |      | <b>(967.9)</b>                   | <b>(951.5)</b>                   |

## 21. 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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|-----------------------------------|------|----------------------------------|----------------------------------|
| Wages, salaries and staff bonuses |      | (556.7)                          | (543.7)                          |
| Social security costs             |      | (51.8)                           | (50.3)                           |
| Pension costs                     |      |                                  |                                  |
| Retirement benefits               | 52   | (3.1)                            | (18.2)                           |
| Other net pension costs           |      | (10.3)                           | (9.0)                            |
| Employee equity incentive plans   | 63   | (26.8)                           | (18.4)                           |
| Other                             |      | (42.3)                           | (35.4)                           |
| <b>Staff costs</b>                |      | <b>(691.0)</b>                   | <b>(675.0)</b>                   |

As at 31 December 2021, the number of full-time equivalent employees (FTEs) of the Group was 3,027 (2020: 3,149) and the average for the year was 3,088 (2020: 3,231). The FTEs not

in their notice period at 31 December 2021 was 2,932 (2020: 3,073).

## 22. Loss allowances expense

For accounting principles and basis for calculating expected credit losses, see note 6.

Loss allowances expense includes all expected credit losses movements with an income statement impact:

|   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| Change in loss allowance on lombard loans           | 71.7                             | 1.7                              |
| Change in loss allowance on other loans             | 1.2                              | (2.9)                            |
| Change in loss allowance on mortgages               | (0.3)                            | (0.5)                            |
| Change in loss allowance on investment securities   |                                  | 0.2                              |
| Change in loss allowance on off-balance sheet items | 0.1                              | 0.2                              |
| <b>Total loss allowances expense</b>                | <b>72.7</b>                      | <b>(1.3)</b>                     |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 23. 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 'Investment securities', 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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---------------------------------|------|----------------------------------|----------------------------------|
| Current tax expense             |      | (23.8)                           | (27.9)                           |
| Deferred income tax expense     | 39   | (7.7)                            | (2.6)                            |
| <b>Total income tax expense</b> |      | <b>(31.5)</b>                    | <b>(30.5)</b>                    |



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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Operating profit before tax                                    | 245.4                            | 152.3                            |
| Tax at the weighted average applicable rate of 19% (2020: 19%) | (46.6)                           | (28.9)                           |
| Tax effect of:   |                                  |                                  |
| Unrecognised tax losses carried forward for the year           | (4.9)                            | (8.3)                            |
| Profit not subject to tax                                      | 7.0                              | 5.4                              |
| Different tax rates in different countries                     | (0.8)                            | 0.4                              |
| Prior year losses recognised                                   | 3.7                              |                                  |
| Utilisation of tax losses carried forward                      | 7.6                              |                                  |
| Release of prior years tax over-provisions                     | 3.0                              |                                  |
| Other differences  | (0.5)                            | 0.9                              |
| <b>Total income tax expense</b>                                | <b>(31.5)</b>                    | <b>(30.5)</b>                    |

The weighted average tax rate of 19% (2020: 19%) is based on the operating entities' local tax rates relative to the taxable income in these jurisdictions.

## 24. Basic and diluted earnings per ordinary share

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Net profit for the year attributable to equity holders of the Group  | 205.8                            | 115.3                            |
| Dividend on Bons de Participation                                    |                                  |                                  |
| Estimated distribution on additional equity components               | (19.1)                           |                                  |
| <b>Net profit for the year attributable to ordinary shareholders</b> | <b>186.7</b>                     | <b>115.3</b>                     |
| Weighted average number of ordinary shares ('000s of shares)         | 299,231                          | 293,577                          |
| <b>Basic earnings per ordinary share (CHF)</b>                       | <b>0.62</b>                      | <b>0.39</b>                      |
| Diluted-weighted average number of ordinary shares ('000s of shares) | 316,296                          | 310,241                          |
| <b>Diluted earnings per ordinary share (CHF)</b>                     | <b>0.59</b>                      | <b>0.37</b>                      |

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 934,391 (2020: 4,222,573).

For the purpose of the calculation of earnings per ordinary share, net profit for the period attributable to ordinary shareholders has been adjusted by an estimated accrued

distribution of 5.5% p.a. on the additional equity components, and an accrued dividend on the Bons de Participation. The latter accrual has been computed by using a dividend rate from 01 January 2021 until 30 April 2021 of 0.0% and from 01 May 2021 until 30 October 2021 at a rate of 0.321%.

# Notes to the consolidated financial statements

## EFG International consolidated entities

The Group issued in 2021 restricted stock units related to 5,878,525 (2020: 6,697,707) 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 63.

### 25. 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 & Middle East
- 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, FTEs, Client Relationship Officers, Revenues or other drivers as applicable).

Refer to note 66 for the definition of Assets under Management.



# Notes to the consolidated financial statements

## EFG International consolidated entities

| CHF millions  | Private Banking and Wealth Management |                                  |               |                |
|---|---------------------------------------|----------------------------------|---------------|----------------|
|   | Switzerland & Italy                   | Continental Europe & Middle East | Americas      | United Kingdom |
| <b>At 31 December 2021</b>  |                                       |                                  |               |                |
| Segment revenue   | 295.7                                 | 208.4                            | 79.5          | 145.4          |
| Segment expenses  | (238.7)                               | (182.5)                          | (86.3)        | (127.3)        |
| Tangible assets and software depreciation                             | (7.3)                                 | (7.8)                            | (2.0)         | (3.7)          |
| <b>Total operating margin</b>   | <b>49.7</b>                           | <b>18.1</b>                      | <b>(8.8)</b>  | <b>14.4</b>    |
| Cost to acquire intangible assets and impairment of intangible assets | (0.4)                                 | (0.6)                            |               |                |
| Provisions  | (11.1)                                | 0.1                              | (1.3)         |                |
| Loss allowances gains/(losses)  | (0.1)                                 | (0.7)                            | (0.3)         | 1.2            |
| <b>Segment profit/(loss) before tax</b>                               | <b>38.1</b>                           | <b>16.9</b>                      | <b>(10.4)</b> | <b>15.6</b>    |
| Income tax expense  | (5.7)                                 | (2.5)                            | 1.6           | (2.4)          |
| <b>Profit/(loss) for the year</b>                                     | <b>32.4</b>                           | <b>14.4</b>                      | <b>(8.8)</b>  | <b>13.2</b>    |
| Assets under Management   | 46,124                                | 37,343                           | 17,057        | 25,170         |
| Employees (FTEs) *  | 325                                   | 377                              | 143           | 185            |

| CHF millions  | Private Banking and Wealth Management |                                  |            |                |
|---|---------------------------------------|----------------------------------|------------|----------------|
|   | Switzerland & Italy                   | Continental Europe & Middle East | Americas   | United Kingdom |
| <b>At 31 December 2020</b>  |                                       |                                  |            |                |
| 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)          |
| <b>Total operating margin</b>   | <b>39.2</b>                           | <b>(0.4)</b>                     | <b>2.9</b> | <b>19.1</b>    |
| Cost to acquire intangible assets and impairment of intangible assets | (0.3)                                 | (1.7)                            |            |                |
| Provisions  | (10.1)                                | (4.4)                            |            | (2.1)          |
| Loss allowances gains/(losses)  | 0.7                                   |                                  | (0.5)      | (0.7)          |
| <b>Segment profit/(loss) before tax</b>                               | <b>29.5</b>                           | <b>(6.5)</b>                     | <b>2.5</b> | <b>16.3</b>    |
| Income tax expense  | (4.8)                                 | 1.0                              | (0.4)      | (2.6)          |
| <b>Profit/(loss) for the year</b>                                     | <b>24.7</b>                           | <b>(5.4)</b>                     | <b>2.1</b> | <b>13.6</b>    |
| Assets under Management   | 43,433                                | 35,017                           | 14,913     | 21,656         |
| Employees (FTEs) *  | 335                                   | 423                              | 130        | 203            |

\*Excluding FTEs on notice or in social plan as at year end.

|              |       | Investment &<br>Wealth Solutions | Global Markets<br>& Treasury | Corporate   | Eliminations | Total        |         |
|--------------|-------|----------------------------------|------------------------------|-------------|--------------|--------------|---------|
| Asia Pacific | Total |                                  |                              |             |              |              |         |
|              |       | 178.9                            | 150.8                        | 114.9       | 81.0         | 1,254.6      |         |
|              |       | (139.5)                          | (87.2)                       | (38.9)      | (25.3)       | (925.7)      |         |
|              |       | (5.2)                            | (3.7)                        | (2.9)       | 2.1          | (30.5)       |         |
|              |       | <b>34.2</b>                      | <b>59.9</b>                  | <b>73.1</b> | <b>57.8</b>  | <b>298.4</b> |         |
|              |       | (0.3)                            |                              |             | (10.4)       | (11.7)       |         |
|              |       |                                  | (12.3)                       | (0.8)       | (100.9)      | (114.0)      |         |
|              |       | 0.1                              | 0.2                          | (2.9)       | 75.4         | 72.7         |         |
|              |       | <b>34.0</b>                      | <b>94.2</b>                  | <b>59.1</b> | <b>70.2</b>  | <b>245.4</b> |         |
|              |       | (5.1)                            | (14.1)                       | (8.9)       | (10.6)       | (31.5)       |         |
|              |       | <b>28.9</b>                      | <b>80.1</b>                  | <b>50.2</b> | <b>59.6</b>  | <b>213.9</b> |         |
|              |       | 33,459                           | 159,153                      | 52,608      | 21           | (39,823)     | 171,959 |
|              |       | 301                              | 1,331                        | 269         | 85           | 1,247        | 2,932   |

|      |       | Investment &<br>Wealth Solutions | Global Markets<br>& Treasury | Corporate    | Eliminations  | Total         |               |
|------|-------|----------------------------------|------------------------------|--------------|---------------|---------------|---------------|
| Asia | Total |                                  |                              |              |               |               |               |
|      |       | 161.4                            | 130.8                        | 162.5        | (12.7)        | 1,130.6       |               |
|      |       | (136.4)                          | (96.7)                       | (50.5)       | (18.7)        | (914.2)       |               |
|      |       | (3.6)                            | (19.4)                       | (2.4)        | (3.0)         | (24.9)        |               |
|      |       | <b>21.4</b>                      | <b>82.2</b>                  | <b>31.8</b>  | <b>109.0</b>  | <b>(31.5)</b> | <b>-</b>      |
|      |       | (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           | (1.3)         |               |
|      |       | 20.0                             | 61.8                         | 30.9         | 109.9         | (50.2)        | 152.4         |
|      |       | <b>(3.2)</b>                     | <b>(10.0)</b>                | <b>(5.0)</b> | <b>(17.7)</b> | <b>2.1</b>    | <b>(30.5)</b> |
|      |       | <b>16.8</b>                      | <b>51.8</b>                  | <b>25.9</b>  | <b>92.2</b>   | <b>(48.1)</b> | <b>-</b>      |
|      |       | 31,285                           | 146,304                      | 45,772       | 2,216         | (35,525)      | 158,767       |
|      |       | 286                              | 1,377                        | 281          | 87            | 1,328         | 3,073         |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 26. Analysis of Swiss and foreign income and expenses

|  | Swiss<br>CHF millions | Foreign<br>CHF millions | Total<br>CHF millions |
|--|-----------------------|-------------------------|-----------------------|
| <b>Year ended 31 December 2021</b>                     |                       |                         |                       |
| <b>Operating income</b>                                | <b>594.1</b>          | <b>660.5</b>            | <b>1,254.6</b>        |
| Operating expenses                                     | (452.9)               | (515.0)                 | (967.9)               |
| Provisions   | (17.3)                | (96.7)                  | (114.0)               |
| Loss allowances expense                                | 4.0                   | 68.7                    | 72.7                  |
| <b>Profit before tax</b>                               | <b>127.9</b>          | <b>117.5</b>            | <b>245.4</b>          |
| Income tax expense                                     | (12.0)                | (19.5)                  | (31.5)                |
| <b>Net profit for the year</b>                         | <b>115.9</b>          | <b>98.0</b>             | <b>213.9</b>          |
| <b>Net profit for the period attributable to:</b>      |                       |                         |                       |
| Net profit attributable to equity holders of the Group | 115.9                 | 89.9                    | 205.8                 |
| Net profit attributable to non-controlling interests   |                       | 8.1                     | 8.1                   |
|  | <b>115.9</b>          | <b>98.0</b>             | <b>213.9</b>          |

|  | Swiss<br>CHF millions | Foreign<br>CHF millions | Total<br>CHF millions |
|--|-----------------------|-------------------------|-----------------------|
| <b>Year ended 31 December 2020</b>                     |                       |                         |                       |
| <b>Operating income</b>                                | <b>536.2</b>          | <b>594.4</b>            | <b>1,130.6</b>        |
| Operating expenses                                     | (458.4)               | (493.1)                 | (951.5)               |
| Provisions   | (19.4)                | (6.1)                   | (25.5)                |
| Loss allowances expense                                | (12.9)                | 11.6                    | (1.3)                 |
| <b>Profit before tax</b>                               | <b>45.5</b>           | <b>106.8</b>            | <b>152.3</b>          |
| Income tax expense                                     | (8.7)                 | (21.8)                  | (30.5)                |
| <b>Net profit for the year</b>                         | <b>36.8</b>           | <b>85.0</b>             | <b>121.8</b>          |
| <b>Net profit for the period attributable to:</b>      |                       |                         |                       |
| 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                   |
|  | <b>36.8</b>           | <b>85.0</b>             | <b>121.8</b>          |

## 27. Cash and balances with central banks

|   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| Cash in hand                                | 53.3                             | 65.5                             |
| Balances with central banks                 | 9,748.2                          | 8,577.4                          |
| <b>Cash and balances with central banks</b> | <b>9,801.5</b>                   | <b>8,642.9</b>                   |

## 28. 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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Cash and balances with central banks                             | 9,801.5                          | 8,642.9                          |
| Treasury bills and other eligible bills                          | 601.4                            | 799.7                            |
| Due from other banks – at sight                                  | 1,184.6                          | 1,489.0                          |
| Due from other banks – at term                                   | 1,067.0                          | 1,022.1                          |
| <b>Cash and cash equivalents with less than 90 days maturity</b> | <b>12,654.5</b>                  | <b>11,953.7</b>                  |

## 29. Treasury bills and other eligible bills

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Treasury bills - with maturity of less than 90 days                            | 601.4                            | 799.7                            |
| Treasury bills - with maturity of more than 90 days                            | 851.4                            | 227.2                            |
| <b>Treasury bills and other eligible bills</b>                                 | <b>1,452.8</b>                   | <b>1,026.9</b>                   |
| <i>Pledged treasury bills with central banks and clearing system companies</i> | –                                | –                                |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 30. Due from other banks

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| At sight                                     | 1,184.7                          | 1,489.0                          |
| At term – with maturity of less than 90 days | 1,067.0                          | 1,022.1                          |
| At term – with maturity of more than 90 days | 310.7                            | 586.0                            |
| Less: Loss allowance                         | (0.1)                            | (0.1)                            |
| <b>Due from other banks</b>                  | <b>2,562.3</b>                   | <b>3,097.0</b>                   |
| <i>Pledged due from other banks</i>          | 282.7                            | 437.6                            |



## 31. 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.

### 31.2 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 a 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

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 2021                      |  | 31 December 2020                      |  |
|---|---------------------------------------|--|---------------------------------------|--|
|   | Fair values<br>Assets<br>CHF millions | Fair values<br>Liabilities<br>CHF millions | Fair values<br>Assets<br>CHF millions | Fair values<br>Liabilities<br>CHF millions |
| <b>Derivatives held for trading</b>                         |                                       |  |                                       |  |
| Currency and precious metal derivatives                     |                                       |  |                                       |  |
| Forward contracts   | 24.7                                  | 15.5                                       | 27.8                                  | 27.2                                       |
| Currency swaps  | 196.8                                 | 222.9                                      | 307.4                                 | 426.8                                      |
| OTC currency options  | 47.7                                  | 43.8                                       | 82.8                                  | 82.8                                       |
|   | <b>269.2</b>                          | <b>282.2</b>                               | 418.0                                 | 536.8                                      |
| Interest rate derivatives                                   |                                       |  |                                       |  |
| Interest rate swaps   | 12.1                                  | 13.8                                       | 22.2                                  | 29.8                                       |
| OTC interest rate options                                   | 0.3                                   |  | 1.5                                   | 1.2  |
| Interest rate futures                                       |                                       | 6.1  |                                       | 0.1  |
|   | <b>12.4</b>                           | <b>19.9</b>                                | 23.7                                  | 31.1                                       |
| Other derivatives   |                                       |  |                                       |  |
| Equity options and index futures                            | 610.5                                 | 722.8                                      | 640.6                                 | 706.8                                      |
| Credit default swaps  | 12.7                                  | 17.1                                       | 12.8                                  | 19.2                                       |
| Total return swaps  | 34.1                                  |  | 49.9                                  |  |
| Commodity options and futures                               | 2.2                                   | 2.2  | 6.8                                   | 6.8  |
|   | <b>659.5</b>                          | <b>742.1</b>                               | 710.1                                 | 732.8                                      |
| <b>Total derivative assets/liabilities held for trading</b> | <b>941.1</b>                          | <b>1,044.2</b>                             | 1,151.8                               | 1,300.7                                    |
| <b>Derivatives held for hedging</b>                         |                                       |  |                                       |  |
| Derivatives designated as fair value hedges                 |                                       |  |                                       |  |
| Cross currency swap   |                                       | 1.5  | 0.5                                   | 0.6  |
| Interest rate swaps   | 32.5                                  | 30.1                                       | 2.0                                   | 76.2                                       |
| Interest rate futures                                       |                                       |  | 0.4                                   | 1.2  |
| <b>Total derivative assets/liabilities held for hedging</b> | <b>32.5</b>                           | <b>31.6</b>                                | 2.9                                   | 78.0                                       |
| <b>Total derivative assets/liabilities</b>                  | <b>973.6</b>                          | <b>1,075.8</b>                             | 1,154.7                               | 1,378.7                                    |

### 31.3 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

31 December 2021

|                           | Notional amount of hedging item<br>CHF millions | Fair value of assets<br>CHF millions | Fair value liabilities<br>CHF millions | Balance sheet line item | Change in fair value used for hedge ineffectiveness<br>CHF millions |
|---------------------------|---|--------------------------------------|--|-------------------------|---|
| <b>Fair value hedge</b>   |   |                                      |  |                         |   |
| Cross currency swaps      | 36.8  |                                      | 1.5                                    | Derivatives             | (2.0)   |
| Interest rate swaps       | 2,650.4   | 32.5                                 | 30.1                                   | Derivatives             | 65.5  |
| <b>Total hedging item</b> | <b>2,687.2</b>                                  | <b>32.5</b>                          | <b>31.6</b>                            |                         | <b>63.5</b>   |

|                          | Carrying amount of hedged assets<br>CHF millions | Carrying amount of hedged liabilities<br>CHF millions | Fair value adjustments on the hedged item<br>CHF millions | Balance sheet line item | Change in fair value for hedge ineffectiveness<br>CHF millions |
|--------------------------|--|---|---|-------------------------|--|
| <b>Fair value hedge</b>  |  |   |   |                         |  |
| Fixed rate bonds         | 2,646.3  |   | (32.1)  | Investment securities   | (63.5)   |
| <b>Total hedged item</b> | <b>2,646.3</b>                                   | <b>–</b>  | <b>(32.1)</b>   |                         | <b>(63.5)</b>  |

31 December 2020

|                           | Notional amount of hedging item<br>CHF millions | Fair value of assets<br>CHF millions | Fair value liabilities<br>CHF millions | Balance sheet line item | Change in fair value for hedge ineffectiveness<br>CHF millions |
|---------------------------|---|--------------------------------------|--|-------------------------|--|
| <b>Fair value hedge</b>   |   |                                      |  |                         |  |
| 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)   |
| <b>Total hedging item</b> | <b>2,405.4</b>                                  | <b>2.4</b>                           | <b>76.8</b>                            |                         | <b>(26.9)</b>  |

|                          | Carrying amount of hedged assets<br>CHF millions | Carrying amount of hedged liabilities<br>CHF millions | Fair value adjustments on the hedged item<br>CHF millions | Balance sheet line item | Change in fair value for hedge ineffectiveness<br>CHF millions |
|--------------------------|--|---|---|-------------------------|--|
| <b>Fair value hedge</b>  |  |   |   |                         |  |
| Fixed rate bonds         | 2,478.8  |   | 49.4  | Investment securities   | 26.9   |
| <b>Total hedged item</b> | <b>2,478.8</b>                                   | <b>–</b>  | <b>49.4</b>   |                         | <b>26.9</b>  |

### 31.4 Net investment hedges

The Group has designated an intra-Group loan of GBP 66.6 million made to EFG Private Bank Ltd, London as a net investment hedge for the equity in banking subsidiaries. The

gains and losses from revaluation of this loan is taken through other comprehensive income and is determined as follows:

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Change in net investment hedges denominated in GBP | 1.9                              | (4.9)                            |
| <b>Change in net investment hedge valuation</b>    | <b>1.9</b>                       | <b>(4.9)</b>                     |

### 32. 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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|--|----------------------------------|----------------------------------|
| Issued by non-public issuers: Banks                  |  | 134.8                            | 322.7                            |
| Issued by non-public issuers: Other                  |  | 884.7                            | 914.8                            |
| Issued by other issuers: US life insurance companies |  | 787.8                            | 894.7                            |
| <b>Total</b>   |  | <b>1,807.3</b>                   | <b>2,132.2</b>                   |

The movement in the account is as follows:

|   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| <b>At 01 January</b>                          | <b>2,132.3</b>                   | 2,399.7                          |
| Additions                                     | 424.7                            | 625.4                            |
| Disposals (sale and maturity)                 | (692.1)                          | (696.1)                          |
| Transfer to other assets                      | -                                | (97.6)                           |
| Net (losses)/gains from changes in fair value | (78.6)                           | (1.1)                            |
| Exchange differences                          | 21.0                             | (98.1)                           |
| <b>At 31 December</b>                         | <b>1,807.3</b>                   | <b>2,132.2</b>                   |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### Pledged assets

The Group has pledged financial investment securities as collateral for CHF 53.5 million (2020: CHF 43.7 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 146.7 million (2020: CHF 149.4 million) related to the Group's financial liabilities at fair value. See note 47.

### Life insurance related assets

The Group holds the following life insurance related financial assets and liabilities as at 31 December 2021:

| Classification  | 31 December 2021                          |  |                                     |  |  |              |
|---|---|--|-------------------------------------|--|--|--------------|
|   | 31 December 2021<br>Number of<br>insureds | 31 December 2021<br>Average Age<br>Years | Average Life<br>Expectancy<br>Years | 31 December 2021<br>Net death benefits<br>CHF millions | 31 December 2021<br>Fair value<br>CHF millions |              |
| Financial asset at fair value through profit and loss | Physical policies                         | 227                                      | 91.9                                | 4.1  | 1,413.6  | 787.8        |
| Derivative financial instruments                      | Synthetic policies                        | 65                                       | 90.5                                | 4.8  | 66.7   | 34.1         |
| Financial liabilities designated at fair value        | Synthetic policies                        | (54)                                     | (89.4)                              | (5.0)  | (243.9)  | (163.2)      |
| <b>Total</b>  |   | <b>238</b>                               |                                     |  | <b>1,236.4</b>                                 | <b>658.7</b> |

| Classification  | 31 December 2020                          |  |   |  |  |              |
|---|---|--|---|--|--|--------------|
|   | 31 December 2020<br>Number of<br>insureds | 31 December 2020<br>Average Age<br>Years | 31 December 2020<br>Average Life<br>Expectancy<br>Years | 31 December 2020<br>Net death benefits<br>CHF millions | 31 December 2020<br>Fair value<br>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)      |
| <b>Total</b>  |   | <b>287</b>                               |   |  | <b>1,472.7</b>                                 | <b>769.2</b> |

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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 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%                | +1%         | -3 months     | +3 months   | -5%               | +5%         |               |
|  | CHF                | CHF         | CHF           | CHF         | CHF               | CHF         |               |
|  | millions           | millions    | millions      | millions    | millions          | millions    |               |
| <b>Life settlement sensitivities</b>           |                    |             |               |             |                   |             |               |
| Financial assets at fair value                 |                    |             |               |             |                   |             |               |
|  | Physical policies  | 46.7        | (42.4)        | 29.1        | (28.4)            | 25.4        | (25.4)        |
| Derivative financial instruments               | Synthetic policies | 1.6         | (1.4)         | 0.1         | (0.2)             |             |               |
| Financial liabilities designated at fair value | Synthetic policies | (8.3)       | 7.6           | (4.1)       | 4.1               |             |               |
| <b>Profit and loss sensitivity</b>             |                    | <b>40.0</b> | <b>(36.2)</b> | <b>25.1</b> | <b>(24.5)</b>     | <b>25.4</b> | <b>(25.4)</b> |

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 54.7 million (2020: CHF 102.5 million).

The impact of counterparty credit risk for a two-notch downgrade would be CHF 3.8 million (2020: CHF 5.2 million) decrease in fair value.



### 33. Investment securities

Accounting principles are set out in note 42.

|                       |   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|-----------------------|---|----------------------------------|----------------------------------|
| Debt securities       | Held to collect                               | 45.2                             |                                  |
| Debt securities       | Fair value through other comprehensive income | 5,832.0                          | 4,947.3                          |
| Equity instruments    | Fair value through other comprehensive income | 0.6                              | 5.7                              |
| <b>At 31 December</b> |   | <b>5,877.8</b>                   | <b>4,953.0</b>                   |

The following table presents the split by issuer and respective loss allowances (ECL):

|                     | 31 December 2021                |                                | 31 December 2020                |                                |
|---------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
|                     | Carrying amount<br>CHF millions | Loss allowance<br>CHF millions | Carrying amount<br>CHF millions | Loss allowance<br>CHF millions |
| Government          | 3,254.3                         | 0.2                            | 2,275.1                         | 0.2                            |
| Banks               | 2,365.1                         | 0.1                            | 2,183.6                         | 0.1                            |
| Other issuers       | 257.8                           |                                | 488.6                           |                                |
| Equity instruments* | 0.6                             |                                | 5.7                             |                                |
| <b>Total</b>        | <b>5,877.8</b>                  | <b>0.3</b>                     | <b>4,953.0</b>                  | <b>0.3</b>                     |

\* The equity instruments represent a holding in an entity currently in liquidation. The Group has received no dividend income on this position.

### 34. Loans and advances to customers

Accounting principles are set out in note 42.

|  | Note | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|------|----------------------------------|----------------------------------|
| Mortgages                              |      | 5,796.5                          | 5,682.4                          |
| Lombard loans                          |      | 11,686.9                         | 12,003.2                         |
| Other loans                            |      | 759.1                            | 635.7                            |
| <b>Gross loans and advances</b>        |      | <b>18,242.5</b>                  | 18,321.3                         |
| Less: Loss allowance                   | 35   | (16.9)                           | (98.3)                           |
| <b>Loans and advances to customers</b> |      | <b>18,225.6</b>                  | 18,223.0                         |

The other loans include CHF 185.1 million (2020: CHF 34.3 million) of loans made with no collateral and CHF 119.6 million (2020: CHF 130.2 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 35. 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 had a gross exposure, which including accrued interest that amounted to CHF 178.0 million at end 2020 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 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 in 2020. In 2021 this loan was derecognised when the collateral was used to repay the loan.

|   | Note | 2021<br>CHF millions | 2020<br>CHF millions |
|---|------|----------------------|----------------------|
| <b>At 01 January</b>  |      | <b>(98.3)</b>        | (106.5)              |
| Loss allowance released / (increased) through profit and loss |      | 72.6                 | (1.7)                |
| Utilisation of provision                                      |      | 10.4                 | 2.3                  |
| Loss allowance transferred to Other assets - Held-for-sale    |      |                      | 0.2                  |
| Exchange differences  |      | (1.6)                | 7.4                  |
| <b>At 31 December</b>   |      | <b>(16.9)</b>        | (98.3)               |

## 36. 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
- Artwork: 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.

The Group recognises lease liabilities in relation to leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of entering the lease.

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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

|  | Note | Land<br>and Buildings<br>CHF millions | Other tangible<br>assets<br>CHF millions | Right-of-use<br>assets<br>CHF millions | Total<br>CHF millions |
|--|------|---------------------------------------|--|--|-----------------------|
| <b>Year ended 31 December 2020</b>             |      |                                       |  |  |                       |
| 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, write-offs and lease modifications   |      | (13.3)                                | (1.4)                                    |  | (14.7)                |
| Depreciation charge for the year               | 20   | (1.5)                                 | (10.9)                                   | (39.7)                                 | (52.1)                |
| Exchange differences                           |      |                                       | (0.5)                                    | (3.1)                                  | (3.6)                 |
| <b>At 31 December 2020</b>                     |      | <b>75.7</b>                           | <b>51.4</b>                              | <b>208.1</b>                           | <b>335.2</b>          |
| <b>Year ended 31 December 2021</b>             |      |                                       |  |  |                       |
| Opening net book amount                        |      | 75.7                                  | 51.4                                     | 208.1                                  | 335.2                 |
| Additions                                      |      |                                       | 7.9                                      |  | 7.9                   |
| New leases and modification of leases          |      |                                       |  | 61.3                                   | 61.3                  |
| Disposal and write-offs                        |      |                                       |  | (1.6)                                  | (1.6)                 |
| Depreciation charge for the year               | 20   | (2.2)                                 | (11.2)                                   | (40.1)                                 | (53.5)                |
| Reclassification to other assets held for sale |      |                                       | (2.0)                                    | (8.7)                                  | (10.7)                |
| Exchange differences                           |      | 0.2                                   | (0.1)                                    | (4.1)                                  | (4.0)                 |
| <b>At 31 December 2021</b>                     |      | <b>73.7</b>                           | <b>46.0</b>                              | <b>214.9</b>                           | <b>334.6</b>          |

Other tangible assets include leasehold improvements, furniture, equipment, motor vehicles and computer

hardware. The right-of-use assets are composed of office premises for CHF 214.8 million (2020: CHF 207.9 million).

### 37. Intangible assets

#### Accounting principles

The intangible assets include the following categories:

(i) Goodwill

Goodwill represents the excess of the consideration 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<br>CHF millions | Customer relationships and other intangible assets<br>CHF millions | Goodwill<br>CHF millions | Total intangible assets<br>CHF millions |
|---|------|--|--|--------------------------|---|
| <b>Year ended 31 December 2020</b>  |      |  |  |                          |   |
| Opening net book amount   |      | 56.3   | 132.1  | 70.5                     | 258.9                                   |
| Addition/decrease in scope of consolidation due to acquisition/disposal of business |      |  | 1.0  |                          | 1.0                                     |
| Acquisitions/disposals of intangible assets   |      | 26.0   | 2.9  |                          | 28.9                                    |
| Amortisation of intangible assets   | 20   | (12.5)   | (12.4)   |                          | (24.9)                                  |
| Reclassification between categories   |      |  | (2.6)  |                          | (2.6)                                   |
| Exchange differences and other movements  |      | 2.0  | (2.1)  | (0.8)                    | (0.9)                                   |
| <b>Closing net book value</b>   |      | <b>71.8</b>                                    | <b>118.9</b>   | <b>69.7</b>              | <b>260.4</b>                            |
| <b>Year ended 31 December 2021</b>  |      |  |  |                          |   |
| Opening net book amount   |      | 71.8   | 118.9  | 69.7                     | 260.4                                   |
| Acquisitions/disposals of intangible assets   |      | 37.4   | (1.3)  |                          | 36.1                                    |
| Amortisation of intangible assets   | 20   | (17.3)   | (11.5)   |                          | (28.8)                                  |
| Reclassification to other assets held for sale                                      |      | (8.1)  | (8.9)  | (19.2)                   | (36.2)                                  |
| Exchange differences and other movements  |      | 0.1  | (0.6)  | (1.7)                    | (2.2)                                   |
| <b>Closing net book value</b>   |      | <b>83.9</b>                                    | <b>96.6</b>  | <b>48.8</b>              | <b>229.3</b>                            |

Customer relationships and other intangible assets mainly include client relationships intangible assets for CHF 87.1 million (2020: CHF 106.9 million), brand names intangibles

for CHF 4.9 million (2020: CHF 5.5 million) and other intangible assets for CHF 4.6 million (2020: CHF 6.5 million). Other intangible assets are mainly related to rights to lease.

### 38. 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.

The Group's goodwill is reviewed for impairment by comparing the recoverable amount of each cash-generating unit (CGU) to which goodwill has been allocated.

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 4.4% to 10.5% (2020: 7.0% to 10.2%). 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

# Notes to the consolidated financial statements

## EFG International consolidated entities

relationship intangible assets impairment test does not use a perpetuity at the end of the 5-year period, but rather a residual 3.8-year period (total period of 8.8 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 2021 allocated to each cash-generating unit are as follows:

| 31 December 2021                     |                      |                               |           |                                      |                          |                       |
|--------------------------------------|----------------------|-------------------------------|-----------|--------------------------------------|--------------------------|-----------------------|
| Segment                              | Cash-generating unit | Discount rate/<br>Growth rate | Period    | Intangible<br>assets<br>CHF millions | Goodwill<br>CHF millions | Total<br>CHF millions |
| <b>Value in use</b>                  |                      |                               |           |                                      |                          |                       |
| Asia                                 | Shaw and Partners    | 6.4%/2.0%                     | 5 years   | 23.7                                 | 26.8                     | 50.5                  |
| BSI Group                            | Various              | 8.7%/-8.8%                    | 8.8 years | 66.8                                 |                          | 66.8                  |
| <b>Fair value less costs to sell</b> |                      | <b>P/E</b>                    |           |                                      |                          |                       |
| Continental Europe                   | Monaco               | 8.2×                          |           |                                      | 20.0                     | 20.0                  |
| <b>Other</b>                         |                      |                               |           |                                      |                          |                       |
| Various                              | Other CGUs           |                               |           | 6.1                                  | 2.0                      | 8.1                   |
| <b>Total carrying values</b>         |                      |                               |           | <b>96.6</b>                          | <b>48.8</b>              | <b>145.4</b>          |

| 31 December 2020                     |                      |                               |           |                                      |                          |                       |
|--------------------------------------|----------------------|-------------------------------|-----------|--------------------------------------|--------------------------|-----------------------|
| Segment                              | Cash-generating unit | Discount rate/<br>Growth rate | Period    | Intangible<br>assets<br>CHF millions | Goodwill<br>CHF millions | Total<br>CHF millions |
| <b>Value in use</b>                  |                      |                               |           |                                      |                          |                       |
| 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                  |
| <b>Fair value less costs to sell</b> |                      | <b>P/E</b>                    |           |                                      |                          |                       |
| Continental Europe                   | Monaco               | 8.6×                          |           | 0.5                                  | 20.9                     | 21.4                  |
| <b>Other</b>                         |                      |                               |           |                                      |                          |                       |
| Various                              | Other CGUs           |                               |           | 8.2                                  | 2.1                      | 10.3                  |
| <b>Total carrying values</b>         |                      |                               |           | <b>118.9</b>                         | <b>69.7</b>              | <b>188.6</b>          |

The Group considers that a reasonably possible change in a key assumption will not result in an impairment of goodwill of

any of the cash-generating units.

### 39. Deferred income tax assets and liabilities

Accounting policies are set out in note 23. 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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---------------------------------|----------------------------------|----------------------------------|
| Deferred income tax assets      | 61.9                             | 96.5                             |
| Deferred income tax liabilities | (19.9)                           | (23.0)                           |
| <b>Net deferred income tax</b>  | <b>42.0</b>                      | <b>73.5</b>                      |

The movement on the net deferred income tax account is as follows:

|   |             |             |
|---|-------------|-------------|
| <b>At 01 January</b>  | <b>73.5</b> | 68.1        |
| Deferred income tax gain for the period in the income statement (note 23) | (7.7)       | (2.6)       |
| Decrease from finalisation of acquisition accounting                      |             | (0.6)       |
| Deferred tax asset disposed with subsidiaries                             |             | (2.6)       |
| Change in retirement benefit obligations                                  | (23.2)      | 11.4        |
| Exchange differences  | (0.6)       | (0.2)       |
| <b>At 31 December</b>   | <b>42.0</b> | <b>73.5</b> |

Deferred income tax assets and liabilities are attributable to the following items:

|   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| <b>Deferred tax assets</b>  |                                  |                                  |
| Tax losses carried forward  | 81.4                             | 88.0                             |
| Retirement benefit obligation not applicable for local tax          |                                  | 23.3                             |
| Other differences between local tax rules and accounting standards  | 3.4                              | 3.2                              |
| Effect of deferred tax netting                                      | (22.9)                           | (18.0)                           |
| <b>Deferred income tax assets</b>                                   | <b>61.9</b>                      | <b>96.5</b>                      |
| <b>Deferred tax liabilities</b>                                     |                                  |                                  |
| Arising from acquisition of intangible assets                       | (19.8)                           | (22.6)                           |
| Valuation of financial assets not reflected in local tax accounts   | (19.0)                           | (18.0)                           |
| Pension asset not applicable for local tax                          | (3.9)                            |                                  |
| Sundry differences between local tax rules and accounting standards | (0.1)                            | (0.4)                            |
| Effect of deferred tax netting                                      | 22.9                             | 18.0                             |
| <b>Deferred income tax liabilities</b>                              | <b>(19.9)</b>                    | <b>(23.0)</b>                    |
| <b>Net deferred income tax</b>                                      | <b>42.0</b>                      | <b>73.5</b>                      |

Certain entities within the Group have recognised deferred income tax assets, despite having incurred losses in 2020 or 2021, 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:

# Notes to the consolidated financial statements

## EFG International consolidated entities

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Utilisation of tax losses carried forward                      | (20.4)                           | (14.5)                           |
| Creation of deferred tax assets on tax losses carried forwards | 14.6                             | 18.3                             |
| Deferred tax liabilities related to intangible assets          | 2.9                              | 2.3                              |
| Other temporary differences                                    | (4.8)                            | (8.7)                            |
| <b>Deferred income tax expense (note 23)</b>                   | <b>(7.7)</b>                     | <b>(2.6)</b>                     |

The Group has deferred tax assets related to tax losses carried forward of CHF 81.4 million (2020: CHF 88.0 million) as a result of Group companies with tax losses of

CHF 393.9 million (2020: CHF 429.7 million) to carry forward against future taxable income. These tax losses will expire as summarised below:

|  | 31 December 2021<br>CHF millions | Tax rate | Carried forward<br>losses<br>CHF millions | Expiry in<br>1–3 years<br>CHF millions | Expiry in<br>4–7 years<br>CHF millions | Expiry<br>after 7 years<br>CHF millions |
|--|----------------------------------|----------|---|--|--|---|
| EFG Bank AG, Switzerland                       | 63.3                             | 19.7%    | 321.5                                     | 321.5                                  |  |   |
| EFG Bank (Luxembourg) S.A.,<br>Luxembourg      | 17.6                             | 25.0%    | 70.5                                      |  |  | 70.5                                    |
| EFG Bank (Luxembourg) S.A.,<br>Portugal Branch | 0.5                              | 27.7%    | 1.9                                       |  |  | 1.9                                     |
| <b>Total</b>                                   | <b>81.4</b>                      |          | <b>393.9</b>                              | <b>321.5</b>                           | –                                      | <b>72.4</b>                             |

|   | 31 December 2020<br>CHF millions | Tax rate | Carried forward<br>losses<br>CHF millions | Expiry in<br>1–3 years<br>CHF millions | Expiry in<br>4–7 years<br>CHF millions | Expiry<br>after 7 years<br>CHF millions |
|---|----------------------------------|----------|---|--|--|---|
| EFG Bank AG, Switzerland                  | 70.5                             | 19.7%    | 358.5                                     |  | 358.5                                  |   |
| EFG Bank (Luxembourg) S.A.,<br>Luxembourg | 16.8                             | 25.0%    | 67.2                                      |  |  | 67.2                                    |
| EFG Bank AG, Singapore Branch             | 0.7                              | 17.0%    | 4.0                                       |  |  | 4.0                                     |
| <b>Total</b>                              | <b>88.0</b>                      |          | <b>429.7</b>                              | –                                      | <b>358.5</b>                           | <b>71.2</b>                             |



The Group has unused tax losses for which no deferred tax asset is recognised as follows:

|   | 31 December 2021<br>CHF millions | Expiry in<br>1–3 years<br>CHF millions | Expiry in<br>4–7 years<br>CHF millions | Expiry<br>after 7 years<br>CHF millions |
|---|----------------------------------|--|--|---|
| EFG International AG, Switzerland         | 122.2                            | 122.2                                  |  |   |
| EFG Bank (Luxembourg) SA, Luxembourg *    | 108.7                            |  |  | 108.7                                   |
| EFG Bank AG, Switzerland                  | 82.6                             | 82.6                                   |  |   |
| EFG Bank (Luxembourg) SA, Milano branch   | 56.5                             |  |  | 56.5                                    |
| EFG Bank AG, Hong Kong Branch             | 20.8                             |  |  | 20.8                                    |
| EFG Bank (Luxembourg) SA, Portugal Branch | 5.9                              |  | 3.2                                    | 2.7                                     |
| <b>Total</b>                              | <b>396.7</b>                     | <b>204.8</b>                           | <b>3.2</b>                             | <b>188.7</b>                            |

\* Taxed as single fiscal unity with EFG Investment (Luxembourg) SA.

|  | 31 December 2020<br>CHF millions | Expiry in<br>1–3 years<br>CHF millions | Expiry in<br>4–7 years<br>CHF millions | Expiry<br>after 7 years<br>CHF millions |
|--|----------------------------------|--|--|---|
| EFG International AG, Switzerland      | 244.6                            | 244.6                                  |  |   |
| EFG Bank (Luxembourg) S.A., Luxembourg | 169.0                            |  |  | 169.0                                   |
| EFG Bank AG, Switzerland               | 132.6                            |  | 132.6                                  |   |
| BSI SA                                 | 34.5                             |  |  | 34.5                                    |
| EFG Bank AG, Singapore Branch          | 31.1                             |  |  | 31.1                                    |
| EFG Bank AG, Hong Kong Branch          | 7.7                              |  |  | 7.7                                     |
| <b>Total</b>                           | <b>619.5</b>                     | <b>244.6</b>                           | <b>132.6</b>                           | <b>242.3</b>                            |

#### 40. Other assets

|                                | Note | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions* |
|--------------------------------|------|----------------------------------|-----------------------------------|
| Held-for-sale                  | 41   | 200.4                            | 179.4                             |
| Gold and other precious metals |      | 178.8                            | 178.0                             |
| Settlement balances            |      | 138.5                            | 136.9                             |
| Prepaid expenses               |      | 110.3                            | 86.2                              |
| Net pension asset              | 52   | 72.0                             |                                   |
| Accrued income                 |      | 32.3                             | 36.7                              |
| Repossessed properties         |      | 14.0                             | 10.3                              |
| Current income tax assets      |      | 6.4                              | 7.4                               |
| Other assets and receivables   |      | 63.6                             | 80.5                              |
| <b>Other assets</b>            |      | <b>816.3</b>                     | <b>715.4</b>                      |

\*Comparative information has been adjusted.

Settlement balances of CHF 138.5 million (2020: CHF 136.9 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 41. Held-for-sale

Held-for-sale assets mainly reflect buildings and businesses in the process of being sold. In 2021 the balance mainly comprised an amount of CHF 144.0 million related to a business that has been contractually agreed to be sold. The business assets to be sold include loans and advances to customers of CHF 316.4 million, due from other banks of CHF 81.2 million, cash and balances with central banks of CHF 67.4 million, other assets of CHF 122.2 million, due to customers of CHF 364.6 million, due to other banks of CHF 51.8 million and other liabilities of CHF 26.8 million. In 2020 the balance mainly comprised an amount of CHF 109.5 million for a business for which the sale was completed on 31 March 2021.

In April 2021, the Group entered into an agreement to sell its controlling stake in Asesores y Gestores Financieros S.A.

(hereinafter AYG) to its management team. The transaction is expected to close in the first quarter of 2022, subject to regulatory approval. The Group management had the intention to sell AYG starting from January 2021. As a result, the held for sale classification date had been set at 01 January 2021. Held-for-sale assets are measured at the lower of carrying value and the fair value less costs to sell. The Group has assessed the value and no impairment on the Held-for-sale asset is required. In the segmental reporting (see note 25) AYG is included in the Continental Europe and Middle East segment. The summarised information of AYG is presented in note 58.

A building with a carrying value of CHF 56.4 million is included in Held-for-sale assets since 2020. The Group remains committed to its plan to sell the asset.

## 42. 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

# Notes to the consolidated financial statements

## EFG International consolidated entities

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).

## **42.1 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.

#### **(a) Fair value hierarchy**

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

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For financial instruments that are 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

|   | 31 December 2021        |                         |                         |                       |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
|   | Level 1<br>CHF millions | Level 2<br>CHF millions | Level 3<br>CHF millions | Total<br>CHF millions |
| Derivative financial instruments (assets)   |                         |                         |                         |                       |
| Currency derivatives  |                         | 269.1                   |                         | 269.1                 |
| Interest rate derivatives   |                         | 44.9                    |                         | 44.9                  |
| Equity derivatives  |                         | 610.5                   |                         | 610.5                 |
| Other derivatives   |                         | 14.9                    |                         | 14.9                  |
| Life insurance related  |                         |                         | 34.1                    | 34.1                  |
| <b>Total derivatives assets</b>   | <b>-</b>                | <b>939.4</b>            | <b>34.1</b>             | <b>973.5</b>          |
| Financial assets at fair value through profit and loss                                  |                         |                         |                         |                       |
| Debt  | 435.0                   | 452.6                   |                         | 887.6                 |
| Equity  | 5.2                     | 0.2                     | 103.9                   | 109.3                 |
| Life insurance related  |                         |                         | 787.8                   | 787.8                 |
| Investment funds  |                         | 22.7                    |                         | 22.7                  |
| <b>Total financial assets at fair value through profit and loss</b>                     | <b>440.2</b>            | <b>475.5</b>            | <b>891.7</b>            | <b>1,807.4</b>        |
| <b>Total assets measured at fair value through profit and loss</b>                      | <b>440.2</b>            | <b>1,414.9</b>          | <b>925.8</b>            | <b>2,780.9</b>        |
| Financial assets at fair value through other comprehensive income                       |                         |                         |                         |                       |
| Debt  | 5,832.0                 |                         |                         | 5,832.0               |
| Equity  |                         | 0.6                     |                         | 0.6                   |
| <b>Total financial assets measured at fair value through other comprehensive income</b> | <b>5,832.0</b>          | <b>0.6</b>              | <b>-</b>                | <b>5,832.6</b>        |
| <b>Total assets measured at fair value</b>  | <b>6,272.2</b>          | <b>1,415.5</b>          | <b>925.8</b>            | <b>8,613.5</b>        |

|   | 31 December 2021        |                         |                         |                       |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
|   | Level 1<br>CHF millions | Level 2<br>CHF millions | Level 3<br>CHF millions | Total<br>CHF millions |
| Derivative financial instruments (liabilities)              |                         |                         |                         |                       |
| Currency derivatives  |                         | (283.6)                 |                         | (283.6)               |
| Interest rate derivatives                                   |                         | (50.1)                  |                         | (50.1)                |
| Equity derivatives  |                         | (722.8)                 |                         | (722.8)               |
| Other derivatives   |                         | (19.3)                  |                         | (19.3)                |
| <b>Total derivatives liabilities</b>                        | <b>-</b>                | <b>(1,075.8)</b>        | <b>-</b>                | <b>(1,075.8)</b>      |
| Financial liabilities designated at fair value              |                         |                         |                         |                       |
| Equity  | (65.6)                  | (3.8)                   |                         | (69.4)                |
| Debt  | (0.4)                   | (0.2)                   |                         | (0.6)                 |
| Structured products   |                         | (254.3)                 |                         | (254.3)               |
| Life insurance related                                      |                         |                         | (163.2)                 | (163.2)               |
| <b>Total financial liabilities designated at fair value</b> | <b>(66.0)</b>           | <b>(258.3)</b>          | <b>(163.2)</b>          | <b>(487.5)</b>        |
| <b>Total liabilities measured at fair value</b>             | <b>(66.0)</b>           | <b>(1,334.1)</b>        | <b>(163.2)</b>          | <b>(1,563.3)</b>      |
| <b>Assets less liabilities measured at fair value</b>       | <b>6,206.2</b>          | <b>81.4</b>             | <b>762.6</b>            | <b>7,050.2</b>        |

|  | 31 December 2020        |                         |                         |                       |
|--|-------------------------|-------------------------|-------------------------|-----------------------|
|  | Level 1<br>CHF millions | Level 2<br>CHF millions | Level 3<br>CHF millions | Total<br>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                  |
| <b>Total derivatives assets</b>  | <b>-</b>                | <b>1,104.8</b>          | <b>49.9</b>             | <b>1,154.7</b>        |
| 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                    |                         | 23.0                  |
| Other  |                         |                         |                         |                       |
| <b>Total financial assets at fair value through profit and loss</b>            | <b>632.3</b>            | <b>506.1</b>            | <b>993.8</b>            | <b>2,257.7</b>        |
| Total assets measured at fair value through profit and loss                    | 632.3                   | 1,610.9                 | 1,043.7                 | 3,412.4               |
| Financial assets at fair value through other comprehensive income              |                         |                         |                         |                       |
| Debt   | 4,947.3                 |                         |                         | 4,947.3               |
| Equity   |                         | 5.7                     |                         | 5.7                   |
| <b>Total financial assets at fair value through other comprehensive income</b> | <b>4,947.3</b>          | <b>5.7</b>              | <b>-</b>                | <b>4,953.0</b>        |
| <b>Total assets measured at fair value</b>                                     | <b>5,579.6</b>          | <b>1,616.6</b>          | <b>1,043.7</b>          | <b>8,365.4</b>        |
| 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)                |
| <b>Total derivatives liabilities</b>   | <b>-</b>                | <b>(1,378.7)</b>        | <b>-</b>                | <b>(1,378.7)</b>      |
| Financial liabilities designated at fair value                                 |                         |                         |                         |                       |
| Equity   | (8.3)                   | (0.4)                   |                         | (8.7)                 |
| Debt   | (30.9)                  | (4.5)                   |                         | (35.4)                |
| Structured products  |                         | (272.6)                 |                         | (272.6)               |
| Life insurance related   |                         |                         | (175.4)                 | (175.4)               |
| <b>Total financial liabilities designated at fair value</b>                    | <b>(39.2)</b>           | <b>(277.5)</b>          | <b>(175.4)</b>          | <b>(492.1)</b>        |
| <b>Total liabilities measured at fair value</b>                                | <b>(39.2)</b>           | <b>(1,656.2)</b>        | <b>(175.4)</b>          | <b>(1,870.8)</b>      |
| <b>Assets less liabilities measured at fair value</b>                          | <b>5,540.4</b>          | <b>(39.6)</b>           | <b>868.3</b>            | <b>6,494.6</b>        |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### (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



**(b) Movements of level 3 instruments**

|   | <b>Assets in level 3</b>                               |   |   |
|---|--|---|---|
|   | Derivative<br>financial<br>instruments<br>CHF millions | Financial assets<br>measured at fair value<br>through profit and loss<br>CHF millions | Total<br>assets in<br>level 3<br>CHF millions |
| <b>At 01 January 2021</b>   | 49.9   | 993.8   | 1,043.7                                       |
| Total gains or losses<br>in the income statement – Net loss from changes in fair value  | (3.2)  | (69.1)  | (72.3)  |
| Purchases/Premiums paid   | 2.5  | 148.3   | 150.8   |
| Disposals/Premiums received   | (16.2)   | (208.8)   | (225.0)                                       |
| Exchange differences  | 1.2  | 27.4  | 28.6  |
| <b>At 31 December 2021</b>  | <b>34.2</b>  | <b>891.6</b>  | <b>925.8</b>                                  |
| Change in unrealised gains or losses for the period<br>included in the income statement for assets held<br>at the end of the reporting period | (3.2)  | (69.1)  | (72.3)  |

|  | <b>Liabilities in level 3</b>  |  |
|--|--|--|
|  | Financial<br>liabilities designated at<br>fair value<br>CHF millions | Total<br>liabilities<br>in level 3<br>CHF millions |
| <b>At 01 January 2021</b>  | 175.4  | 175.4  |
| Total gains or losses<br>in the income statement – Net gains from change in fair value   | (9.9)  | (9.9)  |
| Purchases/Premiums paid  | 12.2   | 12.2   |
| Disposals/Premiums received  | (20.1)   | (20.1)   |
| Exchange differences   | 5.7  | 5.7  |
| <b>At 31 December 2021</b>   | <b>163.3</b>   | <b>163.3</b>                                       |
| Change in unrealised gains or losses for the period<br>included in the income statement for liabilities<br>held at the end of the reporting period | (9.9)  | (9.9)  |

# Notes to the consolidated financial statements

## EFG International consolidated entities

|   | Assets in level 3                                      |   |   |
|---|--|---|---|
|   | Derivative<br>financial<br>instruments<br>CHF millions | Financial assets<br>measured at fair value<br>through profit and loss<br>CHF millions | Total<br>assets in<br>level 3<br>CHF millions |
| <b>At 01 January 2020</b>   | 53.7   | 1,053.8   | 1,107.5                                       |
| Total gains or losses<br>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  |  | (3.0)   | (3.0)   |
| Exchange differences  | (4.9)  | (87.4)  | (92.3)  |
| <b>At 31 December 2020</b>  | <b>49.9</b>  | <b>993.8</b>  | <b>1,043.7</b>                                |
| Change in unrealised gains or losses for the period<br>included in the income statement for assets held<br>at the end of the reporting period | 3.7  | (7.3)   | (3.6)   |

|  | Liabilities in level 3   |  |
|--|--|--|
|  | Financial<br>liabilities designated at<br>fair value<br>CHF millions | Total<br>liabilities<br>in level 3<br>CHF millions |
| <b>At 01 January 2020</b>  | 181.9  | 181.9  |
| Total gains or losses<br>in the income statement – Net loss from changes 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)   |
| <b>At 31 December 2020</b>   | <b>175.4</b>   | <b>175.4</b>                                       |
| Change in unrealised gains or losses for the period<br>included in the income Statement for liabilities<br>held at the end of the reporting period | 7.1  | 7.1  |

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

**Valuation governance**

The Group's model governance is outlined in a model vetting policy, which describes the Group's model risk governance framework, model validation approach and the model validation process.

A significant part of the independent price verification process is the 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

| <b>Financial statement line item</b>  | <b>31 December 2021</b> | <b>31 December 2020</b> |
|---|-------------------------|-------------------------|
|   | <b>CHF millions</b>     | <b>CHF millions</b>     |
| <b>Discounted cash flow analysis</b>  |                         |                         |
| Financial assets at fair value through profit and loss                                    | 103.9                   | 99.1                    |
| <b>Discounted cash flow analysis and life expectancies (non-market observable inputs)</b> |                         |                         |
| Derivatives   | 34.1                    | 49.9                    |
| Financial assets at fair value through profit and loss                                    | 787.8                   | 894.7                   |
| Financial liabilities designated at fair value  | (163.2)                 | (175.4)                 |
| <b>Total</b>  | <b>762.6</b>            | <b>868.3</b>            |

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 32 for further details.

**(ii) Equities**

Equities comprise primarily the holding in SIX Group for CHF 79.7 million (2020: CHF 73.6 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 2021 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 2021 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 2021, the Group uses published SIX Group half-year net asset value and adds a projected profit for the period to December 2021, net of dividends paid. The estimated net asset value of SIX Group at 31 December 2021

# Notes to the consolidated financial statements

## EFG International consolidated entities

has increased relative to the estimated net asset value at 31 December 2020, primarily due to the estimated 2021 profit through profit and loss, partially compensated by dividend distributed in June 2021. As a result, the EFG International Group recorded a gain of CHF 6.1 million (2020: CHF 2.0 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.

### 42.2 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 2021:

|  | Note  | Carrying value<br>CHF millions | Fair value<br>CHF millions | Difference<br>CHF millions |
|--|-------|--------------------------------|----------------------------|----------------------------|
| <b>31 December 2021</b>                                      |       |                                |                            |                            |
| <b>Financial assets</b>                                      |       |                                |                            |                            |
| Due from other banks   | (i)   | 2,562.3                        | 2,564.1                    | 1.8                        |
| Loans and advances to customers                              | (ii)  | 18,225.6                       | 18,477.1                   | 251.5                      |
|  |       | <b>20,787.9</b>                | <b>21,041.2</b>            | <b>253.3</b>               |
| <b>Financial liabilities</b>                                 |       |                                |                            |                            |
| Due to other banks   | (iii) | 556.0                          | 556.0                      |                            |
| Due to customers   | (iii) | 32,516.8                       | 32,517.0                   | 0.2                        |
| Subordinated loans   | (iv)  | 182.7                          | 184.3                      | 1.6                        |
| Financial liabilities at amortised cost                      | (v)   | 4,222.1                        | 4,215.8                    | (6.3)                      |
|  |       | <b>37,477.6</b>                | <b>37,473.1</b>            | <b>(4.5)</b>               |
| <b>Net assets and liabilities not measured at fair value</b> |       | <b>(16,689.7)</b>              | <b>(16,431.9)</b>          | <b>257.8</b>               |
| <b>As at 31 December 2020</b>                                |       |                                |                            |                            |
| <b>Financial assets</b>                                      |       |                                |                            |                            |
| 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                      |
|  |       | <b>21,320.0</b>                | <b>21,729.8</b>            | <b>409.8</b>               |
| <b>Financial liabilities</b>                                 |       |                                |                            |                            |
| 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                       |
|  |       | <b>36,157.5</b>                | <b>36,196.5</b>            | <b>39.0</b>                |
| <b>Net assets and liabilities not measured at fair value</b> |       | <b>(14,837.5)</b>              | <b>(14,466.7)</b>          | <b>370.8</b>               |

(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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 43. 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.

|                                 | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the balance sheet | Net amounts of recognised financial assets presented in the balance sheet | Related amounts not set off in the balance sheet |                 | Net exposure |
|---------------------------------|--|--|---|--|-----------------|--------------|
|                                 |  |  |   | Financial assets subject to netting agreements   | Cash collateral |              |
| <b>At 31 December 2021</b>      |  |  |   |  |                 |              |
| Due from other banks            | 305.0  |  | 305.0   | (305.0)  |                 |              |
| Derivatives                     | 973.6  |  | 973.6   | (557.2)  | (398.8)         | 17.6         |
| FVTPL – Life insurance policies | 146.7  |  | 146.7   | (146.7)  |                 |              |
| <b>Total financial assets</b>   | <b>1,425.3</b>                               | <b>–</b>   | <b>1,425.3</b>  | <b>(1,008.9)</b>                                 | <b>(398.8)</b>  | <b>17.6</b>  |

|                                    | Gross amounts of recognised financial liabilities | Gross amounts of recognised financial assets set off in the balance sheet | Net amounts of recognised financial liabilities presented in the balance sheet | Related amounts not set off in the balance sheet    |                 | Net exposure |
|------------------------------------|---|---|--|---|-----------------|--------------|
|                                    |   |   |  | Financial liabilities subject to netting agreements | Cash collateral |              |
| <b>At 31 December 2021</b>         |   |   |  |   |                 |              |
| Derivatives                        | 1,075.8   |   | 1,075.8  | (540.7)   | (512.0)         | 23.1         |
| FVTPL – Synthetic life insurance   | 163.2   |   | 163.2  | (163.2)   |                 |              |
| <b>Total financial liabilities</b> | <b>1,239.0</b>                                    | <b>–</b>  | <b>1,239.0</b>   | <b>(703.9)</b>                                      | <b>(512.0)</b>  | <b>23.1</b>  |

|                                    | Gross amounts<br>of recognised<br>financial<br>assets | Gross amounts<br>of recognised<br>financial<br>liabilities<br>set off in the<br>balance sheet | Net amounts<br>of recognised<br>financial<br>assets<br>presented<br>in the<br>balance sheet | Related amounts not set off<br>in the balance sheet  |                    | Net exposure |
|------------------------------------|---|---|---|--|--------------------|--------------|
|                                    |   |   |   | Financial assets<br>subject to netting<br>agreements | Cash<br>collateral |              |
| At 31 December 2020                |   |   |   |  |                    |              |
| 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<br>policies | 149.5   |   | 149.5   | (149.5)  |                    |              |
| <b>Total financial assets</b>      | <b>1,621.8</b>  | <b>–</b>  | <b>1,621.8</b>  | <b>(1,101.7)</b>                                     | <b>(487.2)</b>     | <b>32.9</b>  |

|                                     | Gross amounts<br>of recognised<br>financial<br>assets | Gross amounts<br>of recognised<br>financial<br>liabilities<br>set off in the<br>balance sheet | Net amounts<br>of recognised<br>financial<br>assets<br>presented<br>in the<br>balance sheet | Related amounts not set off<br>in the balance sheet       |                    | Net exposure |
|-------------------------------------|---|---|---|---|--------------------|--------------|
|                                     |   |   |   | Financial liabilities<br>subject to netting<br>agreements | Cash<br>collateral |              |
| At 31 December 2020                 |   |   |   |   |                    |              |
| Derivatives                         | 1,378.7   |   | 1,378.7   | (608.6)   | (741.3)            | 28.8         |
| FVTPL – Synthetic life<br>insurance | 175.4   |   | 175.4   | (175.4)   |                    |              |
| <b>Total financial liabilities</b>  | <b>1,554.1</b>  | <b>–</b>  | <b>1,554.1</b>  | <b>(784.0)</b>  | <b>(741.3)</b>     | <b>28.8</b>  |

At the end of December 2020 and December 2021, 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 44. Shares in subsidiary undertakings

The following is a listing of the Group's main subsidiaries at 31 December 2021:

| Name  | Line of business            | Country of incorporation | Ownership |
|---|-----------------------------|--------------------------|-----------|
| <b>Main subsidiaries</b>                    |                             |                          |           |
| 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%      |
| A&G Banca Privada S.A., Madrid              | Bank                        | Spain                    | 41%       |
| EFG Asset Management (Switzerland) SA       | Asset Management Company    | Switzerland              | 100%      |
| EFG Asset Management (UK) Ltd               | Asset Management Company    | England & Wales          | 100%      |
| Patrimony 1873 SA, Lugano                   | Asset Management Company    | Switzerland              | 100%      |
| EFG Capital International Corp, Miami       | Broker dealer               | USA                      | 100%      |
| Shaw and Partners Ltd, Sydney               | Broker dealer               | Australia                | 100%      |
| 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 change in the percentage shareholding is the increase to 100% (61% in 2020) in Shaw and Partners Ltd.

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.

### 45. Due to other banks

|                             | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|-----------------------------|----------------------------------|----------------------------------|
| Due to other banks at sight | 516.5                            | 405.3                            |
| Due to other banks at term  | 39.5                             | 38.3                             |
| <b>Due to other banks</b>   | <b>556.0</b>                     | <b>443.6</b>                     |



#### 46. Due to customers

|                         | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|-------------------------|----------------------------------|----------------------------------|
| Non-interest bearing    | 24,272.0                         | 22,956.4                         |
| Interest bearing        | 8,244.8                          | 7,885.2                          |
| <b>Due to customers</b> | <b>32,516.8</b>                  | <b>30,841.6</b>                  |

#### 47. Financial liabilities at fair value

|  | Valuation basis               | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|-------------------------------|----------------------------------|----------------------------------|
| Synthetic life insurance                         | Discounted cash flow analysis | 163.2                            | 175.4                            |
| Equity securities                                | Quoted                        | 0.6                              | 8.8                              |
| Debt securities                                  | Quoted                        | 69.5                             | 35.3                             |
| Structured products                              | Unquoted                      | 254.3                            | 272.6                            |
| <b>Total financial liabilities at fair value</b> |                               | <b>487.6</b>                     | <b>492.1</b>                     |

The movement in the account is as follows:

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| <b>At 01 January</b>   | <b>492.1</b>                     | <b>552.0</b>                     |
| Additions  | 330.5                            | 322.6                            |
| Disposals (sale and redemption)                              | (330.6)                          | (368.6)                          |
| Net gains from changes in fair value through profit and loss | (9.9)                            | 7.1                              |
| Exchange differences   | 5.5                              | (21.0)                           |
| <b>At 31 December</b>  | <b>487.6</b>                     | <b>492.1</b>                     |

#### Synthetic life insurance

See note 32 for further details.

#### 48. 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Structured products issued                           | 4,222.1                          | 4,516.5                          |
| <b>Total financial liabilities at amortised cost</b> | <b>4,222.1</b>                   | <b>4,516.5</b>                   |

The movement in the account is as follows:

|                                  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|----------------------------------|----------------------------------|----------------------------------|
| <b>At 01 January</b>             | <b>4,516.5</b>                   | 5,312.9                          |
| Additions                        | 7,097.6                          | 6,071.3                          |
| Disposals (sale and redemptions) | (7,353.0)                        | (6,667.5)                        |
| Accrued interests                | (38.3)                           | (2.0)                            |
| Exchange differences             | (0.6)                            | (198.2)                          |
| <b>At 31 December</b>            | <b>4,222.2</b>                   | 4,516.5                          |

#### 49. Provisions

##### Accounting principle

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. The nature and amount of provisions are disclosed, unless management expects the disclosure of that fact could prejudice our position with other parties in the matter.

Restructuring provisions comprise employee termination payments and costs to terminate contracts. 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 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.

|   | <b>Provision for<br/>litigation risks<br/>CHF millions</b> | <b>Other provisions<br/>CHF millions</b> | <b>Total<br/>CHF millions</b> |
|---|--|--|-------------------------------|
| <b>At 01 January 2021</b>                                 | <b>16.7</b>  | <b>23.9</b>                              | <b>40.6</b>                   |
| Increase in provisions recognised in the income statement | 76.0   | 39.8                                     | 115.8                         |
| Release of provisions recognised in the income statement  | (1.7)  | (0.1)                                    | (1.8)                         |
| Provisions used during the year                           | (3.2)  | (20.2)                                   | (23.4)                        |
| Reclassification and other movements                      | (1.6)  | 0.8                                      | (0.8)                         |
| Exchange differences                                      | (0.1)  | 0.1                                      |                               |
| <b>At 31 December 2021</b>                                | <b>86.1</b>  | <b>44.3</b>                              | <b>130.4</b>                  |
| Expected payment within 1 year                            | 8.1  | 22.3                                     | 30.4                          |
| Expected payment between 1 year and 3 years               | 77.9   | 15.8                                     | 93.7                          |
| Expected payment thereafter                               | 0.1  | 6.2                                      | 6.3                           |
|   | <b>86.1</b>  | <b>44.3</b>                              | <b>130.4</b>                  |

### Provision for litigation risks

The provision for litigation risks increased by CHF 69.4 million; primarily an increase of CHF 73.2 million related to a claim from the receiver of an insurance company in Taiwan (see (i) below) and due to utilisation of provisions for CHF 3.2 million for one case partially settled and for one fully settled in the period (see (ii) and (iii) below).

- (i) A provision of CHF 73.2 million relates to a claim by the receiver of an insurance company in Taiwan for USD 195.7 million. EFG Bank AG disbursed a loan of USD 193.8 million in 2007 and on which an expected credit loss of CHF 75.3 million was recognised in the prior year financial statements. Following a November 2021 judgement issued by the High Court of Singapore holding that the Group had a valid and enforceable pledge under Singapore law over assets held as collateral in November 2021, the Group used the collateral to repay the loan. This resulted in a reversal of the expected credit loss of CHF 75.6 million as a gain in the P&L. However, the Group has recorded a provision against legal matters of CHF 73.2 million.

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 was 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

# Notes to the consolidated financial statements

## EFG International consolidated entities

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 2020. The Singapore court issued a decision in November 2021 confirming the validity of the pledge. Upon receiving notification of the judgement on the validity of the pledge in Singapore, the EFG International Group used the collateral to repay the loan. The receiver has filed its notice of appeal against the Singapore judgement.

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 a preliminary stage in the lawsuit. 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, which totals approximately USD 253.6 million at 31 December 2021, resulting in an unprovided amount of approximately USD 173.3 million (CHF 159.1 million) if the matter was resolved as at 31 December 2021.

The Group has assessed possible courses of action by the receiver and a multitude of potential outcomes in regard to resolution of this case and has recorded a provision based on the discounted probability-weighted cash flows arising from these scenarios. 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.

These losses have the potential to arise between one and three years.

- (ii) A provision of CHF 7.7 million (2020: CHF 7.0 million) relates to client claims, following the discovery of irregularities in the management of clients' accounts by a former employee. An amount of CHF 1.5 million was

utilised from the provision in the year as an amount was paid out during 2021 to settle one of the client claims. The remaining position is likely to be resolved within a year.

- (iii) Other provisions of CHF 5.2 million (2020: CHF 9.7 million) remain for various small litigation cases. One of these cases was settled for CHF 1.5 million during the year, while the remainder of the decrease versus end-2020 being due to the reversal of a provision no longer required based on management's judgement.

### Other provisions

Other provision increased by CHF 20.4 million. The increase in provisions recognised in the income statement of CHF 39.8 million relates to the:

- increased provision (see (ii) below) for CHF 10.5 million related to the life insurance premiums litigation,
- increased provision for restructuring costs for CHF 23.2 million (see (i) below).

Provisions utilised in the period relate to those described in (i) and (ii) below – the provision for restructuring costs have been utilised for CHF 11.0 million and the life insurance litigation success provision for CHF 8.5 million.

- (i) The Group has a provision of CHF 20.4 million (2020: CHF 9.3 million) for restructuring costs primarily relating to businesses being closed, which are likely to be utilised within a year.
- (ii) The Group has a provision of CHF 10.2 million (2020: CHF 7.9 million) which represents the amount that will have to be paid if the Group succeeds in recovering excess life insurance premiums from insurers who increased premiums. During the period one of the four cases was resolved and the Group utilised CHF 8.5 million of the provision against the successful resolution of that one case, whilst increasing the provision by CHF 10.5 million for the remaining three cases. The overall position is likely to be resolved between one and three years.
- (iii) A provision of CHF 1.5 million (2020: CHF 1.4 million) has been made for claims arising from fraudulent activity by an ex-CRO. In addition, based on a June 2021 demand letter, the Group has been made aware that additional claims of approximately CHF 23 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.

- (iv) The Group has a provision of CHF 0.5 million (2020: CHF 0.6 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 allowances expense, while for all other provision movements, the profit and loss impact is reflected in the provision expense line of the profit and loss.
- (v) Other provisions of CHF 11.7 million remain for various other potential cash outflows.

## 50. 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 49) 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 discloses contingent liabilities that the management believes are material, or to be significant due to potential financial, reputational and other effects.

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, and 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) Certain investors and the liquidator of a fund regulated in Guernsey have commenced legal proceedings. The lawsuit concerns damages in an amount ranging up to approximately GBP 73.0 million arising out of problems with the fund's investments and alleges that the fund directors and the Group, as administrator, misled investors and acted in breach of their statutory duties. The Group believes it has strong defences to the allegations and maintains its vigorous defence.
- (ii) Claims have been made in 2014 against the Group in the Bahamas for approximately USD 17 million, which the Group is vigorously defending. The Group is being sued by the investors in the fund and the fund itself 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.

### (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 certain accounts in the name of an institutional client which 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 49), whilst investigations are ongoing related to additional potential claims (based on a June 2021 demand letter) of approximately CHF 23 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 in 2012 by a client claiming that he has been misled

# Notes to the consolidated financial statements

## EFG International consolidated entities

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 damages claimed is approximately EUR 49 million plus interest since 2008. Although the Group is vigorously defending the case and believes it has strong defences to the claims, 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 totalling 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 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 Office of the Attorney General in Switzerland is currently conducting criminal investigations against BSI into money laundering 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. The Group is cooperating with the Swiss authorities in this ongoing investigation.
- (ii) The US Attorney's Office for the Eastern District of New York 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 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 with the US authorities in the ongoing investigations.
- (iii) The Group (through the acquisition of BSI) is the defendant in two civil proceedings in Italy, 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 started in 2015 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 brought legal claims against the Group for CHF 54 million in purported actual and consequential damages arising between 2010 and 2017, 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, however 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) In 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. In 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.

## 51. Other liabilities

|   | Note | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|------|----------------------------------|----------------------------------|
| Deferred income and accrued expenses                            |      | 328.2                            | 268.5                            |
| Lease liabilities (see below)                                   |      | 223.0                            | 210.9                            |
| Settlement balances   |      | 51.2                             | 105.6                            |
| Short term compensated absences                                 |      | 11.6                             | 13.5                             |
| Retirement benefit obligations                                  | 52   |                                  | 118.7                            |
| Other liabilities   |      | 20.7                             | 34.7                             |
| Deferred consideration - acquisition of Shaw and Partners Ltd   |      | 1.6                              | 3.3                              |
| Contingent consideration - acquisition of Shaw and Partners Ltd |      | 4.9                              | 7.5                              |
| <b>Total other liabilities</b>                                  |      | <b>641.2</b>                     | <b>762.7</b>                     |

The contractual maturity of lease liabilities is as follows:

| Contractual maturities of lease liabilities | Up to<br>1 month<br>CHF millions | 1-3<br>months<br>CHF millions | 3-12<br>months<br>CHF millions | 1-5<br>years<br>CHF millions | Over<br>5 years<br>CHF millions | Total<br>CHF millions |
|---|----------------------------------|-------------------------------|--------------------------------|------------------------------|---------------------------------|-----------------------|
| <b>31 December 2021</b>                     |                                  |                               |                                |                              |                                 |                       |
| Contractual lease liabilities               | 2.6                              | 6.4                           | 26.2                           | 132.7                        | 65.9                            | 233.8                 |
| <b>Total contractual lease liabilities</b>  | <b>2.6</b>                       | <b>6.4</b>                    | <b>26.2</b>                    | <b>132.7</b>                 | <b>65.9</b>                     | <b>233.8</b>          |

| Contractual maturities of lease liabilities | Up to<br>1 month<br>CHF millions | 1-3<br>months<br>CHF millions | 3-12<br>months<br>CHF millions | 1-5<br>years<br>CHF millions | Over<br>5 years<br>CHF millions | Total<br>CHF millions |
|---|----------------------------------|-------------------------------|--------------------------------|------------------------------|---------------------------------|-----------------------|
| 31 December 2020                            |                                  |                               |                                |                              |                                 |                       |
| Contractual lease liabilities               | 3.5                              | 10.1                          | 26.9                           | 129.2                        | 45.5                            | 215.2                 |
| <b>Total contractual lease liabilities</b>  | <b>3.5</b>                       | <b>10.1</b>                   | <b>26.9</b>                    | <b>129.2</b>                 | <b>45.5</b>                     | <b>215.2</b>          |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 52. 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').

other assets. The Channel Islands plan has funded obligations of CHF 4.0 million; the fair value of plan assets is CHF 4.7 million, with a gain of CHF 0.1 million recognised through other comprehensive income in the current period.

The Group operates a defined benefit plan in the Channel Islands ('the Channel Islands plan') which is reported in

The disclosures below relate to the Swiss plans.

|   | Note | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|------|----------------------------------|----------------------------------|
| <b>Net amount recognised in the balance sheet</b>           |      |                                  |                                  |
| Present value of funded obligation                          |      | 1,430.8                          | 1,530.1                          |
| Fair value of plan assets                                   |      | (1,502.8)                        | (1,411.4)                        |
| <b>(Asset)/Liability recognised in the balance sheet</b>    |      | <b>(72.0)</b>                    | 118.7                            |
| <b>Liability at 01 January</b>                              |      |                                  |                                  |
|   |      | <b>118.7</b>                     | 70.7                             |
| Net amount recognised in the income statement - Staff costs | 21   | 3.1                              | 18.2                             |
| Net amount recognised in the income statement - Provisions  |      | 0.7                              |                                  |
| Net amount recognised in other comprehensive income         |      | (118.0)                          | 57.9                             |
| Total transactions with fund                                |      | (76.5)                           | (28.1)                           |
| <b>(Asset)/Liability at 31 December</b>                     |      | <b>(72.0)</b>                    | 118.7                            |

|   | Present value<br>of obligation<br>CHF millions | Fair value<br>of plan assets<br>CHF millions | Total<br>CHF millions |
|---|--|--|-----------------------|
| <b>At 01 January 2021</b>   | <b>1,530.1</b>                                 | <b>(1,411.4)</b>                             | <b>118.7</b>          |
| Current service cost  | 23.0   |  | 23.0                  |
| Curtailment   | (0.5)  |  | (0.5)                 |
| Settlements   | (9.3)  |  | (9.3)                 |
| Terminations  | 0.7  |  | 0.7                   |
| Past service credit - plan amendments   | (11.2)   |  | (11.2)                |
| Interest expense/(income)   | 0.9  | (0.9)  | -                     |
| Administrative costs and insurance premiums                                       | 1.1  |  | 1.1                   |
| <b>Net amount recognised in the income statement</b>                              | <b>4.7</b>                                     | <b>(0.9)</b>                                 | <b>3.8</b>            |
| Remeasurements:   |  |  |                       |
| Return on plan assets, excluding amounts<br>included in interest expense/(income) |  | (72.5)                                       | (72.5)                |
| Actuarial loss due to experience  | 19.3   |  | 19.3                  |
| Actuarial gain due to demographic assumptions                                     | (16.4)   |  | (16.4)                |
| Actuarial gain due to financial assumptions                                       | (48.4)   |  | (48.4)                |
| <b>Net amount recognised in other comprehensive income</b>                        | <b>(45.5)</b>                                  | <b>(72.5)</b>                                | <b>(118.0)</b>        |
| Plan participants contributions   | 13.7   | (13.7)                                       | -                     |
| Company contributions   |  | (76.5)                                       | (76.5)                |
| Administrative costs and insurance premiums                                       | (1.9)  | 1.9  | -                     |
| Benefit payments  | (70.3)   | 70.3   | -                     |
| <b>Total transactions with fund</b>   | <b>(58.5)</b>                                  | <b>(18.0)</b>                                | <b>(76.5)</b>         |
| <b>At 31 December 2021</b>  | <b>1,430.8</b>                                 | <b>(1,502.8)</b>                             | <b>(72.0)</b>         |

# Notes to the consolidated financial statements

## EFG International consolidated entities

|   | Present value<br>of obligation<br>CHF millions | Fair value<br>of plan assets<br>CHF millions | Total<br>CHF millions |
|---|--|--|-----------------------|
| <b>At 01 January 2020</b>   | 1,522.1  | (1,451.4)                                    | 70.7                  |
| Current service cost  | 22.9   |  | 22.9                  |
| Curtailment   | (6.0)  |  | (6.0)                 |
| Interest expense/(income)   | 2.9  | (2.9)  | –                     |
| Administrative costs and insurance premiums                                       | 1.3  |  | 1.3                   |
| <b>Net amount recognised in the income statement</b>                              | <b>21.1</b>                                    | <b>(2.9)</b>                                 | <b>18.2</b>           |
| Remeasurements:   |  |  |                       |
| Return on plan assets, excluding amounts<br>included in interest expense/(income) |  | (26.0)                                       | (26.0)                |
| Actuarial loss due to experience  | 42.9   |  | 42.9                  |
| Actuarial loss due to financial assumptions                                       | 41.0   |  | 41.0                  |
| <b>Net amount recognised in other comprehensive income</b>                        | <b>83.9</b>                                    | <b>(26.0)</b>                                | <b>57.9</b>           |
| 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  | –                     |
| <b>Total transactions with fund</b>   | <b>(97.0)</b>                                  | <b>68.9</b>                                  | <b>(28.1)</b>         |
| <b>At 31 December 2020</b>  | <b>1,530.1</b>                                 | <b>(1,411.4)</b>                             | <b>118.7</b>          |

31 December 2021

31 December 2020

31 December 2019

**Significant actuarial assumptions**

|                     |       |       |       |
|---------------------|-------|-------|-------|
| Discount rate       | 0.25% | 0.00% | 0.20% |
| Salary growth rate  | 1.25% | 1.25% | 1.25% |
| Pension growth rate | 0.00% | 0.00% | 0.00% |

|                                  | Change in assumption | Impact of an increase<br>in assumption on<br>present value of<br>obligation<br>CHF millions | Impact of a decrease<br>in assumption on<br>present value of<br>obligation<br>CHF millions |
|----------------------------------|----------------------|---|--|
| <b>2021 Sensitivity analysis</b> |                      |   |  |
| Discount rate                    | 0.10%                | (15.6)  | 17.2   |
| Salary growth rate               | 0.10%                | 1.4   | (1.2)  |
| Pension growth rate              | 0.10%                | 12.6  | n/a  |
| Life expectancy                  | 3 months             | 11.7  | (11.5)   |
| <b>2020 Sensitivity analysis</b> |                      |   |  |
| 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)   |

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 (LPP2020 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 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 plan's 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, with the most significant being presented

# Notes to the consolidated financial statements

## EFG International consolidated entities

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 73.4 million in 2021 (2020: gain of CHF 28.9 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.

### Plan amendments, curtailments and settlements

On 31 December 2021, the Group implemented a harmonisation of pension plans for employees in Switzerland, and introduced a 1e plan. Eligible employees with salaries over a threshold in the 1e plan will transfer part of their pension assets into the 1e plan, and on these assets will no longer have a capital guarantee, but they are able to choose their investment strategy based on their own risk/return profile and their assets will benefit from the full return. Effective 01 January 2022, Fondo Complementare di Previdenza di EFG SA entered into liquidation as part of the creation of an OPP2 1e solution.

The plan asset allocation is as follows:

| <b>2021 Asset allocation</b>                    | <b>Quoted<br/>CHF millions</b> | <b>Unquoted<br/>CHF millions</b> | <b>Total<br/>CHF millions</b> | <b>in %</b>   |
|---|--------------------------------|----------------------------------|-------------------------------|---------------|
| Cash and cash equivalents                       | 193.4                          |                                  | 193.4                         | 12.9%         |
| Equity instruments                              | 395.9                          |                                  | 395.9                         | 26.3%         |
| Debt instruments                                | 537.5                          |                                  | 537.5                         | 35.8%         |
| Real estate                                     | 105.4                          | 211.7                            | 317.1                         | 21.1%         |
| Other   | 53.2                           | 5.7                              | 58.9                          | 3.9%          |
| <b>Total plan assets at the end of the year</b> | <b>1,285.4</b>                 | <b>217.4</b>                     | <b>1,502.8</b>                | <b>100.0%</b> |

| <b>2020 Asset allocation</b>                    | <b>Quoted<br/>CHF millions</b> | <b>Unquoted<br/>CHF millions</b> | <b>Total<br/>CHF millions</b> | <b>in %</b>   |
|---|--------------------------------|----------------------------------|-------------------------------|---------------|
| 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%          |
| <b>Total plan assets at the end of the year</b> | <b>1,207.5</b>                 | <b>203.9</b>                     | <b>1,411.4</b>                | <b>100.0%</b> |

The expected employer contributions to the post-employment benefit plan for the year ending 31 December 2021 are CHF 18.0 million. The Group created an employer contribution reserve in 2021 in Switzerland linked to the future liabilities of certain pensioners. The amount that has

been contributed is CHF 52.0 million and is part of the net asset of CHF 72.0 million. The weighted average duration of the defined benefit obligation is 11.5 years (2020: 13.0 years). The expected maturity analysis of undiscounted pension benefits is as follows:

|  | <b>31 December 2021<br/>CHF millions</b> | 31 December 2020<br>CHF millions |
|--|--|----------------------------------|
| <b>Expected maturity analysis of undiscounted pension benefits</b> |  |                                  |
| Less than 1 year   | 162.2                                    | 80.7                             |
| Between 1–2 years  | 73.5                                     | 70.1                             |
| Between 2–5 years  | 196.0                                    | 206.5                            |
| Over 5 years   | 1,043.7                                  | 1,172.8                          |
| <b>Total</b>   | <b>1,475.4</b>                           | <b>1,530.1</b>                   |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 53. 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<br>interest rate % | Due dates  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|-------------------------------------|------------|----------------------------------|----------------------------------|
| <b>Subordinated loans</b>  |                                     |            |                                  |                                  |
| EFG International (Guernsey) Ltd –<br>USD 197,909,000 (31 December<br>2020: USD 400,000,000) | 5.00% p.a.                          | March 2027 | 182.7                            | 355.8                            |
| <b>Total subordinated loans</b>  |                                     |            | <b>182.7</b>                     | <b>355.8</b>                     |

Subordinated loans are presented net of unamortised discount on issuance of CHF 0.1 million (2020: CHF 0.8 million).

The movement in subordinated loans is as follows:

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions* |
|--|----------------------------------|-----------------------------------|
| <b>At 01 January</b>                         | <b>355.8</b>                     | <b>389.7</b>                      |
| Accrued interest                             | 9.6                              | 18.8                              |
| Interest paid                                | (11.9)                           | (18.8)                            |
| Issuance fees amortised in P&L               | 0.7                              | 0.6                               |
| Payment to repurchase the subordinated loans | (190.8)                          |                                   |
| Premium on repurchase expensed in P&L        | 6.0                              |                                   |
| Exchange differences                         | 13.3                             | (34.5)                            |
| <b>At 31 December</b>                        | <b>182.7</b>                     | <b>355.8</b>                      |

\*Comparative information has been adjusted.

## 54. 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<br>with voting right | Bons de<br>Participation<br>without<br>voting right | Treasury shares<br>Ordinary shares | Treasury shares<br>Bons de<br>Participation | Net          |
|--|--------------------------------------|---|------------------------------------|---|--------------|
| Nominal  | CHF 0.50                             | CHF 15.00   | CHF 0.50                           | CHF 15.00                                   |              |
| <b>At 01 January 2020</b>  | <b>297,198,503</b>                   | <b>13,382</b>                                       | <b>(6,174,768)</b>                 | <b>(750)</b>                                |              |
| Ordinary shares repurchased  |                                      |   | (582,971)                          |   |              |
| Employee equity incentive plans exercised                                  | 1,027,382                            |   | 4,357,665                          |   |              |
| New shares issued  |                                      |   | 277,417                            |   |              |
| <b>At 31 December 2020</b>   | <b>298,225,885</b>                   | <b>13,382</b>                                       | <b>(2,122,657)</b>                 | <b>(750)</b>                                |              |
| Employee equity incentive plans exercised                                  | 2,722,165                            |   | 1,845,240                          |   |              |
| Shares granted as deferred consideration<br>on acquisition of subsidiaries |                                      |   | 277,417                            |   |              |
| Shares issued as consideration for<br>acquisition of subsidiaries          | 2,972,969                            |   |                                    |   |              |
| <b>At 31 December 2021</b>   | <b>303,921,019</b>                   | <b>13,382</b>                                       | <b>-</b>                           | <b>(750)</b>                                |              |
| <b>Net share capital (CHF millions)</b>                                    | <b>152.0</b>                         | <b>0.2</b>  | <b>-</b>                           | <b>-</b>                                    | <b>152.2</b> |

# Notes to the consolidated financial statements

## EFG International consolidated entities

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.



## 55. Other reserves

### Accounting principles

#### Share-based compensation

When treasury shares or new shares issued are used to settle Restricted Stock Units, the corresponding reserve is transferred and any difference arising from the variation of the share price between the grant date and the exercise date is reflected through retained earnings.

|  | IFRS 9<br>CHF millions | Employee<br>share<br>option plan<br>CHF millions | Other<br>CHF millions | Total<br>CHF millions |
|--|------------------------|--|-----------------------|-----------------------|
| <b>At 31 December 2019</b>   | 17.3                   | 192.3  | 76.4                  | 286.0                 |
| Change in accounting policy *  |                        | (136.6)  | 5.3                   | (131.3)               |
| <b>At 01 January 2020</b>  | 17.3                   | 55.7   | 81.7                  | 154.7                 |
| Equity-settled share-based plan expensed in the income statement   |                        | 18.4   |                       | 18.4                  |
| Employee equity incentive plans exercised  |                        | (26.0)   |                       | (26.0)                |
| Net gains on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect                                 | 9.6                    |  |                       | 9.6                   |
| Net realised 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 losses on investments in equity instruments measured at fair value through other comprehensive income  | (1.8)                  |  |                       | (1.8)                 |
| Tax effect on net losses 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 losses on hedge of net investments in foreign operations, with no tax effect   |                        |  | (4.9)                 | (4.9)                 |
| Currency translation difference, with no tax effect  |                        |  | (13.0)                | (13.0)                |
| <b>At 31 December 2020</b>   | <b>18.9</b>            | <b>48.1</b>                                      | <b>17.2</b>           | <b>84.2</b>           |

\*The comparative information has been changed, please refer to note 3.

# Notes to the consolidated financial statements

## EFG International consolidated entities

|   | IFRS 9<br>CHF millions | Employee<br>share<br>option plan<br>CHF millions | Other<br>CHF millions | Total<br>CHF millions |
|---|------------------------|--|-----------------------|-----------------------|
| <b>At 01 January 2021</b>   | 18.9                   | 48.1   | 17.2                  | 84.2                  |
| Equity-settled share-based plan expensed in the income statement  |                        | 26.8   |                       | 26.8                  |
| Employee equity incentive plans exercised   |                        | (25.5)   |                       | (25.5)                |
| Net losses on investments in debt instruments measured at fair value through other comprehensive income, with no tax effect                               | (39.8)                 |  |                       | (39.8)                |
| Net realised gains on debt instruments measured at fair value through other comprehensive income reclassified to the income statement, with no tax effect | 6.3                    |  |                       | 6.3                   |
| Net losses on investments in equity instruments measured at fair value through other comprehensive income   | (0.1)                  |  |                       | (0.1)                 |
| Tax effect on net loss on investments in equity instruments measured at fair value through other comprehensive income                                     |                        |  |                       |                       |
| Retirement benefit gains  |                        |  | 118.0                 | 118.0                 |
| Tax effect on retirement benefit gains  |                        |  | (23.2)                | (23.2)                |
| Net gain on hedge of net investments in foreign operations, with no tax effect  |                        |  | 1.9                   | 1.9                   |
| Currency translation difference, with no tax effect   |                        |  | (10.4)                | (10.4)                |
| <b>At 31 December 2021</b>  | <b>(14.7)</b>          | <b>49.4</b>                                      | <b>103.5</b>          | <b>138.2</b>          |

## 56. Additional equity components

|   | Weighted average<br>distribution<br>rate % | Due dates                                      | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|--|--|----------------------------------|----------------------------------|
| <b>Additional equity components – issuers</b> |  |  |                                  |                                  |
| EFG International AG –<br>USD 400,000,000     | 5.5% p.a.                                  | First optional call date<br>of 25 January 2028 | 351.0                            |                                  |
| <b>Total additional equity components</b>     |  |  | <b>351.0</b>                     | <b>–</b>                         |

In January 2021, the Group placed USD 400.0 million of perpetual unsecured, deeply subordinated notes, qualifying as Additional Tier 1 capital, with a 5.5% p.a. fixed distribution amount until the first optional call date of 25 January 2028 and thereafter the aggregate of the five years USD CMT Rate plus 4.659% per annum with a reset every five years. The repayment of this instrument is subject to conditions, including the prior approval of the regulator.

The perpetual Additional Tier 1 Notes (the Notes) may be written off partially or in full, on a permanent basis, under several circumstances described in more detail in the prospectus, among which, if the tier 1 common equity falls below 7.0%.

Based on the contractual terms of the perpetual Additional Tier 1 Notes, the Group may, at its sole discretion, elect to cancel in accordance with the terms and conditions all or part of any payment of interest. Any interest not paid shall not accumulate or be payable at any time thereafter. The non-payment of interest will not constitute an event of default by the Group. If payment of interest is not made in full, the Group's Board of Directors shall not directly or indirectly recommend that any distribution be paid or made on any other shares issued by EFG International AG. The Notes are perpetual securities and have no fixed final redemption date. The issuer may elect in its sole discretion to redeem the Notes. The Notes will not be redeemable at any time at the option of the holders. On this basis, the Notes have been classified as equity instruments in these consolidated financial statements.

Issuance fees of USD 4.0 million are deducted from the proceeds.

The Group made a distribution of CHF 3.4 million in March 2021 in relation to these perpetual Additional Tier 1 Notes.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 57. 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 2021 of CHF 0.36 (2020: CHF 0.30) per share amounting to approximately CHF 109.4 million (2020: CHF 89.0 million), net of dividends not payable on treasury shares is to be proposed.

The financial statements for the year ended 31 December 2021 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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| <b>Dividends on ordinary shares</b>                         |                                  |                                  |
| 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                             |
| CHF 0.30 per share related to 2020 paid on 5 May 2021       | 89.0                             |                                  |
| <b>Total dividends on ordinary shares</b>                   | <b>89.0</b>                      | 87.9                             |
| <b>Dividends on Bons de Participation</b>                   |                                  |                                  |
| For the period 01 November 2019 to 30 April 2020 at 0.290%  |                                  |                                  |
| For the period 01 May 2020 to 30 October 2020 at 0.204%     |                                  |                                  |
| For the period 01 November 2020 to 30 April 2021 at 0.000%  |                                  |                                  |
| For the period 01 May 2021 to 30 October 2021 at 0.321%     |                                  |                                  |
| <b>Total dividends on Bons de Participation</b>             | -                                | -                                |
| <b>Distribution on additional equity components</b>         |                                  |                                  |
| For the period 25 January 2021 to 24 March 2021 at 5.50%    | 3.4                              |                                  |
| <b>Total distribution on additional equity components</b>   | <b>3.4</b>                       | -                                |

### 58. Non-controlling interests

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Asesores Y Gestores Financieros S.A.   | 41.8                             | 39.1                             |
| Shaw and Partners Ltd                  |                                  | 16.9                             |
| Other                                  | 0.8                              | 0.8                              |
| <b>Total non-controlling interests</b> | <b>42.6</b>                      | 56.8                             |

The total non-controlling interest primarily relates to the 59.5% interest in Asesores Y Gestores Financieros SA not held by the Group. Asesores Y Gestores Financieros SA is the holding company for A&G Banca Privada SA in Spain. During 2021 the Group has finalised the acquiring of the remaining outstanding minority stake in Shaw and Partners Ltd.

settle the liabilities of the Group, other than those that exist as a result of the subsidiaries being individually regulated.

During 2021, CHF 4.6 million of profit has been allocated to the non-controlling interests of Asesores Y Gestores Financieros SA.

There are no significant restrictions on the parent company or its subsidiaries, ability to access or use the assets and

The summarised information for Asesores Y Gestores Financieros SA, which is the only non-controlling interest that are material for the Group, is as follows:

**Asesores Y Gestores Financieros S.A.**

|  | <b>31 December 2021</b><br>CHF millions | 31 December 2020<br>CHF millions |
|--|---|----------------------------------|
| Total assets   | 590.2                                   | 578.9                            |
| Total liabilities  | 520.2                                   | 513.5                            |
| Operating income   | 68.2                                    | 60.7                             |
| Net profit for the year (before non-controlling interests) | 7.7                                     | 4.9                              |

**59. Off-balance-sheet items**

|  | <b>31 December 2021</b><br>CHF millions | 31 December 2020<br>CHF millions* |
|--|---|-----------------------------------|
| Guarantees issued in favour of third parties | 256.3                                   | 331.2                             |
| Irrevocable commitments                      | 225.8                                   | 375.5                             |
| <b>Total</b>                                 | <b>482.1</b>                            | <b>706.7</b>                      |

\*The comparative information has been changed.

The following table summarises the Group's off-balance-sheet items by maturity:

|  | <b>Not later than 1 year</b><br>CHF millions | <b>1–5 years</b><br>CHF millions | <b>Over 5 years</b><br>CHF millions | <b>Total</b><br>CHF millions |
|--|--|----------------------------------|-------------------------------------|------------------------------|
| <b>31 December 2021</b>                      |  |                                  |                                     |                              |
| Guarantees issued in favour of third parties | 131.4  | 17.6                             | 107.3                               | 256.3                        |
| Irrevocable commitments                      | 71.9   | 150.1                            | 3.8                                 | 225.8                        |
| <b>Total</b>                                 | <b>203.3</b>                                 | <b>167.7</b>                     | <b>111.1</b>                        | <b>482.1</b>                 |
| <b>31 December 2020*</b>                     |  |                                  |                                     |                              |
| Guarantees issued in favour of third parties | 207.4  | 43.1                             | 80.7                                | 331.2                        |
| Irrevocable commitments                      | 190.3  | 175.4                            | 9.8                                 | 375.5                        |
| <b>Total</b>                                 | <b>397.7</b>                                 | <b>218.5</b>                     | <b>90.5</b>                         | <b>706.7</b>                 |

\*The comparative information has been changed.

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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 60. 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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions   | 305.0                            | 317.6                            |
| 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   | 2,510.1                          | 1,552.6                          |
| <i>with unrestricted right to resell or pledge</i>   | 2,510.1                          | 1,552.6                          |
| 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 | 2,914.8                          | 1,970.1                          |
| <i>of which repledged securities</i>   | 2,533.0                          | 1,768.4                          |

Amounts paid or received in cash are booked under the balance sheet item 'Due from other banks' or 'Due to other banks'.

### 61. 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 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| Fiduciary transactions with third-party banks | 809.9                            | 897.3                            |
| <b>Total</b>                                  | <b>809.9</b>                     | <b>897.3</b>                     |

## 62. Analysis of Swiss and foreign assets, liabilities and shareholders' equity

|                                     | Swiss<br>CHF millions | Foreign<br>CHF millions | Total<br>CHF millions |
|-------------------------------------|-----------------------|-------------------------|-----------------------|
| <b>31 December 2021</b>             |                       |                         |                       |
| Total assets                        | 13,292.4              | 28,850.6                | 42,143.0              |
| Total liabilities                   | (5,828.6)             | (34,022.9)              | (39,851.5)            |
| <b>Total shareholders' equity</b>   | <b>7,112.8</b>        | <b>(5,214.9)</b>        | <b>1,897.9</b>        |
| Additional equity components        | 351.0                 | –                       | 351.0                 |
| Non-controlling interests           |                       | 42.6                    | 42.6                  |
| <b>Total equity</b>                 | <b>7,463.8</b>        | <b>(5,172.3)</b>        | <b>2,291.5</b>        |
| <b>Total equity and liabilities</b> | <b>13,292.4</b>       | <b>28,850.6</b>         | <b>42,143.0</b>       |

|                                     | Swiss<br>CHF millions | Foreign<br>CHF millions | Total<br>CHF millions |
|-------------------------------------|-----------------------|-------------------------|-----------------------|
| <b>31 December 2020</b>             |                       |                         |                       |
| Total assets                        | 11,465.6              | 29,171.6                | 40,637.2              |
| Total liabilities                   | (6,883.4)             | (31,995.8)              | (38,879.2)            |
| <b>Total shareholders' equity</b>   | <b>4,582.2</b>        | <b>(2,881.0)</b>        | <b>1,701.2</b>        |
| Non-controlling interests           |                       | 56.8                    | 56.8                  |
| <b>Total equity</b>                 | <b>4,582.2</b>        | <b>(2,824.2)</b>        | <b>1,758.0</b>        |
| <b>Total equity and liabilities</b> | <b>11,465.6</b>       | <b>29,171.6</b>         | <b>40,637.2</b>       |

# Notes to the consolidated financial statements

## EFG International consolidated entities

### 63. 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 2021 was CHF 26.8 million (2020: CHF 18.4 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 2021 which, when exercised, will each result in the issuance of one ordinary share:

|  | 31 December 2021  | 31 December 2020 |
|--|-------------------|------------------|
| <b>At 01 January</b>                     | <b>18,527,877</b> | 18,328,213       |
| Granted – Restricted stock units         | 5,046,637         | 6,453,264        |
| Granted – Long term incentive plan units | 831,888           | 244,443          |
| Lapsed                                   | (991,665)         | (1,207,171)      |
| Exercised                                | (4,567,405)       | (5,290,872)      |
| <b>At 31 December</b>                    | <b>18,847,332</b> | 18,527,877       |

#### 63.1 2021 incentive plan

EFG International granted 5,046,637 (2020: 6,453,264) 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 831,888 (2020: 244,443) 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 long-term incentive plan is not amortised as it is highly probable that the plan will not be exercisable.

The deemed value of each restricted stock unit granted in 2021 is CHF 7.23 for the one vesting in 12 month, CHF 6.85 for the one vesting in 24 month and CHF 6.44 for the one vesting in 36 month. The values of the restricted stock 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 7.58), market consensus discount pay-out and the expected life of the restricted stock units (12 to 36 months).

#### 63.2 2022 incentive plan

In 2022 and going forward, shares will be delivered instead of RSUs. EFG International will grant shares in June 2022 at prices to be determined based on the relevant valuation inputs on the date of issue.



## 64. 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<br>shareholders<br>CHF millions | EFG Group<br>CHF millions | Key management<br>personnel<br>CHF millions |
|------------------------------------|---|---------------------------|---|
| <b>31 December 2021</b>            |   |                           |   |
| <b>Assets</b>                      |   |                           |   |
| Derivatives                        | 1.2   | 1.2                       |   |
| Loans and advances to customers    | 11.0  |                           |   |
| Other assets                       | 14.0  | 0.1                       |   |
| <b>Liabilities</b>                 |   |                           |   |
| Due to other banks                 | 16.4  | 16.4                      |   |
| Derivatives                        | 0.1   | 0.1                       |   |
| Due to customers                   | 74.8  | 5.7                       | 3.3   |
| Other liabilities                  | 1.5   | 0.1                       |   |
| <b>Year ended 31 December 2021</b> |   |                           |   |
| Interest income                    | 0.2   |                           |   |
| Commission income                  | 6.1   | 0.8                       | 0.5   |
| Commission expense                 | (2.0)                                       |                           | (0.5)                                       |
| Net other income                   | 8.1   | 1.1                       |   |
| Operating expenses                 | (1.7)                                       | (0.2)                     |   |

# Notes to the consolidated financial statements

## EFG International consolidated entities

|                                    | Significant<br>shareholders<br>CHF millions* | EFG Group<br>CHF millions | Key management<br>personnel<br>CHF millions |
|------------------------------------|--|---------------------------|---|
| <b>31 December 2020</b>            |  |                           |   |
| <b>Assets</b>                      |  |                           |   |
| Derivatives                        | 2.6  | 2.6                       |   |
| Loans and advances to customers    | 10.8   |                           |   |
| Other assets                       | 8.9  | 0.1                       |   |
| <b>Liabilities</b>                 |  |                           |   |
| Due to other banks                 | 4.2  | 4.2                       |   |
| Due to customers                   | 92.8   | 2.5                       | 2.2   |
| Other liabilities                  | 2.9  | 0.2                       |   |
| <b>Year ended 31 December 2020</b> |  |                           |   |
| Interest income                    | 0.1  |                           |   |
| Commission income                  | 3.4  | 0.9                       |   |
| Commission expense                 | (0.1)  |                           | (0.3)                                       |
| Net other income                   | 27.5   | 1.0                       |   |
| Operating expenses                 | (22.6)                                       | (0.3)                     |   |

\*Comparative information has been adjusted.

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 (2020: nil).

### 65. Key management compensation

|   | 31 December 2021<br>CHF | 31 December 2020<br>CHF |
|---|-------------------------|-------------------------|
| <b>Executive Committee and Board of Directors</b> |                         |                         |
| Cash compensation                                 | 9,343,873               | 9,359,221               |
| Pension contributions                             | 550,525                 | 581,515                 |
| Other compensation and social charges             | 1,313,907               | 771,983                 |
| Restricted stock units                            | 5,114,000               | 1,980,833               |
| <b>Total</b>                                      | <b>16,322,305</b>       | <b>12,693,552</b>       |

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.

## 66. Assets under Management and Assets under Administration

|   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|---|----------------------------------|----------------------------------|
| <b>Character of client assets</b>                       |                                  |                                  |
| Equities  | 61,879                           | 51,410                           |
| Deposits  | 34,628                           | 33,609                           |
| Bonds   | 33,653                           | 35,088                           |
| Loans   | 19,633                           | 19,424                           |
| Structured notes  | 5,606                            | 4,194                            |
| Hedge funds/Fund of hedge funds                         | 3,277                            | 2,734                            |
| Fiduciary deposits                                      | 804                              | 886                              |
| Other   | 12,479                           | 11,422                           |
| <b>Total Revenue-Generating Assets under Management</b> | <b>171,959</b>                   | 158,767                          |
| <b>Total Assets under Administration</b>                | <b>32,536</b>                    | 21,539                           |
| <b>Total Assets under Management and Administration</b> | <b>204,495</b>                   | 180,306                          |

Assets under Administration are trust assets administered by the Group. The Group has CHF 10,955 million (2020: 9,483 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| <b>Assets under Management</b>                                 |                                  |                                  |
| <b>Character of Assets under Management:</b>                   |                                  |                                  |
| Assets in own administrated collective investment schemes      | 15,424                           | 13,497                           |
| Assets under discretionary management agreements               | 28,829                           | 26,705                           |
| Other assets under management                                  | 108,073                          | 99,142                           |
| <b>Total Assets under Management (including double counts)</b> | <b>152,326</b>                   | 139,344                          |
| <i>Thereof double counts</i>                                   | 7,154                            | 5,348                            |
| Loans  | 19,633                           | 19,423                           |
| Total Assets under Administration                              | 32,536                           | 21,539                           |
| <b>Total Assets under Management and Administration</b>        | <b>204,495</b>                   | 180,306                          |
| <b>Net new asset inflows (including double counts)</b>         | <b>8,751</b>                     | 8,417                            |

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| At 01 January  | 139,344                          | 134,039                          |
| Net new money inflows                                    | 7,952                            | 6,878                            |
| Market performance and currency impact                   | 9,186                            | (310)                            |
| Decrease due to disposals of businesses and subsidiaries | (3,257)                          |                                  |
| Other effects  | (899)                            | (1,263)                          |
| <b>At 31 December</b>                                    | <b>152,326</b>                   | 139,344                          |

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 or businesses are not included in net new money.

### 67. Events occurring after the reporting period

On 18 February 2022, the Group gave notice to the holders of its 5.0% resettable guaranteed subordinated notes due 2027 (ISIN: XS1591573180) and of which USD 197,909,000 in principal amount remain outstanding, that it will exercise its option to redeem these notes on their first optional call date on 05 April 2022.

In addition, the Group gave notice regarding the EFG Fiduciary Certificates (ISIN: XS0204324890), of which EUR 13,382,000 in principal remain outstanding, that it intends to repurchase on the next dividend payment date on 03 May 2022 all outstanding certificates.

### 68. 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.

# Notes to the consolidated financial statements

## EFG International consolidated entities

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 an asset or 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 asset or liability exists for any amounts other than prepaid or 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.

### **(i) Additional Tier 1 notes**

Under IFRS, the Group considers the perpetual unsecured, deeply subordinated notes as additional equity components. The notes are recognised in the balance sheet at the net of the proceeds received less any issuance fees paid in the additional equity components reserve. Distributions to the holders of the notes are directly deducted from retained earnings when paid.

Under Swiss Law, the perpetual unsecured, deeply subordinated notes are considered as a liability. Distributions to the holders of the notes are accrued through the income statement and issuance fees are amortised over the period until the first optional call date.

# 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 2021, the consolidated balance sheet as at 31 December 2021, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 88 to 214) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 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 12'000'000

We concluded full scope audit work at 7 reporting units in 6 countries. Our audit scope addressed 86% of the Group's profit before tax, 73% of the Group's revenues and 92% of the Group's total assets. In addition, specified procedures were performed on 2 reporting units in 2 countries representing a further 2% 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

PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, 1211 Genève 2  
Telephone: +41 58 792 91 00, Telefax: +41 58 792 91 10, [www.pwc.ch](http://www.pwc.ch)



## 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.

|  |   |
|--|---|
| <b>Overall Group materiality</b>                       | CHF 12'000'000  |
| <b>Benchmark applied</b>                               | Profit before tax   |
| <b>Rationale for the materiality benchmark applied</b> | 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 Group Audit Committee that we would report to them misstatements above CHF 500'000 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: Private Banking and Wealth Management Business split into Americas, Asia Pacific, United Kingdom, Continental Europe and Middle East, Switzerland and Italy, Investment Solutions and Global Markets and Treasury. The Group financial statements are a consolidation of 59 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

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 18'225.6 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 16.9 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)'.

Also refer to Note 6.3, Note 6.5, Note 6.6, Note 6.9, Note 7, Note 8.5, Note 34 and Note 35.

### How our audit addressed the key audit matter

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.

We found the approach applied by the Group to be reasonable.

---

## Valuation of investments in life insurance policies

---

### Key audit matter

The Group holds life insurance policies (LIPs) with a carrying value of CHF 787.8 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 34.1 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 'Col'). 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 Col increase, the Group maintained Col estimates consistent with the previous year.

Please refer to Note 10, Note 32 and Note 42.1.

### How our audit addressed the key audit matter

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

We considered this area a key audit matter because the Group is a defendant in a number of disputes where, as disclosed in Note 49 and Note 50, 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 49, the Group had recognised provisions of CHF 130.4 million for litigations and other claims as of 31 December 2021.

Please refer to Notes 49 and 50.

### How our audit addressed the key audit matter

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 49) and contingent liabilities (Note 50) 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  
Audit expert  
Auditor in charge



Omar Grossi  
Audit expert

Geneva, 22 February 2022

# Parent company financial statements

EFG International, Zurich, for the year  
ended 31 December 2021

|  |            |
|--|------------|
| <b>Index to the financial statements</b>   | <b>223</b> |
| Income statement   | 224        |
| Balance sheet  | 225        |
| <br>   |            |
| <b>Notes to the Parent Company Financial Statements</b>                          | <b>226</b> |
| 1 General information  | 226        |
| 2 Accounting policies  | 226        |
| 3 Contingent liabilities   | 226        |
| 4 Balance sheet assets with retention of title to secure own obligations         | 226        |
| 5 Off-balance sheet obligations relating to leasing contracts                    | 226        |
| 6 Liabilities relating to pension plans and other retirement benefit obligations | 226        |
| 7 Subordinated debt  | 226        |
| 8 Principal participations   | 227        |
| 9 Release of undisclosed reserves  | 227        |
| 10 Revaluation of long-term assets to higher than cost                           | 227        |
| 11 Own shares held by the company and by Group companies                         | 227        |
| 12 Share capital   | 227        |
| 13 Significant shareholders  | 228        |
| 14 Income from subsidiaries  | 229        |
| 15 Extraordinary income  | 229        |
| 16 Operating expenses  | 229        |
| 17 Provisions for guarantees and other losses                                    | 230        |
| 18 Extraordinary expenses  | 230        |
| 19 Legal reserves  | 230        |
| 20 Proposed appropriation of available reserves                                  | 230        |
| 21 Compensation of Board of Directors and Executive Committee                    | 231        |
| 22 Post balance sheet events   | 232        |
| <br>   |            |
| <b>Statutory Auditors' Report</b>  | <b>233</b> |

# Income statement for the year ended 31 December 2021, EFG International, Zurich

|   | Note | Year ended<br>31 December 2021<br>CHF millions | Year ended<br>31 December 2020<br>CHF millions |
|---|------|--|--|
| <b>Income</b>   |      |  |  |
| Interest income from subsidiaries                                       |      | 15.2   | 19.0   |
| Income from subsidiaries  | 14   | 242.7  | 106.3  |
| Foreign exchange gain   |      | 5.5  |  |
| Extraordinary income  | 15   | 7.9  |  |
| <b>Total income</b>   |      | <b>271.3</b>                                   | 125.3  |
| <b>Expenses</b>   |      |  |  |
| Staff expenses  |      | (10.8)   | (10.9)   |
| Operating expenses  | 16   | (25.0)   | (29.5)   |
| Interest expenses and amortisation of issuance fee on subordinated debt |      | (19.6)   |  |
| Interest expenses paid to subsidiaries                                  |      | (3.4)  | (7.7)  |
| Foreign exchange losses   |      |  | (4.6)  |
| Impairment of investments in subsidiaries                               | 8    | (78.4)   | (29.8)   |
| Provision for guarantees and other losses                               | 17   | (7.9)  | (9.2)  |
| Extraordinary expenses  | 18   | (3.1)  | (25.0)   |
| <b>Total expenses</b>   |      | <b>(148.2)</b>                                 | (116.7)  |
| <b>Net profit before tax</b>  |      | <b>123.1</b>                                   | 8.6  |
| Tax expense   |      | (0.9)  | (0.3)  |
| <b>Net profit for the period</b>  |      | <b>122.2</b>                                   | 8.3  |



# Balance sheet as at 31 December 2021

## EFG International, Zurich

|   | Note | Year ended<br>31 December 2021<br>CHF millions | Year ended<br>31 December 2020<br>CHF millions |
|---|------|--|--|
| <b>Assets</b>   |      |  |  |
| Cash and cash equivalents (with subsidiaries)                     |      | 176.0  | 22.8   |
| Due from subsidiaries   |      | 8.3  | 26.0   |
| Other assets  |      | 13.6   | 9.2  |
| <b>Current assets</b>   |      | <b>197.9</b>                                   | <b>58.0</b>                                    |
| Investments in subsidiaries                                       |      | 1,760.7  | 1,818.4  |
| Subordinated loans to subsidiaries                                |      | 197.0  | 192.7  |
| <b>Non-current assets</b>   |      | <b>1,957.7</b>                                 | <b>2,011.1</b>                                 |
| <b>Total assets</b>   |      | <b>2,155.6</b>                                 | <b>2,069.1</b>                                 |
| <b>Liabilities</b>  |      |  |  |
| Due to subsidiaries   |      | 191.8  | 543.2  |
| Accrued expenses and deferred income                              |      | 29.5   | 18.3   |
| Other liabilities   |      | 0.2  | 0.3  |
| <b>Current liabilities</b>  |      | <b>221.5</b>                                   | <b>561.8</b>                                   |
| Provisions  | 17   | 336.0  | 329.0  |
| Subordinated debt   | 7    | 361.7  | –  |
| <b>Non-current liabilities</b>                                    |      | <b>697.7</b>                                   | <b>329.0</b>                                   |
| <b>Total liabilities</b>  |      | <b>919.2</b>                                   | <b>890.8</b>                                   |
| <b>Equity</b>   |      |  |  |
| Share capital   | 12   | 152.0  | 149.1  |
| Non-voting equity securities<br>(Participation certificates)      | 12   | 0.2  | 0.2  |
| Legal reserves  |      | 1,974.7  | 2,041.7  |
| <i>of which Reserve from capital contributions</i>                | 19   | 1,974.7  | 2,028.1  |
| <i>of which Reserve for own shares from capital contributions</i> |      | –  | 13.6   |
| Retained earnings   |      | (1,012.7)                                      | (1,021.0)                                      |
| Net profit for the period   |      | 122.2  | 8.3  |
| <b>Total shareholders' equity</b>                                 |      | <b>1,236.4</b>                                 | <b>1,178.3</b>                                 |
| <b>Total shareholders' equity and liabilities</b>                 |      | <b>2,155.6</b>                                 | <b>2,069.1</b>                                 |

# 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. Their values are measured individually and carried at historical cost less any impairments.

#### Provisions

Provisions are recognised when:

- There is a present legal or constructive obligation as a result of past events
- It is probable that an outflow of economic benefits will be required to settle the obligation

### 7. Subordinated debt

|                                    | Weighted average distribution rate % | Due dates      | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|------------------------------------|--------------------------------------|----------------|----------------------------------|----------------------------------|
| <b>Subordinated debt – issuers</b> |                                      |                |                                  |                                  |
| EFG International AG –             |                                      |                |                                  |                                  |
| USD 400,000,000                    | 5.5% p.a.                            | Not applicable | 364.9                            |                                  |
| Issuance fees                      |                                      | Not applicable | (3.2)                            |                                  |
| <b>Total subordinated debt</b>     |                                      |                | <b>361.7</b>                     | <b>–</b>                         |

In January 2021, EFG International AG issued USD 400.0 million of perpetual unsecured, deeply subordinated notes,

- Reliable estimates of the amount of the obligation can be made

### 3. Contingent liabilities

EFG International AG has entered into several guarantee agreements mainly with subsidiaries which could theoretically lead to potential obligations of CHF 3,623 million (2020: CHF 4,000 million). Included in this amount is CHF 3,367 million (2020: CHF 3,369 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.

qualifying as Additional Tier 1 capital, carrying a coupon of 5.5% p.a. fixed distribution amount until the first optional

call date of 25 January 2028 and thereafter the aggregate of the five years USD CMT Rate plus 4.659% per annum with a reset every five years. The repayment of this instrument is subject to conditions, including the prior approval of the regulator.

The perpetual Additional Tier 1 Notes may be written off partially or in full, on a permanent basis, under several circumstances described in more detail in the prospectus, among which, if the tier 1 common equity falls below 7.0%.

Based on the contractual terms of the perpetual Additional Tier 1 Notes, the Group may, at its sole discretion, elect to cancel in accordance with the terms and conditions all or part of any payment of interest. Any interest not paid shall not accumulate or be payable at any time thereafter. The non-payment of interest will not constitute an event of default by the Group. If payment of interest is not made in full, the Group's Board of Directors shall not directly or indirectly recommend that any distribution be paid or made on any other shares issued by EFG International AG. The Notes are perpetual securities and have no fixed final redemption date. The issuer may elect in its sole discretion to redeem the Notes. The Notes will not be redeemable at any time at the option of the holders.

Issuance fees of USD 4.0 million are amortised over 7 years through income statement.

EFG International AG made a distribution of CHF 3.4 million in March 2021 in relation to these perpetual Additional Tier 1 Notes, and accrued interest to the end of 2021 is CHF 15.8 million.

## 8. Principal participations

The company's principal participations are shown in the note 44 to the consolidated financial statements.

## 12. Share capital

In the current year, the company impaired the carrying value of investments in subsidiaries by CHF 78.4 million (2020: CHF 29.8 million) where capital was invested in subsidiaries with net asset values below the carrying value of the subsidiaries. The existing carrying value remains below its original acquisition cost.

## 9. Release of undisclosed reserves

During the period, no undisclosed reserves were released (2020: 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.

Neither EFG International AG, nor any Group entities hold any registered shares at 31 December 2021 (2020: 2,122,657 shares held by a Group entity).

750 (2020: 750) Bons de Participation B were held by subsidiaries.

See note 54 of the consolidated financial statements.

|  | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--|----------------------------------|----------------------------------|
| 303,921,019 (2020: 298,225,885) registered shares at the nominal value of CHF 0.50 | 152.0                            | 149.1                            |
| 13,382 (2020: 13,382) Bons de Participation B at the nominal value of CHF 15.00    | 0.2                              | 0.2                              |
| <b>Total share capital</b>   | <b>152.2</b>                     | <b>149.3</b>                     |

# Notes to the financial statements

## EFG International, Zurich

### Conditional share capital

The share capital may be increased by no more than CHF 4,128,055.50 (2020: CHF 2,239,138) by issuing no more than 8,256,111 (2020: 4,478,276) 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 23,513,515.50 by issuing no more than 47,027,031 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 2021 |                    | 31 December 2020 |                    |
|--|------------------|--------------------|------------------|--------------------|
|  | Shares           | Participation of % | Shares           | Participation of % |
| EFG Bank European Financial Group SA, Geneva | 133,556,769      | 43.9%              | 133,556,769      | 44.8%              |
| BTGP-BSI Limited, London                     | 73,862,957       | 24.3%              | 86,178,609       | 28.9%              |

EFG Bank European Financial Group SA is controlled by the Latsis Family interests through several intermediate parent companies. BTGP-BSI Limited is a subsidiary of Banco BTG Pactual SA, Rio de Janeiro, a bank listed on the B3 Sao Paulo Stock Exchange in Brazil.

#### 14. Income from subsidiaries

Income from subsidiaries consists of the following:

|                         | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|-------------------------|----------------------------------|----------------------------------|
| Dividends               | 211.8                            | 79.5                             |
| Royalties               | 6.8                              | 5.2                              |
| Management service fees | 2.7                              | 3.9                              |
| Administrator fees      | 17.2                             | 16.7                             |
| Other services          | 4.2                              | 1.0                              |
| <b>Total</b>            | <b>242.7</b>                     | <b>106.3</b>                     |

#### 15. Extraordinary income

The extraordinary income primarily arises from amounts receivable from the seller of a subsidiary acquired of CHF 7.0 million related to resolution of legal and tax matters which are indemnified.

|                                    | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|------------------------------------|----------------------------------|----------------------------------|
| Indemnification amounts receivable | 7.0                              |                                  |
| Other                              | 0.9                              |                                  |
| <b>Extraordinary income</b>        | <b>7.9</b>                       | <b>-</b>                         |

#### 16. Operating expenses

Operating expenses consist of the following:

|                                   | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|-----------------------------------|----------------------------------|----------------------------------|
| Acquisition-related expenses      | (2.7)                            | (4.5)                            |
| Other operating expenses          | (10.8)                           | (7.8)                            |
| Services provided by subsidiaries | (11.5)                           | (17.2)                           |
| <b>Total</b>                      | <b>(25.0)</b>                    | <b>(29.5)</b>                    |

# Notes to the financial statements

## EFG International, Zurich

### 17. Provisions for guarantees and other losses

Based on the net realisable assets of the Group companies, a potential liability of CHF 336.0 million (2020: CHF 329.0 million) exists at year-end, assuming the entities are recapitalized.

|                                      | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|--------------------------------------|----------------------------------|----------------------------------|
| Increase in provision for guarantees | (7.4)                            | (6.6)                            |
| Other losses                         | (0.5)                            | (2.6)                            |
| <b>Total</b>                         | <b>(7.9)</b>                     | <b>(9.2)</b>                     |

### 18. Extraordinary expenses

The extraordinary expenses in 2021 were related primarily to reversal of accruals for foreign taxes that are no longer required, whilst the 2020 expense related to resolution of a liability of a subsidiary acquired.

|                        | 31 December 2021<br>CHF millions | 31 December 2020<br>CHF millions |
|------------------------|----------------------------------|----------------------------------|
| Extraordinary expenses | (3.1)                            | (25.0)                           |
| <b>Total</b>           | <b>(3.1)</b>                     | <b>(25.0)</b>                    |

### 19. Legal reserves

In 2021, a dividend distribution totalling CHF 89.0 million (2020: CHF 87.9 million) has been paid from the 'Reserve from capital contributions' representing CHF 0.30 per registered share paid on 5 May 2021 (2020: 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 122.2 million as cumulative negative retained earnings and to proceed to a distribution to shareholders of CHF 0.36 per share, which will amount to a total distribution of approximately CHF 109.4 million. The Board of Directors proposes to fully charge the proposed distribution for 2021 of CHF 0.36 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 2021, the following shareholdings were held by the Board of Directors and the Executive Committee and closely linked parties.

|                                 | Shares<br>2021     | Shares<br>2020 | 2021<br>Vested<br>RSUs | 2021<br>Unvested<br>RSUs | 2021<br>Total<br>outstanding<br>RSUs | 2020<br>Vested<br>RSUs | 2020<br>Unvested<br>RSUs | 2020<br>Total<br>outstanding<br>RSUs |
|---------------------------------|--------------------|----------------|------------------------|--------------------------|--------------------------------------|------------------------|--------------------------|--------------------------------------|
| <b>Board of Directors</b>       |                    |                |                        |                          |                                      |                        |                          |                                      |
| Peter A. Fanconi, Chair         | 150,000            | 150,000        | 14,492                 | 61,506                   | 75,998                               |                        | 43,478                   | 43,478                               |
| Nicolò H. Burki, Vice-Chair*    |                    | 11,054         | 5,595                  | 6,249                    | 11,844                               |                        | 11,844                   | 11,844                               |
| Susanne Brandenberger           | 11,054             |                | 5,595                  | 11,127                   | 16,722                               | 11,054                 | 11,844                   | 22,898                               |
| Emmanuel L. Bussetil            |                    |                |                        |                          |                                      |                        |                          |                                      |
| Mordehay I. Hayim**             |                    |                |                        |                          |                                      |                        |                          |                                      |
| Roberto Isolani                 | 16,649             |                |                        | 11,127                   | 11,127                               | 11,054                 | 11,844                   | 22,898                               |
| Steven M. Jacobs                | 9,153              |                | 7,496                  | 11,127                   | 18,623                               | 11,054                 | 11,844                   | 22,898                               |
| Spiro J. Latsis*                |                    |                |                        |                          |                                      |                        |                          |                                      |
| John S. Latsis                  | 133,556,769***     | 148,124,268*** |                        |                          |                                      |                        |                          |                                      |
| Carlo M. Lombardini             |                    |                | 2,173                  | 9,226                    | 11,399                               |                        | 6,521                    | 6,521                                |
| Périclès Petalas                |                    |                |                        |                          |                                      |                        |                          |                                      |
| Stuart M. Robertson             | 3,673              |                | 4,962                  | 11,127                   | 16,089                               | 3,673                  | 11,211                   | 14,884                               |
| Freiherr Bernd-A. von Maltzan   | 16,649             |                |                        | 11,127                   | 11,127                               | 11,054                 | 11,844                   | 22,898                               |
| Yok Tak A. Yip                  |                    |                | 1,992                  | 8,864                    | 10,856                               |                        | 5,978                    | 5,978                                |
| <b>Total Board of Directors</b> | <b>133,763,947</b> | 148,285,322    | <b>42,305</b>          | <b>141,480</b>           | <b>183,785</b>                       | 47,889                 | 126,408                  | 174,297                              |

\* Stepped down at AGM 2021

\*\* Elected at EGM 2020, stepped down 31 October 2021

\*\*\* Total number of shares controlled by the Latsis Family Interests

# Notes to the financial statements

## EFG International, Zurich

|                                  | Shares<br>2021 | Shares<br>2020 | 2021<br>Vested<br>RSUs | 2021<br>Unvested outstanding<br>RSUs | 2021<br>Total<br>RSUs | 2020<br>Vested<br>RSUs | 2020<br>Unvested outstanding<br>RSUs | 2020<br>Total<br>RSUs |
|----------------------------------|----------------|----------------|------------------------|--------------------------------------|-----------------------|------------------------|--------------------------------------|-----------------------|
| <b>Executive Committee*</b>      |                |                |                        |                                      |                       |                        |                                      |                       |
| Piergiorgio Pradelli             | 500,485        | 434,990        |                        | 357,454                              | 357,454               |                        | 273,865                              | 273,865               |
| Renato Cohn**                    |                |                |                        | 148,120                              | 148,120               | 78,833                 | 105,241                              | 184,074               |
| Yves Aeschlimann                 |                |                |                        | 116,356                              | 116,356               |                        | 71,328                               | 71,328                |
| Christian Flemming***            |                |                |                        |                                      |                       | 38,323                 | 86,207                               | 124,530               |
| Martin Freiermuth                |                |                |                        | 15,431                               | 15,431                |                        |                                      |                       |
| Enrico Piotto****                |                |                |                        | 32,833                               | 32,833                |                        |                                      |                       |
| Dimitris Politis                 | 9,258          | 9,258          | 4,630                  | 161,819                              | 166,449               |                        | 104,536                              | 104,536               |
| Harald Reczek*****               |                |                |                        |                                      |                       |                        |                                      |                       |
| Ranjit Singh*****                |                |                |                        |                                      |                       |                        | 47,945                               | 47,945                |
| <b>Total Executive Committee</b> | <b>509,743</b> | <b>444,248</b> | <b>4,630</b>           | <b>832,013</b>                       | <b>836,643</b>        | <b>117,156</b>         | <b>689,122</b>                       | <b>806,278</b>        |

\* Totals including members of the Executive Committee who left in 2021 and in 2020

\*\* Executive Committee member until 30 April 2021

\*\*\* Executive Committee member until 17 August 2020

\*\*\*\* Joined 1 June 2021

\*\*\*\*\* Executive Committee member since 1 May 2021

\*\*\*\*\* Executive Committee member until 31 December 2020

The members of the Executive Committee have been granted 832,013 restricted stock units which are currently subject to vesting criteria (2020: 689,122 restricted stock units). These units would vest in the period 2022 to 2024.

## 22. Post balance sheet events

On 18 February 2022, the company gave notice regarding the EFG Fiduciary Certificates (ISIN: XS0204324890), of which EUR 13,382,000 in principal remain outstanding, that it intends to repurchase on the next dividend payment date on 03 May 2022 all outstanding certificates.



# 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 2021, balance sheet as at 31 December 2021 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 224 to 232) as at 31 December 2021 comply with Swiss law and the company's articles of association.

### 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.

|  |  |
|--|--|
| <b>Overall materiality</b>                             | CHF 12'000'000   |
| <b>Benchmark applied</b>                               | Net assets   |
| <b>Rationale for the materiality benchmark applied</b> | 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 500'000 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 financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant

*PricewaterhouseCoopers SA, avenue Giuseppe-Motta 50, case postale, 1211 Genève 2  
Telephone: +41 58 792 91 00, Telefax: +41 58 792 91 10, [www.pwc.ch](http://www.pwc.ch)*

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 association, 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 association. 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, 22 February 2022



# 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.

## 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 allowances expense 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 allowances 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.

## Underlying revenue margin

Revenue margin comprises underlying operating income divided by the average Assets under Management.

## Revenue margin

Revenue margin comprises IFRS 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.

## Underlying 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).

## Cost/income ratio

Cost/income ratio is operating expenses less acquisition-related intangible asset amortisation divided by operating income. Acquisition-related intangible asset amortisation comprises the total acquisition-related intangible asset amortisation.

## Underlying net profit

Underlying net profit is the net profit attributable to equity holders of EFG adjusted for the non-underlying impacts.

## Underlying 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 tangible equity**

Return on tangible equity is IFRS 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.

#### **Underlying return on shareholders' equity**

Underlying 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.

#### **Return on shareholders' equity**

Return on shareholders' equity is IFRS 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 2021 and 2020 is as follows:

|   | Underlying<br>year ended<br>31 December 2021<br>CHF millions | Life<br>Insurance<br>CHF millions | Acquisition-related<br>Intangible<br>amortisation<br>CHF millions | Exceptional legal<br>costs and<br>provisions<br>CHF millions | IFRS<br>year ended<br>31 December 2021<br>CHF millions |
|---|--|-----------------------------------|---|--|--|
| Net interest income   | 257.5  | (0.8)                             |   | 2.6  | 259.3  |
| Net banking fee and commission income                         | 756.5  |                                   |   |  | 756.5  |
| Net other income  | 171.1  | 67.7                              |   |  | 238.8  |
| <b>Operating income</b>                                       | <b>1,185.1</b>   | <b>66.9</b>                       | <b>-</b>  | <b>2.6</b>   | <b>1,254.6</b>   |
| Operating expenses  | (948.6)  | (4.8)                             | (9.6)   | (4.9)  | (967.9)  |
| Provisions  | (30.3)   | (10.5)                            |   | (73.2)   | (114.0)  |
| Loss allowance expense  | 3.3  |                                   |   | 69.4   | 72.7   |
| <b>Profit before tax</b>                                      | <b>209.5</b>   | <b>51.6</b>                       | <b>(9.6)</b>  | <b>(6.1)</b>   | <b>245.4</b>   |
| Income tax expense  | (33.6)   |                                   | 2.1   |  | (31.5)   |
| <b>Net profit for the period</b>                              | <b>175.9</b>   | <b>51.6</b>                       | <b>(7.5)</b>  | <b>(6.1)</b>   | <b>213.9</b>   |
| Net profit attributable to non-controlling interests          | (8.1)  |                                   |   |  | (8.1)  |
| <b>Net profit attributable to equity holders of the Group</b> | <b>167.8</b>   | <b>51.6</b>                       | <b>(7.5)</b>  | <b>(6.1)</b>   | <b>205.8</b>   |

|   | Underlying<br>year ended<br>31 December 2020<br>CHF millions | Life<br>Insurance<br>CHF millions | Acquisition-<br>related<br>Intangible<br>amortisation<br>CHF millions | Exceptional legal<br>costs and<br>provisions<br>CHF millions | IFRS<br>year ended<br>31 December 2020<br>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  |
| <b>Operating income</b>                                       | <b>1,114.6</b>   | <b>14.6</b>                       | <b>-</b>  | <b>1.4</b>   | <b>1,130.6</b>   |
| 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)  |
| <b>Profit before tax</b>                                      | <b>153.5</b>   | <b>14.9</b>                       | <b>(9.9)</b>  | <b>(6.2)</b>   | <b>152.3</b>   |
| Income tax expense  | (32.6)   |                                   | 2.1   |  | (30.5)   |
| <b>Net profit for the period</b>                              | <b>120.9</b>   | <b>14.9</b>                       | <b>(7.8)</b>  | <b>(6.2)</b>   | <b>121.8</b>   |
| Net profit attributable to non-controlling interests          | (6.5)  |                                   |   |  | (6.5)  |
| <b>Net profit attributable to equity holders of the Group</b> | <b>114.4</b>   | <b>14.9</b>                       | <b>(7.8)</b>  | <b>(6.2)</b>   | <b>115.3</b>   |





## 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.

This document is being provided by EFG International AG or/and its affiliates (hereinafter referred to as "EFG") solely for information purposes and is not intended to be a solicitation or offer, recommendation or advice to buy or sell interests in any security or financial instrument mentioned in it, to effect any transaction, or to conclude any transaction of any kind whatsoever (referred to hereafter as "Investments"). It is intended for the sole use of the recipient and may not be further distributed, published, used, reproduced for any other purpose or referred to in any manner and the information, opinions or conclusions contained in it may not be referred to without, in each case, the prior express consent of EFG. Whilst EFG shall use reasonable efforts to obtain information from sources which it believes to be reliable, EFG, its directors, officers, employees, agents or shareholders assume no liability regarding the content of the document and give no warranty as to the accuracy, completeness or reliability of any data relating to securities and Investment products, information, opinions or forecasts mentioned in the document and thus assume no liability for losses arising from the use of this document.

The content of the document is intended only for persons who understand and are capable of assuming all risks involved. Before entering into any transaction, the recipient should determine if the relevant security or financial instrument mentioned in the document suits his particular circumstances and should ensure that he independently assesses (together with his professional advisers) the specific risks and the legal, regulatory, credit, tax and accounting consequences of any purchase of securities or financial instruments mentioned in the document. The content of this document shall be limited to opportunities represented by certain Investments with respect to the conditions in the market at a given time, and thus is only valid for a very limited period of time. EFG makes no representation as to the suitability of the information, opinions or securities and financial instruments mentioned in the document. Historical data on the performance of the securities and financial instruments or the underlying assets in this document is no indication for future performance. The value of the Investment and the income arising from the Investment may fall as well as rise. Part or even the whole amount invested may not be recovered upon realization of the Investment.

The present document has been compiled by a department of EFG which is not an "organizational unit responsible for financial research" as defined in the Swiss Bankers Association's Directives on the Independence of Financial Research and, as such, is not subject to the provisions of that regulation. EFG may engage in securities transactions, on a proprietary basis or otherwise and hold long or short positions with regard to the Investment, both in a manner inconsistent with the view taken in this document. In addition, others within EFG, including sales staff, may take a view that is inconsistent with that taken in this report. The content of this document provide information, opinions or conclusions that may differ from analyses carried out by other units of the Bank, and in particular may not comply with the Investment strategy of the Bank.

## Contact

### **EFG International AG**

Bleicherweg 8

8001 Zurich

Switzerland

Phone +41 44 226 18 50

Fax +41 44 226 18 55

[www.efginternational.com](http://www.efginternational.com)

### **Investor Relations**

Phone +41 44 212 73 77

[investorrelations@efginternational.com](mailto:investorrelations@efginternational.com)

### **Media Relations**

Phone +41 44 226 12 72

[mediarelations@efginternational.com](mailto:mediarelations@efginternational.com)

