

# Half-year 2020 results presentation

22 July 2020  
Zurich



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# Key highlights

Giorgio Pradelli, Chief Executive Officer

# Executing growth strategy amid coronavirus pandemic

## Solid and resilient business



- Uninterrupted, high-quality private banking service leveraging new digital capabilities
- Solid capital position with ample liquidity, reflecting EFG's conservative balance sheet management
- Highly secured loan book

## Maintained growth momentum



- Continued to grow business with 5.5% NNA increase
- Investments in growth initiatives materialising, with balanced NNA contribution from existing and new CROs and new locations
- Testimony to EFG's distinctive business model, focusing on client centricity
- 28 new CROs hired, signed or approved

## Robust financial performance



- Increased IFRS net profit year on year by 10.5% amid coronavirus pandemic
- Underlying profitability impacted by one-off items and pressure on margins
- Underlying operating expenses down 5% on a like-for-like basis\*
- Executing footprint rationalisation, focusing on core businesses: Sale of France and Chile operations; exit and transfer of Guernsey business; increase of stake in Shaw and Partners to 61%

\* Excluding expenses in both periods relating to Shaw and Partners and investments in new locations (Milan, Lisbon and Dubai)

# Financial performance

Dimitris Politis, Chief Financial Officer

# Presentation of financial performance

## Changes from previous reporting periods:

- 1H 2020 financial results include Shaw and Partners, which has been consolidated as of 30 April 2019
- The reconciliation of underlying net profit to IFRS results is included on slide 32: The only items excluded from underlying performance are the “*contribution of the life insurance portfolios*”, the “*legacy legal costs and provisions*” and the “*acquisition-related intangible amortisation*”

# 1H 2020 financial results in perspective

## Executing the 2022 strategic plan

Business development	<ul style="list-style-type: none"><li>▪ Strong NNA of CHF 4.2 bn, annualised growth of 5.5%, at the top end of target range</li><li>▪ AuM down 3.9% to CHF 147.8 bn, reflecting negative market and foreign exchange movements</li><li>▪ Strong contribution from Continental Europe &amp; Middle East, Latin America and UK regions, with growth rates exceeding the target range. Switzerland &amp; Italy region just below the target range limit</li><li>▪ 28 CROs hired, signed or approved</li></ul>
Profitability	<ul style="list-style-type: none"><li>▪ IFRS operating profit of CHF 66.5 mn, up 27% vs. CHF 52.2 mn in 1H19</li><li>▪ IFRS net profit of CHF 34.8 mn, up 10% vs. CHF 31.5 mn in 1H19</li><li>▪ Underlying net profit decreased to CHF 37.7 mn year-on-year, due to a one-off CHF 9.9 million provision relating to the settlement with Italian tax authorities*, while H1 2019 benefitted from one-off gains and releases in expected credit losses</li></ul>
Cost evolution	<ul style="list-style-type: none"><li>▪ IFRS operating expenses down 5% on a like-for-like basis (excl. investments in new locations)</li><li>▪ Consistent reduction in general and administrative costs, down 8% year-on-year</li></ul>
Legacy issues	<ul style="list-style-type: none"><li>▪ Positive impact from life insurance of CHF 5.3 mn in 1H20</li></ul>
Capital position	<ul style="list-style-type: none"><li>▪ CET1 ratio at 15.3%, Total capital ratio at 19.1%</li><li>▪ Underlying capital generation of 60 bps</li></ul>

# Financials summary

	<b>1H20</b>	<b>2H19</b>	<b>1H19</b>
Revenue-generating AuM, CHF bn	147.8	153.8	147.6
Net new assets, CHF bn	4.2	4.9	0.3
Net new asset growth (annualised)	5.5%	6.6%	0.5%
Operating income, CHF mn	563.7	615.1	555.8
Operating expense, CHF mn	497.2	494.7	503.6
Operating profit, CHF mn	66.5	120.4	52.2
IFRS net profit, CHF mn	34.8	62.7	31.5
Underlying operating income, CHF mn / excl. Shaw and Partners	554.8 / 535.0	566.9 / 542.5	575.9 / 569.8
Underlying operating expense, CHF mn / excl. Shaw and Partners	485.2 / 468.6	483.9 / 464.8	492.0 / 485.8
Underlying operating profit, CHF mn	69.6	83.0	83.9
Underlying net profit, CHF mn	37.7	33.1	75.6
Underlying revenue margin, in bps / excl. Shaw and Partners	76 / 79	76 / 80	83 / 84
Underlying cost-income ratio	87.3%	85.2%	85.2%
Return on shareholders' equity	4.6%	4.1%	9.2%
Return on tangible equity	5.4%	4.8%	10.8%
CROs / CROs excl. Shaw and Partners	791 / 601	815 / 629	737 / 587
Total FTEs* / Total FTEs* excl. Shaw and Partners	3,127 / 3,034	3,151 / 3,041	3,195 / 3,095
Total capital ratio**	19.1%	20.1%	21.0%
CET 1 capital ratio**	15.3%	16.2%	17.0%

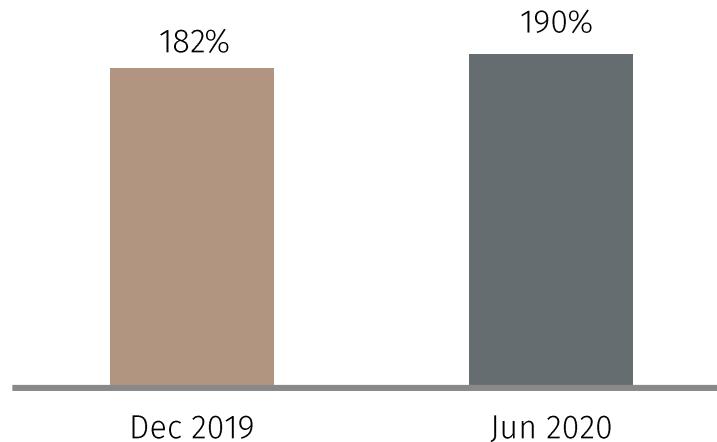
\* Excl. FTEs on notice period or in social plan

\*\* Swiss GAAP Basel III, fully applied

# Strong and highly liquid Balance Sheet

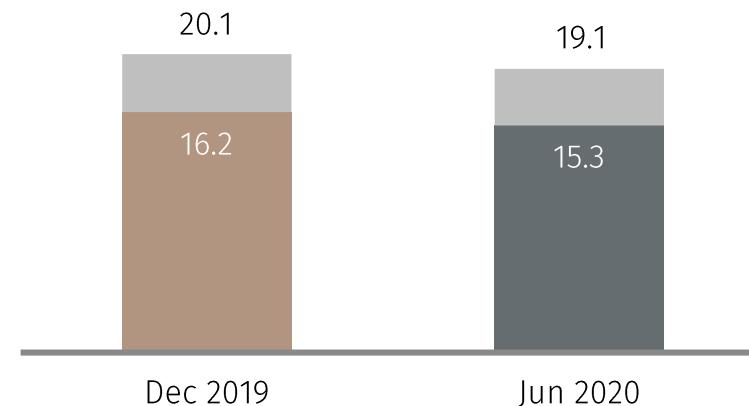
## Highly liquid Balance Sheet

Liquidity coverage ratio (LCR)  
(in %)



## Strong capital position

CET1 capital ratio / Total capital ratio\*  
(in %)

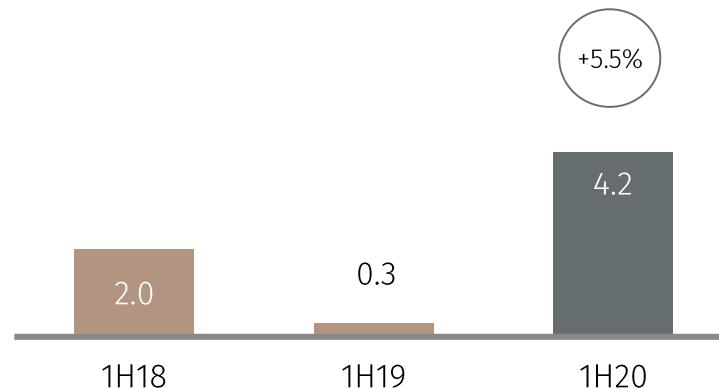


\* Swiss GAAP fully applied

# Growing the business and improving profitability

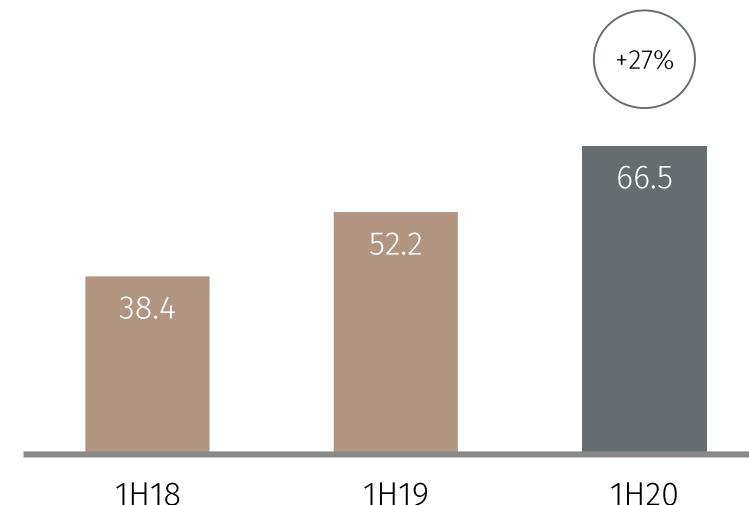
## NNA growth at the top of 4-6% target range

NNA evolution  
(in CHF bn)



## Positive IFRS operating profit development

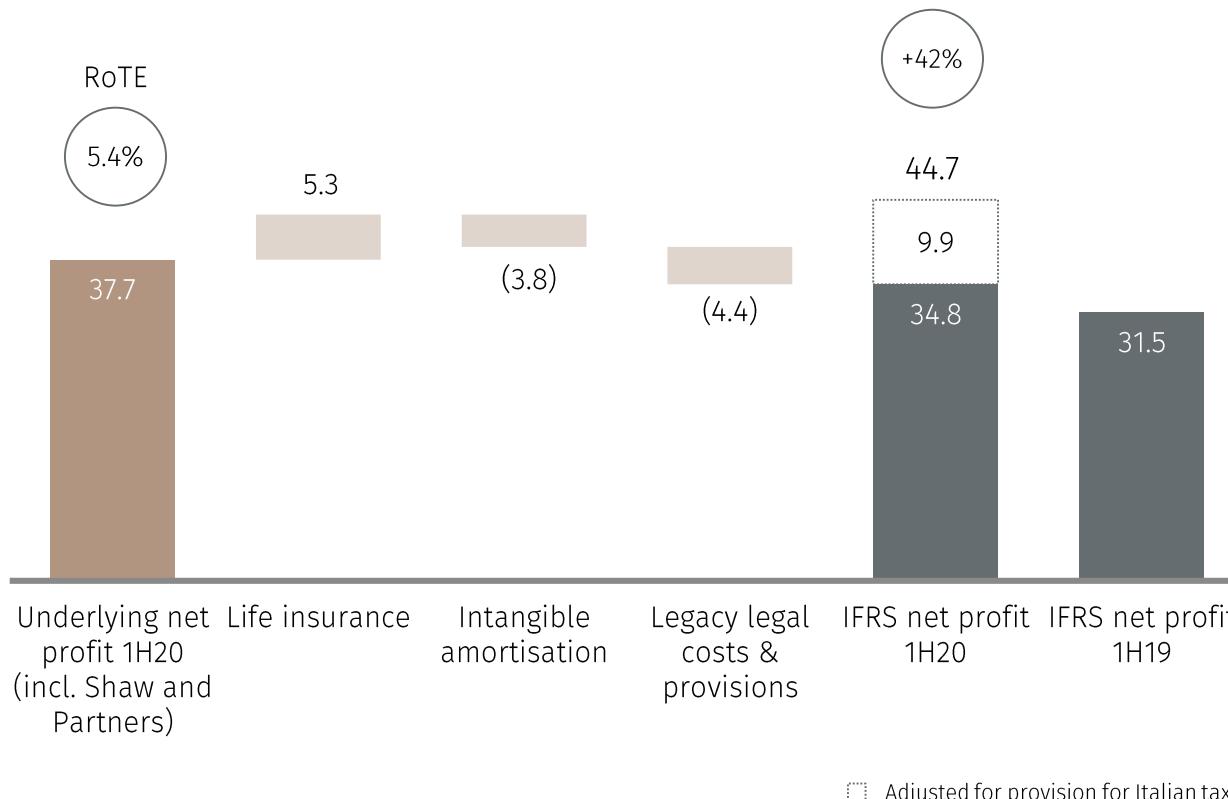
Evolution of operating profit (pre-tax)  
(in CHF mn)



# IFRS net profit up 10% year-on-year

## Underlying profitability vs. IFRS net profit

Reconciliation of underlying net profit  
(in CHF mn)



- Increased IFRS net profit by 10% year-on-year, or 42% adjusting for the provision for the Italian tax matter
- Life insurance portfolio with a positive contribution of CHF 5.3 mn, vs. CHF 27.7 mn loss in 1H 2019
- Taiwanese insurance company legacy case: court hearings scheduled in the second half of the year in multiple jurisdictions

# 1H20 annualised NNA growth rate of 5.5%

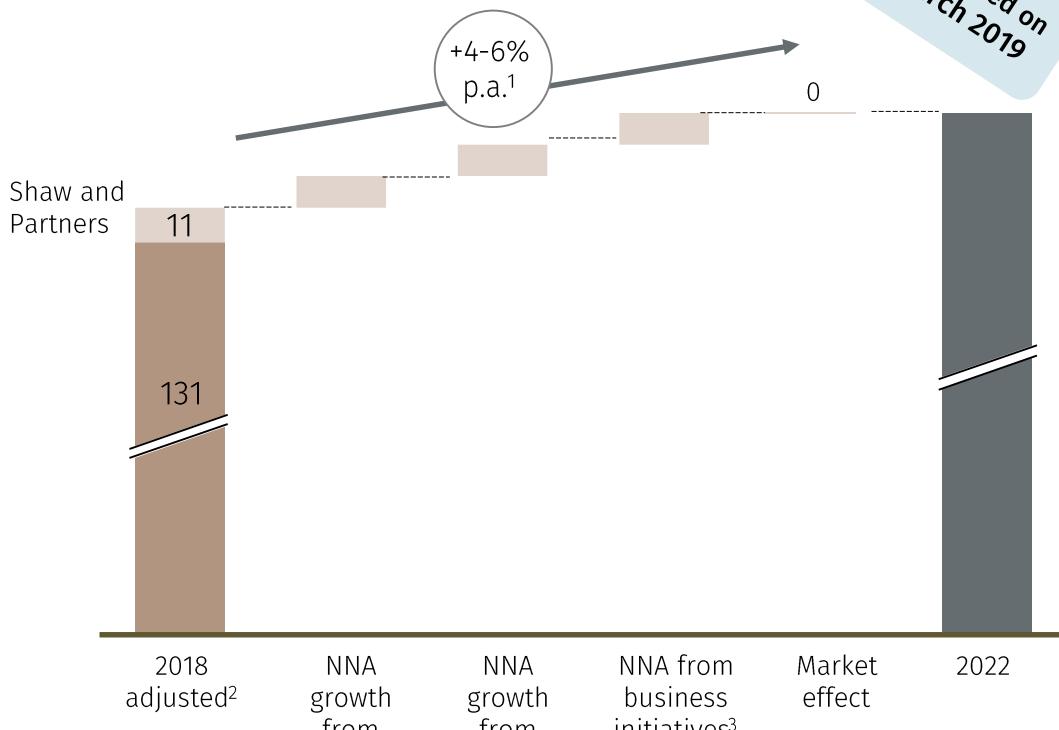
**AuM stabilised following industry-wide decline at beginning of year**

Revenue-generating AuM evolution  
(in CHF bn)



# Balanced NNA growth

**Investor update growth targets**  
(in CHF bn)



## Update on evolution of NNA drivers

**Existing CROs**  
(in CHF bn)



**New CROs<sup>3</sup>**  
(in CHF bn)



**Business initiatives<sup>4</sup>**  
(in CHF bn)



<sup>1</sup> Compound Annual Growth Rate (CAGR) over the four-year period

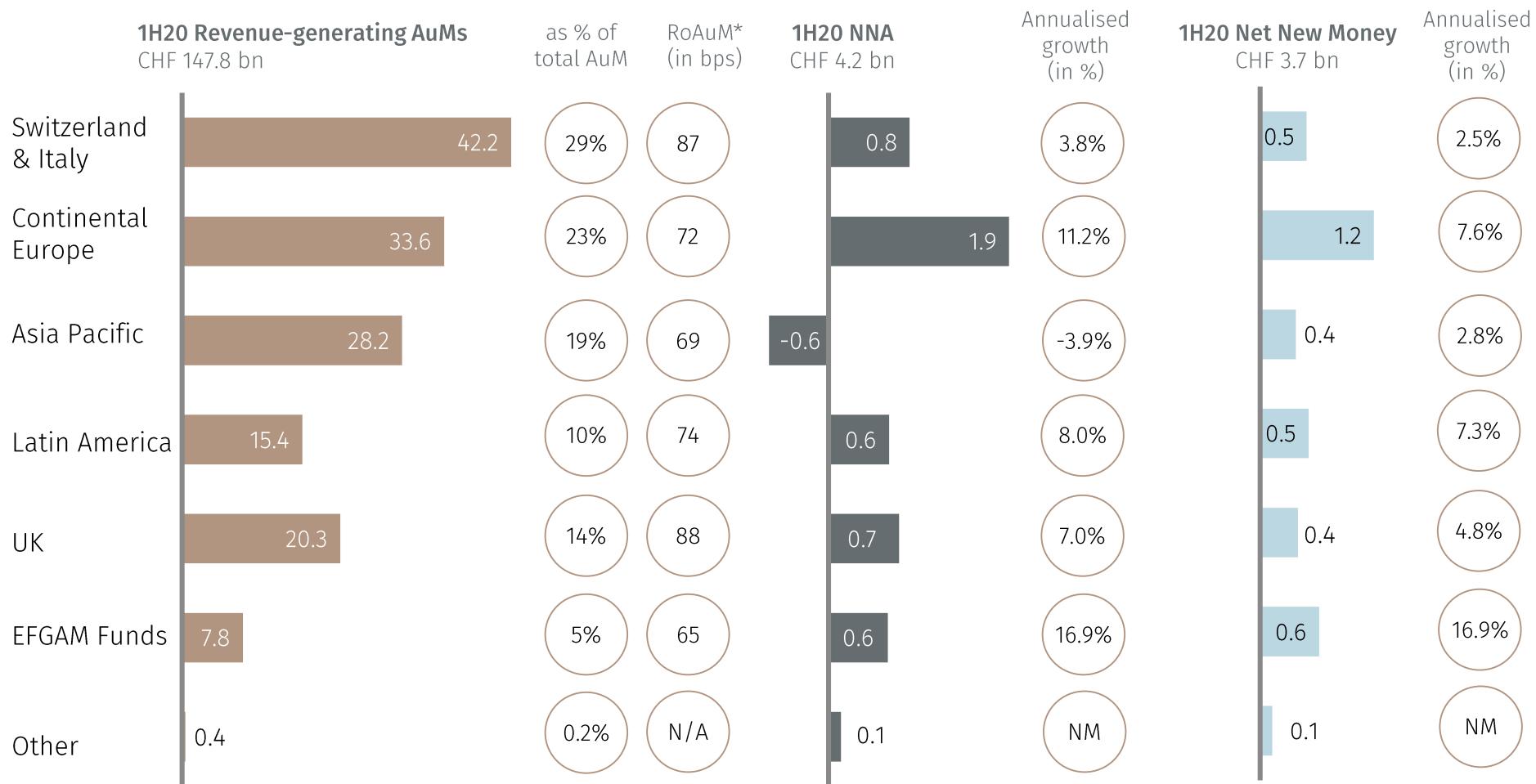
<sup>2</sup> Adjusted to include Shaw and Partners and EFG as of 31 December 2018

<sup>3</sup> Hired in the last 24 months rolling

<sup>4</sup> Business initiatives include Shaw and Partners, Dubai, Portugal, Milan

# Business development by region

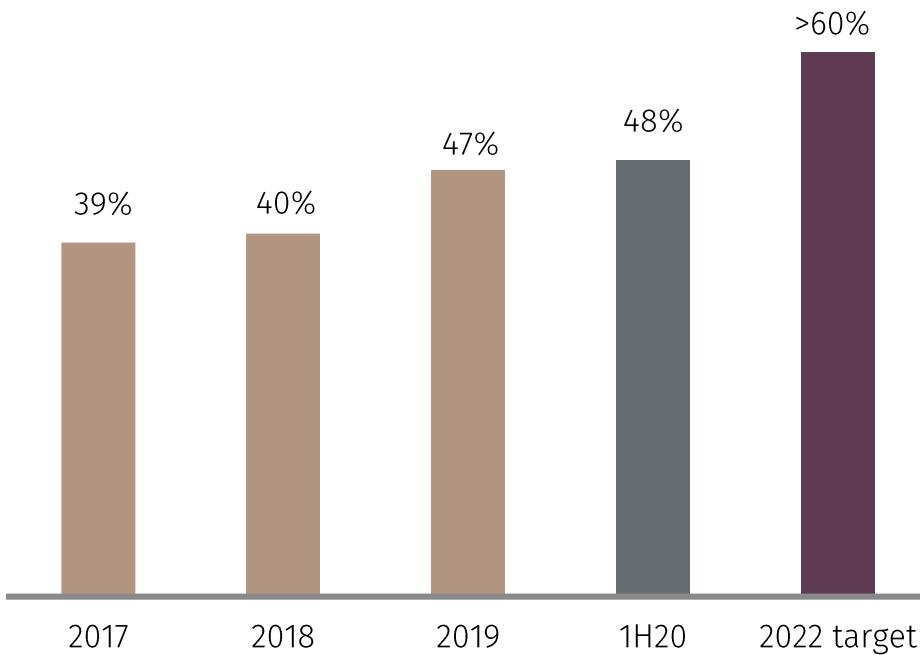
**Continental Europe, UK and Latin America all recorded NNA growth above target range**



\*Including Global Markets & Treasury contribution

# Continued positive trend in mandate penetration

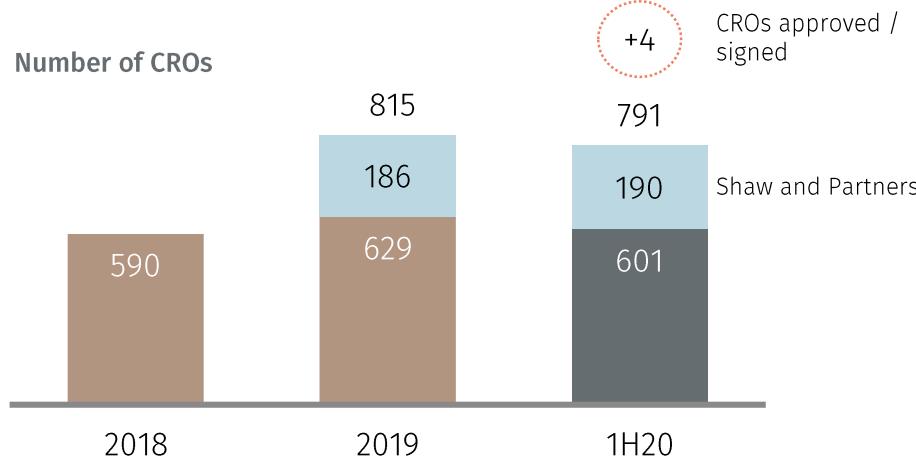
**Evolution of advisory, discretionary mandates & funds**  
(in %, excl. loans)



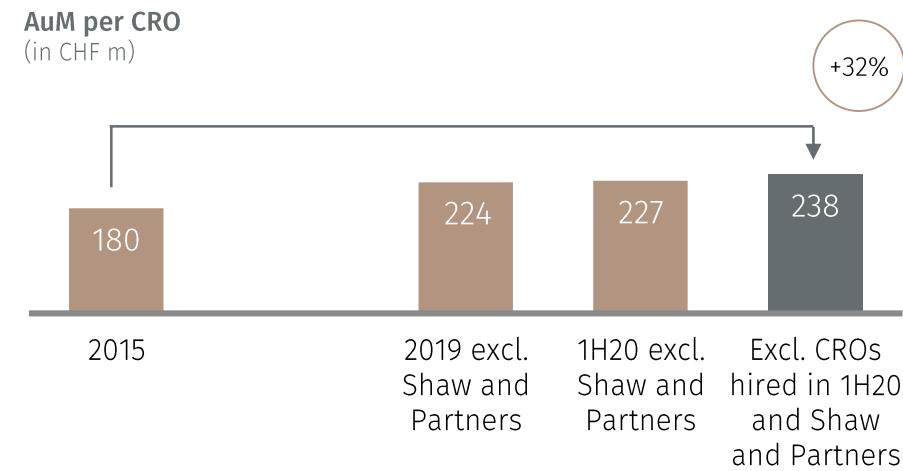
- Increasing penetration of advisory, discretionary mandates and funds driven by:
  - Solid performance of discretionary offering
  - Increased utilisation of digital Investment Advisory Tool across the organisation
- Recent developments:
  - Further roll-out of Investment Advisory Tool to Americas during 2Q20, Asia during 2H20
  - Further expansion of funds offering to complement existing strategies
- ESG criteria are increasingly taken into consideration in overall investment process

# CRO performance

## CRO hiring momentum



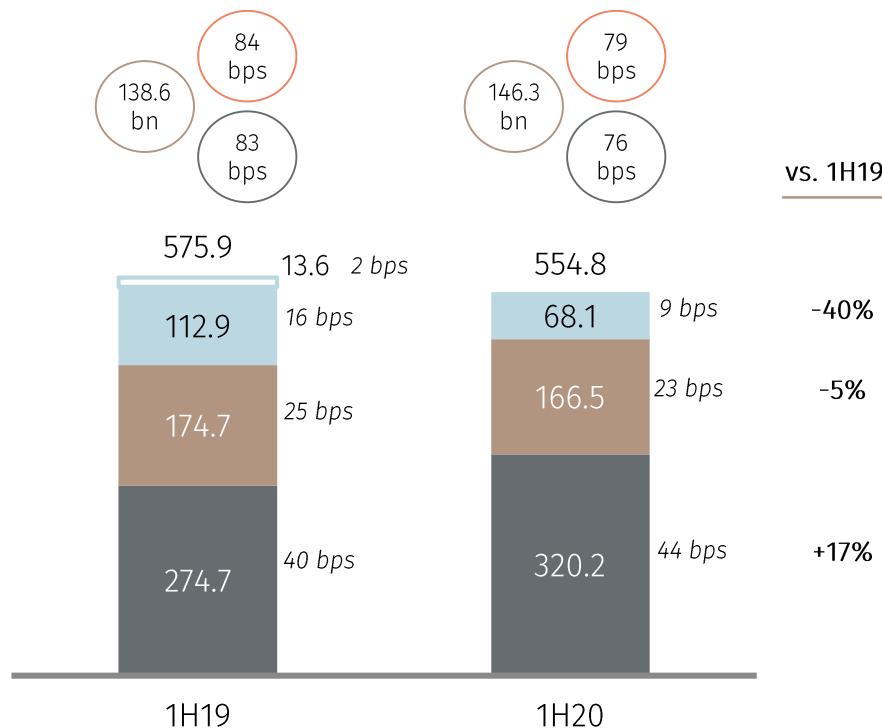
- CRO hiring activity: YTD 28 CROs have been hired, signed or approved
- Ongoing performance management efforts:
  - Continuous assessment of CROs
  - Release of new hires who do not meet EFG performance standards
  - CROs hired in 2019 have in aggregate achieved positive net contribution



# Improving quality of revenues

## Underlying operating income of CHF 554.8 mn

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

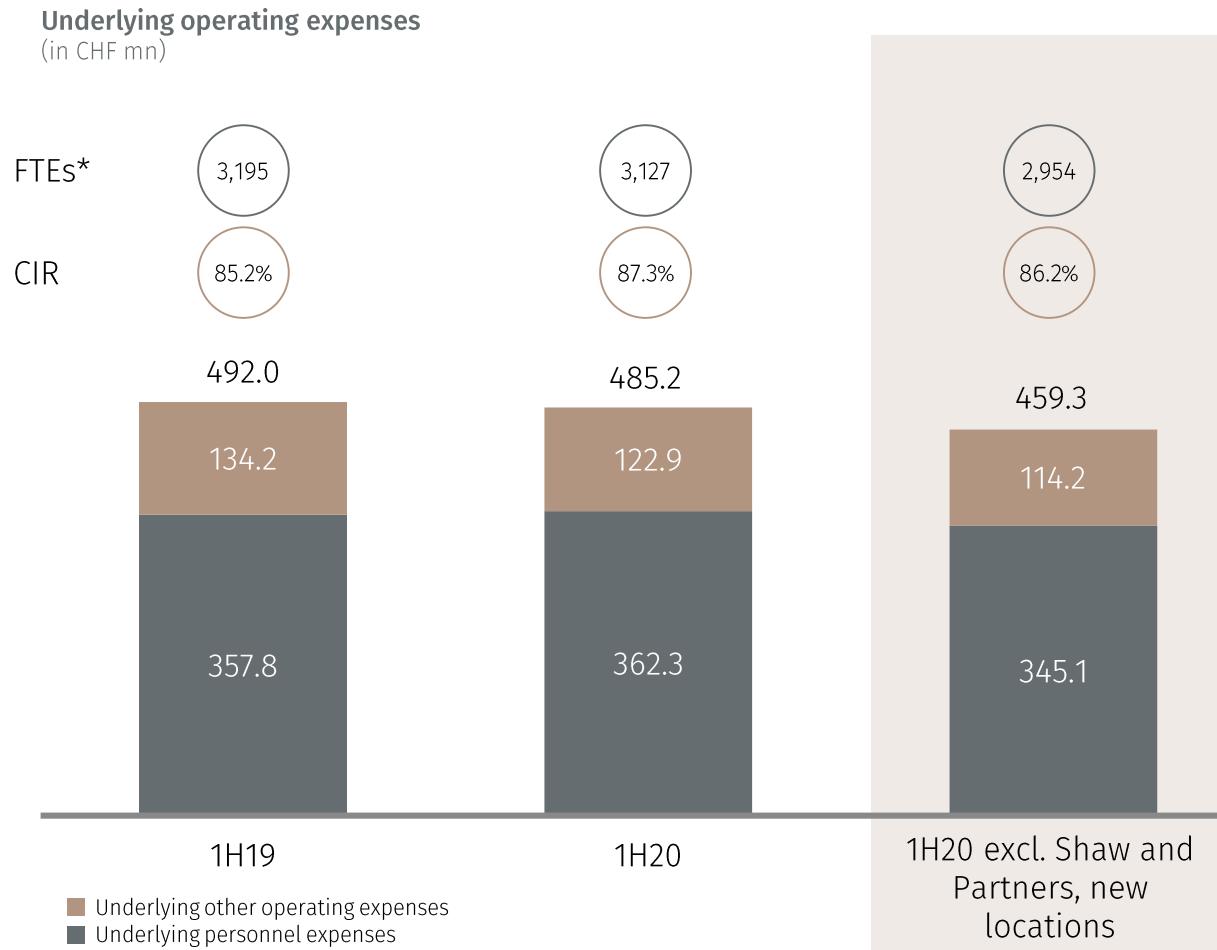


- Solid increase in commission margin
  - Increasing penetration level of high-value services
  - Strong client trading activity throughout 1H20
  - Repricing actions yielding results already in 1H20
- Drop in combined NII and NOI due to decline in reference interest rates (mostly USD, GBP)
- Muted performance from Global Markets, from negative asset revaluations
- Footprint optimisation actions will improve revenue margin
- Comparability information
  - The inclusion of Shaw and Partners reduces revenue margin by 3 bps for 1H20
  - Underlying RoAuM (excl. loans and Shaw and Partners at 92 bps)

█ Underlying net other income (one-off gain)  
█ Underlying net other income  
█ Underlying net interest income  
█ Underlying net commission income

○ Average revenue-generating AuM (in CHF bn)  
○ Underlying RoAuM (in bps)  
○ Underlying RoAuM (excl. Shaw and Partners) (in bps)

# Consistent and continued cost reduction efforts



- On a like-for-like basis, underlying operating expenses decreased by 5% year-on-year and by approx. 30% since the acquisition of BSI
- Consistent reduction in general and administrative costs: 8% year-on-year
- Rationalisation of international footprint:
  - Sale of operations in Chile and France
  - Exit and transfer of Guernsey business to other EFG booking centres

# Balance sheet

## Strong and highly liquid Balance sheet

**Total assets:**  
CHF 42.3 bn

Cash & banks	11.7
Treasury bills	1.1
Derivatives	1.3
Financial instruments	8.5
Loans	18.7
Goodwill & intangibles	0.3
Other	0.7



Fair value through OCI	6.2
Financial assets at fair value through P&L	2.3

CHF 12.8 bn secured by financial assets  
CHF 5.9 bn secured real estate financing

**Total liabilities & equity:**  
CHF 42.3 bn

Due to banks	0.6
Deposits	32.0
Derivatives	1.5
Other financial liabilities	5.3
Other	0.8
Subordinated loans	0.4
Total Equity	1.7

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

- Loan-deposit ratio of 51%\*
- Liquidity coverage ratio (LCR) of 190%
- CHF 1.3 bn deposit increase in 1H 2020
- Loans decreased by CHF 0.3 bn due to currency revaluation

### Quality loan book

- Almost fully secured
- Marginal ECL increase despite market correction

### Life Insurance exposures

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

*Please refer to slides 38/39 in the Appendix for additional information*

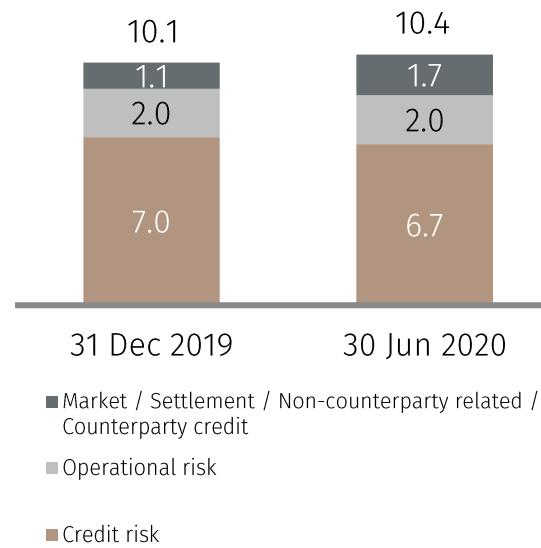
# Capital position (I)

## Continued strong capital position despite challenging market environment

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



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



- Leverage ratio (FINMA) at 4.3%\*\*
- New regulations (SA-CCR) have led to a CHF 400 mn increase in RWAs
- Approx. 0.6 mn shares repurchased in 1H20 for a total amount of CHF 3.5 mn; program concluded
- Capital ratios incorporate an accrual for the payment of the second tranche of the 2020 dividend and a steady accrual for the 2021 dividend

\* Swiss GAAP fully applied

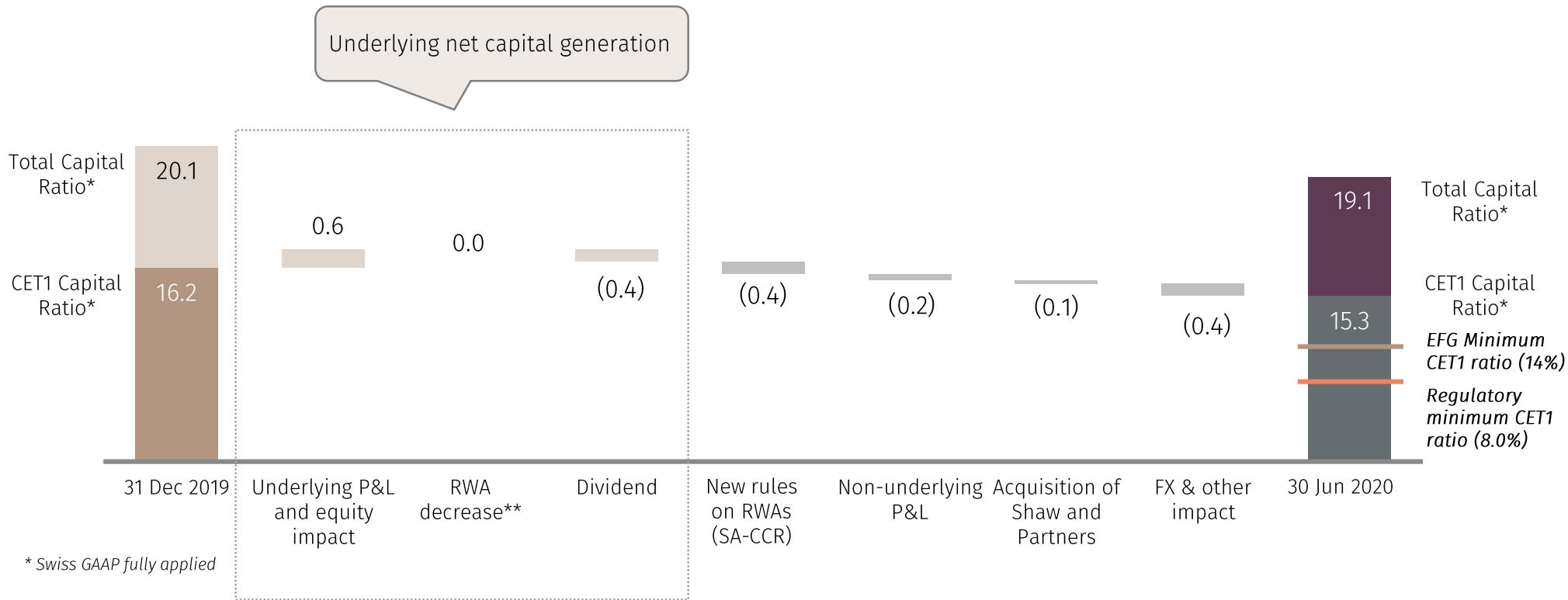
\*\* After relief measures per FINMA regulation

1H20 IFRS BIS-EU Basel III fully applied CET1 Capital ratio of 12.6% and Total Capital ratio of 16.5%

# Capital position (II)

## Substantial available CET1 capital allows for expansion

**Evolution of CET1 Capital ratio\***  
(in %)



As presented on  
13 March 2019

# Executing the plan

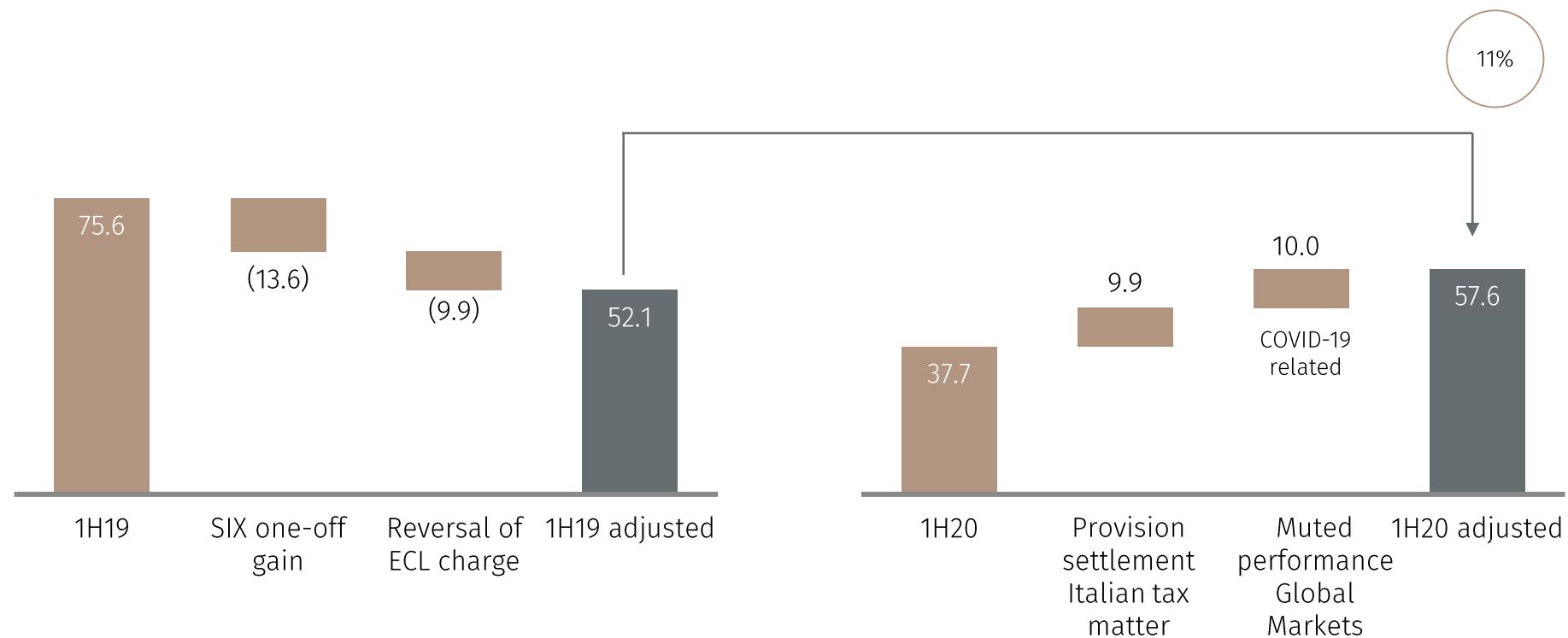
	2019-2020	2021-2022
<b>Cost management</b>	Executing remaining synergies	Operational efficiency
	Investment for growth, e.g. CRO hiring	Digital solutions
<b>Capital management</b>	Dividend payout ratio increase to 50%	Managing excess capital: Acquisitions / buyback / extraordinary dividends
	Shaw and Partners acquisition <sup>1</sup>	<ul style="list-style-type: none"> <li>- Challenging USD interest rates</li> <li>- Lower-than-expected nominal AuM base</li> <li>- Strong Swiss franc</li> </ul>
<b>Revenue generation</b>	2019 AuM starting point affected by market movement in 2018, coupled with challenging market conditions	
	Switzerland stabilising	
	Accelerated CRO hiring, with time lag in revenue generation	Switzerland back to growth
	Increasing penetration of high-margin products	
<b>Legacy issues</b>	Life insurance P&L volatility	Realise life insurance embedded value

<sup>1</sup> Acquisition of 51%

# Evolution of underlying profitability

## Illustration of underlying net profit evolution excluding material one-off items

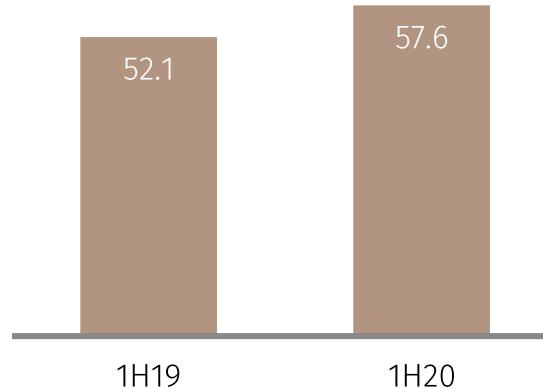
Evolution of underlying net profit  
(in CHF mn)



# The way forward in 2020

## Executing the 2020 strategic plan

**Underlying profitability (after tax)**  
(CHF mn)



(+)	<b>Business development</b>	Strong NNA momentum, <i>plus</i> AuM levels at the end of June are higher than the average AuMs for 1H20.
(-)	<b>Interest rate environment</b>	Headwinds from lower interest rates in 2H20 as asset rates re-set
(+)	<b>Revenue management actions</b>	Promoting higher-value products and revisiting pricing of services in line with the value delivered
(+)	<b>Cost management actions</b>	<p>Incremental actions on G&amp;A costs</p> <p>Rationalisation of international footprint (to eliminate approx. 5% of cost base by end-2021)</p> <p>Optimisation of the operational set-up of its eight main offshore booking centres (5% reduction of underlying cost base over the next 18 months)</p>

*Note: Illustration of underlying profitability excluding significant one-off items as highlighted on previous slide*

# Strategic priorities & outlook

Giorgio Pradelli, Chief Executive Officer

# Key focus: Driving profitability

## Challenging market environment



## Management actions



Structural pressure on revenues and impact of coronavirus pandemic on global economy expected to fully materialise in coming months.

- Continuation of extremely low interest rate levels
- Heightened foreign exchange impacts with strengthening of the Swiss franc
- Persistent market uncertainty and volatility

**Focus on driving profitability by accelerating revenue management actions and enhancing efficiency to support execution of 2022 strategic plan.**

- Maintain growth momentum
- Promote high-value products and services to increase mandate penetration
- Rationalising international footprint, reducing presence in low-yielding, high cost/income locations
- Optimising operational set-up through of eight main offshore booking centres
- Leveraging new digital solutions to enhance operational efficiency and client experience

# Taking stock and moving forward



Demonstrated the operational resilience and financial solidity of EFG's business



Maintain positive growth momentum, building on EFG's distinctive business model and leveraging new digital capabilities to facilitate client interaction and proximity



Continue to execute the 2022 strategic plan, with heightened focus on driving profitability



# Appendix

# Income statement (IFRS)

(in CHF million)	1H19	2H19	1H20
Net interest income	169.3	156.6	163.6
Net banking fee & commission income	274.7	318.3	320.2
Net other income	111.8	140.2	79.9
<b>Operating income</b>	<b>555.8</b>	<b>615.1</b>	<b>563.7</b>
Personnel expenses	(357.8)	(339.1)	(362.3)
Other operating expenses	(105.1)	(116.6)	(93.2)
Amortisation of tangible fixed assets & software	(35.2)	(33.1)	(35.9)
Amortisation of acquisition related intangibles	(5.5)	(5.9)	(5.8)
<b>Total operating expenses</b>	<b>(503.6)</b>	<b>(494.7)</b>	<b>(497.2)</b>
<b>Operating profit</b>	<b>52.2</b>	<b>120.4</b>	<b>66.5</b>
Provisions	(9.6)	(15.0)	(15.7)
Loss allowance expenses	(0.6)	(24.0)	(3.5)
<b>Profit before tax</b>	<b>42.0</b>	<b>81.4</b>	<b>47.3</b>
Income tax expense	(9.3)	(13.8)	(9.9)
<b>Net profit</b>	<b>32.7</b>	<b>67.6</b>	<b>37.4</b>
Non-controlling interests	(1.2)	(4.9)	(2.6)
<b>Net profit attributable to equity holders of the Group</b>	<b>31.5</b>	<b>62.7</b>	<b>34.8</b>
Dividend on Bons de Participation	(0.1)	(0.1)	0.0
<b>Net profit attributable to ordinary shareholders</b>	<b>31.4</b>	<b>62.6</b>	<b>34.8</b>

# Underlying income statement

(in CHF million)	1H19	2H19	1H20
Net interest income	174.7	161.7	166.5
Net banking fee & commission income	274.7	318.3	320.2
Net other income	126.5	86.9	68.1
<b>Operating income</b>	<b>575.9</b>	<b>566.9</b>	<b>554.8</b>
Personnel expenses	(357.8)	(339.1)	(362.3)
Other operating expenses	(134.2)	(144.8)	(122.9)
<b>Total operating expenses</b>	<b>(492.0)</b>	<b>(483.9)</b>	<b>(485.2)</b>
<b>Operating profit</b>	<b>83.9</b>	<b>83.0</b>	<b>69.6</b>
Provisions	(7.0)	(11.4)	(15.7)
Loss allowance expenses	9.9	(18.6)	(2.6)
<b>Profit before tax</b>	<b>86.8</b>	<b>53.0</b>	<b>51.3</b>
Income tax expense	(10.0)	(15.0)	(11.0)
<b>Net profit</b>	<b>76.8</b>	<b>38.0</b>	<b>40.3</b>
Non-controlling interests	(1.2)	(4.9)	(2.6)
<b>Underlying net profit</b>	<b>75.6</b>	<b>33.1</b>	<b>37.7</b>

# Reconciliation of Underlying results to IFRS results 1H20

(in CHF million)	Underlying results 1H20	Life insurance	Acquisition related intangible amortisation	Exceptional legal costs and provisions	IFRS results 1H20
Net interest income	166.5	(3.8)		0.9	163.6
Net banking fee & commission income	320.2				320.2
Net other income	68.1	11.8			79.9
<b>Operating income</b>	<b>554.8</b>	<b>8.0</b>		<b>0.9</b>	<b>563.7</b>
Personnel expenses	(362.3)				(362.3)
Other operating expenses	(122.9)	(2.7)	(4.9)	(4.4)	(134.9)
<b>Operating expenses</b>	<b>(485.2)</b>	<b>(2.7)</b>	<b>(4.9)</b>	<b>(4.4)</b>	<b>(497.2)</b>
Provisions	(15.7)				(15.7)
Loss allowance expense	(2.6)			(0.9)	(3.5)
<b>Profit before tax</b>	<b>51.3</b>	<b>5.3</b>	<b>(4.9)</b>	<b>(4.4)</b>	<b>47.3</b>
Income tax expense	(11.0)		1.1		(9.9)
<b>Net profit</b>	<b>40.3</b>	<b>5.3</b>	<b>(3.8)</b>	<b>(4.4)</b>	<b>37.4</b>
Non-controlling interests	(2.6)				(2.6)
<b>Net profit attributable</b>	<b>37.7</b>	<b>5.3</b>	<b>(3.8)</b>	<b>(4.4)</b>	<b>34.8</b>

# Balance sheet (IFRS)

(in CHF million)	Dec 2019	Jun 2020
Cash and balances with central banks	8,384	7,616
Treasury bills and other eligible bills	1,375	1,092
Due from other banks	2,622	4,034
Derivative financial instruments	801	1,345
Financial asset at fair value through P&L	2,400	2,343
Financial asset at fair value through other comprehensive income	5,396	6,181
Loans and advances to customers	19,030	18,706
Property, plant and equipment	282	262
Intangible assets	259	256
Deferred income tax assets	94	97
Other assets	342	369
<b>Total assets</b>	<b>40,985</b>	<b>42,301</b>
Due to other banks	397	633
Due to customers	30,706	31,965
Derivative financial instruments	951	1,535
Financial liabilities at fair value	552	579
Financial liabilities at amortised cost	5,313	4,709
Current income tax liabilities	20	13
Deferred income tax liabilities	25	24
Provisions	144	148
Other liabilities	706	615
Subordinated loans	390	384
<b>Total liabilities</b>	<b>39,204</b>	<b>40,606</b>
Share capital	146	148
Share premium	1,859	1,856
Other reserves	286	218
Retained earnings	(564)	(578)
Non controlling interests	54	52
<b>Total equity</b>	<b>1,781</b>	<b>1,695</b>
<b>Total equity and liabilities</b>	<b>40,985</b>	<b>42,301</b>
CET1 ratio (Swiss GAAP fully applied)	16.2%	15.3%
Total Capital ratio (Swiss GAAP fully applied)	20.1%	19.1%
Leverage ratio (FINMA)	3.9%	4.3%

# Breakdown of AuM

<b>By category</b>	<b>31.12.19</b>	<b>30.06.20</b>	<b>30.06.20 (in CHF bn)</b>
Cash & deposits	23%	24%	35.3
Bonds	23%	23%	34.5
Equities	30%	28%	41.8
Structured products	3%	3%	3.9
Loans	13%	13%	19.2
Hedge funds	2%	2%	2.6
Other	6%	7%	10.5
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>147.8</b>

<b>By currency</b>	<b>31.12.19</b>	<b>30.06.20</b>	<b>30.06.20 (in CHF bn)</b>
USD	42%	44%	65.3
EUR	27%	26%	37.7
GBP	10%	9%	14.0
AUD	8%	8%	12.0
CHF	6%	7%	9.9
Other	7%	6%	8.9
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>147.8</b>

# Segmental analysis 1H20

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

# Segmental analysis 1H19

<b>Performance summary</b> (in CHF m)	Switzerland, & Italy	Continental Europe	Americas	UK	Asia Pacific	Investment Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
<b>Segment revenues</b>	<b>148.8</b>	<b>88.1</b>	<b>57.0</b>	<b>75.0</b>	<b>64.4</b>	<b>53.3</b>	<b>89.3</b>	<b>(20.1)</b>	-	<b>555.8</b>
Segment expenses	(138.5)	(84.1)	(54.5)	(68.1)	(64.1)	(47.1)	(34.3)	(7.4)	-	(498.2)
<b>Pre-provision profit</b>	<b>10.3</b>	<b>4.0</b>	<b>2.5</b>	<b>6.9</b>	<b>0.3</b>	<b>6.2</b>	<b>55.0</b>	<b>(27.5)</b>	-	<b>57.7</b>
IFRS net profit	6.0	3.7	2.2	6.0	(4.2)	5.5	56.8	(43.3)	-	32.7
<b>AuMs (in CHF bn)</b>	<b>42.6</b>	<b>31.7</b>	<b>15.4</b>	<b>20.0</b>	<b>30.0</b>	<b>37.5</b>	-	<b>0.9</b>	<b>(30.6)</b>	<b>147.6</b>
<b>NNA (in CHF bn)</b>	<b>(0.3)</b>	<b>0.4</b>	<b>(0.4)</b>	<b>0.9</b>	<b>(0.5)</b>	<b>0.0</b>	-	<b>0.2</b>		<b>0.3</b>
CROs	195	153	70	64	246	9	-	-	-	737
Employees (FTEs)	396	363	158	189	298	275	97	1,419	-	3,195

# Segmental analysis 2H19

<b>Performance summary</b> (in CHF m)	Switzerland, & Italy	Continental Europe	Americas	UK	Asia Pacific	Investment Solutions	Global Markets & Treasury	Corporate Overheads	Eliminations	Total
<b>Segment revenues</b>	<b>150.4</b>	<b>108.5</b>	<b>51.4</b>	<b>71.3</b>	<b>81.9</b>	<b>56.6</b>	<b>44.3</b>	<b>50.7</b>	-	<b>615.1</b>
Segment expenses	(133.1)	(90.7)	(51.7)	(58.2)	(73.7)	(46.2)	(7.3)	(27.9)	-	(488.8)
<b>Pre-provision profit</b>	<b>17.3</b>	<b>17.8</b>	<b>(0.3)</b>	<b>13.1</b>	<b>8.2</b>	<b>10.4</b>	<b>37.0</b>	<b>22.8</b>	-	<b>126.3</b>
IFRS net profit	23.4	12.7	0.0	7.8	13.3	11.0	35.1	(35.7)	-	67.6
<b>AuMs (in CHF bn)</b>	<b>44.5</b>	<b>33.5</b>	<b>15.7</b>	<b>21.1</b>	<b>31.5</b>	<b>39.7</b>	-	<b>0.2</b>	<b>(32.4)</b>	<b>153.8</b>
<b>NNA (in CHF bn)</b>	<b>1.3</b>	<b>1.1</b>	<b>0.2</b>	<b>0.8</b>	<b>1.4</b>	<b>0.3</b>	-	<b>(0.3)</b>	-	<b>4.9</b>
CROs	195	180	70	73	290	7	-	-	-	815
Employees (FTEs)	371	403	149	206	308	265	90	1,359	-	3,151

# Update on Life Insurance Exposures

## Life Insurance related portfolios

- Legacy exposures acquired more than 10 years ago
- Outright portfolio carried at fair value (marked-to-model, Level 3) for IFRS accounts – incorporation of Lombard loan portfolio (LFS) in December 2019 introduced higher diversification. For regulatory capital purposes (Swiss GAAP), this portfolio is carried as a Held-to-Maturity; the carrying value remains fully recoverable under Swiss GAAP
- Synthetic portfolio carried at fair value for IFRS accounts and under Swiss GAAP. Limited P&L volatility through hedging

## Longevity risk

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

## Premium / Cost of Insurance risk

- Legal cases against AXA, Transamerica, Lincoln and John Hancock filed with strong legal basis.  
All claims are proceeding as anticipated by EFG
- Based on the current status, EFG remains in a strong position for prevailing in its claims

## Interest rate risk

- Hedged since February 2018

Outright portfolio		
Year	Death benefits received (USD mn)	Net Cashflow (USD mn)
2011	14.6	(58.2)
2012	73.0	17.8
2013	91.7	22.4
2014	93.2	21.9
2015	52.3	(22.6)
2016	83.6	(5.5)
2017	57.4	(41.9)
2018	117.2	8.8
2019	157.3	38.2
1H20	94.4	16.1

# Update on Life Insurance Exposures (II)

## Outright portfolio

Direct holding of life insurance policies for 237 insureds (2019: 255) of an average age of 91.6 years. Portfolio size increased due to reclassification of lombard loan portfolio (LFS) in December 2019

- Death benefit: CHF 1,655.3 mn
- Carrying value: CHF 856.9 mn
- 1H20 premium: CHF 74.5 mn
- Life expectancy: 4.3 years

- Non-underlying
- P&L impact: CHF 8.1\* mn

## Synthetic portfolio

Direct holding of life insurance policies + hedge instruments mitigating most of the risks, for 84 insureds of an average age of 88.9 years

- Net death benefit: CHF 68.8 mn
- Net carrying value: CHF 19.1 mn
- 1H20 net premium: CHF 2.4 mn
- Life expectancy: 5.3 years

- Non-underlying
- P&L impact: CHF -0.1 mn

\*includes result of interest rate hedge

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