

Basel III  
Pillar 3  
Disclosures

30 June 2022

2022



Entrepreneurial thinking.  
Private banking.

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## 1. Introduction

### 1.1 Background and General Information

EFG International AG (the Group) is regulated by the Swiss Financial Market Supervisory Authority (FINMA) which requires the Group to comply with Pillar 3 disclosures that are part of the Basel III Capital Adequacy Framework.

This semi-annual report presents the Group's regulatory disclosures as of 30 June 2022.

Pillar III disclosures, published in this report, were approved for issue by the Board of Directors on 20 July 2022. Disclosures and data were verified and approved in line with the Group's internal procedures and control system (ICS). This report has not been audited by the Group's external auditors.

EFG International AG is the parent company of the Group and the highest consolidated entity to which the disclosure requirements apply, hence no Pillar 3 disclosure has been produced for statutory entities.

In order to have the full view of the Group's regulatory environment and capital requirements, this report should be read in conjunction with the Group's Half-Year Report 2022 and the Group's Annual Pillar III Disclosures 2021 (<http://www.efginternational.com>).

### 1.2 Scope

The figures in this report are presented on a Group consolidated basis and are in line with the scope of consolidation for 30 June 2022 consolidated financial statements. No subsidiaries are proportionally consolidated.

There are no changes in the scope of consolidation affecting the comparability of this report with the past Pillar 3 disclosure reports.

### 1.3 Basis of preparation

This disclosure report was produced and prepared in accordance with the FINMA Circular 2016/1 "Disclosure – banks". The report entails all mandatory disclosures. Additionally, the Group publishes several voluntary disclosures.

Unless stated otherwise, this report is prepared in accordance with IFRS accounting principles, which are also applied in financial reporting presented in the Annual Report.

There is an accounting policy change affecting the comparability of this report with past Pillar 3 disclosure reports. Effective 01 January 2022 the Group has adopted IFRS for capital adequacy purposes. Prior to 01 January 2022 the Group applied Swiss accounting principles for banks ("Swiss ARB") to comply with and disclose its capital adequacy. Therefore, the disclosures presented as of 30 June 2022 are based on IFRS, while the comparative information as of 31 December 2021 is based on Swiss ARB. For further details of the reconciliation between IFRS and Swiss ARB, see Section 5 to this report which includes "a like-for-like" comparison of 30 June 2022 to 31 December 2021 on both an IFRS basis and a Swiss ARB basis for this transition period.

### 1.4 Accounting principles

The Group complies with IFRS accounting principles which are applied in the financial reporting presented in the Annual Report and also for Capital Adequacy purposes. All figures within this report are prepared under the basis of IFRS GAAP, unless otherwise stated.

Prior to 01 January 2022, the Group presented the financial reporting in the Annual Report applying IFRS accounting principles, and Swiss accounting principles reporting (Accounting-banks "Swiss ARB") for Capital Adequacy purposes.

As this is the first disclosure for capital adequacy reporting on an IFRS basis, the current period disclosures are presented on an IFRS basis, and the comparative information (unless stated) are on a Swiss ARB basis (as included in the Pillar 3 disclosures of 31 December 2021).

## 2. Capital adequacy and liquidity

### 2.1 Capital and liquidity management framework

The Group's objectives when managing regulatory capital and liquidity is to comply with the 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 and the use of regulatory capital is continually monitored and reported to various governing bodies (ALCO, Financial Risk Committee, Executive Committee, Risk Committee and ultimately the Board of Directors), using the framework developed by the Bank for International Settlements (BIS). The minimum regulatory requirement of the Group is ultimately determined by the rules implemented by the Swiss Financial Market Supervisory Authority (FINMA).

The Group reports regulatory capital according to the Swiss Capital Adequacy Ordinance, therefore complying with the FINMA requirements.

Monitoring capital adequacy and liquidity is a key component of the Group's financial strategy. Management carefully considers the potential impact on the Group's capital ratios and liquidity ratios before making any major decisions about the Group's operations and the orientation of its business.

The Executive Committee monitors the capital ratios and liquidity ratios monthly for the Group, with Board oversight on a quarterly basis.

### 2.2 Key ratios

FINMA's capital ratio requirement is based on the Basel III Accord and is set forth in Article 41 of the Capital Adequacy Ordinance (CAO). The minimum required total capital ratio for the Group is 12.0% at 30 June 2022. The permanent requirement consists of the absolute minimum requirement

for a banking license (8%), the capital buffer for a category 3 bank (4.0%), and national countercyclical buffer (currently 0.0%, increasing to 0.1% in September 2022). This requirement of 12.0% could also be translated as follow:

- CET1 requirement 7.8%
- AT1 requirement 1.8%
- T2 requirement 2.4%

The table below is presented on a voluntary basis and depicts the Group's capital and liquidity position as of 30 June 2022. This table supplements the mandatory key metrics disclosure (see Section 7.1). The regulatory requirements allow only audited interim profits to be recognized as eligible capital. In deviation from that the below voluntary table includes unreviewed year to date profits, net of pro rata dividend accrual expected to be paid in 2023 in order to provide the reader with the most up to date information.

As of 30 June 2022, the Group's common equity tier 1 (CET1) ratio was 14.8%<sup>1</sup>, and total capital ratio was 18.5%<sup>2</sup>.

The leverage ratio at 30 June 2022 is 4.0%<sup>3</sup> compared to the regulatory requirement of 3.0%

The numerator of the ratio is effectively the Tier 1 capital of CHF 1,754.0 million divided by the Total Exposure of CHF 44.3 billion. Total exposure reflects all the on-balance sheet assets primarily adjusted for:

- Deducting assets already deducted from Tier 1 capital (goodwill and certain deferred tax assets)
- Grossing up securities financing transactions
- Derivatives exposure adjustments
- Other off-balance sheet exposures

The Group's liquidity coverage ratio (LCR) at 30 June 2022 was 172%, above the minimum regulatory requirement of 100% (see Section 6.1). At the same period, the Group's net stable funding ratio was 166%, higher than the minimum regulatory requirement of 100% (see Section 6.2).

The following table summarises key metrics, which are explained in further detail in subsequent sections of this report.

<sup>1</sup> Including unreviewed profit for the period 01 January 2022 to 30 June 2022, and the pro rata dividend payable in 2023 from the 2022 profits. Excluding this, the ratio per the KM1 would be 14.4% See section 7.1

<sup>2</sup> Including unreviewed profit for the period 01 January 2022 to 30 June 2022, and the pro rata dividend payable in 2023 from the 2022 profits. Excluding this, the ratio per the KM1 would be 18.2 %. See section 7.1

<sup>3</sup> Including unreviewed profit for the period 01 January 2022 to 30 June 2022, and the pro rata dividend payable in 2023 from the 2022 profits. Excluding this, the ratio per the KM1 would be 3.9% See section 7.1

## Supplementary voluntary disclosure of key metrics

CHF millions	30 June 2022 IFRS basis <sup>4</sup>	31 December 2021 Swiss ARB basis
<b>Available capital</b>		
Common Equity Tier 1 (CET1)	1,403.0	1,615.2
Tier 1 capital (T1)	1,754.0	1,990.7
<b>Total Capital</b>	<b>1,754.1</b>	<b>2,171.2</b>
<b>Total risk weighted assets (RWA)</b>	<b>9,479.1</b>	<b>9,918.4</b>
<b>Risk based capital ratios as a percentage of RWA</b>		
Common Equity Tier 1 ratio (%)	14.8%	16.3%
Tier 1 ratio	18.5%	20.1%
<b>Total capital ratio</b>	<b>18.5%</b>	<b>21.9%</b>
<b>BASEL III leverage ratio</b>		
Total leverage ratio exposure	44,279.5	43,400.8
<b>Leverage ratio (%)</b>	<b>4.0%</b>	<b>4.6%</b>
<b>Liquidity coverage ratio (LCR) at period end</b>		
Total high-quality liquid assets (HQLA)	14,810.3	14,304.0
Total net cash outflow	8,618.2	7,600.7
<b>LCR (%)</b>	<b>172%</b>	<b>188%</b>
<b>Net stable funding ratio (NSFR) at period end</b>		
Available stable refinancing	24,461.3	23,467.0
Required stable refinancing	14,693.4	15,000.9
<b>Net stable funding ratio (NSFR) (%)</b>	<b>166%</b>	<b>156%</b>

The decrease in total capital ratios from December 2021 to June 2022 is primarily due to :

- Approximately (1.1)% negative impact from the mark to market of the bond portfolio on CET 1
- Approximately (1.8)% due to the redemption of the Tier 2 instruments
- Approximately (0.5)% due to the change in basis from Swiss ARB to IFRS (see section 5 for further information)

In July 2022 the closing of sale of the stake in Spanish private bank A&G (Asesores y Gestores Financieros S.A.) will increase the CET1 ratio by 0.7% to 15.5% and the total capital ratio by 0.8% to 19.3%.

<sup>4</sup> Including unaudited year-to-date interim profits after expected dividends

### 3. Composition of the regulatory eligible capital

As of 30 June 2022 the Group's regulatory capital is composed of:

- CET1 capital
- Additional Tier 1 capital
- Tier 2

For further details on regulatory eligible capital composition see section 7.2 (CC1), and following table on regulatory instruments.

CET1 capital comprises paid-in capital, disclosed reserves and minority interests. At 30 June 2022, the Group's share capital amounted to CHF 154.0 million and consisted of 309,146,369 fully paid-in registered shares with a par value of CHF 0.50 per share, less 1,074,548 treasury shares with a nominal value of CHF 0.50 each. CET1 capital is adjusted for regulatory deductions such as goodwill and deferred tax assets based on future profitability.

Additional Tier 1 capital comprises USD 400.0 million of perpetual, unsecured deeply subordinated notes qualifying as Additional Tier 1 capital issued in January 2021.

On 03 May 2022, the Group repurchased the EFG Fiduciary Certificates (ISIN: XS0204324890) of which EUR 13,382,000 in principal were outstanding. In addition the Group exercised its option to redeem the remaining USD 197,909,000 of outstanding 5.00 per cent resettable guaranteed subordinated notes due 2027 (ISIN: XS1591573180) on their first optional call date of 05 April 2022 at their principal amount.

The subordinated loan of USD 197.9 million was redeemed on 05 April 2022, on the first call date.

#### Supplementary voluntary disclosure: Regulatory capital instruments (CCA)

		30 June 2022	
		Ordinary Shares	Additional Tier 1
1	Issuer	EFG International AG	EFG International AG
2	Unique identifier	CH0022268228	CH0593093229
3	Governing law of the instrument	Zurich, Switzerland / Swiss law.	Zurich, Switzerland / Swiss law
<b>Regulatory treatment</b>			
5	Under post-transitional Basel III rules (CET1/AT1/T2)	Common equity tier 1	Additional tier 1
6	Eligible at single-entity, group/single-entity and group levels	Group	Group
7	<i>Equity securities/debt securities/hybrid instruments/other instruments</i>	<i>Equity securities</i>	<i>Subordinated debt</i>
8	Amount recognised in regulatory capital (CHF millions)	154.0	351.0
9	Par value of instrument	CHF 0.50	USD 1000
10	Accounting classification (Swiss ARB)	Equity	Liability
11	Original date of issuance	12/10/2005	21/01/2021
12	<i>Perpetual or dated</i>	<i>Perpetual</i>	<i>Perpetual</i>
13	<i>Original maturity date</i>	<i>N/A</i>	<i>N/A</i>
14	Issuer call (subject to prior approval from supervisory authority)	No	Yes
15	<i>Optional call date/contingent call dates/redemption amount</i>	<i>N/A</i>	<i>25.07.2027 - 25.01.2028</i>
16	<i>Subsequent call dates, if applicable</i>	<i>Every interest payment date after 25.01.2028; callable upon Tax Event or Regulatory Event</i>	

30 June 2022

	Ordinary Shares	Additional Tier I	
<b>Coupons / dividends</b>			
17	Fixed/floating rate/initially fixed and subsequently floating rate/initially floating rate and subsequently fixed	Variable	Fixed
18	Coupon rate and any related index	5.5% up to 25 January 2028 then	CMT rate + 4.659%
19	Existence of a dividend stopper (non-payment of dividend on the instrument prohibits the payment of dividends on common shares)	No	Yes
20	Coupon payment/dividends: fully discretionary/partially discretionary/mandatory	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
30	Write-down feature	No	Yes
31	<i>Write-down trigger(s)</i>		<i>High trigger (7% CET1 Ratio); Viability Event (FINMA, Public Support)</i>
32	<i>Full/partial</i>		<i>Partial</i>
33	<i>Permanent or temporary</i>		<i>Permanent</i>
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1 capital	Tier 2 capital
36	Features that prevent full recognition under Basel III	No	No
37	<i>If yes, specify non-compliant features</i>		

#### 4. Risk weighted assets

The below table summarises the composition of the risk weighted assets as of 30 June 2022 versus December 2021 and the minimum requirement on the basis of an 8.0% capital requirement.

##### Overview of risk weighted assets (OV1)

CHF millions		a	b	c
		RWA 30 June 2022 IFRS Basis	RWA 31 December 2021 Swiss ARB basis	Minimum Capital Requirement 30 June 2022
1	Credit risk (excluding counterparty credit risk)	6,122.3	6,709.6	489.8
2	<i>Of which standardised approach (SA)</i>	5,793.4	6,428.0	463.5
	<i>Of which non -counterparty related risk</i>	328.9	281.6	26.3
3	<i>Of which internal rating-based (F-IRB) approach</i>			
4	<i>Of which supervisory slotting approach</i>			
5	<i>Of which advanced internal ratings-based (A-IRB) approach</i>			
6	Counterparty Credit risk	398.5	276.2	31.9
7	Of which standardised approach (SA - CCR)	309.2	164.8	24.7
7a	Of which simplified standard approach (SSA - CCR)			
7b	Of which market value method			
8	Of which internal model method (IMM)			
9	Of which other CCR approach	89.3	111.4	7.1
10	Credit Valuation Adjustment (CVA)	146.2	68.4	11.7
11	<i>Equity positions under the simple risk weight approach</i>			
12	<i>Equity investments in funds - look -through approach</i>			
13	<i>Equity investments in funds - mandate-based approach</i>			
14	Equity investments in funds - fall-back approach			
14a	<i>Equity investments in funds - simplified approach</i>	49.5	55.0	4.0
15	Settlement risks	0.6	0.4	0.0
16	Securitisation exposures in banking book			
17	<i>Of which internal ratings-based approach (SEC-IRBA)</i>			
18	<i>Of which external ratings-based approach (SEC-ERBA), including     internal assessment approach (IAA)</i>			
19	<i>Of which standardised approach (SEC-SA)</i>			
20	Market risk	679.7	769.2	54.4
21	Of which standardised approach	679.7	769.2	54.4
23	Capital charge for switch between trading book and banking book			
24	Operational risk	2,062.5	2,025.6	165.0
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	19.8	14.0	1.6
26	Floor adjustment			
27	<b>Total (1+6+10+11+12+13+14+14a+15+16+20+23+24+25+26)</b>	<b>9,479.1</b>	<b>9,918.4</b>	<b>758.3</b>



## 5. Comparison to IFRS basis

### Reconciliation of Swiss ARB to IFRS Regulatory Capital

The below table includes unreviewed profits for the period 01 January 2022 to 30 June 2022 and a pro rata portion of the dividend to be paid in 2023.

	30 June 2022 CHF millions	31 December 2021 CHF millions
<b>Total RWA: IFRS</b>	<b>9,479.1</b>	<b>9,552.6</b>
IFRS 9 impacts	148.2	72.6
Other financial assets not recognised under Swiss ARB	(92.0)	(300.1)
Difference between FINMA and BIS rules		593.2
<b>Total RWA: Swiss ARB</b>	<b>9,535.3</b>	<b>9,918.4</b>
<b>Total Regulatory Capital: IFRS</b>	<b>1,754.1</b>	<b>2,057.0</b>
Common Equity Tier 1 (CET1) Capital adjustments	127.2	107.0
Additional tier 1 (AT1) adjustments	29.4	10.7
Tier 2 (T2) adjustments	(0.2)	(3.5)
<b>Total Regulatory Capital: Swiss ARB</b>	<b>1,910.5</b>	<b>2,171.2</b>
The main variances in CET1 above relate to the following:		
– Valuation difference	154.8	123.1
<i>of which:</i>		
<i>Life insurance securities valuations</i>	269.7	189.7
<i>Equity valuation</i>	(92.6)	(96.6)
<i>Compensation account (SWISS ARB hedge accounting)</i>	(37.9)	20.5
<i>Other</i>	15.6	9.5
– IAS 19 Pension (net of tax)	(1.7)	(18.2)
– Other	(25.9)	2.1
<b>Total CET1 adjustments</b>	<b>127.2</b>	<b>107.0</b>
<b>Swiss ARB Common Equity Tier 1 Ratio</b>	<b>16.0%</b>	<b>16.3%</b>
<b>Swiss ARB Total Eligible Capital Ratio</b>	<b>20.0%</b>	<b>21.9%</b>

#### Risk weighted assets

The risk weighted assets at 30 June 2022 on an IFRS basis are lower than on a Swiss ARB basis primarily due to the risk weighting of assets related to investment securities which have a higher valuation under Swiss GAAP, and partially offset by the higher risk weighted assets related to leased premises that are recognised under IFRS and not under Swiss ARB.

#### Common equity tier 1

As at 30 June 2022, the main difference between IFRS and Swiss ARB accounting principles affecting the Group's common equity tier 1 relates to:

- Swiss ARB does not require any actuarial pension liability calculated based on short term interest rates to be recognised for defined contribution plans (except if the pension plan showed an actuarial deficit based on a reference average long term interest rate and the employer was due to the fund that deficit). Under IFRS, an additional post tax pension liability of CHF 1.7 million is recognised on the balance sheet.

- A difference of CHF 154.8 million arises due to valuation differences between IFRS and Swiss ARB. Under Swiss ARB certain financial instruments are valued on an amortised cost basis, and on a fair value basis for IFRS purposes. The majority of this difference arises mainly from the following items which under IFRS are required to be fair valued, whilst under Swiss ARB are carried at amortised cost (June 2022):
- Life insurance CHF 269.7 million
- Equity CHF (92.6) million
- Compensation account CHF (37.9) million

## Comparison of ratio's on Swiss ARB basis

The below table includes unreviewed profits for the period 01 January 2022 to 30 June 2022 and a pro rata portion of the dividend to be paid in 2023.

	30 June 2022 CHF millions	31 December 2021 CHF millions	Variance CHF millions/%
<b>Total RWA: Swiss ARB</b>	<b>9,535.3</b>	<b>9,918.4</b>	<b>(383.1)</b>
Common Equity Tier 1 (CET1)	1,530.0	1,615.2	(85.2)
Additional tier 1 (AT1)	380.5	375.5	5.0
Tier 2 (T2)		180.5	(180.5)
<b>Total Regulatory Capital: Swiss ARB</b>	<b>1,910.5</b>	<b>2,171.2</b>	<b>(260.7)</b>
Ratios			
Common Equity Tier 1	16.0%	16.3%	-0.3%
Tier 1	20.0%	20.1%	-0.1%
<b>Total capital</b>	<b>20.0%</b>	<b>21.9%</b>	<b>-1.9%</b>

### Common equity tier 1 ratio

As at 30 June 2022, the ratio has decreased by 0.3% due to lower bonds values (-1.1%), partially offset by a reduction in risk weighted assets (+0.8%).

The declines in the bond portfolio values are due to interest rate increases (which under Swiss ARB are recorded at the lower of cost and net realisable value). The Group expects these bonds to repay in full at maturity, and as a result considers this negative impact of circa 1.1% as a temporary

situation that should mostly reverse over the next 24 months.

### Total capital ratio

As at 30 June 2022, the main reason for the decrease in the ratio versus 31 December 2021 (apart from the impact on CET1 described above) is due to the repurchase of the outstanding Tier 2 instruments on 05 April 2022 reducing the total capital ratio by circa 1.8%.

## Comparison of ratios on an IFRS basis

The below table includes unreviewed profits for the period 01 January 2022 to 30 June 2022 and a pro rata portion of the dividend to be paid in 2023.

	30 June 2022 CHF millions	31 December 2021 CHF millions	Variance CHF millions/%
<b>Total RWA: IFRS</b>	<b>9,479.1</b>	<b>9,552.6</b>	<b>(73.5)</b>
Common Equity Tier 1 (CET1)	1,403.0	1,508.2	(105.2)
Additional tier 1 (AT1)	351.0	364.8	(13.8)
Tier 2 (T2)	0.1	184.0	(183.9)
<b>Total Regulatory Capital: IFRS</b>	<b>1,754.1</b>	<b>2,057.0</b>	<b>(302.9)</b>
Ratios			
Common Equity Tier 1	14.8%	15.8%	-1.0%
Tier 1	18.5%	19.6%	-1.1%
<b>Total capital</b>	<b>18.5%</b>	<b>21.5%</b>	<b>-3.0%</b>

### Common equity tier 1 ratio

As at 30 June 2022, the main reason for the decrease in the ratio versus 31 December 2021 is due to the impact of declines in the bond portfolio due to interest rate increases (which under IFRS GAAP are recorded through Other Comprehensive Income). The Group expects these bonds to repay in full at maturity, and as a result considers this negative impact of circa 1.1% as a temporary situation that should mostly reverse over the next 24 months.

### Total capital ratio

As at 30 June 2022, the main reason for the decrease in the ratio versus 31 December 2021 (apart from the impact on CET1 described above) is due to the repurchase of the outstanding Tier 2 instruments on 05 April 2022 reducing the total capital ratio by circa 1.8%.

## 6. Liquidity risk management (LIQA)

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

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

As defined in the risk appetite framework approved by the Board of Directors, the liquidity risk strategies are defined as follows:

- EFG International holds sufficient liquid assets that it could survive a sustained and severe run on its deposit base, without any recourse to mitigating actions beyond liquidating those assets, and without breaching regulatory liquidity limits
- EFG International funds the balance sheet primarily from customer deposits, using capital markets opportunistically, without being subject to funding concentration, due to a small number of funding sources or clients

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

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

Liquidity is handled by the Treasury function, which ensures the ongoing process of sourcing new funds, in the case of a lack of liquidity, or the investing of funds, if there is an

excess of liquidity. Main subsidiaries/regions have their own local Treasury departments, regulated by the Group Treasury function. The Treasury function reports to the Head of Global Markets and Treasury.

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

The liquidity risk management process includes:

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

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

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

EFG International manages liquidity risk in such a way as to ensure that ample liquidity is available to meet commitments to customers, both in demand for loans and repayments of deposits and to satisfy EFG International's own cash flow needs within all of its business entities.

EFG International has a liquidity risk management process in place that includes contingency funding plans, and stress tests that are undertaken to highlight EFG International's liquidity profile in adverse conditions, analysing also intraday liquidity stress scenarios.

### 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, have a benefit of 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.

### 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 weighted 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.

## 6.1 Liquidity coverage ratio

The LCR is an international regulatory standard. The LCR ensures that a bank has enough liquidity to withstand a 30-calendar-day liquidity stress scenario. It is the ratio between the amount of high-quality liquid assets (HQLA) available and potential net cash outflows over a 30-day period. The term net cash outflows is defined as the total potential cash outflows (such as withdrawals of sight deposits and non-renewals of borrowings with a maturity of less than 30 days) less the total potential cash inflows (such as the repayment of receivables with a maturity of less than 30 days) in a stress situation. For banks that, like EFG are not systemically important, the minimum requirement for the LCR is 100%.

Note that the FINMA requires disclosure of the average quarterly LCR (see section 7.3) that reflects the average of each 3-month period. The table below summarises the LCR at 30 June 2022.

## Supplementary voluntary disclosure : Liquidity coverage ratio

CHF millions	30 June 2022 Weighted values	31 December 2021 Weighted values
Total high-quality liquid assets (HQLA)	14,810.3	14,304.0
Total cash outflows	12,950.0	11,627.7
Total cash inflows	4,331.8	4,027.0
Total net cash outflows	8,618.2	7,600.7
<b>Liquidity coverage ratio (in %)</b>	<b>172%</b>	<b>188%</b>

The LCR for the Group has decreased to 172% as at 30 June 2022 in comparison to the 188% reported as at 31 December 2021. The main driver to this decrease has been an increase in total net cash outflows of CHF 1,018 million.

The Bank's SNB account makes up 31% and European central bank account represents 23% of total HQLA. The remaining HQLA are primarily US, Hong Kong and Singaporean-issued securities that have a credit rating of between AAA and AA.

Withdrawals from retail and corporate client deposits account for around 75% of total potential cash outflows. This reflects the fact that client deposits are the Bank's primary source of funding and therefore the primary source of potential fund outflows in the event of a liquidity run.

Other cash outflows relate mainly to:

- Derivatives maturing within 30 days and margin calls relating to credit support annexes;
- The undrawn part of credit facilities granted to clients;
- Contingent liabilities (e.g., guarantees and letters of credit).

Loans to clients and banks maturing within 30 days account for around 75% of potential cash inflows. The remaining cash inflows primarily come from derivatives maturing within 30 days.

The LCR in Swiss francs is 134%, a large percentage of HQLA are denominated in Swiss francs (cash deposited at the SNB).

## 6.2 Net stable funding ratio

The NSFR ensures that a bank maintain strong and stable funding structure to operate in the long term. This ratio puts in relation the amount of available stable funding (ASF) and required stable funding (RSF), the minimum regulatory requirement is 100%. Total ASF represents liabilities and capital that will remain for long term (i.e. more than one year). ASF factor is attributed following the type of funding e.g. 100% for Tier I capital, 95% for stable retail deposits and 90% for "less stable" liabilities as defined in the LCR

framework. Total RSF means stable funding that the bank is required to keep given the residual maturity and type of assets positions (liquidity characteristic). Each RSF items is assigned a RSF factor following the degree of financing obligation (from 0% to 100%).

The table below summarises the NSFR at 30 June 2022 and FINMA table as per 2016/1 Circular is presented in section 7.4.

## Supplementary voluntary disclosure : Net stable funding ratio

CHF millions	30 June 2022 Weighted values	31 December 2021 Weighted values
Available stable funding (ASF)	24,461.3	23,467.0
Required stable funding (RSF)	14,693.4	15,000.9
<b>Net stable funding ratio (in %)</b>	<b>166%</b>	<b>156%</b>

The NSFR for the Group remains robust at 166% as at 30 June 2022.

Available stable funding remains strong with CHF 24.5 billion of stable funding after weighting of which :

- Capital Tier I and Tier II before capital deduction following CAO art.32 for CHF 2,346.3 million
- Retail and small business customers accounting for CHF 14,381 million of stable funding
- CHF 7,324 million of non-operational deposit from non-financial corporates

Required stable funding accounts for CHF 14.7 billion as per end of December mostly generated by:

- Clients loans and mortgages accounting for CHF 9,310.9 million, of which 30% with residential mortgages and 23% with retail customers
- Non-HQLA securities unencumbered for CHF 1,665.0 million
- Bank's balances and loans representing CHF 1,020.9 million



## 7. Appendices

### 7.1 Basic regulatory key figures (KM1)

	a	b	c	d	e
	30 June	31 March	31 December	30 September	30 June
CHF millions	2022	2022	2021	2021	2021
<b>Available capital</b>					
1 Common Equity Tier 1 (CET1)	1,369.4	-	1,615.2	-	1,642.7
2 Tier 1 capital (T1)	1,720.4	-	1,990.7	-	2,026.9
3 <b>Total Capital</b>	<b>1,720.5</b>	<b>-</b>	<b>2,171.2</b>	<b>-</b>	<b>2,209.5</b>
<b>Risk weighted assets (RWA)</b>					
4 Total risk weighted assets (RWA)	9,479.1	-	9,918.4	-	9,954.9
4a Minimum required capital based on risk-based requirements	758.3	-	793.5	-	796.4
<b>Risk based capital ratios as a percentage of RWA</b>					
5 Common Equity Tier 1 ratio (%)	14.4%	-	16.3%	-	16.5%
6 Tier 1 ratio	18.1%	-	20.1%	-	20.4%
7 <b>Total capital ratio</b>	<b>18.2%</b>	<b>-</b>	<b>21.9%</b>	<b>-</b>	<b>22.2%</b>
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8 Capital conservation buffer requirement	2.5%	-	2.5%	-	2.5%
11 Total of bank CET1 specific buffer requirements (%)	2.5%	-	2.5%	-	2.5%
12 CET1 available after meeting bank's minimum capital requirements (%)	9.9%	-	11.8%	-	12.0%
<b>Target capital ratios according to Annex 8 of the Capital Adequacy Ordinance (% of RWA)</b>					
12a Capital buffer as per Annex 8 CAO	4.0%	-	4.0%	-	4.0%
12b National countercyclical buffer (art. 44 and 44a CAO) (%)	0.0%	-	0.0%	-	0.0%
12c CET1 capital target as per Annex 8 CAO plus countercyclical buffer per art.44 and 44a CAO	7.8%	-	7.8%	-	7.8%
12d T1 capital target as per Annex 8 CAO plus countercyclical buffer per art.44 and 44a CAO	9.6%	-	9.6%	-	9.6%
12e Total capital target as per Annex 8 CAO plus countercyclical buffer per art.44 and 44a CAO	12.0%	-	12.0%	-	12.0%
<b>BASEL III leverage ratio</b>					
13 Total leverage ratio exposure	44,279.5	-	43,400.8	-	44,923.6
14 <b>Leverage ratio (%)</b>	<b>3.9%</b>	<b>-</b>	<b>4.6%</b>	<b>-</b>	<b>4.5%</b>
<b>Liquidity coverage ratio (LCR) 3 months average</b>					
15 Total high-quality liquid assets (HQLA)	15,257.1	14,571.1	14,336.1	14,104.5	12,834.5
16 Total net cash outflow	8,503.3	7,545.9	7,514.3	7,041.2	6,450.3
17 <b>LCR (%)</b>	<b>179%</b>	<b>193%</b>	<b>191%</b>	<b>200%</b>	<b>199%</b>
<b>NSFR (%)</b>					
18 Available stable refinancing	24,461.3	-	23,467.0	-	23,957.2
19 Required stable refinancing	14,693.4	-	15,000.9	-	15,773.8
20 <b>Net stable funding ratio (NSFR) (%)</b>	<b>166%</b>	<b>-</b>	<b>156%</b>	<b>-</b>	<b>152%</b>

## 7.2 Detailed regulatory capital calculation

The following table summarises the composition of the eligible regulatory capital under IFRS basis. For further details on differences between IFRS and Swiss ARB see section 5 of this report.

### Supplementary voluntary disclosure: Presentation of the eligible regulatory capital (CC1)

CHF millions		30 June 2022
		Net amounts
<b>Common Equity Tier 1 (CET1)</b>		
1	Issued fully paid-in capital, fully eligible	154.0
2	Retained earnings	(200.9)
3	Capital reserves	1,665.7
5	Minority interests	25.5
6	<b>Common Equity Tier 1 (CET1) before adjustments</b>	<b>1,644.3</b>
<b>Regulatory adjustments to Common Equity Tier 1</b>		
8	Goodwill (net of related tax liability)	(53.4)
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	(102.4)
10	Deferred tax assets that rely on future profitability	(87.9)
26b	Other deductions	(31.2)
28	<b>Total regulatory adjustments to CET1</b>	<b>(274.9)</b>
29	<b>Common Equity Tier 1 capital (net CET1)</b>	<b>1,369.4</b>
<b>Additional Tier 1 Capital (AT1)</b>		
30	Issued and paid in instruments, fully eligible	351.0
31	<i>of which: classified as equity under applicable accounting standards</i>	351.0
32	<i>of which: classified as liabilities under applicable accounting standards</i>	
44	<b>Additional Tier 1 capital (net AT1)</b>	<b>351.0</b>
45	<b>Tier 1 Capital (T1 = CET1 + AT1)</b>	<b>1,720.4</b>
<b>Eligible Tier 2 capital (T2)</b>		
56	Additional adjustments (lumpsum amount and 45% of unrealised gains on financial assets measured at FVTOCI)	0.1
58	<b>Tier 2 capital (net T2)</b>	<b>0.1</b>
59	<b>Regulatory capital (net T1 &amp; T2)</b>	<b>1,720.5</b>
60	Sum of risk-weighted positions	9,479.1
<b>Capital ratio</b>		
61	Common equity Tier 1 (item 29, as a percentage of risk-weighted assets)	14.4%
62	Tier 1 (item 45, as a percentage of risk-weighted assets)	18.1%
63	Total regulatory capital (item 59, as a percentage of risk-weighted assets)	18.2%
64	CET1 requirements in accordance with the Basel minimum standards (capital buffer + counter-cyclical buffer) plus the capital buffer for systemically important banks (as a percentage of risk-weighted assets)	2.5%
65	<i>of which, capital buffer in accordance with Basel minimum standards (as a percentage of risk-weighted assets)</i>	2.5%
66	<i>of which, countercyclical buffer in accordance with the Basel minimum standards (as a percentage of risk-weighted assets)</i>	0.0%
68	CET1 available to meet minimum and buffer requirements as per the Basel minimum standards, after deduction of the AT1 and T2 requirements met by CET1 (as a percentage of risk-weighted assets)	9.9%

68a	CET1 total requirement target in accordance with Annex 8 of the CAO plus the countercyclical buffer (as a percentage of risk-weighted assets)	7.8%
68b	Of which countercyclical buffer as per Art. 44 and 44a CAO (as a percentage of risk-weighted assets)	0.0%
68c	CET1 available (as a percentage of risk-weighted assets)	14.0%
68d	T1 total requirement in accordance with Annex 8 of the CAO plus the counter-cyclical buffer (as a percentage of risk-weighted assets)	9.6%
68e	T1 available (as a percentage of risk-weighted assets)	15.8%
68f	Total requirement for regulatory capital as per Annex 8 of the CAO plus the counter-cyclical buffer (as a percentage of risk-weighted assets)	12.0%
68g	Regulatory capital available (as a percentage of risk-weighted assets)	18.2%
	<b>Amounts below threshold for deductions (before risk weighting)</b>	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	3.4

### 7.3 Liquidity : Information on the LCR (LIQ1)

	30 June 2022		31 March 2022	
	Unweighted values <sup>1</sup>	Weighted values <sup>1</sup>	Unweighted values <sup>1</sup>	Weighted values <sup>1</sup>
CHF millions				
<b>1 Total high-quality liquid assets (HQLA)</b>		<b>15,257.1</b>		<b>14,571.1</b>
<b>B. Cash outflows</b>				
2 Retail deposits	15,857.3	2,063.1	15,583.6	1,994.1
3 <i>of which, stable deposits</i>				
4 <i>of which, less stable deposits</i>	15,857.3	2,063.1	15,583.6	1,994.1
5 <i>Unsecured wholesale funding</i>	18,969.3	8,248.3	18,431.1	8,491.6
6 <i>of which, operational deposits (all counterparties) and deposits in networks of cooperative banks</i>				
7 <i>of which, non-operational deposits (all counterparties)</i>	18,969.3	8,248.3	18,311.3	8,371.8
8 <i>of which, unsecured debt</i>			119.8	119.8
9 <i>Secured wholesale funding and collateral swaps</i>		648.2		732.6
10 <i>Other outflows Additional requirements</i>	1,263.2	1,121.1	890.7	857.7
11 <i>of which, outflows related to derivative exposures and other transactions</i>	893.4	805.2	844.5	844.5
12 <i>of which, outflows related to loss of funding on asset-backed securities, covered bonds and other structured financing instruments, asset-backed commercial papers, conduits, securities investment vehicles and other such financing facilities</i>				
13 <i>of which, outflows related to committed credit and liquidity facilities</i>	42.5	11.5	39.9	11.4
14 <i>Other contractual funding obligations</i>	5.9		1.3	
15 <i>Other contingent funding obligations</i>	1,055.3	670.1	710.9	186.7
16 <b>Total cash outflows</b>		<b>12,750.8</b>		<b>12,262.7</b>
<b>C. Cash inflows</b>				
17 <i>Secured lending (e.g. reverse repos)</i>			13.1	13.1
18 <i>Inflows from fully performing exposures</i>	5,049.5	3,689.6	5,826.8	4,274.4
19 <i>Other cash inflows</i>	867.6	557.7	727.9	429.4
20 <b>Total cash inflows</b>	<b>5,917.1</b>	<b>4,247.3</b>	<b>6,554.7</b>	<b>4,703.8</b>
21 <b>Total high-quality liquid assets (HQLA)</b>		<b>15,257.1</b>		<b>14,571.1</b>
22 <b>Total net cash outflows</b>		<b>8,503.3</b>		<b>7,545.9</b>
23 <i>Liquidity coverage ratio (in %)</i>		179%		193%

1 Monthly averages

For further details on liquidity coverage ratio see section 6.1

## 7.4 Liquidity : Information on the NSFR (LIQ2)

CHF millions	30 June 2022					31 March 2022					
	Unweighted value by residual maturity				Weighted value	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1 year	>= 1 year		No maturity	< 6 months	6 months to < 1 year	>= 1 year		
<b>Available stable funding (ASF) item</b>											
1	Capital:	2,349.1				2,349.1	2,260.8			2,260.8	
2	Regulatory capital <sup>1</sup>	2,349.1				2,349.1	2,260.8			2,260.8	
3	Other capital instruments										
4	Retail deposits and deposits from small business customers:	12,621.6	3,130.5	225.8	0.5	14,380.5	13,269.8	2,233.3	90.9	5.1	14,039.7
5	Stable deposits										
6	Less stable deposits	12,621.6	3,130.5	225.8	0.5	14,380.5	13,269.8	2,233.3	90.9	5.1	14,039.7
7	Wholesale funding:	9,150.0	4,992.6	196.5	155.4	7,324.9	10,048.7	3,951.2	193.5	114.1	7,210.8
8	Operational deposits										
9	Other wholesale funding	9,150.0	4,992.6	196.5	155.4	7,324.9	10,048.7	3,951.2	193.5	114.1	7,210.8
10	Liabilities with matching interdependent assets										
11	Other liabilities:	4,179.5	1,425.8	486.2	1,004.6	409.6	4,611.2	1,121.3	232.9	564.6	99.5
12	NSFR derivative liabilities		773.8	423.8	649.7			444.2	229.8	485.0	
13	All other liabilities and equity not included in the above categories	4,179.5	652.0	62.5	355.0	409.6	4,611.2	677.1	3.1	79.6	99.5
14	<b>Total ASF</b>					<b>24,461.3</b>					<b>23,610.9</b>
<b>Required stable funding (RSF) item</b>											
15	Total NSFR high-quality liquid assets (HQLA)	10,225.4	1,533.0	813.1	4,669.8	296.8	11,405.8	1,700.1	586.6	4,043.9	196.0
16	Deposits held at other financial institutions for operational purposes										
17	Performing loans and securities:	4,433.3	9,556.5	1,416.4	7,217.7	11,993.9	4,290.6	9,340.3	1,620.9	7,452.7	12,294.5
18	Performing loans to financial institutions secured by category 1 and 2a HQLA										
19	Performing loans to financial institutions secured by non-category 1 and 2a HQLA and unsecured performing loans to financial institutions	1,793.6	2,197.2	210.5	719.1	1,422.9	1,337.6	2,072.8	132.9	793.9	1,371.9
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	2,639.7	7,139.6	1,116.7	4,665.5	8,858.4	2,874.8	7,143.5	1,413.4	4,853.0	9,249.2
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit										

<sup>1</sup> Prior capital deduction

	risk									
22	Performing residential mortgages, of which:									
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	4.2	1,650.6	345.3	2,776.5	2,804.8	1,674.0	407.1	2,958.4	2,963.6
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		219.6	89.1	1,833.2	1,712.6	78.3	124.1	74.6	1,805.8
25	Assets with matching interdependent liabilities									
26	Other assets:	623.3	1,377.0	4.7	2,557.9	2,400.4	914.9	445.8	5.9	1,752.4
27	Physical traded commodities, including gold	569.6				484.2	505.4			429.6
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs									
29	NSFR derivative assets				2,165.0	133.8			1,485.1	104.1
30	NSFR derivative liabilities before deduction of variation margin posted									
31	All other assets not included in the above categories	0	1,377.0	4.7	392.9	1,782.4	0	445.8	5.9	267.3
32	Off-balance sheet items		10.3	26.5	128.1	2.4	55.7	88.4	306.3	16.0
33	<b>Total RSF</b>					<b>14,693.4</b>				<b>14,137.4</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>166%</b>				<b>167%</b>

For further details on net stable funding ratio see section 6.2

## 8. Abbreviations

<b>ALCO</b>	Asset & Liabilities Management Committee
<b>ALM</b>	Asset and liability management
<b>AT1</b>	Additional Tier 1
<b>ASF</b>	Available stable funding
<b>BIS</b>	Bank for International Settlements
<b>BoD</b>	Board of Directors
<b>CAO</b>	Capital Adequacy Ordinance - Ordinance of 1 June 2012 concerning capital adequacy and risk diversification for banks and securities traders (known as the “Capital Adequacy Ordinance”)
<b>CCF</b>	Credit conversion factor
<b>CCR</b>	Counterparty credit risk
<b>CET1</b>	Common Equity Tier 1
<b>CLS</b>	Continuous linked settlement
<b>CRM</b>	Credit risk mitigation
<b>CSA</b>	Credit Support Annex, an optional annex for ISDA netting agreements
<b>CVA</b>	Credit valuation adjustment: capital requirement aimed at covering the risk of loss in market value as a result of deterioration in the counterparty's credit quality
<b>EAD</b>	Exposure at default
<b>FINMA</b>	Swiss Financial Market Supervisory Authority
<b>GMRA</b>	Global Master Repurchase Agreement of the Public Securities Association/International Securities Market Association (PSA/ISMA)
<b>GMSLA</b>	Global Master Securities Lending Agreement
<b>HQLA</b>	High-quality liquid assets
<b>ICS</b>	Internal control system
<b>IRRBB</b>	Interest rate risk in the banking book
<b>ISDA</b>	International Swaps and Derivatives Association
<b>LCR</b>	Liquidity coverage ratio
<b>NSFR</b>	Net stable funding ratio
<b>OTC</b>	Over the counter
<b>RSF</b>	Required stable funding
<b>RWA</b>	Risk-weighted assets
<b>SFT</b>	Securities financing transaction
<b>SIC</b>	Swiss Interbank Clearing
<b>SNB</b>	Swiss National Bank
<b>SA-BIS</b>	International Standardised Approach in accordance with the CAO
<b>T1</b>	Tier 1
<b>T2</b>	Tier 2
<b>VaR</b>	Value at risk

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